

# Vallibel ONE

2023/24  
INTEGRATED ANNUAL REPORT



# Vallibel ONE

At Vallibel One, we have rapidly grown to become one of the nation's leading conglomerates, with an influential impact across the island and beyond. Our presence in six thrust sectors has enabled us to integrate value into the socioeconomic fabric of Sri Lanka, and generate positive outcomes for every stakeholder with whom we partner.

As in the past years, our unwavering commitment towards good governance, sustainability, and social responsibility has held us in good stead – underpinned by a longstanding pledge to drive excellence, quality, and continuous improvement across every aspect of our operations.

This report serves as a testament to our enduring pursuit of long-term value creation, and our commitment to holistic progress, even amid conditions of adversity. As we reflect on the past year, we invite you to explore a comprehensive narrative of the strategies that enabled us to remain resilient and steadfast against all odds, even as we expound on the vibrant vision we hold for the future.

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# O V E R V I E W

# SUSTAINED PURPOSE

In the year under review, Vallibel One PLC has seen sustained success across all operations, and has maintained its reputation as one of Sri Lanka's largest conglomerates with integrity, dedication and high-value performance.

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# Directors' Statement of Responsibility

We welcome you to the integrated report of Vallibel One PLC, which provides an in-depth review of the fiscal year encompassing April 1, 2023, to March 31, 2024. The pages that follow expand on the values, strategies and underlying frameworks that enabled the Group to create and distribute holistic value across its diverse sectors and stakeholder groups.

As you read this report, you will discover how Vallibel One's overarching commitment towards sustainable development and progress has been integrated into every aspect of business operations. The report further reflects on the core strengths of the Group which enabled it to navigate the challenging conditions that prevailed during the period under review, including the people, partners, processes and resources that strengthened its stability during the year. As in the past, the Group has employed a forward-thinking perspective, with the contents of the report outlining Vallibel One's future prospects and strategy, based on the context of emerging short, medium and long-term risks and opportunities as at the time of publication.

Due to Vallibel One's established market position, steady returns, prudent strategies, unwavering pursuit of process excellence, and its exposure across several important economic thrust sectors, the Group has rapidly cemented its reputation as one of Sri Lanka's top diversified conglomerates.

The Group remains dedicated towards achieving excellence in social, governance, and environmental aspects, and to this end, the report contains disclosures pertaining to the same. This holistic focus on value creation has enabled Vallibel One to establish a longstanding reputation as a stable and trusted entity with a commitment towards sustainability.

The entire burden of ensuring the accuracy and comprehensiveness of this integrated annual report rests with Vallibel One PLC's Board of Directors. As a result, the Board used its collective insight towards this report's preparation and presentation, while directing the organisation to apply and ensure compliance with the appropriate reporting frameworks.

The Board is of the opinion that this report provides an accurate picture of the Group's performance and strategy for the year under review after carefully reviewing its contents and any relevant material considerations.

All information contained within the subsequent pages of this integrated report was prepared under the direction and supervision of the Group's management. To guarantee its authenticity and accuracy, the information was vetted and reviewed by a team of internal staff members and external consultants. This report contains all information relevant to the firm and its potential to generate value over time, with the aim of supporting significant stakeholder groups to make well-informed decisions.

Therefore, the Board declares that this integrated annual report satisfies all material requirements set forth by applicable statutes and regulations, including the Companies Act No. 7 of 2007, the Global Reporting Initiative (GRI) Standards 2021, and the Integrated Reporting <IR> Framework of the International Integrated Reporting Council (IIRC).

Thus, on June 3, 2024 the Board of Directors approved Vallibel One PLC's Integrated Annual Report 2023/24 based on the recommendations and guidance of the Board Audit Committee.



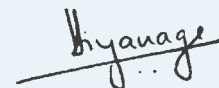
**Harsha Amarasekera**  
Chairman

03 June 2024



**R N Asirwatham**  
Chairman – Audit Committee

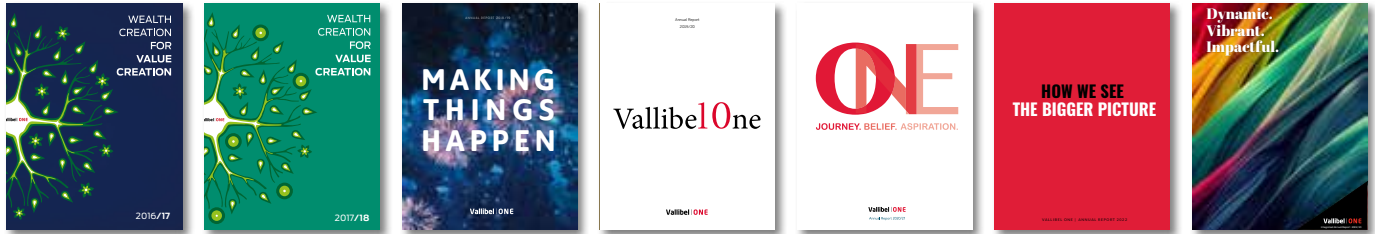
03 June 2024



**Shyamalie Weerasooriya**  
Chief Financial Officer

03 June 2024

# About this Report



# 8<sup>TH</sup> INTEGRATED ANNUAL REPORT



THIS IS THE 8TH INTEGRATED ANNUAL REPORT OF VALLIBEL ONE PLC, WHICH SERVES AS THE GROUP'S PRIMARY COMMUNICATION WITH ITS STAKEHOLDERS. THE REPORT'S OBJECTIVE IS TO PRESENT A BALANCED, TRANSPARENT, AND CONCISE ACCOUNT OF THE GROUP'S ENVIRONMENTAL, SOCIAL, GOVERNANCE, AND FINANCIAL PERFORMANCE DURING THE PAST YEAR,

This annual report further includes details on the Group's operational environment for the year, along with the relevant strategies, governance, and risk management mechanisms that helped to sustain the organisation amid

a challenging period. The Group's future outlook and strategy is outlined across the report, establishing its farsighted perspective and degree of preparedness.

In keeping with the Group's commitment to continuous improvement and overall excellence, this report offers additional year-over-year improvements to content and overall presentation structure, in line with the Integrated Reporting Council's principles and the Global Reporting Initiative's sustainability reporting guidelines.

## BASIS OF PREPARATION

### Reporting Period

The contents within this report correspond to the Group's annual reporting cycle, which spans from 1 April 2023 to 31 March 2024. The Group has provided the reader with the required context for decision-making and analysis by providing a comparison of the current year's performance against the results of the preceding year. Consequently, the report's audited financial statements and related notes are presented with a comparative information and analysis against the 2022/23 financial year's performance herein. More information on the Group's approach towards disclosing its future outlook, strategy, and objectives for the fiscal year that concludes on March 31, 2024, can be found under the section 'Forward-looking Statements.'

### Reporting Scope and Boundary

The activities and financial results of the holding company Vallibel One PLC (referred hereafter as "the Group") and its subsidiaries are reviewed within this annual report. The results reported herein encompass six sectors, namely: lifestyle, finance aluminium, leisure, consumer, investments and others. Unless specified otherwise, the report contains the Vallibel One Group's consolidated results.



Visit our  
Annual Report 2023/24

## About this Report



### REPORTING STANDARDS AND FRAMEWORKS

Reporting Framework/Regulation	Integrated Reporting	Sustainability Reporting	Financial Statements	Corporate Governance
Sri Lanka Financial Reporting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)			+	
International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework	+	+		
GRI Standards- 'In Accordance- Core'- Global Reporting Initiative		+		
The United Nations Sustainable Development Goals (SDGs)		+		
International Financial Reporting Standards (IFRS)			+	
Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka				+
Code of Best Practices on Corporate Governance jointly advocated by the Securities and Ex-change Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)				+
The Companies Act No. 7 of 2007			+	+
Continuous Listing Requirements of the Colombo Stock Exchange		+	++	+

+ Mandatory    + Voluntary

This report has been prepared in accordance with the GRI standard: Core option. All information is derived using the double materiality approach, with a greater emphasis on issues or subjects that have a major impact or influence on the Group's ability to meet stakeholder expectations in the short, medium, and long terms, as well as the process of creating value.

**REPORTING SCOPE**

The Group is able to recognise and rank its material issues thanks to management insights, an extensive review of stakeholders' concerns, the risk outlook, and trends evident in the operating environment. The Group's materiality assessment and process is outlined from pages 51-54 of this report.

The report goes on to describe the Group's process for creating value, with a focus on how the capitals are incorporated into regular operations to benefit the Group and its shareholders. When relevant, the report highlights the organisation's commitment to transparency and accountability through strict risk management protocols and strong compliance and governance structures, and it addresses strategy and performance at the Group and sector levels.

There are no restatements of information within the period of the report.

**REPORTING IMPROVEMENTS**

With the objective of enhancing the clarity, structure and content within this report, the following improvements were made during the year, led by the guiding principles of integrated reporting:

**Conciseness**

- Summarised sector reporting.
- Consolidating the previous 13 risks under 6 major topics to improve readability.

**Connectivity of Information**

- Linking sector discussions and the operating environment with associated risks.
- Linking capitals to strategic imperatives.

**Strategic Focus and Future Orientation**

- Improving the presentation of stakeholder assessment with clear links to strategic imperatives, a future outlook, and an individual stakeholder approach.
- Introducing the Group's new strategies, aligned with emerging and present needs.

**Data and Information Collection**

The data, information and figures utilised for this report were collated from the Group's relevant departments as well as from the companies in the relevant sectors that were material to its operations. The process of gathering and compiling the necessary information needed to prepare this report was facilitated by the Vallibel One Sustainability Portal.

Additional avenues for gathering information to supplement the report's content included questionnaires and interviews. These were carried out with the support of the sector and group level management staff. To ascertain past, present, and emerging patterns in the external environment, a variety of sources were consulted, including international and governmental publications, management information reports, audited financial statements, and the notes that accompany the same. The Group holds a reasonable assurance that all relevant information has been addressed and documented in

this report, and that the accuracy of the data and information has been verified at Company and Group levels.

**Targeted Audience**

This report's main objective is to help present and future investors make informed and educated decisions about the Vallibel One Group. The report also meets the information needs of other significant stakeholders, including clients, employees, business partners, and regulatory organisations, and includes information pertinent to capital providers.

**Quality Assurance**

The report is diligently produced according to the best reporting practices, ensuring that the data and information presented herein maintains the highest degrees of accuracy, reliability, comprehensiveness, and clarity. The external auditors, Messrs. Ernst & Young, have provided the Group with independent assurance regarding its financial reporting, and based on the Sri Lanka Standard on Assurance

Engagements, page 126 contains the independent assurance on the Group and its consolidated financial statements and notes. This assurance attests to the high calibre of the report and the absence of any material errors.

**Forward-Looking Statements**

The report includes forward-looking statements about the Group's operations that outline the objectives, plans, and anticipated operational and financial outcomes of Vallibel One. Though futuristic statements are used responsibly, the Group recommends that the reader to exercise caution and to bear in mind that the outcome may be subject to change. We neither take responsibility for these assertions following the date of this report's publication, nor are we required to update or change them publicly.

## About this Report



### Feedback and Suggestions

The Group welcomes any comments, queries and suggestions for improvement on its 08th integrated annual report. Please direct your feedback to:

 Our feedback form can also be found on page 271 of this report.

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 Fax: 0112445500  
 Email Address: info@vallibel.com



# MISSION

Achieve uniqueness through diversity, leadership, creativity and inspiration.

# VISION

To run healthy core businesses, leverage strengths into new ventures, work together with people to be Sri Lanka's corporate leader.



# CORE VALUES

Wealth creation is our reason for being. It drives us to create value for our stakeholders. It is a vision that is powered by our core guiding philosophy; a uniqueness that stems from five core values:



Diversity



Creativity



People



Innovation



Leadership

# About the Group

## The Right Fundamentals

### VALLIBEL ONE'S VALUE PROPOSITION

Vallibel One PLC was established in 2010 and listed on the Colombo Stock Exchange in 2011. This dynamic organisation has rapidly expanded to become one of the top diversified conglomerates in the country, known for its unique business model. The Group, which has 54 companies in its portfolio, holds a strong presence in several key thrust sectors. It dominates several key industries, including financial services, sanitaryware, and tiles, among others. A sustainable operational structure supported by good governance and responsible stewardship has enabled the Group to continuously explore new ways to provide long-term value to its stakeholders over the years.

#### MARKET LEADERSHIP

A wide array of trusted brands, many of which hold market leadership in their respective sectors

*Refer Intellectual Capital (pages 94-97) and Sector Reviews (pages 62-73)*

#### STRONG PARTNERSHIPS

Impactful, longstanding partnerships with individuals and communities across the island, built on a spirit of loyalty and trust.

*Refer Social and Relationship Capital (pages 98-103) and Human Capital (pages 83-91)*

#### A VAST PRESENCE

A diverse portfolio spanning 6 thrust sectors and a presence in 12 industries, reinforced by an island-wide presence and a growing export market.

*Refer Portfolio at a Glance (pages 12-13), Manufactured Capital (pages 79-82) and Sector Reviews (pages 62-73)*



### What Makes Us One of a Kind

#### A SUSTAINABLE COMMITMENT

The integration of responsible resource consumption and sustainable practices across operations that strive to build a positive impact across the environment and surrounding communities.

*Refer Natural Capital (pages 104-109)*

#### A SOLID REPUTATION

A legacy of success and a commitment to excellence and good governance have nurtured an entity synonymous with values of trust and quality.

*Refer Corporate Governance (pages 112-117) and Intellectual Capital (pages 94-97)*

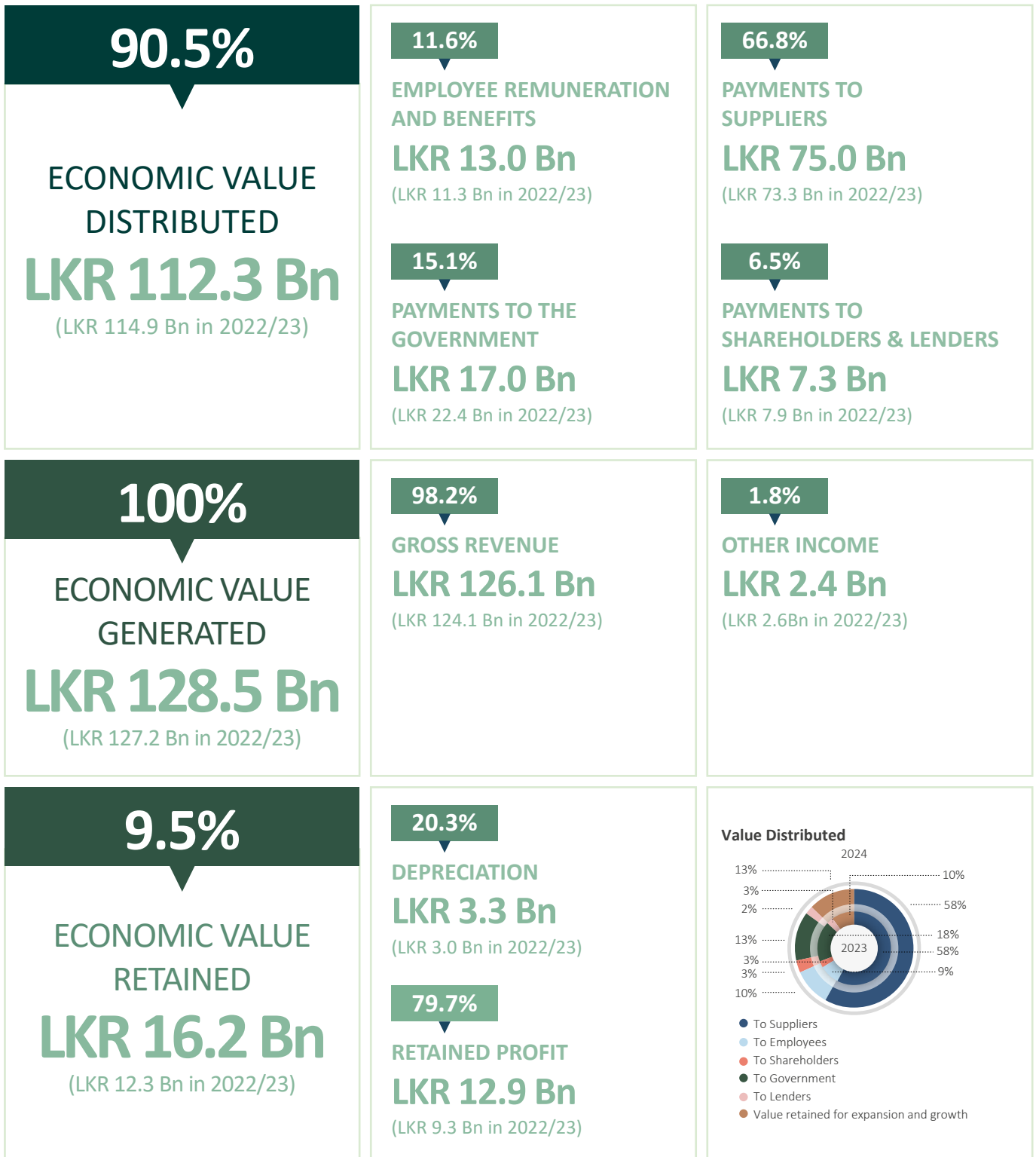
#### TIMELY, DECISIVE STRATEGIES

Insightful, farsighted strategies that drive long-term success, reinforced by the right levels of responsiveness and adaptability to current and emerging trends.

*Refer Executive Reviews (pages 28-30), Strategy and Resource Allocation (pages 55-57) and Sector Reviews (pages 62-73)*


## Economic Value-Added Statement

As a socially responsible entity, Vallibel One’s business performance results in direct and indirect socio-economic contributions that feed value into society, while ensuring economic and national development.




## About the Group


# Portfolio at a Glance




**LIFESTYLE**



**FINANCE**



**ALUMINIUM**



Let inspiration begin at home.

### Key Differentiators

As market leaders in the nation's tile and sanitaryware industry, and with a presence in interior décor solutions, the sector offers an extensive range of lifestyle products and solutions.

---

**Product Mix**

- Tiles
- Mortar
- Sanitaryware
- Interior Décor Solutions
- Kitchen Cabinets and Sinks
- Furniture
- Grout and

---

**Performance**

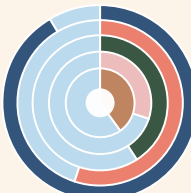
▼ **4.7%** Turnover

▼ **29.4%** Profit Before Tax

▲ **14.8%** Assets


---

**Composition**



- Carbon Footprint : **91.52%**
- CAPEX : **54.39%**
- Employees : **40.73%**
- PBT : **29.41%**
- Revenue : **40.06%**

Refer pages 62-63



### Key Differentiators

Through the strength of L B Finance PLC, one of Sri Lanka's non-banking financial institutions, the sector provides a solid foundation for the Group, while delivering unmatched versatility and innovation through its products and services.

---

**Product Mix**

- Leasing
- Savings
- Fixed Deposits
- Cash in Mobile
- Gold Loans
- Money Exchange
- Mortgage loans

---

**Performance**

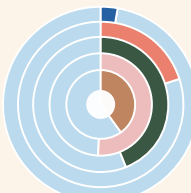
▲ **15.1%** Turnover

▲ **29.5%** Profit Before Tax

▲ **11.0%** Assets


---

**Composition**



- Carbon Footprint : **2.18%**
- CAPEX : **18.69%**
- Employees : **44.03%**
- PBT : **51.43%**
- Revenue : **39.95%**

Refer pages 64-65



### Key Differentiators

A powerful presence in the aluminium extrusion market and a spirit of entrepreneurship enables the delivery of customised products and services and the nurturing of strong partnerships.

---

**Product Mix**

- Aluminium Extrusions
- Swing Doors
- Folding Sliding Doors
- Multi-Purpose Ladders
- Sliding Windows and Doors
- Solar Railings and Accessories

---

**Performance**

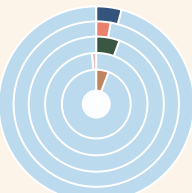
▲ **38.2%** Turnover

▲ **69.1%** Profit Before Tax

▲ **3.7%** Assets

---

**Composition**



- Carbon Footprint : **4.31%**
- CAPEX : **2.55%**
- Employees : **5.15%**
- PBT : **-1.37%**
- Revenue : **5.87%**

Refer pages 66-67



LEISURE



Key Differentiators

Providing unmatched service on par with international standards, while pursuing new avenues of growth.

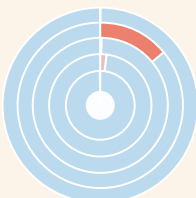
Product Mix

- Boutique Hotel Resort Operations
- Spa and Travel

Performance

- ▲ **1,170%** Turnover
- ▲ **909%** Associate Profit + Share
- ▲ **11.4%** Assets

Composition



- Carbon Footprint : **0.03%**
- CAPEX : **14.01%**
- Employees : **0.36%**
- PBT : **0.15%**
- Revenue : **0.00%**

Refer pages 68-69



CONSUMER



Key Differentiators

The sector comprises a unique mix of much-loved household brands including 'Delmege', and 'Motha', in addition to a range of medical equipment and pharmaceuticals.

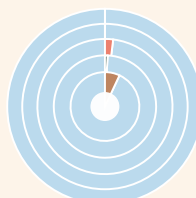
Product Mix

- FMCG
- Pharma
- Medical Equipment

Performance

- ▲ **12.4%** Turnover
- ▲ **256.2%** Profit Before Tax
- ▲ **0.2%** Assets

Composition



- Carbon Footprint : **0.1%**
- CAPEX : **0.14%**
- Employees : **1.9%**
- PBT : **0.9%**
- Revenue : **6.8%**

Refer pages 70-71



INVESTMENTS AND OTHERS



Key Differentiators

Our investments in other sectors enable synergies, while reinforcing and augmenting the overall value proposition of the Group.

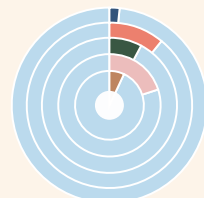
Product Mix

- Packaging
- Mining
- Insurance brokering
- Travel
- Shipping

Performance

- ▼ **20.2%** Turnover
- ▲ **18.5%** Profit Before Tax
- ▲ **174%** Assets

Composition

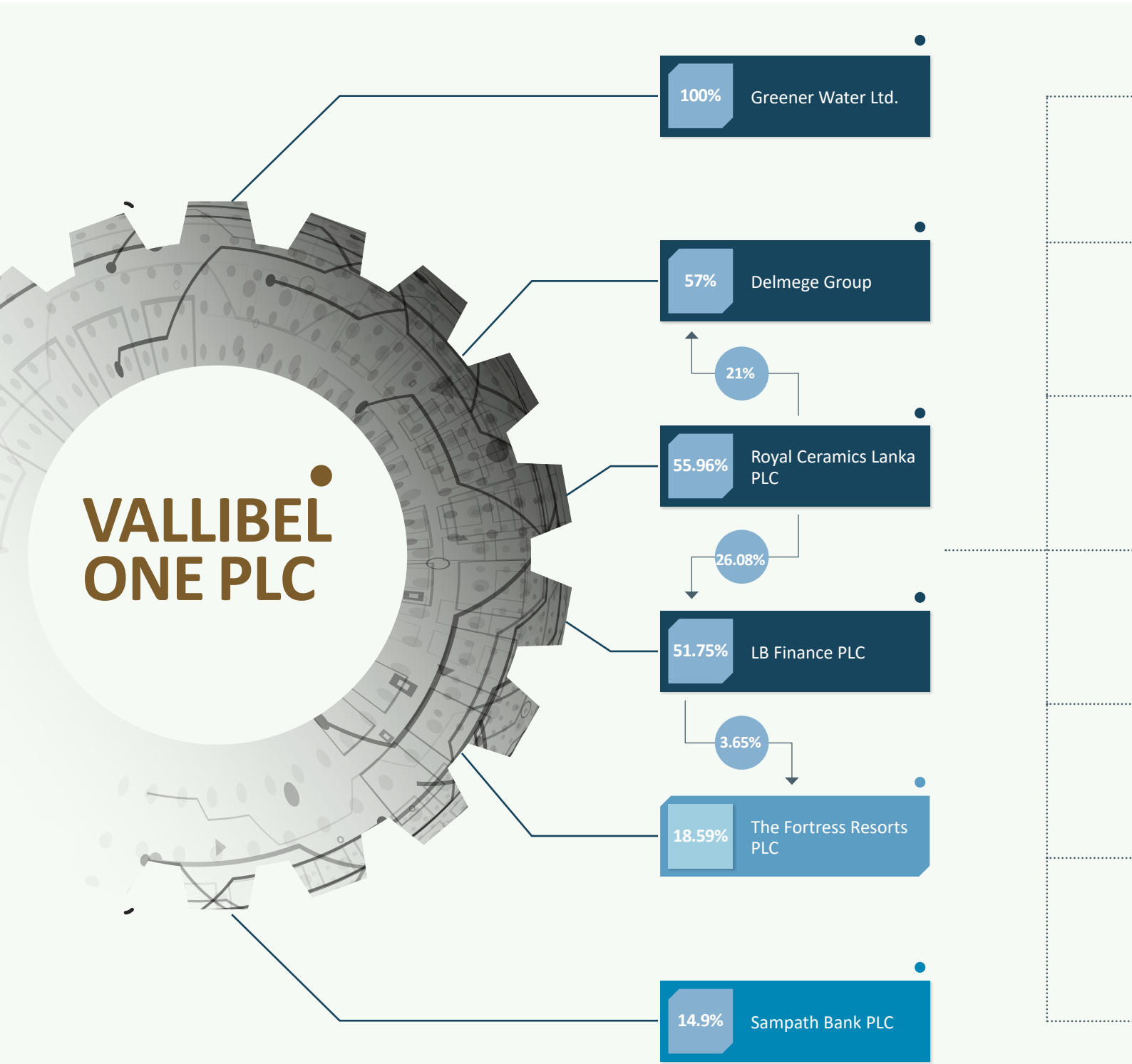


- Carbon Footprint : **1.82%**
- CAPEX : **10.22%**
- Employees : **7.86%**
- PBT : **19.46%**
- Revenue : **7.32%**

Refer pages 72-73

## About the Group

# Built for the Future

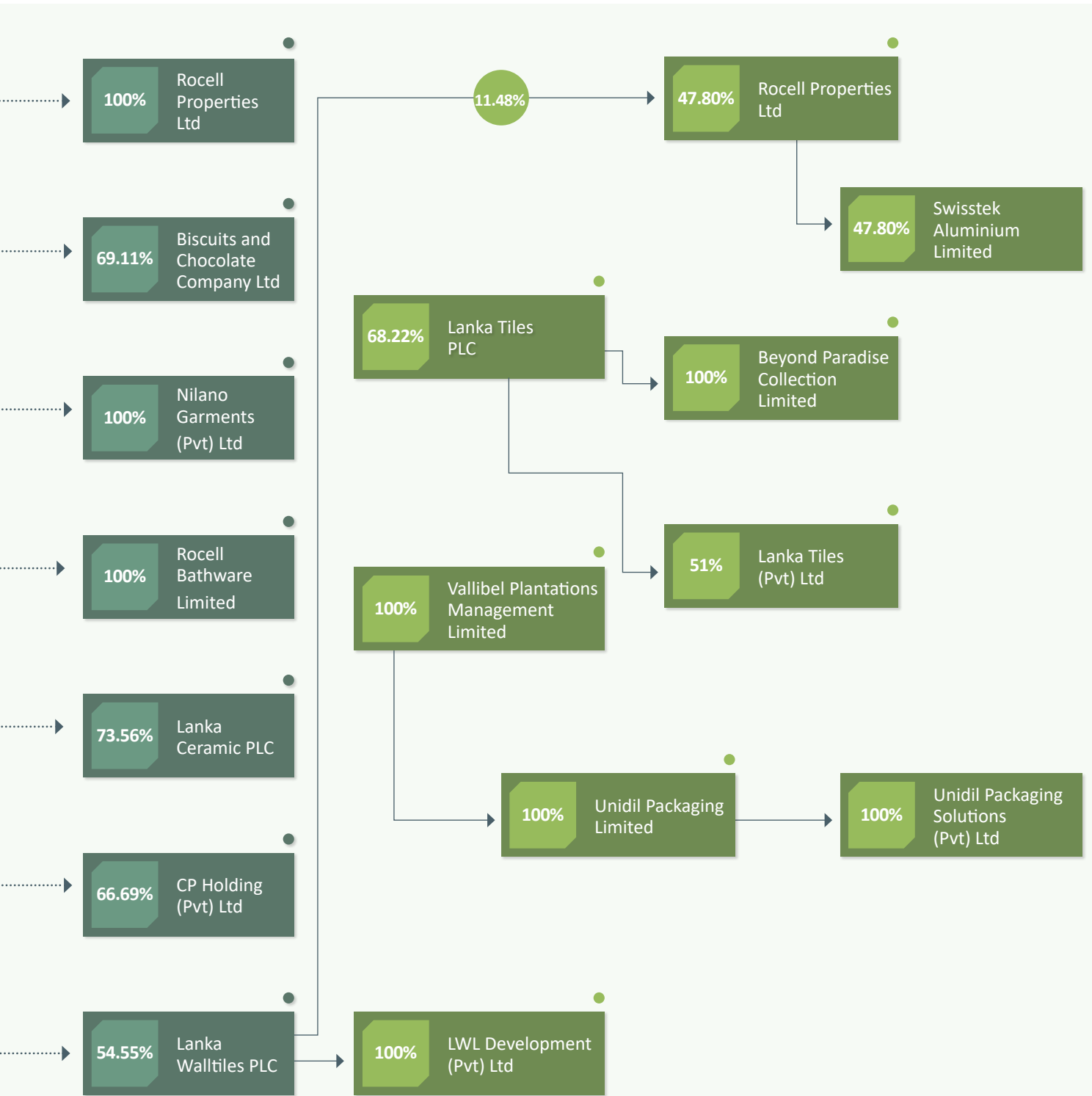


■ Holding Company  
■ Subsidiary Company

■ Sub-subsidiary Company  
■ Associate Company

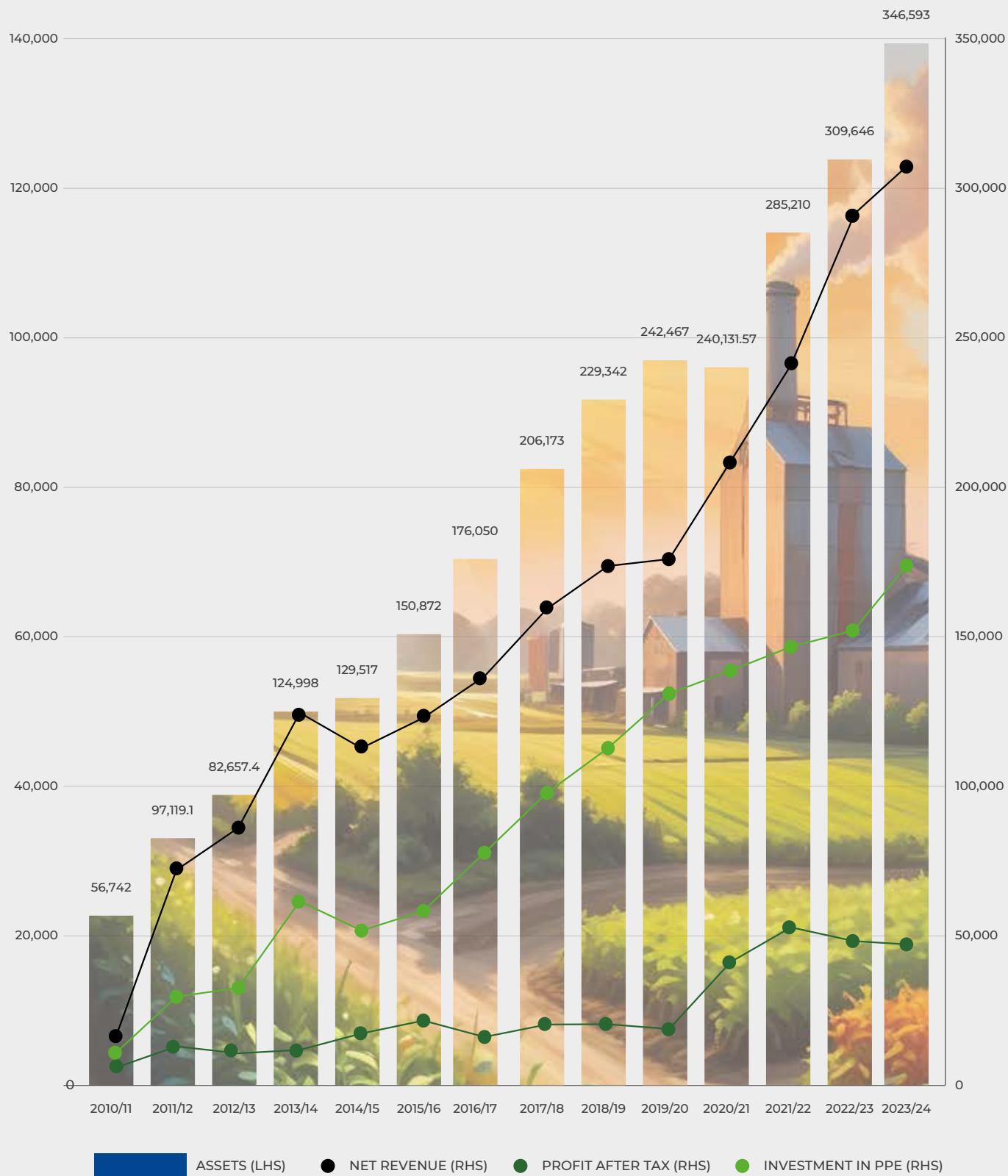
■ Long Term Investment

The Group Structure as at 31st March 2024.



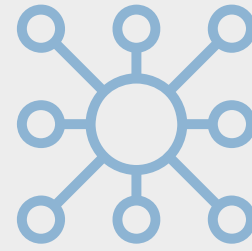
About the Group

# Group at a Glance



# Empowering Communities LKR 58 Mn

Fuelling progress and nurturing growth, our community enrichment initiatives are making a lasting impact.



# Thriving in **6** key Sectors

Driving innovation and excellence, we are shaping the future of industry.



# 9,300+

Income opportunities created

We proudly powered by the passion and dedication of our pool.

# 14 Years in Business

Expanding horizons:  
Divers ventures within our Group

# LKR 347 Bn

Building a Legacy  
of Assets



## About the Group

# Driving Sustainable Development

At Vallibel One, we engage in the responsible use of our diverse resources by leveraging the unique knowledge we possess, thereby creating a sustainable model of value creation. The Group relies on six primary capitals, outlined below:

INPUT	OUTPUT	IMPACT
 <p><b>Financial Capital</b> The funds or monetary resources obtained through debt, equity, retained earnings and various investments.</p>	<ul style="list-style-type: none"> <li>The development of products and services</li> <li>Organisational growth</li> <li>The distribution of wealth and value among key stakeholders</li> </ul>	<p>Contribution to 14 of 17 UN Sustainable Development Goals</p>
 <p><b>Manufactured Capital</b> The tangible assets and physical infrastructure available to the organisation, including its property, plant, equipment and manufactured assets.</p>	<ul style="list-style-type: none"> <li>Streamlined manufacturing processes</li> <li>Supports essential business functions</li> </ul>	
 <p><b>Human Capital</b> Employee competencies, capabilities, experience, and alignment with the organisation’s values and ethical standards of governance.</p>	<ul style="list-style-type: none"> <li>Enabling the achievement of organisational strategy</li> <li>Driving elevated customer service standards,</li> <li>Realising improved efficiencies</li> <li>Nurturing product and service innovation</li> </ul>	
 <p><b>Social and Relationship Capital</b> The quality of partnerships built over the years with customers, suppliers and business partners and communities.</p>	<ul style="list-style-type: none"> <li>Nurturing long-term, mutually-beneficial partnerships to drive collective well-being.</li> <li>Delivering unmatched service to customers</li> <li>Providing opportunities for progress to suppliers, business partners and communities</li> </ul>	
 <p><b>Natural Capital</b> Renewable and non-renewable resources that are utilised in business processes, and present within our surroundings.</p>	<ul style="list-style-type: none"> <li>Sustains the organisation’s continuity and growth</li> <li>Supporting future development</li> </ul>	

Risk	Relevance/ Priority	Major activities
	60% 	<ul style="list-style-type: none"> <li>• Employment created for 9,392 individuals in total</li> <li>• Business opportunities for 6,766 SME suppliers</li> <li>• Tax payments of LKR 17,022 Mn to support public finance</li> <li>• New job opportunities offered to 3,042 employees</li> </ul>
	100% 	<ul style="list-style-type: none"> <li>• Stringent health and safety programmes and protocols integrated across operations</li> <li>• Training initiatives for to support holistic health and well-being</li> <li>• Procurement of medical equipment via the Group's consumer sector</li> </ul>
	80% 	<ul style="list-style-type: none"> <li>• Employees trained for 75,587 hours with a total investment of Rs. 38.81 Mn</li> <li>• A reimbursement scheme for professional studies</li> <li>• Community knowledge enhancement and capacity building programmes</li> </ul>
	100% 	<ul style="list-style-type: none"> <li>• An equal opportunity employer, with 28% female cadre</li> <li>• Following best labour practices with practices promoting non-discrimination, and protocols to improve grievance handling and prevent incidents of sexual harassment</li> </ul>
	50% 	<ul style="list-style-type: none"> <li>• 80.3 Mn litres of water and effluents treated prior to release</li> </ul>
	50% 	<ul style="list-style-type: none"> <li>• Implementing renewable energy projects across factory premises</li> <li>• Contributing 3,854,493 KWh towards the national grid</li> </ul>
	100% 	<ul style="list-style-type: none"> <li>• Providing job opportunities across six growth sectors</li> <li>• Following best practices in labour relations and management</li> <li>• LKR 12,998 Mn invested into employee benefits and welfare</li> </ul>
	100% 	<ul style="list-style-type: none"> <li>• Prioritising product innovation across operations</li> <li>• Invested Rs. 149 Mn in research and development</li> <li>• Enabling infrastructure development around factory premises</li> <li>• Rs. 14,409 Mn invested in capex</li> <li>• Offering access to financial services</li> </ul>
	80% 	<ul style="list-style-type: none"> <li>• A strong island-wide distribution network</li> <li>• Community recruitment, with 1,135 employees recruited from outstation locations</li> <li>• Uplifting SMEs and entrepreneurs</li> <li>• 2,580+ Microfinance customers</li> </ul>
	30% 	<ul style="list-style-type: none"> <li>• Invested 120 Mn in developing infrastructure including roads surrounding estates and factories</li> <li>• Rs. 58.4 Mn spent on philanthropic initiatives to uplift the living areas of underprivileged communities</li> </ul>
	100% 	<ul style="list-style-type: none"> <li>• Maximising resource utilisation and introducing circular economies to minimise wastage</li> <li>• 26,569 MT of recycled materials used in production</li> <li>• Consumed 32,082 MT of renewable materials</li> </ul>
	90% 	<ul style="list-style-type: none"> <li>• Reducing overall emissions by 2% during the year</li> </ul>
	30% 	<ul style="list-style-type: none"> <li>• Engaged in tree planting programmes</li> <li>• Donated 9,105 plants to communities and individuals</li> </ul>
	100% 	<ul style="list-style-type: none"> <li>• Instilling practices of good governance, anti-corruption, bribery and transparency across all businesses</li> <li>• Ensuring compliance with regulatory requirements and taking necessary corrective action should instances of non-compliance arise</li> <li>• Serving as a responsible and ethical organisation</li> </ul>

# Our Investment Case

<p><b>CONTINUOUS RETURNS</b></p> <p>Delivering sustainable value amid a challenging environment</p>	<p><b>12.9%</b> 5-Year CAGR - Revenue</p> <p><b>20.9%</b> 5-Year CAGR - Profit After Tax</p>	<p><b>Shareholder Returns</b></p>
<p><b>A DIVERSE PRESENCE</b></p> <p>A balanced portfolio, with a presence across six key economic thrust sectors</p>		<p><b>Revenue By Sector</b></p>
<p><b>STRATEGIC MANAGEMENT</b></p> <p>Prudent deployment of capital and assets to deliver returns</p>	<p><b>19.67%</b> Return On Capital Employed</p> <p><b>LKR 346.6 Bn</b> Total Asset Base</p>	<p><b>5-year return on capital employed</b></p>
<p><b>ESTABLISHED MARKET PRESENCE</b></p> <p>A strong brand equity and island-wide reach</p>	<p><b>2,980+</b> Direct Customer Touchpoints</p> <p><b>100+</b> Number of Own Brands</p>	<p><b>Dealers &amp; Distributors</b></p>
<p><b>A COMMITMENT TO EXCELLENCE</b></p> <p>Continuous improvement of products and processes</p>	<p><b>LKR 850 Mn</b> Saved from Tpm</p> <p><b>172</b> New Products</p>	<p><b>Research and Development Investment</b></p>

# Financial Highlights

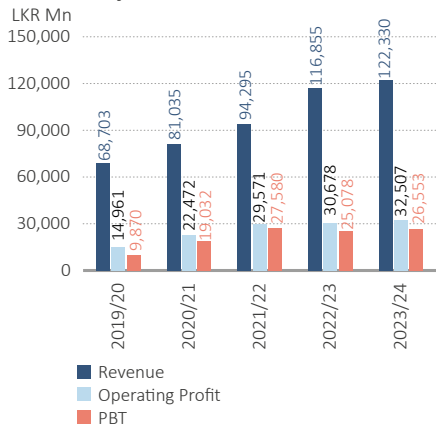
Profitability		Change%	2023/24	2022/23	2021/22
Revenue	LKR Mn	5	122,330	116,855	94,295
Earnings before interest, tax, depreciation and Amortization (EBITDA)	LKR Mn	6	35,267	33,211	32,605
Results from Operating Activities	LKR Mn	6	32,507	30,671	30,139
Profit Before Tax	LKR Mn	6	26,553	25,078	27,512
Profit After Tax	LKR Mn	-2	17,444	17,809	20,580
Profit Attributable to the Owners of the Parent	LKR Mn	4	9,894	9,524	10,353
Dividends	LKR Mn	100	1,139	-	1,708
Gross Profit Margin	%	1	44.5	43.3	48.3
Operating Profit Margin	%	(1)	26.6	26.9	32.0
Net Profit Margin	%	(1)	14.3	15.6	21.8
Return on Assets (ROA)	%	(2)	5.0	5.8	7.2
Return on Equity (ROE)	%	(2)	12.5	14.9	18.9
Interest Cover	Number of times	54	11.4	7.4	29.1

Financial Position		Change%	2023/24	2022/23	2021/22
Total Assets	LKR Mn	12	346,593	309,646	285,210
Total Debt	LKR Mn	15	55,106	47,879	56,047
Total Liabilities	LKR Mn	9	207,358	190,264	176,757
Equity attributable to equity holders of the parent	LKR Mn	20	92,039	76,925	69,965
Net Worth	LKR Mn	17	139,235	119,382	108,453
Debt/Equity	%	(1)	39.58	40.11	51.68
Equity Asset Ratio	%	2	26.56	24.84	38.03
Current Ratio	Number of times	5	1.35	1.28	1.47
Quick Asset Ratio	Number of times	5	1.14	1.09	1.33

Market and Shareholder Information		Change%	2023/24	2022/23	2021/22
Shares in Issue	Number Mn	-	1,139	1,139	1,139
Market Value per share	LKR	38	50.5	36.6	40.20
Earnings per share	LKR	4	8.69	8.36	9.09
Net Asset per share	LKR	20	80.81	67.54	61.43
Dividends per share	LKR	100	1.00	-	2.50
Company Market Capitalization	LKR Mn	38	57,515	41,684	45,784
Price Earnings ratio	No of Items	33	5.81	4.38	4.42
Dividend yield ratio	%	100	1.98	-	6.22

## Financial Highlights

### Profitability



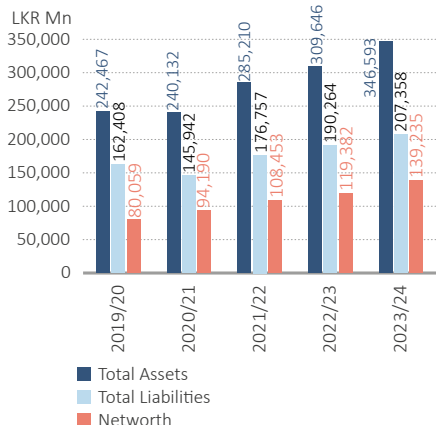
9.0% ▲

Liabilities

5.9% ▲

Profit Before Tax

### Financial Position



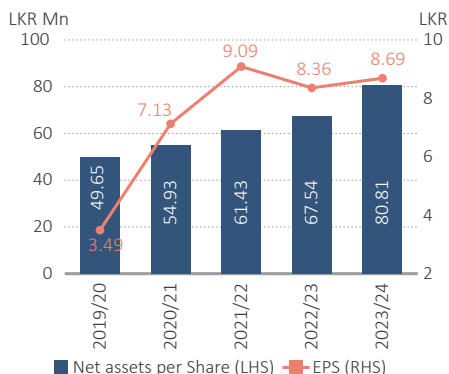
LKR 12.8 Bn ▲

Intangible Assets

LKR 17 Bn ▲

Direct and Indirect Taxes

### Shareholder Returns



16.6% ▲

Shareholders' Equity

LMD  
Top 20

Corporate Leaders  
by Financial  
Performance

# Non-Financial Highlights

Manufactured Capital		2023/24	2022/23	2021/22
Property Plant and Equipment	LKR Mn	69,971	60,336	56,939
Capital Expenditure	LKR Mn	14,409	8,088	5,309
Depreciation and Amortization	LKR Mn	3,391	3,290	3,209
Investment in Research and Development	LKR Mn	149	134	135

Human Capital		2023/24	2022/23	2021/22
Total Employees	Number of:	9,392	12,174	13,244
Female workforce	Number of:	2,600	4,207	4,698
Male workforce	Number of:	6,792	7,967	8,546
New recruitments	Number of:	3,042	2,254	2,896
Employees represent outside the western province	Number of:	3,466	5,323	6,542
Productivity (revenue/employee)	LKR Mn	13.02	9.6	7.3
Investment in Training	LKR Mn	38.81	45.57	11.33
Total Training hours	Hours	75,587	67,136	43,021
Retention rate	%	68	72	78
Jobs created to young employees (under 30 years)	Number of:	4,863	4,575	5,133
Occupational Injuries	Number of:	411	420	184

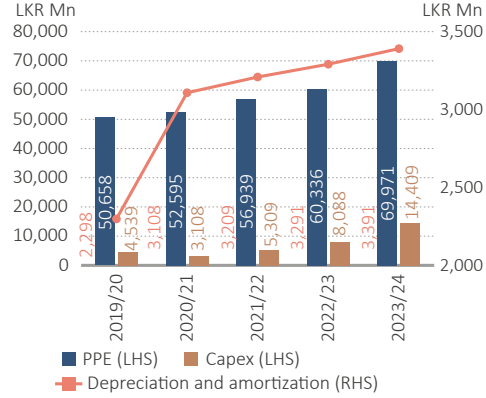
Social and Relationship Capital		2023/24	2022/23	2021/22
Rocell own Showrooms	Number of:	74	74	74
Lanka Tiles own showrooms and outlets	Number of:	21	22	21
LB Finance Branches	Number of:	200	192	181
New products launched	Number of:	172	176	210
Suppliers	Number of:	7,630	4,389	4,503
Small and Medium suppliers	Number of:	6,766	3,568	3,150
Payments to suppliers	LKR Mn	119,280	89,057	57,289
Investment in CSR Initiatives	LKR Mn	58	125	52
Estimated beneficiaries from CSR initiatives	Number of:	1,000,000+	170,000+	100,000+

Natural Capital		2023/24	2022/23	2021/22
Energy Consumption	GJ	1,064,463	1,098,151	1,199,172
Raw Material Consumption	MT	365,895	380,660	1,432,030
Total Water Usage	Liters Mn	526	705	593
Water Recycled	%	15.30	22.30	20.40
Carbon Footprint	tCO2	140,945	143,352	156,034
Total Wastage	MT	61,290	47,163	60,886

Governance		2023/24	2022/23	2021/22
Total Companies (Subsidiaries and Associates)	Number of:	54	54	55
Directorships (Company)	Number of:	7	7	6
Female held Directorships (Company)	Number of:	4	4	1
Shares held by Twenty Largest Shareholders	%	92.78	92.54	91.51

# Non-Financial Highlights

## Property, Plant and Equipment



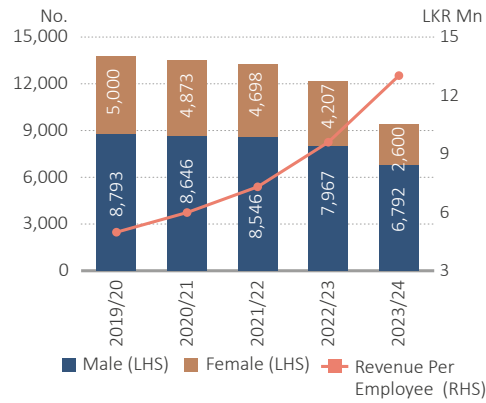
# 65%

Average Capacity Utilization across 9 Manufacturing Plants

# 2.6:1

Gender Ratio (Men to Women)

## Total Employees and Revenue Per Employee



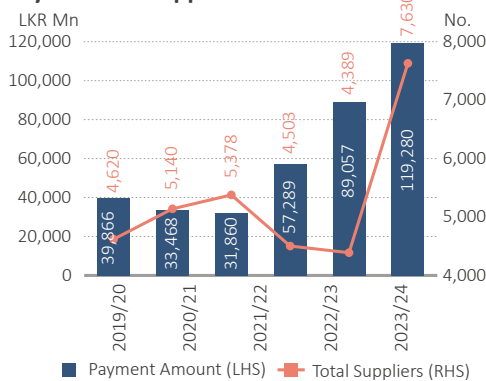
# LKR 850 Mn

TPM Savings

# 33.9%

Increase in Value Created to Suppliers

## Total Suppliers and Payments to Suppliers



# 51,086

Customer Touchpoints

# 1,135

Outstation Recruitments

# 3,378 Mw

Annual Solar Power Energy Generation in 4 Factories

O U R L E A D E R S H I P

# ONWARD DIRECTION

The unparalleled efforts of our leadership have shaped the trajectory of Vallibel One PLC in the year under review. With decades of experience and an instinct for preservation and service, our leaders ensure our continued legacy.

# Chairman's Statement

“Vallibel One has long been renowned for its spirit of innovation, an unwavering commitment to excellence, and the responsible governance and stewardship of its resources”



12% ▲

Total Assets

5% ▲

Turnover

6% ▲

Profit Before Tax

21% ▲

Income Tax

2% ▼

Profit After Tax

As we look back on a particularly challenging year, I am pleased to present the 8th integrated annual report of Vallibel One PLC, which outlines Group's strategic approach and holistic performance for the 2023/24 financial year.

The year under review exposed people and planet to adverse conditions both here and abroad, yet your Company remained steadfast in its pledge to deliver long-term value to its diverse stakeholders. Time and time again, we have demonstrated our ability to adapt to changing dynamics, while prioritising sustainable development and stability across our sphere of influence, as attested by the contents of the report you now hold.

Vallibel One has long been renowned for its spirit of innovation, an unwavering commitment to excellence, and the responsible governance and stewardship of its resources. This three-pronged commitment has enabled the organisation to earn a reputation for trust that cascades down to its associates and subsidiaries, while facilitating

the achievement of an unmatched value proposition across the six key thrust sectors in which it operates.

## OPERATING ENVIRONMENT

It is heartening to note that following six consecutive quarters of contraction, Sri Lanka's economy began to display a growth of 1.6% in the third quarter of 2023, thereby signalling a return to normalcy, and the stabilisation of the nation's economic landscape. The following quarter saw the achievement of 4.5% GDP growth year-on-year, with the three primary sectors, namely agriculture, industry, and services displaying improved results in comparison to the preceding year.

Most notably, the growth in tourist arrivals strengthened the nation's foreign reserves, and the reduction of import restrictions, the easing of supply-side disruptions, the moderating of global commodity prices, and the strengthening of the Sri Lankan currency against the US dollar collectively led to a decline in inflation expectations.

Despite the uptick in national GDP, a number of monetary and fiscal policy measures were introduced with the aim of discouraging consumption and achieving economic stability. High prices of goods and services continued to negatively impact consumer spending for a large part of the year, with the cost of living displaying growth in 2023, albeit at a slower rate in comparison to the preceding year.

Concurrently, the high cost of energy and raw materials placed constraints on bottom-line growth across the board, while low business confidence and the fluctuation in interest rates continued to undermine the performance of certain key industries during the year.

#### PERFORMANCE AND STRATEGY

Against this backdrop, Vallibel One's diverse sectors sought out opportunities to maximise top-line performance while driving down costs; a strategy which held the organisation in good stead during the year. Each cluster developed and adhered to its own unique strategy for value creation, primarily led by universally applicable principles of process excellence, innovation, and responsible stewardship, reinforced by consistent measures to drive market expansion and penetration.

Accordingly, the Group achieved a revenue growth of approximately 4.69% year-on-year to reach Rs. 122,330 Mn (116,855 Mn in 2022/23), while gross profit recorded a 7.40% growth to reach Rs. 54,399 Mn (Rs. 50,652 Mn in 2022/23) during the year.

The Group's prudent policies and mechanisms enabled Vallibel One to deliver a 5.88% increase in profit before tax, reaching a performance of Rs. 26,553 Mn, in comparison to the previous year's pre-tax profit of Rs. 25,078 Mn. However, an increase of 21.45% in income tax (from Rs. 7,646 Mn to Rs. 9,286 Mn) impacted profitability during the year, leading the Group to record a marginal 2.05% decrease in profit after tax to reach Rs. 17,444 Mn, in comparison to the previous year's corresponding figure of Rs. 17,809 Mn.

In terms of financial position, the Group displayed a commendable 11.93% growth in its asset base to reach an asset value of Rs. 346,593 Mn, while return on equity was recorded at 12.4% during the year under review.

#### GOVERNANCE AND SUSTAINABILITY

At Vallibel One, we continue to interact with our varied stakeholder groups to understand their needs while fostering a spirit of sustainable development and advancement that transcends profit, as evidenced by our contribution towards the United Nation's Sustainable Development Goals.

Our main purpose lies in nurturing equitable growth, supported by ethical policies, stringent governance mechanisms and our tireless dedication towards promoting the welfare of our society through initiatives for employee and community development.

Our ability to seamlessly drive value is underpinned by our responsible use of resources, an increased reliance on renewable energy and the use of digitalisation and technology to improve accessibility, safeguard stakeholder interests and drive operational excellence.

We continue to uphold the values of corporate responsibility and good governance at every turn, and remain ever-conscious of the Group's substantial influence on the economy, environment, and society in every action we undertake.

#### THE WAY FORWARD

While Sri Lanka is now on the road to recovery, the path remains shadowed by global geopolitical tensions, subdued domestic economic growth, socio-political uncertainties, and the burgeoning impact of climate change that collectively place pressure on the potential for stability and progress. The nation's resurgence is conditional on the movement of global food and energy prices, the strength of Sri Lanka's trading partners, and most crucially, the completion of the external debt restructuring programme in a successful and timely manner.

While these factors remain key imperatives to ensure economic stability, Vallibel One is poised for the future. Our multifaceted approach to value creation and our farsighted strategies enable us to remain responsive and resilient in the face of ambiguity and uncertainty, and will continue to cement our position as a leading conglomerate that drives a transformative impact across the nation and beyond.

#### ACKNOWLEDGEMENTS

I would like to express my gratitude to my fellow Board members for their unwavering dedication and the insightful counsel that was extended during what can only be described as a complex and demanding year. My deepest gratitude goes out to the management and employees for their steadfast commitment to quality, innovation, and excellence, which has long been the driving force behind our continued success. Finally, I extend my thanks to all of our stakeholders for their unwavering support and faith, which has served as a repository of strength and encouragement in the preceding years. I look forward to partnering with each and every one of you, as we embark on a shared wealth creation in the years to come.



**Harsha Amarasekera**

Chairman

03 June 2024

# Managing Director's Review

We believe in the importance of inclusive progress, and therefore leverage our far-reaching influence to reduce inequalities, enable accessibility, and drive equitable growth across every facet of society



## 10

New LB Finance Branches and strategic relocations

## Top 50 LMD

100 Sri Lanka's leading listed companies for 12 consecutive years

## Top 30 Business Today

for 12 consecutive years

The year under review posed challenges on many fronts, yet I am pleased to share that the Vallibel One Group remained resilient and unwavering in the face of adversity. The results disclosed within this integrated report demonstrate our ability to deliver dynamic, ever-transforming value to our stakeholders through a balanced focus on aspects of environmental sustainability, social responsibility, and good governance.

### FOCUSED AND RESILIENT

The past four years have been characterised by intense hardships and volatility – yet, through it all, your Company has retained its core purpose of safeguarding its stakeholders and guiding them into a future of stability and progress. The Group's past investments into innovation, process excellence, and product development came into fruition during this period, and were a key contributor towards each business unit's ability to navigate the uncertain conditions that prevailed during the year.

The Group's adaptive, flexible approach towards value creation is underpinned by the right structures and the farsighted vision of its leadership – and I would like to extend my appreciation to the Board and Management for their prudent foresight and timely strategies that were instrumental to our sustainability and continuity over the years. I extend my gratitude to our workforce who executed this vision with precision and passion, guided by the overarching values that have made us the intrepid force that we are today.

### A MULTIFACETED APPROACH

As in the past, our sole priority lay in supporting the needs of the diverse stakeholders with whom we partner, and the year under review was no different. The Group's presence in key economic thrust sectors has remained the cornerstone of our strength – enabling us to drive impactful transformation across every corner of the island and beyond.

We believe in the importance of inclusive progress, and therefore leverage our far-reaching influence to reduce inequalities, enable accessibility, and drive equitable growth across every facet of society. At the same time, our focus on safeguarding the future of our environment has remained unchanged, and our approach towards integrating sustainable practices and protecting our natural capital is outlined in greater detail in this report.

The Group is committed towards maintaining ethical practices and sound governance across its operations – and continued to strengthen its mechanisms and structures in this regard. The Group's subsidiaries and associates are led by principles of fairness, equality, and justice; with each organisation taking tangible steps to further safeguard their assets and mitigate potential risks during the year, while ensuring they remain in compliance with all applicable rules and regulations.

### CONSOLIDATED PERFORMANCE

The year's challenges notwithstanding, the Vallibel One Group recorded a revenue of Rs. 122,330 Mn, which constituted a 4.69% increase against the previous year's result of Rs. 116,855 Mn. As in the preceding year, the lifestyle sector remained the largest contributor towards the Group's results by accounting for approximately 41% of the revenue performance, closely followed by the finance sector, which constitutes 40% of the Group's income.

The cost of operations rose to unprecedented heights during the year; yet the implementation of process improvements and timely strategic interventions enabled the organisation to realise a gross profit of Rs. 54,399 Mn, representing a year-on-year growth of 7.40% against the preceding period's performance of Rs. 50,652 Mn.

Consequently, the Group's profit before tax stood at Rs. 26,553 Mn in comparison to the Rs. 25,078 Mn recorded in the previous year, thereby achieving a 5.88% growth year-on-year. An income tax hike of 21.46% amounting to Rs. 9,286 Mn impacted the Group's profitability, leading Vallibel One to

record a 2.05% decline in profit after tax of Rs. 17,444 Mn, in relation to the preceding year's Rs. 17,809 Mn.

The Group's earnings per share elevated by 4% against the previous year, to reach a rate of Rs. 8.69, and a dividend per share of Rs. 1.00 amounting to a total of LKR 1,139 Mn was declared in view of delivering shareholder value.

### LIFESTYLE SECTOR

The lifestyle sector faced considerable challenges on the local and global front, owing to a decline in domestic consumer spending, a subdued construction industry, and the impact of the dollar depreciation on exports. A drop in volumes was experienced, owing to the lifting of import restrictions commencing in September 2023, resulting in an unprecedented influx of tiles to the market. Furthermore, operational expenditure rose during the year, thereby eroding the potential for profitability during the period under consideration.

As a result of the aforementioned dynamics, the lifestyle sector posted a 4.69% decline in revenue during the year to reach Rs. 49,586 Mn (Rs. 52,026 Mn in 2022/23). The rising costs translated into a 6.11% decline in gross profitability to reach Rs. 21,062 Mn, while profit after tax experienced a year-on-year degrowth of 26.59% to reach Rs. 6,286 Mn (Rs. 8,562 Mn in 2022/23).

Despite the constrained growth environment its associated challenges, the sector invested approximately Rs. 7,700 Mn towards its ongoing capacity enhancement efforts, in order to capitalise on anticipated future demand and explore new opportunities for growth. We anticipate that these measures will bear fruit, particularly as the economy reaches a state of stability in the near future.

### FINANCE SECTOR

Despite an environment characterized by volatile interest rates, import bans, and changing market dynamics, the Group's finance sector delivered its best performance to date, recording a 15.12%

increase in revenue against the previous year to reach Rs. 49,457 Mn (Rs. 42,960 Mn in 2022/23). This increase was primarily attributable to the growth of the sector's lending and deposit bases during the period under review.

The sector further relied on mitigating its costs in order to achieve a 30.60% growth in profit before taxes to reach Rs. 18,964 Mn in comparison to the previous year's corresponding figure of Rs. 14,521 Mn. The sector's overall taxes expense grew by 55.13% to reach Rs. 9,257 Mn, thereby earning the company the status of being the highest taxpayer in the NBFi industry.

The finance sector's strong performance is a clear indicator of its adaptability, prudent decision making, and operational excellence – three key factors that contributed towards the finance sector achieving the highest profitability in its history, despite the high cost, low revenue environment that prevailed during the year. Consequently, a profit after tax of Rs. 9,707 Mn was recorded, achieving a 13.49% growth against the preceding year's Rs. 8,552 Mn. The Finance cluster reached yet another notable milestone by surpassing an asset value of Rs. 200,000 Mn during the year. We anticipate that the sector's longstanding commitment towards innovation and excellence will see the organisation reach greater heights in the years to come.

### ALUMINIUM SECTOR

The aluminium sector displayed a commendable performance owing to the dual impact of an 44% growth in domestic business despite a lackluster local construction industry, and a substantial 172% expansion of its export business during the year. Resultantly, the sector recorded a 38.20% revenue growth to reach Rs. 7,265 Mn in comparison to the previous year's performance of Rs. 5,257 Mn.

The aluminium sector has long focused on the two-pronged strategy of cost leadership and a commitment to quality, which enabled the organisation to deliver an unmatched value proposition to its customers and drive continuous growth during the period under review.

## Managing Director's Review

This enabled the organisation to achieve a 69.09% decrease in loss after tax year-on-year, to reach a loss of Rs. 335 Mn, in comparison to the preceding year's Rs. 1,069 Mn. Going forward, the sector will continue to build on its strengths to pursue opportunities within the export market, while relying on process excellence and cost saving initiatives to improve its bottom-line performance.

### LEISURE SECTOR

The Group's leisure division consists of its associate company, The Fortress Resort and Spa, and its subsidiary, The Greener Water Hotel Project, which is presently under development. Overall, the industry displayed a positive environment towards the close of the third quarter, with a notable uptick in tourist arrivals from December 2023. Against this The Fortress Resort and Spa recorded an associate profit share of LKR 47.8 Mn during the year.

As reported in the preceding year, the much-anticipated Greener Water Hotel Project is well on its way to completion, following considerable delays owing to the impacts of COVID-19 and the subsequent economic crisis. This landmark project is slated to elevate Negombo's coastline and deliver unrivalled outcomes to the Group and its stakeholders in the long-term.

We further anticipate that the growth trend witnessed towards the close of the fiscal year will continue, with the industry reaching its former glory in the years ahead, thereby positioning the sector to deliver improved results in the future.

### CONSUMER SECTOR

In spite of the considerable decline in consumer spending observed during the year and the corresponding decline in demand across diverse retail channels, the Group's consumer sector recorded a 12.67%

increase in revenue to reach Rs. 8,417 Mn, in comparison to the Rs. 7,470 Mn in the previous year.

The sector adequately managed its costs to achieve a profit after tax of Rs. 277 Mn, thereby recording a notable 304.06% increase from the loss after tax of Rs. 136 Mn achieved in the preceding year.

As always, the sector's portfolio of diverse, trusted consumer brands remains a key value enabler that is further reinforced by a longstanding commitment towards product development and the continuous pursuit of customer value. While the reintroduction of certain brands to our mix following the lifting of import restrictions will support upcoming growth, we pledge to assess and align our products with present and emerging needs in order to build our resilience and strength.

### INVESTMENTS AND OTHERS SECTOR

This sector comprises the Group's interests in the spheres of investments, insurance brokering, travel, transportation, mining, and packaging. The packaging cluster in particular experienced a decline in the global market, leading to the creation of a highly competitive operating landscape characterised by excess supply. This dynamic coupled with global supply chain disruptions and the high prices of raw materials and essential commodities led the packaging cluster to deliver subdued results during the year. Due to the effect of the economic crisis and ensuing project delays, performance in the mining and quarrying and building industries too displayed a decline during the year.

As a result, the investments and others sector recorded a 20.2% decline in revenue to reach Rs. 9,058 Mn, followed by a profit after tax of Rs. 5,315 Mn, reflecting a 20.2% increase in performance year-on-year.

### FACING THE FUTURE

It is encouraging to note that our nation is on the path to economic recovery following a particularly tumultuous period in its history. We firmly believe the Group's strategies to build sustainable, long-term growth will enable us to augment our stakeholder value proposition, remain resilient, and serve as an symbol of trust in all we do.



**Dinusha Bhaskaran**  
Managing Director

03 June 2024

# Board of Directors



## Mr Harsha Amarasekera

Chairman/Independent Non-Executive Director

Appointed to the Board in November 2010 as an Independent Non-Executive Director and was appointed as Chairman on 16th June, 2022.

### Membership of Board Subcommittees:

Serves as the Chairman of the Remuneration Committee and a member of the Audit Committee since November 2010 and Chairman of the Nomination Committee since February 2019. He also served as the Chairman of the Related Party Transactions Review Committee from February 2016 to February 2020 and currently serves as a member of the said Committee.

### Skills and Expertise:

Mr Harsha Amarasekera, who was admitted to the Bar in November 1987 and took oath as a President's Counsel in November 2012, is a leading luminary in the legal profession in Sri Lanka having a wide practice in the Original Courts as well as in the Appellate Courts. His fields of expertise include Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law. He also has significant experience in arbitration and cross-national disputes.

### Current Appointments:

Mr. Amarasekera serves as Non Independent Non-Executive Chairman of Sampath Bank PLC, Independent Non-Executive Chairman of CIC Holdings PLC, Royal Ceramics Lanka PLC, Swisstek (Ceylon) PLC and Vallibel Power Erathna PLC. He is also the Independent Non-Executive Chairman of CIC Agri Businesses (Private) Limited, Swisstek Aluminium Limited and Unidil Group of Companies and is an Independent Non-Executive Director of Expolanka Holdings PLC, Non-Executive Director of Ambeon Capital PLC, Ceylon Hotel Holdings (Pvt) Ltd, EFL Global Logistics (Pte) Ltd, Galle Face Management Company (Pvt) Ltd, Link Natural Products (Pvt) Ltd, Millennium Airlines (Pvt) Ltd, Millennium Investments Lanka (Pvt) Ltd, Silver Aisle (Pvt) Ltd, The Hill Club Company Ltd and President of The Hill Club Nuwara Eliya, comprising directorships in Eighteen other companies.



## Mrs Dinusha Bhaskaran

Managing Director

Appointed to the Board in June 2022

### Membership of the Board Subcommittees:

Serves as a member of the Nomination Committee since June 2022.

### Skills and Expertise:

Ms. Dinusha Bhaskaran is a Financial and Accounting professional, Fellow of the Chartered Institute of Management Accountants UK (FCMA), Fellow of CPA Australia (FCPA) and a Fellow Member of the Institute of Bankers, Sri Lanka. She has previously worked as a Financial Controller with several Australian companies in Melbourne for a number of years and was the Assistant General Manager (Finance & Planning) at Pan Asia Banking Corporation PLC.

### Current Appointments:

Ms. Bhaskaran holds directorships in six other companies: Non-Executive Chairperson of Greener Water Ltd, Executive Director of Delmege Ltd and Non-Executive Director of L B Finance PLC, Multi Finance PLC and Vallibel Power Erathne PLC and Country Energy (Private) Limited.

## Board of Directors



### Mr Rajan Asirwatham

Independent Non-Executive Director

Appointed to the Board in January 2011

#### Membership of Board Subcommittees:

The Chairman of the Audit Committee since January 2011, and a member of the Related Party Transactions Review Committee since February 2016.

#### Skills and Expertise:

Mr Rajan Asirwatham, who is a renowned accounting professional, was a Senior Partner and Country Head of KPMG Ford Rhodes Thornton & Co. from 2001 to 2008. He was the Chairman of the Steering Committee for the Sustainable Tourism Project funded by the World Bank for the Ministry of Tourism and was also a Member of the Presidential Commission on Taxation, appointed by His Excellency the President. He is also a Fellow member of The Institute of Chartered Accountants of Sri Lanka.

#### Current Appointments:

He has made his mark in the corporate world by serving on the Boards of several companies. He serves as a Director of 10 other companies:- Independent Non-Executive Director of Royal Ceramics Lanka PLC, Dilmah Ceylon Tea Company PLC, Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, Three Acre Farms PLC, Ceylon Grain Elevators PLC, Browns Beach Hotels PLC, Non-Executive Director of Renuka Hotels (Private) Limited, Mercantile Merchant Bank and Yaal Hotels (Private) Limited. He also serves on the Board of Post Graduate Institute of Medicine.

In October 2023, The Institute of Chartered Accountants of Sri Lanka conferred on him Lifetime Achievement Award for service to the Accountancy Profession and the Country.



### Mr Sumith Adhietty

Non-Executive Director

Appointed to the Board in November 2010

#### Membership of Board Subcommittees:

A member of the Remuneration Committee since November 2010 and a member of the Nomination Committee since February 2020.

#### Skills and Expertise:

Mr Sumith Adhietty is a top-notch marketing professional who counts over 45 years of experience in the finance sector. He was formerly the Deputy Managing Director of Mercantile Investments Limited and served as a Director of Nuwara Eliya Hotels Company Limited, Grand Hotel (Private) Limited, Royal Palm Beach Hotels Limited, Tangerine Tours Limited, Security Ceylon (Private) Limited, Vallibel Finance PLC and Pan Asia Banking Corporation PLC.

#### Current Appointments:

He holds directorships in nine other companies : Managing Director of L B Finance PLC. Non-Executive Director of Multi Finance PLC, The Fortress Resorts PLC, La Forteresse (Private) Limited, LB Microfinance Myanmar Company Limited, Greener Water Ltd, Summer Season Residencies Limited, Summer Season Limited and Summer Season Mirissa (Pvt) Ltd.



### **Mrs Shirani Jayasekara**

Independent Non-Executive Director

Appointed to the Board in February 2020

#### **Membership of Board Subcommittees:**

Serves as the Chairperson of the Related Party Transactions Review Committee, member of the Audit Committee, and the Remuneration Committee since February 2020.

#### **Skills and Expertise:**

Mrs Shirani Jayasekara brings to the Board over 45 years' experience in the fields of Finance, IT, Audit and Risk Management in Sri Lanka, Zambia, and Bahrain. She is a Fellow of The Institute of Chartered Accountants of Sri Lanka and a Fellow member of the Chartered Institute of Management Accountants UK.

She was a Director of L B Finance PLC since 25th August 2010 and served as Chairperson from 18th September 2017 till her retirement on 25 August 2019. She was the Head of Audit, British American Tobacco Sri Lanka and Bangladesh. She was Head of Group Internal Audit of Carsons Cumberbatch PLC covering operations in Sri Lanka and Indonesia.

She was also a Director of Asian Hotels and Properties PLC, a subsidiary of John Keells Holdings PLC.

She has served on the Audit Committee of the Institute of Chartered Accountants of Ceylon and was a member of the Corporate Governance Committee which contributed to the process of developing a Code of Best Practices of Corporate Governance – issued jointly by the Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka in 2008

#### **Current Appointments:**

None



### **Ms Kawshi Amarasinghe**

Executive Director

Appointed to the Board in June 2022

#### **Membership of Board Subcommittees:**

Nil

#### **Skills and Expertise:**

Ms. Amarasinghe's educational background is distinguished by a Bachelor's Degree in International Studies from the University of Queensland, Australia, and a specialization in French Studies from the University of Lausanne, Switzerland. Further enhancing her global perspective, she has earned a Certificate in Management Acceleration from INSEAD Business School in France and has expertise in Hotel Revenue Management from Cornell University, USA.

#### **Current Appointments:**

Ms. Kawshi Amarasinghe serves as the Group Director of International Business Development & CSR of the Company. She holds directorships in three other companies: Non-Executive Director of The Fortress Resorts PLC, Pan Asia Banking Corporation PLC and Greener Water Ltd and is the Chief Executive Officer of the Dhammika & Priscilla Perera Foundation. Ms. Amarasinghe is dedicated to the Foundation's mission of democratizing access to premium education and healthcare services through DP Education.

## Board of Directors



### **Ms Brindhiini Perera**

Non-Executive Director

Appointed to the Board in October 2022

#### **Membership of Board Subcommittees:**

Nil

#### **Skills and Expertise:**

Ms. Brindhiini Perera has earned a Masters in Mechanical Engineering from Imperial College London. Her studies included comprehensive coverage of subjects such as Manufacturing Technology and Management, Entrepreneurship, Corporate Finance, Statistics, and Mathematics.

#### **Current Appointments:**

She holds directorships in fifteen other companies; Non-Executive Director of Haycarb PLC, Hayleys Fabric PLC, Dipped Products PLC, The Kingsbury PLC, Hayleys Leisure PLC, Singer (Sri Lanka) PLC, Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, The Fortress Resorts PLC, Delmege Limited, Otwo Biscuit (Private) Limited, The Canbury Biscuit Company Limited, Manatee Clothing Company (Pvt) Ltd and Dhammika & Priscilla Perera Foundation. She also serves on the Board of Eurocarb Products Ltd (UK).

# STRATEGY AND VALUE CREATION

# UPWARD UTILITY

As we reflect on a year of growth and refined perspectives, we focus on those strategies that drove our operations towards prosperity and on the value additions that we bore witness to, in the months that have passed.

# Operating Environment

“ The Operating Environment Sets the Context for the Events and Activities Outlined Within this Report. The Dynamics Outlined Herein Encompass Political, Economic, Social, Technological, Environmental, Legal Aspects, and Collectively Defined the Strategic Approach of the Group and its Business Units During the Year.”

## WORLD ECONOMY

A number of the core economic distortions caused by the COVID-19 pandemic persisted until 2023, despite the fact that it no longer remains an international health concern. Along with the benefit of accelerated expansion, the fiscal deficit spending and monetary policies that were implemented to boost economies after the pandemic also came with the drawback of a rather tempestuous global economy with stifled inflationary pressures.

The prolonged Russia-Ukraine war and supply-side disruptions brought on by the escalation of other geopolitical tensions fuelled a global inflation surge, largely driven by escalating energy and food costs. In response to this spike in inflation, most developed economies' central banks launched a protracted campaign of raising policy rates — resulting in a reduction in inflation for the majority of the year, aided by subdued core inflation and energy inflation as well as slower wage growth in certain regions.

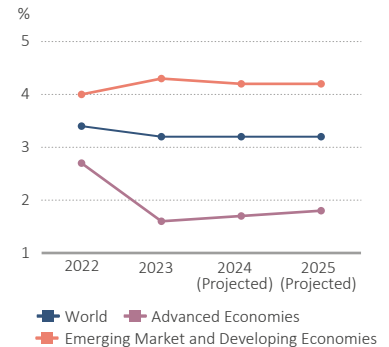
Throughout the disinflation experienced in 2023, economic activity proved remarkably robust. Despite the rise in interest rates intended to restore price stability, global economies have been sustained by favourable developments in supply and demand, which has resulted in consistent growth in employment and earnings. Growth is anticipated to be negatively impacted by a tightening of fiscal policies meant to reduce excessive levels of public debt, which will include more taxes and decreased expenditure, as inflation converges towards target levels and central banks shift towards policy easing. However, the long-term effects of the COVID-19 pandemic, Russia's invasion of Ukraine, the slow rise in productivity, and the growing geo-economic fragmentation, it is also anticipated that the pace of expansion will continue to be low by historical standards.

Board Committee	2022	2023	2024 (Projected)	2025 (Projected)
World	3.4	3.2	3.2	3.2
Advanced Economies	2.7	1.6	1.7	1.8
Emerging Market and Developing Economies	4.0	4.3	4.2	4.2

## SRI LANKAN ECONOMY

After experiencing its worst economic disaster the year before, the Sri Lankan economy commenced a period of recovery in 2023. Strengthening fiscal balances, faster disinflation, more external resilience, and maintained financial system stability all supported the recovery. Overall macroeconomic stability was strengthened by the government's and the central bank's prompt and coordinated execution of a number of policy measures, the structural reform programme, and the International Monetary Fund's Extended Fund Facility (IMF-EFF) arrangement. Benefiting from stability that had been restored, the economy started moving into a growth trajectory. The economy expanded in the second half of 2023 after six straight quarters of recession, which limited the annual economic contraction for the year.

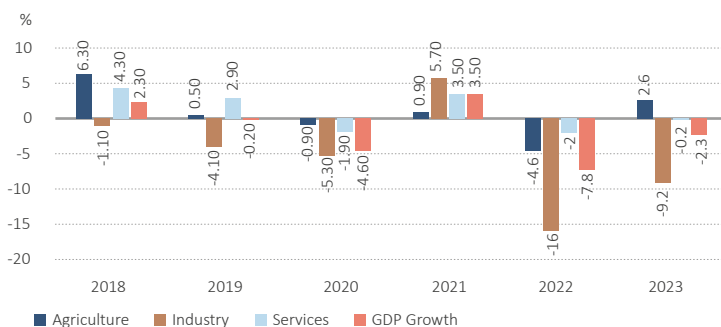
## World Economy and Outlook



## Gross Domestic Product

Consequently, the GDP of Sri Lanka contracted moderately by 2.3%, as opposed to the notable decline of 7.3% that was recorded in 2022. Throughout 2023, there was a slow but noticeable uptick, particularly during the second half of the year when the GDP exhibited positive growth rates. This was supported by the return of macroeconomic stability

## Annual GDP Growth Rate



With a 2.6% increase in value added in 2023, agricultural activities demonstrated a noteworthy recovery from the 4.2% contraction in 2022. This was primarily due to improved supply conditions, especially with regard to fuel, fertiliser, and other agrochemical inputs.

Despite a slow improvement in supply conditions during the year, muted demand conditions continued to negatively impact all industry operations, leading to a 9.2 percent contraction in industrial activity in 2023. The construction industry, which is particularly susceptible to economic downturns, experienced a discernible decline, primarily as a result of construction projects being delayed. Furthermore, the year saw a drop in the manufacturing of textiles, apparel, and leather-related products worldwide, which was the primary cause of the contraction of manufacturing activities which comprises the greatest portion of the Industry sector. But in the latter part of the year, the majority of other manufacturing sectors saw a robust rebound, led mostly by the production of food, drink, and other consumer products.

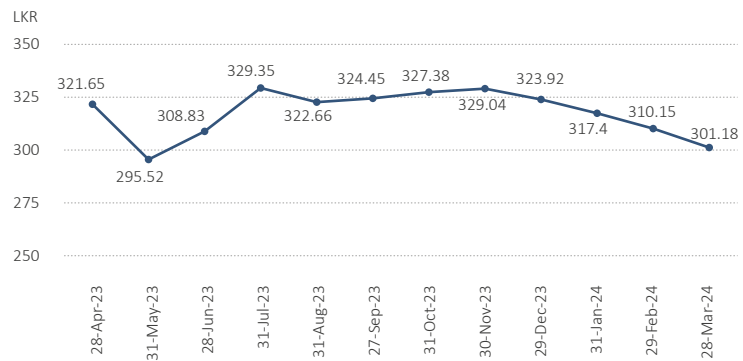
The tourism industry's gradual recovery and the continuous supply of electricity and gas contributed to a significant increase in the accommodation, food and beverage, and transportation sectors, which has served limit the overall decline in services activities to 0.2% in 2023. Nonetheless, the year-over-year growth of services activities was adversely impacted by the real estate and financial services sectors, which were heavily impacted by the high interest rate environment, especially in the first half of the year, and the ongoing decline in computer programming activities.

**Interest Rate Movement**

Following noticeably high levels in 2022, market interest rates fell considerably in 2023. The accommodative monetary policy measures that have been in place since June 2023, along with a number of other factors, have contributed to the decline in market interest rates. The broad-based reduction in market lending rates was also influenced by other significant factors, such as the decrease in risk premiums attached to yields on government securities

following the Domestic Debt Optimisation (DDO) operation, administrative measures, and moral suasion that targeted the reduction of excessive market interest rates supported by the rapid disinflation process and moderation of inflation expectations.

**Exchange Rate Movement**



Market lending rates declined, indicating a significant pass-through, as a result of administrative measures taken in August 2023 to lower excessive lending interest rates and more comprehensive guidelines implemented later in the year to encourage a gradual reduction in other market lending interest rates on rupee loans and advances. Interest rates on market loans displayed a tendency towards the downside, while government securities' yields stayed at comparatively high levels.

**Interest Rate Movement**



**Exchange Rate Movement**

Despite some sporadic volatility, the Central Bank's market-based exchange rate strategy led to a significant increase in the value of the Sri Lankan rupee, which demonstrated an increase of 12.1% in 2023 after declining by 4.8% versus the US dollar in 2022. The Central Bank continued to provide daily guidance on the spot exchange rate by publishing a middle spot exchange rate and a variation margin, which helped stabilise the exchange rate from significant intra-day volatility. As a result, during the first two months of 2023, the value of the Sri Lankan rupee remained stable at approximately Rs. 362 per US dollar.

# Operating Environment

Following that, there was a noticeable increase in the value of the Sri Lankan rupee, which was aided by the Central Bank's regulatory initiatives to improve market forex liquidity and increase exchange rate determination flexibility. In an effort to improve foreign exchange liquidity in the banking system, the Central Bank began progressively easing the requirement on licensed banks to sell foreign exchange to the Central Bank out of converted export proceeds and worker funds beginning from February 2023, with the requirement later revoked with effect from the following month.

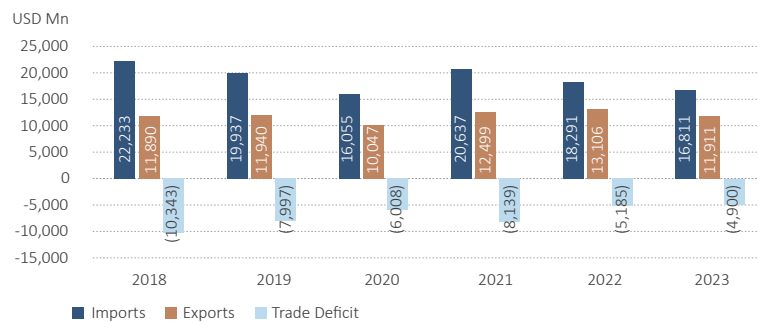
Furthermore, in keeping with the Central Bank's flexible framework for targeting inflation, the Central Bank discontinued offering daily guidance on exchange rates from March, to allow for more flexibility in determining the exchange rate and to promote market-driven activity in the domestic forex market. As a result, spot market activity increased and local forex market liquidity improved. Positive market optimism following the start of the IMF-EFF agreement in March 2023 also contributed to the currency rate's appreciation.

### External Trade

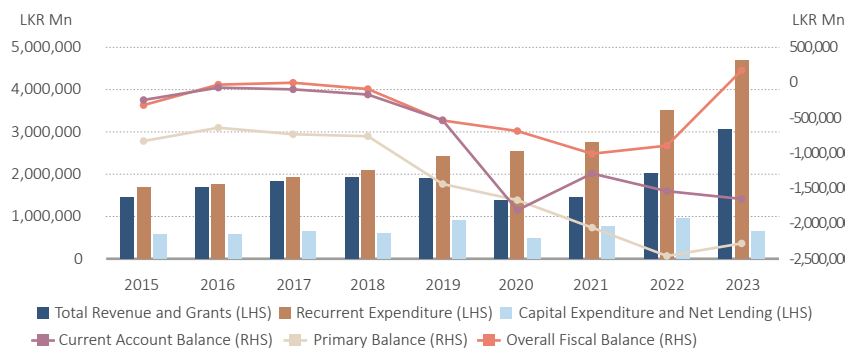
The trade policy domain gained impetus in 2023, despite the merchandise trade sector's muted performance. Free Trade Agreement (FTA) negotiations were expedited in 2023 after being put on hold since October 2018. Consequently, in February 2024, the Sri Lanka-Thailand Free Trade Agreement (SLTFTA) was signed. As the domestic foreign exchange market's liquidity conditions improved in 2023, the majority of the import restrictions that had been in place from 2020 to 2022 were lifted. As a result, in May 2023, the Central Bank lifted the 100% cash margin deposit requirement that it had placed on the importation of a few non-essential goods in May 2022.

Additionally, in June, July, and October of 2023, the government progressively loosened import restrictions that had been placed on a few non-essential commodities. Only motor vehicles remained on the list of suspended import items thereafter. The limitation on terms of payment, which applied primarily to open account terms, persisted until 2023. However, in February 2024, the commercial banks' prior consent was waived for imports of Documents against Acceptance (DA) and Documents against Payment (DP) terms

### External Trade





### Summary Of Fiscal Sector Performance






### Fiscal Performance



The exceptional fiscal performance in 2023—despite the difficult socio-political climate—was fuelled by strict measures of consolidation, like revenue enhancement and expenditure rationalisation. These measures significantly improved key fiscal balances, guaranteeing the IMF-EFF program's continuation and supporting overall macroeconomic stability. As a result, the primary balance, which represents the discretionary aspect of fiscal policy, exceeded the Quantitative Performance Criteria (QPC) established under the IMF-EFF arrangement in 2023, recording a surplus of 0.6% of GDP (Rs. 173.3 billion) as opposed to a deficit of 3.7% (Rs. 894.8 billion) in 2022. The nation has only recorded a primary surplus six times since 1950, with the most recent occasion occurring in 2018. Meanwhile, the current account deficit marginally decreased in GDP terms despite increasing nominally due to increased interest payments. Compared to 10.2 percent of GDP (Rs. 2,460.0 billion) the year before, the overall budget deficit decreased to 8.3 percent of GDP (Rs. 2,282.3 billion) in 2023. The initial projection for the total deficit was Rs. 2,404.0 billion, or 7.9% of GDP.

IMPACT ON OPERATIONS


ENTITY/INDIVIDUAL RESPONSIBILITY		
Dynamics	Impact and Risk	Response
The continued ban on vehicle imports continues to overshadow the finance sector. The gradual lifting of import restrictions posed a conducive environment to the consumer sector, while leading to an influx of goods and a subsequent increase in competition in the lifestyle sector.	<p><b>Impacted Sectors:</b> Finance, Consumer, Lifestyle</p> <p><b>Associated Risks:</b> </p>	<p>Optimising existing products and services and leveraging on unique value propositions to maintain performance and remain competitive.</p> <p>Relying on prudent stock management and existing capabilities to ensure business continuity.</p>
The increase in taxation across the corporate sector and on individuals impacted profitability and resulted in a decline in discretionary income respectively. A resultant increase in non-performing assets was evident.	<p><b>Impacted Sectors:</b> Finance, Consumer, Lifestyle</p> <p><b>Associated Risks:</b> </p>	<p>Driving cost-efficiencies to mitigate the reduction in bottom-line performance.</p> <p>Providing cost-efficient solutions to customers and leveraging on consumer loyalty to drive demand.</p> <p>Engaging in prudent decision-making to maintain quality credit levels.</p>
The tourism sector displayed recovery towards the end of 2023 owing to improved political and economic stability.	<p><b>Impacted Sectors:</b> Leisure</p>	<p>Leveraging on increased demand to improve performance, while engaging in the construction of a new hotel to capitalise on sector recovery.</p>
<p><b>Outlook:</b> The lifting of import restrictions will pose positive outcomes across a number of sectors, while driving increased competition among others. Sri Lanka remains on the road to economic recovery, therefore it is anticipated that market demand and consumer spending will stabilise in the near future. The recovery of the tourism sector further poses positive connotations for the Group.</p>		



ECONOMIC		
Dynamics	Impact and Risk	Response
The revision of interest rates impacted the finance sector in particular, leading to fluctuations in demand for deposits and borrowings.	<p><b>Impacted Sectors:</b> Finance</p> <p><b>Associated Risks:</b> </p>	<p>Anticipating and responding to changes with the right pricing strategies in order to maximise performance.</p>
High prices of goods, essential commodities, and services continued to impact operations across all sectors. The cost of living continued to place pressures on consumers.	<p><b>Impacted Sectors:</b> Finance, Consumer, Lifestyle, Aluminium, Leisure, Investments and Others</p> <p><b>Associated Risks:</b> </p>	<p>Driving cost-efficiencies to mitigate the reduction in performance.</p> <p>Providing cost-efficient solutions to customers and leveraging on consumer loyalty to drive demand.</p> <p>Seeking out export markets and expanding into new, lucrative product segments.</p>
The appreciation of the Rupee negatively impacted the sectors engaged in exports, while supporting import-based operations.	<p><b>Impacted Sectors:</b> Consumer, Lifestyle, Aluminium, Investments and Others</p> <p><b>Associated Risks:</b> </p>	<p>Prioritising a balanced mix of imports and exports in order to insulate against market fluctuations.</p>
<p><b>Outlook:</b> The current recovery process is anticipated to return the nation to a more positive macroeconomic condition in the medium-term, with the above-mentioned conditions continuing to impact operations in the short-term.</p>		

# Operating Environment

SOCIAL		
Dynamics	Impact and Risk	Response
An increased pursuit of cost-efficient, quality products owing to high inflationary pressures and reduced spending.	<p><b>Impacted Sectors:</b> Finance, Consumer, Lifestyle, Aluminium, Leisure, Investments and Others</p> <p><b>Associated Risks:</b> </p>	Pursuing cost-efficiencies and through digitalisation, process improvements, and sustainable practices.
A significant migration of skills and talent owing to the impacts of the crisis, and the higher potential for a demotivated workforce	<p><b>Impacted Sectors:</b> Finance, Consumer, Lifestyle, Aluminium, Leisure, Investments and Others</p> <p><b>Associated Risks:</b> </p>	<p>Revising remuneration policies and benefits to improve retention and support employee welfare.</p> <p>Increasing engagement and providing opportunities for training and progress to build skills and morale.</p>
<b>Outlook:</b> The return to economic stability will eventually result in a moderation of these dynamics in the near future.		

LEGAL		
Dynamics	Impact and Risk	Response
The regular introduction of legislation, and revisions to existing regulations may impact many business sectors. Furthermore, there remains a greater demand for ethical operations, and increased accountability and transparency.	<p><b>Impacted Sectors:</b> Finance, Consumer, Lifestyle, Aluminium, Leisure, Investments and Others</p> <p><b>Associated Risks:</b> </p>	<p>Continuously monitoring the environment for changes in the regulatory and statutory landscape and aligning the organisation accordingly.</p> <p>Engaging in continuous dialogue and collaboration with regulatory bodies.</p> <p>Ongoing improvement of governance and compliance mechanisms.</p>
<b>Outlook:</b> The impact of global warming and the shortage of essential resources has led to unmitigated threats and disruptions towards society and the environment, while additionally placing risks towards business continuity.		

TECHNOLOGICAL		
Dynamics	Impact and Risk	Response
The increase in digitalisation has led consumers to seek greater efficiency, accessibility and convenience. This has increased the risk of cyber threats and led to the introduction of new regulations and systems.	<p><b>Impacted Sectors:</b> Finance, Consumer, Lifestyle, Aluminium, Leisure, Investments and Others</p> <p><b>Associated Risks:</b> </p>	<p>Capitalising on emerging technologies and a spirit of innovation to drive improved products and services.</p> <p>Aligning all business units with the newly introduced Data Protection Act, while continuously remaining updated with the latest cybersecurity measures.</p>
The use of artificial intelligence and automation enables greater efficiencies and improved productivity, while posing threats to the future of human resources.	<p><b>Impacted Sectors:</b> Finance, Consumer, Lifestyle, Aluminium, Leisure, Investments and Others</p> <p><b>Associated Risks:</b> </p>	Balancing digitalisation with human resources to create an optimised environment for growth, and equipping the workforce to face the future.
<b>Outlook:</b> Technology will continue to evolve at a rapid pace, requiring organisations to remain cognisant of the same, and rapidly align with any emerging trends.		

ENVIRONMENTAL		
Dynamics	Impact and Risk	Response
<p>The rapid increase in climate change has led to extreme weather events and disruptions on a local and global scale.</p>	<p><b>Impacted Sectors:</b> Finance, Consumer, Lifestyle, Aluminium, Leisure, Investments and Others</p> <p><b>Associated Risks:</b>  </p>	<p>Undertaking Group-wide mechanisms to reduce the carbon footprint.</p> <p>Engaging in tree planting initiatives and other programmes to improve and restore ecosystems.</p>
<p>The shortage of non-renewable resources places pressures on sustainability and business continuity. The increased cost of non-renewable energy additionally impacts profitability.</p>	<p><b>Impacted Sectors:</b> Finance, Consumer, Lifestyle, Aluminium, Leisure, Investments and Others</p> <p><b>Associated Risks:</b>  </p>	<p>Focusing on circular economies and investments in renewable energy to drive down costs and ensure the protection of vital resources.</p>
<p><b>Outlook:</b> The impact of global warming and the shortage of essential resources has led to unmitigated threats and disruptions towards society and the environment, while additionally placing risks towards business continuity.</p>		

# Managing Risks and Opportunities

“The Group’s ability to evaluate potential threats in a dynamic, ever-changing environment is critical to its long-term viability and success.”

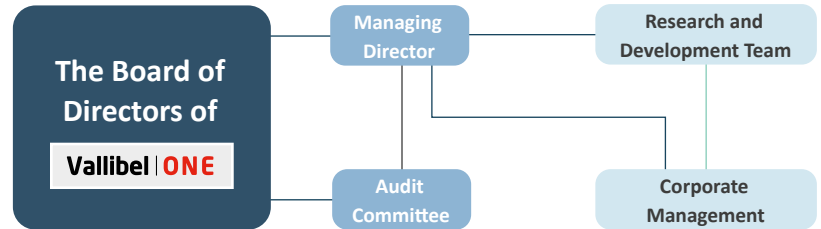
### RISK OVERSIGHT

As a diversified conglomerate, Vallibel One PLC’s investee companies are the main source of its risks. Therefore, each of the Group’s business units has an internal auditing department that reports to a dedicated audit committee of its own.

Furthermore, several Group Directors hold positions on the Boards of the subsidiaries and possess direct knowledge regarding each business unit, which equips them with the ability to assess and adequately respond to the Group’s risks.

In accordance with applicable regulatory standards, the Group’s subsidiary L B Finance has established Internal Audit, Compliance, and Risk Management divisions, which provide the necessary support for the organisation’s risk management function.

The various channels dedicated towards informing Vallibel One’s Board and Audit Committee concerning potential risks are shown in the diagram below.



ENTITY/INDIVIDUAL	RESPONSIBILITY
Board of Directors	Sets priorities and monitors risk management.
Audit Committee	Overseeing the implementation of the risk management process, including the functions of risk assessment and management.
Research and Development Team	Discovering emerging opportunities and risks across industry sectors. Regularly reviewing the risk profiles of the Group’s subsidiaries. Mitigating risks within subsidiaries via product and process enhancements.
Managing Director and Corporate Management	Regularly reviewing the risk profiles of the Group’s subsidiaries.

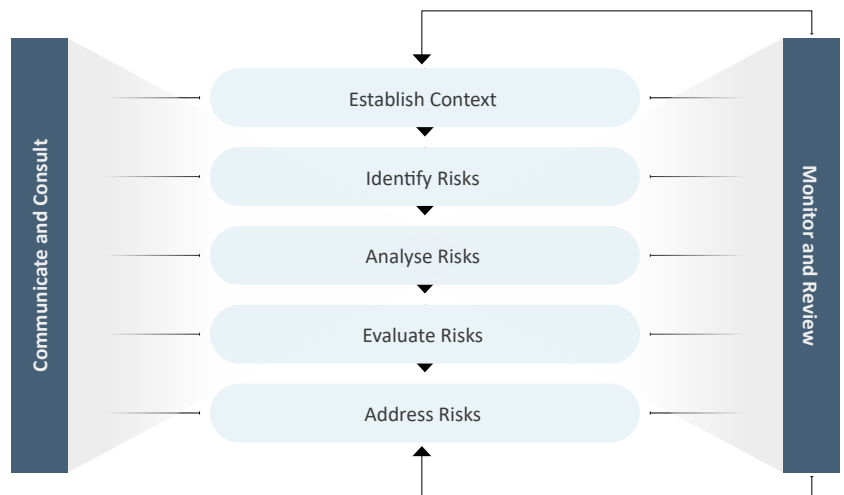
The subsequent sections provide an overview of the primary risks affecting each of the Group’s thrust sectors.

### RISK MANAGEMENT PROCESS

The Group’s robust, adaptive risk management protocol highlights the importance of constant monitoring and assessment at each level of the organisation’s risk management process.

Vallibel One’s ability to adapt to changing dynamics and remain apprised of new and existing risks is facilitated by regular engagement and interaction with its key stakeholders.

*Refer pages 46-50 for more details on the Group’s approach to stakeholder engagement and the relevant risks.*



**RISK STRATEGY**

The following interrelated risks were determined and classified based on the Group’s ability to control their occurrence, degree of possible impact on Group performance, and level of significance. Many of these risks continued to maintain greater traction and focus during the year as a result of the economic crisis and its after effects, which prompted the Group to prioritise its risk mitigation strategies in this regard.

In order to improve conciseness and readability, the 14 risks outlined in the previous report were consolidated under 6 primary risks, outlined below:



Risk	Implications	Consolidated Risks	Risk Rating		Degree of Control	Strategic Approach	Mitigating Process and Activities
			Impact	Likelihood			
<b>1</b> <b>Economic Risk</b>	<ul style="list-style-type: none"> <li>Particularly amid a volatile local and global economy, fluctuations in market-driven elements such as exchange rates and interest rates may drive reduced profitability.</li> <li>A decline in purchasing power could impact demand, thereby negatively impacting operations. Similarly, a reduction in a shortage of goods and services may impact the ability to meet demand.</li> </ul>	Market Risk Demand Risk	●	●	—	Respond	<ul style="list-style-type: none"> <li>In order to ensure business continuity, the Group's subsidiaries continuously assess the manner in which new trends and external factors may affect operations and respond accordingly.</li> <li>To proactively respond to changing dynamics and potential threats, the Corporate Management Team reviews and monitors operations and performance indicators in all industries.</li> <li>In addition to investigating new, profitable markets to sustain top-line growth, strategic investments and diversification measures are carried out to balance risks and offer stability.</li> <li>Reducing exposure to international markets by identifying and depending on alternative suppliers and local production capabilities.</li> <li>Suspending any capacity building initiatives to ensure favourable long-term returns.</li> <li>Increasing the focus on short-term investments in order to lower interest rate risk.</li> </ul>

## Managing Risks and Opportunities

Risk	Implications	Consolidated Risks	Risk Rating		Degree of Control	Strategic Approach	Mitigating Process and Activities
			Impact	Likelihood			
<p><b>2</b> Political Risk</p>	<ul style="list-style-type: none"> <li>Adhoc modifications to policy could have a negative effect on company operations and influence market dynamics.</li> <li>Non-compliance with any recently adopted regulations may pose a risk to operations.</li> <li>International relationships may deteriorate as a result of political unrest, and vital sectors such as tourism may witness a downturn.</li> </ul>	N/A	●	●	▼	Respond	<ul style="list-style-type: none"> <li>Adopting an active role in industry associations that engage with political and regulatory bodies to collectively address major concerns.</li> <li>Maintaining compliance requires routinely monitoring any changes to regulations.</li> <li>Pursuing fresh, lucrative investment possibilities and using successful sectors to increase revenue.</li> </ul>
<p><b>3</b> Financial Risk</p>	<ul style="list-style-type: none"> <li>The possibility of default caused by borrowers' reluctance or inability to repay capital and/or interest on loans in accordance with the terms and conditions specified in the agreement. Due to the effects of the economic crisis and any related debt moratoria, loan default rates may increase.</li> <li>The risk that the entity would find it challenging to satisfy its short-term financial obligations owing to the potential non-provision or non-renewal of short-term funding by counterparties, or due to liquid assets losing their liquidity owing to a disruption in the asset markets.</li> </ul>	Credit Risk Liquidity Risk	●	●	—	Insulate	<ul style="list-style-type: none"> <li>Employing proactive and preventive strategies to protect the Group's portfolio and ensuring that timely recoveries are made to lower default rates, all while adhering to clearly defined credit policies and procedures.</li> <li>Systematically adjusting the Group's composition of funding to prioritise larger, longer-term contributions.</li> <li>Undertaking efforts to control clients' declining cash flows to enable a steady liquidity position.</li> </ul>
<p><b>4</b> Operational Risk</p>	<ul style="list-style-type: none"> <li>Geopolitical tensions, policy changes, and/or the shortage of essential commodities may cause supply chain disruptions and logistical constraints that affect operations and business continuity.</li> </ul>	HR Risk Supply Chain Risk	●	●	▲	Prevent	<ul style="list-style-type: none"> <li>Reinforcing the Group's remote functionality, business continuity planning mechanisms and the ability to maintain seamless operations amid disruptive conditions.</li> <li>Productivity management initiatives, digitalisation and sustainable practices support the organisation's resource efficiency and reliance on alternate sources of energy.</li> </ul>

Risk	Implications	Consolidated Risks	Risk Rating		Degree of Control	Strategic Approach	Mitigating Process and Activities
			Impact	Likelihood			
	<ul style="list-style-type: none"> <li>Heightened degrees of migration in response to political and economic volatility may give rise to increased employee resignation and turnover, and the subsequent loss of essential skills.</li> </ul>						<ul style="list-style-type: none"> <li>Proactively managing raw material supply and demand while implementing appropriate safety measures to account for longer lead times.</li> <li>Locating alternate markets to ensure a steady supply of essential resources.</li> <li>Offering competitive remuneration and benefits, cultivating a positive work environment, and raising quality of life across all of the Group's businesses.</li> <li>Engaging in training and development and succession planning to address the outflow of skills and ensure business resilience.</li> </ul>
<b>5</b> <b>Reputational Risk</b>	<ul style="list-style-type: none"> <li>The possibility that unanticipated events could lead to a negative brand image and reputation.</li> <li>Increased vulnerability to cybersecurity attacks arising from increased digitalisation which could negatively impact stakeholder trust.</li> <li>The potential for financial loss or legal action as a result of negligence in adhering to important rules or laws.</li> </ul>	Security Risk Legal Risk	●	●	▲	Prevent	<ul style="list-style-type: none"> <li>Every employee abides by the ethics, beliefs, and principles that the Group maintains, underpinned by an effective framework to reinforce and integrate the same.</li> <li>Implementing Group-wide have precautionary measures to defend against ransomware, malware, and other potential security threats on its systems. The businesses facing the greatest risk and impact undertake continuous investments to ensure its mitigating strategies are updated and relevant.</li> <li>Aligning with the latest standards of data protection and cybersecurity in order to safeguard against any breaches.</li> <li>The Group continues to monitor its legal and regulatory compliance at every stage in order to avoid any oversights.</li> </ul>
<b>6</b> <b>Environmental Risk</b>	<ul style="list-style-type: none"> <li>Natural disasters and erratic weather patterns could have an impact on business success.</li> <li>The manufacturing activities of the Group may result in the production of potentially toxic by products that could harm the environment.</li> </ul>	N/A	●	●	—	Insulate	<ul style="list-style-type: none"> <li>To establish emergency preparedness across the Group, comprehensive business continuity plans are in place.</li> <li>The Group encourages environmentally friendly, sustainable practices across all business sectors, and strives towards minimising its carbon footprint to contribute towards the fight against climate change.</li> </ul>

Risk Rating		Degree of Control	
●	High	▲	High
Risk Rating		Degree of Control	
●	Medium	—	Medium
Risk Rating		Degree of Control	
●	Low	▼	Low

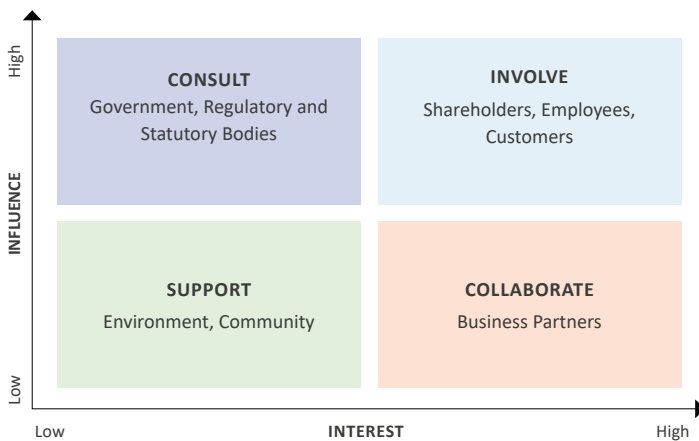
# Stakeholder Engagement

Vallibel One recognises that stakeholder satisfaction and enterprise growth are closely related, and therefore partners closely with its stakeholder groups to identify tangible concerns which may possess the ability to create or erode value. The Group defines its stakeholders as the individuals, groups or entities that are relevant to Vallibel One's scope of business operations, i.e., those with the ability to impact, or be impacted by the organisation's actions.

The Group therefore employs a six-step process that designed to build and nurture longstanding, mutually beneficial partnerships that deliver positive impacts and transform communities. The process is designed to preserve accountability and openness, promote more adaptability to changing dynamics and uncertainties, while ensuring effective and transparent communication is maintained at all times.

<b>IDENTIFY</b>	Identify and segment stakeholders based on their needs
<b>PRIORITISE</b>	Prioritise stakeholders based on their degree of power and influence
<b>PLAN</b>	Define key objectives and concerns, and develop a comprehensive plan/strategy for engagement
<b>IMPLEMENT</b>	Engage with stakeholders according to the predetermined plan
<b>MONITOR</b>	Monitor and report on engagement in line with set objectives and risk management plans
<b>EVALUATE</b>	Evaluate effectiveness, and make improvements where necessary

Priority is assigned to key stakeholders according to their level of influence and impact on the business's operations. The following matrix outlines the basis for stakeholder prioritisation:



LEVEL OF ENGAGEMENT	
<b>Consult</b>	Obtain the stakeholder's feedback for the Group's decision-making processes.
<b>Involve</b>	Directly interact with the stakeholder to ensure that their concerns are considered.
<b>Collaborate</b>	Partner with the stakeholder in developing alternatives and solutions.
<b>Support</b>	Monitor needs and provide support to ensure continuity and progress

## STAKEHOLDER ENGAGEMENT PLAN AND OUTCOMES

<table border="1"> <thead> <tr> <th colspan="2">Quality of Engagement</th> </tr> </thead> <tbody> <tr> <td>●</td> <td>No existing relationship</td> </tr> <tr> <td>● ●</td> <td>Relationship is established, quality not substantially improved</td> </tr> <tr> <td>● ● ●</td> <td>Relationship is established and adding value with room for improvement</td> </tr> <tr> <td>● ● ● ●</td> <td>Good quality, mutually beneficial relationships with some room for improvement</td> </tr> <tr> <td>● ● ● ● ●</td> <td>Strong relationship with mutual benefits</td> </tr> </tbody> </table>	Quality of Engagement		●	No existing relationship	● ●	Relationship is established, quality not substantially improved	● ● ●	Relationship is established and adding value with room for improvement	● ● ● ●	Good quality, mutually beneficial relationships with some room for improvement	● ● ● ● ●	Strong relationship with mutual benefits	<table border="1"> <thead> <tr> <th colspan="2">Capitals</th> </tr> </thead> <tbody> <tr> <td></td> <td>Financial</td> </tr> <tr> <td></td> <td>Social and Relationship</td> </tr> <tr> <td></td> <td>Human</td> </tr> <tr> <td></td> <td>Intellectual</td> </tr> <tr> <td></td> <td>Manufactured</td> </tr> <tr> <td></td> <td>Natural</td> </tr> </tbody> </table>	Capitals			Financial		Social and Relationship		Human		Intellectual		Manufactured		Natural	<table border="1"> <thead> <tr> <th colspan="2">Risks</th> </tr> </thead> <tbody> <tr> <td></td> <td>Economic</td> </tr> <tr> <td></td> <td>Political</td> </tr> <tr> <td></td> <td>Financial</td> </tr> <tr> <td></td> <td>Operational</td> </tr> <tr> <td></td> <td>Reputational</td> </tr> <tr> <td></td> <td>Environmental</td> </tr> </tbody> </table>	Risks			Economic		Political		Financial		Operational		Reputational		Environmental	<table border="1"> <thead> <tr> <th colspan="2">Engagement Frequency</th> </tr> </thead> <tbody> <tr> <td><b>A</b></td> <td>Annual</td> </tr> <tr> <td><b>BA</b></td> <td>Biannual</td> </tr> <tr> <td><b>Q</b></td> <td>Quarterly</td> </tr> <tr> <td><b>O</b></td> <td>Ongoing</td> </tr> <tr> <td><b>AR</b></td> <td>As required</td> </tr> <tr> <td><b>M</b></td> <td>Monthly</td> </tr> <tr> <td><b>P</b></td> <td>Periodic</td> </tr> </tbody> </table>	Engagement Frequency		<b>A</b>	Annual	<b>BA</b>	Biannual	<b>Q</b>	Quarterly	<b>O</b>	Ongoing	<b>AR</b>	As required	<b>M</b>	Monthly	<b>P</b>	Periodic
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SHAREHOLDERS		Scope: Internal
<b>Significance</b> Individuals or organisations that own shares and are therefore considered partial owners of the Group.		<b>Shareholders</b> <b>16,370+</b>
<b>Expectation</b> Long-term, consistent and sustainable financial returns		<b>Impacted Capitals</b>
<b>Quality of Engagement</b> 		<b>Impacted SDGs</b> 
<b>Engagement Channels and Frequency</b> AGMs - <b>A</b> Annual Report - <b>A</b> Corporate Website - <b>O</b> Newsletters, Emails and Other - <b>AR</b>		<b>Strategic Imperatives</b> <ul style="list-style-type: none"> <li>Financial Resilience</li> <li>Operational Excellence</li> <li>Sustainable Operations</li> <li>Nurturing Partnerships</li> </ul>
<b>Key Concerns in 2023/24</b> <ul style="list-style-type: none"> <li>Profitability and returns</li> <li>Corporate sustainability</li> <li>Good governance</li> <li>Risk management</li> <li>Timely disclosures and responsible reporting</li> </ul>		<b>Key Risks</b> 
<b>Strategic Response</b> <ul style="list-style-type: none"> <li>Deliver a feasible growth strategy that drives higher returns and business continuity</li> <li>Uphold best practices in business governance</li> <li>Ensure timeliness and transparency in disclosing material matters</li> </ul>		<b>Outcome</b> Dividend paid: <b>Rs. 1,139 Mn +</b> ROE: <b>12.4% +</b> ROA: <b>5% +</b> EBITDA: <b>Rs. 35,267 Mn +</b>
<b>Outlook</b> An increased need for consistent returns amid a disruptive environment. Greater degrees of transparency and good governance.		

CUSTOMERS		Scope: External
<b>Significance</b> Primary revenue providers for the Group, hailing from all walks of life		<b>Customers</b> <b>1.2 Mn+</b>
<b>Expectation</b> Product and service excellence		<b>Impacted Capitals</b> 
<b>Quality of Engagement</b> 		<b>Impacted SDGs</b> 
<b>Engagement Channels and Frequency</b> On-site visits and Meetings - <b>P</b> Events and Programmes - <b>A, BA</b> Meetings and Discussions - <b>AR</b> Complaints, Inquiries and Requests - <b>O</b>		<b>Strategic Imperatives</b> <ul style="list-style-type: none"> <li>Financial Resilience</li> <li>Operational Excellence</li> <li>Sustainable Operations</li> <li>Nurturing Partnerships</li> <li>Good Governance</li> </ul>
<b>Key Concerns in 2023/24</b> <ul style="list-style-type: none"> <li>Product accessibility</li> <li>Product quality and standards</li> <li>Fair pricing</li> <li>Customer service</li> <li>Data privacy and security</li> </ul>		<b>Key Risks</b> 
<b>Strategic Response</b> <ul style="list-style-type: none"> <li>Extensive distribution network</li> <li>Product development</li> <li>Adopting best business practices, standards and certifications</li> <li>Initiatives to improve customer service</li> <li>Digital transformation to enable accessibility and convenience</li> </ul>		<b>Outcome</b> New products developed: <b>170 +</b> New designs and sizes introduced: <b>450 +</b> Data breaches: <b>Nil +</b> Customer complaints resolved: <b>2,360 +</b>
<b>Outlook</b> A greater need for cost-efficient, quality products offered with improved convenience, safety, and accessibility. With new markets and the Group's export drive come emerging needs and challenges.		

## Stakeholder Engagement









EMPLOYEES		Scope: Internal
<b>Significance</b> Permanent staff that drive and enable Group-wide operations		<b>Employees 9,300+</b>
<b>Expectation</b> Attractive remuneration, benefits and career progress		<b>Impacted Capitals</b>
<b>Quality of Engagement</b> 		<b>Impacted SDGs</b>
<b>Engagement Channels and Frequency</b> Remuneration and Payments - <b>M</b> Events and Programmes - <b>O</b> Meetings and Discussions - <b>O, AR</b> Development, Recognition and Awards - <b>O, A, AR</b> Digital Channels - <b>O</b> Grievance Handling - <b>O</b> Performance Appraisals - <b>BA</b> Newsletters, Emails and Other - <b>M, O</b>		<b>Strategic Imperatives</b> <ul style="list-style-type: none"> <li>Operational Excellence</li> <li>Sustainable Operations</li> <li>Nurturing Partnerships</li> </ul>
<b>Key Concerns in 2023/24</b> <ul style="list-style-type: none"> <li>Diversity and inclusivity</li> <li>Attractive benefits and remuneration</li> <li>Skills development</li> <li>Work-life balance</li> <li>Career progression</li> <li>Health and safety</li> </ul>		<b>Key Risks</b> :
<b>Strategic Response</b> <ul style="list-style-type: none"> <li>Provide equal opportunity employment</li> <li>Extend competitive remuneration and perks</li> <li>Recognise and reward based on merit</li> <li>Extend training opportunities to develop skills</li> <li>Ensure employee well-being</li> </ul>		
		<b>Outcome</b> Total salaries paid : <b>LKR 12,998 Mn +</b> Number of promotions : <b>1,230 +</b>
<b>Outlook</b> A heightened need to increase the employee value proposition to improve retention		

BUSINESS PARTNERS		Scope: External
<b>Significance</b> External suppliers who provide quality raw materials, products and services that support the Group's activities		<b>Business Partners 4,380+</b>
<b>Expectation</b> Timely payments, and ethical, mutually beneficial partnerships		<b>Impacted Capitals</b>
<b>Quality of Engagement</b> 		<b>Impacted SDGs</b>
<b>Engagement Channels and Frequency</b> AGMs and EGMs - <b>A</b> Clubs and Associations - <b>O</b> and Discussions - <b>AR</b> Remuneration and Payments - <b>O</b> Development, Recognition and Awards - <b>O, A, AR</b> Formal Agreements - <b>AR</b> Events and Programmes - <b>A, P</b> Meetings Performance Appraisals - <b>P</b> Newsletters, Emails and Other - <b>AR</b> On-site visits and Meetings - <b>P, AR</b>		<b>Strategic Imperatives</b> <ul style="list-style-type: none"> <li>Operational Excellence</li> <li>Sustainable Operations</li> <li>Nurturing Partnerships</li> </ul>
<b>Key Concerns in 2023/24</b> <ul style="list-style-type: none"> <li>Payment and business opportunities</li> <li>Maintaining sound, ethical relationships</li> </ul>		<b>Key Risks</b>
<b>Strategic Response</b> <ul style="list-style-type: none"> <li>Timely payment of invoices</li> <li>Procurement from local suppliers</li> <li>Supplier development initiatives</li> <li>Fair referrals and transparent processes</li> </ul>		
		<b>Outcome</b> Payments made : <b>119 Bn +</b> Number of new suppliers : <b>3,240 +</b>
<b>Outlook</b> An increased need to diversify the supply base in order to minimise disruption. Driving long-term partnerships through mutually beneficial strategies for growth and development.		

GOVERNMENT, STATUTORY AND REGULATORY BODIES		Scope: External
<b>Significance</b> Governing bodies and associations providing regulatory guidance, legal frameworks and tax guidelines within which the Group must operate		<b>Governing Bodies 15+</b>
<b>Expectation</b> Compliance, accountability, and good governance practices		<b>Impacted Capitals</b>
<b>Quality of Engagement</b> 		<b>Impacted SDGs</b>
<b>Engagement Channels and Frequency</b> Meetings and Discussions - <b>AR</b> Newsletters, Emails and Other - <b>AR</b> Audits, Disclosures, and Regulatory      Submission of Taxes and Other Compliance - <b>O, P, AR</b> Returns - <b>P, AR</b> Workshops and Awareness Building - <b>P</b>		<b>Strategic Imperatives</b> <ul style="list-style-type: none"> <li>Operational Excellence</li> <li>Sustainable Operations</li> <li>Good Governance</li> </ul>
		<b>Key Risks :</b>
<b>Key Concerns in 2023/24</b> <ul style="list-style-type: none"> <li>Compliance with statutory and regulatory requirements</li> <li>Good governance</li> <li>Risk management and internal controls</li> </ul>	<b>Strategic Response</b> <ul style="list-style-type: none"> <li>Continuous compliance with applicable rules and regulations</li> <li>Responsible, timely reporting and filing of disclosures</li> <li>Remaining apprised of changes to the regulatory framework</li> </ul>	<b>Outcome</b> Taxes paid : <b>LKR 17,022 +</b> Number of compliance violation : <b>Nil</b>
<b>Outlook</b> Ongoing policy and regulatory revisions will continue to impact operations, with the Group aligning accordingly.		

COMMUNITY		Scope: External
<b>Significance</b> The diverse communities impacted by the Group's operations		<b>CSR beneficiaries 1,000,000+</b>
<b>Expectation</b> Positive, purposeful outcomes that enable collective growth and progress		<b>Impacted Capitals</b>
<b>Quality of Engagement</b> 		<b>Impacted SDGs</b>
<b>Engagement Channels and Frequency</b> AGMs and EGMs - <b>A, O</b> Meetings and Discussions - <b>P</b> Events and Programmes - <b>AR</b> Digital Channels - <b>O</b> Projects and Initiatives - <b>AR, P</b> Employee Volunteerism - <b>AR</b>		<b>Strategic Imperatives</b> <ul style="list-style-type: none"> <li>Sustainable Operations</li> <li>Nurturing Partnerships</li> <li>Good Governance</li> </ul>
		<b>Key Risks :</b>
<b>Key Concerns in 2023/24</b> <ul style="list-style-type: none"> <li>Improving livelihoods and standards of living</li> <li>Employment and business opportunities</li> <li>Community development and philanthropy</li> <li>Compliance with rules and regulations</li> </ul>	<b>Strategic Response</b> <ul style="list-style-type: none"> <li>Contributing to improve quality of life through infrastructure development and employment opportunities</li> <li>Community recruitments</li> <li>Community development projects</li> </ul>	<b>Outcome</b> Investment into CSR : : <b>LKR 57 Mn +</b> Number of projects : <b>110 +</b>
<b>Outlook</b> An increased need for community development and progress to drive collective growth.		

## Stakeholder Engagement

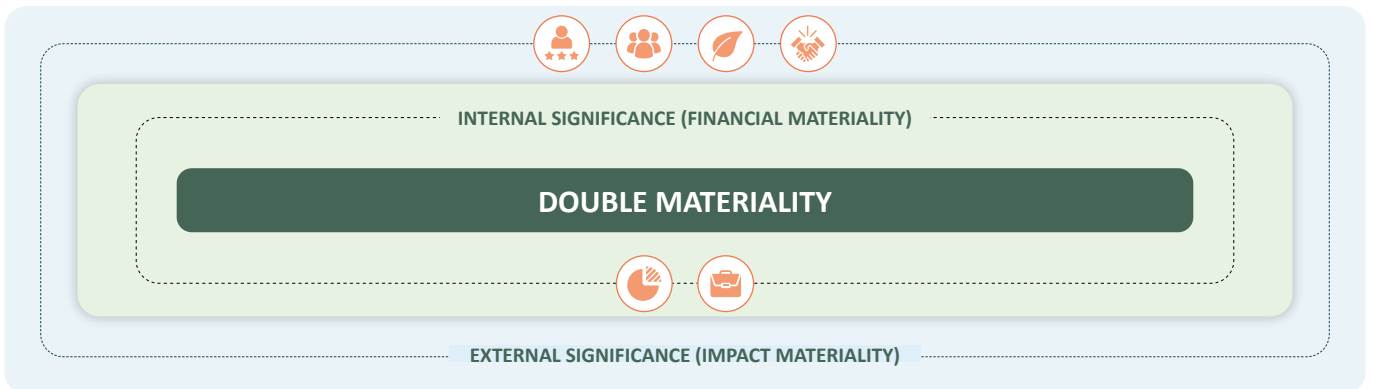
ENVIRONMENT		Scope: External
<b>Significance</b> The environment and resources consumed or impacted by the Group’s operations		<b>Carbon Footprint</b> <b>140,940+</b>
<b>Expectation</b> Preserving, sustaining and renewing resources for future generations		<b>Impacted Capitals</b> 
<b>Quality of Engagement</b> 		<b>Impacted SDGs</b> 7, 12, 13 
<b>Engagement Channels and Frequency</b> Projects and Initiatives - <b>O, P</b> <span style="margin-left: 150px;">Employee Volunteerism - <b>AR</b></span>		<b>Strategic Imperatives</b> <ul style="list-style-type: none"> <li> Financial Resilience</li> <li> Operational Excellence</li> <li> Sustainable Operations</li> <li> Good Governance</li> </ul>
		<b>Key Risks :</b> 
<b>Key Concerns in 2023/24</b> <ul style="list-style-type: none"> <li>• Improving livelihoods and standards of living</li> <li>• Employment and business opportunities</li> <li>• Community development and philanthropy</li> <li>• Compliance with rules and regulations</li> </ul>	<b>Strategic Response</b> <ul style="list-style-type: none"> <li>• Minimising environmental impact and increasing reliance on sustainable resources</li> <li>• Stakeholder awareness on sustainable practices</li> <li>• Sustainable manufacturing and process efficiencies</li> </ul>	<b>Outcome</b> Emissions reduced : <b>2,400 tCO<sub>2</sub> +</b> Renewable energy generated : <b>3,370 MWh +</b>
<b>Outlook</b> Climate change will pose threats to business continuity in the long-term, and the use of sustainable practices will help mitigate impacts to a certain extent, while driving operational efficiency.		

# Materiality Assessment

## BASIS OF DETERMINATION

The topics most material towards Vallibel One PLC's operations are identified through a materiality assessment, which subsequently defines the contents included within this annual report. According to the Group's reporting criteria, material themes are those that have a marked impact on the economy, the environment, and the Group's stakeholders, while having an effect on the organisation's long-term potential to create value.

The Group relies on a methodical approach to determine materiality that is in line with the guidelines suggested by the International Integrated Report Council (IIRC) and the Global Reporting Initiative (GRI) Sustainability Reporting Standards. The process of determining materiality is based on the outcomes of the Group's stakeholder engagement, the operating environment, and the organisation's driving principles, which are its vision and values. Thereafter, the identified topics are ranked in order of possible influence on the main stakeholders and operations. Vallibel One adheres to the double materiality philosophy in order to identify and effectively manage the topics that provide external and internal value, as outlined below:



## MATERIALITY PROCESS

The following process is utilised to determine, integrate, and engage in the continuous improvement of the Group's material topics.



## Materiality Assessment






### BASIS OF PRIORITISATION

The parameters below determine the degree of materiality of the range of topics identified from Vallibel One's

Importance/scale of impact	A significant degree of impact to the Group's daily operations
Frequency of occurrence	A perceived low degree of impact but high degree of occurrence
Compliance and regulatory implications	Pertinence to regulatory mechanisms to drive good governance
Potential risk to stakeholders	The tendency to disrupt operations and/or expose stakeholders to adversity



### MATERIAL THEMES AND TOPICS

Based on the preceding materiality assessment, Vallibel One identified and addressed 9 material topics across its operations during the year, as outlined below:

Material Topic	Focus Areas	Basis for Internal Materiality	Basis for External Materiality	Change in Materiality	Reason for Change	Impacted Stakeholders	Strategic Response	GRI
<b>1</b> Sustainable business performance	Consistent financial returns  Ensuring business continuity  Establishing strategies that drive growth  Good governance and ethical conduct	Safeguards the Group's ability to maintain continuity in the long-run and deliver continuous economic and financial value.	Enables the organisation to support the needs of its employees, customers and other stakeholders in a consistent and timely manner, while maintaining stakeholder development and progress.	—	-	 Shareholders   Customers   Employees	Pages 46-50, 83- 91, 98-103	203
<b>2</b> Employee welfare, well-being and progress	Attraction and retention of the right talent  Developing employee skills and capabilities  Ensuring employee health, safety and welfare  Enabling inclusive policies  Improving opportunities for career progress and succession	Empowering employees through a competitive rewards system, training and development and improved upward mobility create an expert, knowledgeable workforce.  Ensuring business continuity and minimising disruption to operations through increased retention.	Establishing a favourable work culture stimulates creativity, promotes better performance and results for clients, and boosts company productivity.	▲	The impact of the economic crisis increased employee migration and attrition while exerting a detrimental effect on employees' holistic well-being.	 Employees   Customers	Pages 83-91, 98-103	401, 402, 403, 404, 408, 409

Material Topic	Focus Areas	Basis for Internal Materiality	Basis for External Materiality	Change in Materiality	Reason for Change	Impacted Stakeholders	Strategic Response	GRI
<p><b>3</b></p> <p>Responsible resource management</p>	<p>Effective energy management</p> <p>Responsible resource consumption</p> <p>Preserving and conserving biodiversity</p>	<p>Achieving long-term corporate sustainability through cost optimisation and reducing dependence on scarce, non-renewable resources</p>	<p>Green practices and reduced waste can save costs and have a positive influence on the environment while preserving resources for future generations.</p>	▲	<p>The prudent utilisation of resources was imperative to enable business continuity and reduce the impact on the bottom line owing to a continued shortage of essential resources and hyperinflation.</p>	<p> Shareholders</p> <p> Environment</p> <p> Customers</p>	<p>Pages 46-50, 98-103, 104-109</p>	<p>301, 302, 303, 305, 306</p>
<p><b>4</b></p> <p>Product quality and responsibility</p>	<p>Sustainable local sourcing practices</p> <p>Maintaining quality standards</p> <p>Building brand reputation and trust</p>	<p>Maintains high standards of reputation and trust, while enhancing consumer perception and promotes ongoing corporate growth and value.</p>	<p>Adhering to moral protocols and excellence benchmarks enhances the organisation's value offering and benefits surrounding communities.</p>	▲	<p>The shortage of foreign exchange and supply chain disruptions led to an increased demand for local and regional sourcing, while raising challenges in terms of raw material availability.</p>	<p> Customers</p> <p> Business Partners</p>	<p>Pages 98-103</p>	<p>201, 204, 207, 308, 407, 414, 416, 417</p>
<p><b>5</b></p> <p>Cybersecurity and data privacy</p>	<p>Protecting systems against malware and cyberattacks</p> <p>Preventing data breaches</p>	<p>Maintaining the highest levels of data privacy and information security builds organisational trust and improved brand reputation, while maintaining regulatory compliance.</p>	<p>Safeguarding customers' and other stakeholders' sensitive information ensures their privacy and security</p>	▲	<p>The newly introduced Data Protection Act drew greater focus towards this topic during the year.</p>	<p> Employees</p> <p> Customers</p>	<p>Pages 83-91, 98-103</p>	<p>406, 418</p>
<p><b>6</b></p> <p>Process excellence</p>	<p>Ensuring process efficiencies</p> <p>Implementing process automation and machine-based learning</p>	<p>Optimising human involvement and streamlining processes increase responsiveness, speed, and efficiency.</p>	<p>Improves customer satisfaction and convenience</p>	—	-	<p> Employees</p> <p> Customers</p>	<p>Pages 83-91, 98-103</p>	<p>416</p>

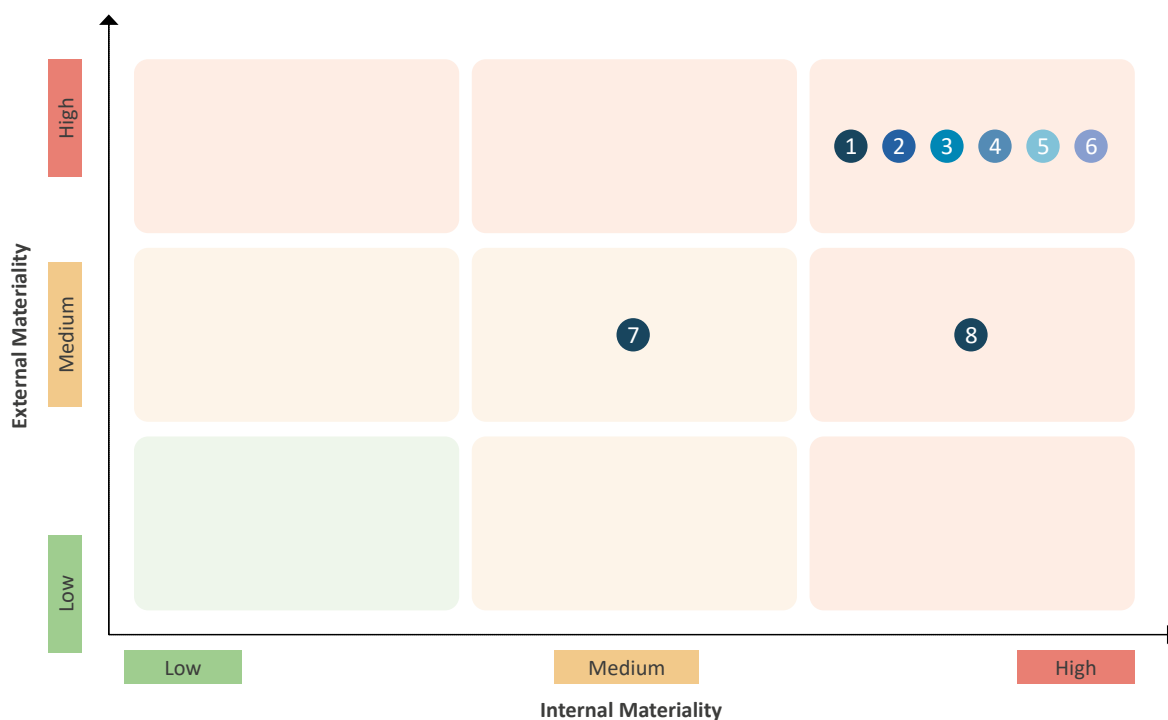
## Materiality Assessment

Material Topic	Focus Areas	Basis for Internal Materiality	Basis for External Materiality	Change in Materiality	Reason for Change	Impacted Stakeholders	Strategic Response	GRI
7 Community engagement	Ensuring community involvement Community investment Providing employment opportunities	Gaining the trust and support of the community while enhancing business performance and longevity	Enables socioeconomic growth and nurtures community well-being	—	-	 Community	Pages 98-103	413
8 Compliance	Ensuring compliance with relevant laws, rules and regulations Staying apprised of changes to the governance framework Cooperation and collaboration with regulators	Compliance with legal requirements as well as the timely submission of taxes and returns promotes long-term stability via ethical operations.	By preventing exposure to fraudulent, unfair, or unethical activities, maintaining principles of good governance protects stakeholders' interests and upholds social justice.	—	-	 Government, Statutory and Regulatory Bodies	Pages 92-97	417, 418

			
Decreased materiality	Increased materiality	No change	New/modified material topic
			
High	Moderate	Low	

### MATERIALITY MATRIX

Based on the aforementioned assessment, the Group mapped out and prioritised its material topics based on their external and internal materiality as follows:





# Strategy and Resource Allocation

“The Group's strategy and resource allocation sets the course for the future; enabling the fulfilment of Vallibel One's vision and values, while building resilience and optimised performance amid an environment of unpredictability and disruption. ”

## STRATEGY PROCESS

Vallibel One's strategies are developed to address new local and international trends and dynamics that affect the Group's diverse business divisions. The Group's overall strategic direction is determined by its response to these changes in the external environment and ensures the delivery of consistent value across all stakeholder groups.

The foundation of the Group's strategy formulation and management process is a tried-and-true approach that essentially synchronises the company's vision and mission with its stakeholder needs and strategy, as outlined below.

	<b>VISION</b> To achieve uniqueness through diversity, leadership, creativity, and inspiration.	<b>PURPOSE</b>		<b>MISSION</b> To run healthy core businesses, leverage strengths into new ventures, work together with people to be Sri Lanka's corporate leader.
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GUIDANCE AND DIRECTION	PLANNING AND MONITORING	VALUE DRIVERS
<b>STEP 01 : ANALYSIS</b>		
<b><u>INDUSTRY AND MARKET INSIGHTS</u></b> Analyse the operating environment and determine risks and opportunities (pages 36-41)	<b><u>STAKEHOLDER FEEDBACK</u></b> Engage with stakeholders and determine current and future needs (pages 46-50)	<b><u>INTERNAL CAPABILITIES</u></b> Identify available resources and internal strengths (pages 42-45)
<b>STEP 02 : STRATEGY</b>		
<b><u>STRATEGIC INTENT</u></b> Establish goals for the year (page 56)	<b><u>STRATEGIC DRIVERS</u></b> Devise focus areas (page 20)	<b><u>STRATEGIC ENABLERS</u></b> Determine key differentiators, skills, and resources to be deployed (pages 62-73)
<b>STEP 03 : EXECUTION</b>		
<b><u>ESTABLISH OBJECTIVES</u></b> Establish objectives to achieve the goals (pages 62-73)	<b><u>TARGETS AND INITIATIVES</u></b> Set initiatives and measurable KPIs to drive and track progress (pages 51-54)	<b><u>BUDGET ALLOCATION</u></b> Allocate resources to support strategy execution (pages 62-73)
<b>STEP 04 : MANAGEMENT</b>		
<b><u>COMMUNICATE</u></b> Raise awareness regarding strategy and share progress (pages 46-50)	<b><u>ESTABLISH TIMELINESS</u></b> Ensure timely achievement of KPIs through clear timeliness (pages 62-73)	<b><u>LEVERAGE</u></b> Utilise core competencies to achieve a competitive advantage (pages 62-73)

## Strategy and Resource Allocation

### STRATEGIC IMPERATIVES

The multifaceted and interdependent strategies derived from the strategy process encompasses environmental, social and governance aspects, while ensuring financial performance and resilience is maintained throughout.



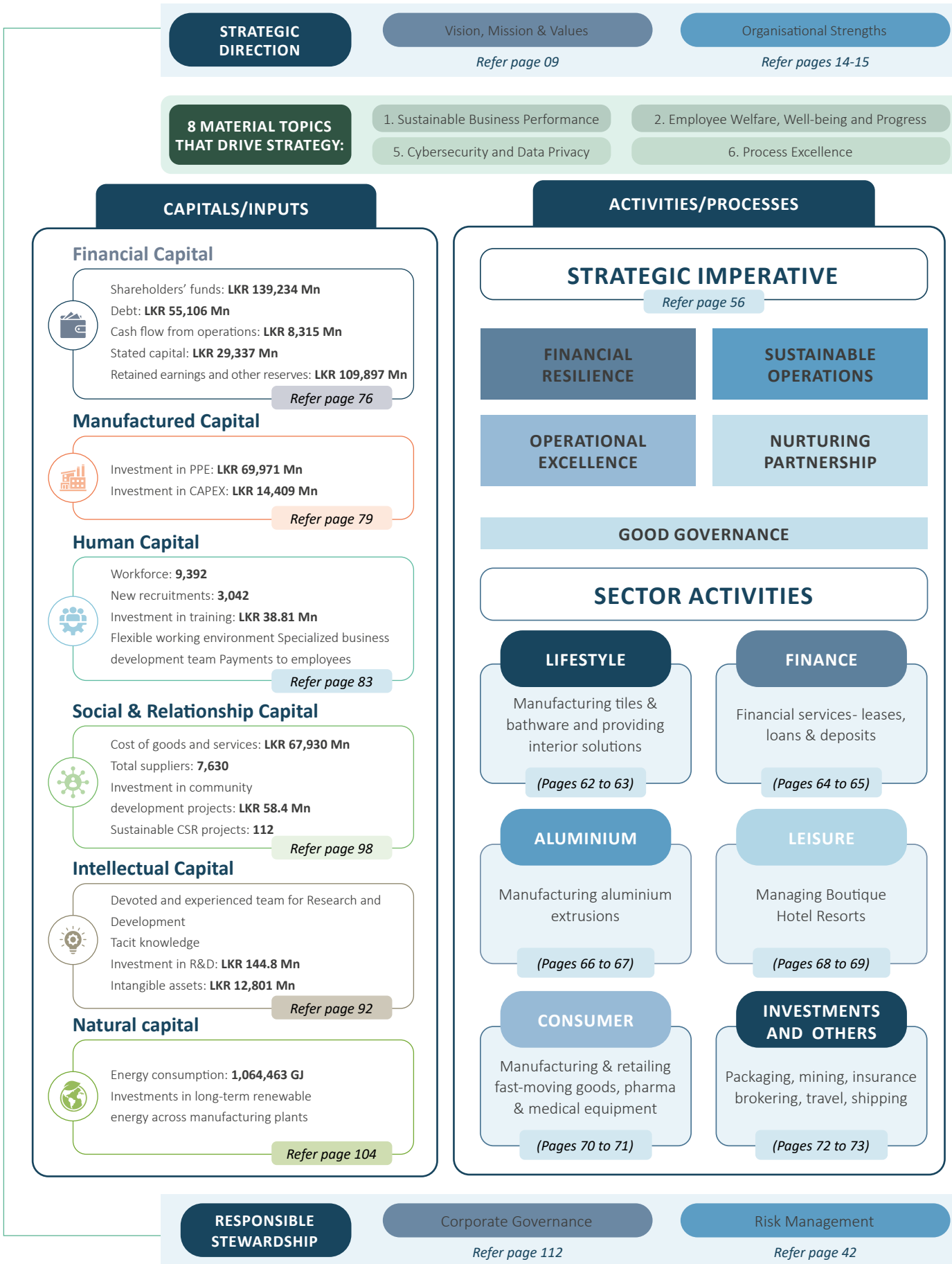
**RESOURCE ALLOCATION**

Following the development of strategy, its implementation is supported by prudent resource allocation and management, which ensures all strategies are executed effectively.

Strategic Imperative	Resource Allocation	Capital Trade-Offs		Long-term Outcome	Impacted SDGs
		Short-term	Long-term		
Financial Resilience	<b>Rs. 14,409 Mn</b> invested in CAPEX			<ul style="list-style-type: none"> <li>Establishing new avenues for growth</li> <li>Increasing profitability</li> <li>Improving reach and accessibility</li> <li>Enabling infrastructure development</li> </ul>	
	<b>Rs. 274 Mn</b> invested in new product development				
Operational Excellence	<b>Rs. 973 Mn</b> invested in process improvements			<ul style="list-style-type: none"> <li>Improving customer-centricity</li> <li>Increased profitability</li> <li>Strengthening knowledge and intellectual capital</li> <li>Improving resource efficiencies and responsible consumption</li> </ul>	
	<b>Rs. 281 Mn</b> invested in IT Software				
Sustainable Operations	Investments in environmental initiatives and community development			<ul style="list-style-type: none"> <li>Improving resource efficiencies and responsible consumption</li> <li>Increasing profitability</li> <li>Safeguarding vital natural resources</li> </ul>	

Strategic Imperative	Resource Allocation	Capital Trade-Offs		Long-term Outcome	Impacted SDGs
		Short-term	Long-term		
Nurturing Partnerships	<b>Rs. 38.81 Mn</b> invested in training and development			<ul style="list-style-type: none"> <li>Improving customer service</li> <li>Strengthening knowledge and intellectual capital</li> <li>Developing employee skills and expertise</li> <li>Enabling achievement of corporate objectives</li> <li>Building employee satisfaction, progress, and welfare</li> <li>Empowering community development</li> <li>Nurturing stakeholder loyalty and trust</li> </ul>	
	<b>Rs. 12,998 Mn</b> invested in remuneration and benefits				
	Groupwide investments in supplier development				
	<b>Rs. 58.4 Mn</b> invested in community development				
	<b>Rs. 1,088 Mn</b> invested in marketing and communications				
Good Governance	<b>Rs. 17,022 Mn</b> spent on taxes			<ul style="list-style-type: none"> <li>Nurturing stakeholder loyalty and trust</li> <li>Ensuring responsible stewardship</li> <li>Upholding principles of honesty, transparency and fairness</li> <li>Supporting economic development</li> </ul>	
		Capital Erosion	Capital Enhancement		

# Value Creation Model



Operating Environment

Refer pages 36-41

Stakeholder Needs













Refer pages 46-50

3. Responsible Resource Management

4. Product Quality and Responsibility

7. Community Engagement

8. Compliance

OUTPUTS	OUTCOMES TO THE GROUP	OUTCOMES TO STAKEHOLDERS	IMPACT
<p><b>LIFESTYLE</b></p> <p>13 Mn Sq. meters of tiles  <b>132,129</b> pieces of sanitary ware  <b>39,854 MT</b> of grout and mortar</p>	<p><b>Financial Capital</b></p> <p>Ensuring Profitability   <ul style="list-style-type: none"> <li>▲ EBITDA</li> <li>▲ <b>LKR 35,267 Mn</b> cost saving</li> <li>≈ 0 penalties/fines incurred</li> </ul> </p>	<p><b>Delivering shareholder returns</b></p> <p>Net profits: <b>LKR 17,444 Mn</b>                      Dividends paid: <b>LKR 1,139 Mn</b>                      Return on investment: <b>12.4%</b>                      Earnings per share: <b>LKR 8.69</b></p>	
<p><b>FINANCE</b></p> <p>Lease granted <b>LKR 31,908 Mn</b>                      Gold loans and other advances granted <b>LKR 170,178 Mn</b></p>	<p><b>Manufactured Capital</b></p> <p>Enhanced Efficiency   <ul style="list-style-type: none"> <li>Return on assets</li> <li>Asset turnover ratio</li> </ul> </p>	<p><b>Enhanced customer reach</b></p> <p>New branches: <b>08</b>                      Strategic relocations: <b>02</b>                      Island-wide footprint</p>	
<p><b>ALUMINIUM</b></p> <p>Powder coat MT <b>1,698</b>                      Wood finish MT <b>86</b>                      Other Aluminium extrusions MT <b>2,227</b></p>	<p><b>Human Capital</b></p> <p>Increased Productivity   <ul style="list-style-type: none"> <li>Staff turnover: <b>32%</b></li> <li>Retention Rate: <b>68%</b></li> <li>Revenue per employee: <b>LKR 13.02 Mn</b></li> <li>Profit per employee: <b>LKR 1.86 Mn</b></li> </ul> </p>	<p><b>Employee skills and benefits</b></p> <p>Training hours <b>75,587</b>                      No. of trained employees <b>9,182</b>                      Employee remuneration <b>LKR 12,998 Mn</b></p>	
<p><b>CONSUMER</b></p> <p>F&amp;B <b>LKR 5,423 Mn</b>                      Healthcare <b>LKR 2,994 Mn</b></p>	<p><b>Social &amp; Relationship Capital</b></p> <p>A Trusted Reputation   <ul style="list-style-type: none"> <li>New customers: <b>53,575</b></li> <li>New suppliers: <b>68</b></li> <li>Awards received: <b>36</b></li> </ul> </p>	<p><b>High customer satisfaction</b></p> <p><b>Strong supplier partnerships</b>                      Payments to suppliers: <b>LKR 119 Bn</b></p> <p><b>Community engagement</b>                      Beneficiaries from CSR initiatives: <b>1 Mn +</b>                      Tiler club members: <b>4,000+</b></p>	
<p><b>LEISURE</b></p> <p>Guest services                      Completed super structure of Greener Water project</p>	<p><b>Intellectual Capital</b></p> <p>Innovative Solutions   <ul style="list-style-type: none"> <li><b>07</b> process improvements</li> <li><b>172</b> new products</li> </ul> </p>	<p><b>Unmatched stakeholder value</b></p> <p>New products developed <b>172</b>                      ≈ No data breaches                      Savings from process improvements <b>LKR 525 Mn</b></p>	
<p><b>INVESTMENTS AND OTHERS</b></p> <p><b>MINED OUTPUT</b>                      Kaolin <b>33,214 MT</b>                      Feldspar <b>1,109 MT</b></p>	<p><b>Natural capital</b></p> <p>Resource Optimisation   <ul style="list-style-type: none"> <li>≈ 0 environmental fines incurred</li> </ul> </p>	<p><b>Environmental footprint</b></p> <ul style="list-style-type: none"> <li>▼ Carbon footprint: <b>140,945 tCO2e</b></li> <li>▼ Wastewater discharged: <b>171 Mn Litres</b></li> <li>No. of trees planted: <b>9,105</b></li> <li>▼ Solid waste: <b>61,290 MT</b></li> <li>Paper recycled: <b>20,109 MT</b></li> </ul>	

Sustainability Commitment

Refer pages 104-200

Regulatory Frameworks

Refer pages 112-124

SECTORS REVIEW

**DEDICATED**

# DIVERGENCE

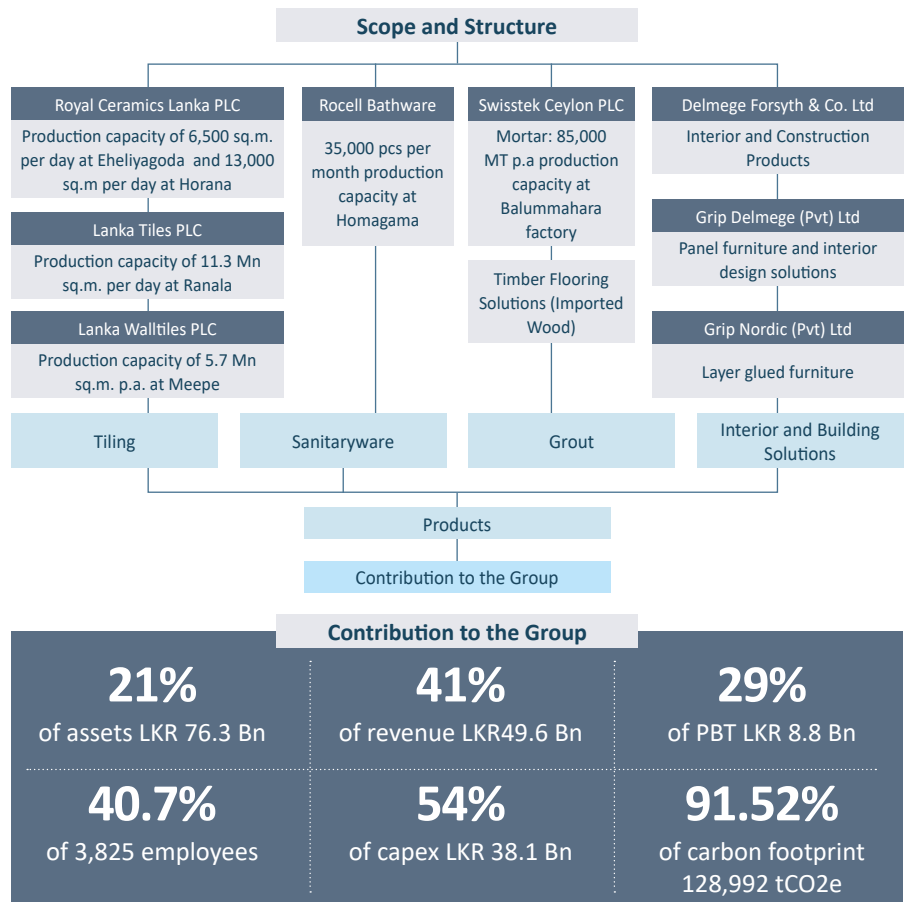
Vallibel One PLC has always diversified its presence across various sectors of the economy, and that presence has seen considerable returns during the year under review, thanks to the eagle eyed oversight provided by our top leadership.

# Sector Reviews



## Lifestyle

With its extensive selection of unmatched interior solutions, such as tiles, tiling accessories, bathware, kitchen sinks, and design solutions, Vallibel One's lifestyle sector continues to maintain its position at the forefront of the industry. The tile segment holds a leading position, with the brands 'Rocell' and 'Lanka Tiles' possessing 72% of the market share, while the bathware segment holds a noteworthy 52% of the market. The Delmege Group of Companies supports the sector with a range of high quality interior building and design solutions.



**OPERATING LANDSCAPE**

Associated Risks:



- Owing to the economic crisis, post-COVID expectations for strong growth in construction did not manifest, leading to a challenging year with many key segments facing excess manufacturing capacity.
- However, due to import restrictions, the tile segment faced a moderately positive environment, and succeeded in meeting budget expectations. In contrast, the bathware sector faced challenges due to increased competition arising from the easing of import restrictions.
- The economic crisis and geopolitical tensions overseas further led to disruptions being experienced within the supply chain, with shortages in raw materials essential for production.
- An increase in demand for certain products was witnessed towards the end of the third quarter, owing to customers trying to circumvent the new VAT introduced towards the close of the year.
- The rising cost of electricity and energy continued to place pressures on bottom-line performance, leading to a greater need for resource efficiency across the board.

**STRATEGIES**

- **Capitalising on the Existing Market:** Strengthening marketing channels and adapting in line with demand dynamics to ensure customer satisfaction and improved business performance. Swisstek Ceylon successfully completed a significant contract with an iconic real estate development project during the year.
- **Capacity Expansion:** Rocell completed fine-tuning the Horana factory, and thereafter engaged in an expansion project. Lanka Tiles too engaged in expanding its facilities to meet future demand.
- **Process Improvements:** A range of process automations, system upgrades and technology developments were initiated to realise cost-efficiencies and improve overall productivity.
- **Market Expansion:** To address the impact of a subdued domestic market, Lanka Tiles engaged in developing its export potential. During the year, the company invested in an organisation based in the USA with the aim of reviving its operations. Swisstek Ceylon engaged in expansion to the Maldives, with the establishment of a fully-fledged marketing office. New products were developed across certain segments to improve market potential and drive improved demand.
- **Prudent Resource Management:** The sector continued to enhance its sustainable resource management, while engaging in strategic stockholding to address bottlenecks in the supply chain.

**KEY STRENGTHS**

- Renowned brands with top-of-mind recall
- Product innovation and excellence
- State-of-the-art manufacturing facilities
- Multi-channel distribution
- Solid franchise operations
- Quality and standard certifications
- Group synergies across the value chain

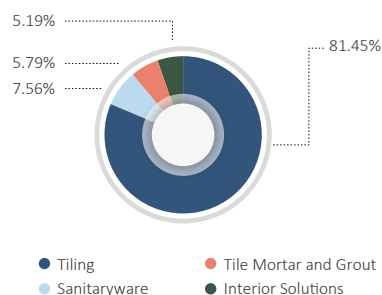
**ACHIEVEMENTS IN 2023/24**

- **LKR 49.6 Bn** revenue
- **165** new products
- **LKR 38 Bn** invested in CAPEX

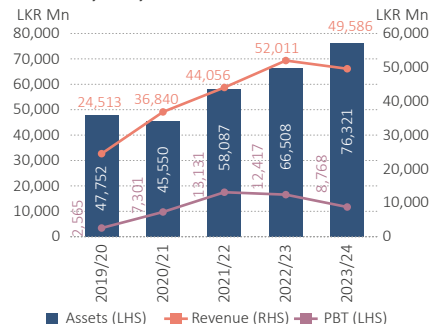
**FUTURE STRATEGIES AND OUTLOOK**

- Government and large commercial projects have declined, thereby impacting major sales markets.
- Therefore the sector will bring an increased focus towards optimising existing capacities and exploring export markets to maintain operation at full capacity.
- Prioritising the development of innovative, high quality products and distribution channels to meet present and emerging customer needs.

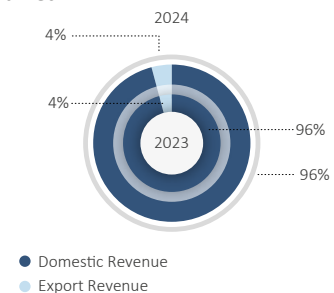
**Revenue by Channel**



**Revenue, PBT, Assets**



**Market Mix**

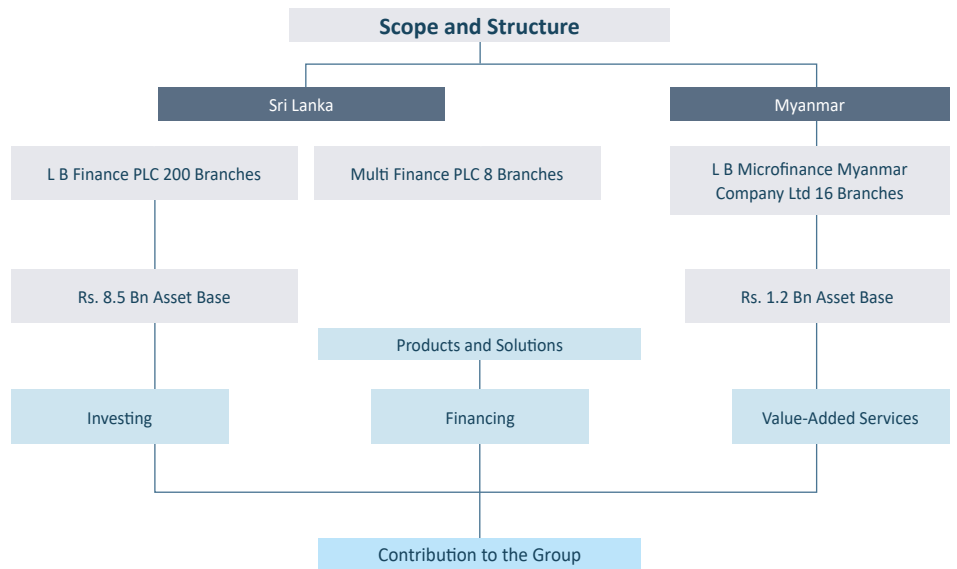


## Sector Reviews



### Finance

Over the course of 50 years, L B Finance has established a solid reputation as one of the nation's largest and most trustworthy non-banking financial institutions. The company is strengthened by the industry's second largest island-wide network, in addition to an array of financial solutions spanning leases, loans, micro facilities and deposits, and unrivalled digital capabilities. L B Finance is listed on the Colombo Stock Exchange and licensed under the Finance Act No. 42 of 2011.



Contribution to the Group		
<b>56%</b> of assets Rs. 203.1 Bn	<b>40%</b> of revenue Rs. 49.4 Bn	<b>51%</b> of PBT Rs. 15.3 Bn
<b>44%</b> of 4,135 employees	<b>19%</b> of capex Rs. 13.1 Bn	<b>2.18%</b> of carbon footprint 3,074 tCO2e

**OPERATING LANDSCAPE**

Associated Risks:



- The economic crisis continued to impact the financial services industry, characterised by policy fluctuations, decreased interest rates, and a high degree of exposure to credit risk. The industry's NPLs stood at 17% during the year.
- The decline in gold prices and the ongoing vehicle import ban impacted the sector's gold loan products and vehicle leasing solutions respectively.
- From early June 2023, monetary policy was eased, with policy interest rates reduced by a total of 650 basis points over various occasions during the year. Amid the lower interest rate environment, a greater demand was witnessed for lending products, while the market for deposits remained subdued, thereby leading many financial institutions to be impacted by a higher cost of funding.
- The company faced one instance of non-compliance which was promptly addressed and mitigating actions taken.

**STRATEGIES**

- Prudent Strategies:** Engaging in repricing strategies to ensure the right pricing was maintained at the right time. The company's ability to adapt in line with market dynamics ensured healthy margins and stronger top-line growth were maintained. Furthermore, L B Finance capitalised on products with greater demand, i.e., the PowerDraft Solution to improve performance. The organisation further relied on prudent provisioning to ensure stability, maintained quality credit with strong recovery levels to improve its top-line growth, and focused on managing its overheads to reduce costs.
- Expansion and Market Development:** The company expanded its branch network to reach 200 locations during the year, and continued to pursue growth in the Myanmar market with the introduction of new products.
- Efficiency through Innovation:** The company continued to pursue process enhancements and technology development to drive customer convenience and improved productivity. The CIM wallet was relaunched during the year, offering new features and a new interface. At present, the complete life cycle of the deposit process can be conducted online. Furthermore, the launch of the ECLIPSE platform in the preceding year enabled the company to improve its credit quality during the year.

**KEY STRENGTHS**

- A reputation for stability and trust
- A large, expansive network
- Resilient and adaptive digital infrastructure
- Corporate stewardship
- A skilled, dedicated workforce
- Adaptive, timely strategies

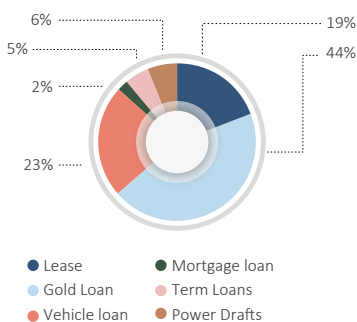
**ACHIEVEMENTS IN 2023/24**

- 3.5% NPL (17% industry NPL)
- 10% lending growth
- 8% deposit growth
- 16% Interest income growth
- Rs. 202 Bn asset base
- 200 branches
- 4,000+ employees supported
- Rs. 9.5 Bn profit after tax
- 31% cost-to-income ratio

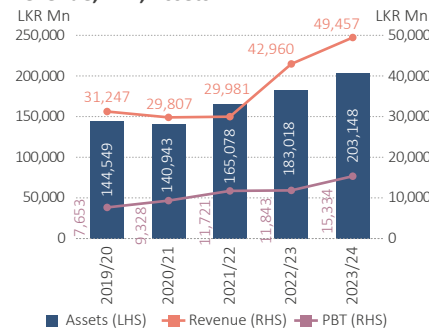
**FUTURE STRATEGIES AND OUTLOOK**

- Engaging in product diversification and overseas market development to drive improved performance and stability.
- Focusing on improving policies, processes, and governance structures to ensure greater resilience in the future.
- Engaging in technology enhancements to improve customer convenience and greater levels of accessibility.

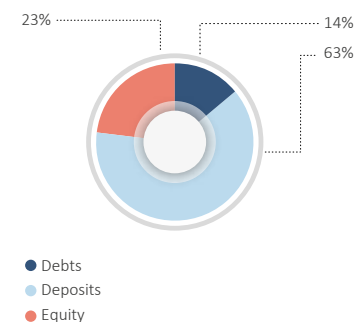
**Loans and Leases-Product Mix**



**Revenue, PBT, Assets**



**Funding Mix**

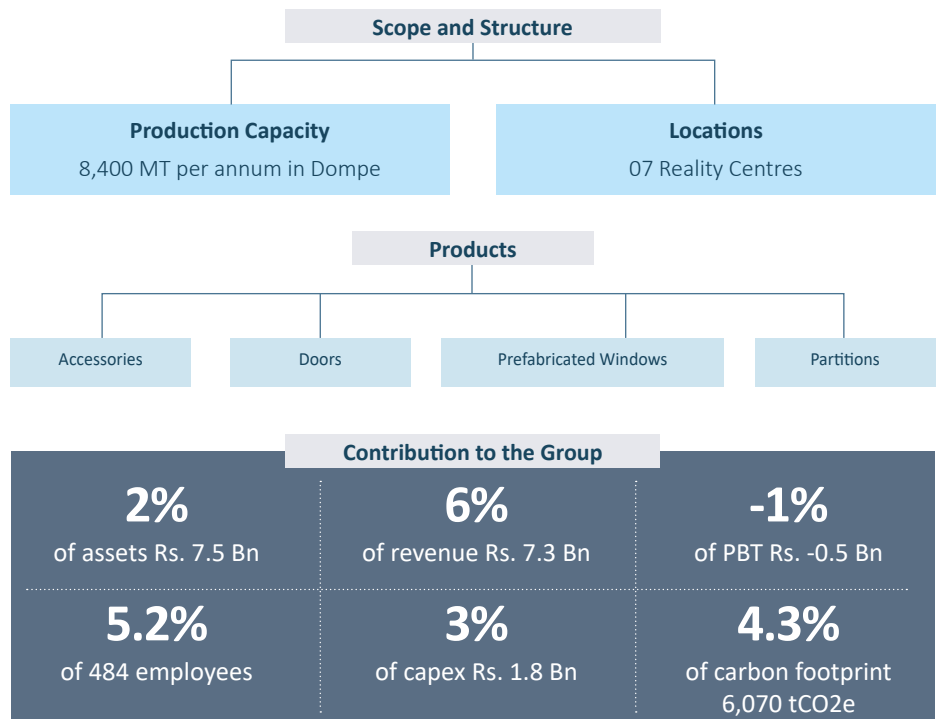


## Sector Reviews



# Aluminium

Representing the Group's stake in the aluminium sector, Swisstek Aluminium has cemented a strong reputation both nationally and internationally for its premium quality aluminium extrusions. The sector engages in manufacturing a range of aluminium profiles aligned with British standards, encompassing hardware, general applications and architectural solutions. Currently serving as the undisputed leader in the local market with a 41% market share, the Company also continues to pursue the export of aluminium products.



**OPERATING LANDSCAPE**

Associated Risks:



- The financial year saw normalisation in terms of decreasing exchange rates and PLR (Prime Lending Rate). Successful renegotiation with banks improved financial strength compared to the preceding year.
- The construction industry displayed subdued movement, however, it is anticipated that there will be growth in conjunction with the nation's economic recovery.
- An intensely competitive market, with demand primarily driven towards low-cost, high quality products.
- The continuous devaluation of the dollar impacted the export business during the year.
- The continuous devaluation of the dollar impacted the export business during the year.

**STRATEGIES**

- **Availability:** Ensuring the continuous availability and supply of a wide range of products and solutions. At present, the company promotes their products across three product classes.
- **Affordability:** Maintaining cost leadership through strategic pricing, while realising cost-efficiencies through operational excellence, renewable energy, and process improvements to ensure business continuity and improved profitability.
- **Accessibility:** Building and enhancing diverse distribution channels to cater to both B2B and B2C markets including e-commerce platforms, reality centres, relationships with product influencers, etc., The company engaged in further expanding its presence in the export market.
- **Acceptability:** Maintaining excellence in line with international standards, while relying on innovative products to carve out a competitive space in the market. Engaging in developing the industry through collaborative platforms (alupenters.lk) and knowledge building (fabricator, architecture and engineering programmes) to drive increased demand.

**KEY STRENGTHS**

- Strong brand and market reputation
- High quality and standards
- Manufacturing and process excellence
- Strong customer relationships and distribution
- Innovation, adaptability and creativity
- A dedicated workforce

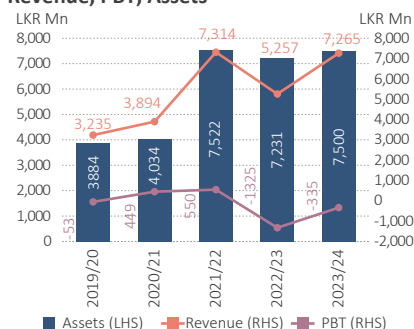
**ACHIEVEMENTS IN 2023/24**

- 39% market share
- 38% business growth year-on-year
- 152% growth in export business
- 18 new clients
- 0 cybersecurity and data breaches
- Rs. 267 Mn cost savings
- 1,815 reach on alupenters.lk
- 1,867 MWh renewable energy generated
- ISO 14001, ISO 50001, ISO 27001 certifications maintained

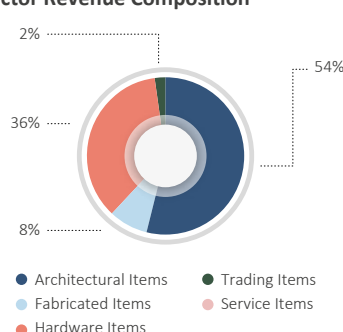
**FUTURE STRATEGIES AND OUTLOOK**

- A continued focus on engaging with product influencers to develop the industry.
- Focusing on new product development, technology enhancement, and capacity building to meet emerging demands.
- The company has achieved stability in a fluctuating market, and remains flexible and ready to adapt to emerging market needs.

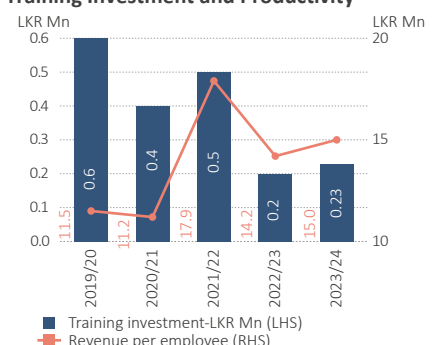
**Revenue, PBT, Assets**



**Sector Revenue Composition**



**Training Investment and Productivity**

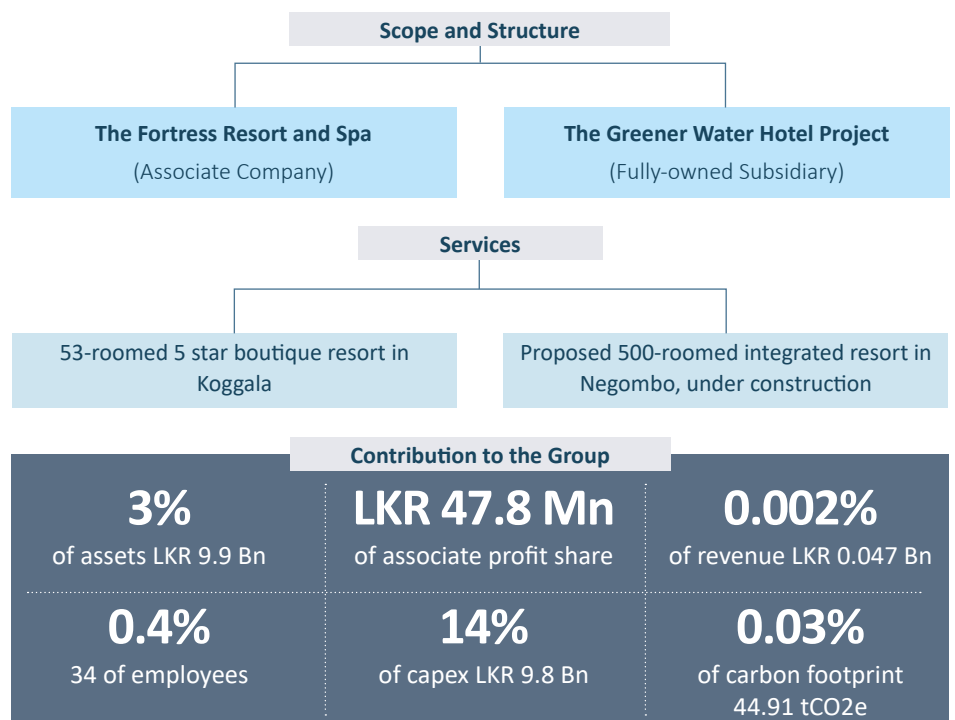


## Sector Reviews



# Leisure

The Group's leisure sector constitutes its associate company, The Fortress Resort and Spa, and its fully-owned subsidiary, Greener Water Limited. The Group owns a 21.18% interest in the internationally acclaimed The Fortress Resort and Spa, a high-end boutique hotel serving the luxury tourist market. The Greener Water project is a proposed integrated resort complex that is currently under construction, and is slated to transform Negombo's beachfront.



**OPERATING LANDSCAPE**

- Owing to the impacts of the economic crisis, tourist arrivals were subdued for a large part of the fiscal year (April- November), however, a significant uptick was witnessed from December.
- While not reaching the levels recorded prior to the Easter attacks in 2019, tourist arrivals for 2023/24 displayed a significant growth.
- The escalating prices of resources and commodities impacted overheads, thereby impacting bottom-line performance. The increased cost of construction dampened investments into expansion, development, and refurbishment during the year.

*Associated Risks:*



- A significant growth was displayed from both traditional tourism markets such as the UK, Germany, Russia and emerging markets such as India.
- Challenges were experienced in recruiting and retaining trained staff owing to increased migration of training skills.
- The average selling price of aluminium

**STRATEGIES**

- **Focused Marketing and Channel Building:** Engaging in vigorous online marketing campaigns, thereby capturing 30% of the total business, while engaging with leading global tour operators and taking part in tourism fairs.
- **A Commitment to Excellence:** Maintaining globally recognised standards of excellence, thereby achieving 50+ awards and accolades, while upholding customer convenience through technology upgrades and process improvements.
- **Building New Markets:** A focus on building and expanding into new emerging and lucrative markets such as India to improve opportunities for growth.
- **Pursuing Process Improvements and Cost-Efficiencies:** Focusing on sustainability initiatives such as the introduction of a bio-mass boiler to drive cost efficiencies, reduce overheads and engage in responsible resource consumption.

**KEY STRENGTHS**

- Excellence in service and quality standards
- Channel engagement and customer relations
- Global reputation and strong brand equity
- Sustainable processes and policies
- Unique property and location

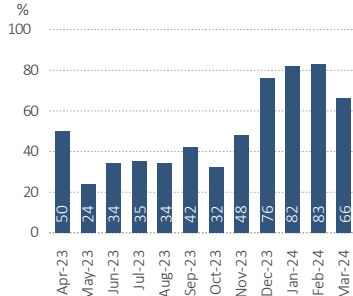
**ACHIEVEMENTS IN 2023/24**

- 51% average annual occupancy
- Rs. 47.8 Mn revenue
- 1,170% revenue growth
- Trip Advisor Traveller’s Choice 2023
- Fit Premium Hotel Ayurveda Yoga 2024, awarded by Fit Reisen Germany

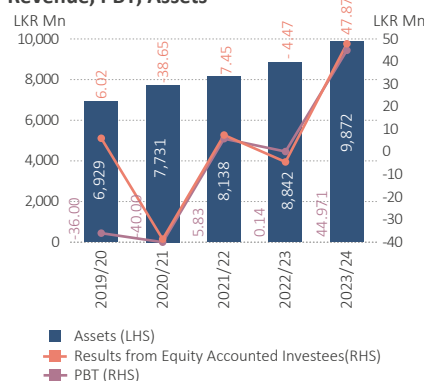
**FUTURE STRATEGIES AND OUTLOOK**

- Engaging in market diversification and capitalising on emerging markets to enable growth.
- Focusing on property upgrades and refurbishment to improve customer service standards.
- The Greener Water Hotel Project has currently completed the civil, structural, and facade works, and is engaging in the landscaping, mechanical, electrical and plumbing phases. The project experienced considerable delay following the impacts of the pandemic and subsequent economic crisis.

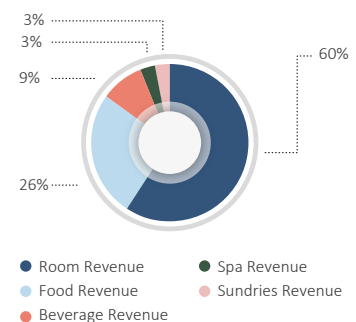
**Occupancy Levels**



**Revenue, PBT, Assets**



**Revenue Composition**

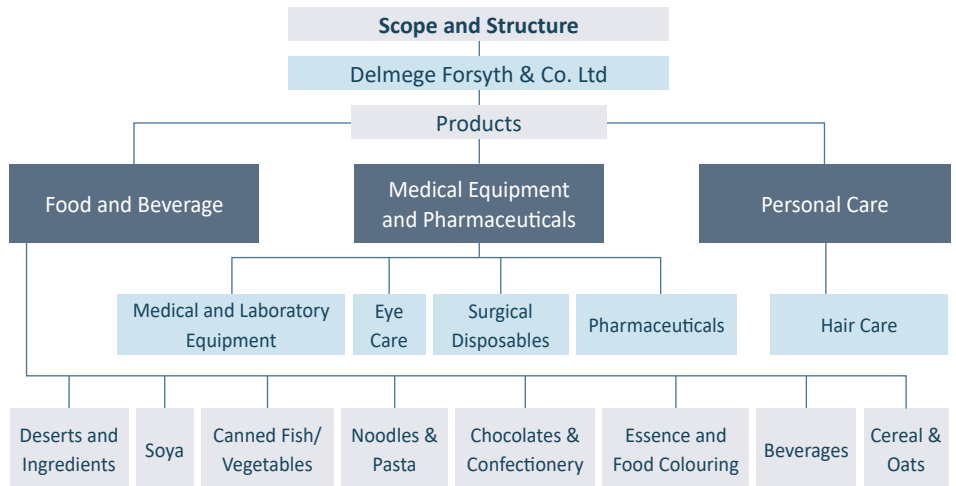


## Sector Reviews



### Consumer

Delmege Forsyth & Co. Ltd. has established a status as one of the largest companies in the Fast-Moving Consumer Goods (FMCG) sector over the course of 174 years. Its portfolio includes a variety of trustworthy household brands, such as "Motha," "Delmege," "Kelloggs," "Ferrero Rocher," "Kinder Joy," "Nutella," and "Tic Tac." The firm has further expanded into related industries such as personal care, and pharmaceuticals and medical equipment, of which the latter supports both public and commercial healthcare organisations.



Contribution to the Group		
<b>1.03%</b> of assets Rs. 3.8 Bn	<b>7%</b> of revenue Rs. 8.5 Bn	<b>1%</b> of PBT Rs. 0.3 Bn
<b>1.9%</b> of 176 employees	<b>0.001%</b> of capex Rs. 0.1 Bn	<b>0.1%</b> of carbon footprint 200.12 tCO <sub>2</sub> e

**OPERATING LANDSCAPE**

Associated Risks:



- The high cost of living, increased taxation and the ensuing decline in disposable income severely impacted consumer spending during the year.
- Retail channels faced considerable challenges with increasing overheads, and sought cost-efficiencies and cost reimbursements in order to maintain continuity. These channels extended many discounts and offers to the market to maintain customer loyalty during the year. General trade faced stock build-up owing to declining purchasing patterns, and resultantly, demand for certain SKUs faced a decrease.
- Certain brands such as Ferrero were banned owing to the import restrictions that were in effect.
- Distributors were compelled to extend credit facilities to their customer base which led to financial constraints and the minimised movement of money within the market.
- The economic crisis led to an increase in employee migration, thereby leading towards challenges in employee recruitment and retention.

**STRATEGIES**

- **The Right Products:** Leveraging on a portfolio of trusted, much loved consumer brands, many of which are an integral part of Sri Lankan lives. A number of product revisions and modifications were made to align with identified consumer needs and concerns. In order to address the setback faced in the soya product category, a new product combination was developed with the aim of launching in the upcoming fiscal year.
- **Process and Technology Improvements:** A number of process enhancements were introduced, i.e., the introduction of a new integrated demand supply management system, and the adoption of new tools enhanced data analytics and decision-making.
- **Relationship Management:** To ease the impact of the prevailing economic constraints, a new financing facility was introduced to support distributors, with the assistance of a leading bank.
- **Building Employee Morale:** Activities were organised to foster a positive work environment, while in-house training programmes were implemented to enhance employee skills.

**KEY STRENGTHS**

- Product innovation and excellence
- Marketing, sales and distribution channels
- Cost-effective operations
- Trusted brand, portfolio and partnerships

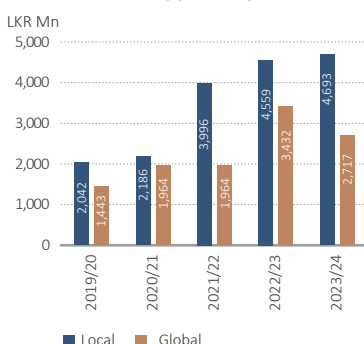
**ACHIEVEMENTS IN 2023/24**

- Maintaining a 12.6% revenue increase YOY.

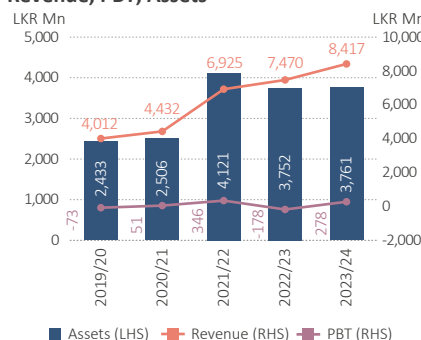
**FUTURE STRATEGIES AND OUTLOOK**

- An increased focus on strengthening brands, improving systems, and investing in people. An enhanced emphasis on new product development, project management and improved decision-making capabilities.
- Launching the new soya product in April 2024 via a powerful integrated marketing campaign.
- Leveraging on the re-entry of previously banned products to improve revenue growth.
- Strengthening cybersecurity by aligning with the new Data Protection Act and the ISO 27001 standard.

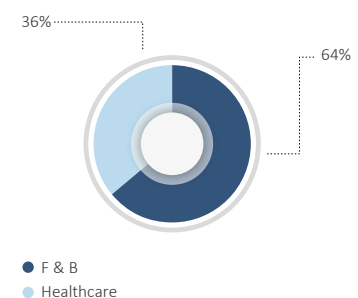
**Local vs Global Supplier Expenditure**



**Revenue, PBT, Assets**



**Segment Revenue**

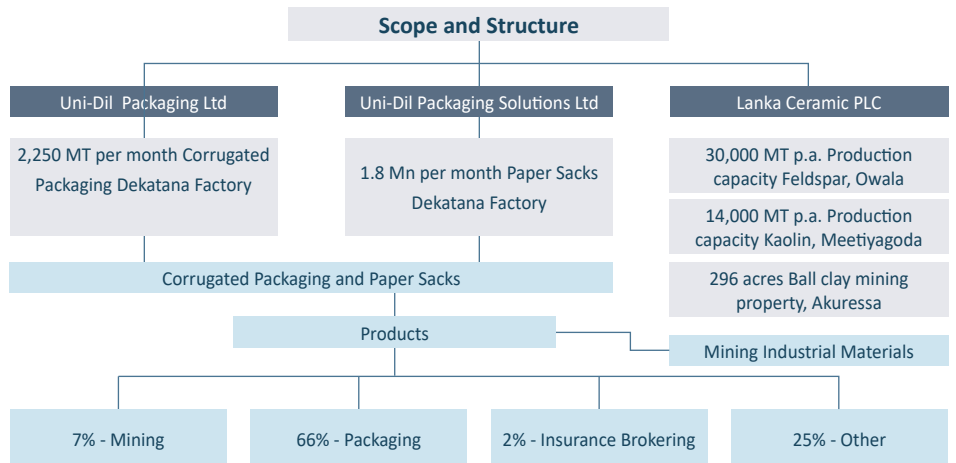


## Sector Reviews



### Investments and Others

This sector represents 7% of the Group's consolidated revenue and relates to Vallibel One's investments and exposure to other industries. This sector includes the Group's short- and long-term investments as well as its exposure to the travel, transportation, packaging, mining, and insurance brokering businesses. This section discusses the impact of the most material segments, i.e., the packaging and mining sectors, given their combined 93% revenue contribution to the sector.



Contribution to the Group		
<b>18%</b> of assets Rs. 64.2 Bn	<b>7%</b> of revenue Rs. 9.1 Bn	<b>19%</b> of PBT Rs. 5.8 Bn
<b>7.9%</b> of 738 employees	<b>19%</b> of capex Rs. 7.1 Bn	<b>1.82%</b> of carbon footprint 2,564 tCO <sub>2</sub> e

**OPERATING LANDSCAPE**

Associated Risks:



- The apparel sector faced significant degrowth during the year following a downturn in the global market, leading to a corresponding decline in demand for packaging solutions.
- Amid a highly competitive environment with excess supply, the sector was compelled to rely on competitive pricing strategies in order to sell products. The price of raw materials and essential commodities remained at a high level, thereby significantly impacting profitability.
- Global geopolitical tensions impacted logistics, with shipment delays and increased freight charges experienced during the year.
- A shortage of skills and labour was a key challenge during the year.
- The construction sector and the mining and quarrying sector experienced a decline in performance due to the impacts of the economic crisis and subsequent

**STRATEGIES**

- Product Development:** Prioritising the development of new products to seek more lucrative customer segments, address excess capacity, and build resilience. During the year the packaging segment ventured into the sphere of 'value-added cartons'. Resultantly, the company has now commenced manufacturing 'inner cartons' and will be introducing 'laminated cartons' in the future.
- Market Development:** The packaging sector ventured into new export markets, i.e, the Maldives, Kenya, Ethiopia, Tanzania and Haiti (for corrugated packaging) and Kenya, Rwanda and Uganda (for paper sacks).
- Technology Development:** Engaging in automation and process efficiencies to drive down costs and improve bottom-line performance. The packaging sector continued to focus on integrating systems to reduce manual intervention, improve efficiency, and streamline processes. The mining segment continued to realise process efficiencies through the feldspar sorting machine.
- Prudent Resource Management:** The packaging segment relied on prudent, farsighted stock-keeping strategies to ensure raw material was available at relatively lower prices than in the market. The segment also focused on the introduction of a circular economy model to address material shortages and reduce the overall carbon footprint. Furthermore, the company focused on building renewable energy capabilities, while engaging in energy-efficient practices.

**KEY STRENGTHS**

- Unmatched expertise and strong brands
- Group synergies
- High quality standards
- Versatility and adaptive strategies
- Strong distribution and sales

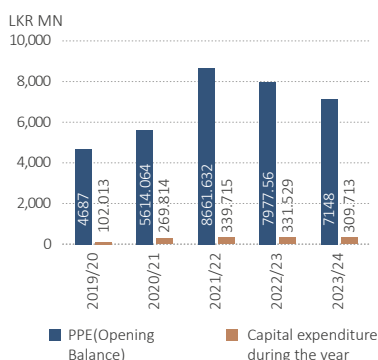
**ACHIEVEMENTS IN 2023/24**

- Rs. 9,059 Mn** revenue
- Rs. 310 Mn** invested in capex
- 1,029 MW** solar power generated

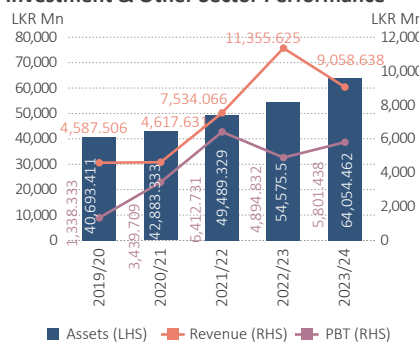
**FUTURE STRATEGIES AND OUTLOOK**

- Shift the existing product portfolio towards products with increased demand, while engaging in streamlining processes, and optimising costs.
- The ongoing efforts to obtain a license for the Akuressa mine is anticipated to reach completion in 2024/25. In the interim the company will engage in the acquisition of new mines to address economic revival.
- Improve packaging quality standards by obtaining globally recognised certifications.

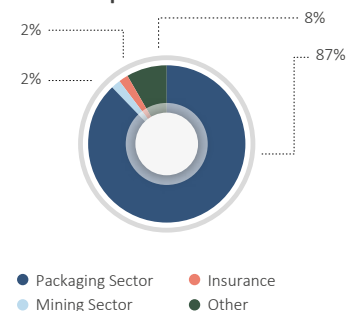
**Investment & Other Sector CAPEX**



**Investment & Other Sector Performance**



**Investment & Other Sector Revenue Composition**



CAPITAL REPORTS

**PROSPEROUS**

# PROGRESS

In the face of a turbulent economic landscape, Vallibel One PLC has striven to ensure that its operational value remains intact and experiences levels of growth throughout the financial year, with determination and dexterity.

# Capital Reports



## Financial Capital

The primary duty of vallibel one is to provide steady, long-term profits for its investors. The organisation can achieve long-term growth and profitability through the wise and efficient management of its financial capital, which includes its income, debt, and equity. Owing to its innate capacity to facilitate the generation of wealth, financial capital is inherently entwined with the other five capitals to drive the organisation's advancement and success

### OPERATING LANDSCAPE

Adverse macroeconomic conditions put a great deal of pressure on costs, investments, and operations towards the beginning of the year. These conditions included a high rate of inflation, fluctuating interest rates and the impact of stringent policy measures to drive economic stability. Conditions began to demonstrate signs of stabilisation commencing from the second half of 2023.

#### Strategic Response

Implementing prudent cost-cutting measures and farsighted strategic initiatives, while depending on a solid asset basis for maintaining stability in a volatile climate. Adhering to industry best practices in accounting and management and prudently managing its finances in compliance with applicable laws and guidelines that support good financial accounting, risk management, and governance



Financial Resilience



Sustainable Operations



Operational Excellence



Good Governance

Activities	Value Added	Impact
Optimising Financial Performance	<ul style="list-style-type: none"> <li>Revenue enhancement</li> <li>Cost optimisation</li> <li>Efficient procurement</li> </ul>	<ul style="list-style-type: none"> <li>Financial Stability and Resilience</li> <li>Stakeholder Confidence</li> <li>Business Continuity</li> </ul>
Maintaining a Strong Financial Position	<ul style="list-style-type: none"> <li>Corporate planning and adequate controls</li> <li>Strong cashflow management</li> <li>Prudent investment</li> <li>Best accounting practices</li> </ul>	<ul style="list-style-type: none"> <li>Effective Risk Management</li> <li>Good Governance</li> </ul>

- Despite the debilitating impacts of the economic crisis, the Group recorded a consolidated revenue of Rs. 122,330 Mn to reach a growth of 4.69% in comparison to the previous year.
- Contribution to Group performance was led by the lifestyle sector, which contributed towards 41% of the Group's revenue, while the finance sector contributed towards 40% of the overall results.
- The Group was successful in recording a profit before tax of Rs. 26,553 Mn, despite the challenging conditions that were in effect during the year.
- The Group's asset position grew by 11.93% to reach Rs. 346,593 Mn, and was strongly positioned to meet its liability position of Rs. 207,358 Mn during the year.

#### HIGHLIGHTS FOR THE YEAR:

**5%**

**REVENUE GROWTH**

(24% IN 2022/23)

**LKR 32,507 Mn**

**EBIT**

(LKR 30,678Mn IN 2022/23)

**40%**

**GEARING RATIO**

(40% IN 2022/23)

**1.35 Times**

**CURRENT RATIO**

(1.28 Times IN 2022/23)

**8.69**

**EARNINGS PER SHARE**

(8.36 IN 2022/23)

**LKR 17,021 Mn**

**TAXES PAID**

(RS. 22,380 MN IN 2022/23)

**OPTIMISING FINANCIAL PERFORMANCE**

After hitting an all-time high in September 2022, inflation has been rapidly declining, with single-digit levels achieved towards the end of 2023. This shift that prevented price pressures from worsening was primarily caused by subdued demand as a result of the tight monetary and fiscal measure's gradual spread to the larger economy. The cost of living, displayed an increase in 2023, albeit at a slower pace compared to the surge experienced in the preceding year.

These factors placed pressures on revenue growth, while the bottom-line performance continued to be impeded by high electricity tariffs, fluctuating fuel prices and increased taxation. The Group and its sectors therefore prioritised cost efficiencies across the board, while seeking out new avenues of growth through strategies including market development, product development, and exports.

**REVENUE**

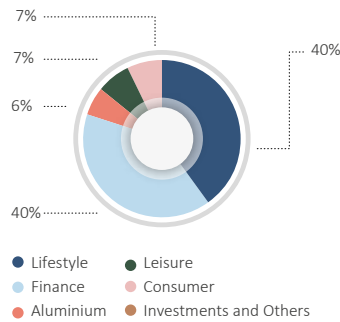
The Vallibel One Group recorded a consolidated revenue of Rs. 122,330 Mn, representing a 4.69% increase against the preceding year's Rs. 116,855 Mn. The lifestyle sector came foremost in terms of its contribution by comprising 41% of the total revenue, while the finance sector came a close second with a 40% contribution to the total income.

The aluminium sector delivered the largest year-on-year growth in revenue at 45.94% to reach a performance of Rs. 7,264 Mn. The finance sector too recorded a revenue growth during the period under review, recording an increase of 15.12% to reach Rs. 49,457 Mn, against the preceding year's figure of Rs. 42,960 Mn. The consumer sector too displayed a positive performance with a revenue increasing to Rs. 8,416 Mn, representing a 12.67% increase against the 2022/23 financial year.

Owing to constraints stemming from the macroeconomic environment, the lifestyle sector and the investments and others sector recorded a year-on-year decline in revenue performance. The former recorded a moderate 4.67% decline against the

preceding year's revenue of Rs. 52,026 Mn to reach Rs. 49,959 Mn, while the latter sector was faced with a 20.23% decline in revenue to reach Rs. 9,058 Mn.

**Revenue Composition**



**OPERATING COSTS**

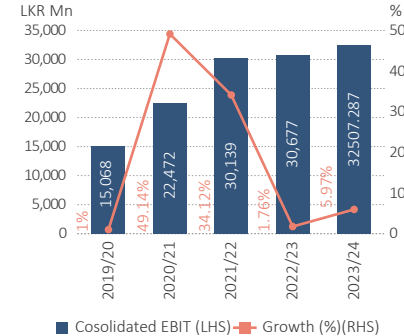
Despite the challenging dynamics that remained in effect, the Group was able to largely contain its operating costs, recording a 10.78% growth against the previous year to reach Rs. 23,609 Mn (Rs. 21,311 Mn in 2022/23). Administrative expenses grew by 17.83% year-on-year, primarily owing to the increase in employee remuneration and the hike in energy costs experienced during the year. Distribution costs grew by 5.42%, primarily owing to the high cost of transportation that prevailed during the year, while other operating expenses experienced a decline of 29.3% within the period under review.

**OPERATING PROFITS**

Even amid the constrained growth environment outlined previously, the Group's operating profits, i.e., its earnings before interest and tax (EBIT) recorded a 5.96% increase year-on-year to reach Rs. 32,507 Mn. All sectors recorded an increase in operating profits against the previous year, with the exception of the lifestyle sector, which recorded a de-growth of 19.87% year-on-year. The largest year-on-year increase in operating profits was witnessed within the aluminium sector, which recorded a notable 246.6% growth, followed by the consumer and finance sectors, which recorded increases in EBIT of 32.93% and 30.60% respectively. The finance sector was the largest contributor

towards the Group's operating profits, accounting for 58.3% of the total result. The compound annual growth rate for the past five years was recorded at 16.7% during the year.

**Cosolidated EBIT**



**NET FINANCE COST**

Vallibel One's net finance cost stood at Rs. 2,372 Mn during the year, exhibiting a decline of 18.69% against the previous year's cost of Rs. 2,917 Mn. The Group's lifestyle sector contributed towards 62.46% of the consolidated figure, arising from the sector's considerable 297.2% increase in net finance costs to reach a total of Rs. 1,481 Mn. The other sectors constituted the remaining 37.54% in net finance costs, amounting to Rs. 890 Mn.

**PROFITABILITY**

Consequently, the Group recorded a 5.88% increase in profit before tax (PBT) against the previous year's Rs. 25,078 Mn to reach Rs. 26,553 Mn. The preceding year saw the lifestyle sector garner the position of the Group's largest contributor to profit before tax with finance sector placed second; however, during the year under review, the roles were reversed, with the latter accounting for 51.43% of the overall PBT, and the former contributing towards 29.4% of the total figure. The investments and others, consumer, and leisure sectors contributed towards 19.45%, 0.93% and 0.15% of the Group's profit before tax respectively. The aluminium sector contributed towards a 1.34% decline in consolidated PBT, however, its year-on-year profit before tax recorded a notable 69.09% increase, thereby demonstrating an improved performance in comparison to the preceding period.

# Capital Reports

The Group's income tax grew by 21.46% against the previous year to reach Rs. 9,286 Mn (Rs. 7,645 Mn in 2022/23). As a result, the organisation posted a profit after tax of Rs. 17,444 Mn, thereby recording a 2.05% decline against the previous year's performance of Rs. 17,809 Mn.

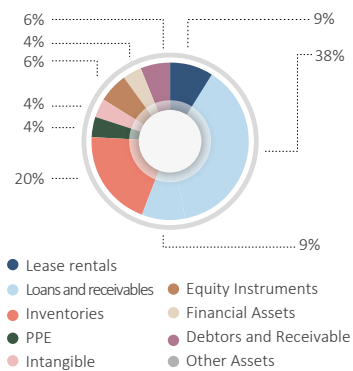
## MAINTAINING A STRONG FINANCIAL POSITION

### Assets

Despite the turbulent environment, Vallibel One retained a stable financial position during the year under review, recording an asset growth of 11.93% against the previous year to reach an asset value of Rs. 346,593 Mn. As always, the finance sector held the highest asset value, contributing towards 55.71% of the Group's asset base. The lifestyle sector's assets were valued at Rs. 76,321 Mn, contributing towards 20.93% of the Group's assets, while Investments and Others accounted for 17.57% of the overall figure.

Group-wide property, plant, and equipment grew by 15.98% year-on-year to reach a value of Rs. 69,971 Mn. The aforementioned asset base contributed towards 20.19% of the Group's assets, while credit assets including lease rentals grew by 10.1% against the preceding year. The Group was adequately positioned to meet its liability position of Rs. 207,358 Mn during the year.

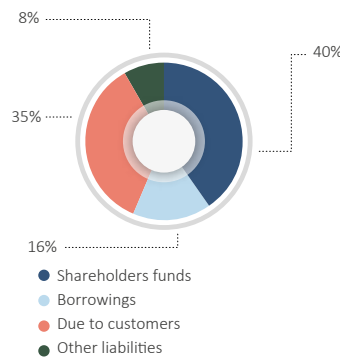
### Asset Composition



### Funding

The Group's shareholders' funds achieved a 16.63% increase against the previous year's Rs. 119,382 Mn to reach Rs. 139,235 Mn. The Group's liabilities grew by 8.98% year-on-year, while deposits and bank and other borrowings contributed towards 59.33% and 26.58% of the total liabilities respectively. The Group's gearing ratio comprising deposits was recorded at 39.58% during the year.

### Funding Composition



### Cashflow

Group cashflows generated from operations stood at Rs. 8,316 Mn, in comparison to the net cash used in operations of Rs. 11,141 Mn in 2022/23, indicating a noteworthy 177.08% increase against the previous year.

Cash outflows for investment activities was recorded at Rs. 3,670 Mn, recording a 49.14% year-on-year decrease against the previous year's Rs. 7,218 Mn. Net cash inflows from financing activities registered a significant 151.68% to reach LKR 2,042 Mn, in comparison to the net cash outflow of Rs. 3,951 in the preceding period. Overall, the Group achieved a net cash inflow of Rs. 6,688Mn against the outflow of Rs. 22,310 Mn recorded in the previous year, denoting a year-on-year increase of 129.97% against the previous year.

Earnings per share stood at Rs. 8.69, while the market price per share stood at Rs. 50.5, denoting a year-on-year increase of 3.95% and 37.98% respectively. The net asset value per share was recorded at Rs. 80.81, in comparison to the Rs. 67.54 recorded in the previous year.

## FUTURE STRATEGY AND OUTLOOK:

In order to maximise resources and preserve stability in the face of volatility, the Group will continue to prepare for emerging risks through regular assessment and responsible financial management practices. This will be accomplished through the following initiatives:

- Consolidating operations and delivering growth strategies in line with emerging trends, while establishing the right safeguards and mechanisms to ensure preparedness against risks.
- Implementing cost-cutting and waste-reduction strategies throughout the Group in an effort to increase profitability.
- Looking for alternate supply sources and reducing dependency on foreign currency to support diversified, well-balanced operations intended to cut costs and guarantee business continuity.



# Manufactured Capital

Vallibel one's robust and expansive manufactured capital base has a net book value of rs. 69 Bn, and comprises the group's broad physical network and wide spectrum of manufacturing capabilities. Every element of the group's manufactured capital spanning its office spaces, state-of-the-art manufacturing plants, distribution/retail outlets, and warehousing facilities collectively contribute towards the organisation's capacity to generate and transfer wealth.



Rocell - Wattala Showroom

### OPERATING LANDSCAPE

While economic recovery commenced at a slow pace, the far-reaching impacts of the economic crisis continued to be in effect. The rising cost of goods, scarcity of resources, import restrictions, inflation and a decline in demand primarily stemming from reduced discretionary incomes placed pressures on investments and expansion.

#### Strategic Response

Despite the extraordinary rise in costs and supply chain and logistical constraints, the Group relied on cost rationalisation strategies to focus on essential projects related to improving and expanding its manufactured capital to optimise future growth. Wherever possible, the Group deferred non-essential expansions to maximise returns.

Financial Resilience	Sustainable Operations	Operational Excellence
----------------------	------------------------	------------------------

Activities	Value Added	Impact
Upgrades and Maintenance	<ul style="list-style-type: none"> <li>Improved efficiency</li> <li>Business continuity</li> </ul>	<ul style="list-style-type: none"> <li>Financial Stability</li> <li>Strong Return on Investment</li> <li>Improved Performance</li> </ul>
Expansions and New Projects	Increased market presence Ability to address consumer demand	
Digital Infrastructure Development	<ul style="list-style-type: none"> <li>Improved efficiency</li> <li>Simplified, streamlined processes</li> </ul>	

- L B Finance grew its network by 08 branches to reach 200 branches, cementing its status as entity with the second largest island-wide presence in the NBFi industry.
- The lifestyle sector engaged in expansion, with the Rocell's Horana factory investing LKR 2,883 Mn towards upgrades and expansions.
- The packaging sector invested LKR 243 Mn in obtaining new machinery in order to engage in new product development.

#### HIGHLIGHTS FOR THE YEAR:

**LKR 69,971 Mn**

**TOTAL CAPEX**

(RS. 60,329 MN IN 2022/23)

**5%**

**AVERAGE RETURN ON ASSETS**

(6% IN 2022/23)

**LKR 40,987 Mn**

**CAPEX - LAND AND BUILDINGS**

**LKR 14,370 Mn**

**CAPEX - PLANT, MACHINERY AND EQUIPMENT**

# Capital Reports



**Tiles and Bathware**

- Royal Ceramics Lanka PLC
- Lanka Tiles PLC
- Lanka Walltiles PLC
- Rocell Bathware Ltd
- Swisstek Ceylon PLC


**LKR 38,057 Mn**

Asset Value

**07**

factories and their equipment

**Locations:** Eheliyagoda, Horana, Ranala, Meepe, Balummahara, Mabima and Homagama



**Non-banking Financial Institution**

- L B Finance PLC


**LKR 13,080 Mn**

Asset Value

**192**

Branches

**Locations:** Island-wide presence



**Consumer goods and medical equipment**

- Delmege Forsyth


**LKR 98 Mn**

Asset Value

**22**

Branches

**Locations:** Head Office in Maradana, Colombo



**Tiles and Bathware**


- Swisstek Aluminium Ltd

**LKR 1,784 Mn**

Asset Value

Property, plant, equipment and materials

**Locations:** Dompe



**Hotel, Resort and Spa**

- The Fortress Resort and Spa
- Greener Water Ltd

**LKR 9,805 Mn**

Asset Value

Hotel property, fixed assets and building under construction

**Locations:** Koggala and Negombo



**Corrugated Packaging, Paper Sacks and Mining**

- The Unidil Group of Companies
- Lanka Ceramic PLC

**LKR 7,148 Mn**

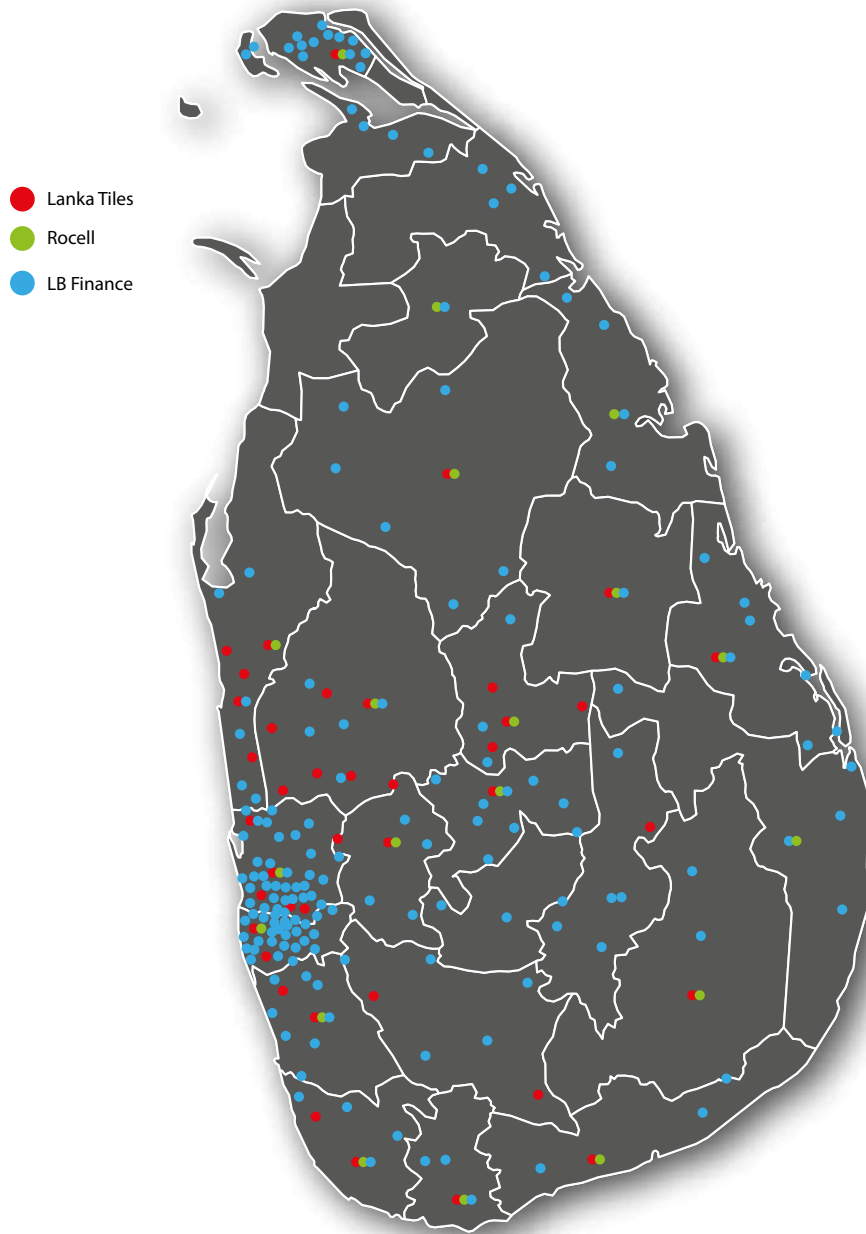
Asset Value

Properties, plant, and equipment

**Locations:** Dekatana, Akuressa



Inside the factory - Swisstek Aluminium Ltd



**UPGRADES AND MAINTENANCE**

In order to remain relevant in a swiftly evolving world, all the equipment used across the Group's diverse business divisions and sectors is maintained and upgraded as required. These activities are performed by utilising a timely and feasible approach to meet the needs and expectations of both present and future stakeholders and to achieve product and service excellence.

All asset development and improvements are carried out in accordance with the goals of the company and in line with resource availability. However, particularly challenging economic conditions that prevailed during the year affected cost structures and caused a shortage of resources during the year under review, thereby placing tremendous pressure on infrastructure development and construction activities.

All maintenance-related matters are managed by a group of expert engineers and technical personnel, and the relevant manufacturers and suppliers are consulted in order to maximise performance, obtain post-purchase servicing, and file timely claims in compliance with warranty terms when required.

*Refer Sector Reviews, pages 62-73 for more information*

# Capital Reports

## Manufactured Capital

### EXPANSIONS AND NEW PROJECTS

The Group directs its investments towards opportunities that are consistent with its overall values and strategic purpose, while responding to shifting dynamics and developing socioeconomic trends.

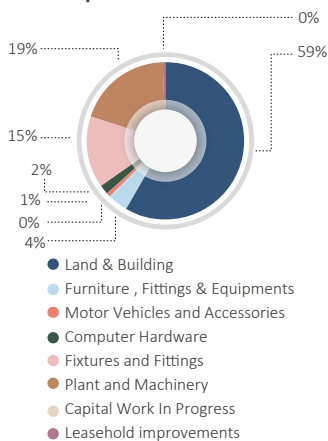
The Group continued to depend on prudent, forward-thinking methods to identify short-, medium-, and long-term development plans despite the year under review and the prospects for the future being tainted by volatility and uncertainty.

Every project is executed upon conducting the necessary due diligence. Furthermore, all procurement procedures are supported by formalised policies and procedures that align with ethical principles, and are conducted with the utmost levels of transparency and accountability.

*Refer Social and Relationship Capital, pages 98-103 for more information on procurement and supplier relations*

The Group moderated its investments to ensure that only critical activities took place during the year, while adopting a delayed approach for many initiatives in order to rationalise costs and source the highest quality raw materials. All raw materials and resources are obtained at an optimised cost to generate maximised value, long-term sustainability, and returns.

### CAPEX Components





**GREENER WATER LIMITED**

The completion of the Greener Water hotel project faced significant delays owing to the run-on effect of the COVID-19 pandemic and the economic crisis. It is anticipated that the project will recommence in the coming financial year.

The property will be equipped with a water park, pool bar, beach club, spa, and a multi-functional ballroom. Comprising 18 acres along the coastal belt, the hotel will be spread Across 74,567 sq. M of building area and possess 03 restaurants and 500 proposed rooms Spanning deluxe suites, twin suites, junior suites, presidential suites and luxury rooms.

<b>18 ACRES</b> ALONG THE COASTAL BELT	<b>03</b> RESTAURANTS	<b>500</b> PROPOSED ROOMS	<b>74,567 SQ. M.</b> OF BUILDING
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### DIGITAL INFRASTRUCTURE

The year under review witnessed the continuity of disruptive conditions, mobility restrictions, and the scarcity of resources, which further reinforced the need for digitalisation as an essential prerequisite for success. Consumers continue to prioritise convenience, speed, simplicity and accessibility in relation to products and solutions, therefore many businesses strive towards incorporating state-of-the-art IT infrastructure to drive a competitive advantage.

Accordingly, during the year under review LKR 319 Mn was invested across the Group with respect to the procurement, maintenance, and enhancement of IT hardware.

### FUTURE STRATEGY AND OUTLOOK:

As the economy stabilises, the Group will continue to pursue the following strategies:

- Maintaining and upgrading the existing asset base
- Expanding capacity and manufacturing capabilities to meet changes in market demand
- Expanding branch and distribution networks to drive greater customer reach and accessibility
- Divesting non-performing assets to rationalise costs
- Pursuing lucrative acquisitions, and capitalising on opportunities for growth
- Investing in digital infrastructure to enhance digitalisation efforts



# Human Capital

The success and continuity of the group's six thrust sectors are facilitated by the 9,392 Dynamic and highly skilled employees that comprise vallibel one's workforce. Vallibel one successfully navigates complex dynamics and provides an unrivalled opportunity for collective growth by fostering and growing its human capital to face the future



Staff training\_Swisstek Aluminium

### OPERATING LANDSCAPE

The economic crisis that persisted throughout the year had an adverse effect on workers' mental health and welfare, owing to a considerable decline in discretionary income and high levels of inflation. Employee retention remained a major concern for all organisations, particularly due to the migration of skills and talent

#### Strategic Response

The Group remained committed to offering its workers financial support and secure employment. Several organisations offered mental health support, and engaged in building employee morale. Furthermore, training and development initiatives continued in spite of the crisis.

Nurturing Partnerships

Good Governance

Activities	Value Added	Impact
Empowering Inclusive Well-being	<ul style="list-style-type: none"> <li>• Career succession and development</li> <li>• Equal opportunities for growth</li> <li>• Improving health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• A Skilled, Productive Workforce</li> <li>• Higher Employee Retention</li> <li>• Employee Satisfaction and Loyalty</li> <li>• Employee Health and Safety</li> <li>• Improved Employee Well-being</li> <li>• Business Growth and Stability</li> <li>• An Inclusive Society</li> </ul>
Talent Development	<ul style="list-style-type: none"> <li>• Fair, transparent recruitment processes</li> <li>• Structured training and development</li> <li>• A performance-driven work culture</li> </ul>	
Remuneration and Benefits	<ul style="list-style-type: none"> <li>• Competitive benefits and remuneration</li> <li>• Improved employee well-being</li> </ul>	

- 3,042 new employees joined the Vallibel One Group during the year, 37% of new recruits employed outside the western province.
- 86.7% of recruits were under the age 30.
- Training opportunities were spanning a total of 75,587 training hours.
- An Average retention rate of 68% was visible across the group.
- A 36% Increase in revenue per employee was witnessed during the year.

#### HIGHLIGHTS FOR THE YEAR:

**3,042**

**EMPLOYEES RECRUITED**  
(2,254 IN 2022/23)

**75,587**

**TRAINING HOURS**  
(67,136 Hours IN 2022/23)

**LKR 13.02 Mn**

**REVENUE PER EMPLOYEE**  
(LKR 9.6 Mn IN 2022/23)

**LKR 38.81 Mn**

**TRAINING INVESTMENT**  
(LKR 45.57 Mn IN 2022/23)

**411**

**WORKPLACE ACCIDENTS**  
(420 IN 2022/23)

**LKR 12,998 Mn**

**VALUE CREATED TO EMPLOYEES**  
(LKR 11,239 MN IN 2022/23)

## Capital Reports

### Human Capital

#### EMPOWERING INCLUSIVE WELL-BEING

The Vallibel One Group works to foster an atmosphere of equal opportunity, supported by responsible practices that foster teamwork, innovation, and excellence. The company's biggest asset is its highly talented, diverse, and inclusive workforce. The Board sets the general policies of the Group, which cascade down to the management and their teams.

The 9,392 employees of the Group across its six thrust sectors, are evenly distributed across all age and gender groups and hail from different parts of the island. The management and executive workforce is led by a capable and experienced female Managing Director, who is primarily responsible for driving the Group's overall strategy and guiding the company through a constantly changing environment. Women constitute 13% of the workforce in management and executive positions.

The Group's primary goal is to strike a balance between the youthful energy and inventiveness of its cadre and the wisdom and experience of its more seasoned employees. The Western Province accounts for 63% of the Group's workforce, with 6% and 11% originating from the Central and Sabaragamuwa Provinces, respectively. There are no part-time workers employed by Vallibel One; all staff members are employed on a full-time basis.

#### Non-Discrimination

The Group supports an inclusive culture in keeping with its status as an equal opportunity employer. Vallibel One provides a fair, ethical, and responsible work environment while granting its employees an opportunity to work in a non-discriminatory environment.

During the year under review, no events involving discrimination or any other type of social prejudice were reported. Each business unit's human resources departments follow the pertinent rules, regulations, and procedures that have been established to address discrimination in the workplace, and take appropriate corrective action if such an incident should occur.

Region	Permanent	Contract	Outsourced	Total
Central	514	42	0	<b>556</b>
Eastern	373	1	0	<b>374</b>
North Central	189	11	0	<b>200</b>
North Western	281	12	0	<b>293</b>
Northern	281	3	0	<b>284</b>
Sabaragamuwa	936	70	58	<b>1,064</b>
Southern	654	20	1	<b>475</b>
Uva	204	15	1	<b>220</b>
Western	5,203	403	320	<b>5,926</b>
<b>Total</b>	<b>8,435</b>	<b>577</b>	<b>380</b>	<b>9,392</b>



**6,792**

**MALE EMPLOYEES**

(7,967 IN 2022/23)



**2,600**

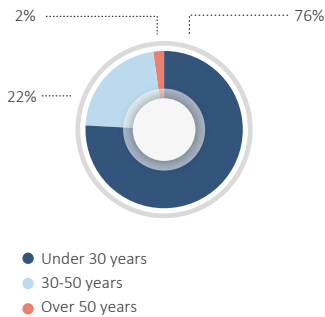
**FEMALE EMPLOYEES**

(4,207 IN 2022/23)

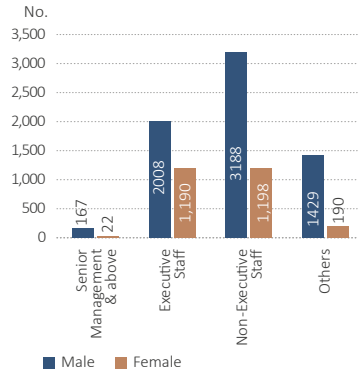


Awurudu Udanaya 2024 Vallibel One PLC

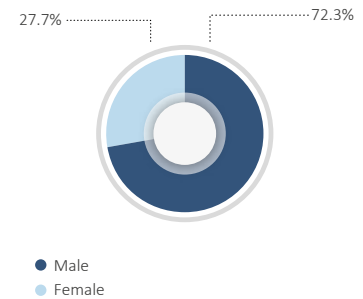
**Employee turnover by Age**



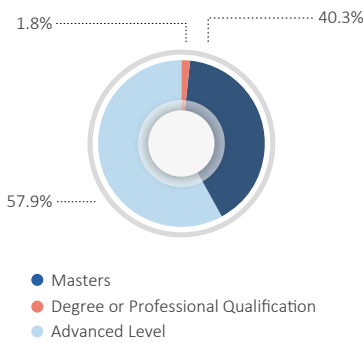
**Employees by Employee Category**



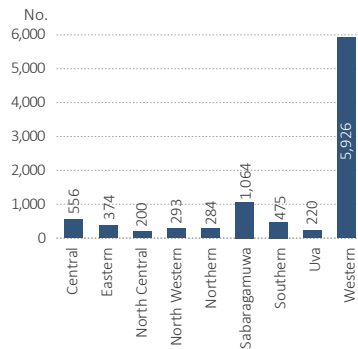
**Team by Gender**



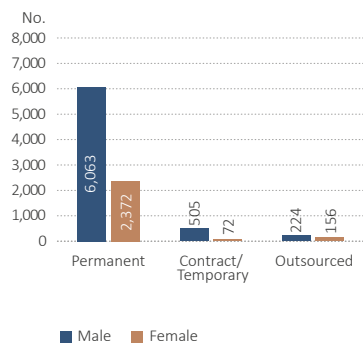
**Team by level of Education**



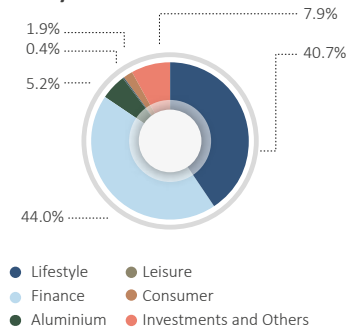
**Team by Region**



**Employees by Type of Employment**



**Team- By sector**





**3,042**  
EMPLOYEES RECRUITED



**37%**  
EMPLOYEES OUTSIDE THE WESTERN PROVINCE



**88.7%**  
EMPLOYEES RECRUITED UNDER THE AGE OF 30

**An Enabling Environment**

Recognising that it has a direct bearing on employee motivation, output, and retention at work, the Vallibel One Group continues to be cognisant of the significance of employee well-being. In order to create a conducive environment for its employees, the Group offers a comprehensive strategy, which is described below:



## Capital Reports

### Human Capital

#### Grievance Handling

An open-door policy helps the company to leverage the power of ongoing communication between staff and management to identify and resolve any gaps or complaints that may occur throughout business operations.

The Group maintains a constructive working relationship with its staff, bolstered by positive dialogue, and rigorous processes that allow the relevant parties to promptly and efficiently address any issues or complaints.

Periodic performance reviews are an essential mechanism utilised in identifying concerns and facilitating grievance management. Employees are urged to seek corrective action with the aid of a dedicated, structured process, managed by the organisation's HR department, if the first level of communication appears to be unproductive.

Many of the Group's companies have implemented whistleblower procedures that enable workers to report any incidents of discrimination or misconduct at the workplace and bring up any violations or infringements of their rights as workers

while keeping their anonymity intact. The Group did not record any incidences of judicial action taken to redress human rights breaches during the year.

#### Team Building

The Group makes a concerted effort to create a collaborative and cooperative work environment and instil these values within every employee by offering a platform that supports teamwork. Therefore, Vallibel One always strives to build an attitude of mutual trust and confidence among its staff, emphasising the importance of cooperation and teamwork in achieving tangible, high-quality results.

This objective is supported by the numerous welfare societies established by each of our business divisions. The economic crisis prompted many of these societies to reduce the scope of their annual events, but the Group continued to engage in activities that would help to build employee morale and lift their spirits.

#### Occupational Health and Safety

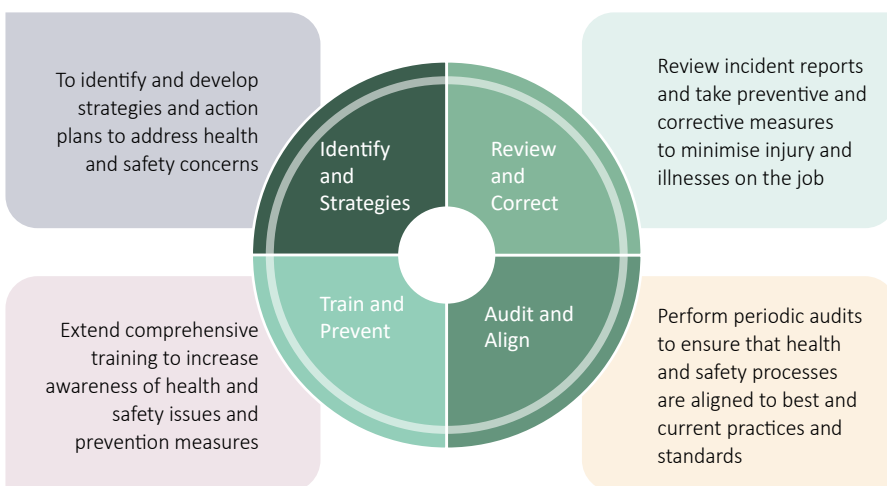
Owing in part to Vallibel One's large involvement in the industrial sector, fostering a safe and healthy workplace is an imperative recognised at all levels of the

Group's operations. The Group's 9 plants employ 40% of the workforce, consisting of contract, temporary, and permanent employees. A proactive approach to health and safety management has been adopted, reinforced by the incorporation of preventive measures that comply with industry standards, guidelines, and best practices established by the regulatory bodies that are relevant to each sector's operations. The Group companies operating in the manufacturing sector control their health and safety in line with the guidelines established in the collective bargaining agreements that are maintained between the trade unions who represent the interests of both the employees and the company.

The Group's diverse business units have established structured health and safety committees with the participation from a cross-section of the workforce, encompassing all employee grades. The committees monitor, identify, assess, and mitigate any potential risks to health and safety in the workplace, including potential hazards, mishaps, and deaths, by means of a systematic process built on industry best practices.

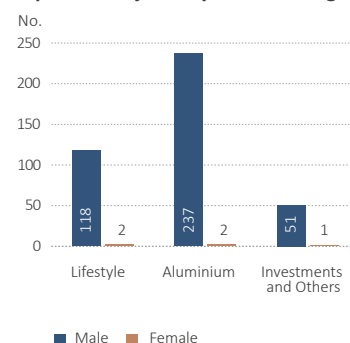
The aforementioned procedure is reinforced by the regular meetings held by the relevant committee members to examine incident reports, pinpoint any gaps, and make necessary improvements.

The committees oversee routine audits of the health and safety protocols put in place at their particular workplaces, and collaborate with the internal audit teams to perform the same. The outcomes of these audits are documented at regular management meetings to promote appropriate and prompt action as well as support continual development. Significant findings are brought to the attention of upper management or the Board of Directors to enable discussion at the highest levels of the organisation, if necessary, in an effort to fortify internal controls.

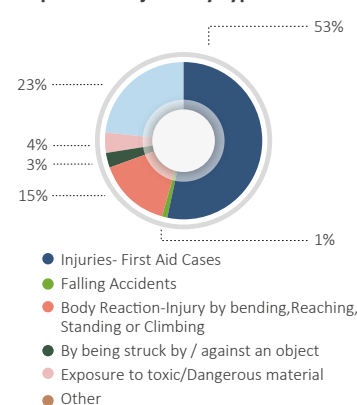


All Sectors	First aid in factories	<b>411</b> <b>OCCUPATIONAL INJURIES</b>
	Fire equipment and fire drills	
	Health and safety training	
	Personal protective gear	
Lifestyle, Aluminium	OHSAS 18001 Certification	<b>Nil</b> <b>WORK-RELATED FATALITIES</b>

Occupational injuries by Sector and gender



Occupational injuries by type



The majority of the Group's sectors have established and internalised a standardised process for reporting health and safety incidents. The relevant department or operational units in which the incident occurs are encouraged to report any incidents as soon as they happen by contacting their direct supervisor or the department head. The report is forwarded to health and safety committees so that they can initiate an inquiry, apply for workers' compensation insurance, and implement preventative measures.

Throughout the year, the Group did not waver in its commitment to health and safety programmes involving the whole workforce. Every work-related injury was handled professionally; required medical expenses were paid for by the relevant company's insurance, and employees received their earned time off without experiencing any appreciable pay adjustments.

**Industrial Relations**

Vallibel One supports its employees' right to freedom of association, as evidenced by the fact that over 4,300 workers in the lifestyle, and aluminium sectors are union members. These workers' collective bargaining agreements are renewed every three years. According to the agreements, the management maintains accountability, openness, and transparency regarding any changes that may potentially impact or change the organisation's operations. The necessary minimum notice period in this regard is specified in the relevant agreements. The Group maintained cordial relationships with union officials over the year.

**Work-Life Balance**

The Group places a high importance on keeping a positive work-life balance and makes deliberate attempts to provide employees at all levels with the resources they require to fulfil their obligations while avoiding exposure to excessive levels of stress. Consequently, management across the Group is asked to help staff members manage their time well while upholding fairness in allocating job assignments and granting vacation time.

While the Group largely maintained on-site operations during the year, the necessary processes and frameworks are in place to enable employees to work remotely where necessary.

**Maternity Leave**

In accordance with the Shop and Office Employees Act, all female employees are entitled to 84 working days of paid maternity leave, plus a further 42 days for the third child. Furthermore, the necessary preparations have been completed for providing female staff members their hourly meal entitlement upon their return from maternity leave.

	Number of employees	
	2023/24	2022/23
Total number of female employees	2,600	4,207
Employees on parental leave	88	132
Employees who returned to work during the period after parental leave	88	142
Employees still in employment 12 months after returning from parental leave	45	115

**Retention and Turnover**

The Group faced considerable challenges with respect to employee retention, owing to the impacts of the economic crisis and the consequent large-scale migration of talent and skills. Vallibel One's sectors therefore relied on a range of initiatives to retain essential talent and experience and mitigate these impacts as far as possible.

**2,588**  
**STAFF TURNOVER**  
(3,370 IN 2022/23)

**37%**  
**FEMALE TURNOVER**  
(40% IN 2022/23)

**36%**  
**OUTSTATION STAFF TURNOVER**  
(46% IN 2022/23)

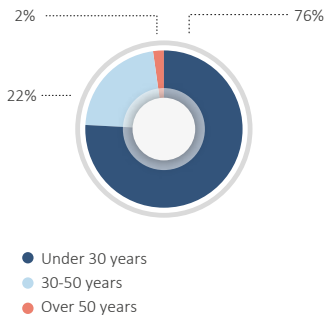
# Capital Reports

## Human Capital

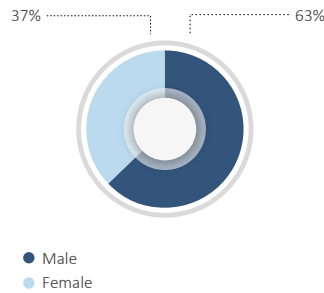
### Compliance

All businesses within the Group are committed to upholding compliance with all relevant labour laws, rules, regulations, and directives in Sri Lanka. Furthermore, several companies adhere to the labour management best practices that are advised by reputable certifying bodies and other establishments. The Group did not record any fines or other sanctions for improper labour management during the year.

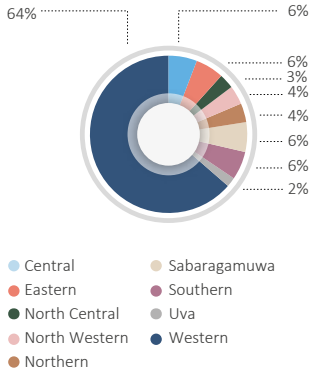
#### Employee turnover by Age



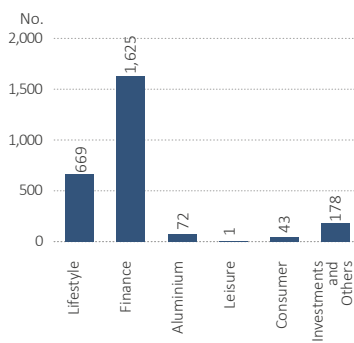
#### Employee turnover by Gender



#### Employee turnover by Region



#### Employee turnover by sector



### REMUNERATION AND BENEFITS

The remuneration packages offered by Vallibel One are designed to comply with both the labour laws and regulations that are specific to each of its business lines and the industry standards that are relevant to each organisation. The Group is committed to paying workers fairly and adequately in an equitable manner, making sure that compensation is always commensurate with the duties, qualifications, and experience of each individual worker.

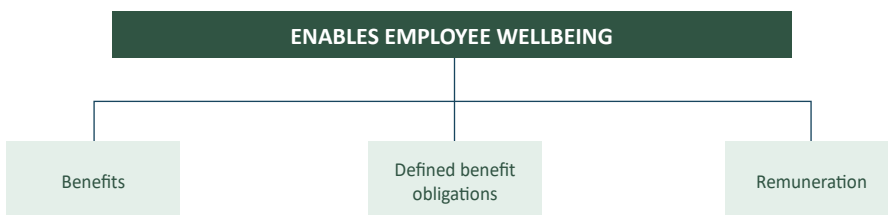
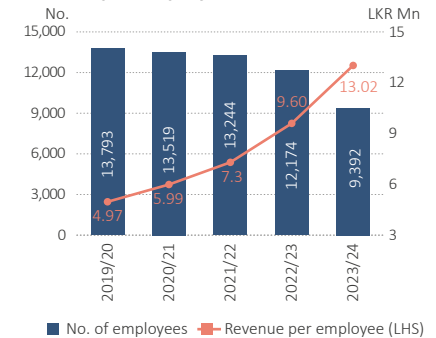
Employers within the Group use a structured evaluation system to decide on suitable pay increases, bonuses, and other benefits.

The Group's compensation and benefits for the year 2023/24 was recorded at Rs. 12,998 Mn, indicating a year-on-year growth of 15.6%.

### REMUNERATION AND BENEFITS – PERMANENT CADRE

KPI's	2023/24	2022/23	% Change
Salaries and related expenses (LKR Mn)	11,787	9,944	18.5
Employer's contribution to EPF and ETF (LKR Mn)	758	818	(8.1)
Gratuity (LKR Mn)	453	476	(5.1)
Average turnover rate (%)	32	28	4

#### Revenue per employee



**Employee Benefits**

Lifestyle	Finance	Aluminium
Medical insurance	Life and medical insurance	Workmen compensation
Reimbursement of fees for professional studies/memberships	Disability and invalidity coverage	Medical insurance
Facilities to buy consumer items at	Staff loans at concessionary interest	Reimbursement of fees for professional studies/ memberships
Special rates	Employee stock options	Fuel reimbursements
Staff loans at concessionary interest		
Investments and Other	Leisure	Consumer
Medical insurance	Medical insurance	Medical insurance
Transport facilities		Consumer goods at discounted prices
Medical and casual and vacation leave payments		

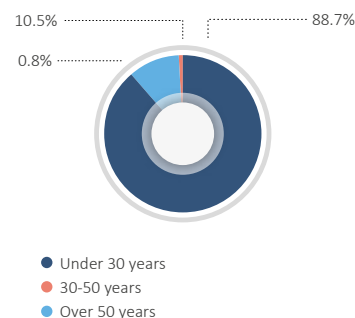
**Defined Benefit Obligations**

During the year, the Group fulfilled its defined benefit obligations, which included contributions to the Employee Trust Fund (ETF), Employee Provident Fund (EPF), and gratuity. Vallibel One recorded a gratuity provision of Rs. 455 million, while contributing Rs. 757 million to the EPF and ETF.

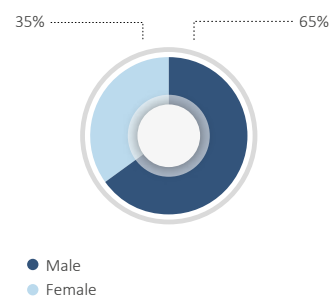
**Forced or Compulsory Labour**

The Vallibel One Group is a responsible employer and vehemently opposes worker exploitation in all its forms. No incidences of forced or compulsory labour were recorded across any level of operations or among Vallibel One's supplier base to the best of the Group's knowledge.

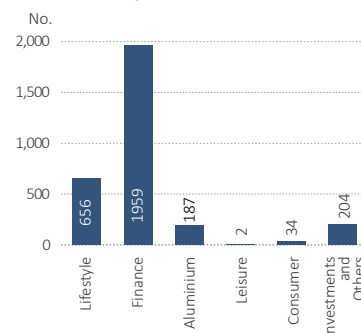
**Recruitment by Age**



**Recruitment by Gender**



**Recruitment by Sector**



**TALENT DEVELOPMENT**

The Group's member companies all identify talent development as a top strategic objective. The Group addresses this topic in a consistent manner across all industries, as described below:



**Recruiting the Right Talent**

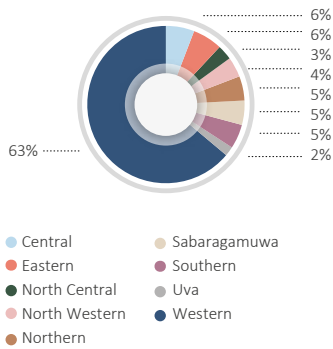
The Group makes sure that the business's recruitment practices and policies comply with all applicable labour laws and regulations in Sri Lanka. Every company enforces all applicable policies during the hiring process to guarantee that all employees are aged 18 and above. There were no documented instances of child labour in the Group as well as in relation to supplier operations throughout the reporting year.

The goal of Vallibel One's hiring policy is to foster a welcoming atmosphere that does not permit discrimination of any kind. The organisation has implemented a rigorous selection procedure and a well-organised recruitment process to guarantee that each recruit fits the requirements of the role and the work culture of the organisation. The Group hired 3,024 people during the reporting period, indicating a 34.96% increase against the previous year.

## Capital Reports

### Human Capital

#### Recruitment by Region



#### Employee Induction

Every new hire goes through a thorough onboarding process that functions as an orientation to the day-to-day activities of each organisation. Insights and valuable exposure are given to help new hires become acquainted with the work values and ethics of their organisation. The recruits are also briefed on the broader vision and guiding values of Vallibel One, as well as the policies, methods, and procedures that regulate the parent company.

#### Training and Development

Every business in Vallibel One's sphere of influence relies on training and development, and all initiatives in this respect are focused on building and broadening the Group's collective knowledge base to promote organisational growth and professional advancement.

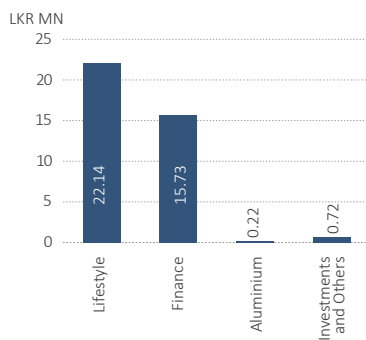
The Group offers a wide range of training programmes, including formal programmes conducted in-house or in partnership with third-parties, as well as on-the-job training. The Group also provides possibilities for cross-sector exposure, and staff are given the opportunity to train internationally as required.

Systematic and frequent performance reviews are used to identify training needs. The reviews are carefully tailored to fill in any training gaps and remain in accordance with the Group's and the relevant business unit's strategic direction

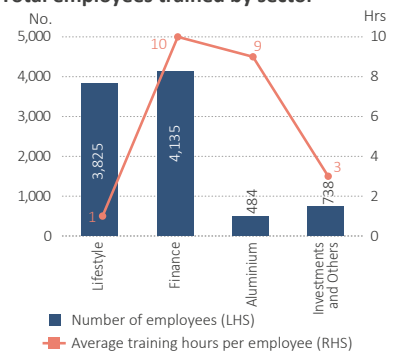
The Group primarily relied on hybrid training methodologies (on-site and virtual training) to deliver a range of programmes based on the following aspects comprising emerging trends and market dynamics, designed to prepare its workforce to face the future.



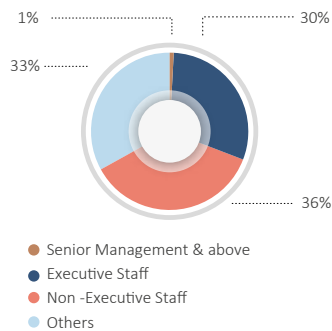
#### Investment in Training by sector



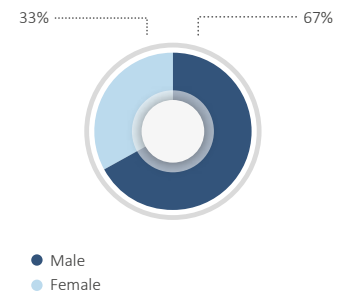
#### Total employees trained by sector



#### Training hours by employment category



#### Training hours by gender



The Vallibel One Group invested Rs. 38.81 Mn in training and development, to achieve a growth of 36% against the previous year's figure.



Staff sport activities by Vallibel One and LB Finance

**Professional Development**

To further strengthen each company's talent pool, the Group encourages its personnel to continuously pursue their education at prestigious colleges and universities in order to advance their professional, academic, and/or technological backgrounds. This is further supported by the Group's partial repayment of course fees and the required assistance provided to employees to enable them to acquire and maintain their membership in reputable professional groups or institutions. Throughout the year, the Group invested Rs. 10.1 million to this effect.

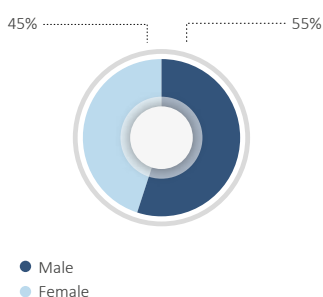
**Performance Management**

Every company in the Group has put in place a structured performance management system that evaluates and tracks worker performance either annually or bi-annually. The framework is based on a transparent system that tracks employee performance against predefined benchmarks that complement the company's objectives and the Group's overall strategy.

Every employee in the Group is subject to performance evaluations, the results of which form the basis of the Group's training schedules and specify the awards and recognition that will be given to each individual.

Any high achievers identified thus are given due recognition through promotions and receive the training they need to prepare for their new roles in the company. During the year, 1,234 employees received promotions.

**Promotions by gender**



**Succession Planning and Mentoring**

Numerous firms in the Group facilitate the professional development of its employees by means of succession planning and mentorship programmes. The Vallibel One Group supports these activities to the fullest extent possible.

Every organisation's Board of Directors is instrumental in identifying any leadership gaps and choosing candidates who possess the capacity to succeed in these roles, in addition to helping establish senior and middle management succession plans.

High achievers within the Group receive focused career planning assistance and mentoring from the management team. The Group utilises management trainee programmes to identify entry-level talent and provide participants with the necessary exposure and training to develop management-level skills.



Kaizen Award 2024- Swisstek Aluminium

**FUTURE STRATEGY AND OUTLOOK:**

In order to embody the objectives and principles of the Group and build a dynamic, adaptive workforce to face the challenges of the future, the Group will persist in:

- Integrating and coordinating industry standard HR practices, rules, and processes among the Group's business sectors.
- Ensuring that the right individuals are hired for the right position by attracting and employing those with the relevant talents for the position, and relying on internal hiring and cross-sector transfers to ensure the right mix of knowledge and experience is retained
- Maintaining a Group-wide culture of collaboration, while integrating an empowering and enabling work environment.
- Boost well-being and staff engagement.
- Make sure that workers gain opportunities for development and progress via structured succession planning and remuneration procedures.

# Capital Reports



## Intellectual Capital

Despite the group's relatively short history, vallibel one's sectors possess decades of experience and knowledge in their respective fields. The group and its industries rely on a strong foundation of intellectual capital, which includes its brand equity, distinctive processes, corporate reputation, and a variety of attributes and standards, all of which are crucial for generating value. The group holds the ability to differentiate itself in a highly competitive market due to its efficient management of intellectual capital.

### OPERATING LANDSCAPE

As in the past year, customers continued to seek cost-efficient solutions in favour of to address the decline in discretionary income. The scarcity of resources continued to impact the ability of businesses to source high quality materials at an affordable price, while energy prices continued to remain at an all-time high, thereby impacting bottom-line performance

**Strategic Response**

The Group's business units capitalised on the power of their brand reputation to drive customer loyalty. Customer retention was further reinforced by the prudent management of cost structures via the integration of robust processes, policies, and frameworks.

Financial Resilience

Sustainable Operations

Operational Excellence

Good Governance

Nurturing Partnerships

Activities	Value Added	Impact
Maintaining Quality and Trust	<ul style="list-style-type: none"> <li>Stakeholder confidence and trust</li> <li>Improved loyalty and demand</li> <li>Effective risk management</li> <li>Prudent, farsighted strategies</li> </ul>	<ul style="list-style-type: none"> <li>Conserving Essential Resources</li> <li>Enabling Community Well-being</li> <li>Safeguarding the Planet</li> <li>Reducing Carbon Footprint</li> <li>Integrating Responsible Values</li> </ul>
Brand Building	<ul style="list-style-type: none"> <li>Market differentiation</li> <li>Stakeholder loyalty and trust</li> </ul>	
Technology and Knowledge Development	<ul style="list-style-type: none"> <li>Streamlined, cost-efficient processes</li> <li>Improved productivity</li> <li>Quality and innovation</li> </ul>	

- Many organisations continued the process to align all activities with the Data Protection Act No. 9 of 2022
- The Group's subsidiaries received a combined 50+ awards and accolades in recognition of excellence, innovation, quality and sustainability across a range of industries.
- Rs. 149 Mn was invested in research and development to achieve differentiation and improve the overall value proposition.
- Companies across the Group continued to invest in integrating digitalisation, machine learning, robotic process automation, and artificial intelligence to improve productivity and seamless operations

**HIGHLIGHTS FOR THE YEAR:**

**LKR 149 Mn**  
**R&D INVESTMENT**  
 (LKR 134 MN IN 2022/23)

**LKR 281 Mn**  
**SOFTWARE INVESTMENT**  
 (LKR 134 Mn IN 2022/23)

**LKR 526 Mn**  
**COST SAVINGS ACHIEVED**  
 (LKR 656 MN IN 2022/23)

**LKR 31 Mn**  
**NPD INVESTMENT**  
 (LKR 10 MN IN 2022/23)

**CORPORATE REPUTATION**

Throughout the 14 years since its establishment Vallibel One has upheld its reputation for business excellence and has long provided its stakeholders with unwavering value in a fiercely competitive environment. The Group has successfully guaranteed stability and delivered a balanced performance through tumultuous times, reinforced by its diverse interests in vital economic thrust sectors.

As a responsible organisation, Vallibel One incorporates sustainability, responsibility, and integrity across all facets of its operations and upholds an established system of values that guide each of its business divisions. The Group ensures it abides by all laws and rules that are pertinent to its business practices.

The diverse array of awards and accolades garnered at the Group and Organisational levels illustrate Vallibel One's reputation for excellence, quality, and trust across the board.

The Group's sectors adhere to the following environmental standards and certifications:

Corporate Reporting and Transparency	
TAGS Awards- Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) 58th Annual Report Awards 2023	
Royal Ceramics Lanka PLC	<ul style="list-style-type: none"> <li>Manufacturing Sector- Group Turnover above LKR10 billion- Gold Award</li> </ul>
LB Finance PLC	<ul style="list-style-type: none"> <li>Non Bank Financial Institutions sector-Total Group Assets above LKR 20Bn- Gold Award</li> <li>Integrated Reporting- Bronze Award</li> <li>Digitally Transformative Reporting- Bronze Award</li> </ul>
South Asian Federation of Accountants (SAFA) Best Presented Annual Report Awards held in India-2023	
	<ul style="list-style-type: none"> <li>SAARC Anniversary Award for Corporate Governance-Merit Award</li> <li>Corporate Governance Disclosure (Category: Financial Services)2022</li> </ul>
CMA Sri Lanka-Excellence in Integrated Reporting Awards 2023	
Royal Ceramics Lanka PLC	Next 10 Best Integrated Reports
LB Finance PLC	<ul style="list-style-type: none"> <li>Overall First Runner Up</li> <li>10 Best Integrated Reports Award</li> <li>Special Award for Best Disclosure on Capitals</li> <li>Best Integrated Report Winner- Finance and Leasing Sector</li> </ul>
Overall Corporate Excellence	
Business Today- Top 40 Corporate Performers-2022-2023	
Vallibel One PLC	<ul style="list-style-type: none"> <li>Adjudged 9th among Top 40 Corporates</li> </ul>
LB Finance PLC	<ul style="list-style-type: none"> <li>Adjudged 16th among Top 40 Corporates</li> </ul>
Royal Ceramics Lanka PLC	<ul style="list-style-type: none"> <li>Adjudged 21st among Top 40 Corporates</li> </ul>
Lanka Walltiles PLC	<ul style="list-style-type: none"> <li>Adjudged 30th among Top 40 Corporates</li> </ul>
The Best Management Practices Company Awards 2024 by the Institute of Chartered Professional Managers of Sri Lanka	
Swisstek Aluminium Limited	<ul style="list-style-type: none"> <li>Best Management Practices Company- Merit award</li> </ul>
Unidil Packaging Limited	<ul style="list-style-type: none"> <li>Best Management Practices Company- Merit award</li> </ul>
Leadership Excellence at "Companies with Great Managers 2023" Awards the Colombo Leadership Academy	
Swisstek Aluminium Limited	Five of Swisstek Aluminium's managers were honoured
LMD's Most Respected Entities in Sri Lanka 2023	
Lanka Tiles PLC	LANKATILES' ranked number 1 in the Manufacturing Industry in LMD's Most Respected Entities- 37th position in the overall ranking
LB Finance PLC	Ranked number 1 in the Finance and Leasing Sector- 28 th position in the overall ranking
Excellence in Human Resource Practices	
Great Place To Work Certification	
Swisstek Aluminium Ltd	<ul style="list-style-type: none"> <li>GPTW-Certified for 2024</li> </ul>

# Capital Reports

## Intellectual Capital

Excellence in Manufacturing Processes and Service Standards, Productivity and Quality	
Ceylon National Chamber of Industries (CNCI) Achiever Awards 2023	
Royal Ceramics Lanka PLC-Eheliyagoda Factory	<ul style="list-style-type: none"> <li>• Manufacturing (National Level) Silver Award</li> <li>• Top 10 Award</li> <li>• Manufacturing (Provincial)- Gold Award</li> </ul>
Royal Ceramics Lanka PLC-Horana Factory	<ul style="list-style-type: none"> <li>• Manufacturing Sector (National Level- Extra Large category) – Silver Award</li> </ul>
Rocell Bathware Limited	<ul style="list-style-type: none"> <li>• Manufacturing Sector (National-Extra Large)- Merit Award</li> </ul>
National Industry Excellence Awards-2023 by The Industrial Development Board	
Royal Ceramics Lanka PLC- Eheliyagoda Factory	<ul style="list-style-type: none"> <li>• Gold Winner- Industry Excellence in Medium &amp; Large Category in Granite, Tile, Pottery, Ceramics and Building Related Industries</li> </ul>
Sri Lanka National Quality Awards (SLNQA)	
Royal Ceramics Lanka PLC-Eheliyagoda Factory	<ul style="list-style-type: none"> <li>• Merit Award</li> </ul>
Royal Ceramics Lanka PLC-Horana Factory	<ul style="list-style-type: none"> <li>• Manufacturing Sector (National Level- Large category) Merit award</li> </ul>
Excellence in Marketing, Promotional and Digital initiatives	
International Conference on Sustainable & Digital Business 2023 (ICSDB)	
LB Finance PLC	<ul style="list-style-type: none"> <li>• Silver Award Winner for The digitally driven financial services platform developed by the ISO 27001 certified LB Center for Innovation and Technology</li> </ul>
BestWeb.lk Awards 2023	
L B Finance PLC	<ul style="list-style-type: none"> <li>• Merit Award Winner in the Corporate Website Category</li> </ul>
Architect 2024 Trade Exhibition	
Lanka Tiles PLC	<ul style="list-style-type: none"> <li>• Most Innovative and Informative Trade Stall</li> </ul>
Construction Exhibition Awards 2023	
Swisstek Aluminium Limited	<ul style="list-style-type: none"> <li>• Overall Most Attractive Best Stall</li> </ul>
Excellence in Project Management	
National Project Management Excellence Award 2023	
Swisstek Aluminium Limited	<ul style="list-style-type: none"> <li>• Best Managed Project with Green Outcome- Runners Up</li> </ul>
Vallibel One PLC	<ul style="list-style-type: none"> <li>• "Ithuru Mithuru- A Collaborative Spend Management"- Gold Award</li> </ul>
Environmental Initiatives and Sustainability	
Green Building Council of Sri Lanka 2023-2026	
Rocell Bathware Limited	<ul style="list-style-type: none"> <li>• Green Labelled Product</li> </ul>
CIOB- Annual Green Awards 2023 by Ceylon Institute of Builders	
Swisstek Aluminium Limited	<ul style="list-style-type: none"> <li>• Gold Award</li> </ul>

### QUALITY CONTROL AND STANDARDS

A key component of achieving resource efficiency is operational excellence, which in turn improves the customer value proposition via an overarching commitment to quality, safety, security, and sustainability. The business units of the Group consistently seek out and affirm their commitment to new and existing certifications that are both globally and locally acclaimed. In this regard, LKR 11.5 Mn was invested during the year.



The Best Management Practices Company Awards 2024 - Unidil Packaging Ltd

Sector/Cluster	SLS	ISO	Other
Lifestyle	✓	✓	Green Label, CE Marking, Water mark, OHSAS
Aluminium	✓	✓	GreenSL, QUALICOAT
Leisure		✓	Ethical Tea Plantation, Rainforest Alliance, Forest Stewardship Council
Packaging			Wellness and Spa Europe, GMP Certificate
Finance	✓		HACCP, 5S Programme, Quality Circle


**BRAND BUILDING**

Sri Lankans across the island adore Vallibel One's dependable brands, which are known for their excellence and include a broad yet well-balanced range. Over the years, through export development activities, the reputation of the Group's business units and brands have extended beyond the island's shores, and resultantly continue to gain strides in market penetration.

**LKR 1,088 Mn**  
**INVESTED IN BRAND BUILDING**  
 (LKR 1,064 MN IN 2022/23)

In order to preserve strong brand equity across each business unit and provide a strong portfolio that is respected by the general public and sought after by individuals hailing from all walks of life, the Group continuously pursues excellence, service quality, and innovation.

A variety of focused above-the-line and below-the-line communications are used to achieve branding goals and campaigns, which are the driving force behind the Group's investment in brand building. In addition to increasing top-of-mind recall among important consumer groups, these serve to uphold and promote brand values. The Group made an investment of Rs. 1,088 Mn on brand building activities during the reviewed year.




**LB FINANCE**

**25<sup>TH</sup>**  
**Ranked**

**LKR 3,597 Mn**  
**brand value**

**A+**  
**brand rating**




**LANKATILES**

**39<sup>TH</sup>**  
**Ranked**

**LKR 2,061 Mn**  
**brand value**

**AAA-**  
**brand rating**





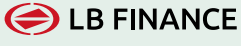






**ROCELL**  
 Eternal elegance

**62<sup>ND</sup>**  
**Ranked**

**LKR 822 Mn**  
**brand value**

**AA-**  
**brand rating**

 <b>Vallibel One</b> Valuing diversity	 <b>Lanka Tiles</b> A local identity	 <b>Delmege</b> A legacy for quality	 <b>Rocell Bathware</b> Bathware masterpieces	 <b>LB Finance</b> A strong financial tradition
 <b>Rocell</b> Premium brand in the lifestyle sector	 <b>Swisstek Aluminium</b> Pioneer in the industry	 <b>Uni-Dil</b> The leader in corrugated cartons	 <b>The Fortress Resort and Spa</b> A luxury beach escape	

# Capital Reports

## Intellectual Capital

### Technology and Process Innovation

The Group's entire gamut of systems and procedures are updated and aligned with the newest technological advancements through continuous improvement, which supports each business vertical in maintaining resilience and business continuity in the face of disruption.

The Group continued to explore initiatives linked to digitalization, automation, machine learning, and artificial intelligence to improve speed, productivity, quality, and responsible resource usage, which resulted in curbing the pressures of the economic crisis and its impact across operations. Moreover, the year-long benefits of implementing SAP solutions across many business divisions continued to be in effect

### Research and Development

The year saw significant pressures placed on new product development owing to the lower degrees of consumer expenditure and discretionary income. However, certain



clusters and sectors such as Lifestyle and Packaging engaged in the development of new products in order to capitalise on emerging and more lucrative markets in order to maintain business resilience and achieve consistent results amid a constrained growth environment.

In order to create value and adapt to the shifting needs and dynamics of its customers, many of the Group's sectors including the Consumer arm prioritised streamlining and updating its current product lines. Within each organisation or cluster, specialised research and development units support the aforementioned tasks. Throughout the year, the Group expended LKR 149 million on research and development

### Cybersecurity and Data Privacy

Cybersecurity remained a top priority throughout the year in review, as digitalization continues to drive the operations of several businesses and industries worldwide. In order to protect sensitive data, the several business divisions that make up Vallibel One Group continued to enhance and fortify their data privacy and security protocols.

**LKR 149 Mn**

**R&D INVESTMENT**

(LKR 134 Mm IN 2022/23)

**LKR 31 Mn**

**NPD INVESTMENT**

(LKR 10 Mm IN 2022/23)

**LKR 281 Mn**

**SOFTWARE DEVELOPMENT**

(LKR 104 MN IN 2022/23)

**Zero**

**DATA BREACHES**

(Zero IN 2022/23)

### Institutional Knowledge and Expertise

The Group's prosperity and growth are largely propelled by its unparalleled collective institutional expertise.

The organisation's course is guided by the experience and vision of the Group's Board and Senior Management, who also provide the necessary direction and vision to achieve corporate excellence. The management teams of the Group possess the requisite competencies, know-how, and proficiency to carry out and accomplish their designated strategies.

A proactive platform that fosters cooperation amongst the business units of the Group is still in place, encouraging a culture of shared learning, creativity, and insights that facilitate ongoing strategy, system, and process improvement. The platform is intended to assist company executives in making wise management choices that complement the Group's overarching growth strategy and core values.

Every management team receives training, which is complemented with invaluable exposure to opportunities for learning both within the Group and internationally.

Structured succession planning frameworks and mentoring programmes are in place to encourage and facilitate the advancement of company leaders and high achievers towards the attainment of excellence in their respective domains.

## CORPORATE MEMBERSHIPS AND ASSOCIATIONS

 <p>Lifestyle</p>	<ul style="list-style-type: none"> <li>• Sri Lanka Customs</li> <li>• Ceylon Chamber of Commerce</li> <li>• Ministry of Industries</li> <li>• Geological Survey and Mines Bureau</li> <li>• Department of Commerce</li> <li>• National Wood Floors Association</li> <li>• Institute of Supply and Materials Management –Sri Lanka (ISSM)</li> <li>• The National Chamber of Commerce.</li> <li>• Sri Lanka Italy Business Council.</li> <li>• Ceylon Chamber of Industries</li> <li>• Sri Lanka- Nordic Business Council</li> <li>• Exporters Association of Sri Lanka</li> <li>• Sri Lanka Ceramics and Glass Council</li> </ul>
 <p>Finance</p>	<ul style="list-style-type: none"> <li>• The Finance Houses Association of Sri Lanka</li> <li>• Leasing Association of Sri Lanka</li> <li>• The Ombudsman Sri Lanka (Guarantee) Limited</li> <li>• Mercantile Cricket Association Mercantile Football Association</li> </ul>
 <p>Aluminium</p>	<ul style="list-style-type: none"> <li>• Aluminium Stewardship Initiative (ASI)</li> </ul>
 <p>Leisure</p>	<ul style="list-style-type: none"> <li>• Tourist Hotel Association of Sri Lanka (THASL)</li> <li>• Hoteliers of South (HOST)</li> <li>• Ceylon Chamber of Commerce</li> </ul>
 <p>Investments and Others</p>	<ul style="list-style-type: none"> <li>• Lanka corrugated Cartons Manufacturers Association</li> <li>• Geological Survey and Mines Bureau</li> <li>• The Ceylon Chamber of Commerce</li> <li>• Sri Lanka Association for the Advancement of Quality and Productivity (SLAAQP)</li> </ul>

### FUTURE STRATEGY AND OUTLOOK:

The Group will prioritise building its intellectual capital base as follows::

- Engaging in good governance and ethical practices to uphold stakeholder loyalty and trust.
- Relying on an optimised mix of communication channels and targeted campaigns to nurture brand equity and retain or build market share
- Leveraging on digital channels and social media platforms to build brand awareness and loyalty
- Pursuing the expansion of the Group’s knowledge base via structured training programmes and partnerships with recognised institutions
- Continuing to integrate quality standards, certifications and initiatives for process optimisation
- Investing in expansion and venturing into new markets through the development of new products

# Capital Reports



## Social and Relationship Capital

Vallibel one depends on nurturing longstanding partnerships to drive its success. The group's social and relationship capital base is substantial and varied due to the magnitude and diversity of its operations. As such, the group continuously maps, tracks, and interacts with its customers, partners, and the communities in which it operates, as an essential element of vallibel one's overall strategy.

### OPERATING LANDSCAPE

Consumer spending remained low, owing to high levels of inflation and a decline in discretionary income. The general public displayed an affinity for high quality, convenient products and solutions at a low cost. The supply chain continued to face restrictions and challenges owing to global geopolitical tensions, import restrictions, and the high price of certain goods and materials. The high cost of living negatively impacted vulnerable communities during the year.

#### Strategic Response

Optimising products and services to create an improved value proposition to consumers, while ensuring greater accessibility and reach. The Group continued to engage with and diversify its supplier base to minimise disruptions, improve costs and support supplier growth. Communities were supported through donations, partnerships and capacity building efforts.



Financial Resilience



Nurturing Partnerships



Operational Excellence



Good Governance

Activities	Value Added	Impact
Customer Relationship Management	<ul style="list-style-type: none"> <li>Innovation and product development</li> <li>Increased accessibility and reach</li> <li>Improved top-line performance</li> </ul>	<ul style="list-style-type: none"> <li>Quality Products and Services</li> <li>Uninterrupted Supply of Goods</li> <li>Increased Stakeholder Loyalty</li> <li>Improved Business Performance</li> <li>Societal Growth and Progress</li> </ul>
Supporting Suppliers and Business Partners	<ul style="list-style-type: none"> <li>Mutually beneficial relationships</li> <li>Responsible supply chain management</li> <li>Quality sourcing</li> </ul>	
Safeguarding Community Well-being	<ul style="list-style-type: none"> <li>Community recruitment</li> <li>Community engagement</li> <li>Philanthropy</li> </ul>	

- The Group's sectors combined physical expansion (export market development, branch network expansion) with digital marketing to improve market reach and penetration. 172 new products were introduced in 2023/24 to maximise customer value.
- The Group engaged with product influencers by driving knowledge development, while providing suppliers with opportunities for growth. 89% of the Group's supplier base were locally based.
- Supporting the community through donations and knowledge sharing initiatives.

#### HIGHLIGHTS FOR THE YEAR:

**262**

**OUTLETS**  
(148 IN 2022/23)

**LKR 149 Mn**

**R&D INVESTMENT**  
(LKR 134 MN IN 2022/23)

**59%**

**PAYMENTS TO SMES**  
(42% IN 2022/23)

**LKR 119 Bn**

**TOTAL SUPPLIER PAYMENTS**  
(LKR 89 BN IN 2022/23)

**LKR 58 Mn**

**TOTAL COMMUNITY INVESTMENTS**  
(LKR 69 MN IN 2022/23)

**80 %**

**LOCAL SUPPLIER PAYMENTS**  
(71% IN 2022/23)

**PRODUCT INNOVATION**

Offering a wide range of products covering six thrust industries, Vallibel One provides its diverse customer base with an extensive range of unmatched products and solutions. The Group invests in research and development in order to improve the value propositions of its products and meet the needs and expectations of our consumers. During the year under review, the Group invested LKR 31 Mn in product development.

**LKR 31 Mn**

**INVESTED IN PRODUCT DEVELOPMENT**

(LKR 150 Mn in 2022/23)

**172**

**NEW PRODUCTS**

(89 in 2022/23)



**Product Accessibility**

In order to enhance customer satisfaction and broaden its market reach, the Group places great emphasis on preserving product accessibility. In order to do this, Vallibel One is supported by a strong distribution network that spans the entire island and consists of branches and showrooms.

The Group's lifestyle segment has a wide distribution network that is strengthened by the synergies between the showrooms and outlets that fall under the respective purviews of Lanka Tiles and Rocell. The Consumer and Aluminium sectors rely on enduring partnerships with its distributors across the island, whilst the Finance sector depends on a robust network of fully operational branches and gold lending centres. Additionally, the Finance sector has an established presence in Myanmar, strengthened by a network of 16 branches.

Throughout the year, the Group successfully opened 8 new LB Finance branches to expand its influence and improve accessibility and convenience to its customers.



Launching savings products- LB Microfinance Myanmar

**Lifestyle Sector**

**LKR 262 Mn**

**SHOWROOMS & OUTLETS**

(148 IN 2022/23)

**Online Platforms**

**Lanka Tiles:**

Amazon retail for USA, Mobile app, www.lankatile.com

**Rocell:**

Virtual tour design hub, www.rocell.com, Facebook

**Finance Sector**

**200**

**BRANCHES**

(192 IN 2022/23)

**Online Platforms**

www.lbfinance.com Cash-in-Mobile app

**Aluminium Sector**

**177**

**DEALERS & DISTRIBUTORS**

(178 IN 2022/23)

**Online Platforms**

Online shopping portal daraz.lk  
6 e-commerce channels

**Consumer Sector**

**60,630**

**DEALERS AND DISTRIBUTORS**

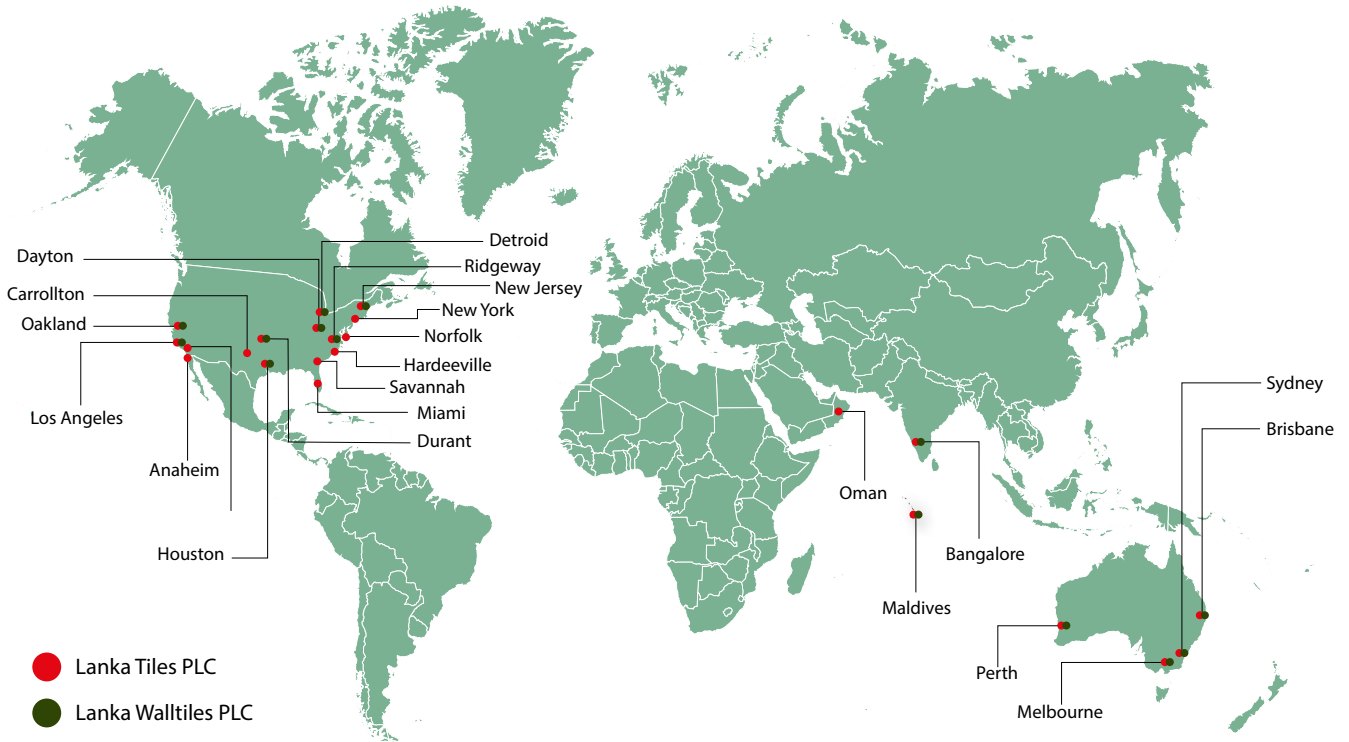
(60,218 IN 2022/23)

# Capital Reports

## Social and Relationship Capital

### Building the Export Market

During the year, the Group expanded its exports, particularly in the Packaging cluster and the Lifestyle sector. The former largely built a presence in the African market, while Swisstek Ceylon, which falls within the purview of the Lifestyle sector, pursued growth opportunities in India and the Maldives.



Refer Sector Reviews from pages 62-73 for details Refer Intellectual Capital from pages 94-97 for details

### Product and Service Responsibility

Service quality continues to be at the core of the Group's value proposition, owing to its status as an entity founded on the idea of client-centricity. Every company in the Group strives to deliver best-in-class service by constantly enhancing every facet of the client experience.

At every stage of its operations, the Group is resolutely dedicated to maintaining the highest standards and quality, and it makes every effort to comply with the relevant guidelines set forth by reputable local and international certifying bodies. The Group abides by all applicable laws, rules, and regulations, especially those pertaining to products and customers.

All goods and services are also evaluated to ascertain their impact on health and safety.

### Marketing, Branding, and Communication

Branding, marketing communications, and promotions play a major role in Group-wide initiatives to build and enhance each brand's value within its respective target segments.

The Group uses an effective combination of print and electronic media for above-the-line advertising. When necessary, it also engages in direct marketing campaigns, such as door-to-door sales and roadshows, which target consumers and traders. Many sectors promote their brand-building initiatives through a range of online and social media channels, as well as through brochures and booklets that provide product information. During the year under review, the Group expended LKR 1,088 Mn on marketing, branding, and promotional activities.

**LKR 1,088 Mn**  
**INVESTED IN MARKETING AND COMMUNICATIONS**  
 (LKR 1,064 MN IN 2022/23)

**Engaging with Product Influencers**

The Aluminium Sector prioritised engagement and knowledge building initiatives with its key product influencers, comprising fabricators, architects, and engineers.

**13**

**FABRICATOR PROGRAMMES**

1,350 PARTICIPANTS

**04**

**ARCHITECT PROGRAMMES**

91 PARTICIPANTS

**06**

**ENGINEER PROGRAMMES**

**Supporting Suppliers And Business Partners**

Throughout its spectrum of industries, Vallibel One has built a strong network of principals, business partners, and suppliers that includes both large corporations and small and medium-sized enterprises (SMEs). Many of the Group's companies have exclusive agency rights as well as marketing and distribution rights for several well-known brands in Sri Lanka owing to the trust and commitment maintained in their business relationships.

The Group's business model is largely reliant on the assets, capital, technological know-how, creativity, and unparalleled insights that function as the essential instruments for accomplishing its operational goals. Vallibel One is a firm believer in actively promoting capacity growth and collaboration in all corporate domains to create mutually beneficial, long-term partnerships.

No significant organisational changes were seen throughout the reporting period in any of the business verticals or their supplier chains.

The Group maintains an extensive network of leading suppliers and alternative

**Trade Fair Participation**

The Leisure Sector focused on participating in Trade Fairs, while engaging with 58 key tour operators across 10 countries.

vendors to insulate against supply chain disruptions. To guarantee that the best possible outcomes are maintained at every phase of the supply chain, the Group moreover actively seeks out and nurtures partnerships with leading industry specialists and experts. Solid partnerships with suppliers and business partners that share the Group's core principles have enabled Vallibel One to deliver best-in-class products and services while adhering to ethical business practices. Furthermore, the Group firms collaborate with esteemed organisations to enhance their innovative potential by leveraging on proprietary knowledge and by encouraging a spirit of collaboration.

**Supplier Screening and Compliance**

The Group's organisations perform necessary due diligence on any supplier's or business partner's credentials prior to onboarding in order to make sure that they meet the needs of the Group and evaluate how well they adhere to high quality and standards for which the Group is renowned. Vallibel One uses social and environmental criteria to screen all its vendors.

By encouraging and facilitating the sharing of knowledge and experiences, monitoring suppliers' adherence to contractual

**Alupenters.lk**

Swisstek Aluminium holds the reputation of launching and maintaining the first and only website in Sri Lanka devoted to matching aluminium fabricators with clients in need of their services. The term 'alupenter' was developed by Swisstek Aluminium to refer to such aluminium fabricators, and the alupenters.lk website links more than 1,200 fabricators with a wide clientele base in need of their experience in fabricating aluminium doors, windows, partitions, shop fronts, louvres, bathrooms, roofs, tile skirting, ladders, racks, closets, and pantry cupboards. Additionally, the website has pages on Facebook and Instagram. Regardless of their product or brand preference, any alupenter can be listed on the website, thereby serving the altruistic objective of developing the industry.



obligations, and enforcing responsible behaviour in terms of managing the Group's combined impact on people and the environment as well as ensuring compliance with all applicable laws, rules, and regulations, Vallibel One maintains close working relationships with all of its suppliers through procurement committees.

Opportunities for suppliers to enhance their capacity and drive growth are provided through training programmes and commercial opportunities respectively. Moreover, regular site inspections, recurring assessments, and evaluations are carried out throughout the supply chain.

# Capital Reports

## Social and Relationship Capital

### SUPPLIER ENGAGEMENT

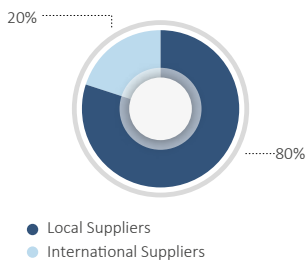
<p><b>ENGAGEMENT MECHANISMS:</b></p> <ul style="list-style-type: none"> <li>Regular site visits</li> <li>Periodic reviews and assessments</li> <li>Training opportunities</li> <li>Capacity building exercises</li> <li>Providing business opportunities</li> </ul>	<p><b>SUPPLIER RESPONSIBILITIES:</b></p> <ul style="list-style-type: none"> <li>Sharing knowledge and experiences</li> <li>Monitoring contract fulfilment</li> <li>Advocating environmental and social responsibility</li> <li>Compliance with legislation Providing business opportunities</li> </ul>
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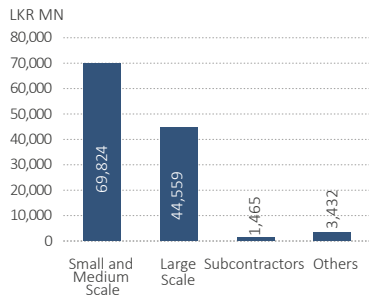
### Local Suppliers

The Group customarily places a high priority on forming partnerships with regional suppliers, provided that the suppliers in question meet the stringent procurement standards that are in place with respect to the relevant business areas. In an effort to mitigate the effects of import restrictions and material sourcing difficulties, the group started expanding its local supplier base during the COVID-19 pandemic, and this approach has since continued to reduce disruption and enable national development and economic growth. The Group's total number of suppliers stood at 7,630 during the year, with a total of LKR 119,280 Mn in supplier payments issued. 80% of Vallibel One's entire supplier payments made to of local suppliers, and small- and medium-sized business supplier base accounting for 89% of the overall supplier base.

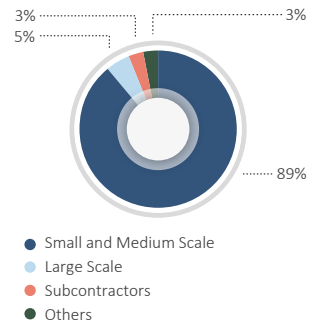
### Geographical breakdown of supplier payments



### Supplier Payments by type



### Supplier Profile



### EFFLUENT TREATMENT

<p><b>LIFESTYLE SECTOR</b></p> <p><b>1</b></p> <p>Effluent Treatment Plants at Rocell and Lanka Tiles Factories</p>	<p><b>Effluent Treatment Plants</b></p> <p><b>1</b></p> <p>On-Site Sludge Yards</p>
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### SAFEGUARDING COMMUNITY WELL-BEING

The manufacturing and leisure sectors of the Group continue to maintain ties with the surrounding local communities given that they understand the significance of community involvement towards maintaining public trust and goodwill. The organisations that make up these segments, i.e., the leisure, lifestyle, aluminium, and packaging arms conduct regular and consistent dialogue with local leaders with respect to their business practices and any modifications to the same. Several of the Group entities support community-based events that are religious, cultural, or recreational in nature.

Through its socio-cultural and environmental activities, the Group further empowers local communities to make a positive impact on both the environment and human well-being.

The Group invested a total of LKR 58 Mn on philanthropic activities and community service during the year.

**LKR 58 Mn**

**CSR INVESTMENT**

(LKR 124 Mn IN 2022/23)

**1,000,000+**

**BENEFICIARIES**

(170,000+ IN 2022/23)

**110+**

**NUMBER OF PROJECTS**

(180+ IN 2022/23)



Rocell - Reconstruction of adjoining Road by the company

**Community Recruitment**

In terms of the Group's recruitment activities, the local community is given precedence. The youth market is the primary target of the organization's talent sourcing and recruitment strategy, which has yielded favourable outcomes overall and assisted the Group in establishing strong ties with the local communities in which company activities are conducted.

Community recruitment is most common in the Group's Consumer and Finance sectors products, particularly with respect to the marketing and sales divisions. The Group's associate firm in the leisure sector continues to hire young, fresh talent from surrounding regions in order to produce unmatched knowledge and vitality within the industry

**Socioeconomic Compliance**

The Group did not record any fines or other non-monetary sanctions for breaching laws, rules, or regulations in relation to socioeconomic factors.

**FUTURE STRATEGY AND OUTLOOK:**

By maintaining continual communication with its customers, suppliers, trading partners, and the local community, the Group will work to preserve and expand its social and relationship capital:

- Bolster, broaden, and integrate the Group's distribution channels to provide a comprehensive, ideal customer base.
- Ensure that all goods and services are maintained at the highest possible standard while adhering to all rules surrounding product responsibility.
- Enhance the supply chain's quality to ensure business continuity and increase opportunities for group expansion.
- Grant local businesses opportunities for business growth.
- Collaborate with surrounding communities to enhance their welfare, development, and overall well-being.
- Prioritise recruitment from surrounding communities.

Within the group's CSR strategy, we advocate our community engagement initiatives by focusing on several key areas

Key Focus Area	CSR Initiatives
Educational Support	<ul style="list-style-type: none"> <li>• Rocell Ran Daru appreciation awards: Recognizing children of Rocell employees for academic excellence.</li> <li>• Various initiatives aimed at knowledge sharing and educational support (LB Finance)</li> </ul>
Health and Well-being	<ul style="list-style-type: none"> <li>• Blood donation campaigns (Rocell Meegoda Warehouse, LB Finance)</li> <li>• Eye screening campaign (Rocell Central Warehouse Nawala)</li> <li>• Breast cancer awareness session (Rocell Head Office)</li> <li>• Health camps and workshops (LB Finance)</li> <li>• Little Hearts Project: Supporting children with congenital heart disease (LB Finance)</li> </ul>
Infrastructure Development	<ul style="list-style-type: none"> <li>• Reconstruction of the adjoining road of (Rocell Eheliyagoda Factory)</li> </ul>
Community Engagement	<ul style="list-style-type: none"> <li>• "Chaturmana": Inter-University Talent Competition (LB Finance)</li> <li>• Video series and social media campaigns for business development awareness (LB Finance)</li> </ul>
Women Empowerment	<ul style="list-style-type: none"> <li>• Developing start-up businesses and budding entrepreneurs in Sri Lanka and Myanmar (LB Finance)</li> <li>• Video series, awareness sessions, financial literacy, and entrepreneurial capacity building for women entrepreneurs (LB Finance)</li> </ul>
Support for Medical Facilities	<ul style="list-style-type: none"> <li>• Donating a firewall to Lady Ridgeway Hospital for secure sharing of patients' medical details (LB Finance)</li> </ul>
Environmental Sustainability	<ul style="list-style-type: none"> <li>• Tree planting (LB Finance)</li> </ul>
General Donations	<ul style="list-style-type: none"> <li>• Donating Firewall to Lady Ridgeway Hospital to support of the hospital's Initiative to securely share its patients' medical details with other hospitals(LB Finance)</li> <li>• Monetary and tiles donations- (Lanka Tiles PLC, Lanka Walltiles PLC)</li> </ul>

# Capital Reports



## Natural Capital

The group's use, protection, and conservation of both renewable and non-renewable resources encompass the scope of its natural capital. Owing to the extent of its activities as a conglomerate with a widespread and diversified presence, the vallibel one group exerts a substantial environmental impact. Resultantly, organisations across the group integrate processes to responsibly manage its natural capital under the onus of sustaining business operations and conserving the planet for future generations.

### OPERATING LANDSCAPE

The high cost of energy, paper, and raw materials persisted during the year, leading to an unprecedented increase in the cost of providing goods and services. Climate change remained a key concern across the globe, contributing towards increased risk of natural disasters and extreme events that may potentially disrupt business activities

#### Strategic Response

Increasing the Group's reliance on renewable energy sources, while integrating digitalisation and process improvements to improve resource efficiency. Furthermore, the Group engages in responsible waste disposal and impact management to mitigate potential negative effects on its surroundings.

Financial Resilience	Sustainable Operations	Operational Excellence	Good Governance
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Activities	Value Added	Impact
Responsible Resource Consumption	<ul style="list-style-type: none"> <li>Reduced costs</li> <li>Resource efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Conserving Essential Resources</li> </ul>
Impact Management	<ul style="list-style-type: none"> <li>Mitigating negative impacts</li> <li>Safeguarding communities</li> </ul>	<ul style="list-style-type: none"> <li>Enabling Community Well-being</li> </ul>
Compliance and Standards	<ul style="list-style-type: none"> <li>Mitigating negative impacts</li> <li>Stewardship and good governance</li> </ul>	<ul style="list-style-type: none"> <li>Safeguarding the Planet</li> <li>Reducing Carbon Footprint</li> <li>Integrating Responsible Values</li> </ul>

- The aluminium sector continues to utilise its recently commissioned wastewater treatment plant, and remains the sole player in the industry to hold ISO 14001, ISO 50,001 standards and conduct a carbon footprint audit.
- The Packaging cluster introduced a circular economy model to minimise its material consumption, in addition to integrating machinery improvements to drive greater efficiency and minimised consumption.
- Horana Factory from the Lifestyle cluster implemented a waste recycling strategy for tile production, reusing waste materials and incorporating local raw materials. Furthermore, the organisation focused on integrating environmentally responsible practices by installing sound barriers, green fences, and addressing vibrations from machinery to minimise the negative impact on neighbouring communities.

#### HIGHLIGHTS FOR THE YEAR:

**26,569 MT**

**RECYCLED MATERIAL USED IN PRODUCTION**

(22,052 MT IN 2023/24)

**32,081 MT**

**RENEWABLE MATERIAL CONSUMPTION**

(40,057 MT IN 2023/24)

**113.3 GJ**

**ENERGY INTENSITY - PER EMPLOYEE**

(90.2 GJ IN 2023/24)

**140,945 TCO<sub>2</sub>E**

**CARBON EMISSIONS**

(40,057 MT IN 2023/24)

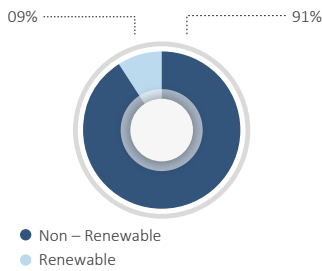
**1,064,463 GJ**

**ENERGY CONSUMPTION**

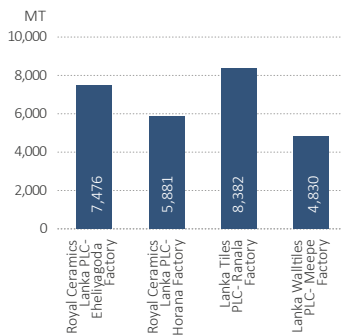
(1,098,151 GJ IN 2023/24)

Natural resources are the source of vital raw materials for a variety of the Group's sectors, including mining, aluminium, packaging, and tiles. The Group used 365,895.48 metric tonnes of raw materials during the period under review year, of which 91% were non-renewable resources and the remaining portion were classified as renewable. 26,569MT of recycled input materials were used in Vallibel One's manufacturing and production, accounting for 7.3% of the total amount of materials used in the year.

**Renewable and Non renewable materials**



**Recycled input materials in production**



Non Renewable Materials	Renewable Materials
Feldspar-160,152 MT	Paper-23,332 MT
Kaolin-20,984 MT	
Silica Sand-36,802 MT	
Aluminium Billets-4,856 MT	
Ball Clay-92,820 MT	

**EFFICIENT PRODUCTION**

- Utilising digital technologies to increase productivity and achieve process efficiencies.
- Using renewable resources in the tile manufacturing process.
- To increase productivity, the Group's manufacturing activities continue to follow the "Total Productive Maintenance" programme.
- The SAP programme has been implemented across a number of businesses to enhance enterprise resource planning and boost the effectiveness and productivity of resources.

hotel grounds in the Group's associate company in the leisure sector.

- Evaluating vendors for sustainability and environmental compliance.
- Assuring that the packaging cluster's paper source complies with sustainability guidelines.

be utilised again during production.

- Recycling waste paper in several businesses across the Group.
- Using a dry squaring machine to produce tiles in order to maximise resource efficiency.
- Maximising resources in the mining cluster through the continued utilisation of their resorting machine.
- Recycling soap in the leisure sector and using wet waste as compost.
- Reusing and recycling waste materials in the production of tiles.
- Introducing a circular economy model in the Group's packaging cluster.

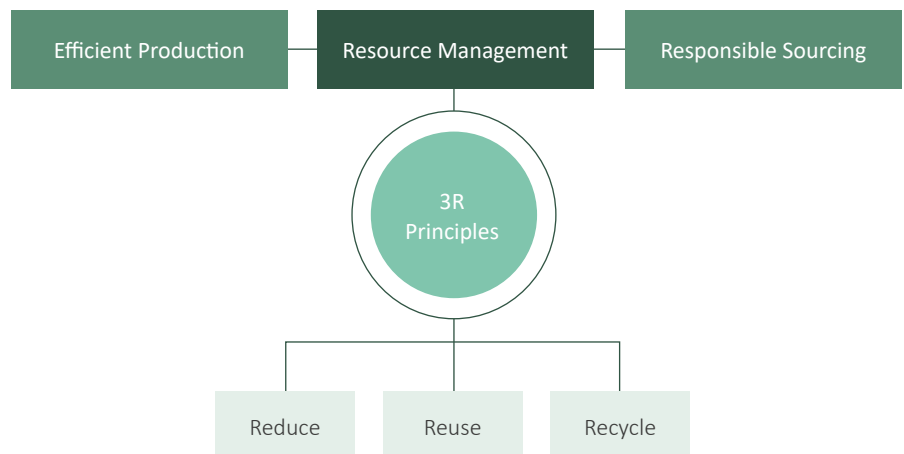
**3 R PRINCIPLES**

- Refilling mines with ceramic and tiling waste.
- Conserving thermal energy generated during the tile-making process by utilising a waste heat recovery system.
- Aluminium waste is recycled internally to

**RESPONSIBLE SOURCING**

- The mining cluster works in partnership with the Geological Survey and the Mines Bureau to preserve the quality of existing mines and rehabilitate discontinued mines through back-filling and reclamation.
- Promoting best practices in environmental management and ensuring that all supply chain participants abide by applicable laws, rules, and regulations.
- Advocating environmental management best practices and making sure that pertinent laws, rules, and regulations are followed across the Group.
- Deriving backward integration by using organic produce that is grown on

In order to manage its resources, the Group employs the three strategies listed below:



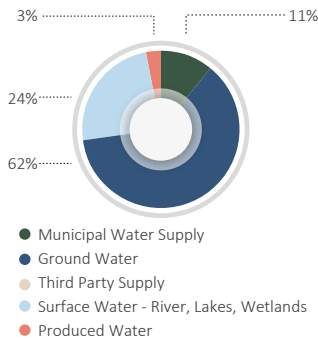
# Capital Reports

## Natural Capital



**Swisstek Aluminium** retained its membership of the Aluminium Stewardship Initiative during the year, as a testament to its commitment to adhering to ethical production, sourcing, and stewardship in accordance with international standards. The Initiative's four priorities relate to emerging issues to be addressed across the global aluminium supply chain, namely, climate action, circularity, nature-positive action and human rights

### Volume of water withdrawn – by source



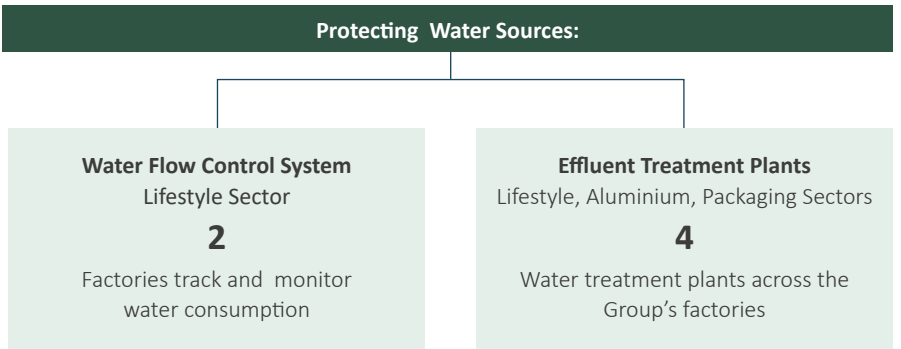
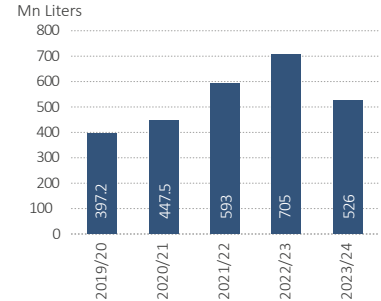
### WATER CONSUMPTION

The Group used 526 Mn litres of water, which is 25.3% less than the preceding year. The lifestyle sector was responsible for 94% of the Group's overall water use, while the investments and others sector held the second highest contribution at 5.4%. Ground water and surface water through rivers, lakes and wetlands, which constitute 62% and 24% of the Group's water withdrawal, respectively, serve as the primary sources of water for Vallibel One's business entities. The decrease in water consumption was primarily due to the divestment of the plantations sector from the Group at the commencement of the year.

The Group's factories and plants recycle and reuse purified water as a means of encouraging water conservation. 15.3% of the water used was recycled, which was used for ancillary and operational purposes across the relevant organisations.

The aluminium sector utilised the wastewater recovery system installed in the previous year, which relies on a reverse osmosis system and biological water treatment mechanisms to recover its wastewater.

### Water Consumption YoY



**ENERGY CONSUMPTION**

In order to meet its energy needs for factory operations, in addition to fulfilling air conditioning and lighting needs throughout its corporate premises, the Group principally depends on electricity from the national grid. Additional non-renewable energy sources used in operations include furnace oil, diesel, gasoline, and LP gas.

In terms of the Group's reliance on renewable energy sources, the packaging cluster utilises both bio-mass/firewood and solar energy, while the aluminium sector is involved in the generation of solar energy.

The Group's external energy sources include the fuel that supports key logistical functions including staff transportation and product distribution.

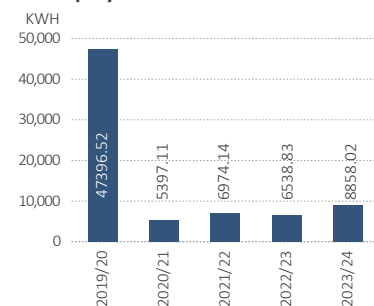
Throughout the year, energy costs rose sharply and the Group faced acute resource shortages, the impact of which was negated to a certain extent by initiatives designed to enhance resource efficiency and limit usage. The Group persisted in integrating a commitment towards sustainability and conservation within the workforce, in addition to utilising technology to propel process enhancements and depending on previously implemented energy-saving initiatives to lower fuel and electricity usage.

During the year, there was an 3% decrease in energy usage as opposed to the 8.4% decline that was noted in the previous year.

The energy intensity (electricity usage per employee) increased from 6,539 KWh to 8,858.02 KWh during the year. The energy intensity increase of approximately 35.5% was primarily attributable to the considerable 23% decrease in the Group's employee count (from 12,174 in 2022/23 to 9,392 in 2023/24), owing to the divestment of the plantations sector in the year under review.



**Energy Intensity-Electricity Usage Per Employee**



**Solar Energy at Vallibel One**

The Group benefited from the solar-powered installations constructed across various factories and commercial buildings within the Group, which supported both the organisation and the national grid in the face the surge in the price of electricity generated from non-renewable sources.

The Group generates more than 3,378 MWh of renewable energy, which helps to meet a critical national need and promotes sustainable energy use.

# Capital Reports

## Natural Capital

Energy Consumption and Intensity		
Energy Source	Consumption Level in 2023/24	Consumption Level in 2022/23
Internal, Non-Renewable Resources		
Electricity (GJ)	299,500	286,573
LP Gas (kg)	27,764,487	27,557,357
Diesel (litres)	651,341	2,053,006
Furnace oil (litres)	385,992	355,156
Kerosene (litres)	364,834	419,440
Internal, Renewable Resources		
Biomass/firewood (kg)	2,813,724	10,944,541
Solar power (kWh)	2,060,173	1,175,055
External		
Diesel and petrol (litres)	2,214,314	1,778,306
Energy intensity – electricity usage per employee (KWh)	8,858	6,539

### IMPACT MANAGEMENT

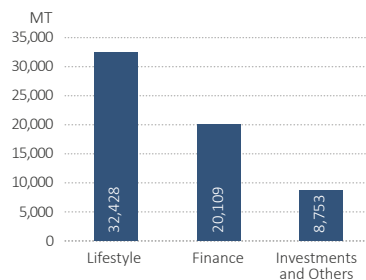
The sheer extent of Vallibel One's operating and its ensuing impact on the environment has led the Group to undertake deliberate efforts to reduce its impact in three key domains: solid waste, effluents, and emissions.

### SOLID WASTE MANAGEMENT

The Group places emphasis on waste segregation, storage, and the appropriate disposal of both hazardous and non-hazardous waste in order to manage its solid waste. The previously defined process is executed in compliance with the best practices pertinent to every business function, frequently making use of third party suppliers to facilitate the same.

61,290 metric tonnes of waste, the majority of which originated from the Group's manufacturing operations, were disposed of in a responsible manner by the Group during the year under review. Paper, aluminium scraps, and rejected tile were among the waste materials that accounted for 99.96% of the non-hazardous waste.

### Waste Generation By Sector



### Effluent Treatment

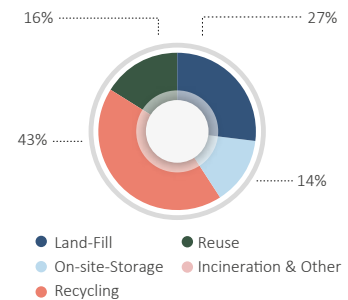
Vallibel One's effluents are primarily derived from the byproducts of its manufacturing processes. The Group deploys various systems and procedures to treat its effluents before discharging them into any nearby water bodies as a mitigating action to prevent contamination and any negative effects that may potentially ensue.

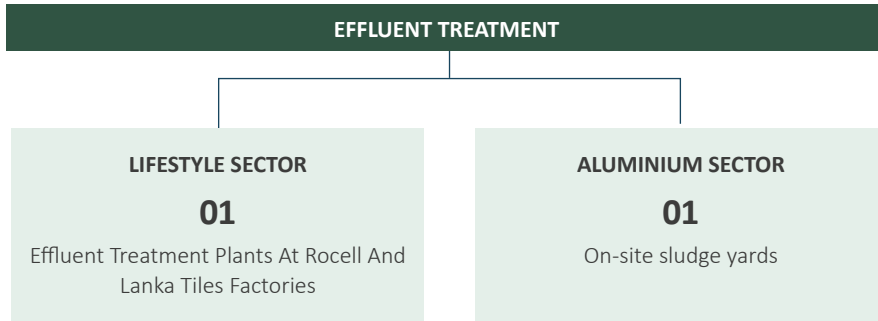
The Group owns and operates a number of factories with operational effluent treatment plants, each with the necessary infrastructure to monitor water quality in compliance with best practices and national environmental regulations.

171 million litres of effluent water was released across the Group into the environment during the reporting year; 80 million of those litres were treated in treatment plants, amounting to 47% of the total discharge.

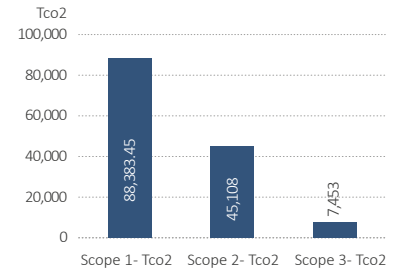
The lifestyle sector accounts for 81% of the Group's influence in terms of effluents, with the investments and others and aluminium sectors coming in second and third, respectively, with 10% and 9% of the total discharge originating from these sectors.

### Waste Disposal By Methods

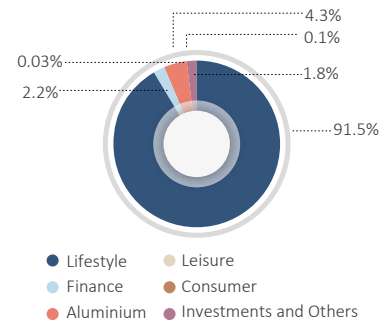




**GHG Emissions Scope 1,2,3**

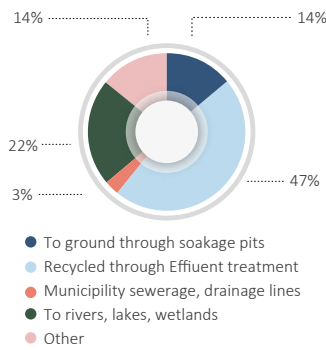


**GHG Emissions by sectors**

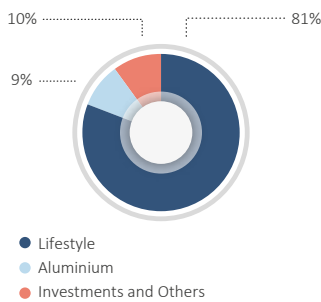


The lifestyle sector accounts for 81% of the Group's influence in terms of effluents, with the investments and others and aluminium sectors coming in second and third, respectively, with 10% and 9% of the total discharge originating from these sectors.

**Effluent treated water discharge**



**Effluent water discharged by manufacturing sectors**



**Emissions Management**

The Group's carbon footprint for the year under review stood at 140,944.51 tCO<sub>2</sub>e, which is 1.7% less than the 143,351.86 tCO<sub>2</sub>e recorded the year before. The Group's Scope 01 Emissions comprise 63% of the Group's overall footprint, and

is largely driven by the combustion of fuel in the lifestyle sector which accounted for 96% of the Group's total emissions. The Aluminium and Finance sectors rank second and third, respectively, in terms of their overall contribution to the Group's GHG emissions.

**Environmental Compliance**

The Group adheres to best practices and standards to regulate its resource consumption and impact throughout its different business sectors. Vallibel One is additionally guided by internationally acclaimed certifying authorities to ensure that all environmental obligations are carried out in an efficient and responsible manner. During the review period, the Group did not record any fines or non-monetary sanctions for violating environmental laws, rules, or regulations.

The Group's sectors adhere to the following environmental standards and certifications:

- ISO 14001:2015- Environmental management System Certification
- Green Label Certification: Green Building Council
- ISO 5001:2018 - Energy Management System

**FUTURE STRATEGY AND OUTLOOK**

The Group commits to long-term responsible and sustainable stewardship and utilisation of its natural capital base.

- Pursuing alternate and sustainable sources of materials to incorporate sustainability into the production process.
- Integrating digitisation initiatives across the Group in order to lower overall resource usage and enhance procedures and efficiencies.
- Developing green guidelines to assist the Group's uniform, organised approach to disposing of solid waste.
- Promoting lean energy management techniques and urging other industries to shift towards renewable energy sources.
- Enhancing and making investments into the comprehensive testing and treatment of effluents to avoid contamination.
- Evaluating and reviewing greenhouse gas emissions, as well as implementing the required corrective measures to lower the Group's carbon footprint.

GOVERNANCE

**EXACTED**

# ESTABLISHMENT

Vallibel One PLC values its corporate governance principles that contour the company's daily and yearly activities, which are structured in accordance with the highest standards, and which secure the company's stronghold in the economy.

# Corporate Governance

Vallibel One believes that robust corporate governance is vital in reaching our short-term objectives while endeavouring to achieve the Group’s long-term vision and places great emphasis on good corporate governance practices. Company Directors are committed to the highest standards of corporate governance within the Group. As a diversified investment holding company with investments across key six industrial sectors we have fully-fledged through acquisition of stable businesses to which we provide strategic direction to realise their potential. The well-structured corporate governance framework of the Group we have built has been the cornerstone of the Group’s steady growth for fourteen years.

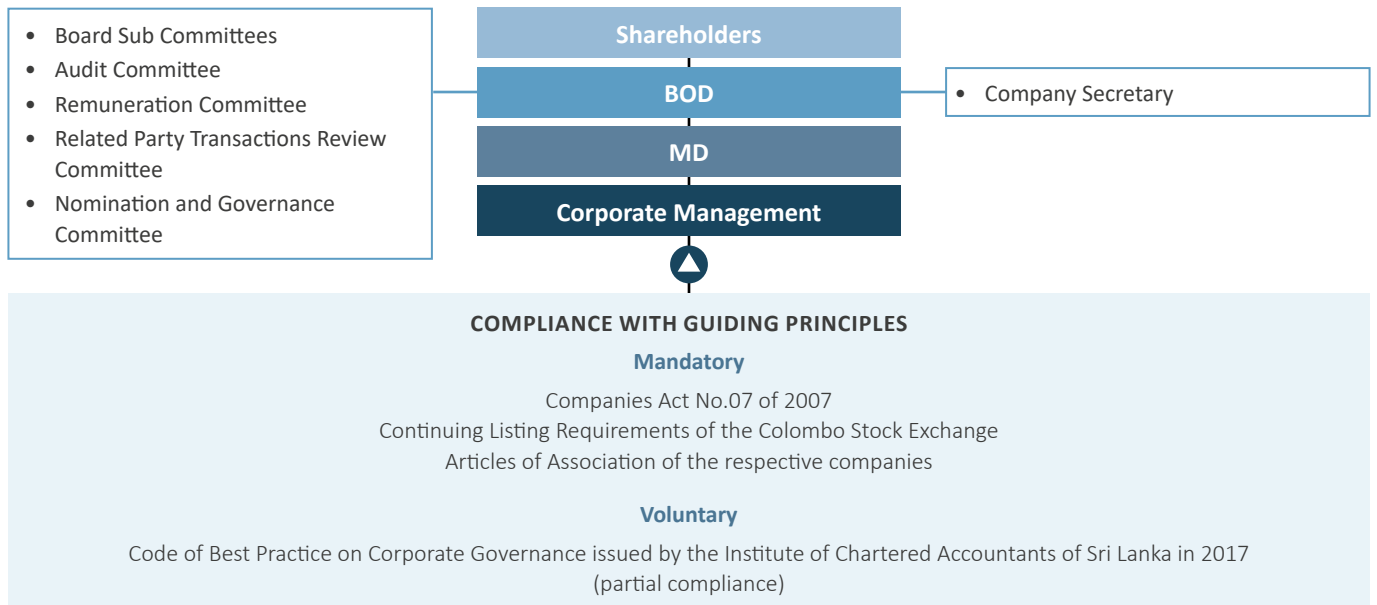
In our over a decade of business journey, we have acquired controlling stakes in LB Finance PLC, Royal Ceramics Lanka PLC, Delmege Limited and invested in our first greenfield project, Greener Water Limited. Our portfolio includes a 21.18% stake in The

Fortress Resorts PLC which is accounted for as an Associate Company and a 14.95% in Sampath Bank PLC. Vallibel One has 100% ownership stake in Greener Water Limited which is currently building an integrated resort complex—‘Greener Water Hotel’ in Negombo. The Group has 8 public listed companies as at 31st March 2024, which have their own governance framework in place and at least one member from the Vallibel One Board also sits on these Boards facilitating communication and oversight. Additionally, L B Finance conforms to the Corporate Governance Directions issued by the Monetary Board of the Central Bank of Sri Lanka for Non-Bank Financial Institutions as well.

Vallibel One has set in place, a governance structure which is compliant with legal enactments and regulatory requirements with high levels of reliance on corporate governance framework in place at key subsidiaries. Vallibel One unlocks value of

the subsidiaries through regular Strategic Meetings of the Centralised Research and Development Team and management of subsidiaries which cover growth and development aspects as well as governance of the subsidiaries.

The Governance structure of Vallibel One is inset. This Report explores the roles and responsibilities of shareholders and the Board and describes the mechanisms set in place by the Board to facilitate discharge of their duties.



## AN EFFECTIVE BOARD

The Board is the highest authority and is responsible for setting in place a sound governance framework to drive performance and safeguard the assets of the Group. It comprises two Executive Directors and five Non-Executive Directors of whom three are Independent Non-

Executive Directors in accordance with the CSE Listing Rules and the Code of Best Practice on Corporate Governance 2017 issued by The Institute of Chartered Accountants of Sri Lanka (Code). The Board collectively possesses a diverse range of skills and competencies including entrepreneurship, financial, legal, marketing

and banking. They are all business leaders and professionals of high repute as evinced by their profiles given on pages 31 to 34.

Vallibel One's Board had four Female Directors, accounting for 57% female representation, which may be the highest percentage of female representation on the Board of a listed Company in Sri Lanka.

Board members allocate sufficient time to fulfil their duties and express their individual opinions using their professional judgement on matters set before the Board. Other directorships of Directors are disclosed and updated annually to reflect any new appointments through annual declarations. Directors declare their interest on matters set before the Board and excuse themselves from the discussion and abstain from voting on the same, ensuring that their other interests do not conflict or impair the discharge of their duties as Directors of Vallibel One.

The Board is aware of other directorships/substantial shareholdings of its Directors and is satisfied that these neither conflict nor impair their performance of duties as Directors of Vallibel One. Each member allocates sufficient time to fulfil his/her duties.

The roles of the Chairman and Managing Director which were merged prior to 10th June 2022, for alignment of Vallibel One's wide ranging businesses, driving Group synergies are now separated in a clear distinction being drawn between responsibilities, thereby ensuring balance of power and authority Mr S H Amarasekera Independent Non-Executive Director serves as the Chairman of the Board while Mrs. Yogadinusha Bhaskaran functions as the Managing Director. The Board is responsible for providing strategic direction, monitoring performance and ensuring that a system of internal controls is in place to facilitate sound financial reporting and decision-making. As an investment holding company, matters requiring Board attention centre around investment and divestment decisions and monitoring performance of key investments.

**MATTERS ADDRESSED BY THE BOARD**

- Investment decisions
- Monitoring performance of investments
- Divestments
- Delegation of authority
- Voting at key AGMs of investee companies
- Policy formulation
- Directors' remuneration
- Compliance and risk-related matters as reported by the Audit Committee
- Matters escalated to the Board by the Related Party Transactions Review Committee
- Re-election/appointment/reappointment of Directors as recommended by the Nomination Committee

**Board Composition**

- 2 Executive Directors
- 5 Non-Executive Directors
- 3 Independent Directors
- 4 Non-independent Directors

**APPOINTMENT AND RE-ELECTION OF DIRECTORS/ APPOINTMENT OF DIRECTORS OVER 70 YEARS OF AGE**

One third of the Directors retire by rotation and are eligible for re-election at each Annual General Meeting, in terms of the Articles of Association, a Director appointed to the office of Chairman, Deputy Chairman, Chief Executive, Managing or Joint Managing Director or other Executive Officer shall not, whilst holding that office be subject to retirement by rotation. Directors over 70 years of age shall be appointed/reappointed by the shareholders only. Pursuant thereto, (i) in terms of the Articles of Association Ms. K A D Brindhiini Perera retires by rotation and (ii) in terms of the provisions of the Companies Act, Mr R N Asirwatham, Mr J A S S Adhihetty and Mrs. Shirani Jayasekara who are over 70 years of age and were re-appointed by the shareholders at the preceding Annual General Meeting, will vacate office at the conclusion of the forthcoming Annual General Meeting unless re-appointed by the shareholders in terms of Section 211 of the Companies Act. The Nomination Committee

“The well-structured corporate governance framework of the Group we have built has been the cornerstone of the Group's steady growth for fourteen years.”

having reviewed the re-election of Ms. K A D Brindhiini Perera and the proposed re-appointment of Mr R N Asirwatham, Mr J A S S Adhihetty and Mrs Shirani Jayasekara under Section 211 of the Companies Act at the forthcoming Annual General Meeting, recommended such re-election/re-appointment. Mr. J A S S Adhihetty who is a member of the Nomination Committee did not participate in the deliberations pertaining to his re-appointment and the decision on the matter was made by the remaining two members of the Committee. Accordingly, the Board recommends the re-election/re-appointment of Ms. K A D Brindhiini Perera/ Mr J A S S Adhihetty, Mr R N Asirwatham and Mrs. Shirani Jayasekara to the shareholders and the said matters will be placed before the shareholders at the forthcoming Annual General Meeting.

## Corporate Governance

### INDUCTION AND TRAINING

The Board is cognizant of the benefits of continuous training and development in corporate governance and in their specialist skills to enhance the collective skills of the Board. Management of the Company also provides information and facilitate visits to project sites and other locations of business operations as may be required or requested. Directors also meet with service providers and other key stakeholders as deemed appropriate or necessary. All Directors are encouraged to attend relevant programmes to sharpen their skills and update their knowledge on matters that are likely to have an impact on the business interests of the Company and the Group.

### INDEPENDENCE OF DIRECTORS

Based on the declarations submitted by the Independent Non-Executive Directors, the Board has determined that the three Independent Non-Executive Directors – Mr S H Amarasekera, Mr R N Asirwatham and Mrs Shirani Jayasekara are “Independent” as per the criteria set out in the Listing Rules of the Colombo Stock Exchange.

In determining the Directors’ independence, the Board has taken into consideration that the period of service as Board members exceeding nine years rendered by Mr. S H Amarasekera and Mr. R N Asirwatham does not compromise the independence and objectivity in discharging their functions as Independent Directors. Accordingly the Board is of the opinion that Mr. S H Amarasekera and Mr. R N Asirwatham, shall nevertheless be ‘independent’ as per the Listing Rules.

### BOARD SUBCOMMITTEES

The Board has appointed four Committees to assist in the discharge of its duties as summarised below:

Board Committee	Composition	Scope
<b>Audit Committee</b>	Comprises three Independent Non-Executive Directors: <ul style="list-style-type: none"> <li>Mr R N Asirwatham (Chairman)</li> <li>Mr S H Amarasekera</li> <li>Mrs S Jayasekara</li> </ul>	Exercising oversight over the following functions: <ul style="list-style-type: none"> <li>control environment and risk management, quality, cost and scope of internal and external audits</li> <li>evaluating and recommending appointment/re-appointment of Auditors, to Board</li> <li>management and statutory reporting including financial reporting processes</li> <li>review and approval of accounting policies and implementation of the same</li> <li>pre-approval of any non-audit services obtained from External Auditors to ensure independence is maintained</li> </ul> Please refer the Report of the Audit Committee on page 124 for more information
<b>Remuneration Committee</b>	Comprises three Non-Executive Directors of whom two are independent: <ul style="list-style-type: none"> <li>Mr S H Amarasekera (Chairman)</li> <li>Mrs S Jayasekara</li> <li>Mr J A S S Adhihetty</li> </ul>	<ul style="list-style-type: none"> <li>Making recommendations to the Board on the following matters:</li> <li>Remuneration framework of the Company including Senior Management</li> <li>Senior Management performance incentives</li> <li>Remuneration of Executive Directors</li> <li>The remuneration policy of the Company is to attract and retain a highly qualified and experienced staff</li> </ul>
<b>Related Party Transactions Review Committee</b>	Comprises three independent Non-Executive Directors: <ul style="list-style-type: none"> <li>Mrs S Jayasekara (Chairperson)</li> <li>Mr S H Amarasekera</li> <li>Mr R N Asirwatham</li> </ul>	<ul style="list-style-type: none"> <li>Independent review, approval and oversight of related party transactions</li> <li>Please refer the Report of the Related Party Transactions Review Committee on page 123 for more information.</li> </ul>

Board Committee	Composition	Scope
<b>Nomination Committee</b>	<p>Comprises three Directors with a combination of independent non-independent executive Directors:</p> <ul style="list-style-type: none"> <li>Mr S H Amarasekera (Chairman)</li> <li>Mr J A S S Adhihetty</li> <li>Mrs Y Bhaskaran</li> </ul>	<p>Assisting the Board with oversight on competence and composition of the Board of the Company and its subsidiaries and other key personnel.</p> <p>Advise on and recommend appointments and re-appointments/re-election of Directors to the Board including but not limited to:</p> <ul style="list-style-type: none"> <li>Ensuring that Directors are fit and proper persons to hold office</li> <li>Ascertaining eligibility criteria such as qualifications, experience, independence of the Directors and their capability to meet the strategic demands of the Company.</li> </ul> <p>Evaluate as to whether each of such nominees or Directors as the case may be is capable of adequately carrying out his/her duties.</p> <p>Regularly review the structure, size, composition and competencies of the Board and recommend changes to the Board;</p> <p>Consider succession plan for the Key Management Personnel.</p>

## MEETINGS AND INFORMATION

The Board, Audit Committee and Related Party Transactions Review Committee meet quarterly with provision to schedule additional meetings if required. The Remuneration Committee and the Nomination Committee meet as and when necessary.

Directors	Attendance				
	Board Meetings	Audit Committee	Related Party Transactions Review Committee	Remuneration Committee	Nomination Committee
Mr S H Amarasekera	4/4	4/4	5/5	1/1	1/1
Mrs Y Bhaskaran	4/4	-	-	-	1/1
Mr J A S S Adhihetty	3/4	-	-	1/1	-
Mr R N Asirwatham	4/4	4/4	5/5	-	1/1
Mrs S Jayasekara	4/4	4/4	5/5	1/1	-
Ms A A Kawshi Amarasinghe	4/4	-	-	-	-
Ms K D Brindhiini Perera	3/4	-	-	-	-

Board packs for the meetings containing the Notice of Meeting, Agenda and papers relating to Agenda items are circulated prior to the meeting to provide sufficient time for review and seek clarification from management if required by Directors.

## Corporate Governance

### MONITORING INVESTMENTS

Dividends from investments is the principal source of revenue for the Company making monitoring investments a key priority. This is done by judicious exercise of shareholder rights and rigorous analysis of information received from investee companies. Directors of Vallibel One PLC sit on the Boards of subsidiaries and the associate as Non-Independent, Non-Executive Directors, Executive Directors or Independent Non-Executive Directors (as determined by each Subsidiary) as given below:

Investee	Investment Category	Common Directors
LB Finance PLC	Subsidiary	<ul style="list-style-type: none"> <li>Mr J A S S Adihetty (Managing Director)</li> <li>Mrs Y Bhaskaran (Non-Executive Director)</li> </ul>
Royal Ceramics Lanka PLC	Subsidiary	<ul style="list-style-type: none"> <li>Mr S H Amarasekera (Chairman, Independent Non-Executive Director)</li> <li>Mr R N Asirwatham (Independent Non-Executive Director)</li> <li>Ms K A D Brindhiini Perera (Non-Executive Director)</li> </ul>
Delmege Limited	Subsidiary	<ul style="list-style-type: none"> <li>Mrs Y Bhaskaran (Executive Director)</li> </ul>
Greener Water Ltd	Subsidiary	<ul style="list-style-type: none"> <li>Mrs Y Bhaskaran (Non-Executive Director)</li> <li>Mr J A S S Adihetty (Non-Executive Director)</li> <li>Ms. A A Kawshi Amarasinghe (Non-Executive Director)</li> </ul>
The Fortress Resorts PLC	Associate	<ul style="list-style-type: none"> <li>Mr J A S S Adihetty (Non-Executive Director)</li> <li>Ms. A A Kawshi Amarasinghe (Non-Executive Director)</li> <li>Ms K A D Brindhiini Perera (Non-Executive Director)</li> </ul>

As experienced entrepreneurs and professionals, all Directors are fully aware of the need to act in the best interests of the Company on which they serve in accordance with the Companies Act and rescue themselves from voting on matters which have a potential conflict of interest.

### DIRECTORS' REMUNERATION

Remuneration for Non-Executive Directors reflect the time commitment and responsibilities of their role, taking into consideration market practice. The Board approves remuneration for the Directors. Directors' remuneration is set out in Note 42.1 to the Financial Statements on page 220.

### THE COMPANY SECRETARY

Secretarial services are provided by P W Corporate Secretarial (Pvt) Ltd who have assigned an Attorney-at-Law to provide Secretarial services to the Board. The Board Secretary is responsible for maintaining Board minutes and Board records, support timely circulation of relevant information and advice on matters relating to corporate governance, Board procedures, rules and regulations. All Directors have access to the advice and services of the Company Secretary. Removal and appointment of the Company Secretary is a matter for the Board as a whole.

### SHAREHOLDER RELATIONS

The Annual Report including Financial Statements and Notice of Meeting are made available to the shareholders by hosting those Reports on the websites of the Company and the Colombo Stock Exchange, 15 working days prior to the Annual General Meeting. They vote at the Annual General Meeting to elect/re-elect Directors, on resolutions pertaining to the appointment/ re-appointment of Directors who are over 70 years of age and to appoint Auditors in accordance with the Companies Act and the Articles of Association of the Company and to authorise the Directors to make donations in terms of the Companies (Donations) Ordinance. The Board recommends the election/ re-election/appointment/re-appointment of Directors to shareholders based on the recommendations of the Nomination Committee. They also recommend appointment of Auditors based on the recommendations of the Audit Committee who evaluate the competence, independence and objectivity of the Auditors. Chairman of the Audit Committee and the Auditors attend the Annual General Meetings to respond to queries that may be raised by the shareholders.

The Company complies with the Continuing Listing Rules by ensuring that shareholders are kept informed about the performance of the Company on a quarterly basis through press releases (if any) and Interim Financial Statements. Additionally, timely notice is given to the Colombo Stock Exchange on appointment and resignation of Directors and other material developments deemed price sensitive in accordance with the continuing listing requirements, rules on corporate disclosure and related party transactions (as applicable).

### ACCOUNTABILITY AND AUDIT

Business reporting: The Board presents an Annual Report each year in compliance with the regulatory requirements and voluntary reporting standards such as the Integrated Reporting Framework issued by the International Integrated Reporting Council and the Sustainability Reporting Standards issued by the Global Reporting Initiative. The Board present a balanced and understandable assessment of the Company's financial position, performance, business model, governance structure, risk management, internal controls and challenges, opportunities and prospects in the Quarterly/Annual Financial Statements.

Board diversity with a majority representation (57%) by female Directors.

The Board's maturity coupled with the energy and new perspectives that young Board members offer.

A declaration is obtained from the Managing Director prior to approval of the Financial Statements by the Board in maintaining financial records, preparing Financial Statements in line with relevant standards and operating effectiveness of the systems of risk management and internal control. The following reports included in the Annual Report also provide information in compliance with the Code of Best Practice on Corporate Governance:

- Annual Report of the Board of Directors on pages 118 to 121 includes a declaration by the Directors setting out the responsibilities of the Board in preparation and presentation of Financial Statements and other representations on the level of compliance with other requirements set out in the Statement of Directors Responsibility for Financial Reporting on page 122.
- Auditor's Report on Financial Statements is set out on page 126 of this report.
- Sector Review from pages 62 to 73.
- Related party transactions disclosures in Note 42 to the Financial Statements on page 220 and the Annual Report of the Board of Directors comply with the requirements of the applicable Listing Rules.

**INTERNET OF THINGS AND CYBERSECURITY**

The Board has identified the need for management of IT and Cyber risk, and has initiated action towards this endeavour.

**IMPROVING GOVERNANCE**

Vallibel One is keen to improve its governance processes and mechanisms and commenced its journey to comply with the Code of Best Practice on Corporate

Governance during the financial year 2021/22 and is in the process of moving towards full compliance with the new Listing Rules on Corporate Governance subject to transitional provisions contained therein. The Board is committed to driving improvement in its governance processes and with significant achievements made so far, expects to make further progress in the year that has commenced.

**AFFIRMATIVE STATEMENT ON COMPLIANCE WITH THE LISTING RULES ON CORPORATE GOVERNANCE**

Vallibel One PLC has, during the year under review and as at the date of this Report, complied with the Corporate Governance Rules as contained in the Listing Rules of the Colombo Stock Exchange.

By order of the Board

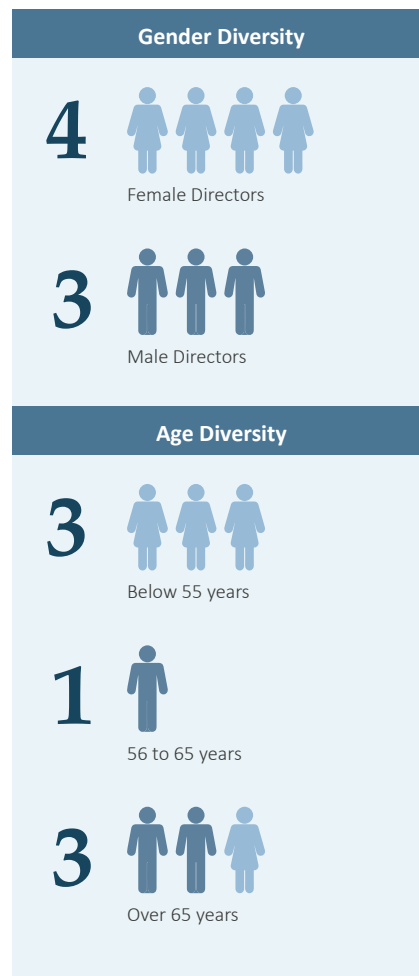
**VALLIBEL ONE PLC**



**P W CORPORATE SECRETARIAL (PVT) LTD**

Secretaries

03 June 2024



# Annual Report of the Board of Directors on the Affairs of the Company

The Board of Directors of Vallibel One PLC has pleasure in presenting to the shareholders its Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2024 conforming to all relevant statutory requirements.

This Report provides the information as required by the Companies Act, No.07 of 2007, Listing Rules of the Colombo Stock Exchange and the recommended Best Practices.

## GENERAL

Vallibel One PLC (the Company) was incorporated as a limited liability company under the name 'Vallibel One Limited' on 9th June 2010 under the Companies Act, No.07 of 2007.

The ordinary shares of the Company are listed on the Diri Savi Board of the Colombo Stock Exchange since 8th July 2011 and consequent thereto its name was changed to Vallibel One PLC on 25th August 2011, under Registration No. PB 3831 PQ.

The Registered Office of the Company is situated at Level 29, West Tower, World Trade Centre, Echelon Square, Colombo 1.

## PRINCIPAL ACTIVITIES OF THE COMPANY AND ITS SUBSIDIARIES

The Company carried on business as a diversified investment holding company during the year under review.

The principal activities of the subsidiary companies are referred to in Note 1.2 to the Financial Statements on page 40.

There have been no significant changes in the nature of activities of the Company and its subsidiaries during the financial year under review.

## REVIEW OF BUSINESS

### Review of Operations

The Chairman's Message on pages 26 to 27 Managing Director's Review on pages 28 to 30 provide an overall assessment of business performance of the Company and its subsidiaries (hereinafter sometimes collectively referred to as the Group) and the associate company and future developments. These Reports together with the Financial Statements reflect the state of affairs of the Company and its subsidiary companies.

The segment-wise contribution to Group Results, Assets and Liabilities are provided in Note 39.1 to the Financial Statements on pages 216 to 217.

## FINANCIAL STATEMENTS

The Financial Statements of the Company and the Consolidated Financial Statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and the Sri Lanka Accounting Standards (LKAS) laid down by The Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The aforesaid Financial Statements, duly signed by the Chief Financial Officer and two Directors on behalf of the Board are included in this Annual Report and form an integral part of this Annual Report of the Board of Directors.

## AUDITORS' REPORT

The Report of the Independent Auditors on the Group Financial Statements is on pages 126 to 130.

## ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The accounting policies adopted in the preparation of the Financial Statements are given on pages 138 to 238 There were no significant changes to the accounting

policies used by the Company during the year under review vis-à-vis those used in the previous year.

## DIRECTORS RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of the state of affairs.

The Directors are of the view that the Statement of Financial Position, Statement of Profit or Loss, Statement of Changes in Equity, Cash Flow Statement and Notes to Financial Statements appearing on pages 126 to 238 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' Responsibility for Financial Reporting is given on page 122.

## NET REVENUE, RESULTS AND APPROPRIATIONS

The net revenue of the Group during the year under review was LKR 122 Bn (LKR 117 Bn in the year 2022/23).

The Net Profit before tax of the Group and the Company amounted to LKR 27 Bn and LKR 4 Bn respectively in the year under review [LKR 25.1 Bn and LKR 3.1 Bn respectively in 2022/23]

The Net Profit after tax of the Group and the Company amounted to LKR 17.4 Bn and LKR 4.1 Bn respectively in the year under review [LKR 17.8 Bn and LKR 3.0 Bn respectively in 2022/23].

Details of Appropriations are given in the Statement of Changes in Equity on pages 135 to 137.

## DIVIDENDS ON ORDINARY SHARES

An Interim Dividend of Re.1/- per share was paid to the shareholders for the year under review.

## RESERVES

A summary of the Group's Reserves is given in Note 26 to the Financial Statements on page 199.

## PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Information on property, plant and equipment and intangible assets of the Group and the Company are given in Note 15 of Financial Statements on pages 173-184 and 170-172 respectively.

The Company does not own any land or buildings.

## INVESTMENTS

Information on investments held by the Group and the Company are given in Notes 4.1, 4.2, 10 and 11 on pages 148-149, 150 and 164-167 respectively.

## STATED CAPITAL

The Stated Capital of the Company as at 31st March 2024 was Rs 29,337,102,427 represented by 1,138,915,644 Ordinary Shares. There were no changes in the Stated Capital of the Company during the year.

## SHARE INFORMATION

### Distribution Schedule of Shareholding

Information on the distribution of shareholding and the respective percentages and analysis of shareholders are given on page 246 to 247 under Shareholders' Information.

### Earnings, Dividends, Net Assets and Market Value of Shares

Information relating to earnings, dividend, net assets and market value per share are given on page 21.

### Major Shareholders

Information on the twenty largest shareholders of the Company is given on page 248 under Shareholders' Information.

### Public Holding

Information on public holding in terms of the Listing Rules is given on page 244 under Shareholders' Information.

### Information on the Directors of the Company and Directors of Group Companies as at 31st March 2024

The Board of Directors of the Company as at 31st March 2024 consisted of Seven (7) Directors, with a broad range of skills, experience and attributes which include entrepreneurship, finance, audit, legal, marketing and banking, as detailed in the brief Profiles of the Directors on pages 31-34.

Names of the Directors who held office during the year and as at 31st March 2024 as required by section 168 (1) (h) of the Companies Act are given below :

## CHANGES IN THE DIRECTORATE DURING THE YEAR

There were no changes in the directorate during the period under review

Directors of the subsidiaries and the associate company as at 31st March 2024

Names of the Directors of the subsidiaries and the associate company are given on pages 250 to 256.

## RECOMMENDATION FOR RE-ELECTION OF DIRECTORS WHO RETIRE BY ROTATION

Ms K A D Brindhiini Perera retires in terms of Articles 87 and 88 of the Articles of Association and being eligible is recommended by the Board for re-election.

## APPOINTMENT OF DIRECTORS WHO ARE OVER 70 YEARS OF AGE

Mr R N Asirwatham who is 81 years of age and vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2)(b) of the Companies Act No.07 of 2007, is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

Mr J A S S Adhihetty who is 73 years of age and vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2)(b) of the Companies Act No.7 of 2007, is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

Name of Director	Executive	Non-Executive	Independent Non-Executive
Mr. S H Amarasekera			✓
Mrs Yogadinusha Bhaskaran	✓		
Mr. J A S S Adhihetty		✓	
Mr. R N Asirwatham			✓
Mrs Shirani Jayasekara			✓
Ms A A Kawshi Amarasinghe	✓		
Ms K A D Brindhiini Perera		✓	

## Annual Report of the Board of Directors on the Affairs of the Company

Mrs Shirani Jayasekara who is 71 years of age and vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2)(b) of the Companies Act No.7 of 2007, is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

### **FIT AND PROPER ASSESSMENT OF DIRECTORS**

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, Declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year under review and as at the date of such Declarations.

### **ADDITIONAL DISCLOSURES PERTAINING TO DIRECTORS**

#### (i) Material Business relationships

None of the Directors or close family members have any material business relationships with other Directors of the Company

#### (ii) Other directorships held by the Directors

Other directorships held by Directors are disclosed on pages 31 and 34.

### **BOARD MEETINGS**

Four (4) Board Meetings of the Company were held during the year under review and the Directors' attendance at those Meetings is set out on page 115.

### **BOARD SUB COMMITTEES**

The Board of Directors has formed four Board Sub Committees in terms of the Listing Rules of the Colombo Stock Exchange, namely, Audit Committee, Remuneration Committee, the Related Party Transactions Review Committee and Nominations and Governance Committee.

The composition of the said Board Sub Committees appears on pages 114-115 and as required by the Listing Rules, the Reports of the Audit Committee and the Related Party Transactions Review Committee are on pages 124 and 123 respectively, whilst the remuneration policy is on page 114.

### **DECLARATION UNDER THE OF LISTING RULES, ON RELATED PARTY TRANSACTIONS**

The Directors declare that the Company is in compliance with the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st March 2024.

### **DIRECTORS' INTERESTS IN SHARES**

The information pertaining to the Directors' Shareholding in the Company is given on page 247.

### **DIRECTORS' REMUNERATION**

The Directors' remuneration is disclosed under Key Management Personnel Compensation in Note 42.1 to the Financial Statements on page 220.

### **DIRECTORS INTERESTS IN CONTRACTS Interests Register**

The Company maintains an Interests Register in terms of the Companies Act No. 07 of 2007, which is deemed to form part and parcel of this Annual Report and is available for inspection upon request.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the provisions of the Companies Act.

The Directors declare that all material interests in contracts involving the Company have been disclosed to the Board and wherever any Director was materially interested in a contract or a proposed

contract with the Company, they have refrained from voting on such contracts. It is further declared that during the year under review, the Company did not enter into any contracts in which any Director was materially interested.

### **Risk Management and internal control**

Vallibel One PLC is a diversified conglomerate of which the primary business line is "Investment Holding".

The Management considers qualitative and quantitative methods to evaluate the likelihood and impact of potential events which might affect the achievement of objectives including the failure to capitalize on opportunities.

The Board, through the Board Audit Committee, conducts a review of internal controls covering financial, operational and compliance controls and risk management and has obtained reasonable assurance of their effectiveness and successful adherence therewith.

Risk Management disclosures are set out in Note 45 on pages 227 to 238.

### **Donations**

The Company did not make any donations during the year under review. The donations made by subsidiary companies during the year are set out in Note 31 to the Financial Statements on page 205.

### **INDEPENDENT AUDITORS Company**

Messrs Ernst &Young, Chartered Accountants served as the Auditors of the Company and also provided tax compliance services and other permitted non audit services.

A total amount of LKR 2,453,000 is payable by the Company to the Auditors for the year under review comprising LKR 327,000 as audit fees and LKR 2,126,000 for other services.

Based on the recommendations of the Audit Committee a resolution to re-appoint the Auditors and authorizing the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

### Group

The audits of subsidiary companies are handled by firms of Chartered Accountants in Sri Lanka or their respective countries of incorporation.

Details of payments to such audit firms on account of audit fees and for permitted non audit services, are set out in Note 31 to the Financial Statements on page 205.

### HUMAN RESOURCES

The Group continued to invest in Human Capital Development and implement effective Human Resource Practices and Policies to develop and build an efficient and effective workforce and to ensure that its employees are possessed of skills and knowledge required for the future growth of the respective companies of the Group and for their own career development.

### RESEARCH AND DEVELOPMENT

The Group has endeavoured to invest in research and development and has made and will continue to make substantial efforts to introduce new products and processes and develop existing products and processes to improve operational efficiency of the relevant Group Companies.

### STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments due to the Government, other regulatory institutions and related to employees have been paid on their due dates or where relevant have been provided for in the Financial Statements.

### COMPLIANCE WITH LAWS AND REGULATIONS

The Board has made arrangements to make themselves aware of applicable laws, rules, and regulations and changes thereto, particularly to Listing Rules and applicable capital market provisions through regular updates provided by Directors themselves, whose expertise lies in the field of Law / Finance / Audit and by the Company Secretaries.

To the best of knowledge and belief of the Directors, there were no material non compliances with laws or regulations and there were no fines which are material imposed on the Company by any government or regulatory authority in the country.

### CONTINGENT LIABILITIES

The contingent liabilities as at 31st March 2024 are given in Note 40 to the Financial Statements on pages 218-219.

### EVENTS OCCURRING AFTER THE REPORTING DATE

No event of material significance that require adjustments to the Financial Statements, has occurred subsequent to the Reporting period other than those disclosed in Note 41 to the Financial Statements on page 219.

### GOING CONCERN

The Directors have made an assessment of the Company's ability to continue as a going concern and is satisfied that it has resources to continue in business for the foreseeable future.

### ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 28th June 2024 at 3.30 p.m. at "Balmoral, The Kingsbury, No. 48, Janadhipathi Mawatha, Colombo 01

The Notice of the Annual General Meeting appears on page 268.

### ACKNOWLEDGEMENT

The Board of Directors has approved the Audited Financial Statements together with the Annual Report of the Board of Directors and the Reviews which form part of the Annual Report on 03 June 2024.

This Annual Report is signed for and on behalf of the Board of Directors by



**Harsha Amarasekera**

Chairman



**Yogadinusha Bhaskaran**

Managing Director



**Anusha Wijesekara**

P W Corporate Secretarial (Pvt) Ltd  
Secretaries

03 June 2024  
Colombo

# Directors' Responsibility for Financial Reporting

The following statement sets out responsibility of the Directors in relation to the Financial Statements of the Company and its subsidiaries prepared in accordance with the provisions of the Companies Act No. 07 of 2007.

The responsibility of the Independent Auditor in relation to the Financial Statements is set out in the Report of the Auditors given on page 126 of the Annual Report.

As per the provisions of sections 151, 153(1) and (2), 150(1) and 152(1) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year, which should give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and its profit or loss for the financial year then ended, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that it is in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

In terms of Section 166(1) read together with Sections 168(1)(b) and (c) and Section 167(1) of the Companies Act, the Directors shall cause a copy of the aforesaid Financial Statements together with the Annual Report of the Board of Directors of the Company prepared as per Section 166(1) of the Companies Act to be sent to every shareholder not less than fifteen working days before the date fixed for holding the Annual General Meeting. The above obligation is discharged by the Directors by making available the Annual Report on the Company's official website and the Colombo Stock Exchange website in terms of Rule 7.5(b) of the Listing Rules of the

Colombo Stock Exchange. As per the said Rule printed copies of the Annual Report will be made available to the shareholders on request.

In preparing the Financial Statements, the Directors are responsible to ensure that appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made and all applicable accounting standards have been complied with.

The Directors are also required to ensure that the Company and its subsidiaries have adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Companies within the Group maintain sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and the subsidiaries.

Financial Statements prepared and presented in this Report have been prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS) and are consistent with the underlying books of account and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors have also implemented effective and comprehensive systems of internal control for identifying, recording, evaluating and managing the significant risks faced by the Company throughout the year, which is primarily handled through the Audit Committee.

The Directors have taken appropriate steps to ensure that the Company and its subsidiaries maintain proper books of accounts and the financial reporting system is directly reviewed by the Directors at their regular meetings and also through the Board Audit Committee.

The Board of Directors also approves the Interim Financial Statements prior to their release following a review and recommendation by the Board Audit Committee.

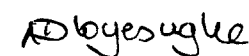
The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

The Financial Statements of the Company and its subsidiaries have been certified by the Chief Financial Officer of the Company, the officer responsible for their preparation as required by the Section 152 (1) (b) and they have also been signed by two Directors of the Company as required by Section 152 (1) (c) of the Companies Act.

The Directors to the best of their knowledge and belief, are satisfied and all statutory payments in relation to all relevant regulatory and statutory authorities, which were due and payable by the Company and the Subsidiary as at the reporting date have been paid and where relevant, provided for.

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

By Order of the Board  
Vallibel One PLC



**P W Corporate Secretarial (Pvt) Ltd**  
Secretaries

03 June 2024

# Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) of the Company was formed by the Board on 12th February, 2016 in accordance with Section 9 of the Listing Rules of the Colombo Stock Exchange to ensure compliance with those Rules facilitating independent review, approval and oversight of Related Party Transactions of the Company.

## COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee of the Company comprises the following Non-Executive Directors:

- Mrs. Shirani Jayasekara - Independent Non-Executive Director (Chairperson)
- Mr. Harsha Amarasekera - Independent Non-Executive Director
- Mr. R N Asirwatham - Independent Non-Executive Director

## MEETINGS

The Committee met 05 times during the financial year under review and attendance of the members at these Meetings is as follows:

Name of Director	Attendance
Mrs. Shirani Jayasekara	5/5
Mr. Harsha Amarasekera	5/5
Mr. R N Asirwatham	5/5

## POLICIES AND PROCEDURES

- The Committee operates within the Charter of the Committee as approved by the Board. It includes a Related Party Transactions (RPT) Policy whereby the categories of persons / entities who shall be considered as 'related parties' have been identified.
- In accordance with the RPT Policy, self-declarations are obtained from each Director for the purpose of identifying parties related to them.
- The RPTRC reviews all the Non Recurrent RPTs of the Company, whilst Recurrent RPTs are entered into on an arm's length basis determined by market forces and details of those Recurrent RPTs are presented to the Committee every quarter. During the year under review, the Company entered into a Non-Recurrent RPT which was reviewed and recommended by the Committee and approved by the Board. The said Non-Recurrent RPT did not require an immediate market announcement as per the Listing Rules. Additionally, though not mandated, a recurrent RPT entered into by the Company during the year was reviewed by the Committee considering the magnitude of the transaction, and recommended for approval of the Board.
- In its review of RPTs, RPTRC considers the terms and conditions of the RPT, value, and the aggregate value of transactions with the said related party during the financial year, in order to determine whether they are carried out on an arm's length basis, the disclosure requirements as per the Listing Rules of the Colombo Stock Exchange and the level of approval required for the respective RPTs.
- The RPTRC ensures that all transactions with Related Parties are in the best interests of all shareholders, adequate transparency is maintained and are in compliance with the Listing Rules.

- The Committee has established guidelines in respect of Recurrent RPTs to be followed by the management of the Company, in the Company's dealings with Related Parties.
- Reviewing and approval of RPTs are either by meeting of at least two (2) members who form the quorum or by circulation, approved by all the members.

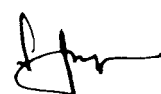
## Related Party Transactions during the year under review

The aggregate value of recurrent RPTs entered into by the Company during the year were below the threshold for disclosure in the Annual Report as per the Listing Rules.

The Company entered into a non-recurrent RPT during the year under review, whereby the Company issued a Letter of Comfort on behalf of Delmege Forsyth and Company Limited to a commercial bank against Banking Facilities extended by the said Bank to the said company.

## Declaration

In terms of Rule 9.3.2 (d) of the Listing Rules of the Colombo Stock Exchange, a declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to Related Party Transactions is given on page 220 of the Annual Report.



**Shirani Jayasekara**  
Chairperson

Related Party Transactions Review  
Committee  
03 June 2024

# Report of the Audit Committee

The Audit Committee appointed by and responsible to the Board of Directors comprise the following members:

- Mr. R N Asirwatham  
Chairman- Independent Non Executive Director
- Mr. S H Amarasekera  
Independent Non Executive Director
- Mrs. Shirani Jayasekara  
Independent Non Executive Director

The Chairman, Mr. R N Asirwatham is a Fellow member of The Institute of Chartered Accountants of Sri Lanka. Brief profile of each member are given on page 32 of this report.

The Company Secretary acts as the Secretary to the Audit Committee.

The Managing Director and the Chief Financial Officer / Assistant General Manager- Finance attend the meetings by invitation.

## MEETINGS

Four meetings of the Committee were held during the year. The attendance of the members at these meetings is as follows:

Name of Director	Attendance
Mr. R N Asirwatham	4/4
Mr. S H Amarasekera	4/4
Mrs Shirani Jayasekara	4/4

## ROLE OF THE COMMITTEE

The Committee has a written Terms of Reference which clearly defines the oversight role and responsibility of the Audit committee as given below

1. The integrity of the Financial Statements in accordance with Sri Lanka Accounting Standards.
2. The Company’s compliance with legal and regulatory requirements.
3. Ensuring the External Auditor’s independence.
4. Evaluating internal controls and risk management processes within the Company to provide a reasonable assurance that the Company’s assets are safeguarded.

## FINANCIAL REPORTING

The Committee reviewed and discussed the un-audited Interim Financial Statements and the Financial Statements for the year with the management and the External Auditors ensuring that the Company’s financial reporting gives a true and fair view in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 07 of 2007 prior to the recommendation of same to the Board.

## INTERNAL CONTROLS AND RISK ASSESSMENT

The internal controls and risk assessment of subsidiaries are reviewed through their respective Audit Committees and Risk Committees (where applicable) whilst the said function in regard to the Company and Greener Water Ltd are directly handed by the Committee.

## EXTERNAL AUDITORS

The Committee meets the Independent Auditors at least once a year to review their findings, issues raised, as well as the effectiveness of the internal controls in place.

The non-audit services provided by the Independent Auditors were also reviewed to ensure that the provisions of these services do not impair their independence

## INDEPENDENCE OF AUDITORS

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service

that gives rise to a conflict of interest. The Committee has considered the nature of the services provided by the Auditors and the level of audit and non-audit fees paid to Auditors for Non Assurance Services including Sustainability Assurance Services comprising independent assurance on GRI Standards and Integrated Reporting Framework of the Annual Report provided / to be provided by Messrs Ernst & Young under Partners distinct from the Partner in Charge of the Audit, and where relevant granted its pre-concurrence / concurrence for the provisions of such services whilst ensuring that the provision of such services does not impair their independence.


To the extent that the Audit Committee is aware, the Auditors do not have any relationship with (other than the Auditor and provider of non-assurance services as aforesaid) or interest in, the Company and the Group, which in the opinion of the Audit Committee, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka as at the reporting date.

## RE-APPOINTMENT OF AUDITORS

The Audit Committee having evaluated the performance of the Independent Auditors, has decided to recommend to the Directors the re-appointment of Messrs Ernst & Young, Chartered Accountants for the financial year ending 31st March 2025 up to the next Annual General Meeting, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

## CONCLUSION

The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company and its subsidiaries’ assets are safeguarded and that the financial position and the results disclosed in the Audited Accounts are free from, any material mis-statements.



**R N Asirwatham**  
Chairman – Audit Committee

03 June 2024

# FINANCIAL REPORTS

# INVALUABLE INSIGHTS

The positive growth experienced by Vallibel One PLC throughout the year under review is quantified, qualified and presented in a digestible and transparent manner that exemplifies our commitment to clarity and responsibility to our shareholders.

## FINANCIAL CALENDER

Interim Financial Statements- 2023/24 1st quarter	14th Aug 2023
Interim Financial Statements- 2023/24 2nd quarter	14th Nov 2023
Interim Dividend- 2023/24	07th Aug 2023
Interim Financial Statements- 2023/24 3rd quarter	14th Feb 2024
Interim Financial Statements- 2022/24 4th quarter	31st May 2024
Annual Report 2023/24	03rd June 2024
14th Annual General Meeting	28th June 2024

Independent Auditors' Report **126** / Statement of Financial Position **131**  
Statement of Profit or Loss **133** / Statement of Other Comprehensive Income **134**  
Statement of Changes in Equity **135** / Consolidated Statement of Cash Flows **138**  
Notes to the Financial Statements **140**

# Independent Auditor's Report



Ernst & Young  
Chartered Accountants  
Rotunda Towers  
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P.O. Box 101  
Colombo 03, Sri Lanka

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## TO THE SHAREHOLDERS OF VALLIBEL ONE PLC Report on the audit of the financial statements

### Opinion

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

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

### Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accord-

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

### Key audit matters

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

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

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

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudan ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited



### Key audit matters -

Key audit matter	How our audit addressed the Matter
Assessment of Impairment of Goodwill	
<p>The Group's Statement of Financial Position includes an amount of Rs. 12.2 Bn relating to Goodwill, as disclosed in Note 14 and 14.2 to the financial statements.</p> <p>The CGU with goodwill is tested annually for impairment based on its recoverable amount. The recoverable amount is estimated using value in use (VIU) computations prepared by Management based on discounted future cash-flows.</p> <p>Assessment of impairment of this CGU with goodwill was a key audit matter due to the degree of assumptions, judgements and estimates associated with deriving the estimated future cashflows used for value in use calculations considering economic conditions.</p> <p>As disclosed in note 14.2, key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to the long-term growth rate and discount rate</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> <li>• we gained an understanding of how management has forecast its discounted future cash flows. Our procedures included understanding how management has considered the potential impact of the economic conditions in the country in forecasting the cash flows</li> <li>• we checked the calculations of the discounted future cash flows and tested the data used by management to relevant underlying accounting records, to evaluate their completeness and accuracy</li> <li>• based on the best available information up to the date of our report, we assessed the reasonableness of significant assumptions, judgements and estimates used by the Group, in particular those relating to the growth rates and discount rate of the estimated future cashflows</li> </ul> <p>We assessed the adequacy of the disclosures made in Note 14 and 14.2 in the financial statements.</p>

# Independent Auditor’s Report



Key audit matter	How our audit addressed the Matter
<p><b>Allowances for Expected Credit Losses of Financial Assets</b></p> <p>Allowances for expected credit losses of financial assets arising from loans and advances of LKR 163Bn (Note 5 and 6) is determined by the management based on the accounting policies described in Note 5 and 6.</p> <p>This was a key audit matter due to the involvement of significant management judgements, assumptions and level of estimation uncertainty associated in management’s expectation of future cash flows to recover such financial assets; and the materiality of the reported amount of allowance of expected credit losses and use of complex calculations in its determination.</p> <p>Key areas of significant judgements, assumptions and estimates used by management included: assumed future occurrence of events and/or transactions and forward-looking macroeconomic scenarios and their associated weightages, which are subject to inherently heightened levels of estimation uncertainty.</p>	<p>In addressing the adequacy of the allowances for expected credit losses of financial assets, our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>Assessed the alignment of the Company’s allowances for expected credit losses computations and underlying methodology including responses to economic conditions with its accounting policies, based on the best available information up to the date of our report.</li> <li>Evaluated the design, implementation and operating effectiveness of controls over estimation of expected credit losses, which included assessing the level of oversight, review and approval of allowances for expected credit losses, policies and procedures by the Board and the management.</li> <li>Checked the completeness, accuracy and reasonableness of the underlying data used in the expected credit loss computations by cross checking to relevant source documents and accounting records of the Company.</li> <li>Evaluated the reasonableness of credit quality assessments and related stage classifications.</li> <li>Assessed the reasonableness of the judgements, assumptions and estimates used by the Management in assumed future occurrence of events and/or transactions including the value and the timing of cash flow forecasts, status of recovery actions of the collaterals, forward-looking macroeconomic scenarios and their associated weightages.</li> <li>Assessed the adequacy of the related financial statement disclosures set out in notes 5 and 6.</li> </ul>
<p><b>Existence and carrying value of Inventories</b></p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported as at the reporting date</li> <li>evaluated the design and tested the relevant key controls over inventory valuation. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to inventory</li> <li>tested whether inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices</li> <li>assessed the reasonableness of management judgements applied in determining that the provision for slow-moving inventories. Our procedures included testing the completeness and accuracy of inventory age reports used as a basis to estimate the provision</li> </ul> <p>We also assessed the adequacy of the disclosures made in notes 13 to the financial statements</p>



Key audit matter	How our audit addressed the Matter
Assessment of fair value of land and buildings	
<p>Property, Plant and Equipment and Investment Property include land and buildings carried at fair value. The fair value of land and buildings were determined by external valuers engaged by the Group.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>the materiality of the reported fair value of land and buildings which amounted to Rs. 42 Bn representing 12% of the Group's total assets as of the reporting date; and</li> <li>the degree of assumptions, judgements and estimation uncertainties associated with fair valuation of land and buildings using the market approach.</li> </ul> <p>Key areas of significant judgments, estimates and assumptions used in assessing the fair value of land and buildings, as disclosed in Note 15.4, and 17.1 to the financial statements, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as:</p> <ul style="list-style-type: none"> <li>Estimate of per perch value of the land</li> <li>Estimate of the per square foot value of the buildings</li> </ul> <p>Our audit procedures included the following key procedures:</p>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>assessed the competence, capability and objectivity of the external valuers engaged by the Group</li> <li>read the external valuer's report and understood the key estimates made and the valuation approaches taken by the valuer in determining the valuation of each property</li> <li>assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as per perch value of land and per square foot value of buildings and valuation technique, as relevant in assessing the fair value of each property</li> </ul> <p>We also assessed the adequacy of the disclosures made in notes 15, 15.4, 17 and 17.1 to the financial statements.</p>

### Other information included in the Group's 2023/24 Annual Report

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

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

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

### Responsibilities of the management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as manage-

ment determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's responsibilities for the audit of the financial statements

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

# Independent Auditor's Report



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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

## Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1697.

Colombo  
03 June 2024

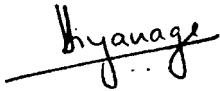
# Statement of Financial Position

As at 31 March	Note	COMPANY		GROUP	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>ASSETS</b>					
Cash and Cash Equivalent	3	1,919,648	1,366,913	15,170,471	10,042,529
Financial Assets Measured at Fair Value Through Profit or Loss	4.1	41,888	55,313	103,898	244,464
Financial Assets At Amortised Cost- Loans and Advances	5	-	-	162,521,733	146,371,596
Equity Instruments measured at Fair Value through OCI	4.2	14,028,221	8,983,647	14,044,942	9,004,200
Other Financial Assets	7	800,000	-	21,308,052	21,792,561
Trade and Other Debtors, Deposits and Prepayments	8	1,092,035	1,055,928	12,341,097	10,493,206
Contract Asset	8.2	-	-	30,033	32,343
Other Non Financial Assets	9	5,038	5,811	1,107,536	4,774,098
Investments in Subsidiaries	10	24,617,324	23,234,324	-	-
Investment in Associate	11	413,068	413,068	640,417	593,932
Deferred Tax Assets	12	10,110	8,580	1,227,053	966,225
Income Tax Recoverable		-	-	37,578	3,038
Inventories	13	-	-	30,437,448	27,398,634
Intangible Assets	14	-	-	12,800,901	12,931,130
Investment Property	17	-	-	2,140,503	2,074,213
Property, Plant and Equipment	15	59,723	21,185	69,971,173	60,336,193
Right of use assets	16	73,672	108,754	2,674,321	2,544,947
Assets held for sale	36.5	-	-	36,056	42,861
<b>Total Assets</b>		<b>43,060,727</b>	<b>35,253,523</b>	<b>346,593,212</b>	<b>309,646,170</b>
<b>LIABILITIES</b>					
Due to Banks	18	1,590	490	24,291,390	23,661,702
Due to Customers	19	-	-	123,034,547	114,248,253
Interest Bearing Loans and Borrowings	20	79,868	115,502	30,815,073	24,216,840
Trade and Other Payables	21	19,133	44,711	10,920,939	10,004,071
Other Non Financial Liabilities	22	-	-	2,112,629	1,919,070
Contract Liabilities	22.1	-	-	1,338,017	2,831,092
Dividend Payable	23	14,082	11,113	513,426	516,111
Employee Benefit Liabilities	24	34,028	25,722	2,081,344	1,659,197
Income Tax Liabilities		14,913	33,649	4,165,976	3,557,745
Deferred Tax Liabilities	12	-	-	8,084,991	7,449,283
Liabilities directly associated with the assets classified as held for sale	36.6	-	-	195	200,657
<b>Total Liabilities</b>		<b>163,615</b>	<b>231,187</b>	<b>207,358,527</b>	<b>190,264,021</b>

# Statement of Financial Position

As at 31 March	Note	COMPANY		GROUP	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Shareholders' Funds</b>					
<b>Equity Attributable to Equity Holders of the Parent</b>					
Stated Capital	25	29,337,103	29,337,103	29,337,103	29,337,103
Retained Earnings		11,011,972	8,014,503	41,915,450	33,720,011
Other components of equity	26	2,548,038	(2,329,270)	20,786,630	13,867,502
<b>Total Equity Attributable to Equity Holders of the Parent</b>		<b>42,897,113</b>	<b>35,022,336</b>	<b>92,039,183</b>	<b>76,924,616</b>
Non Controlling Interest	27	-	-	47,195,502	42,457,533
<b>Total Equity</b>		<b>42,897,113</b>	<b>35,022,336</b>	<b>139,234,685</b>	<b>119,382,149</b>
<b>Total Equity and Liabilities</b>		<b>43,060,727</b>	<b>35,253,523</b>	<b>346,593,212</b>	<b>309,646,170</b>

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

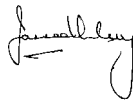


**Shyamalie Weerasooriya**  
Chief Financial Officer

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



**Yogadinusha Bhaskaran**  
Managing Director



**Sumith Adhietty**  
Director

03 June 2024  
Colombo

The accounting policies and notes on pages 138 through 238 form an integral part of these Financial Statements.

# Statement of Profit or Loss

As at 31 March	Note	COMPANY		GROUP	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Revenue from Contracts with Customers		-	-	76,090,400	76,881,129
Interest Income		-	-	46,239,187	39,973,555
<b>Total Revenue</b>	28	-	-	<b>122,329,587</b>	<b>116,854,684</b>
Cost of Sales		-	-	(67,930,171)	(66,202,342)
<b>Gross Profit</b>		-	-	<b>54,399,416</b>	<b>50,652,342</b>
Dividend Income	29	4,078,503	3,092,306	880,744	568,541
Other Operating Income	30	481,357	433,784	836,168	768,141
Administrative Expenses		(451,157)	(391,965)	(13,233,534)	(11,231,204)
Distribution Expenses		-	-	(9,865,314)	(9,358,517)
Other Operating Expenses		(13,508)	-	(510,193)	(721,656)
<b>Result from operating activities</b>	31	<b>4,095,195</b>	<b>3,134,125</b>	<b>32,507,287</b>	<b>30,677,647</b>
Finance Cost	32	(23,405)	(19,763)	(2,855,021)	(4,159,420)
Finance Income	33	110,650	71,801	482,960	1,242,069
<b>Net Finance Income/ (Cost)</b>		<b>87,245</b>	<b>52,038</b>	<b>(2,372,061)</b>	<b>(2,917,351)</b>
Share of results of equity accounted Investees	11.2	-	-	47,870	(4,473)
<b>Operating Profit before Tax on Financial Services</b>		<b>4,182,440</b>	<b>3,186,163</b>	<b>30,183,096</b>	<b>27,755,823</b>
Tax on Financial Services	34	-	-	(3,630,243)	(2,677,605)
<b>Profit before tax</b>		<b>4,182,440</b>	<b>3,186,163</b>	<b>26,552,853</b>	<b>25,078,218</b>
Income Tax Expense	35	(45,125)	(132,806)	(9,286,436)	(7,645,506)
<b>Profit for the year from continuing operations</b>		<b>4,137,315</b>	<b>3,053,357</b>	<b>17,266,417</b>	<b>17,432,712</b>
<b>Discontinued Operation</b>					
Profit/ (Loss) after tax for the year from discontinued operations	36	-	-	177,410	375,988
<b>Profit for the year</b>		<b>4,137,315</b>	<b>3,053,357</b>	<b>17,443,827</b>	<b>17,808,700</b>
<b>Attributable to :</b>					
Equity holders of the Parent		4,137,315	3,053,357	9,893,816	9,524,006
Non Controlling Interests		-	-	7,550,011	8,284,694
		4,137,315	3,053,357	17,443,827	17,808,700
Earnings Per Share	37	3.63	2.68	8.69	8.36
Dividend Per Share	37.1	1.00	-	1.00	-

The accounting policies and notes on pages 138 through 238 form an integral part of these Financial Statements.

# Statement of Other Comprehensive Income

For the year ended 31 March	Note	COMPANY		GROUP	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Profit for the year</b>		4,137,315	3,053,357	17,443,827	17,808,700
<b>Other Comprehensive Income</b>					
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</b>					
Exchange difference on translation of foreign operations		-	-	(92,301)	(62,996)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		-	-	(92,301)	(62,996)
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</b>					
Actuarial Gain/(loss) on retirement benefit obligation	24	(1,330)	6,710	(208,325)	26,953
Less: Deferred tax charge/ reversal on Actuarial Gain/(loss) on retirement benefit obligation		399	(2,013)	54,288	(5,525)
Actuarial Gain/(loss) on retirement benefit obligation- Net of tax		(931)	4,697	(154,037)	21,428
Revaluation of Property, Plant and Equipment		-	-	3,274,144	1,388,461
Less: Deferred tax charge revaluation		-	-	(857,888)	(1,431,551)
Revaluation- Net of tax		-	-	2,416,256	(43,090)
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		4,877,307	1,146,484	4,873,359	1,143,466
Share of other comprehensive income of an associate		-	-	(1,385)	72
<b>Net Other Comprehensive Expense from Discontinued Operation</b>		-	-	-	(36,231)
<b>Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods</b>		4,876,376	1,151,181	7,134,193	1,085,645
<b>Other comprehensive income/(loss) for the year, net of tax</b>		4,876,376	1,151,181	7,041,892	1,022,649
<b>Total Comprehensive Income for the year, net of tax</b>		9,013,691	4,204,538	24,485,719	18,831,349
<b>Total Other Comprehensive Income attributable to :</b>					
Equity holders of the Parent		9,013,691	4,204,538	16,241,407	10,701,509
Non- Controlling Interests		-	-	8,244,312	8,129,840
		9,013,691	4,204,538	24,485,719	18,831,349

The accounting policies and notes on pages 138 through 238 form an integral part of these Financial Statements.

# Statement of Changes in Equity

## Company

For the year ended 31 March	Stated Capital	Other Component of Equity Fair Value Reserve	Retained Earnings	Total Equity
	LKR '000	LKR '000	LKR '000	LKR '000
<b>Balance as at 01st April 2022</b>	29,337,103	(3,475,754)	5,245,085	31,106,434
Surcharge Tax	-	-	(288,636)	(288,636)
<b>Adjusted balance as at 01st April 2022</b>	29,337,103	(3,475,754)	4,956,449	30,817,798
Profit for the year	-	-	3,053,357	3,053,357
Other Comprehensive Income/ (Expense), Net of Tax	-	1,146,484	4,697	1,151,181
<b>Total Comprehensive Income</b>	-	1,146,484	3,058,054	4,204,538
<b>Balance as at 31st March 2023</b>	29,337,103	(2,329,270)	8,014,503	35,022,336
<b>Balances as at 01st April 2023</b>	29,337,103	(2,329,270)	8,014,503	35,022,336
Profit for the year	-	-	4,137,315	4,137,315
Other Comprehensive Income, Net of Tax	-	4,877,307	(931)	4,876,376
<b>Total Comprehensive Income</b>	-	4,877,307	4,136,384	9,013,691
Dividend Paid	-	-	(1,138,916)	(1,138,916)
<b>Balance as at 31st March 2024</b>	29,337,103	2,548,037	11,011,972	42,897,113

The accounting policies and notes on pages 138 through 238 form an integral part of these Financial Statements.

# Statement of Changes in Equity

## Group

For the year ended 31 March	Other Component of Equity			
	Stated Capital	Treasury Shares	Statutory Reserve Fund	Fair Value Reserve
	LKR '000	LKR '000	LKR '000	LKR '000
<b>Balance as at 01st April 2022</b>	29,337,103	(44,112)	6,585,938	(3,547,525)
Surcharge tax	-	-	-	-
Adjusted balance as at 01st April 2022	29,337,103	(44,112)	6,585,938	(3,547,525)
Profit for the year	-	-	-	-
Other Comprehensive Income, Net of Tax	-	-	-	1,144,482
<b>Total Comprehensive Income</b>	-	-	-	1,144,482
Dividend Write back of unclaimed dividend	-	-	-	-
Transfer	-	-	423,016	10
NCI on acquisition of subsidiary	-	-	-	-
Dividend Paid	-	-	-	-
Subsidiary Dividends to Minority Shareholders	-	-	-	-
Change in Non controlling Interest with disposal of a sub-subsidiary	-	-	-	-
Change in ownership without change in control	-	-	-	-
<b>Balance as at 31st March 2023</b>	29,337,103	(44,112)	7,008,954	(2,403,033)
<b>Balance as at 01st April 2023</b>	29,337,103	(44,112)	7,008,954	(2,403,033)
Profit for the year	-	-	-	-
Other Comprehensive Income, Net of Tax	-	-	-	4,874,688
<b>Total Comprehensive Income</b>	-	-	-	4,874,688
Dividend Write back of unclaimed dividend	-	-	-	-
Transfer	-	-	478,182	-
Change in Non controlling Interest with Aquisition of a subsidiary	-	-	-	-
Acquisition of NCI	-	-	-	-
Dividend Paid	-	-	-	-
Subsidiary Dividends to Minority Shareholders	-	-	-	-
Change in Non controlling Interest with Aquisition of a subsidiary	-	-	-	-
Change in ownership without change in control	-	-	-	-
<b>Balance as at 31st March 2024</b>	29,337,103	(44,112)	7,487,136	2,471,655

The accounting policies and notes on pages 138 through 238 form an integral part of these Financial Statements.

	Foreign Currency Translation Reserve LKR '000	Revaluation Reserve LKR '000	General Reserve LKR '000	Retained Earnings LKR '000	Total Equity Attributable to Equity Holders of the Parent LKR '000	Non Controlling Interest LKR '000	Total Equity LKR '000
	146,252	8,563,034	578,449	28,346,306	69,965,446	38,487,604	108,453,050
	-	-	-	(3,745,312)	(3,745,312)	(223,424)	(3,968,736)
	146,252	8,563,034	578,449	24,600,994	66,220,134	38,264,180	104,484,314
	-	-	-	9,524,006	9,524,006	8,284,694	17,808,700
	(42,582)	60,540	-	15,063	1,177,503	(154,855)	1,022,648
	(42,582)	60,540	-	9,539,069	10,701,509	8,129,839	18,831,348
	-	-	-	11,207	11,207	393	11,600
	-	-	-	(423,026)	-	-	-
	-	-	-	-	-	(388)	(388)
	-	-	-	(39)	(39)	-	(39)
	-	-	-	-	-	(3,669,593)	(3,669,593)
	-	-	-	-	-	(455,677)	(455,677)
	-	-	-	(8,194)	(8,194)	188,779	180,585
	103,670	8,623,574	578,449	33,720,011	76,924,616	42,457,533	119,382,149
	103,670	8,623,574	578,449	33,720,011	76,924,616	42,457,533	119,382,149
	-	-	-	9,893,816	9,893,816	7,550,011	17,443,827
	(59,240)	1,625,498	-	(93,356)	6,347,590	694,301	7,041,891
	(59,240)	1,625,498	-	9,800,460	16,241,406	8,244,312	24,485,718
	-	-	-	18,114	18,114	6,299	24,413
	-	-	-	(478,182)	-	-	-
	-	-	-	-	-	(43,297)	(43,297)
	-	-	-	(6,964)	(6,964)	6,964	-
	-	-	-	(1,137,989)	(1,137,989)	-	(1,137,989)
	-	-	-	-	-	(3,294,964)	(3,294,964)
	-	-	-	-	-	(239,352)	(239,352)
	-	-	-	-	-	58,007	58,007
	44,430	10,249,072	578,449	41,915,450	92,039,183	47,195,502	139,234,685

# Consolidated Statement of Cash Flows

## Accounting Policy

The Cash flows statement is prepared using the indirect method, as stipulated in LKAS 7- "Statement of Cash Flows". Cash and cash equivalents comprise cash in hand; cash at bank, bank overdrafts and Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

For the year ended 31 March	Note	COMPANY		GROUP	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Net Profit before Taxation		4,182,440	3,186,163	26,552,853	25,078,218
Profit/ (Loss) from Discontinued operation	38	-	-	177,410	863,018
<b>ADJUSTMENTS FOR</b>					
Net Gain on Financial Assets Recognised Through Profit or Loss	30	13,425	(6,705)	(3,409)	(7,024)
Impairment Provision/ (Reversal) of Financial Assets At Amortised Cost- Loans and Advances		-	-	(542,380)	345,404
Impairment Provision/ (Reversal) of Trade and Other Debtors, Deposits and Prepayments		-	-	83,002	102,780
Share of profits of equity accounted Investees		-	-	(47,870)	4,473
Provision for inventory	13.1	-	-	262,014	276,682
Amortization Intangible assets	14	-	-	104,583	91,279
Impairment of Goodwill	14	-	-	108,098	-
Change in fair Value of Consumable Biological Assets		-	-	-	14,224
Change in Fair Value of Investment Property	17	-	-	(66,290)	(22,672)
Depreciation on Property, plant and equipments	15	11,738	11,220	2,655,312	2,449,114
Loss/ (Profit) on sale of Property,plant & equipment	30	(24,000)	-	(93,347)	(16,385)
Amortisation of biological assets		-	-	-	121,966
Bearer biological assets Write off during the year		-	-	-	33,792
Depreciation of Right of Use Assets	16	35,082	38,023	630,884	628,302
Provision For Employee Benefit Liabilities	24	8,798	7,879	455,715	480,311
Amortization of Capital Grant		-	-	-	(7,670)
Dividend income	29	(4,078,503)	(3,092,306)	(880,744)	(568,541)
Finance Cost	32	23,405	19,763	2,855,021	4,159,420
Finance Income	33	(110,650)	(71,801)	(482,960)	(1,248,782)
<b>Operating Profit before Working Capital Changes</b>		<b>61,735</b>	<b>92,236</b>	<b>31,767,892</b>	<b>32,777,909</b>
(Increase)/Decrease in Financial Assets At Amortised Cost- Loans and Advances		-	-	(15,607,757)	(11,179,599)
(Increase)/Decrease in Other Financial Assets		(800,000)	-	484,509	(16,100,798)
(Increase)/Decrease in Trade and Other Debtors, Deposits and Prepayments		(36,107)	(17,060)	(1,930,894)	138,251
(Increase)/Decrease in Other Non Financial Assets		775	(249)	3,659,054	(1,805,217)
(Increase)/Decrease in Inventories		-	-	(3,300,828)	(13,127,959)
(Increase)/Decrease in Consumable Biological Assets		-	-	-	(10,129)
Increase/(Decrease) in Asset held for Sale		-	-	(112,409)	26,417
Increase/(Decrease) in Due to Banks		-	-	2,055,781	(6,245,479)
Increase/(Decrease) in Due to Customers		-	-	8,786,294	24,769,747
Increase/(Decrease) in Trade & Other Payables		(25,578)	(8,818)	(4,392,247)	(2,599,308)
Increase/(Decrease) in Other Non Financial Liabilities		-	-	(1,299,516)	(2,382,576)
Cash Generated from/ (Used in) Operations		(799,175)	66,109	20,109,879	4,261,259

For the year ended 31 March	Note	COMPANY		GROUP	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Retirement Benefits Liabilities paid	24	(1,822)	-	(241,893)	(284,485)
Finance Cost Paid		(23,405)	(19,763)	(2,893,909)	(4,123,017)
Interest received		110,650	71,801	482,960	1,248,782
Taxes Paid		(64,992)	(766,477)	(9,141,465)	(12,243,940)
<b>Net Cash from/ (Used in) Operating Activities</b>		<b>(778,744)</b>	<b>(648,330)</b>	<b>8,315,572</b>	<b>(11,141,401)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sale/(Purchase) of Financial Assets Recognised Through Profit or Loss		-	-	143,975	(143,401)
Sale/(Purchase) of Equity Instruments measured at Fair Value through OCI		(167,266)	-	(167,383)	(41)
Disposal/ (Investment) in Subsidiary		(1,383,000)	(1,935,000)	-	-
Purchase of Intangible assets	14	-	-	(82,600)	(207,325)
Purchase of investment property	17	-	-	-	(2,337)
Proceeds from disposal of investment property		-	-	-	67,000
Purchase of Property, Plant & Equipment	15	(50,276)	(6,235)	(9,100,103)	(7,389,770)
Proceeds from Sale of Property, Plant & Equipment		24,000	-	5,485,546	921,665
Proceeds from Sale of Intangible Assets		-	-	-	4,949
Cost on Bearer Biological Assets		-	-	-	(278,515)
Acquisition of Right of use assets	16	-	(124,874)	(830,321)	(758,634)
Dividend Received		4,078,503	3,092,306	880,744	568,541
<b>Net Cash from/ (Used in) Investing Activities</b>		<b>2,501,960</b>	<b>1,026,197</b>	<b>(3,670,142)</b>	<b>(7,217,868)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Net Proceeds from Interest Bearing Loans & Borrowings		(35,634)	86,243	6,678,114	(389,306)
Capital Grant Received		-	-	-	821
Disposal/ (Acquisition) of Non controlling interest		-	-	(224,642)	(275,480)
Dividend Paid		(1,135,947)	(2,259)	(4,411,225)	(3,287,074)
<b>Net Cash Generated from/ (Used in) Financing Activities</b>		<b>(1,171,581)</b>	<b>83,984</b>	<b>2,042,247</b>	<b>(3,951,039)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>		<b>551,635</b>	<b>461,851</b>	<b>6,687,677</b>	<b>(22,310,308)</b>
Net Unrealised Exchange (Gains)/Losses		-	-	(91,282)	(62,730)
<b>Cash and Cash Equivalents at the beginning of the Year</b>		<b>1,366,423</b>	<b>904,572</b>	<b>5,200,153</b>	<b>27,573,191</b>
<b>Cash and Cash Equivalents at the end of the Year</b>	3.2	<b>1,918,058</b>	<b>1,366,423</b>	<b>11,796,548</b>	<b>5,200,153</b>

The accounting policies and notes on pages 138 through 238 form an integral part of these Financial Statements.

# Notes to the Financial Statements

## 1. CORPORATE INFORMATION

### 1.1 General

Vallibel One PLC (“Company”) is a public limited liability company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The registered office of the Company is located at 29, West Tower, World Trade Centre, Echelon Square, Colombo – 01.

### 1.2 Principal Activities and Nature of Operations

A principal activity of the company is holding investments in other companies.

#### Vallibel One PLC

Group holding company manages a portfolio of diversified business holdings.

#### Royal Ceramics Lanka PLC Group

Royal Ceramics Lanka PLC (RCL) is engaged in manufacturing and marketing of floor and wall tiles. Subsidiaries of RCL were engaged in the business of property holding, manufacturing and marketing of floor and wall tiles, supply of raw material to the ceramic industry, sanitary ware, cartoons and paper sacks for packing, aluminium extrusions.

#### LB Finance PLC

LB Finance PLC provides a comprehensive range of financial services encompassing acceptance of deposits, granting lease facilities, hire purchases, mortgage loans, gold loans, personal loans, factoring, margin trading, trade finance loans, microfinance and other credit facilities, real estate development and related services.

#### Greener Water Ltd

Principal activities of the Company are to engage in the business of leisure sector. However, Company is yet to start its commercial operations.

#### Delmage Ltd

Delmage Ltd is managing its subsidiaries, carrying out investment activities and providing management and administration services to the companies within the group. Subsidiaries of the group were engaged in the business of manufacturing, trading, shipping, logistics, airline and travel, and insurance brokering.

In addition to the above investments, company holds investment in Fortress Resorts PLC which is accounted as investment in associates.

### 1.3 Parent Entity and Ultimate Parent Entity

The Group’s ultimate controlling party is Mr. K. D. D. Perera.

### 1.4 Consolidated Financial Statements

The Consolidated Financial Statements of Vallibel One PLC, as at and for the year ended 31st March 2024 encompass the Company, its Subsidiaries (together referred to as the “Group”) and the Group’s interest in Equity Accounted Investees (Associates).

### 1.5 Date of Authorization for Issue

The Consolidated Financial Statements of Vallibel One PLC and its subsidiaries for the Year ended 31 March 2024 were authorised for issue in accordance with a resolution of the directors on 03/06/2024.

### 1.6 Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors’ Responsibility Report in the Annual Report.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The financial statements which comprise the Statement of profit or loss, Statements of comprehensive income, statements of financial position, statements of changes in equity and the cash flows statements, together with the accounting policies and notes (the “financial statements”) have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

### 2.2 Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for land & buildings, derivative financial instruments, fair value through profit or loss financial assets and fair value through other comprehensive income financial assets.

The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The consolidated financial statements are presented in Sri Lankan Rupees except when otherwise indicated.

The Group presents its statement of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 43.

### 2.3 Comparative information

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.

### 2.4 Functional & Presentation Currency

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. These Financial Statements are presented in Sri Lankan Rupees, the Group's Functional and Presentation Currency.

### 2.5 Materiality and Aggregation

Each material class of similar items is presented separately 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 – LKAS 1 on Presentation of Financial Statements.

### 2.6 Basis of Consolidation

The Group's Financial Statements comprise, Consolidated Financial Statements of the Company and its Subsidiary in terms of the Sri Lanka Accounting Standard- SLFRS 10 (Consolidated Financial Statements).

Details of the Company's subsidiary are set out in Note 10 to these Financial Statements

### 2.7 Going Concern

The directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration the existing and potential implications of The prevailing economic condition on the business operations and performance of the Group and the measures adopted by the government to mitigate the pandemic's spread and support recovery of the economy. The, Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

### 2.8 Changes in Accounting Policies

#### *New and amended standards and interpretations*

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's financial statements for

the year ended 31 March 2024, except for the adoption of new standards effective as of 1 April 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### **Definition of Accounting Estimates - Amendments to LKAS 8**

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

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

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

# Notes to the Financial Statements

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Classification of Liabilities as Current or Noncurrent- Amendments to LKAS 1

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify.

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The above amendment had no impact on the financial statements of the Group.

## 2.9 Significant Accounting Judgments, Estimates, Assumptions

The preparation of Financial Statements of the Group in conformity with Sri Lanka Accounting Standards requires the management to make assumptions, judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty involved with estimates, 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 the estimate is revised and in any future periods affected.

The most significant areas of estimation uncertainties and critical judgments in applying accounting policies that have

most significant effect on the amounts recognised in the Financial Statements of the Group are as follows:

Impairment of Non-Financial Assets	2.10.1 (i)
Classification of Financial Assets & Liabilities	2.10.1 (vii)
Fair Value of Financial Instruments	38
Allowance for Impairment Losses	6
Deferred Taxation	12
Useful lifetime of the Property, Plant and Equipment	15
Useful lifetime of the Intangible Assets	14
Employee Benefit Liability	24
Taxation	35
Fair value of free hold land and buildings	15.4
Investment properties	17
Impairment of goodwill	14.2

## 2.10 Significant Accounting Policies

### 2.10.1 Statement of Financial Position

#### (i) Impairment of Non-Financial Assets

The Group assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU's) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no

impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement.

## (ii) Foreign Currency

### Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the functional currency, which is Sri Lankan Rupees, using the exchange rates prevailing at the dates of the transactions on which first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## (iii) Foreign Operations

The results and financial position of overseas operations that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

Assets and liabilities, including goodwill and fair value adjustments arising on acquisition, are translated at the rates of exchange ruling as at the Reporting date.

Income and expenses are translated at the average exchange rate for the period, unless this average rate is not a reasonable approximation of the rate prevailing at the transaction date, in which case income and expenses are translated at the exchange rates ruling at the transaction date.

All resulting exchange differences are recognised in the OCI and accumulated in the Foreign Currency Translation Reserve (Translation Reserve), which is a separate component of Equity, except to the extent that the translation difference is allocated to the NCI.

When a foreign operation is disposed of such that the control is lost, the cumulative amount in the translation

reserve related to that foreign operation is reclassified to Income Statement as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount of the translation reserve is reattributed to NCI.

## (iv) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking in to account the risks and uncertainties surrounding the obligation at that date. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is determined based on the present value of those cash flows. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured as the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract. The expense relating to any provision is presented in the Income Statement or Loss net of any reimbursement.

## (v) Employee Benefit Obligations

### (1) Gratuity

Refer Note 24 for detailed policy on defined benefit obligation

### (2) Defined contribution plan

The Group also operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Group by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

The Group contributes to the following Schemes:

#### - Employees' Provident Fund

The Group and employees contribute 12%-15% and 8%-10% respectively of the employee's monthly gross salary (excluding overtime) to the Provident Fund.

# Notes to the Financial Statements

## - Employees' Trust Fund

The Company contributes 3% of the employee's monthly gross salary excluding overtime to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

## (vi) Non-current /distribution to owners and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/distribution rather than through continuing use. Non-current assets and disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of profit or loss. Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortized.

## (vii) Financial Instruments

### Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to depositors, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Group recognises balances due to depositors when funds are transferred to the Group.

### Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables of subsidiaries are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss.

## Day 1 Profit or Loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group recognises the difference between the transaction price and the fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

## Classification and Subsequent Measurement of Financial Assets

From 1 April 2018 as per SLFRS 9, the Group classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms measured at either;

\*Amortised cost

\*Fair value through other comprehensive income (FVOCI)

\*Fair value through profit or loss (FVTPL)

The subsequent measurement of financial assets depends on their classification.

## Business Model Assessment

Group determines its business model at the level that best reflects how it manages the financial assets to achieve its objectives. The Group's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial asset held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flow collected)
- The expected frequency, value and timing of sales

The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress Case" scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectation, the Group does not change the

classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets.

#### **Contractual Cash flow Characteristic Test (The SPPI Test)**

As the second test of the classification process the Group assesses the contractual terms of the financial asset to identify whether those meet "Solely the Payment of Principle and Interest" (SPPI) criteria.

'Principle for the purpose of this test is defined as the fair value of the financial asset at initial recognition which may change over the life of the financial asset (for example, if there are repayments of principle or amortization of the premium/discount).

'The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make SPPI assessment, the Group applies judgment and considers relevant factors such as currency in which the financial asset is denominated and the period for which the interest rate is set.

#### **Classification and subsequent measurement of financial liabilities**

As per SLFRS 9, the Group classifies financial liabilities, other than financial guarantees and loan commitments into one of the following categories:

Financial liabilities at fair value through profit or loss, and within this category as

- Held-for-trading; or
- Designated at fair value through profit or loss;

Financial liabilities measured at amortised cost.

The subsequent measurement of financial liabilities depends on their classification.

#### **Reclassification of Financial Assets and Financial Liabilities**

As per SLFRS 9, Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group changes its objective of the business model for managing such financial assets which may include the acquisition, disposal or termination of a business line.

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

#### **Derecognition of Financial Assets and Financial Liabilities**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is

derecognised when the rights to receive cash flows from the financial asset have expired.

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

#### **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under LKASs / SLFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

During the year Group has not offset any financial assets and financial liabilities in the Statement of Financial Position.

### **2.10.2 Statement of profit or loss**

#### **(i) Revenue recognition**

Refer note 31 for detailed policy on revenue recognition

#### **(ii) Impairment Charges and Other Losses**

The Group recognises the changes to the impairment provision which are assessed based on expected credit loss method in accordance with Sri Lanka Accounting Standard-SLFRS 09 (Financial Instruments). The methodology adopted by the Group is explained in the Note 7 to these financial statements. Recovery of amounts written-off as bad and doubtful debts is recognised on a cash basis.

#### **(iii) Personal Expenses**

Personnel Expenses include salaries and bonus, terminal benefits and other staff-related expenses. The provision for bonus is recognised when it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

#### **Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods as defined in the Sri Lanka Accounting Standard- LKAS 19 (Employee Benefits).

# Notes to the Financial Statements

The contribution payable to a defined contribution plan is in proportion to the services rendered to the Company by the employees and is recorded as an expense when they become due. Unpaid contributions are recorded as a liability.

The Company and the employees contribute 15% and 10% respectively on the salary of each employee to the Employees' Provident Fund.

The Company contributes 3% of the salary of each employee to the Employees' Trust Fund.

## Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Accordingly, staff gratuity was considered as defined benefit plan as per Sri Lanka Accounting Standard- LKAS 19 (Employee Benefits). The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

## (iv) Other Operating Expenses

Other operating expenses are recognised in the Income Statement on the basis of a direct association between the cost incurred and the earnings of the specific items of the income. All the expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Income Statement in arriving at the profit for the year.

## (v) Directors' Emoluments

Directors' Emoluments include fees paid to Non-Executive Directors. Remunerations paid to Executive Directors are included under Administrative Expenses in these Financial Statements.

## (vi) Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group/Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of

the underlying asset by equal annual installments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant.

## 2.11 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below. None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the Group in the foreseeable future. The Group intends to adopt these amended standards, if applicable, when they become effective.

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

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

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

### Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

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

### Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-

lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application

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

### SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

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

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

### International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

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

# Notes to the Financial Statements

## 3. CASH AND CASH EQUIVALENTS

### Accounting Policy

Cash and cash equivalents are cash at bank and in hand, call deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents are carried at amortized cost in the Statement of Financial Position.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Cash in hand and at Bank	1,919,648	1,366,913	7,559,452	7,124,869
Cash in transit	-	-	48,288	67,009
Short Term Bank Deposits	-	-	2,006,666	1,357,186
Treasury Bill Repurchase Agreement	-	-	3,647,723	949,809
Investment in Trust Certificates	-	-	1,908,342	-
Deposits	-	-	-	543,656
	1,919,648	1,366,913	15,170,471	10,042,529

**3.1** The collateral value of repurchase agreements reflected on the Statement of Financial Position under cash and cash equivalents as at 31 March 2024 and 31 March 2023 was Rs.4,066,678,750/- and Rs.1,446,871,393/- respectively.

### 3.2 Cash and Cash Equivalents for the purpose of the Cash Flow Statement

### Accounting Policy

For the purpose of Statement of Cash Flows, cash and cash equivalents consist of cash in hand, cash at bank deposits in banks net of outstanding bank overdrafts.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Cash and Cash Equivalents	1,919,648	1,366,913	15,170,471	10,042,529
Cash and Cash Equivalents attributable to discontinued operations	-	-	56	6,861
Bank Overdrafts ( Note 18)	(1,590)	(490)	(3,373,979)	(4,761,184)
Bank Overdrafts attributable to discontinued operations	-	-	-	(88,053)
Cash and Cash Equivalents at the end of the Period	1,918,058	1,366,423	11,796,548	5,200,153

## 4. FINANCIAL INVESTMENTS

### 4.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

### Accounting Policy

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

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

## 4.1.1 Investment in Shares - Company

As at 31 March	2024		2023	
	Number of Shares	LKR '000	Number of Shares	LKR '000
<b>Hotels and Travels</b>				
Citrus Leisure PLC	8,380,767	41,888	8,380,767	55,313
		41,888		55,313

## 4.1.2 Investment in Shares- Group

As at 31 March	2024		2023	
	Number of Shares	LKR '000	Number of Shares	LKR '000
<b>Quoted</b>				
<b>Bank, Finance and Insurance</b>				
Seylan Bank PLC (Non- Voting)	129,830	4,934	109,949	2,474
<b>Food Processing</b>				
Bairaha Farms PLC	19,360	3,349	17,600	2,552
<b>Hotels and Travels</b>				
Aitken Spence PLC	225,000	29,306	225,000	29,475
Royal Palms Beach Hotels PLC	4,299	129	4,299	113
John Keels Hotels PLC	45,009	837	45,009	851
Citrus Leisure PLC	11,149,043	55,729	11,149,043	73,584
Serendib Hotels PLC	16,000	224	16,000	157
Hikkaduwa Beach Resort PLC	583,393	2,742	583,393	2,975
<b>Diversified Holdings</b>				
Hayleys PLC	16,660	1,368	12,220	880
<b>Health Care</b>				
The Lanka Hospital Corporation PLC	45,519	5,280	45,519	5,144
<b>Total Quoted Investments</b>		103,898		118,205
<b>Non-Quoted</b>				
MBSL Insurance	4,666,667	8,667	4,666,667	8,667
Less: Impairment	-	(8,667)	-	(8,667)
<b>Total Non-quoted Investments</b>		-		-

## 4.1.3 Investment in government securities- Group

<b>Treasury bonds</b>	-	-	-	126,259
<b>Total</b>	-	103,898	-	244,464

# Notes to the Financial Statements

## 4.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### Accounting Policy

Financial assets at fair value through other comprehensive income are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Other Comprehensive Income.

### Equity Instruments Measured At Fair Value Through Other Comprehensive Income

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

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

### Investment in Shares- Company

As at 31 March	2024		2023	
	Number of Shares	LKR '000	Number of Shares	LKR '000
<b>Quoted</b>				
<b>Bank, Finance and Insurance</b>				
Sampath Bank PLC	175,352,762	14,028,221	171,117,084	8,983,647
<b>Total Quoted Investments</b>	<b>175,352,762</b>	<b>14,028,221</b>	<b>171,117,084</b>	<b>8,983,647</b>
<b>Total</b>	<b>175,352,762</b>	<b>14,028,221</b>	<b>171,117,084</b>	<b>8,983,647</b>

### Investment in Shares - Group

As at 31 March	2024		2023	
	Number of Shares	LKR '000	Number of Shares	LKR '000
<b>Quoted</b>				
<b>Manufacturing</b>				
Central Industries PLC	10,016	1,112	9,020	760
Samson International PLC	5,881	867	5,881	1,492
<b>Bank Finance and Insurance</b>				
Sampath Bank PLC	175,352,762	14,028,221	171,117,084	8,983,647
Softlogic Finance PLC	2,090,000	11,918	2,090,000	16,302
<b>Beverages, Food and Tobacco</b>				
Lanka Milk Foods PLC	5,401	1,469	5,401	760
<b>Total Quoted Investments</b>	<b>-</b>	<b>14,043,587</b>	<b>-</b>	<b>9,002,961</b>
<b>Non-Quoted</b>				
Credit Information Bureau	1,047	107	1,047	107
Finance House Association	20,000	200	20,000	200
National Asset Management Limited	25,000	1,048	25,000	932
<b>Total Non-quoted Investments</b>	<b>-</b>	<b>1,355</b>	<b>-</b>	<b>1,239</b>
<b>Total Carrying Value of Financial Assets - Equity Instruments measured at FVOCI</b>		<b>14,044,942</b>		<b>9,004,200</b>

### 4.3 Fair value of financial instruments

#### The Following Methods & Assumptions were Used to Estimate the Fair Value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Group estimate of assumptions that a market participant would make when valuing the financial instruments.

Cash & cash equivalent, trade receivable, trade payable and other financial liabilities, Long term variable-rate borrowing approximate at their carrying amounts due to the short term maturities of these current financial instruments.

Hence the above carrying amounts of Group's financial instruments are reasonable approximation of their fair value.

#### *Financial Assets - Fair Value Through Profit or Loss*

Fair value of quoted equity shares is based on price quotations at the reporting date.

#### *Equity Instruments measured at Fair value through OCI*

Equity Instruments measured at Fair value through OCI, primarily consist of equity securities and Government debt securities are valued using valuation techniques or pricing models. These assets are valued using models that use observable data. Government debt securities are valued using yield curves published by the Central Bank of Sri Lanka and Fair value of quoted equity shares is based on price quotations at the reporting date.

#### Determination of Fair Value and Fair Value Hierarchy

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

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

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group held the following financial instruments carried at fair value in the Statement of Financial position:

#### Company

As at 31st March 2024	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
<b>Financial Assets - Fair Value Through Profit or Loss</b>				
Quoted equities	41,888	-	-	41,888
	41,888	-	-	41,888
<b>Financial Assets measured at Fair value through OCI</b>				
Quoted equities	14,028,221	-	-	14,028,221
	14,028,221	-	-	14,028,221
<b>Total</b>	<b>14,070,109</b>	<b>-</b>	<b>-</b>	<b>14,070,109</b>

# Notes to the Financial Statements

As at 31st March 2023	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
<b>Financial Assets - Fair Value Through Profit or Loss</b>				
Quoted equities	55,313	-	-	55,313
	55,313	-	-	55,313
<b>Financial Assets measured at Fair value through OCI</b>				
Quoted equities	8,983,647	-	-	8,983,647
	8,983,647	-	-	8,983,647
<b>Total</b>	<b>9,038,960</b>	<b>-</b>	<b>-</b>	<b>9,038,960</b>

## Group

As at 31st March 2024	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
<b>Financial Assets - Fair Value Through Profit or Loss</b>				
Quoted equities	103,898	-	-	103,898
	103,898	-	-	103,898
<b>Financial Assets measured at Fair value through OCI</b>				
Quoted equities	14,043,587	-	-	14,043,587
Un-Quoted equities	-	1,048	307	1,355
	14,043,587	1,048	307	14,044,942
<b>Total</b>	<b>14,147,485</b>	<b>1,048</b>	<b>307</b>	<b>14,148,840</b>

As at 31st March 2023	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000	Total LKR '000
<b>Financial Assets - Fair Value Through Profit or Loss</b>				
Quoted equities	118,205	-	-	118,205
Un-Quoted equities	-	126,259	-	126,259
<b>Total</b>	<b>118,205</b>	<b>126,259</b>	<b>-</b>	<b>244,464</b>
<b>Financial Assets measured at Fair value through OCI</b>				
Quoted equities	9,002,961	-	-	9,002,961
Un-Quoted equities	-	932	307	1,239
	9,002,961	932	307	9,004,200
<b>Total</b>	<b>9,121,166</b>	<b>127,191</b>	<b>307</b>	<b>9,248,664</b>

## 5. FINANCIAL ASSETS AT AMORTISED COST- LOANS AND ADVANCES

### Accounting Policy

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

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

After initial measurement loans and advances are subsequently measured at amortised cost using the effective interest rate (EIR), less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

### Lease Receivables

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets, but not necessarily legal title, are classified as finance leases. When the Group is the lessor under finance leases the amounts due under the leases, after deduction of unearned income, are recognised on the Statement of Financial Position. The finance income receivable is recognised in 'interest income' over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

### Operating Lease

All other leases are classified as operating leases. When acting as lessor, the Group includes the assets subject to operating leases in 'property, plant and equipment' and accounts for them accordingly. Impairment losses are recognised to the extent that residual values are not fully recoverable and the carrying value of the assets is thereby impaired.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Gold Loans	-	-	74,662,865	67,765,757
Lease Receivables (Note 5.1)	-	-	31,907,593	37,077,883
Vehicle Loans	-	-	39,753,374	25,968,543
Term loans	-	-	9,199,280	8,992,242
Mortgage Loans	-	-	3,987,233	4,488,982
Power Drafts	-	-	10,667,223	10,274,135
	-	-	170,177,568	154,567,541
Less : Allowance for Impairment Losses (Note 6)	-	-	(7,653,022)	(8,195,402)
Rentals Received in Advance	-	-	(2,813)	(543)
Net Loans and Advances	-	-	162,521,733	146,371,596
Fair Value	-	-	164,529,320	137,280,086

# Notes to the Financial Statements

## 5.1 Lease Receivables

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Gross Rentals Receivable				
- Within One Year	-	-	20,562,918	23,316,242
- One to five years	-	-	21,484,794	25,171,071
- Over five years	-	-	720	2,317
	-	-	42,048,432	48,489,631
Unearned Income				
- Within One Year	-	-	(5,608,730)	(6,067,524)
- One to five years	-	-	(4,532,065)	(5,344,088)
- Over five years	-	-	(44)	(136)
	-	-	(10,140,838)	(11,411,747)
	-	-	31,907,593	37,077,883
Rentals Received in Advance	-	-	(2,813)	(543)
Allowance for Impairment Losses	-	-	(2,010,824)	(2,937,532)
Net Lease Receivable	-	-	29,893,956	34,139,808

## 5.2 Medium and Short Term Loans include loans granted to Company Officers, the movement of which is as follows :

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
As at 1st April	-	-	403,484	358,159
Add : Loans granted during the year	-	-	519,932	455,148
Less : Repayments during the year	-	-	(411,175)	(409,823)
As at 31st March	-	-	512,241	403,484

## 5.3 Contractual Maturity Analysis of Loans and Advances- Group

As at 31st March 2024	Within 1 Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Gold Loans	74,662,865	-	-	74,662,865
Lease Receivables	14,954,188	16,952,728	677	31,907,593
Vehicle Loans	13,801,605	25,903,015	48,754	39,753,374
Medium and short term loans	4,515,292	1,939,317	2,744,671	9,199,280
Mortgage Loans	2,206,262	1,633,514	147,457	3,987,233
Power Drafts	2,763,870	7,903,353	-	10,667,223
Gross Loans and Receivables	112,904,082	54,331,927	2,941,559	170,177,568
Allowance for Impairment Losses				(7,653,022)
Rentals Received in Advance				(2,813)
Net Loans and Advances				162,521,733

As at 31st March 2023	Within 1 Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Gold Loans	67,765,757	-	-	67,765,757
Lease Receivables	17,248,719	19,826,982	2,182	37,077,883
Vehicle Loans	9,826,952	16,101,702	39,889	25,968,543
Medium and short term loans	3,182,939	3,317,724	2,432,006	8,932,669
Mortgage Loans	2,323,320	1,902,278	263,383	4,488,981
Power Drafts	6,253,042	4,021,092	-	10,274,134
Factoring Receivable	59,575	-	-	59,575
Gross Loans and Advances	106,660,304	45,169,778	2,737,460	154,567,542
Allowance for Impairment Losses				(8,195,402)
Rentals Received in Advance				(543)
Net Loans and Advances				146,371,597

Loans and advances are prepayable, so prepayments may cause actual maturities to differ from contractual maturities.

#### 5.4 Credit Exposure Movement - ECL Stage-wise

##### Loans and Advances

As at 31 March 2024	GROUP			
	Stage 01 LKR '000	Stage 02 LKR '000	Stage 03 LKR '000	Total LKR '000
Gross Carrying Amount as at 1 April	118,348,460	22,868,387	13,350,152	154,566,999
Transfer to Stage 01	4,068,856	(3,407,039)	(661,817)	-
Transfer to Stage 02	(6,403,582)	7,467,578	(1,063,996)	-
Transfer to Stage 03	(693,879)	(1,407,274)	2,101,153	-
New Assets Originated or Purchased	125,225,412	16,513,264	2,020,723	143,759,399
Financial Assets Derecognised or Repaid	(97,908,364)	(21,458,331)	(7,772,586)	(127,139,281)
Write-offs	-	-	(936,394)	(936,394)
Exchange Rate Variance on Foreign Currency Provisions	(61,455)	(370)	(14,142)	(75,967)
As at 31 March	142,575,448	20,576,215	7,023,093	170,174,756

As at 31 March 2023	GROUP			
	Stage 01 LKR '000	Stage 02 LKR '000	Stage 03 LKR '000	Total LKR '000
Gross Carrying Amount as at 1 April	112,735,164	17,958,017	12,694,216	143,387,396
Transfer to Stage 01	11,204,528	(7,675,176)	(3,529,352)	-
Transfer to Stage 02	(9,906,099)	17,564,889	(7,658,790)	-
Transfer to Stage 03	(2,643,035)	(2,816,896)	5,459,931	-
New Assets Originated or Purchased	90,804,541	19,055,111	12,863,617	122,723,269
Financial Assets Derecognised or Repaid	(83,812,002)	(21,216,827)	(6,179,282)	(111,208,112)
Write-offs	-	-	(270,236)	(270,236)
Exchange Rate Variance on Foreign Currency Provisions	(34,637)	(731)	(29,952)	(65,320)
As at 31 March	118,348,460	22,868,387	13,350,152	154,566,999

# Notes to the Financial Statements

## 6. ALLOWANCE FOR IMPAIRMENT LOSSES

### Accounting Policy

#### Overview of the Expected Credit Loss (ECL) Principles

The Group has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as “financial instruments”.

The ECL allowance is based on the credit losses expected to arise over the life of the asset.

The 12 months ECL is the portion of lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both lifetime ECLs and 12 months ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on such process Group allocates loans in to stage 1, stage 2, Stage 3 as described below:

#### Stage 1

When loans are first recognised, the Group recognises an allowance based on 12 months ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

#### Stage 2

When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime ECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

#### Stage 3

When a loan is considered to be credit impaired/contain objective evidences of incurred loss, the Group records an allowance for the life time ECLs.

#### Significant Increase in Credit Risk

The Group continuously monitors all assets subject to ECL, in order to determine whether there has been a significant increase in credit risk since initial recognition and whether the instrument or a portfolio of instruments is subject to 12 months ECL or Lifetime ECL. The Group considers an exposure to have a significant increase in credit risk at 30 days passed due.

Individually significant impairment assessment and loans which are not impaired individually Group will individually assess all significant customer exposures to identify whether there are any indicators of impairment. Loans with objective evidence of incurred losses are classified as Stage 3. Loans which are individually significant but not impaired will be assessed collectively for impairment under either Stage 1 or Stage 2, based on the above specified criteria to identify whether there have been a significant credit deterioration since origination.

### Accounting Policy

While establishing significant credit deterioration, Group will consider the following criteria:

- Other changes in the rates or terms of an existing financial instrument that would be significantly different if the instrument was newly originated
- Significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instrument
- Other information related to the borrower, such as changes in the price of a borrower's debt/equity instrument
- An actual/expected internal credit rating downgrade for the borrower or decrease in behavioural score used to assess credit risk internally
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its obligation
- An actual or expected significant change in the operating results of the borrower in relation to actual/expected decline in revenue, increase in operating risk, working capital deficiency, decrease in asset quality, increase in gearing and liquidity management problems
- Significant increase in credit risk on other financial instruments of the same borrower
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet the debt obligation

#### Grouping Financial Assets Measured on a Collective Basis

As explained above, Group calculates ECL either on a collective or individual basis. Asset classes where the Company calculates ECL on an individual basis includes all individually significant assets which belong to Stage 3. All assets which belong to Stage 1 and 2 will be assessed collectively for impairment.

The Group allocates smaller homogeneous exposures based on a combination of internal and external characteristics such as product type, customer type, days past due etc.

#### Calculation of ECL

The expected cash shortfalls are calculated by multiplying respective loan level PDs, EADs and LGDs. The cash shortfall is discounted to the Effective Interest Rate (EIR). A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

PDs and LGDs are adjusted to the forward-looking information using statistically quantified variance.

The mechanics of the ECL calculation are outlined below and the key elements are as follows:

- **Probability of Default (PD):** PD is an estimate of the likelihood of default over a given time horizon. Hence majority of our client base being retail; we use internal information to estimate the PDs. The client has two credit statuses which can be identified as default or not default. We used Cohort method (CM) to compute the PDs.
- **Exposure at Default (EAD):** EAD is the estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of the principle and interest, whether scheduled by contract or otherwise and expected draw downs on committed facilities.
- **Loss Given Default (LGD):** LGD is an estimate of the loss arising, where a default occurs at a given time calculated based on historical recovery data. It is usually expressed as a % of the EAD.

# Notes to the Financial Statements

## 6. ALLOWANCE FOR IMPAIRMENT LOSSES (CONTD.)

For all products, Company considers the maximum period over which the credit losses are determined is the contractual life of a financial instrument.

### Forward-looking information

Group relies on broad range of qualitative/quantitative forward-looking information as economic inputs in the multiple economic factor model developed to forecast the expected non-performing loans.

The model predicts the one year forward industry NPL levels and which has been used to adjust the Company PD curve using statistically quantified variance. The economic factor model is developed by the University of Colombo, Science and Technology CELL and consent to use with an annual review. The economic factor model predicts the NPL as an output and use some key economic factors as an input to the model. The key variables of the model is as follows;

- Industry NPL
- Business Confidence Index
- All Share Price Index(ASPI)
- Exchange Rates
- Fuel Prices
- GDP Growth Rate
- Interest Rates
- Inflation Rates
- Unemployment Rates
- Rainfall
- Per Capita GDP
- Assets Recovery Ratio
- Company Probability of Default Curve

### Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the financial asset impairment allowance account accordingly. The write-back is recognised in the Income Statement.

### Write-off of loans and advances

Financial assets and the related impairment allowance accounts are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, this is generally after receipt of any proceeds from the realisation of security.

### Collateral valuation

The Group seeks to use collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, vehicles, gold, securities, letters of guarantees, real estate, receivables, inventories, other non-financial assets. The fair value of collateral is generally assessed, at a minimum, at inception and based on the guidelines issued by the Central Bank of Sri Lanka.

To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuers.

### Collateral repossessed

Repossessed collateral will not be taken into books of accounts unless the Group has taken those collaterals into its business operations. However, such additions from the repossessed collaterals to the business operations are not significant.

### Non-accrual receivables

Non performing classification point is triggered out when the receivables are more than five months in arrears, receivables are subject to legal action/ongoing legal action, receivables are subject to untraceable or unattainable collaterals, or receivables are determined to be uncollectible. For receivables in non-accrual status, subsequent financing revenue is recognized only to the extent a payment is received. Payments are generally applied first to outstanding interest and then to the unpaid principal balance.

**6. ALLOWANCE FOR IMPAIRMENT LOSSES (CONTD.)**

**6.1 Stage-wise Analysis of the Allowance for Impairment Losses**

As at 31 March	GROUP							
	Stage 01 2024	Stage 02 2024	Stage 03 2024	Total 2024	Stage 01 2023	Stage 02 2023	Stage 03 2023	Total 2023
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
As at 01 April	2,384,654	697,416	5,113,330	8,195,400	2,027,393	416,703	5,405,900	7,849,996
Acquisition of Sub-subsidiary	-	-	-	-	-	-	-	-
Charge / (Reversal) for the year	630,418	(174,936)	(56,440)	399,042	360,703	280,785	(19,389)	622,099
Amounts written off	-	-	(936,394)	(936,394)	-	-	(270,236)	(270,236)
Exchange Rate Variance on Foreign Currency Provisions	(1,806)	(54)	(3,168)	(5,028)	(3,442)	(72)	(2,945)	(6,459)
As at 31 March	3,013,266	522,426	4,117,328	7,653,020	2,384,654	697,416	5,113,330	8,195,400

**6.2**

As at 31 March	GROUP							
	Stage 01 2024	Stage 02 2024	Stage 03 2024	Total 2024	Stage 01 2023	Stage 02 2023	Stage 03 2023	Total 2023
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Individual Impairment	-	-	4,117,328	4,117,328	-	-	5,113,330	5,113,330
Collective Impairment	3,013,269	522,425	-	3,535,694	2,384,656	697,414	-	3,082,070
Total	3,013,269	522,425	4,117,328	7,653,022	2,384,656	697,414	5,113,330	8,195,400
Gross Amount of Loans Individually Determined to be Impaired, before Deducting the Individually Assessed Impairment Allowance	-	-	7,023,093	7,023,093	-	-	13,212,582	13,212,582
Gross Amount of Loans Collectively Assessed for the Impairment	142,575,448	20,576,214	-	163,151,662	118,426,683	22,927,730	-	141,354,413
Gross Receivables	142,575,448	20,576,214	7,023,093	170,174,755	118,426,683	22,927,730	13,212,582	154,566,995
Gross Amount of Loans Individually Determined to be Impaired				4.13%				8.55%

**6.3 Product-wise Analysis of the Allowance for Impairment Losses**

As at 31 March	GROUP							
	Stage 01 2024	Stage 02 2024	Stage 03 2024	Total 2024	Stage 01 2023	Stage 02 2023	Stage 03 2023	Total 2023
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Gold Loans	1,424,251	39,352	29,050	1,492,653	881,503	94,251	39,687	1,015,441
Lease Receivables	379,301	166,906	1,464,617	2,010,824	429,307	265,156	2,243,067	2,937,530
Vehicle Loans	571,502	164,039	449,022	1,184,563	360,423	148,768	472,380	981,571
Medium and short term loans	341,422	14,454	245,866	601,742	407,297	18,015	454,370	879,682
Mortgage Loans	141,695	92,539	1,609,992	1,844,226	199,000	109,914	1,581,202	1,890,116
Power Drafts	155,098	45,135	318,781	519,014	106,916	61,515	263,054	431,485
Factoring Receivable	-	-	-	-	-	-	59,575	59,575
Total Allowance for Impairment Losses	3,013,269	522,425	4,117,328	7,653,022	2,384,446	697,619	5,113,335	8,195,400

# Notes to the Financial Statements

## 6.4 Stage Movements in Allowance for Impairment Losses

As at 31 March	GROUP							
	Stage 01 2024	Stage 02 2024	Stage 03 2024	Total 2024	Stage 01 2023	Stage 02 2023	Stage 03 2023	Total 2023
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>Opening Balance</b>	2,384,657	697,415	5,113,330	8,195,402	2,027,394	416,701	5,405,901	7,849,996
Transfer to Stage 01	187,681	(115,203)	(72,478)	-	(1,027,873)	184,538	843,335	-
Transfer to Stage 02	(170,444)	260,879	(90,435)	-	219,038	(4,133,100)	3,914,062	-
Transfer to Stage 03	(24,074)	(58,637)	82,711	-	68,648	77,339	(145,987)	-
New Assets Originated or Purchased	2,507,229	419,471	1,289,568	4,216,268	2,125,545	4,469,188	(1,104,942)	5,489,791
Financial Assets Derecognised or Repaid	(1,869,974)	(681,446)	(1,265,806)	(3,817,226)	(1,028,313)	(317,212)	(3,525,558)	(4,871,083)
Write-offs	-	-	(936,394)	(936,394)	-	-	(270,236)	(270,236)
Exchange Rate Variance on Foreign Currency Provisions	(1,806)	(54)	(3,168)	(5,028)	216	(39)	(3,245)	(3,068)
<b>Closing Balance</b>	<b>3,013,269</b>	<b>522,425</b>	<b>4,117,328</b>	<b>7,653,022</b>	<b>2,384,655</b>	<b>697,415</b>	<b>5,113,330</b>	<b>8,195,400</b>

## 6.5 Sensitivity Analysis of Allowance for Impairment Losses

As at 31 March		Sensitivity Effect on Impairment Allowance Increase	
		2024 LKR '000	2023 LKR '000
<b>Changed Criteria</b>	<b>Changed Factor</b>		
Loss Given Default (LGD)	Increase by 10%	192,194	210,237
Probability of Default (PD)	Increase by 1%	10,273	12,496

## 7 OTHER FINANCIAL ASSETS

### Accounting Policy

These include treasury bills repurchase agreements, where we are the transferee and investments in fixed deposits with banks and other financial institutions. Treasury bills repurchase agreements allow us to offset our entire gross exposure in the event of default or breach of contract. Other financial assets are initially recognised at fair value net of transactions cost. Subsequently, they are stated at amortised cost; any difference between the proceeds (Net of transaction cost) and the receivable amount (including interest income) is recognised in the Income Statement over the period of the assets using effective interest method.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Treasury Bill / Repurchases	-	-	4,568,918	4,651,908
Insurance premium receivables	-	-	433,725	501,221
Investment in Fixed Deposits (Note 7.2)	800,000	-	5,081,841	9,004,634
Investment in Treasury Bills	-	-	11,042,675	7,546,614
Others	-	-	180,893	88,184
	800,000	-	21,308,052	21,792,561
Fair Value	800,000	-	21,308,052	21,792,561

**7.1** The collateral value of repurchase agreements reflected on the Statement of Financial Position under Other Financial Assets as at 31 March 2024 and 31 March 2023 was Rs. 5,070,493,000/- and Rs. 7,815,600,000/- respectively.

**7.2 Investment in Fixed Deposits**

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Counterparty External Credit Rating*</b>				
AA	-	-	2,397	-
AA-	-	-	4,963	4,454
A+	-	-	51,940	77,297
A	-	-	2,576,423	4,626,900
A-	-	-	1,013,401	1,862,977
BBB	800,000	-	800,000	-
BBB-	-	-	634,576	2,482,606
Investment in Fixed deposits	800,000	-	5,083,700	9,054,234
Less: Impairment Allowance	-	-	(1,859)	(49,600)
	800,000	-	5,081,841	9,004,634
*Fitch Ratings Lanka Ltd				

*\*Fitch Ratings Lanka Ltd*

**8. TRADE & OTHER DEBTORS, DEPOSITS AND PREPAYMENTS**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial instruments – initial recognition and subsequent measurement.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Gross Trade receivables	-	-	8,370,651	8,707,360
(-) Bad debt provision	-	-	(531,176)	(448,174)
Net Trade receivables	-	-	7,839,475	8,259,186
Amounts due from Related Parties (Note 8.1)	181,299	357,988	756	22,610
Other Advances	-	-	2,292,022	309,856
Principle Receivable	-	-	72,151	90,995
Other Receivables	910,736	697,940	2,124,080	1,810,559
Loans to company officers	-	-	12,613	-
	1,092,035	1,055,928	12,340,148	10,493,206

# Notes to the Financial Statements

## 8.1 Amounts due From Related Parties

Related party transactions disclosures in Note 44.

Related Party	Relationship	COMPANY		GROUP	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Royal Ceramics Lanka PLC	Subsidiary	10,970	42,687	-	-
Rocell Bathware Ltd	Subsidiary	-	42,596	-	-
Lanka Walltile PLC	Subsidiary	6,649	34,420	-	-
Lanka Tiles PLC	Subsidiary	67,719	70,293	-	-
Swisstech Ceylon PLC	Subsidiary	22,258	22,258	-	-
Uni Dill Packaging Ltd	Subsidiary	49,178	90,570	-	-
Singer Sri Lanka PLC	Affiliate	-	21,968	-	21,968
The Kingsbury PLC	Affiliate	-	-	67	67
Delmege Forsyth & Co Ltd	Subsidiary	2,023	8,280	-	-
Fentons Ltd	Affiliate	-	-	294	294
Dipped Products PLC	Affiliate	-	-	134	9
Kandyan Resorts (Pvt) Ltd	Affiliate	-	-	139	139
Country Energy (Pvt) Ltd	Affiliate	-	-	2	28
Hayleys Fabric PLC	Affiliate	-	-	49	49
Energynet (Pvt) Ltd	Affiliate	-	-	56	56
Uni Dill Packaging Solution Ltd	Subsidiary	17,889	24,916	-	-
Grip Delmege & Co. Ltd	Subsidiary	4,393	-	-	-
Grip Nordic (Pvt) Ltd	Subsidiary	220	-	-	-
Summer Season Ltd	Affiliate	-	-	15	-
		181,299	357,988	756	22,610

## 8.2 Contract Asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
As at 1st April	-	-	32,343	46,464
During the year recognized	-	-	-	3,000
Transfers	-	-	(2,310)	(17,121)
As at 31st March	-	-	30,033	32,343

The contract assets primarily relate to rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional this usually occurs when the company issues an invoice to the customer.

## 9. OTHER NON FINANCIAL ASSETS

### Accounting Policy

Group classifies all other non financial assets other than Intangible Assets and Property, Plant and Equipment under other non financial assets. Other non financial assets include real estate stock, vehicle stock, gold stock, deposits, advances and prepayments, etc. These assets are non-interest earning and recorded at the amounts that are expected to be received.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Advance for Vehicle Stock	-	-	34,381	1,800
Advances & Pre-Payments	5,038	5,811	957,382	4,535,727
Gold Stock (Note 9.1)	-	-	1,514	1,514
Stationary Stock	-	-	19,513	43,310
Sundry Debtors	-	-	48,177	65,096
Pre-paid Staff Cost (Note 9.2)	-	-	11,622	16,537
Receivables & Others	-	-	21,957	91,607
Advance Company Tax Receivable	-	-	1,187	1,107
Withholding Tax Receivable	-	-	11,803	17,400
	5,038	5,811	1,107,536	4,774,098

### 9.1 Gold Stock

The gold inventory is valued at lower of cost and net realizable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

### 9.2 The Movement in the Pre-Paid Staff Cost

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
As at the Beginning of the Year	-	-	16,537	6,094
Adjustment for New Grants and Settlements	-	-	(1,354)	13,295
Charge to Personnel Expenses	-	-	(3,561)	(2,852)
As at the End of the Year	-	-	11,622	16,537

# Notes to the Financial Statements

## 10 INVESTMENT IN SUBSIDIARIES

### Accounting Policy

The Company recognises investment in subsidiary at cost.

The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The ownership of the subsidiary companies as at the reporting date are as follows:

Quoted Investments	Year of Incorporation	Effective Holding (%)		Number of Shares	
		2024	2023	2024	2023
<b>Quoted Investments</b>					
Royal Ceramics Lanka PLC	1990/91	55.98%	55.98%	620,026,000	620,026,000
LB Finance PLC	1971/72	66.34%	66.34%	286,729,600	286,729,600
<b>Unquoted Investments</b>					
Delmege Limited	1915/16	68.75%	68.75%	424,674	424,674
Greener Water Limited	2010/11	100.00%	100.00%	658,606,366	520,306,366

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

The Financial Statements of the Subsidiary in the Group has a common financial year which ends on 31 March. The Financial Statements of the Company's Subsidiary are prepared using consistent accounting policies.

There are no significant restrictions on the ability of the Subsidiary to transfer funds to the Parent (the Company) in the form of cash dividend or repayment of loans and advances.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions, income and expenses are eliminated in full.

The cost of an acquisition is measured at fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. Subsequent to the initial measurement, the Company continues to recognise the investments in Subsidiaries at cost.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Quoted Investments	Cost		Market Value	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Royal Ceramics Lanka PLC	9,920,440	9,920,440	19,282,809	17,112,718
LB Finance PLC	5,461,361	5,461,361	17,782,236	15,770,128
	15,381,801	15,381,801	37,065,045	32,882,846

Unquoted Investments	Cost		Market Value	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Delmege Limited	2,648,126	2,648,126	2,648,126	2,648,126
Greener Water Limited	6,587,397	5,204,397	6,587,397	5,204,397
Total	9,235,523	7,852,523	9,235,523	7,852,523
<b>Total</b>	<b>24,617,324</b>	<b>23,234,324</b>	<b>46,300,568</b>	<b>40,735,369</b>

# Notes to the Financial Statements

## 11. INVESTMENT IN ASSOCIATES

### Accounting Policy

The Group investment in associates is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of associate since acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Statement of profit or loss reflects the Group's share of net of tax results of operations of the associates. When there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of the profit or loss of an associate is shown on the face of the Statement of Comprehensive Income.

Equity method of accounting has been applied for associates Financial Statements using their corresponding/matching 12-month financial period.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in "share of losses of an associate" in the Statement of Profit or Loss. Upon loss of significant influence over the associate, the Group measures and recognises any retained

Investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

### 11.1 Company

Quoted Investments	Effective Holding (%)		Number of Shares	
	2024	2023	2024	2023
The Fortress Resorts PLC	21.18%	21.18%	20,618,257	20,618,257

Quoted Investments	Cost		Market Value	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
The Fortress Resorts PLC	413,068	413,068	474,220	453,602
	413,068	413,068	474,220	453,602

#### The Fortress Resorts PLC

##### Principal activities of the Company and its subsidiaries

The Company has invested in its wholly owned subsidiary, La Forteresse (Private) Limited, which provides lodging, food, beverage and other hospitality industry related activities.

##### Principal place of business of the Company

The Company's principal place of business is located in Galle, Sri Lanka.

**11.2 Group**

	2024 LKR '000	2023 LKR '000
Balance at the beginning of the year	593,932	598,333
Share of Profit/ (Loss)	47,870	(4,473)
Share of Other Comprehensive income	(1,385)	72
Balance at the end of the Year	640,417	593,932

**11.3 Summarised financial information of equity accounted investees has not been adjusted for group share,****11.3.1 Statement of profit or loss**

	2024 LKR '000	2023 LKR '000
<b>Revenue</b>	921,487	434,696
Cost of sales	(282,850)	(170,082)
Income (Includes Other Income, Finance Income)	97,238	88,761
Expenses (Includes Operating , Administration & Distribution expenses)	(461,824)	(346,232)
Finance Cost	(7,346)	(7,824)
Income Tax	(54,363)	(19,162)
Profit after Tax	212,342	(19,842)
<b>Other comprehensive income</b>	(6,140)	323

**11.3.2 Statement of Financial Positions**

	2024 LKR '000	2023 LKR '000
Non current assets	1,171,986	1,200,711
Current assets	1,006,204	625,920
Non current liabilities	136,798	84,712
Current liabilities	226,044	132,773
<b>Net assets</b>	1,815,348	1,609,145

**11.3.3 Commitments and Contingencies**

	2024 LKR '000	2023 LKR '000
<b>Commitments</b>		
Lease commitments	65,007	61,608

# Notes to the Financial Statements

## 12. DEFERRED TAX ASSETS (LIABILITIES)

### Accounting Policy

Deferred tax is provided on temporary differences at the financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible differences. Carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profits will be available against which such tax losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with the future tax planning strategies.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or subsequently enacted at the Financial Position date.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
As at 01 April	8,580	7,003	(6,483,058)	(5,495,667)
Reclassification from liability	-	-	42,664	-
Recognized in Profit or Loss	1,131	3,590	385,453	(148,869)
Recognized in Other Comprehensive Income	399	(2,013)	(802,997)	(1,421,549)
De-recognition on disposal of subsidiaries	-	-	-	583,027
At the end of the year	10,110	8,580	(6,857,938)	(6,483,058)
Deferred Tax Assets	10,110	8,580	1,227,053	966,225
Deferred Tax Liabilities	-	-	(8,084,991)	(7,449,283)
	10,110	8,580	(6,857,938)	(6,483,058)

**12.1 The closing net deferred tax liability relate to the following ;**

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Property, Plant & Equipments	(1,957)	(1,026)	(5,706,379)	(5,457,097)
Revaluation surplus on on Investment Property	-	-	(3,198,852)	(356,163)
Leased Assets	-	-	(161,466)	(224,707)
Right of use assets	1,859	2,024	142,488	254,753
Defined Benefit Obligation	10,208	7,582	505,331	478,874
Unrealised Exchange Gain/(Loss)	-	-	19,700	(45,714)
Provisions	-	-	1,551,470	1,306,407
Deferred Taxation on Un distributed Associate Profit	-	-	(60,880)	(87,371)
Revaluation Surplus	-	-	(719,225)	(2,840,780)
Unutilised tax losses	-	-	769,877	488,740
	10,110	8,580	(6,857,938)	(6,483,058)

**13 INVENTORIES****Accounting Policy**

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

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

- Raw material – At purchase cost on weighted average cost basis, except for, Vallibel Plantation Management Limited, Swisstek Aluminium Limited and Swisstek (Ceylon) PLC which is on a first in first out basis.
- Consumable and spares – At purchase cost on weighted average cost basis.
- Finished goods and work-in-progress – at the cost of direct material, direct labour and appropriated proportion of production overheads based on normal operating capacity.
- Goods in transit have been valued at cost.
- Trading goods – At purchase cost on weighted average basis except for Lanka Walltiles group which is on first in first out basis.

**Agricultural produce harvested from Biological Assets**

Agricultural produce harvested from Biological Assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi finished inventories from Agricultural produce are valued by adding the cost of conversion to the fair value of agricultural produce.

**Agricultural produce after further processing**

Further processed output of Agricultural Produce are valued at the lower of cost and estimated net realizable value, after making due allowance for obsolete and slow moving items. Net realizable value is the price at which stocks can be sold in the normal course of business after allowing for estimated costs of conversion and the estimated costs necessary to bring them to a saleable condition.

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

# Notes to the Financial Statements

## Accounting Policy

### Input Material

At actual cost on first-in-first-out basis.

### Spares and Consumables

At actual cost on first-in-first-out basis.

### Produced Stocks

Valued at cost or NRV.

### Provision for Slow moving inventories

A provision for slow moving inventories is recognised based on the best estimates available to management on their future usability/sale. 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.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Raw Materials	-	-	8,834,938	8,702,464
Other Consumables	-	-	29,265	33,632
Spares and Consumables	-	-	3,794,140	4,770,131
Accessories	-	-	786,351	539,219
Work In Progress	-	-	1,318,219	2,166,541
Finished Goods	-	-	16,917,216	12,073,920
Goods in Transit	-	-	48,247	141,641
	-	-	31,728,376	28,427,548
Less : Provision for Obsolete and Slow Moving Inventory (Note 13.1)	-	-	(1,290,928)	(1,028,914)
	-	-	30,437,448	27,398,634

## 13.1 Movement of the Provision for Obsolete and Slow Moving Inventory

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Opening Balance	-	-	1,028,914	761,953
Charge to Profit or Loss	-	-	262,014	276,682
De-recognition on disposal of subsidiaries	-	-	-	(9,721)
Closing Balance	-	-	1,290,928	1,028,914

## 14. INTANGIBLE ASSETS

An intangible asset is an identifiable monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

The Group's intangible assets include the value of computer software, brand name and goodwill on business combination.

## Accounting Policy

### Basis of Recognition

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

**Accounting Policy****Useful lives of Intangible Assets**

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible asset.

**Amortisation**

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

The class of intangible assets	Useful life	Amortisation method
Computer software	5 – 15 years	Straight line method
Brand name	20 years	Straight line method

**Derecognition of intangible assets**

The carrying amount of an item of intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from derecognition of an item of intangible asset is included in the Income Statement when the item is derecognised.

Net book value as at 31st March 2023	GROUP			
	Software LKR '000	Brand Name LKR '000	Goodwill LKR '000	Total LKR '000
<b>Cost</b>				
As at 01st April 2022	580,636	904,891	12,425,377	13,910,905
Acquisition of Subsidiaries	-	-	25,000	25,000
Acquired during the year	181,877	-	448	182,325
Disposals/ write-off	-	-	(4,949)	(4,949)
Effect of change in exchange rate	(1,588)	-	-	(1,588)
As at 31st March 2023	760,925	904,891	12,445,876	14,111,693
Acquisition of Subsidiaries	-	-	55,051	55,051
Acquired during the year	27,549	-	-	27,549
Impairment	-	-	(108,098)	(108,098)
Effect of change in exchange rate	(1,615)	-	-	(1,615)
As at 31st March 2024	786,859	904,891	12,392,829	14,084,580
<b>Amortization</b>				
As at 01st April 2022	403,602	516,543	170,710	1,090,856
Acquisition of Subsidiaries	-	-	-	-
Charge for the year	46,034	45,245	-	91,279
Effect of change in exchange rate	(1,572)	-	-	(1,572)
As at 31st March 2023	448,064	561,788	170,710	1,180,563
Charge for the year	59,338	45,245	-	104,583
Disposals/ write-off	-	-	-	-
Effect of change in exchange rate	(1,467)	-	-	(1,467)
As at 31st March 2024	505,935	607,033	170,710	1,283,679
<b>Net Book Value</b>				
Net book value as at 31st March 2024	280,924	297,858	12,222,119	12,800,901
Net book value as at 31st March 2023	312,861	343,103	12,275,166	12,931,130

# Notes to the Financial Statements

## 14.1 Software

Cost of all computer software licensed for use by the Group, which are not integrally related to associated hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets and carried at cost less accumulated amortisation and any accumulated impairment losses.

### Subsequent Expenditure

Expenditure incurred on software is capitalised only when it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. All other expenditure is expensed as incurred.

## 14.2 Goodwill

Goodwill allocated through business combination have been allocated to four Cash Generating Units (CGU) for impairment testing as follows ;

As at 31 March	COMPANY	
	2024 LKR '000	2023 LKR '000
Royal Ceramic Lanka PLC and its Subsidiaries	7,461,083	7,406,032
LB Finance PLC and its Subsidiaries	3,930,073	4,037,876
Greener Water Limited	3,420	3,420
Delmege Limited and its subsidiaries	827,543	827,838
	<b>12,222,119</b>	<b>12,275,166</b>

The recoverable amount of all CGU's have been determine based on the value in use (VIU) calculation.

The key assumptions used to determine the recoverable amount for the significant cash generating units, are as follows;

### Gross Margin

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

### Discount Rate

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium. The discount rate applied to cash flow projections range between 11.41%- 15.30% .

### Inflation

The basis used to determine the value assigned to budgeted cost inflation, is the inflation rate based on projected economic conditions.

### Growth Rate

The Management has estimated 1%- 2.5% growth rate in the cash flow beyond the five-year period.

### Impact of Economic Crisis

In determining the recoverable value of each cash generating unit, the group has taken into account possible impacts on cash flows due to prevailing economic condition.

## 15. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used during more than one period. The Group applies the requirements of the Sri Lanka Accounting Standard- LKAS 16 (Property, Plant and Equipment) in accounting for these assets.

### Accounting Policy

#### Basis of Recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the entity and the cost of the asset can be reliably measured.

#### Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of, or service it. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of computer equipment.

#### Subsequent Cost

The subsequent cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be reliably measured. The costs of day-to-day servicing of property, plant and equipment are charged to the Income Statement as incurred. Costs incurred in using or redeploying an item is not included under carrying amount of an item.

#### Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives and depreciation is charge when the underlying asset is available for use.

The rates of depreciation based on the estimated useful lives are as follows:

Category of asset	Useful life
Building	15- 50 years
Furniture and fittings	3- 6.67 years
Equipment	3- 5 years
Motor vehicles and accessories	4- 8 years
Computer hardware	4- 5 years
Motor bike	3 years
Mobile accessories	2 Years
Leasehold improvement	6.67 years
Fixtures and fittings	3 years
Water supply scheme, electricity distribution, household items – heavy	25- 40 years
Tools and Implements and sundry inventory and household items – light	0-2 years
Factory equipment, plant and machinery and moulds	10- 20 years

#### Accounting Estimates

##### Useful Life of the Property, Plant and Equipment

The Groups reviews the residual values, useful lives and methods of depreciation of Property Plant and Equipment at each reporting date, judgement of the management is exercised in the estimation of these values, methods and hence they are subject to uncertainty.

# Notes to the Financial Statements

## 15. PROPERTY, PLANT & EQUIPMENT (CONTD.)

### Accounting Policy

#### Revaluation

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Income, in which case the increase is recognised in the Statement of Income. A revaluation deficit is recognised in the statement of income, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Cost of repairs and maintenance are charged to the Statement of Income during the period in which they are incurred.

#### Derecognition

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in "Other operating income" in the Statement of Profit or Loss in the year the asset is derecognised.

#### Permanent Land Development Cost

Permanent land development costs incurred in making major infrastructure development and building new access roads on leasehold lands. These costs have been capitalized and amortized over the remaining lease period. Permanent impairments to land development costs are charged to the Statement of Profit or Loss and Other Comprehensive Income in full and reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

### 15.1 Property, Plant and Equipment- Company

#### (a) Company - 2024

Cost	Balance as at 01/04/2023 LKR '000	Additions During the Year LKR '000	Transfers/ Disposals LKR '000	Balance as at 31/03/2024 LKR '000
Furniture and Fittings	52,796	1,948	-	54,744
Equipment	5,696	111	-	5,807
Motor Vehicles and Accessories	48,861	45,500	(12,800)	81,561
Computer Hardware	27,249	2,717	-	29,966
	134,602	50,276	(12,800)	172,078

Depreciation	Balance as at 01/04/2023 LKR '000	Additions During the Year LKR '000	Transfers/ Disposals LKR '000	Balance as at 31/03/2024 LKR '000
Furniture and Fittings	41,925	745	-	42,670
Equipment	3,634	398	-	4,032
Motor Vehicles and Accessories	39,288	6,086	(12,800)	32,574
Computer Hardware	28,570	4,509	-	33,079
	113,417	11,738	(12,800)	112,355
<b>Carrying value</b>	<b>21,185</b>	<b>-</b>	<b>-</b>	<b>59,723</b>

**(b) Company - 2023**

Cost	Balance as at 01/04/2022 LKR '000	Additions During the Year LKR '000	Transfers/ Disposals LKR '000	Balance as at 31/03/2023 LKR '000
Furniture and Fittings	47,530	5,266	-	52,796
Equipment	5,425	271	-	5,696
Motor Vehicles and Accessories	48,861	-	-	48,861
Computer Hardware	26,551	698	-	27,249
	128,367	6,235	-	134,602

Depreciation	Balance as at 01/04/2022 LKR '000	Additions During the Year LKR '000	Transfers/ Disposals LKR '000	Balance as at 31/03/2023 LKR '000
Furniture and Fittings	37,468	4,457	-	41,925
Equipment	2,925	709	-	3,634
Motor Vehicles and Accessories	38,909	379	-	39,288
Computer Hardware	22,895	5,675	-	28,570
	102,197	11,220	-	113,417
Carrying value	26,170			21,185

Carrying Amount - Company	As at 31/03/2024 LKR '000	As at 31/03/20223 LKR '000
Property, plant and equipment	59,723	21,185
	59,723	21,185

**15.1.1 Property, Plant and Equipment Acquired During the Financial Year - Company**

During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs.50,276,496/- (2023- Rs. 6,235,072/-). Cash payments amounting to Rs.50,276,495.53 /- (2023- Rs. 6,235,072/-) was paid during the year for purchases of property, plant and equipment.

**15.1.2 Fully-Depreciated Property, Plant and Equipment - Company**

The initial cost of fully-depreciated property, plant and equipment, which are still in use as at reporting date is Rs. 87,439,171/- (2023 - Rs. 62,700,046/-).

# Notes to the Financial Statements

## 15.2 Property, Plant and Equipment- Group

### (a) Group - 2024

Cost / Valuation	Balance as at 01/04/2023 LKR '000	Additions/ Transfers During LKR '000	Revaluation LKR '000	Transfers/ Disposals LKR '000	Derecognition on disposal of subsidiary LKR '000	Exchange Translation Difference LKR '000	Balance as at 31/03/2024 LKR '000
Land & Building	37,004,985	860,009	3,259,654	(136,626)	-	-	40,988,022
Furniture and Fittings	1,681,226	86,787	-	(5,502)	-	(515)	1,761,996
Equipment	2,700,356	270,305	-	(44,654)	-	(496)	2,925,511
Motor Vehicles and Accessories	1,093,971	181,650	-	(71,442)	-	(72)	1,204,107
Computer Hardware	1,408,277	295,339	-	(12,121)	-	(947)	1,690,548
Leasehold Improvements	910,659	59,391	-	(17,942)	-	-	952,108
Fixtures and Fittings	3,086,194	311,757	-	(42,556)	-	-	3,355,395
Water Supply Scheme	706,213	184,282	-	-	-	-	890,495
Electricity Distribution	119,884	459,267	-	-	-	-	579,151
Tools and Implements	1,687,000	260,031	-	(408)	-	-	1,946,623
Plant and Machinery	20,057,037	3,608,711	-	(190,921)	-	-	23,474,827
Moulds	143,513	-	-	-	-	-	143,513
Household Item- Light	79	-	-	-	-	-	79
Stores Buildings on Leasehold Land	328,390	-	-	-	-	-	328,390
Capital Work In Progress	11,159,082	7,831,689	-	(5,428,084)	-	-	13,562,687
	82,086,866	14,409,218	3,259,654	(5,950,256)	-	(2,030)	93,803,452

Accumulated Depreciation	Balance as at 01/04/2023 LKR '000	Charge for the Year LKR '000	Transfers/ Disposals LKR '000	Derecognition on disposal of subsidiary LKR '000	Exchange Translation Difference LKR '000	Balance as at 31/03/2024 LKR '000
Building	428,164	358,307	(27,464)	(125,276)	-	633,731
Furniture and Fittings	1,270,055	91,502	-	(5,448)	(247)	1,355,862
Equipment	1,604,899	209,845	-	(44,091)	(308)	1,770,345
Motor Vehicles and Accessories	902,652	62,745	(12,800)	(51,097)	(28)	901,472
Computer Hardware	1,094,638	132,149	-	(8,249)	(576)	1,217,962
Leasehold Improvements	611,894	81,810	-	(17,526)	-	676,178
Fixtures and Fittings	1,698,821	296,213	-	(34,329)	-	1,960,705
Water Supply Scheme	425,576	38,685	-	-	-	464,261
Electricity Distribution	57,269	11,144	-	-	-	68,413
Tools and Implements	1,242,200	222,035	-	(863)	-	1,463,372
Plant and Machinery	12,195,002	1,141,341	(573)	(244,831)	-	13,090,939
Moulds	136,960	-	-	-	-	136,960
Household Item- Light	59	-	-	-	-	59
Stores Buildings on Leasehold Land	82,484	9,536	-	-	-	92,020
	21,750,673	2,655,312	(40,837)	(531,710)	(1,159)	23,832,279
<b>Carrying value</b>	60,336,193	-	-	-	-	69,971,173

**(b) Group - 2023**

Cost / Valuation	Balance as at 01/04/2022 LKR '000	Additions/ Transfers During LKR '000	Revaluation LKR '000	Transfers/ Disposals LKR '000	Derecognition on disposal of subsidiary LKR '000	Exchange Translation Difference LKR '000	Balance as at 31/03/2023 LKR '000
Land & Building	35,539,574	481,600	1,365,966	(7,134)	(375,021)	-	37,004,985
Furniture and Fittings	1,592,468	101,284	-	(12,178)	-	(348)	1,681,226
Equipment	2,582,699	353,524	-	(39,885)	(195,632)	(350)	2,700,356
Motor Vehicles and Accessories	1,030,805	95,164	26	(31,953)	-	(71)	1,093,971
Computer Hardware	1,225,787	210,902	-	(27,804)	-	(608)	1,408,277
Leasehold Improvements	851,580	81,045	-	(21,966)	-	-	910,659
Fixtures and Fittings	2,764,692	254,106	-	(16,946)	-	-	3,001,852
Water Supply Scheme	706,213	-	-	-	-	-	706,213
Electricity Distribution	112,481	7,403	-	-	-	-	119,884
Tools and Implements	1,607,857	293,577	-	(13,516)	(200,918)	-	1,687,000
Plant and Machinery	19,451,341	1,049,015	-	(2,121)	(441,198)	-	20,057,037
Moulds	142,388	1,125	-	-	-	-	143,513
Household Item- Light	79	-	-	-	-	-	79
Stores Buildings on Leasehold Land	412,732	-	-	-	-	-	412,732
Capital Work In Progress	7,074,713	5,159,451	-	(1,033,104)	(41,978)	-	11,159,082
	75,095,409	8,088,196	1,365,992	(1,206,607)	(1,254,747)	(1,377)	82,086,866

Accumulated Depreciation	Balance as at 01/04/2022 LKR '000	Charge for the Year LKR '000	Transfers/ Disposals LKR '000	Derecognition on disposal of subsidiary LKR '000	Exchange Translation Difference LKR '000	Balance as at 31/03/2023 LKR '000
Building	335,978	299,553	(52,238)	(155,129)	-	428,164
Furniture and Fittings	1,274,880	124,789	(11,523)	(117,857)	(234)	1,270,055
Equipment	1,978,987	199,967	(34,738)	(539,012)	(305)	1,604,899
Motor Vehicles and Accessories	876,521	58,112	(31,953)	-	(28)	902,652
Computer Hardware	1,006,573	115,838	(27,213)	-	(560)	1,094,638
Leasehold Improvements	555,297	76,858	(20,261)	-	-	611,894
Fixtures and Fittings	1,441,269	273,895	(16,343)	-	-	1,698,821
Water Supply Scheme	425,576	-	-	-	-	425,576
Electricity Distribution	22,982	34,287	-	-	-	57,269
Tools and Implements	1,091,819	167,234	(16,853)	-	-	1,242,200
Plant and Machinery	11,101,254	1,096,890	(3,142)	-	-	12,195,002
Moulds	135,269	1,691	-	-	-	136,960
Household Item- Light	59	-	-	-	-	59
Stores Buildings on Leasehold Land	82,484	-	-	-	-	82,484
	20,328,948	2,449,114	(214,264)	(811,998)	(1,127)	21,750,673
<b>Carrying value</b>	54,766,461	-	-	-	-	60,336,193

# Notes to the Financial Statements

## 15.2.1 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets.

The amount of borrowing costs capitalised during the year ended 31 March 2024 was Rs.38,840,564/- (2023- Rs. 373,835,864/-).The rate used to determine the amount of borrowing costs eligible for capitalisation was 8% (2023- 8%) ,which is the EIR of the specific borrowing.

All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 15.2.2 Capital work-in-progress

Capital work in progress represents the cost of civil construction work not completed and property, plant and equipment that are not ready for their intended use.

## 15.2.3 Property, Plant and Equipment Acquired During the Financial Year - Group

During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 14,409,219,169 /- (2023 - Rs. 8,088,194,677/-). Cash payments amounting to Rs. 9,100,103,308/- (2023- Rs. 7,389,770,169/-) was paid during the year for purchases of property, plant and equipment.

## 15.2.4 Fully-Depreciated Property, Plant and Equipment - Group

The initial cost of fully-depreciated property, plant and equipment, which are still in use as at reporting date is Rs.12,913,141,865 /- (2023- Rs. 7,894,619,667/-).

## 15.3 Carrying Value of Property, Plant and Equipment- Group

Carrying Amount - Company	As at 31/03/2024 LKR '000	As at 31/03/2023 LKR '000
Property, plant and equipment (Note 15.2)	69,971,173	60,336,193
	69,971,173	60,336,193

## 15.4 Fair Value Hierarchy - Non Financial Assets

The following properties are revalued and recorded under freehold land & clay mining land. Fair Value measurement disclosure for revalued land based on un-observable input as follows.

- (A) Quoted Price (unadjusted) in active markets for identical assets or liabilities (Level-1).
- (B) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices) (Level- 2)
- (C) Input for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level-3).

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2024	Fair value as per previous revaluation year
Greener Water LTD	Mosque lane, Poruthota,Kochchikade	18 A 2 R 7.8P	H.B. Manjula Basnayaka	31st March 2024	Market Approach valuation method	Estimated price per perch Rs.1,164,836/- per perch	3,457	2,672
Delmege Forsyth & Co-Ltd	No 101, Vinayalankara Mawatha, Colombo 10	A- 2	H.B. Manjula Basnayaka	31st March 2023	Land	Rs. 15,000,000	5,011	4,176
		R- 0			Building		380	281
		P- 14.05						
Grip Delmege (Pvt) Ltd	No. 125C, Mabima Road, Heiyanthuduwa, Sapugaskanda	A- 0	H.B. Manjula Basnayaka	31st March 2023	Land	Rs. 500,000	78	59
		R- 3			Building		43	29
Grip Delmege (Pvt) Ltd	Lot No 170, Ekamuthu Mawatha, Mattegoda, Polgasowita	A- 0	H.B. Manjula Basnayaka	31st March 2023	Land	Rs. 400,000	6	4
		R- 0						
Grip Delmege (Pvt) Ltd	No 125/55, Sri Bodhiraja Mawatha, Mattegoda, Polgasowita	A- 0	H.B. Manjula Basnayaka	31st March 2023	Land	Rs. 650,000	30	18
		R- 1			Building		2	2
Grip Nordic (Pvt) Ltd	No 125/26, Sri Bodhiraja Mawatha, Mattegoda, Polgasowita	A- 0	H.B. Manjula Basnayaka	31st March 2023	Land	Rs. 650,000	31	19
		R- 1			Building		10	12
Royal Ceramics Lanka PLC *	Factory at Ehaliyagoda	A50-R1-P34.72	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs. 81,250/- per perch	656	454
	Showroom and Cutting Centere Land at Kottawa	A1-R1-P24.75	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs. 1,748,000/- - Rs. 4,000,000/- per perch	505	343
	Land at Meegoda Warehouse	A2-R3-P31.29	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs. 389,013/- - Rs. 300,000/- per perch	183	121
	Land at Nawala for Nawala New Showroom	P24.90	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs. 9,500,000- per perch	237	174
	Land at Nattandiya	A10	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs. 24,062/- per perch	39	30
	Land at Seeduwa	R1-P12.50	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs. 3,200,000/- per perch	168	131
	Land at Narahenpita	P17.02	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs. 9,500,000/- per perch	162	119
	Land at Colpitty	P19.97	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs. 16,000,000/- per perch	349	300
	Land at Panadura	P18.82	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs. 4,500,000/- per perch	85	66
	Land at Dehiwela	P14.83	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs. 9,500,000/- per perch	141	104
	Land at Narahenpita	R1-P5.32	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs. 9,051,192/- per perch	410	291
	Factory buildings Ehaliyagoda	315,609sq.ft	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs.2,766.69 per sq.ft	921	645
	Showroom Building-kottawa	9,556sq.ft	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs.3,000/- - Rs.10,000per sq.ft	72	54

# Notes to the Financial Statements

## 15.4 Fair Value Hierarchy - Non Financial Assets (Contd.)

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2024	Fair value as per previous revaluation year
	Warehouse Building at Meegoda	108,921sq.ft	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs.2,500/- Rs.6,000per sq.ft	540	149
	Showroom Buildingat Nawala 101	9,216sq.ft	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs 4,000/- Rs.12,000per sq.ft	64	53
	Showroom Building at Narahenpita 100	13,410sq.ft	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs.13,500 per sq.ft	163	138
	Showroom Building at Panadura	5,176sq.ft	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs 11,000 per sq.ft	55	42
	Showroom Building at Seeduwa	7,320sq.ft	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs5,000/- Rs.10,000per sq.ft	54	39
	Showroom Building at Dehiwela	11,574sq.ft	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs.9,000/- Rs.13,500per sq.ft	131	35
	Head office Building No 20,Colombo	28,278sq.ft	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs.17,500per sq.ft	376	322
	Factory Land at Horana	A.14- R.1- P.7.36	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs. 125,000/- per perch	289	143
	Factory Building at Horana	301.617 sq.ft	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs.1,350/- to Rs. 8250/- per sq.ft	802	566
	Building Nawala- 98 SR	9,235sq.ft	Mr. A.A.M. Fathihu	31 March 2024	Market Based Evidence	Rs. 8,000/= per sq.ft	28	-
	Land- Nawala	18.20P	Mr. A.A.M. Fathihu	31 March 2024	Market Based Evidence	Rs. 10,000,000/= per perch	182	-
	Land- Eheliyagoda	10.0p	Mr. A.A.M. Fathihu	31 March 2024	Market Based Evidence	Rs. 179,500/= per perch	2	-
	Land- Eheliyagoda	16.9p	Mr. A.A.M. Fathihu	31 March 2024	Market Based Evidence	Rs. 280,828/= per perch	5	-
	Land- Eheliyagoda	20.0p	Mr. A.A.M. Fathihu	31 March 2024	Market Based Evidence	Rs. 142,375/= per perch	3	-
	Land- Eheliyagoda	20.0p	Mr. A.A.M. Fathihu	31 March 2024	Market Based Evidence	Rs. 179,300/= per perch	4	-
Rocell Bath-ware Ltd *	Factory land at Homagama	A1-R2-P19.60	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 300,000/- per perch	78	39
	Land at Meegoda	A1-R3-P04.10	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 320,000/- per perch	91	64
	Factory complex at Homagama	206,933 Sq. ft	Mr. A.A.M. Fathihu	31 March 2022'	Market based evidence	Rs. 1,500/- to 7,000/- per Sq. ft	743	633
Lanka Walltiles PLC	Land at No.215,Nawala Road,- Narahenpita,colombo 05.	A1-R1-P2.1	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Market based evidence	Rs 8,000,000 Per perch	1,617	1,415
		36,170 Square feet building	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Contractor's basis method valuation	Rs.3,000/-to Rs 7,000/- per square feet	219	136
	Plan No 2205 Situated at Mawathagama and Galagedara Village	A23-R1-P24.16	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Market based evidence	Rs. 300,000/- per perch	1,149	1,123
		308,612 Square Feet building	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Contractor's basis method valuation	Rs.2,000/-to Rs 6,000/- per square feet	1,464	897

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2024	Fair value as per previous revaluation year
Lanka Tiles PLC	Factory Premises , Jaltara , Ranala- Land	28A-02R-32.69P	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Market based evidence	Rs. 150,000/- to 250,000/- per perch	642	431
	Factory Premises , Jaltara , Ranala- Buildings	415,638 sqft	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Contractor's method	Rs 1113/- to Rs. 6190/- per sq.ft	1,631	930
	Land Adjacent to the Factory Premises , Jaltara , Ranala	08A-02R-08.56P	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Market based evidence	Rs. 126,000/- to 231,000/- per perch	223	155
	Land Adjacent to the Factory Premises , Jaltara , Ranala	25,604 sqft	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Contractor's method	Rs 1,400/- to Rs. 5000/- per sq.ft	50	31
	Lanka Tiles Warehouse , Samurdhi Mawatha Biyagama- Land	02A-00R-15.93P	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Market approach	Rs. 1,500,000/- per perch	504	319
	Lanka Tiles Warehouse , Samurdhi Mawatha Biyagama - Buildings	48,531 sqft	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Contractor's method	Rs 1900/- to Rs. 5100/- per sqft	243	180
	Land at Nugegoda	00A-00R-32.03P	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Market approach	Rs. 9,000,000/- per perch	288	39
	Showroom, Nugegoda- Building	15,385 sqft	KPMG Real Estate & Valuation Services (Pvt) Ltd	31 March 2024	Market approach	Rs. 15,000/- per sq.ft	231	-
Uni Dil Packing Ltd.	Land at Narampola road, Moragala, Deketana	A12-R03-P37.1	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs.85,000/- per perch	124	124
	Building and land improvement at Narampola road, Moragala, Deketana	179,357 sq.ft	Mr. D.G.Newton	31 March 2024	Depreciated Replacement cost	Rs.750/- to Rs. 2,000/- per sq.ft	334	179
Uni Dil Packaging Solutions Ltd	Land at Narampola road, Moragala, Deketana	A2-R2-P35	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 80,000/- per perch	35	26
	Building at Narampola road, Moragala, Deketana	32103 sq.ft	Mr. D.G.Newton	31 March 2024	Depreciated Replacement cost	Rs.1,750/- to Rs. 2,500/- per sq.ft	66	46
Swisstek (Ceylon) PLC	Factory Complex, Belummahara, Imbulgoda	984.5 Perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 800,000/- per perch	788	738
	No: 288/26, Colombo Road, Belummahara, Imbulgoda	81.6 perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 725,000 per perch	59	51
	No:334/5, Colombo Road, Belummahara, Imbulgoda	20.0 Perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 625,000 per perch	13	12
	No: 177/6, New Kandy Rd., Weliveriya	84.0 Perches	Mr. D.G.Newton	31 March 2024	Market based evidence	Rs. 600,000 per perch	51	45
	Factory Complex, Belummahara, Imbulgoda	62,530 sq.ft	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 750/- to 4,500/- per sqft	226	139
	No: 177/6, New Kandy Rd., Weliveriya	27,170 Sq.ft.	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 2,850/- to 3,350/- per sq.ft	82	80
	Factory Complex, Belummahara, Imbulgoda-Tiles Stores	27,285 sq.ft	Mr. D.G.Newton	31 March 2024	Income approach	Rs. 4,378.96/- per sq.ft	119	87
	Factory Complex, Belummahara, Imbulgoda-Sales Center	4944 sq.ft	Mr. D.G.Newton	31 March 2024	Income approach	Rs. 8458.33/- per sq.ft	42	30
Factory Complex, Belummahara, Imbulgoda-Open shed	3400 sq.ft	Mr. D.G.Newton	31 March 2024	Income approach	Rs. 3,282.42/- per sq.ft	11	8	

# Notes to the Financial Statements

## 15.4 Fair Value Hierarchy - Non Financial Assets (Contd.)

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2024	Fair value as per previous revaluation year
	Factory Complex, Belummahara, Imbulgoda-Warehouse	5,000 sq.ft	Mr. D.G.Newton	31 March 2024	Income approach	Rs. 5,908.35/- per sq.ft	30	22
	Land at Ratupaswela	2446.0 Perches	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 100,000/- to 175,000/- per perch	388	-
	Land at Ratupaswela	0.95 Perches	Mr. D.G.Newton	31 March 2024	Contractors Method	Rs. 848,000/- per sq.ft	1	-
Swisstek Aluminum Ltd.	76/7, Pahala Dompe, Dompe	A11-R1-P22.8	Mr. A.A.M. Fathihu	31 March 2024	Market based evidence	Rs.50,000/- to Rs.150,000/- per perch	299	218
	76/7, Pahala Dompe, Dompe	171,861 Sq.ft	Mr. D.G.Newton	31 March 2024	Contractor's method	Rs. 1,250/- to Rs. 7,500/- per sq.ft	802	559
Lanka Ceramic PLC	Mining Land at Owala	25A-2R-3.5P	Mr. A.A.M. Fathihu	31 March 2021	Market based evidence	Rs. 100,000/- to Rs. 1,000,000/- per acre	23	5
	Land situated at Owala	1A-1R-02.0P	Mr. A.A.M. Fathihu	31 March 2021	Market based evidence	Rs. 1,000,000/- per acre	1	1
	Factory, office building & other infrastructure at Owala mine	10,535 Sq.ft	Mr. A.A.M. Fathihu	31 March 2021	Depreciated Cost method	Rs. 150/- to Rs. 2,500/- per sq.ft	9	5
	Mining Land at Dediawala	38A-3R-25.44P	Mr. A.A.M. Fathihu	31 March 2021	Market based evidence	Rs. 100,000/- to Rs. 2,600,000/- per acre	41	17
	Land situated at Meetiayagoda	14A-0R-24.26P	Mr. A.A.M. Fathihu	31 March 2021	Market based evidence	Rs. 100,000/- to Rs. 3,500,000/- per acre	29	13
	Factory building & office building at Meetiayagoda mine	42,189sq.ft	Mr. A.A.M. Fathihu	31 March 2021	Depreciated cost method	Rs. 275/- to Rs. 2,500/- per sq.ft	33	14
Biscuits and Chocolate Company Limited	Kiriwaththuduwa Estate, Moon-amalwatta Road, Kiriwaththuduwa, Homagama	33A-2R-26.0P	Mr. A.A.M. Fathihu	31 March 2022	Market based evidence	Rs. 75,000/- per perch	404	404
CP Holding (Pvt) Ltd	Akuressa	105A 2R 14.94P	Mr. A.A.M. Fathihu	31 March 2024	Market based evidence	Rs 200,000- Rs 2,000,000		131

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2024	Fair value as per previous revaluation year
LB Finance PLC	Kollupitiya- No 20, Dharmapala Mawatha, Colombo 03	52.82P , 57020 Sq.ft	H.B. Manjula Basnay-aka.	31 March 2024	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 26,500,000 per perch	2,208	2,141
	Kollupitiya- No 676, Galle Road, Colombo 03	167.65P , 63251 Sq.ft	H.B. Manjula Basnay-aka.	31 March 2024	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 26,500,000 per perch	4,610	4,443
	Cinnamon Gardens- No 165, Dharmapala Mawatha, Colombo 07	48.95P , 7400 Sq.ft	H.B. Manjula Basnay-aka.	31 March 2024	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 24,000,000 per perch	1,291	1,223
	Kandy- No 115B, Kotugodella Veediya, Kandy	25.76P , 7780 Sq ft	H.B. Manjula Basnay-aka.	31 March 2024	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 22,500,000 per perch	601	593
	Kandy- No 226, D S Senanayake Street, Kandy	7.05P, 3674 Sq.ft	H.B. Manjula Basnay-aka.	31 March 2024	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 11,500,000 per perch	94	86
	Kandy-Moragaspiyawatta Road, Balagolla, Kengalla	110P, 2400 Sq.ft	H.B. Manjula Basnay-aka.	31 March 2024	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 550,000 per perch	78	66
	Kandy- No 47/10 A, Luwiss Pieris Mawatha, Buwelikada, Kandy.	42.4P	H.B. Manjula Basnay-aka.	31 March 2024	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 1,000,000 per perch	53	42
	Maradana- No 104/1, Vipulase-na Mawatha, Colombo 10	50.60 P , 5750 Sq.ft	H.B. Manjula Basnay-aka.	31 March 2024	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 7,000,000 per perch	397	371
	Nuwara Eliya- No 35/4, Upper Lake Road, Nuwara Eliya	359P	H.B. Manjula Basnay-aka.	31 March 2024	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 1,400,000 per perch	574	503

# Notes to the Financial Statements

Company	Location	Extent	Valuer	Valuation Date	Valuation Details	Significant unobservable input : price per perch/ acre/range	Fair Value measurement using Significant unobservable inputs (Level 3) LKR Mn	
							2024	Fair value as per previous revaluation year
LB Finance PLC	Wellawatta- No 51A, W A Silva Mawatha, Colombo 06	14.23 P	H.B. Manjula Basnay- aka.	31 March 2024	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 14,000,000 per perch	248	239
	Panadura- No 37, Jayathilake Mawatha, Panadura	42P , 1925 Sq ft	H.B. Manjula Basnay- aka.	31 March 2024	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 3,500,000 per perch	172	150
	Kalutara-No 334, Main Street, Kaluthara South	26.27 P, 10620 sq ft	H.B. Manjula Basnay- aka.	31 March 2024	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 6,250,000 per perch	238	229
	Borella- No 1024, Maradana Road, Borella	25.5 P	H.B. Manjula Basnay- aka.	31 March 2024	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 14,500,000 per perch	415	370
	419, Old Kotte Road, Rajagiriya	16.3 P	H.B. Manjula Basnay- aka.	31 March 2024	Investment method, Contractor's Test method and Comparison method, Residual method	Rs. 7,350,000 per perch	286	154

Significant increases/ (decreases) in estimated price per perch/ price per square foot in isolation would result in a significantly higher/ (lower) fair value.

\*Reassessment of the fair valuation was obtained from the same independent professional valuer who determined that there would have been no substantial material change in the fair value between the last valuation date and reporting date.

## Valuation Methodology

### Market Approach

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets,

### Depreciated Replacement Cost Method

This method uses the current cost of reproduction or replacement of the asset less deductions for physical deterioration and all relevant forms of obsolescences.

## 16. RIGHT OF USE ASSETS

### Accounting Policy

The Group recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-Use assets are measured at cost less any accumulated amortization and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right of use assets are amortised on the straight line basis over the lease term.

The Group provides depreciation for Right of Use Assets as mentioned below:

- If the lease transfers ownership of the underlying asset to the Company/ Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Company/ Group will exercise a purchase option, the Company/ Group provides depreciation on right-of-use asset from the commencement date to the end of the useful life of the underlying asset.
- Otherwise, the Company/ Group provides depreciation on right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group has lease contracts for various items of property, plant & machinery, motor vehicles and land & immovable estate asset used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The lease terms of various items of right of use assets are listed below,

Item	Lease Term
Land	49 years
Building	3- 36 years
Motor Vehicles	5 years
Plant & Machinery	5 years
Land & immovable Estate Asset-Plantation	53 years

### Right of Use Assets/ Lease Liabilities - Company

Set below, are the carrying amounts of the Group's right if use assets and liabilities and the movements during the period.

	Building LKR '000	Total LKR '000	Lease Liability LKR '000
<b>Right of Use Asset</b>			
As at 1 April 2022	21,903	21,903	
Additions	124,874	124,874	
Less: Depreciation Expense	(38,023)	(38,023)	
<b>As at 31 March 2023</b>	<b>108,754</b>	<b>108,754</b>	
Additions	-	-	
Less: Depreciation Expense	(35,082)	(35,082)	
<b>As at 31 March 2024</b>	<b>73,672</b>	<b>73,672</b>	
<b>Lease Liability</b>			
<b>As at 1 April 2022</b>	<b>29,259</b>		<b>29,259</b>
Additions	127,032		127,032
Interest Expense	13,089		13,089
Less: Payments	(53,877)		(53,877)
<b>As at 31 March 2023</b>	<b>115,503</b>		<b>115,503</b>
Additions	-		-
Interest Expense	21,185		21,185
Less: Payments	(56,820)		(56,820)
<b>As at 31 March 2024</b>	<b>79,868</b>		<b>79,868</b>

# Notes to the Financial Statements

## Right of Use Assets/ Lease Liabilities- Group

Set below, are the carrying amounts of the Group's right if use assets and liabilities and the movements during the period.

Cost / Valuation	Land	Building	Motor Vehicles	Plant & Machinery	* Land & immovable Estate Asset -Plantation	Total	Lease Liability
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>Right of Use Asset</b>							
As at 1 April 2022	50,887	2,405,284	-	1,755	168,568	2,626,494	
Remeasurement of leasehold rights	-		-	-	13,232	13,232	
Additions	43,265	715,369	-	-	-	758,634	
Disposals / Lease term changes	-	(40,371)	-	-	-	(40,371)	
Less: Depreciation Expense	(6,094)	(607,148)	-	(1,403)	(13,657)	(628,302)	
De-recognition on disposal of subsidiaries	-	(16,245)		(352)	(168,143)	(184,740)	
As at 31 March 2023	88,058	2,456,889	-	-	-	2,544,947	
Remeasurement of leasehold rights	-	9,818	-	-	-	9,818	
Additions	-	830,321	-	-	-	830,321	
Disposals / Lease term changes	-	(79,881)	-	-	-	(79,881)	
Less: Depreciation Expense	(6,094)	(624,790)	-	-	-	(630,884)	
As at 31 March 2024	81,964	2,592,357	-	-	-	2,674,321	
<b>Lease Liability</b>							
As at 1 April 2022	52,736	2,807,801	-	1,423	163,574		3,025,534
Remeasurement of leasehold rights	-	-	-	-	13,232		13,232
Additions	44,220	595,977	-	-	-		640,197
Termination and lease term changes	-	(55,688)	-	-	-		(55,688)
Interest Expense	11,532	381,800	-	93	23,759		417,184
Less: Concessions	(6,078)	(783,276)	-	(1,516)	(25,207)		(816,077)
Less: Payments	-	182	-	-	-		182
De-recognition on disposal of subsidiaries	-	(19,100)	-	-	(175,358)		(194,458)
As at 31 March 2023	102,410	2,927,696	-	-	-		3,030,106
Remeasurement of leasehold rights	-	2,702	-	-	-		2,702
Additions	-	677,989	-	-	-		677,989
Termination and lease term changes	-	(75,245)	-	-	-		(75,245)
Interest Expense	11,817	461,765	-	-	-		473,582
Less: Payments	(9,356)	(907,541)	-	-	-		(916,897)
Less: Concessions	-	(181)	-	-	-		(181)
As at 31 March 2024	104,871	3,087,185	-	-	-		3,192,056

The following are the amounts recognised in profit or loss:

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Depreciation expense of right-of-use assets	35,082	38,023	630,884	628,302
Interest expense on lease liabilities	21,185	13,089	473,582	417,184
Total amount recognised in profit or loss	56,267	51,112	1,104,466	1,045,486

Cash outflow from short term leases and leases of low-value assets for the year ended 31 March 2024 in Group was Rs. 98,065,907/- (2023- Rs. 445,762,202/-).

## 17. INVESTMENT PROPERTY

Properties held for capital appreciation and properties held to earn rental income have been classified as investment property.

### Accounting Policy

#### Basis of Recognition

Investment property is recognised if it is probable that future economic benefits that are associated with the investment property will flow to the Group and cost of the investment property can be reliably measured.

#### Measurement

An investment property is measured initially at its cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment is its cost at the date when the construction or development is complete.

The Group applies the fair value model for Investment Properties in accordance with Sri Lanka Accounting Standard 40 (LKAS 40), - "Investment Property". Accordingly, land and buildings classified as Investment Properties are stated at fair value.

Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
At the beginning of the year	-	-	2,074,213	2,116,203
Additions	-	-	-	2,338
Disposals during the Year	-	-	-	(67,000)
Change in Fair Value	-	-	66,290	22,672
At the end of the year	-	-	2,140,503	2,074,213

# Notes to the Financial Statements

## 17.1 Fair Value of Investment Property

The following Investment properties are revalued during the financial year 2023/2024.

Company	Location	Extent	Valuation Date	Valuer	Valuation Details	Significant unobservable input : price per perch/ acre/range	Significant unobservable inputs (Level 3) LKR'000
Lanka Ceramics PLC	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03.	1R- 1.12 P	31 March 2024	Mr. A.A.M. Fathihu	Market based evidence	Rs. 23,000,000/- per perch	945,760
	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03.	27,712 Sq.ft	31 March 2024	Mr. A.A.M. Fathihu	Depreciated replacement cost	Rs. 13,500/- 'Rs. 9,000/- per Sq.ft	98,144
LWL Development Limited	Agalagedara Village, Divulapitiya, Gampha	48A-03R-17.9P	31 March 2024	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs. 8,000,000/- per Acre	390,900
	Waradala Village, Divulapitiya, Gampha	4A-01R-15.9P	31 March 2024	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs.5,000,000/- per Acre	21,800
	Agalagedara Village, Divulapitiya, Gampha	00A-00R-45 P	31 March 2024	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs.130,000/- per Perch	5,850
	Agalagedara Village, Divulapitiya, Gampha	00A-00R-6.90 P	31 March 2024	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs.80,000/- per Perch	552
Beyond Paradise Collection Limited	Agalagedara Village, Divulapitiya, Gampha	48A-03R-17.9P	31 March 2024	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs. 8,000,000/- per Acre	390,895
	House	981.sq.ft	31 March 2024	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs.5,800/- per sq.ft	5,690
CP Holding (Pvt) Ltd	Paraduwa Estate- Akuressa	190A 2R 7.86P	31 March 2024	Mr. A.A.M. Fathihu	Market based evidence	Rs 50,000- Rs 2,650,000- per Perch	275,862
Multi Finance PLC	Nattarampotha	46.14 P	31 March 2024	H.B. Manjula Basnayaka	Comparison Method	Rs. 29,000/- per Perch	1,350
Multi Finance PLC	Doratiyawa	92.50 P	31 March 2024	H.B. Manjula Basnayaka	Comparison Method	Rs. 40,000/- per Perch	3,700

The following Investment properties are revalued during the financial year 2022/2023.

Company	Location	Extent	Valuation Date	Valuer	Valuation Details	Significant unobservable input : price per perch/ acre/range	Significant unobservable inputs (Level 3) LKR'000
Lanka Ceramics PLC	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03.	1R- 1.12 P	31 March 2023	Mr. A.A.M. Fathihu	Market based evidence	Rs. 21,875,000/- per perch	899,500
	No 696,696 1/1,696 2/1,696 3/1,696 4/1, Kolupitiya Road, Colombo 03.	27,712 Sq.ft	31 March 2023	Mr. A.A.M. Fathihu	Depreciated replacement cost	Rs. 8,500/- -Rs. 13,000/- per Sq.ft	99,760
LWL Development Limited	Agalagedara Village, Divulapitiya, Gampha	48A-03R-17.9P	31 March 2023	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs. 8,000,000/- per Acre	390,900
	Waradala Village, Divulapitiya, Gampha	4A-01R-15.9P	31 March 2023	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs.5,000,000/- per Acre	21,800
	Agalagedara Village, Divulapitiya, Gampha	00A-00R-45 P	31 March 2023	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs.130,000/- per Perch	5,850
	Agalagedara Village, Divulapitiya, Gampha	00A-00R-6.90 P	31 March 2023	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs.80,000/- per Perch	552
Beyond Paradise Collection Limited	Agalagedara Village, Divulapitiya, Gampha	48A-03R-17.9P	31 March 2023	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs. 8,000,000/- per Acre	390,895
	House	981.sq.ft	31 March 2023	FRT Valuation Services (Pvt) Ltd	Market based evidence	Rs.5,800/- per sq.ft	5,690
CP Holding (Pvt) Ltd	Paraduwa Estate- Akuressa	190A 2R 7.86P	31 March 2023	Mr. A.A.M. Fathihu	Market based evidence	Rs 50,000- Rs 2,500,000- per Perch	254,715
Multi Finance PLC	Nattarampotha	46.14 P	31 March 2023	H.B. Manjula Basnayaka	Comparison Method	Rs. 27,500/- per Perch	1,300
Multi Finance PLC	Doratiyawa	92.50 P	31 March 2023	H.B. Manjula Basnayaka	Comparison Method	Rs. 35,000/- per Perch	3,250

Significant increases/ (decreases) in estimated price per perch/ price per square foot in isolation would result in a significantly higher/ (lower) fair value.

**17.2** Rental Income earned from Investment Property by the Group amounted Rs. 37.86 Mn. (2023- Rs. 37.31 Mn). Direct operating expenses incurred by the Group amounted to Rs. 3.91 Mn (2023- Rs. 1.75 Mn.).

**17.3** Rental income receivable under the operating lease agreement of investment property as follows;

	Less than 1 year	1-2 year	2-3 year	3-4 year	4-5 year	Over 5 years
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>2024</b>	74,216	74,216	74,305	74,393	-	-
2023	37,310	37,310	-	-	-	-

## 18. DUE TO BANKS

### Accounting Policy

These include bank overdrafts, syndicated loans and other bank facilities. Due to bank balances are initially recognised at fair value net of transactions cost. Subsequently, they are stated at amortised cost; any difference between the proceeds (Net of transaction cost) and the repayable amount (including interest) is recognised in the Statement of Comprehensive Income over the period of the loan using effective interest rate method.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Bank Overdrafts	1,590	490	3,373,979	4,761,184
Syndicated Loans and Other Bank Facilities (Note 18.1)	-	-	20,917,411	18,900,518
	1,590	490	24,291,390	23,661,702

## 18.1 Securitised Borrowings and Other Bank Facilities- Group

Cost / Valuation	As at 01.04.2023 LKR '000	Loans Obtained LKR '000	Interest Recognized LKR '000	Repayments		As at 31.03.2024 LKR '000
				Capital LKR '000	Interest LKR '000	
<b>Term Loans</b>						
Commercial Bank 1	3,578,549	7,294,950	550,275	(5,122,250)	(537,354)	5,764,170
DFCC Bank 1	870,392	-	118,195	(371,429)	(131,335)	485,823
Sampath Bank 1	4,761,899	4,992,500	700,770	(1,750,092)	(704,059)	8,001,018
Hatton National Bank 1	5,391,872	4,150,000	494,425	(5,441,680)	(498,055)	4,096,562
National Development Bank 1	749,504	-	18,260	(749,300)	(18,464)	-
Seylan Bank 1	1,208,976	-	78,539	(500,400)	(78,673)	708,442
Pan Asia Bank	1,063,605	-	60,649	(425,000)	(60,923)	638,331
Peoples Bank	822,619	-	31,594	(800,000)	(54,213)	-
Habib Bank	431,507	-	57,975	(166,667)	(68,626)	254,189
UAB Bank	21,594	272,460	20,199	(40,964)	(22,340)	250,949
CB Bank- Myanmar	-	748,375	16,714	(34,722)	(12,441)	717,926
	18,900,518	17,458,285	2,147,595	(15,402,504)	(2,186,483)	20,917,411

# Notes to the Financial Statements

## 18.2 Contractual Maturity Analysis of Syndicated Loans and Other Bank Facilities- Group

As at 31st March 2024	Within One Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Term Loans	9,649,219	11,268,192	-	20,917,411
	9,649,219	11,268,192	-	20,917,411

As at 31st March 2023	Within One Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Term Loans	8,737,991	10,162,527	-	18,900,518
	8,737,991	10,162,527	-	18,900,518

The Group doesn't have pre-termination options for Syndicated Loans and Other Bank Facilities.

## 19. DUE TO CUSTOMERS

### Accounting Policy

Due to customers comprise of interest-bearing savings deposits and term deposits. Customer deposits are initially recognised at fair value net of transactions cost. Subsequent to the initial recognition they are measured at their amortised cost using the effective interest rate method. Interest expense on these deposits is recognised to the Income Statement.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Fixed Deposits	-	-	119,146,443	111,616,979
Saving Deposit	-	-	3,888,104	2,631,274
	-	-	123,034,547	114,248,253
Fair Value	-	-	126,339,593	112,236,779

## 19.1 Contractual Maturity Analysis of Customer Deposits

As at 31st March 2024	Within One Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Fixed Deposits	99,193,187	19,953,256	-	119,146,443
Savings Deposits	3,888,104	-	-	3,888,104
	103,081,291	19,953,256	-	123,034,547

As at 31st March 2023	Within One Year LKR '000	1 - 5 Years LKR '000	Over 5 Years LKR '000	Total LKR '000
Fixed Deposits	97,207,565	14,409,414	-	111,616,979
Savings Deposits	2,631,274	-	-	2,631,274
	99,838,839	14,409,414	-	114,248,253

We have raised fixed deposits with a pre-termination option to the customers, so fixed deposit pre-terminations may cause actual maturities to differ from contractual maturities.

## 20 INTEREST BEARING LOANS AND OTHER BORROWINGS

### Accounting Policy

Debt instruments and other borrowings are initially recognised at fair value net of transactions cost. Subsequently, they are stated at amortised cost; any difference between the proceeds (Net of transaction cost) and the repayable amount (including interest) is recognised in the Income Statement over the period of the loan using effective interest rate method.

Under leases, the leased assets are capitalised and included in 'property, plant and equipment' and the corresponding liability to the lessor is included in 'Due to Banks'. At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group use the incremental borrowing rate.

Finance charges payable are recognised in 'Finance Cost' over the period of the lease based on the interest rate implicit in the lease so as to give a constant rate of interest on the remaining period of the liability.

Company	2024			2023		
	Amount Repayable Within 1 Year LKR '000	Amount Repayable After 1 Year LKR '000	Total LKR '000	Amount Repayable Within 1 Year LKR '000	Amount Repayable After 1 Year LKR '000	Total LKR '000
Lease liability (Note 16 )	63,981	15,887	79,868	33,139	82,363	115,502
	63,981	15,887	79,868	33,139	82,363	115,502

Group	2024			2023		
	Amount Repayable Within 1 Year LKR '000	Amount Repayable After 1 Year LKR '000	Total LKR '000	Amount Repayable Within 1 Year LKR '000	Amount Repayable After 1 Year LKR '000	Total LKR '000
Lease liability (Note 16)	582,514	2,609,542	3,192,056	426,533	2,603,573	3,030,106
Bank Loans / Term Loans	1,661,105	9,403,021	11,064,126	1,604,232	2,772,481	4,376,713
Short Term Loan	11,067,490	-	11,067,490	12,544,079	-	12,544,079
Import Loans	-	-	-	383,918	-	383,918
Securitised Borrowings	389,534	3,562,585	3,952,119	-	-	-
Borrowings From International Financial Institutions (Note 20.2.2)	1,040,319	498,963	1,539,282	2,392,049	1,489,975	3,882,024
	14,740,962	16,074,111	30,815,073	17,350,811	6,866,029	24,216,840

# Notes to the Financial Statements

## 20.1 Details of the Long Term Loans- Group

Lender	Approved Facility	Rate of Interest	Repayment Terms	Security
<b>Greener Water Limited</b>				
Sampath Bank PLC	Rs. 2 Bn	AWPLR+1%	Settlement- To be paid over 14 months (1 Year and 2 months) 13 equal monthly installments and separate final installment, Grace period- 8 Years and 10 months (Total Tenure 10 years)	Corporate Gurantee of Vallibel One PLC
<b>Delmage Group</b>				
Sampath Bank PLC	Rs. 2.25 Bn	Floating Rate	Within 09 Yrs	Mortgage over Land & Buildings
<b>Royal Ceramics Lank PLC</b>				
Commercial Bank of Ceylon PLC	Rs. 3Bn	Fixed	8 years-(first 48 monthly instalment of Rs. 20Mn each and subsequent 48 monthly instalments of Rs. 42.5Mn each	Tripartite agreement with Company/custodian Company and bank over a portfolio of 29,710,800 shares of Lanka Walltiles PLC and 2,009,036 shares of Lanka Ceramic PLC and 7,545,422 shares of LB Finance PLC
Commercial Bank of Ceylon PLC	Rs. 500Mn	Fixed	59 equal monthly instalments of Rs. 8,334,000 after a grace period of 6 months	Primary mortgage bond no FCC/18/007 DATED 25/06/2019 for Rs 500Mn over SACMI machine and other related machinery
Commercial Bank of Ceylon PLC	Rs.100Mn	Fixed	59 equal monthly instalments of Rs. 1,666,000 and the final installment of Rs 1,706,000	Tertiary Mortgage bond no 3420 dated 12/10/2017 executed over Land and Building at No. 20, R.A De Mel Mawatha, Colombo 03. Rs 100Mn
Commercial Bank of Ceylon PLC	Rs.152Mn	Fixed	59 equal monthly instalments of Rs. 2,550,000 each and the final instalment of 1,550,000	Primary mortgage Bond 3180 31/03/2006 for Rs 50Mn over the property at Baddegedaramulla, Meegoda and secondary mortgage Bond no 346 dated 02/11/2016 and Primary mortgage bond No 3097 dated 07/12/2005 for Rs 62.5Mn over the property at No 101, Nawala Rd ,Nugegoda/ Secondary mortgage bond No 3912 dated 10/12/2008 for Rs 25 Mn, No 101 , Nawala Rd, Nugegoda/ Primary mortgage bond no 3096 dated 07/12/2005 for Rs 24.5Mn over the property at No 472, Highlevel Rd, Makumbura, Pannipitiya/ Primary mortgage bond No 3823 dated 2/10/2013 for Rs 300Mn over the property at No 20, R.A De Mel Mawatha, Colombo 03.
Commercial Bank of Ceylon PLC	Rs. 500Mn	Fixed	59 equal monthly instalments of Rs. 8,400,000 each and the final instalment of Rs. 4,400,000	Primary mortgage Bond 3180 31/03/2006 fr Rs 50Mn over the property at Baddegedaramulla, Meegoda and Secondary mortgage Bond no 346 dated 02/11/2016 and Primary mortgage bond No 3097 dated 07/12/2005 for Rs 62.5Mn over the property at No 101, Nawala Rd ,Nugegoda/ Secondary mortgage bond No 3912 dated 10/12/2008 for Rs 25 Mn, No 101 , Nawala Rd, Nugegoda/ Primary mortgage bond no 3096 dated 07/12/2005 for Rs 24.5Mn over the property at No 472, Highlevel Rd, Makumbura, Pannipitiya/ Primary mortgage bond No 3823 dated 2/10/2013 for Rs 300Mn over the property at No 20, R.A De Mel Mawatha, Colombo 03.
Commercial Bank of Ceylon PLC	Rs. 218.71Mn	Fixed	Payable in 22 equal monthly installments of Rs.4,300,000.00 / 61 equal monthly installments of Rs.2,000,000.00 each and a final installment of Rs.2,112,360.00 together with interest.	"primary mortgage bond for Rs. 359Mn over solar panels and related equipment installed on the roofs of Royal Ceramics Lanka factories at Horana and Eheliyagoda."
Commercial Bank of Ceylon PLC	Rs. 77.35Mn	AWPLR plus margin	Payable in 10 equal monthly installments of Rs.2,262,000.00 / 51 equal monthly installments of Rs.1,052,000.00 each and a final installment of Rs.1,050,865.00 together with interest.	"primary mortgage bond for Rs. 359Mn over solar panels and related equipment installed on the roofs of Royal Ceramics Lanka factories at Horana and Eheliyagoda."
Commercial Bank of Ceylon PLC	Rs. 400Mn	Fixed	Payable in 2 equal monthly installments of Rs.16,666,000.00 / 56 equal monthly installments of Rs.6,432,772.00 each and a final installment of Rs.6,432,768.00 together with interest.	General terms and conditions relating to term loan facility for Rs. 400Mn dated 30/12/2021 signed by the Company.

Lender	Approved Facility	Rate of Interest	Repayment Terms	Security
Commercial Bank of Ceylon PLC	Rs. 600Mn	AWPLR plus margin	Payable in 56 equal monthly installments of Rs.10,526,315.00 each and a final installment of Rs 10,526,360.00 together with interest.	General terms and conditions relating to term loan facility for Rs. 600Mn dated 01.11.2022 signed by the company.
Commercial Bank of Ceylon PLC	Rs. 1Bn	AWPLR plus margin	Payable in 59 equal monthly installments of Rs.16,700,000.00 each and a final installment of Rs 14,700,000.00 together with interest.	Primary mortgage bond no.3180 dated 31/03/2006 for Rs.50Mn over the property at Baddegedaramulla, Meegoda and Secondary mortgage bond no.346 dated 02/11/2016, Primary mortgage bond no.3097 dated 07/12/2005 for Rs.62.5Mn over the property at no.101, Nawala Rd, Nugegoda and Secondary mortgage bond no.3912 dated 10/12/2008 for Rs. 25 Mn, Primary mortgage bond no.3096 dated 07/12/2005 for Rs. 24.5Mn over the property at no.472, Highlevel Rd, Makumbura, Pannipitiya, Primary mortgage bond no.3823 dated 2/10/2013 for Rs.300Mn over the property at no.20, R A De Mel Mawatha, Colombo 03 and Secondary mortgage bond no.266 dated 3/11/2016 for Rs.110Mn and Tertiary mortgage bond no.3420 dated 12/10/2017 for Rs.100Mn, Primary mortgage bond no.1250 dated 12/11/2017 for Rs.150Mn over the property at no.106, Galle Road, Dehiwala, Primary mortgage bond no.1945 dated 12/11/2013 for Rs.200Mn over factory stores at Highlevel Road, Badeegedaramulla, General terms and conditions relating to term loan facility for Rs.1Bn signed by the company.
Commercial Bank of Ceylon PLC	Rs. 100Mn	AWPLR plus margin	Payable in 35 equal monthly installments of Rs.2,777,000.00 each and a final installment of Rs.2,805,000.00 together with interest.	Floating Primary mortgage bond for Rs.100Mn to be executed over the property bearing assessment no.98, 98 1/1, 98 2/1 and 98 B1, Nawala Road, Nugegoda. General terms & conditions relating to term loan facility for Rs.100Mn signed by the company.
Hatton National Bank PLC	Rs. 175Mn	Fixed	Payable in 59 equal monthly instalments of Rs.2,900,000.00 each and a final instalment of Rs.3,900,000.00 together with interest.	Negative pledge over machinery for Rs.175Mn
Hatton National Bank PLC	Rs. 90Mn	Fixed	Payable in 60 equal monthly installments of Rs.1,500,000.00 each together with interest	Negative Pledge over machinery for Rs.90Mn
Hatton National Bank PLC	Rs. 100Mn	Fixed	Payable in 59 equal monthly installments of Rs.1,660,000.00 each and a final installment of Rs.2,060,000.00 together with interest.	Negative Pledge over heat recovery system for Rs.100Mn
Hatton National Bank PLC	Rs. 45Mn	Fixed	Payable in 60 equal monthly installments of Rs.750,000.00 each together with interest.	Negative Pledge over machinery for Rs.45Mn
<b>Rocell Bathware Limited</b>				
Commercial Bank of Ceylon PLC	Rs. 106.11Mn	Fixed	Payable in 21 equal monthly installments of Rs.1,650,000.00 / 62 equal monthly installments of Rs.1,134,000.00 each and a final installment of Rs.1,152,600.00 together with interest.	Primary Mortgage bond no.FCC/23/02 dated 08/03/2023 for Rs. 138Mn over solar panels and related equipment installed on the roof of Rocell Bathware factory at Panagoda. General terms & conditions relating to term loan facility for Rs. 138Mn dated 04/01/2021 signed by the company.
Commercial Bank of Ceylon PLC	Rs. 20.69Mn	Fixed	Payable in 1 installment of Rs.3,333,000.00 / 58 equal monthly installments of Rs.294,220.00 each and a final installment of Rs.294,240.00 together with interest.	General terms & conditions relating to the term loan for Rs. 200Mn dated 07/01/2022 signed by the Company.
Commercial Bank of Ceylon PLC	Rs. 84Mn	AWPLR plus margin	Payable in 15 equal monthly installments of Rs. 3,039,118.00 / 43 equal monthly installments of Rs. 873,000.00 each and a final installment of Rs. 876,730.00 together with interest.	General terms & conditions relating to the term loan for Rs. 179,308,000 dated 02/11/2022 signed by the company.

# Notes to the Financial Statements

Lender	Approved Facility	Rate of Interest	Repayment Terms	Security
Commercial Bank of Ceylon PLC	Rs. 84Mn	AWPLR plus margin	Payable in 15 equal monthly installments of Rs. 3,039,118.00 / 43 equal monthly installments of Rs. 873,000.00 each and a final installment of Rs. 876,730.00 together with interest.	General terms & conditions relating to the term loan for Rs. 179,308,000 dated 02/11/2022 signed by the company.
Commercial Bank of Ceylon PLC	Rs. 24.13Mn	AWPLR plus margin	Payable in 10 equal monthly installments of Rs.506,000.00 / 52 equal monthly installments of Rs.359,700.00 each and a final installment of Rs.361,000.00 together with interest.	Primary Mortgage bond no.FCC/23/02 dated 08/03/2023 for Rs. 138Mn over solar panels and related equipment installed on the roof of Rocell Bathware factory at Panagoda. General terms & conditions relating to term facility for Rs. 31,889,400.0 dated 24/07/2023 signed by the company.
<b>Lanka Ceramic PLC</b>				
<b>Lanka Walltiles PLC</b>				
Commercial Bank of Ceylon PLC	Rs. 3500 Mn	AWPLR plus margin	72 monthly installments ( 12 month Grace period )	"KAHATAGAHAHENA" land, and the plants and machinery located thereon are mortgaged
Commercial Bank of Ceylon PLC	Rs. 800 Mn	AWPLR+0.4%	72 monthly installments ( 12 month Grace period )	"KAHATAGAHAHENA" land, and the plants and machinery located thereon are mortgaged
<b>Lanka Tiles PLC</b>				
DFCC Bank PLC	Rs. 1500 Mn	AWPLR plus margin	72 monthly installments, 12 month Grace period	A primary mortgage over land, buildings and plant and machinery located at Ranala amounting to Rs.1500 Mn
<b>Uni-Dil Packaging Limited</b>				
Standard Chartered Bank			US \$ 114,079 Quarterly installments	
	USD 500,000	LIBOR plus margin		Mortgage bond for USD 500,00 over Movabel Machinery
Commercial Bank of Ceylon PLC	Rs. 70.75 Mn	Fixed	54 monthly installments	Solar System & related equipment
HNB	Rs. 60 Mn	AWPLR plus margin	54 monthly installments	Clean
Peoples Bank	Rs. 100 Mn			
<b>Uni-Dil Packaging Solutons Limited</b>				
Commercial Bank of Ceylon PLC	Rs. 17.74 Mn	7.75%(fixed)	54 monthly installments	Solar System & related equipment
<b>Swisstek (Ceylon) PLC</b>				
DFCC Bank PLC	Rs.110 Mn	AWPLR plus margin	60 monthly installments	Mortgage over Land, Building, Plant & Machinery , Stocks and Book debts owned by Swisstek Aluminium Ltd.
<b>Swisstek Aluminum Limited</b>				
Commercial Bank	Rs. 157 Mn	AWPLR plus margin	60 monthly installments, After a 6 months grace period.	Mortgage over Solar Panel Equipment
DFCC Bank PLC	Rs. 2000 Mn	AWPLR plus margin	12 months Grace period , 0%- for the first 06 month, start int from Dec-23	Mortgage Bond for Rs. 1,500 Mn over stock and Debtors with an insurance policy over stocks assigned in favour of the Bank.
DFCC Bank PLC	Rs. 75 Mn	Fixed	48 installments , 03 M grace period	Mortgage Bond for Rs. 1,500 Mn over stock and Debtors with an insurance policy over stocks assigned in favour of the Bank.
DFCC Bank PLC	Rs. 26 Mn	Fixed	48 installments	Mortgage Bond for Rs. 1,500 Mn over stock and Debtors with an insurance policy over stocks assigned in favour of the Bank.
Seylan Bank PLC	Rs. 1065 Mn	AWPLR plus margin	48 installments with 6 months Grace period,	Mortgage Bond for Rs.660 Mn over stock & debtors
Nations Trust Bank PLC	Rs. 489 Mn	AWPLR plus margin	36 installments	Primary Mortgage Bond over stocks and Book Debts of SAL for Rs. 600 Mn.

**20.2 Debt Instruments Issued and Other Borrowed Funds**

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Borrowings From International Financial Institutions (Note 20.2.1)	-	-	1,539,282	3,882,024
Securitised Borrowings	-	-	3,952,119	-
	-	-	5,491,401	3,882,024
Fair Value	-	-	5,703,189	3,775,257

**20.2.1. Borrowings From International Financial Institutions**

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. (FMO)	-	-	1,539,282	2,557,117
Ability Global Micro and SME Finance Fund	-	-	-	1,324,907
	-	-	1,539,282	3,882,024

**21. TRADE & OTHER PAYABLES**

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Trade & Other Payables	1,408	12,886	5,266,892	4,376,415
Accrued Expenses	3,756	13,725	789,758	707,495
Other Payable	13,969	18,100	163,626	239,966
Payable to Related Parties (Note 21.1)	-	-	4,318	7,518
Bills Payables and Current account with principal	-	-	57,990	22,948
Unclaimed Balances	-	-	879,765	881,335
Sundry Creditors	-	-	3,456,927	-
Insurance Premium Payable	-	-	288,891	3,210,725
Advances collected from customers	-	-	12,772	550,235
	19,133	44,711	10,920,939	10,004,071

**21.1 Payable to Related Parties**

As at 31 March		COMPANY		GROUP	
		2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Singer (Sri Lnaka) PLC	Affiliate	-	-	3,714	7,011
Hayleys Agro Fertilizer (Private) Limited	Affiliate	-	-	599	-
Hayleys Electronics Lighting (Pvt) Ltd	Affiliate	-	-	5	5
Venigros (Pvt) Ltd	Affiliate	-	-	-	102
Puritas (Pvt) Ltd	Affiliate	-	-	-	103
Unisyst Engineering PLC	Affiliate	-	-	-	184
Regnis Lanka PLC	Affiliate	-	-	-	18
Hayleys Aventura (Pvt) Ltd	Affiliate	-	-	-	95
		-	-	4,318	7,518

# Notes to the Financial Statements

## 22. OTHER NON FINANCIAL LIABILITIES

### Accounting Policy

Group classifies all non financial liabilities other than post employment benefit liability, Deferred tax liabilities and current tax liabilities under other non financial liabilities. Other non financial liabilities include accruals, advances and provisions. These liabilities are non-interest bearing and recorded at the amounts that are expected to be paid.

### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and 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. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Provisions	-	-	317,431	277,012
Refundable Deposits	-	-	34,500	15,000
Accrued Expenses	-	-	1,091,195	898,479
Other Payables	-	-	89,568	65,283
Other Statutory Payables	-	-	565,666	650,518
Impairment provision in respect of Off Balance sheet credit exposure	-	-	14,269	12,778
	-	-	2,112,629	1,919,070

### 22.1 Contract Liability

Contract liabilities are the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services, short-term advances received to render certain services as well as transaction price allocated to unexpired service warranties.

As at 1st April	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Advance received	-	-	2,831,092	6,474,167
During the year recognized	-	-	(1,520,577)	(3,833,136)
Transfers	-	-	27,502	65,127
Foreign exchange movement	-	-	-	124,934
As at 31st March	-	-	1,338,017	2,831,092

The contract liability primarily relates to the advance consideration received from customers for Supply of timber and installation of timber flooring, for which revenue is recognized overtime. This will be recognized as revenue when the company issues an invoice to the customer, which is expected to occur over the next year.

**23. DIVIDENDS PAYABLE**

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Company. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Unclaimed Dividend	14,082	11,113	513,426	516,111
	14,082	11,113	513,426	516,111

**24. EMPLOYEE BENEFIT LIABILITIES****Accounting Estimates**

Our end of service benefit obligations are measured based on the present value of projected future benefit payments for all participants for services rendered to date. In Sri Lanka such plans are regulated by Payment of gratuity act no 12 of 1983. The measurement of projected future benefits is dependent on the stipulated formula, salary assumptions, demographics of the group covered by the plan, and other key measurement assumptions. The net periodic benefit costs associated with the Company's defined benefit plans are determined using assumptions regarding the benefit obligations. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government Bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Company.

**Recognition of Actuarial Gains and Losses**

The Company recognises the total actuarial gains and losses that arise in calculating the Company's obligation in respect of the plan in Other Comprehensive Income during the period in which it occurs.

**Expected Return on Assets**

Expected return on assets is zero as the plan is not pre-funded.

**Funding Arrangements**

The gratuity liability is not externally fund.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance at the beginning of the year	25,722	24,553	1,659,197	1,944,313
Acquisition of subsidiary	-	-	-	4,204
Current service cost	8,797	4,196	182,428	189,422
Interest cost	-	3,683	270,636	286,685
Actuarial (gain)/loss	1,330	(6,710)	210,976	24,806
De-recognition on disposal of subsidiaries	-	-	-	(505,748)
Payments made during the year	(1,822)	-	(241,893)	(284,485)
Balance at the end of the year	34,028	25,722	2,081,344	1,659,197

# Notes to the Financial Statements

## 24.1 Actuarial assumptions

An actuarial valuation of the gratuity of subsidiary companies was carried out as at 31st March 2024 and 31st March 2023 by a firm of professional actuaries. The valuation method used by the actuary to value the Fund is the "Projected Unit Credit Method", recommended by LKAS 19.

As at 31 March	COMPANY		GROUP	
	2024	2023	2024	2023
Discount Rate	12%	18%	12% - 24%	8% - 18%
Future Salary increase	10%	15%	10% - 20%	8% - 15%
Staff Turnover	10%	10%	2% - 29%	2% - 30%
Retirement age	60 Years	60 Years	60 Years	60 Years

## 24.2 Sensitivity Analysis

In order to illustrate the significance of the salary escalation rates and discount rates assumed in these valuations a sensitivity analysis for all employees of Vallibel One PLC and its subsidiaries is carried out as follows;

	COMPANY	GROUP
	LKR '000	LKR '000
<b>Discount Rate as at 31 March 2024</b>		
Effect on DBO due to decrease in the discount rate by 1%	2,338	298,654
Effect on DBO due to increase in the discount rate by 1%	(2,085)	(262,832)
<b>Salary Escalation Rate as at 31 March 2024</b>		
Effect on DBO due to decrease in salary escalation rate by 1%	(2,504)	(264,725)
Effect on DBO due to increase in salary escalation rate by 1%	2,265	299,900
<b>Discount Rate as at 31 March 2023</b>		
Effect on DBO due to decrease in the discount rate by 1%	1,461	295,368
Effect on DBO due to increase in the discount rate by 1%	(1,630)	(106,700)
<b>Salary Escalation Rate as at 31 March 2023</b>		
Effect on DBO due to decrease in salary escalation rate by 1%	(1,765)	(111,994)
Effect on DBO due to increase in salary escalation rate by 1%	1,604	301,219

## 24.3 The Expected Benefit Payout in the Future Years for Retirement

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Within the next 12 months	3,584	2,985	201,367	181,652
Between 1 and 5 years	13,316	10,848	850,971	705,542
Beyond 5 years	17,128	11,889	1,157,449	1,036,025
	34,028	25,722	2,209,787	1,923,219

## 25. STATED CAPITAL

	2024		2023	
	Number of Voting Shares	LKR '000	Number of Voting Shares	LKR '000
<b>Fully paid ordinary shares</b>				
<b>Balance as at the end of the year</b>	1,138,915,644	29,337,103	1,138,915,644	29,337,103

## 25.1 Rights of Shareholders

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

## 26. OTHER COMPONENTS OF EQUITY

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Treasury shares	-	-	(44,112)	(44,112)
Statutory reserve fund	-	-	7,487,136	7,008,954
Fair value reserve	2,548,037	(2,329,270)	2,471,655	(2,403,033)
Foreign currency translation reserve	-	-	44,430	103,670
Revaluation reserve	-	-	3,578,424	8,623,574
General Reserve	-	-	578,449	578,449
	2,548,037	(2,329,270)	14,115,982	13,867,502

Statutory reserve is a capital reserve which contains profits transferred as required by Section 3(b)(ii) of Central Bank Direction No 1 of 2003.

Fair value reserve of financial assets at FVOCI comprises the cumulative net change in fair value of financial investments available for sale until such investments are derecognised or impaired.

Foreign currency translation reserve comprises the net exchange movement arising on the currency translation of foreign operations and equity accounted investees into Sri Lankan rupees.

Revaluation reserve consists of the net surplus on the revaluation of property, plant and equipment and present value of acquired in-force business (PVIB).

General reserves are the retained earnings of a company which are kept aside out of company's profits to meet future (known or unknown) obligations.

## 27. NON CONTROLLING INTERESTS

Non-Controlling Interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

As at 31 March	GROUP	
	2024 LKR '000	2023 LKR '000
Adjusted Balance as at 01 April	42,457,533	38,487,604
Change in Non controlling Interest with Aquisition of a subsidiary	(43,297)	(388)
Surcharge tax	-	(223,424)
Profit for the year	7,550,011	8,284,694
Other Comprehensive Income Net of Tax	694,301	(154,855)
Dividend write back of unclaimed dividend	6,299	393
Acquisition of non-controlling interest	6,964	-
Subsidiary Dividends to Minority Shareholders	(3,294,964)	(3,669,593)
Change in Non controlling Interest with disposal of a sub-subsidiary	(239,352)	(455,677)
Change in ownership without change in control	58,007	188,779
<b>Balance as at 31 March</b>	<b>47,195,502</b>	<b>42,457,533</b>

# Notes to the Financial Statements

## 27. NON CONTROLLING INTERESTS (CONTD.)

### PRINCIPLE SUBSIDIARIES WITH NON CONTROLLING INTERESTS

Summarised financial information in respect of Vallibel One PLC's subsidiaries that have non-controlling interest, reflecting amounts before inter-company eliminations, is set out below.

	2024			2023		
	LB Finance	Rocell	Delmege	LB Finance	Rocell	Delmege
Non controlling Interests in %	33.66%	44.02%	31.25%	33.66%	44.02%	31.25%
Accumulated Balance of Non Controlling Interest	96,738	15,343,596	450,091	103,865	13,814,193	403,289

	2024			2023		
	LB Finance	Rocell	Delmege	LB Finance	Rocell	Delmege
<b>Summarised statement of profit or loss for the year ended 31 March</b>						
Revenue	49,456,646	61,192,057	11,745,427	42,959,958	63,206,259	10,727,458
Cost of sales	(21,460,631)	(37,704,490)	(8,826,772)	(20,663,956)	(37,676,083)	(7,890,828)
Administrative expenses	(8,395,875)	(3,910,986)	(930,445)	(6,956,185)	(3,267,956)	(971,380)
Finance cost	-	(2,524,386)	(307,072)	-	(3,556,717)	(582,781)
Finance Income	-	358,330	13,604	-	1,152,595	24,048
Profit before tax	18,964,676	12,084,297	877,774	14,520,670	12,134,335	489,365
Income Tax	(5,627,414)	(3,030,343)	(52,710)	(3,290,178)	(4,229,132)	39,275
Profit for the year from continuing operations	9,707,017	9,053,954	825,064	8,552,886	7,905,203	528,641
Profit/ (Loss) from Discontinuing operations	-	177,410	-	-	375,988	-
<b>Profit:</b>						
Attributable to owners	6,440,059	5,167,304	567,244	5,674,358	4,635,440	363,449
Attributable to non controlling interests	3,266,958	4,064,059	257,820	2,878,528	3,645,751	165,192
Other Comprehensive income	(110,070)	1,516,762	(6,187)	(33,319)	(780,770)	619,873
Total Comprehensive income	9,596,947	10,748,125	818,877	8,519,567	7,500,420	1,148,514
Attributable to owners	6,367,034	6,016,320	562,991	5,652,253	4,198,400	789,621
Attributable to non controlling interests	3,229,913	4,731,806	255,887	2,867,314	3,302,021	358,893
<b>Summarised statement of financial position as at 31 March</b>						
Current Assets	139,758,722	42,517,925	5,979,749	129,670,476	39,439,348	6,247,785
Non Current Assets	63,389,164	59,099,190	5,907,739	53,347,591	51,125,797	5,811,629
Current Liabilities	121,914,068	24,139,834	3,812,833	114,543,122	28,201,192	4,755,023
Non current Liabilities	37,225,825	17,366,308	623,153	30,046,979	8,958,151	671,729
<b>Summarised statements of cash flows for the year ended 31 March</b>						
Operating cash flows	5,531,503	7,258,392	891,935	3,914,195	(9,360,204)	285,534
Investing cash flows	(833,716)	(7,267,270)	7,988	(607,262)	(4,192,321)	(65,535)
Financing cash flows	(365,566)	1,306,132	(347,142)	(11,999,782)	48,529	(441,224)
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>4,332,221</b>	<b>1,297,253</b>	<b>552,781</b>	<b>(8,692,849)</b>	<b>(13,503,996)</b>	<b>(221,226)</b>

## 28. REVENUE

### Accounting Policy

The Group is primarily involved in manufacturing and marketing of tiles and associated items, sanitaryware, packing material, aluminium products and agricultural products in Sri Lanka and overseas. Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group/Company is the principal in its revenue arrangements, as it typically controls the goods before transferring them to the customer.

#### Goods transferred at a point in time

Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally, on delivery of the goods.

#### Services transferred over time

Under SLFRS 15, the Group determines, at contract inception, whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

#### Interest Income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

The Group use the Effective Interest Rate (EIR) method for recognising the interest income and interest expenses of Financial Assets and Financial Liabilities that are measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income under SLFRS 9 and the same method followed by the Group for the Financial Assets and Financial Liabilities classified as held for trading and as available-for-sale and financial Assets and Liabilities measured at amortised cost under LKAS 39 in the comparative financial year. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability.

The calculation of EIR takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as an impairment charge or reversal to the Income Statement.

Interest income on impaired financial instruments continues to be recognised at original EIR to the unadjusted carrying amount until the financial asset has been classified as fully impaired. Until such the accrued interest added to the unadjusted carrying amount has been impaired to the estimated Loss Given Default (LGD).

### 28.1 Disaggregation of revenue

The Group presented disaggregated revenue with Group's reportable segments based on timing of revenue recognition and operating segment information section.

#### (a) Sale of goods-tiles and associated items,sanitaryware,packing materials,aluminium products.

Revenue from sales of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods which include one performance obligation. Control transition point to recognise the revenue on export sales is determined based on the international commercial terms applicable for the respective transactions. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, which is not materially affect on the recognition of revenue.

# Notes to the Financial Statements

## (d) Rendering of services

Revenue from services is recognised as the services are provided. Revenue from service contracts that cover periods of greater than 12 months is recognised in the profit and loss in proportion to the services delivered at the reporting date.

## (e) Significant financing component

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

## (f) Net trading income

Net trading income includes all gains and losses from changes in fair value and related dividends for financial assets and financial liabilities “held for trading” other than interest income.

Set out below is the disaggregation of the Group’s/ Company’s revenue from contracts with customer:

### 28.1.1 Sector-wise Segmentation

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Financial Services Sector	-	-	46,239,186	39,973,555
Sale of goods	-	-	75,336,568	76,326,050
Rendering of services	-	-	753,832	555,079
<b>Total Revenue</b>	-	-	<b>122,329,587</b>	<b>116,854,684</b>

### Geographical Segmentation

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Export Sales	-	-	2,345,216	2,139,897
Local Sales	-	-	70,527,724	71,754,829
Total Revenue Contracts with Customers	-	-	72,872,940	73,894,726
Income from financial services	-	-	49,456,646	42,959,958
<b>Total Revenue</b>	-	-	<b>122,329,587</b>	<b>116,854,684</b>

**28.1.2 Timing of Revenue Recognition**

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Goods/ services transferred at a point in time	-	-	72,420,063	73,339,648
Services transferred over time	-	-	3,670,337	3,541,481
Total Revenue Contracts with Customers	-	-	76,090,400	76,881,129
Interest income	-	-	46,239,187	39,973,555
<b>Total Revenue</b>	-	-	122,329,587	116,854,684

**28.2 Contract Balances**

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Trade Receivables (Note 8)	-	-	7,839,475	8,259,186
Contract Assets (Note 8.2)	-	-	30,033	32,343
Contract Liabilities (Note 22.1)	-	-	1,338,017	2,831,092

**29. DIVIDEND INCOME****Accounting Policy**

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

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Income from Investment in Related Parties	3,201,304	2,526,541	-	-
Income from Other Investments	877,199	565,765	880,744	568,541
	4,078,503	3,092,306	880,744	568,541
Dividend income from Associate	-	-	-	-
Other	4,078,503	3,092,306	880,744	568,541
	4,078,503	3,092,306	880,744	568,541

# Notes to the Financial Statements

## 30. OTHER OPERATING INCOME

### Accounting Policy

Income earned on other sources, which are not directly related to the normal operations of the Group is recognised as other operating income on an accrual basis.

### Profit / (Loss) on Disposal of Property, Plant & Equipment

The profit/(loss) on disposal of property, plant and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, net of incremental disposal costs. This is recognised as an item of “other operating income” in the year in which significant risks and rewards of ownership are transferred to the buyer.

### Fee and Commission Income

The Group earns fee and commission income from a diverse range of services it provides to its customers. These fees include credit-related fees and commission income. All fees and commissions are recognised to the Income Statement on an accrual basis.

### Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and is included in revenue due to its operating nature.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Profit / (Loss) on Disposal of Property, Plant & Equipment	24,000	-	93,347	16,385
Fee and Commission Income	-	-	33,306	43,151
Hiring Income	-	-	5,212	103,728
Recoveries of Variable Overhead	-	-	1,840	-
Rent income	-	-	62,713	57,905
Change in fair value of investment property	-	-	65,790	22,272
Sundry Income	-	-	570,551	494,999
Profit on Disposal of Investment	-	-	-	-
Net Gain on Financial Assets at FVTPL	-	6,705	3,409	13,737
Technical Fee income	457,357	427,079	-	15,964
	<b>481,357</b>	<b>433,784</b>	<b>836,168</b>	<b>768,141</b>

**31. PROFIT FROM OPERATION STATED AFTER THE FOLLOWING EXPENSES**

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Directors' Fees	12,560	9,551	49,165	33,954
Auditors' Remuneration (Fees and Expenses)	327	307	43,507	32,350
Audit-Related Expenses	-	-	2,250	2,575
Non-Audit Fees to Auditors	2,126	2,730	3,405	4,095
Depreciation	46,820	49,243	3,286,196	3,077,416
Amortization	-	-	121,966	135,304
Professional and Legal Expenses	-	-	533,765	70,344
Deposit Insurance Premium	-	-	171,521	149,421
General Insurance Expenses	2,101	2,114	223,908	162,575
Donation	-	-	662	347
Employee Benefits including the following				
Other Staff Costs	195,216	158,159	11,787,000	9,944,601
Defined Benefit Plan Costs- Gratuity	8,797	7,879	453,064	476,107
Defined Contribution Plan Costs- EPF & ETF	22,118	15,867	757,687	818,641

**32. FINANCE COST**

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Interest on Loans	-	-	1,992,864	3,288,538
Interest on Bank Overdrafts and Other charges	2,220	6,674	632,650	608,635
Interest on Leases	21,185	13,089	229,507	202,217
RTS international and Trade card charged	-	-	-	60,030
	23,405	19,763	2,855,021	4,159,420

**33. FINANCE INCOME**

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Interest Income	110,650	71,801	481,526	1,241,421
Income on termination of Lease	-	-	1,434	648
	110,650	71,801	482,960	1,242,069

# Notes to the Financial Statements

## 34. TAX ON FINANCIAL SERVICES

### Accounting Policy

Tax on financial services include Value Added Tax on Financial Services.

### Value Added Tax (VAT) on financial services

VAT on Financial Services is calculated in accordance with Value Added Tax Act No 14 of 2002 and subsequent amendments thereto. The base for the computation of VAT on Financial Services is the accounting profit before VAT on Financial Services and income tax adjusted for the economic depreciation and emoluments payable to employees including cash benefits, non-cash benefits and provisions relating to terminal benefits. VAT on Financial Services was charged at 15% from 1 April 2021 to 31 December 2021 and 18% with effect from 1 January 2022.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Value Added Tax on Financial Services	-	-	3,187,317	2,505,367
Social Security Contribution Levy (SSCL)	-	-	442,926	172,238
	-	-	3,630,243	2,677,605

## 35. INCOME TAX EXPENSE

### Accounting Policy

As per Sri Lanka Accounting Standard- LKAS 12 (Income Taxes), tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognised in the Income Statement except to the extent it relates to items recognised directly in 'Equity' or 'Other Comprehensive Income (OCI)', in which case it is recognised in Equity or in OCI.

### Current Taxation

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue in respect of the current year and any adjustment to tax payable in respect of prior years. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date. Accordingly, provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No 24 of 2017 and the amendments thereto at the rates specified in Note 35.2 to these Financial Statements.

### Accounting Estimates

The Group is subject to income taxes and other taxes. Significant judgment was required to determine the total provision for current, deferred and other taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements. The Company recognized assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and other tax amounts in the period in which the determination is made.

### Deferred Taxation

Detailed disclosure of accounting policies and estimate of deferred tax is available in Note 13 to these Financial Statements.

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

**35.1.1 In Statement of Profit or Loss**

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Current Income Tax</b>				
Income Tax for the year	50,642	130,574	9,312,726	7,500,379
WHT on Dividend	-	-	12,823	409,002
Under/(over) provision of current taxes in respect of prior years	(4,386)	5,822	(128,546)	56,701
Unrecoverable ESC	-	-	-	-
<b>Deferred Income Tax</b>				
Deferred tax charge / (reversal) (Refer Note 35.3)	(1,131)	(3,590)	89,433	(320,576)
	45,125	132,806	9,286,436	7,645,506

**35.1.2 Statements of Other Comprehensive Income**

Deferred tax related to items recognised in OCI during in the year:				
Net (gain)/loss on cash flow hedges	-	-	-	-
Net change in costs of hedging	-	-	-	-
Net loss on debt instruments at fair value through OCI	-	-	-	-
Net (gain)/loss on equity instruments designated at fair value through OCI	-	-	-	-
Revaluation of property, plant and equipments	-	-	857,888	1,431,551
Net gain on hedge of net investment	-	-	-	-
Remeasurement (gain)/loss on actuarial gains and losses	(399)	2,013	(54,288)	5,525
	(399)	2,013	803,600	1,437,076

**35.1.3 Total Tax Expense for the Financial Year**

	44,726	134,819	10,090,036	9,082,582
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**35.1.4 Impact on Deferred Tax Charge/ (Reversal) due to Change in Tax Rates**

Charge/ (Reversal) Recognised in Profit or Loss:				
- Arising on During the Year Movement	(1,131)	(5,709)	89,433	(1,509,114)
- Due to Change in Tax Rates	-	2,119	-	1,188,539
	(1,131)	(3,590)	89,433	(320,575)
Charge/ (Reversal) Recognised in Other Comprehensive Income:				
- Arising on During the Year Movement	(399)	1,610	803,600	296,025
- Due to Change in Tax Rates	-	403	-	1,141,051
	(399)	2,013	803,600	1,437,076

# Notes to the Financial Statements

## 35.2 Reconciliation between tax charge and the product of accounting profit

A reconciliation between the tax expense and the accounting profit multiplied by relevant tax rate for the years ended 31 March is as follows.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Accounting profit before tax	4,182,440	3,186,163	26,552,853	25,078,218
Less: Share of results of associates	-	-	(47,870)	4,473
	4,182,440	3,186,163	26,504,983	25,082,691
Less: Exempt Profit	(4,078,503)	(2,375,995)	(5,849,395)	(4,629,166)
Add: Non deductible expenses	153,040	21,008	4,617,783	12,780,933
Less: Deductible expenses	(64,170)	(17,687)	(5,451,905)	(10,105,149)
Less: Tax losses utilised	-	-	(89,732)	(367,472)
Add: Income considered as a separate source of income	-	-	403,120	3,732,375
Less: Qualifying payment relief	-	-	20,941	(171,444)
<b>Taxable Income</b>	<b>192,807</b>	<b>813,489</b>	<b>20,155,795</b>	<b>26,322,768</b>
Tax on taxable income @ 30%	50,642	5,590	9,185,857	4,029,995
Tax on taxable income @ 24%	-	21,006	112,960	2,193,288
Tax on taxable income @ 22%	-	-	13,909	11,137
Tax on taxable income @ 20%	-	-	-	3,446
Tax on taxable income @ 18%	-	-	-	938,298
Tax on taxable income @ 15%	-	-	-	40,885
Tax on taxable income @ 14%	-	103,979	-	283,330
Dividend Tax @ 14%	-	-	12,823	409,002
Adjustments in respect of prior years	(4,387)	5,822	(128,547)	56,701
	46,255	136,397	9,197,002	7,966,082
Deferred Tax Charge/(Reversal)	(1,131)	(3,590)	89,433	(320,576)
<b>Income Tax Expense charged to Profit or Loss</b>	<b>45,124</b>	<b>132,807</b>	<b>9,286,435</b>	<b>7,645,506</b>
<b>Effective Tax Rate</b>	<b>1.08%</b>	<b>3.99%</b>	<b>34.97%</b>	<b>30.49%</b>
<b>Effective Tax Rate (Excluding Deferred Tax)</b>	<b>1.11%</b>	<b>4.11%</b>	<b>34.64%</b>	<b>31.76%</b>
<b>Accounting Profit Before Tax on Financial Services</b>	<b>4,182,440</b>	<b>3,186,163</b>	<b>30,183,096</b>	<b>27,755,823</b>
<b>Effective Tax Rate (Excluding Tax on Financial Services)</b>	<b>1.08%</b>	<b>4.17%</b>	<b>30.77%</b>	<b>27.55%</b>

### Surcharge Tax

As per the Surcharge Tax Act No. 14 of 2022 which was certified on 8th April 2022, the Group was liable to pay the surcharge tax of Rs. 3,968,736,000/- (the Company- Rs. 288,636,000/-) pertaining to the year of assessment 2020/21. According to the said Act, the surcharge tax shall be deemed to be an expenditure in the financial statement relating to the year of assessment which commenced on 1st April 2020. Since the Act supersedes the requirements of the Sri Lanka Accounting Standards, the surcharge tax expense is accounted through the Statement of Changes in Equity as an equity adjustment on the first day of the first reporting period ending after enactment of the said Act, as recommended in the Addendum to Statement of Alternative Treatment (SoAT) on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, in August 2022. In Equity as an equity adjustment on the first day of the first reporting period ending after enactment of the said Act, as recommended in the Addendum to Statement of Alternative Treatment (SoAT) on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka, in August 2022.

**Swisstek Aluminium Ltd**

Income tax exemption given for the Swisstek Aluminium Ltd has been ended by 01st September 2016 and company liable to pay tax at a rate of 20% on trade profit and 30% on other income.

**Lanka Ceramics PLC**

As per the transitional provisions of the Inland Revenue Act No. 24 of 2017, brought forward tax losses can be claimed against the taxable income for a period of six years with effective from 1 April 2018. The Company has a cumulative tax loss of Rs.100,966,606/- (2023- Rs.188,078,868/-) as at 31 March 2024 which can be carried forward up to the financial year of 2028/2029.

**35.3 Deferred Tax**

Deferred tax recognised in statements of profit and loss relates to the following:

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Property, Plant & Equipments	931	371	(2,730,161)	891,722
Leased assets	-	-	(63,241)	(107,373)
Investment Property	-	-	2,842,689	173,809
Right of use assets	165	(259)	112,265	(153,659)
Defined Benefit Obligation	(2,227)	(3,702)	27,831	(148,849)
Unrealised Exchange Gain/(Loss)	-	-	(65,414)	6,483
Provisions	-	-	257,587	(912,716)
Deferred Taxation on Un distributed Associate Profit	-	-	(10,986)	27,520
Unutilized tax losses	-	-	(281,137)	(226,622)
De-recognition on disposal of subsidiaries	-	-	-	129,110
	(1,131)	(3,590)	89,433	(320,575)

**36. DISCONTINUED OPERATIONS****Ever Paint and Chemical Industries (Pvt) Ltd ("EPCI")**

On 25th July 2016, the Board of Directors took a decision to cease the operations of Ever Paint and Chemical Industries (Private) Limited ("EPCI") and to dispose of the assets thereof. EPCI is a fully owned subsidiary of Royal Ceramics Lanka PLC and it was engaged in the business of manufacturing and marketing of paints and allied products. With EPCI being classified as discontinued operations, the paint and allied products segment is no longer presented in the segment note.

**Rocell Pty Ltd**

On 31st January 2021, the Board of Directors decided to cease the operations of Rocell Pty Ltd ("RPTY") and to dispose of the assets thereof. RPTY is a fully owned subsidiary of Royal Ceramics Lanka PLC and it was engaged in the business of wholesale and retailing of floor tiles and wall tiles in Australia. With RPTY being classified as discontinued operations, its figures are no longer taken to tiles and associated items segment. Accordingly, comparative figures has been reclassified in the Statement of Profit or Loss.

**Horana Plantation PLC**

On 28th March 2023, the group decided to dispose Horana Plantation PLC, which carried out all the group's plantation operations. The disposal was effected in order to generate cash flows for the expansion of group's other businesses. The disposal was completed on 29 March 2023, on which date control of the Horana Plantation PLC passed to the Hayles Plantation Management Services (Pvt) Ltd (the acquirer). Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 38.8.

During the year 2023/24, Management has reassessed the recoverability of the remaining assets and liabilities as at the reporting date. Management is continued to take steps to dispose the remaining assets of the Group.

# Notes to the Financial Statements

## 36.1 Loss on discontinued Operations

As at 31 March	EPCI		Rocell Pty Ltd		Horana Plantation PLC	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Revenue</b>	-	-	-	-	-	3,794,035
Cost of Sales	-	-	-	-	-	(2,559,346)
Gross Profit	-	-	-	-	-	1,234,689
Finance Income	-	-	-	8	-	5,097
Other Income and Gains	-	-	173,332	-	-	3,404
Selling and Distribution Costs	-	-	-	(235)	-	-
Administrative Expenses	(2,487)	(2,462)	89	(36)	-	(251,588)
Finance Cost	-	-	6,476	(7,303)	-	(334,515)
<b>Gain on disposal of subsidiary to VPML</b>	-	-	-	-	-	215,959
<b>Gain Loss before tax</b>	(2,487)	(2,462)	179,897	(7,566)	-	873,046
<b>Tax Expense</b>	-	-	-	-	-	(487,030)
<b>Total Gain/(Loss) for the year from discontinued operations</b>	(2,487)	(2,462)	179,897	(7,566)	-	386,016

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Gain/Loss from discontinued operations for the year ended	-	-	177,410	375,988
	-	-	177,410	375,988

## 36.2 The major classes of assets and liabilities is classified as held for sale as at the end of the year:

As at 31 March	EPCI		Rocell Pty Ltd	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Assets</b>				
Property, Plant and Equipment	36,000	36,000	-	-
Cash and Cash Equivalents	56	172	-	6,689
Assets Held for Sale	36,056	36,172	-	6,689
<b>Current Liabilities</b>				
Trade and Other Payables	(195)	(214)	-	(17,678)
Interest Bearing Loans & Borrowings	-	-	-	(182,765)
Liabilities Directly Associated with the Assets Held for Sale	(195)	(214)	-	(200,443)
<b>Net Assets Directly Associated with Disposal Group</b>	<b>35,861</b>	<b>35,958</b>	<b>-</b>	<b>(193,754)</b>

**36.3 The net cash flows incurred by Delmege Coir (Private) Limited and Ever Paint and Chemical Industries (Pvt) Ltd (“EPCI”) are as follows:**

As at 31 March	EPCI		Rocell Pty Ltd		Horana Plantation PLC	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Operating	(115)	(658)	6,605	(11,643)	-	681,562
Investing	-	-	-	10,498	-	(430,106)
Financing	-	-	75,303	4,299	-	(227,186)
<b>Net cash (outflow)/inflow</b>	<b>(115)</b>	<b>(658)</b>	<b>81,908</b>	<b>3,154</b>	<b>-</b>	<b>24,270</b>

**36.4 Earnings per Share**

As at 31 March	EPCI		Rocell Pty Ltd		Horana Plantation PLC	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Basic earnings/ (losses) for the year from discontinued operations	(0.00)	(0.12)	0.07	(3.03)	-	6.80

**36.5 Asset Held For Sale- Property Plant & Equipment**

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Ever Paint and Chemical Industries (Private) Limited	-	-	36,056	36,172
Rocell Pty Ltd	-	-	-	6,689
	-	-	36,056	42,861

**36.6 Liabilities directly associated with the assets classified as held for sale**

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Ever Paint and Chemical Industries (Private) Limited	-	-	195	214
Rocell Pty Ltd	-	-	-	200,443
	-	-	195	200,657

**36.7 Fair value of land and buildings of Discontinued Operations**

The fair value of land and buildings amounting to Rs. 36 Mn was determined by Mr. A.A.M. Fathihu, an independent professionally qualified valuer in reference to market based evidence. (valuation report dated 9 April 2018).

Reassessment of the fair valuation was obtained from the same independent professional valuer who determined that there would have been no substantial material change in the fair value between the last valuation date and reporting date.

**Significant increases (decrease) in estimated price per perch/ price per square feet in isolation would result in a significantly higher (lower) fair value.**

Price per square feet is in the range of Rs. 3,000/- to Rs.2,000/-

Price per perch is in the range of Rs. 85,000/ to Rs. 5,000/-

Significant increases/ (decreases) in estimated price per perch/ price per square foot in isolation would result in a significantly higher/ (lower) fair value.

# Notes to the Financial Statements

## 37. EARNINGS PER SHARE

### Accounting Policy

The Group presents Basic and Diluted Earnings per Share (EPS) data for its ordinary shares. Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the year, as per the Sri Lanka Accounting Standard- LKAS 33 (Earnings Per Share).

Diluted EPS is determined by adjusting the profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potentially dilutive ordinary shares, which comprise share options granted to employees. The Group does not have any potentially dilutive shares.

### Profit and Shares Details Used in the Basic Earning per Share Computation

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Amounts Used as the Numerators:</b>				
Net Profit Attributable to Ordinary Shareholders of the Company/ Parent	4,137,315	3,053,357	9,893,816	9,524,006

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Number of Ordinary Shares Used as Denominators for Basic Earnings per Share</b>				
Weighted Average number of Ordinary Shares in issue	1,138,915,644	1,138,915,644	1,138,915,644	1,138,915,644

### Profit and Shares Details Used in the Diluted Earning per Share Computation

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Amounts Used as the Numerators:</b>				
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	4,137,315	3,053,357	9,893,816	9,524,006

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Number of Ordinary Shares Used as Denominators for Diluted Earnings per Share</b>				
Weighted average number of ordinary shares adjusted for the effect of dilution	1,138,915,644	1,138,915,644	1,138,915,644	1,138,915,644

To calculate the earnings per share amounts for discontinued operation the weighted average number of ordinary shares for both the basic and diluted amounts is as per the table above. The following table provides the profit/(loss) amount used:

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Net profit attributable to ordinary equity holders of the parent from continuing operations	4,137,315	3,053,357	9,716,406	9,148,018
Profit/(loss) attributable to ordinary equity holders of the parent from discontinued operations	-	-	177,410	375,988
<b>Net profit attributable to ordinary equity holders of the parent for basic earnings</b>	<b>4,137,315</b>	<b>3,053,357</b>	<b>9,893,816</b>	<b>9,524,006</b>
<b>Net profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution</b>	<b>4,137,315</b>	<b>3,053,357</b>	<b>9,893,816</b>	<b>9,524,006</b>

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Basic Earnings Per Share</b>	<b>3.63</b>	<b>2.68</b>	<b>8.69</b>	<b>8.36</b>
<b>Basic Earnings Per Share for Continuing Operations</b>	<b>3.63</b>	<b>2.68</b>	<b>8.53</b>	<b>8.03</b>
<b>Diluted Earnings Per Share</b>	<b>3.63</b>	<b>2.68</b>	<b>8.69</b>	<b>8.36</b>

**37.1 Dividend Per Share**

As at 31 March	COMPANY	
	2024 LKR '000	2023 LKR '000
Cash Dividend	1,138,916	-
	1,138,916	-
Weighted average number of ordinary shares	1,138,915,644	1,138,915,644
<b>Dividend Per Share</b>	<b>1.00</b>	<b>-</b>

# Notes to the Financial Statements

## 38. FAIR VALUE MEASUREMENT

### Accounting Policy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

01. In the principal market for the asset or liability; or"
02. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses various valuation methodologies that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The use of observable and unobservable inputs and their significance in measuring fair value are reflected in our fair value hierarchy assessment.

Level 1: Inputs include quoted prices for identical instruments,

Level 2: Inputs include quoted prices for similar instruments and observable inputs such as interest rates, currency exchange rates, and yield curves.

Level 3: Inputs include data not observable in the market and reflect management judgment about the assumptions market participants would use in pricing the instruments.

### Valuation framework

The Company/ Group has an established control framework for the measurement of fair values. Management review the inputs to the fair value measurements to ensure they are appropriately categorized within the fair value hierarchy. Transfers into and transfers out of the hierarchy levels are recognized as if they had taken place at the end of the reporting period.

### 38.1 Assets Measured at Fair Value:

As at 31 March	Notes	2024				2023			
		Fair Value Measurement Using			Total Fair Value LKR '000	Fair Value Measurement Using			Total Fair Value LKR '000
		Quoted prices in active market Level 1 LKR '000	Significant observable inputs Level 2 LKR '000	Significant unobserv- able inputs Level 3 LKR '000		Quoted prices in active market Level 1 LKR '000	Significant observable inputs Level 2 LKR '000	Significant unobserv- able inputs Level 3 LKR '000	
<b>Financial Assets</b>	4.3	103,898	-	-	103,898	118,205	-	-	118,205
Financial Assets Rec- ognised Through Profit or Loss	4.3	14,043,587	1,048	307	14,044,942	9,002,961	932	307	9,004,200
Equity Instruments measured at Fair Value through OCI									
<b>Non Financial Assets</b>	17	-	-	2,140,503	2,140,503	-	-	2,074,213	2,074,213
Investment Property									
Property, Plant and Equipment	15	-	-	40,354,291	40,354,291	-	-	36,576,821	36,576,821
Assets held for sale	38.5	-	-	36,056	36,056	-	-	42,861	42,861
		14,147,485	1,048	42,531,157	56,679,690	9,121,166	932	38,694,202	47,816,300

### Valuation Methodologies and Assumptions

Details of valuation methodologies and assumptions are disclosed in the relevant notes to the financial statements.

### 38.2 Assets not carrying at fair value in the financial statements and valued using significant unobservable inputs:

	Notes	2024		2023	
		Fair Value	Carrying Value	Fair Value	Carrying Value
		LKR '000	LKR '000	LKR '000	LKR '000
Financial Assets At Amortised Cost- Loans and Advances	5	164,529,322	162,521,733	137,280,086	146,371,596
		164,529,322	162,521,733	137,280,086	146,371,596

#### Unobservable Inputs Used in Measuring Fair Value under Level 3 Category

The following table sets out information about significant unobservable inputs used as at 31 March 2024 and 2023 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Type of Financial Instrument	Valuation Technique	Significant Unobservable Input	Range of Estimates for Unobservable Input	Fair Value Measurement Sensitivity to Unobservable Inputs
Financial Assets At Amortised Cost- Loans and Advances	Discounted cash flow	Spread	4.1-12.1% (2023 : 3.1-13.6%)	A significant increase in the spread would result in a lower fair value.
		Probability of default	12.4-26.9% (2023 : 13.9-30.8%)	Significant increases in probability of default isolation would result in lower fair values.
		Loss severity	5-100% (2023 : 5-100%)	A significant reduction would result in higher fair values.
		Expected prepayment rate	0.03-15.8% (2023 : 0.03-15.8%)	Correlates with the current interest rates.

### 38.3 Other Financial Assets and Financial Liabilities not carried at fair value

For financial assets and financial liabilities that have a short term maturity (original maturities less than a year), it is assumed that the carrying amounts approximate their fair values.

Majority of the Interest-bearing loans and borrowings balances comprise floating rate instruments therefore fair value of the value due to banks approximate to the carrying value as at the reporting date.

Accordingly, the following is a list of financial instruments whose carrying amount is a reasonable approximation of fair value.

#### Financial Assets

- Cash and Cash Equivalent
- Other Financial Assets
- Trade and Other Debtors

#### Financial Liabilities

- Due to Banks
- Due to Customers
- Interest Bearing Loans and Borrowings
- Trade and Other Payables

### 39. SEGMENT INFORMATION

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chairman to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the Chairman include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill

# Notes to the Financial Statements

## 39.1 Operating Segment Information

As at 31 March	Lifestyle Sector		Finance Sector		Aluminium Sector		Leisure Sector	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Income Statement</b>								
Revenue	49,584,284	52,011,450	49,456,647	42,959,958	7,200,106	4,933,738	-	-
Intra Group Revenue	2,044	14,564	-	-	64,689	323,105	-	-
<b>Total Revenue</b>	<b>49,586,328</b>	<b>52,026,014</b>	<b>49,456,647</b>	<b>42,959,958</b>	<b>7,264,795</b>	<b>5,256,843</b>	<b>-</b>	<b>-</b>
<b>Results</b>								
<b>Gross Profit</b>	<b>21,062,011</b>	<b>22,433,831</b>	<b>27,996,016</b>	<b>22,296,000</b>	<b>1,130,983</b>	<b>1,280,277</b>	<b>-</b>	<b>-</b>
Dividend Income	1,016	992	3,764	2,770	-	-	-	-
Other Operating Income	644,404	634,164	175,360	170,715	83,038	(68,651)	-	-
Administrative Expenses	(3,423,251)	(2,611,987)	(8,395,883)	(6,956,184)	(333,409)	(283,249)	(3,115)	(1,266)
Distribution Expenses	(7,964,184)	(7,621,556)	(544,495)	(473,499)	(650,274)	(581,823)	-	-
Other Operating Expenses	(70,009)	(44,498)	(270,093)	(519,133)	-	(280,102)	-	-
<b>Results from Operating Activities</b>	<b>10,249,987</b>	<b>12,790,946</b>	<b>18,964,669</b>	<b>14,520,669</b>	<b>230,338</b>	<b>66,452</b>	<b>(3,115)</b>	<b>(1,266)</b>
Finance Cost	(2,100,915)	(1,696,818)	-	-	(664,010)	(1,391,619)	(160)	(158)
Finance Income	619,355	1,323,835	-	-	24,043	-	376	339
<b>Net Finance Cost</b>	<b>(1,481,560)</b>	<b>(372,983)</b>	<b>-</b>	<b>-</b>	<b>(639,967)</b>	<b>(1,391,619)</b>	<b>216</b>	<b>181</b>
Share of Results of Equity accounted investees	-	-	-	-	-	-	47,870	(4,473)
<b>Profit Before Tax on Financial Services</b>	<b>8,768,427</b>	<b>12,417,963</b>	<b>18,964,669</b>	<b>14,520,669</b>	<b>(409,629)</b>	<b>(1,325,167)</b>	<b>44,971</b>	<b>(5,558)</b>
Tax on Financial Services	-	-	(3,630,243)	(2,677,605)	-	-	-	-
<b>Profit/(Loss) before tax</b>	<b>8,768,427</b>	<b>12,417,963</b>	<b>15,334,426</b>	<b>11,843,064</b>	<b>(409,629)</b>	<b>(1,325,167)</b>	<b>44,971</b>	<b>(5,558)</b>
Tax Expense	(2,482,263)	(3,855,397)	(5,627,414)	(3,290,178)	74,197	256,564	166	798
<b>Profit for the year from continuing operations</b>	<b>6,286,164</b>	<b>8,562,566</b>	<b>9,707,012</b>	<b>8,552,886</b>	<b>(335,432)</b>	<b>(1,068,603)</b>	<b>45,137</b>	<b>(4,760)</b>
<b>Assets and Liabilities</b>								
Segment Assets	76,321,493	66,508,026	203,147,886	183,018,067	7,499,651	7,230,678	9,872,451	8,861,133
<b>Total Assets</b>	<b>76,321,493</b>	<b>66,508,026</b>	<b>203,147,886</b>	<b>183,018,067</b>	<b>7,499,651</b>	<b>7,230,678</b>	<b>9,872,451</b>	<b>8,861,133</b>
Segment Liabilities	36,986,729	31,215,851	159,139,893	144,590,100	7,110,747	6,665,619	763,990	1,713,862
<b>Total Liabilities</b>	<b>36,986,729</b>	<b>31,215,851</b>	<b>159,139,893</b>	<b>144,590,100</b>	<b>7,110,747</b>	<b>6,665,619</b>	<b>763,990</b>	<b>1,713,862</b>
<b>Other Segment information</b>								
Total Cost incurred during the period to Acquire,								
Property ,Plant and Equipment	7,467,518	4,889,654	820,750	796,406	54,642	134,792	278,574	726,502
Intangible Assets	72,408	206,270	6,487	-	-	-	-	-
Depreciation and Amortisation PPE, ROUA and Intangible assets	2,067,514	1,892,104	893,761	785,806	104,769	194,628	8,071	8,409
Provisions for Employment Benefit Liability	271,049	209,347	119,098	104,928	9,334	12,707	1,499	1,286

Consumer Sector		Investment Sector		Other Sector		Total Segments		Eliminations / Adjustments		Group	
2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
8,416,947	7,470,199	-	-	7,671,603	9,479,339	122,329,587	116,854,684	-	-	122,329,587	116,854,684
-	-	-	-	1,387,035	1,876,286	1,453,768	2,213,955	(1,453,768)	(2,213,955)	-	-
8,416,947	7,470,199	-	-	9,058,638	11,355,625	123,783,355	119,068,639	(1,453,768)	(2,213,955)	122,329,587	116,854,684
1,723,242	1,396,892	-	-	2,628,077	3,216,828	54,540,329	50,623,828	(140,913)	28,514	54,399,416	50,652,342
-	-	4,078,503	3,092,307	456	-	4,083,739	3,096,069	(3,202,995)	(2,527,528)	880,744	568,541
6,840	-	481,357	433,783	909,138	635,772	2,300,137	1,799,070	(1,324,396)	(1,037,642)	975,741	768,141
(347,933)	(281,510)	(451,158)	(391,964)	(1,338,370)	(1,181,771)	(14,293,119)	(11,707,931)	1,059,585	476,727	(13,233,534)	(11,231,204)
(694,513)	(598,085)	-	-	(465,419)	(452,261)	(10,318,885)	(9,727,224)	453,571	368,707	(9,865,314)	(9,358,517)
-	-	(13,508)	-	(1,317)	-	(354,927)	(843,733)	(294,839)	122,077	(649,766)	(721,656)
687,636	517,297	4,095,194	3,134,126	1,732,565	2,218,568	35,957,274	33,240,079	(3,449,987)	(2,569,145)	32,507,287	30,677,647
(594,630)	(806,248)	(23,405)	(19,764)	(382,166)	(655,212)	(3,765,286)	(4,569,819)	910,265	410,399	(2,855,021)	(4,159,420)
184,658	111,180	110,650	71,801	268,607	145,313	1,207,689	1,659,181	(724,729)	(410,399)	482,960	1,242,069
(409,972)	(695,068)	87,245	52,037	(113,559)	(509,899)	(2,557,597)	(2,910,638)	185,536	-	(2,372,061)	(2,917,351)
-	-	-	-	-	-	47,870	(4,473)	-	-	47,870	(4,473)
277,664	(177,771)	4,182,439	3,186,163	1,619,006	1,708,669	33,447,547	30,324,968	(3,264,451)	(2,569,145)	30,183,096	27,755,823
-	-	-	-	-	-	(3,630,243)	(2,677,605)	-	-	(3,630,243)	(2,677,605)
277,664	(177,771)	4,182,439	3,186,163	1,619,006	1,708,669	29,817,304	27,647,363	(3,264,451)	(2,569,145)	26,552,853	25,078,218
-	41,702	(45,124)	(132,806)	(440,946)	(342,509)	(8,521,384)	(7,321,826)	(765,052)	(323,680)	(9,286,436)	(7,645,506)
277,664	(136,069)	4,137,315	3,053,357	1,178,060	1,366,160	21,295,920	20,325,537	(4,029,503)	(2,892,825)	17,266,417	17,432,712
3,760,810	3,752,551	43,060,727	35,253,524	20,993,737	19,321,976	364,656,755	323,945,955	(18,063,543)	(14,299,785)	346,593,212	309,646,170
3,760,810	3,752,551	43,060,727	35,253,524	20,993,737	19,321,976	364,656,755	323,945,955	(18,063,543)	(14,299,785)	346,593,212	309,646,170
5,334,627	5,555,834	163,615	231,187	5,641,958	5,296,180	215,141,559	195,268,633	(7,783,031)	(5,004,612)	207,358,528	190,264,021
5,334,627	5,555,834	163,615	231,187	5,641,958	5,296,180	215,141,559	195,268,633	(7,783,031)	(5,004,612)	207,358,528	190,264,021
97,167	-	50,276	6,235	259,437	403,674	9,028,364	6,957,263	71,739	432,507	9,100,103	7,389,770
3,705	-	-	-	-	1,055	82,600	207,325	-	-	82,600	207,325
-	6,238	46,821	50,664	172,280	141,551	3,266,705	3,079,400	97,563	211,261	3,390,779	3,290,661
7,548	13,174	8,797	7,879	38,983	29,953	453,599	379,274	(593)	101,037	455,715	480,311

# Notes to the Financial Statements

## 39. SEGMENT INFORMATION (CONTD.)

### 39.2 Reconciliation of reportable segment profit or loss, assets and liabilities

Reconciliation of reportable segment profit or loss, assets and liabilities

#### Reconciliation of net profit for the year

As at 31 March	GROUP	
	2024 LKR '000	2023 LKR '000
Segment Net Profit for the year	21,295,920	20,325,536
Profit/ (Loss) after tax for the year from Discontinued Operations	177,410	375,988
Elimination of Intercompany Dividend	(3,202,995)	(2,527,528)
Tax on Intercompany transactions	(765,052)	(323,680)
Inter/ Intra Segment Elimination	(61,456)	(41,616)
<b>Group Net Profit For the Year</b>	<b>17,443,827</b>	<b>17,808,700</b>

#### Reconciliation of Assets and Liabilities

As at 31 March	GROUP	
	2024 LKR '000	2023 LKR '000
Segment Assets	364,656,755	323,945,955
Assets of Discontinued Operations	36,056	42,861
Investment in subsidiaries (Elimination)	(24,617,324)	(23,234,324)
Inter company balance (Elimination)	(4,916,754)	(2,891,113)
Financial Assets- Fair Value Through P&L (Elimination)	(61,528)	(14,490)
Financial Assets- Fair Value Through OCI (Elimination)	(102,921)	(33,349)
Intangible Assets recognised/(eliminated)	11,371,579	11,631,985
Share of Associate companies accumulated Profit and OCI net of dividend received	227,349	198,645
<b>Group Assets</b>	<b>346,593,212</b>	<b>309,646,170</b>
Segment Liabilities	215,141,559	195,268,633
Liabilities of discontinued operations	195	200,657
Inter company balance (Eliminations)	(7,783,802)	(5,205,269)
<b>Group Liability</b>	<b>207,358,528</b>	<b>190,264,021</b>

## 40. COMMITMENTS AND CONTINGENCIES

### Accounting Policy

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

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote.

**40.1 Contingent Liabilities**

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Guarantees Issued to Banks and Other Institutions	-	-	5,500	6,275
Counter Indemnity Issued to Banks for Guarantees	-	-	47,420	324,000
Import LC and Ordinary Guarantees	-	-	-	51,558
Total Contingent Liabilities	-	-	52,920	381,833

**40.2 Commitments**

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Contracted but not provided for	-	-	574,383	1,033,051
Unutilised facilities	-	-	2,116,519	2,441,428
	-	-	2,690,902	3,474,479

**Lease commitments**

a). Lanka Tiles PLC is committed to pay Rs. 14,808,000/- as rent per month for the use of land & buildings situated in Nawala

**40.3 Litigation against the Company/ Group**

Based on the information currently available, the Board of Directors is of the opinion that the ultimate resolution of the litigations would not likely to have a material impact on the Group.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Cases pending against the company (Values claimed)	-	-	134,869	186,532
	-	-	134,869	186,532

**41 EVENTS AFTER THE REPORTING PERIOD**

No other circumstances have arisen subsequent to the reporting date which would require adjustment to or disclosure in the Financial Statements.

# Notes to the Financial Statements

## 42. RELATED PARTY DISCLOSURES

The Group carried out transactions with key management and their related concerns and other related entities in the ordinary course of its business on an arms length basis at commercial rates except that the key management have availed facilities under the loan schemes uniformly applicable to all the staff.

Details of related party transactions during the year are as follows;

### 42.1 Transactions with Key Management Personnel (KMPs)

Related party includes KMPs defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Such KMPs include the Board of Directors of the Company (inclusive of executive and non-executive directors), KMPs of the subsidiary and KMPs of the parent company.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Short-Term Employment Benefits	52,523	23,269	1,249,308	984,917
Directors' Fees and Expenses	12,560	9,551	49,165	31,366
Post Employment Benefits	2,449	2,413	196,906	139,910
	67,532	35,233	1,495,379	1,156,193

In addition to the above, the Company has also paid non-cash benefits such as vehicles and fuel to Key Management Personnel in line with the approved employment benefits of the Company.

### 42.2 Transactions, Arrangements and Agreements Involving KMPs and Their Close Members of the Family (CMFs)

CMFs of KMPs are those family members who may be expected to influence, or be influenced by, those KMPs in their dealing with the entity.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Statement of Financial Position</b>				
<b>Assets</b>				
Loans against Deposit	-	-	-	29,881
Advance & Prepayments	-	-	-	4,813
	-	-	-	34,694
<b>Liabilities</b>				
Fixed Deposits	-	-	614,488	571,491
Savings Deposits	-	-	36,497	12,171
	-	-	650,985	583,662
<b>Income Statement</b>				
Interest Expense on Customer Deposits	-	-	(92,973)	(75,416)
Interest Income on Loans and Receivables	-	-	299	424
Sale of Goods/Services	-	-	-	-
Rent Expenses	-	-	(11,160)	(9,860)
Transport Expenses	-	-	(11,619)	(6,525)
Other Operating Expenses	-	-	(5,054)	(353)
	-	-	(120,507)	(91,731)
<b>Other Transactions</b>				
Deposits Accepted During the Year	-	-	215,879	163,782
Dividend Paid on Shareholdings	1,138,916	-	1,169,737	6,413
	1,138,916	-	1,385,616	170,195

**42.3** Transaction, Arrangements and Agreements Involving Entities which are Controlled, and/or Jointly Controlled by the KMPs and Their CMFs.

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Statement of Financial Position</b>				
<b>Assets</b>				
Due from Other Related Parties	-	21,968	-	21,968
Money Market Investment	1,830,667	1,300,053	1,830,667	1,300,053
Investment in Equity Securities	-	-	1,368	880
Leasehold Improvements	-	-	39,537	84,808
	1,830,667	1,322,021	1,871,572	1,407,708
<b>Liabilities</b>				
Fixed Deposits	-	-	5,539	12,152
Due to Other Related Parties	-	-	-	-
	-	-	5,539	12,152
<b>Income Statement</b>				
Technical Fees	-	15,964	-	15,964
Interest Income on repo and Fixed Deposits	71,801	70,037	71,801	70,037
Sale of goods & services	-	-	3,018,231	4,210,989
Purchase of good & services	-	-	(2,487,772)	(6,312,779)
Income on Operating Lease	-	-	2,378	8,842
Interest Expense on Customer Deposits	-	-	(2,196)	(570)
Administration and Establishment Expenses	-	-	(19,316)	(9,298)
Dividend Income	-	-	693	-
Investment FV Adjustment	-	-	488	865
	71,801	86,000	584,307	(2,015,950)
<b>Other Transactions</b>				
Investment in Fixed Deposits	800,000	200,000	800,000	212,151
Withdrawal of Fixed Deposit	-	(200,000)	-	(200,000)
	800,000	-	800,000	12,151

**42.4 Transactions with Group Entities**

The Group entities include the Parent, Fellow Subsidiaries and Associate companies of the parent.

**Transactions with Parent Company**

Vallibel One PLC does not have an identifiable parent of its own. The Group's ultimate controlling party is Mr. K. D. D. Perera and transactions with ultimate controlling party has been disclosed under KMP disclosures.

# Notes to the Financial Statements

## Transactions with Subsidiaries

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
<b>Statement of Financial Position</b>				
<b>Assets</b>				
Investment in Equity Securities	24,617,324	23,234,324	-	-
Due from Related Parties	176,686	336,020	-	-
	24,794,010	23,570,344	-	-
<b>Liabilities</b>				
Due to Related Parties	-	-	-	-
	-	-	-	-
<b>Statement of Profit and Loss</b>				
Dividend Income	3,628,855	2,526,541	-	-
Technical fee income	457,357	411,115	-	-
	4,086,211	2,937,656	-	-
<b>Other Transactions</b>				
Dividend Paid	966	-	-	-
	966	-	-	-

## Transactions with Fellow Subsidiaries and Associate Companies of the Parent

As at 31 March	COMPANY		GROUP	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Income Statement				
Other Transactions				
Investment in shares	-	-	-	-
	-	-	-	-

All related party transactions disclosed under note 45 were identified as arms length transactions and all settlements has been done when payment is due.

### 43 CURRENT AND NON CURRENT ANALYSIS OF ASSETS AND LIABILITIES

#### 43.1 Company

The table below shows an analysis of assets and liabilities of the Company according to when they are expected to be recovered or settled.

	2024			2023		
	With in 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000	With in 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000
<b>ASSETS</b>						
Cash and Bank	1,919,648	-	1,919,648	1,366,913	-	1,366,913
Financial Assets Recognised Through Profit or Loss	41,888	-	41,888	55,313	-	55,313
Financial Assets At Amortised Cost- Loans And Receivables	-	-	-	-	-	-
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out On Hire	-	-	-	-	-	-
Equity Instruments measured at Fair Value through OCI	-	14,028,221	14,028,221	-	8,983,647	8,983,647
Other Financial Assets	800,000	-	800,000	-	-	-
Trade and Other Debtors, Deposits and Prepayments	1,092,035	-	1,092,035	1,055,928	-	1,055,928
Contract Asset	-	-	-	-	-	-
Other Non Financial Assets	-	5,038	5,038	-	5,811	5,811
Investments in Subsidiaries	-	24,617,324	24,617,324	-	23,234,324	23,234,324
Investment in Associate	-	413,068	413,068	-	413,068	413,068
Deferred Tax Assets	-	10,110	10,110	-	8,580	8,580
Income Tax Recoverable	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-
Consumable Biological Assets	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-
Property, Plant and Equipment	-	59,723	59,723	-	21,185	21,185
Leasehold Rights Over Mining Lands	-	-	-	-	-	-
Right of use assets	-	73,672	73,672	-	108,754	108,754
Assets held for sale	-	-	-	-	-	-
<b>Total Assets</b>	<b>3,853,571</b>	<b>39,207,156</b>	<b>43,060,727</b>	<b>2,478,154</b>	<b>32,775,369</b>	<b>35,253,523</b>

# Notes to the Financial Statements

	2024			2023		
	With in 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000	With in 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000
<b>LIABILITIES</b>						
Due to Banks	1,590	-	1,590	490	-	490
Due to Customers	-	-	-	-	-	-
Interest Bearing Loans and Borrowings	63,981	15,887	79,868	33,139	82,363	115,502
Trade and Other Payables	19,133	-	19,133	44,711	-	44,711
Other Non Financial Liabilities	-	-	-	-	-	-
Contract Liabilities	-	-	-	-	-	-
Dividend Payable	14,082	-	14,082	11,113	-	11,113
Employee Benefit Liabilities	3,584	30,444	34,028	-	25,722	25,722
Income Tax Liabilities	14,913	-	14,913	33,649	-	33,649
Deferred Tax Liabilities	-	-	-	-	-	-
Liabilities directly associated with the assets classified as held for sale	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>117,284</b>	<b>46,331</b>	<b>163,615</b>	<b>123,103</b>	<b>108,085</b>	<b>231,187</b>

## 43.2 Group

The table below shows an analysis of assets and liabilities of the Group according to when they are expected to be recovered or settled.

	2024			2023		
	With in 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000	With in 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000
<b>ASSETS</b>						
Cash and Bank	15,170,471	-	15,170,471	10,042,529	-	10,042,529
Financial Assets Recognised Through Profit or Loss	103,898	-	103,898	244,464	-	244,464
Financial Assets At Amortised Cost- Loans And Receivables	109,126,657	53,395,076	162,521,733	102,659,756	43,711,840	146,371,596
Equity Instruments measured at Fair Value through OCI	15,673	14,029,269	14,044,942	19,621	8,984,579	9,004,200
Other Financial Assets	21,308,052	-	21,308,052	21,792,561	-	21,792,561
Trade and Other Debtors, Deposits and Prepayments	12,341,097	-	12,341,097	10,493,206	-	10,493,206
Contract Asset	30,033	-	30,033	32,343	-	32,343
Other Non Financial Assets	1,102,498	5,038	1,107,536	4,702,366	71,732	4,774,098
Investments in Subsidiaries	-	-	-	-	-	-
Investment in Associate	-	640,417	640,417	-	593,932	593,932
Deferred Tax Assets	932,330	294,723	1,227,053	146,832	819,393	966,225
Income Tax Recoverable	37,578	-	37,578	3,038	-	3,038
Inventories	30,437,448	-	30,437,448	27,398,634	-	27,398,634
Intangible Assets	11,394,181	1,406,720	12,800,901	11,460,116	1,471,014	12,931,130
Consumable Biological Assets	-	-	-	-	-	-
Investment Property	-	2,140,503	2,140,503	-	2,074,213	2,074,213
Property, Plant and Equipment	-	69,971,173	69,971,173	-	60,336,193	60,336,193
Leasehold Rights Over Mining Lands	-	-	-	-	-	-
Right of use assets	-	2,674,321	2,674,321	-	2,544,947	2,544,947
Assets held for sale	36,056	-	36,056	42,861	-	42,861
<b>Total Assets</b>	<b>202,035,972</b>	<b>144,557,240</b>	<b>346,593,212</b>	<b>189,038,327</b>	<b>120,607,843</b>	<b>309,646,170</b>

	2024			2023		
	With in 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000	With in 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000
<b>LIABILITIES</b>						
Due to Banks	13,023,197	11,268,193	24,291,390	13,499,178	10,162,524	23,661,702
Due to Customers	103,081,291	19,953,256	123,034,547	99,838,839	14,409,414	114,248,253
Interest Bearing Loans and Borrowings	14,740,962	16,074,111	30,815,073	17,350,811	6,866,029	24,216,840
Trade and Other Payables	10,920,939	-	10,920,939	10,004,071	-	10,004,071
Other Non Financial Liabilities	2,286,190	34,500	2,112,629	1,904,070	15,000	1,919,070
Contract Liabilities	1,129,957	-	1,338,017	2,831,092	-	2,831,092
Dividend Payable	257,535	-	513,426	516,111	-	516,111
Employee Benefit Liabilities	201,367	1,879,977	2,081,344	181,652	1,477,545	1,659,197
Income Tax Liabilities	4,165,976	-	4,165,976	1,295,749	2,261,996	3,557,745
Deferred Tax Liabilities	-	8,084,991	8,084,991	-	7,449,283	7,449,283
Liabilities directly associated with the assets classified as held for sale	195	-	195	200,657	-	200,657
<b>Total Liabilities</b>	<b>149,807,609</b>	<b>57,295,028</b>	<b>207,358,527</b>	<b>147,622,230</b>	<b>42,641,791</b>	<b>190,264,021</b>

#### 44. ASSETS PLEDGED

The following assets have been pledged as security for liabilities other than that is disclosed under Note 20.1

Nature of assets	Nature of Liability	Carrying Amount Pledged 2024 LKR '000	Carrying Amount Pledged 2023 LKR '000	Included Under
<b>Delmege Group</b>				
Fixed Deposit	Primary mortgage for Overdraft facility	-	-	Other Financial Assets
Land & Building	Land & Building pledged for loan facility and Corporate Guarantee	-	65,000,000	Property, Plant and Equipment
Land & Building	Land & Building pledged for LC/Import Loan, Overdraft, Term Loan & Bank Guarantee facilities.	3,000,000,000	3,000,000,000	Property, Plant and Equipment
Fixed Deposit	Lien over Fixed Deposit Pledged for Bank Guarantee facilities.	-	10,107,123	Other Financial Assets
Fixed Deposit	Lien over Fixed Deposit Pledged for Overdraft	-	-	Other Financial Assets
Stocks & Book Debtors	Lien over Stocks & Book Debtors Pledged for LC/Import Loan, Overdraft & Bank Guarantee facilities.	750,000,000	250,000,000	Inventories and Trade and Other Debtors
Stocks & Book Debtors	Lien over Stocks & Book Debtors Pledged for Overdraft	-	-	Inventories and Trade and Other Debtors
Stocks & Book Debtors	Lien over Stocks & Book Debtors Pledged for LC/Import Loan, Overdraft & Bank Guarantee facilities.	750,000,000	900,000,000	Inventories and Trade and Other Debtors
Stocks & Book Debtors	Lien over Stocks & Book Debtors Pledged for LC, Short term loan and Guarantee Facilities	575,000,000	350,000,000	Inventories and Trade and Other Debtors
Fixed Deposit	Lien over Fixed Deposit Pledged for Overdraft	-	21,241,467	Other Financial Assets
Stocks & Book Debtors	Lien over Stocks & Book Debtors Pledged for LC, Short term loan and Guarantee Facilities	700,000,000	575,000,000	Inventories and Trade and Other Debtors
Stocks & Book Debtors	Lien over Stocks & Book Debtors Pledged for LC, Short term loan and Guarantee Facilities	-	150,000,000	Inventories and Trade and Other Debtors
		<b>5,775,000,000</b>	<b>5,321,348,590</b>	

# Notes to the Financial Statements

Nature of assets	Nature of Liability	Carrying Amount Pledged 2024 LKR '000	Carrying Amount Pledged 2023 LKR '000	Included Under
LB Finance PLC				
Lease Rentals Receivable and Stock out on Hire/Loans and Receivables*	Debt Funding from Banks	42,172,635	37,150,380	Lease Rentals Receivable and Stock out on Hire / Loans and Advances
Securities under Reverse Repurchase Agreements	Debt Funding from Banks	123,606	133,207	Other Financial Assets
Investment in Fixed Deposits	Debt Funding from Banks	315,382	1,646,315	Other Financial Assets
Freehold Land and Building	Debt Funding from Banks	831,678	844,230	Property, Plant and Equipment
		<b>43,443,301</b>	<b>39,774,132</b>	

\*The receivables and cash flows that have been included in bank loans, overdrafts, syndicated loans and securitisation loans are only available for payment of the debt and other obligations issued or arising in such transactions. However, the Group hold the right to the excess cash flows not needed to pay the debt and other obligations issued or arising in each of such transactions.

## Royal Ceramics Lanka PLC/Rocell Bathware Ltd

Bank overdrafts and Short term loans are secured primarily over stocks in Trade and over book debts.

## Lanka Tiles PLC

Bank overdrafts are secured primarily on inventories.

## Uni Dil Packaging Ltd

Lender	Facility	Limit Rs. '000	Security
Hatton National Bank PLC	Import Loan	1,200,000	Immovable Property, Inventories and Debtors
Standard Chartered Bank	Import Loan	70,000	Land and Building, Immovable Machinery and Debtors
	Import Loan	134,000	Inventories and Debtors
DFCC Bank	Import Loan	1,250,000	Inventories and Debtors
Sampath Bank PLC	Import Loan	1,000,000	Corporate Bonds

## Uni Dil Packaging Solutions Ltd

Lender	Facility	Limit Rs. '000	Security
Hatton National Bank PLC	Import Loan	570,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
	Overdraft	40,000	
HSBC	Import Loan	40,000	Corporate Guarantee from Uni Dil Packaging Limited
Seylan Bank PLC	Import Loan	100,000	Corporate Guarantee from Uni Dil Packaging Limited
	Overdraft	20,000	
DFCC Bank	Import Loan	100,000	Primary concurrent Mortgage Bond for Rs 120,000,000/- ranking equal and parri passu with mortgage bond no 2365.
	Overdraft	20,000	

**Lanka Walltiles PLC**

Lender	Facility	Limit Rs. '000	Security
Sampath Bank PLC	Overdraft	60,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
	Import Loan	80,000	
Seylan Bank PLC	Overdraft	10,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
	Short Term Loan	500,000	
Union Bank of Colombo PLC	Overdraft	100,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
	Short Term Loan	400,000	

**Swisstek Aluminium Ltd**

Lender	Facility	Limit Rs. '000	Security
Hatton National Bank PLC	Import Loan	300,000	Primary Mortgage Bond over the Company's Stock-in-trade and Book Debts
DFCC Bank PLC	Import Loan	800,000	Secondary Mortgage Bond over the Company's Stock-in-trade and Book Debts

**45. RISK MANAGEMENT DISCLOSURES****45.1 Introduction**

Risk is inherent in the Group's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Group's continuing profitability and each individual within the Group is accountable for managing the risk exposures relating to his / her functional areas.

The Group identifies the following key financial risks in its business operations.

- Credit Risk
- Liquidity Risk
- Market Risk
- Capital Management

**Risk Management Framework**

The risk management framework is currently implemented at the individual subsidiary level as described below;

The Risk Management Framework of each subsidiary company has been optimized through the application and the embedment of the risk management process including risk identification, risk analysis, risk measurement, risk management decision and execution, risk monitoring and reporting.

The overall responsibility and oversight of the Risk Management framework of each subsidiary company is vested with the Board of Directors. The Integrated Risk Management Committee (IRMC), a sub-committee appointed by the Board, is responsible for developing and monitoring Group's risk management policies practiced.

# Notes to the Financial Statements

The following management committees, each with a defined responsibility, support the IRMC by executing their respective risk management mandates.

- Asset and Liability Committee
- Credit Committee
- IT Steering Committee
- Sustainability Committee

## Risk Management Department (RMD)

Whilst the Business units have primary responsibility for Risk Management the RMD provides an independent oversight function acting as a second line of defence. RMD is headed by the CRO who directly reports to the Managing Director and also has a functional reporting to the IRMC. The RMD co-exists with other control functions in the Group that might uncover risk management issues, most notably Internal Audit, Compliance and Finance. Each of the control functions has a different focus and potential overlap between them is kept at a minimum, while ensuring that the approaches taken are complementary and lead to consistent, effective and timely escalation of risks.

## 45.2 Credit Risk

Credit risk is the risk of financial loss to the Group if a borrower or counterparty to a financial instrument, fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers/other companies and investments in debt securities. Credit risk constitutes the Group's largest risk exposure category. This can be broadly categorized into three types; default, concentration and settlement risk.

**Default risk** as the risk of the potential financial loss resulting from the failure of customer or counterparty to meet its debt or contractual obligations and arises principally from the Group's loans and advances to customers..

**Concentration risk** is the credit exposure being concentrated as a result of excessive build-up of exposure to a single counterparty, industry, product, geographical location or insufficient diversification.

**Settlement risk** is the risk of loss arising from trading/investment activities when there is a mutual undertaking to deliver on a progressive basis..

Group manages credit risk by focusing on following steps;

The loan origination stage comprises preliminary screening and credit appraisal. The objective of this process is to assess the borrower's ability to meet its obligations in an objective manner. The Company/Group has clearly defined guidelines for credit approvals where the limits have been set taking into consideration the factors such as maximum counterparty exposures, loan to value ratio and forced sale value. These steps enables the Company/Group in assessing the default risk of the borrower.

A comprehensive set of credit risk indicators are monitored monthly to review credit concentrations, status of loan recoveries and compliance with regulatory and prudent exposure limits.

### Post Disbursement Review

Initial monitoring and follow up activities are carried out by the Credit Department. Once a loan is overdue for a period exceeding the tolerance period, responsibility for recovery and collections is transferred to Recoveries Department. Risk Management Department (RMD) reviews asset quality performance regularly. Delinquencies are handled early with effective follow ups and reminders. Swift recovery actions are taken against critical exposures.

### Management of Large Exposures

#### Credit Committee

The Credit Committee consists of the Managing Director, Deputy Managing Director, Executive Directors, Head of Finance and Head of Risk Management. Sanctioning of large exposures are primarily handled by the Credit Committee. RMD independently monitors post sanctioning performance of large exposures.

### Impairment Assessment

The methodology of the impairment assessment has been explained in the Note 7 to these financial statements.

### Collateral and other credit enhancements

The Group uses collateral, where possible, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, vehicles, gold, letters of guarantees, real estate, receivables, inventories and other non-financial assets. The fair value of collateral is generally assessed at the inception based on the guidelines issued by the Central Bank of Sri Lanka and the Central Bank of Myanmar.

To the extent possible, the Group uses active market data for valuing financial assets, held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as independent valuers.

Repossession of collaterals is resorted to in extreme situations where action is necessitated to recover the dues. The repossessed assets are disposed, in an orderly and transparent manner through public auctions and the proceeds are used to reduce or recover the outstanding claims and the amount recovered in excess of the dues is refunded to the customer.

### Impact to Myanmar Subsidiary Operations

The Company's Enterprise Risk Management Framework strives to manage the outcomes of adverse economic and market conditions proactively, whilst achieving the risk-return objectives of the Company. This has been proven through the Company's ability to maintain its NPL at a lower level compared to the industry average (LFCs & SLCs). Company has always acted with due care and taken prudent measures to ensure an effective, efficient and healthy repayment behaviour of credit customers while safeguarding the interests of the stakeholders.

#### 45.2.1 Analysis of Credit Risk Exposure

The following table shows the maximum exposure to credit risk by class of financial asset. It further shows the net exposure to credit risk.

As at 31 March	COMPANY			
	2024		2023	
	Maximum Exposure to Credit Risk LKR '000	Net Exposure LKR '000	Maximum Exposure to Credit Risk LKR '000	Net Exposure LKR '000
Cash and Cash Equivalent	1,919,648	-	1,366,913	-
Financial Assets Recognised Through Profit or Loss	41,888	41,888	55,313	55,313
Equity Instruments measured at Fair Value through OCI	14,028,221	14,028,221	8,983,647	8,983,647
Trade Receivables	1,092,035	1,092,035	1,055,928	1,055,928
Other Financial Assets	800,000	800,000	-	-
	17,881,792	15,962,144	11,461,801	10,094,888

As at 31 March	COMPANY			
	2024		2023	
	Maximum Exposure to Credit Risk LKR '000	Net Exposure LKR '000	Maximum Exposure to Credit Risk LKR '000	Net Exposure LKR '000
Cash and Cash Equivalent	15,170,471	-	10,042,529	-
Financial Assets Recognised Through Profit or Loss	103,898	103,898	244,464	244,464
Trade Receivables	10,580,253	10,580,253	10,631,523	10,513,177
Financial Assets At Amortised Cost- Loans And Receivables	170,177,568	11,210,530	165,978,746	11,733,908
Equity Instruments measured at FVOCI	14,044,942	14,044,942	9,004,200	9,004,200
Other Financial Assets*	21,308,052	5,696,457	21,792,561	9,602,076
<b>Total Financial Assets</b>	<b>231,385,184</b>	<b>41,636,080</b>	<b>217,694,023</b>	<b>41,097,825</b>

\* Net exposure of the Other Financial Assets mainly includes investment in fixed deposits in banks and other financial institutions.

# Notes to the Financial Statements

## 45.2.2 Credit Quality By Class of Financial Assets

Current Year	GROUP			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and Cash Equivalent	1,919,648	-	-	1,919,648
Financial Assets Recognised Through Profit or Loss	41,888	-	-	41,888
Equity Instruments measured at Fair Value through OCI	14,028,221	-	-	14,028,221
Trade Receivables	1,092,035	-	-	1,092,035
Other Financial Assets	800,000	-	-	800,000
	17,881,792	-	-	17,881,792

Comparative Year	GROUP			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and Cash Equivalent	1,366,913	-	-	1,366,913
Financial Assets Recognised Through Profit or Loss	55,313	-	-	55,313
Equity Instruments measured at Fair Value through OCI	8,983,647	-	-	8,983,647
Trade Receivables	1,055,928	-	-	1,055,928
	11,461,801	-	-	11,461,801

Current Year	GROUP			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and Cash Equivalents	15,170,471	-	-	15,170,471
Financial Assets Recognised Through Profit or Loss	103,898	-	-	103,898
Trade Receivables	10,580,253	-	-	10,580,253
Financial Assets At Amortised Cost- Loans And Receivables	142,575,448	20,576,215	7,023,093	170,174,756
Equity Instruments measured at Fair Value through OCI	14,044,942	-	-	14,044,942
Other Financial Assets	21,308,052	-	-	21,308,052
Total Financial Assets	203,783,063	20,576,215	7,023,093	231,382,371

Comparative Year	GROUP			
	Stage 1 LKR '000	Stage 2 LKR '000	Stage 3 LKR '000	Total LKR '000
Cash and Cash Equivalents	10,042,529	-	-	10,042,529
Financial Assets Recognised Through Profit or Loss	244,464	-	-	244,464
Trade Receivables	10,631,523	-	-	10,631,523
Financial Assets At Amortised Cost- Loans And Receivables	118,348,459	22,868,386	13,350,151	154,566,996
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out On Hire	-	-	-	-
Equity Instruments measured at Fair Value through OCI	9,004,200	-	-	9,004,200
Other Financial Assets	21,792,561	-	-	21,792,561
<b>Total Financial Assets</b>	170,063,736	22,868,386	13,350,151	206,282,273

### 45.3 Liquidity Risk and Funding Management

In the context of a financial institution, liquidity risk arises primarily due to mismatches in the maturity profile of assets and liabilities. Liquidity risk for a financial institution can take two forms; market liquidity and funding liquidity risk.

Market liquidity risk is the inability to easily exit a position. Group's market liquidity risk is low if assets can be liquidated without moving the price too much.

Funding liquidity risk means the Group's inability to finance assets continuously at an acceptable borrowing rate. Funding liquidity risk generally arises when creditors either withdraw credit or change the terms on which it is granted in such a way they are no longer profitable. Funding liquidity risk would increase if the Group's credit quality is, or at least perceived to be, deteriorating, but also because financial conditions as a whole are deteriorating.

The Group's primary objective in liquidity risk management is to ensure adequate funding for its businesses throughout market cycles, including periods of financial stress. To achieve this objective the Group regularly monitors liquidity position and maintain an adequate buffer of liquid assets. Group also maintains access to diverse funding sources to meet unforeseen liquidity requirements. All statutory and prudent liquidity ratios are monitored against tolerance limits and stress testing is carried out regularly to assess the effectiveness of liquidity management. Further, the group has taken prudent measures to increase its liquidity buffers and maintained a strong excess liquidity position throughout the year under review. The Group is comfortable with its existing buffer of liquid assets.

#### Capital Management

The primary objective of Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintain healthy capital ratios in order to support its business and to maximize shareholders' value.

The Companies within the Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company/Group includes within net debt, interest bearing loans and borrowings, trade and other payables less cash and cash equivalents.

#### 45.3.1 Analysis of Liquidity Risk Exposure

45.3.1 (a) The table below summarizes the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at Current Year

The table does not reflect the expected cash flows indicated by its deposit retention history and loan recovery patterns.

Current Year	On Demand LKR '000	Less than 03 Months LKR '000	03-12 Months LKR '000	01-05 Years LKR '000	Over 05 Years LKR '000	Total LKR '000
<b>Financial Assets</b>						
Cash and Cash Equivalents	1,919,648	-	-	-	-	1,919,648
Financial Assets Recognised Through Profit or Loss	41,888	-	-	-	-	41,888
Equity Instruments measured at Fair Value through OCI	14,028,221	-	-	-	-	14,028,221
Other Financial Assets	-	800,000	-	-	-	800,000
Trade and Other Receivables	-	1,092,035	-	-	-	1,092,035
<b>Total Financial Assets</b>	<b>15,989,757</b>	<b>1,892,035</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,881,792</b>
<b>Financial Liabilities</b>						
Due to Banks	1,590	-	-	-	-	1,590
Trade and Other Payables	-	19,133	-	-	-	19,133
Interest Bearing Loans and Borrowings	-	15,663	48,081	16,124	-	79,868
<b>Total Financial Liabilities</b>	<b>1,590</b>	<b>34,796</b>	<b>48,081</b>	<b>16,124</b>	<b>-</b>	<b>100,591</b>
<b>Total Net Financial Assets/(Liabilities)</b>	<b>15,988,167</b>	<b>1,857,239</b>	<b>(48,081)</b>	<b>(16,124)</b>	<b>-</b>	<b>17,781,201</b>

# Notes to the Financial Statements

Comparative Year	On Demand LKR '000	Less than 03 Months LKR '000	03-12 Months LKR '000	01-05 Years LKR '000	Over 05 Years LKR '000	Total LKR '000
Cash and Cash Equivalents	1,366,913	-	-	-	-	1,366,913
Financial Assets Recognised Through Profit or Loss	55,313	-	-	-	-	55,313
Equity Instruments measured at Fair Value through OCI	8,983,647	-	-	-	-	8,983,647
Trade and Other Receivables	-	1,055,928	-	-	-	1,055,928
<b>Total Financial Assets</b>	<b>10,405,873</b>	<b>1,055,928</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,461,801</b>
<b>Financial Liabilities</b>						
Due to Banks	490	-	-	-	-	490
Trade and Other Payables	-	44,710	-	-	-	44,710
Interest Bearing Loans and Borrowings	-	15,332	45,995	122,653	-	183,980
<b>Total Financial Liabilities</b>	<b>490</b>	<b>60,042</b>	<b>45,995</b>	<b>122,653</b>	<b>-</b>	<b>229,180</b>
<b>Total Net Financial Assets/(Liabilities)</b>	<b>10,405,383</b>	<b>995,886</b>	<b>(45,995)</b>	<b>(122,653)</b>	<b>-</b>	<b>11,232,621</b>

## 45.3.1 Analysis of Liquidity Risk Exposure

45.3.1 (b) The table below summarizes the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities as at Current Year

The table does not reflect the expected cash flows indicated by its deposit retention history and loan recovery patterns.

Current Year	On Demand LKR '000	Less than 03 Months LKR '000	03-12 Months LKR '000	01-05 Years LKR '000	Over 05 Years LKR '000	Total LKR '000
<b>Financial Assets</b>						
Cash and Cash Equivalents	11,474,461	3,704,626	-	-	-	15,179,087
Financial Assets Recognised Through Profit or Loss	54,159	-	49,740	-	-	103,899
Financial Assets At Amortised Cost- Loans And Advances	15,990,681	48,279,958	66,744,395	70,759,106	4,858,581	206,632,721
Equity Instruments measured at Fair Value through OCI	14,043,899	-	-	1,048	-	14,044,947
Other Financial Assets	868,634	10,191,187	10,190,309	-	-	21,250,130
Trade and Other Receivables	3,483,526	3,353,117	3,743,610	-	-	10,580,253
<b>Total Financial Assets</b>	<b>45,915,360</b>	<b>65,528,888</b>	<b>80,728,054</b>	<b>70,760,154</b>	<b>4,858,581</b>	<b>267,791,037</b>
<b>Financial Liabilities</b>						
Due to Banks	1,040,036	5,901,668	7,772,268	12,690,771	-	27,404,743
Due to Customers	3,978,135	62,538,259	41,771,384	25,356,639	-	133,644,417
Trade and Other Payables	-	6,554,814	4,366,125	-	-	10,920,939
Interest Bearing Loans and Borrowings	1,759,924	9,127,093	4,983,577	14,429,450	-	30,300,044
Other Financial Liabilities	58,120	2,199,928	349,903	1,602,533	-	4,210,484
<b>Total Financial Liabilities</b>	<b>6,836,215</b>	<b>86,321,762</b>	<b>59,243,257</b>	<b>54,079,393</b>	<b>-</b>	<b>206,480,627</b>
<b>Total Net Financial Assets/(Liabilities)</b>	<b>39,079,145</b>	<b>(20,792,874)</b>	<b>21,484,797</b>	<b>16,680,761</b>	<b>4,858,581</b>	<b>61,310,410</b>

Comparative Year	On Demand LKR '000	Less than 03 Months LKR '000	03-12 Months LKR '000	01-05 Years LKR '000	Over 05 Years LKR '000	Total LKR '000
<b>Financial Assets</b>						
Cash and Cash Equivalents	8,482,055	1,560,474	-	-	-	10,042,529
Financial Assets Recognised Through Profit or Loss	244,464	-	-	-	-	244,464
Financial Assets At Amortised Cost- Loans And Advances	22,976,697	64,643,231	38,848,453	59,314,855	4,452,911	190,236,147
Equity Instruments measured at Fair Value through OCI	9,003,269	-	-	932	-	9,004,201
Other Financial Assets	640,028	9,708,999	11,443,534	-	-	21,792,561
Trade and Other Receivables	3,153,725	3,514,568	3,736,104	235,378	-	10,639,775
<b>Total Financial Assets</b>	<b>44,500,238</b>	<b>79,427,272</b>	<b>54,028,091</b>	<b>59,551,165</b>	<b>4,452,911</b>	<b>241,959,677</b>
<b>Financial Liabilities</b>						
Due to Banks	512,946	7,096,709	7,975,584	11,720,737	-	27,305,976
Due to Customers	2,782,104	57,308,381	47,479,036	20,278,435	-	127,847,956
Trade and Other Payables	-	6,014,878	3,989,193	-	-	10,004,071
Interest Bearing Loans and Borrowings	3,674,731	8,975,269	9,737,743	5,014,755	-	27,402,498
<b>Total Financial Liabilities</b>	<b>8,517,120</b>	<b>79,699,376</b>	<b>69,467,556</b>	<b>38,454,615</b>	<b>556,437</b>	<b>196,695,104</b>
<b>Total Net Financial Assets/(Liabilities)</b>	<b>35,983,118</b>	<b>(272,104)</b>	<b>(15,439,465)</b>	<b>21,096,550</b>	<b>3,896,474</b>	<b>45,264,573</b>

#### 45.4 Contractual Maturities of Commitments and Contingencies

The table below shows the contractual expiry by maturity of contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

Comparative Year	On Demand LKR '000	Less than 03 Months LKR '000	03-12 Months LKR '000	01-05 Years LKR '000	Over 05 Years LKR '000	Total LKR '000
<b>Contingent Liabilities</b>						
Guarantees Issued to Banks and Other Institutions	-	1,000	3,000	1,500	-	5,500
Counter Indemnity Issued to Banks for Guarantees	-	-	-	47,420	-	47,420
<b>Total Contingent Liabilities</b>	<b>-</b>	<b>1,000</b>	<b>3,000</b>	<b>48,920</b>	<b>-</b>	<b>52,920</b>
<b>Commitments</b>						
Contracted but not provided for	224,852	-	349,531	-	-	574,383
Commitment for Unutilised Facilities	2,116,519	-	-	-	-	2,116,519
<b>Total Commitments</b>	<b>2,341,371</b>	<b>-</b>	<b>349,531</b>	<b>-</b>	<b>-</b>	<b>2,690,902</b>
<b>Total Commitments and Contingencies</b>	<b>2,341,371</b>	<b>1,000</b>	<b>352,531</b>	<b>48,920</b>	<b>-</b>	<b>2,743,822</b>

# Notes to the Financial Statements

Comparative Year	On Demand LKR '000	Less than 03 Months LKR '000	03-12 Months LKR '000	01-05 Years LKR '000	Over 05 Years LKR '000	Total LKR '000
<b>Contingent Liabilities</b>						
Guarantees Issued to Banks and Other Institutions	-	2,000	4,275	-	-	6,275
Counter Indemnity Issued to Banks for Guarantees	-	-	-	324,000	-	324,000
Import LC and Ordinary Guarantees	51,558	-	-	-	-	51,558
<b>Total Contingent Liabilities</b>	51,558	2,000	4,275	324,000	-	381,833
<b>Commitments</b>						
Contracted but not provided for	1,033,051	-	-	-	-	1,033,051
Commitment for Unutilised Facilities	2,441,428	-	-	-	-	2,441,428
<b>Total Commitments</b>	3,474,479	-	-	-	-	3,474,479
<b>Total Commitments and Contingencies</b>	3,526,037	2,000	4,275	324,000	-	3,856,312

## 45.5 Market Risk

Market risk refers to the possible losses to the Group that could arise from changes in market variables like interest rates, exchange rates, equity prices and commodity prices. Among them, interest rate risk has been identified as the most critical risk given Group's nature of business.

### 45.5.1 Commodity Price Risk

Commodity price risk refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. Given the significance of the Gold Loans business to Group's overall loan book, sharp fluctuations to the gold prices could have an adverse impact to earnings. Gold price fluctuations lead to market risk which is the primary source of credit risk associated with this product.

Group currently manages the credit and market risks arising from adverse movements in Gold prices by adopting the following strategies;

- Shorter product life: Group, as a credit risk management strategy lends for shorter periods allowing it to initiate its recovery process faster.
- Frequent revisions to Loan-to-Value (LTV) ratio : Group practices a process of revising advance offered per gold sovereign to reflect market value fluctuations to maintain the desired loan to value ratio.
  - Timely auction of gold stocks : The gold stock of defaulted facilities are auctioned on frequent basis, avoiding pilling up of gold stock which would lead to larger losses at a sudden drop in the gold prices.

Further, stress tests are carried out regularly to assess the impact at decline in gold prices in varied levels.

Value at Risk (VaR) model is used as a key tool to assess the maximum estimated loss that can arise with a specified probability (confidence level) over a specified period of time due to adverse movement of gold price. The VaR model used is mainly on historical simulation and the model generates a wide range of plausible future scenarios for market price movements.

	31-Mar-24	31-Mar-23
3 months VaR of global gold price at 95% Confidence level	9.64%	11.77%
3 months VaR of exchange rate at 95% Confidence level	4.19%	13.02%
Expected Credit Loss (Rs. '000)	364,303	752,765

#### 45.5.2 EQUITY PRICE RISK

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks.

#### 45.5.3 Exchange Rate Risk

Exchange rate risk is the risk of loss as a result of unhedged exposure to volatility in the local (LKR) exchange rate with other major currencies. Exchange rate risk is the risk of loss as a result of unhedged exposure to volatility in the local (LKR) exchange rate with other major currencies. Exchange risk could materialize as an indirect risk too, affecting local gold prices resulting in exaggerated commodity risk.

#### Group is exposed to two types of risk caused by currency volatility.

Transaction risk – This risk arises whenever the Group has contractual cash flows (receivables and payables) whose values are subject to unanticipated changes in exchange rates due to a contract being denominated in a foreign currency. This type of exposure is short-term to medium-term in nature.

Translation risk – This exposure arises from the effect of currency fluctuations on the consolidated financial statements, particularly when it has foreign subsidiaries. This type of exposure is medium-term to long-term.

#### Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, AUD, EURO and GBP exchange rates, with all other variables held constant. The Group exposure to all the other currencies are not material. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

As at 31 March	COMPANY		GROUP	
	Change in exchange rate	Change in Profit before tax LKR '000	Change in exchange rate	Change in Profit before tax LKR '000
<b>Impact to the profit before tax for the year 2023/24</b>	20%	-	20%	(24,339)
	15%	-	15%	(18,254)
	10%	-	10%	(12,170)
	-10%	-	-10%	12,170
	-15%	-	-15%	18,254
	-20%	-	-20%	24,339

As at 31 March	COMPANY		GROUP	
	Change in exchange rate	Change in Profit before tax LKR '000	Change in exchange rate	Change in Profit before tax LKR '000
Impact to the profit before tax for the year 2022/23	20%	-	20%	(48,645)
	15%	-	15%	(36,484)
	10%	-	10%	(24,323)
	-10%	-	-10%	24,323
	-15%	-	-15%	36,484
	-20%	-	-20%	48,645

Due to the prevailing economic instability, the sensitivity of the exchange rate is presented in the range of negative 20% to positive 20%.

# Notes to the Financial Statements

## 45.5.4 Interest Rate Risk

Interest rate risk is a key constitute of the market risk exposure of the Group due to adverse and unanticipated movements in future interest rate which arises from core business activities; disbursing of credit facilities, accepting deposits and issuing debt instruments. Due to the nature of operations of the Group, the impact of interest rate risk is mainly on the earnings of the Group rather than the market value of portfolios.

Excessive movements in market interest rate could result in severe volatility to Group's net interest income and net interest margin. Group's exposure to interest rate risk is primarily associated with factors such as;

- Reprising risk arising from a fixed rate borrowing portfolio, where reprising frequency is different to that of the lending portfolio.
- Yield curve risk arising from unanticipated shifts of the market yield curve.

Interest rate risk is managed principally through minimizing interest rate sensitive asset liability gaps. In order to ensure interest rate margin and spreads are maintained, the Group conducts periodic reviews and reprices its assets accordingly

### 45.5.4 (a) Interest Rate Risk Exposure on Financial Assets and Liabilities

The following table demonstrates the impact on net interest income to a reasonably possible change in interest rates based on the assumption that a rate sensitive asset surplus would be subjected to reinvestment risk whereas a rate sensitive asset deficit would be subjected to funding risk.

Impact on Net Interest Income due to a parallel rate shock of 100 basis points (bps) on rate sensitive assets and liabilities is shown below.

#### Net Interest Income (NII) Sensitivity by Interest Rate Change

As at 31 March	COMPANY		GROUP	
	Change in basis points	Change in Profit before tax LKR '000	Change in basis points	Change in Profit before tax LKR '000
<b>Impact to the profit before tax for the year 2023/24</b>	+ 600 bps	222,666	+ 600 bps	937,029
	+ 400 bps	148,444	+ 400 bps	624,686
	+ 200 bps	74,222	+ 200 bps	312,343
	- 200 bps	(74,222)	- 200 bps	(312,343)
	- 400 bps	(148,444)	- 400 bps	(624,686)
	- 600 bps	(222,666)	- 600 bps	(937,029)

As at 31 March	COMPANY		GROUP	
	Change in basis points	Change in Profit before tax LKR '000	Change in basis points	Change in Profit before tax LKR '000
<b>Impact to the profit before tax for the year 2022/23</b>	+ 600 bps	135,728	+ 600 bps	795,329
	+ 400 bps	90,486	+ 400 bps	530,219
	+ 200 bps	45,243	+ 200 bps	265,110
	- 200 bps	(45,243)	- 200 bps	(265,110)
	- 400 bps	(90,486)	- 400 bps	(530,219)
	- 600 bps	(135,728)	- 600 bps	(795,329)

Due to the prevailing economic instability, the sensitivity of the interest rate is presented in the range of negative 6% to positive 6%.

45.5.4 (b) The table below analyses the Company's interest rate risk exposure on financial assets & liabilities. The Company's assets & liabilities are included at carrying amount and categorized by the earlier of contractual reprising or maturity dates.

Current Year	Up to 03 Months	03-12 Months	01-03 Years	03-05 Years	Over 05 Years	Non-Interest Sensitive	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>Financial Assets</b>							
Cash and Cash Equivalents	1,919,648	-	-	-	-	-	1,919,648
Financial Assets Recognised Through Profit or Loss	-	-	-	-	-	41,888	41,888
Equity Instruments measured at Fair Value through OCI	-	-	-	-	-	14,028,221	14,028,221
Other Financial Assets	800,000	-	-	-	-	-	800,000
Trade and Other Debtors, Deposits	1,092,035	-	-	-	-	-	1,092,035
	3,811,683	-	-	-	-	14,070,109	17,881,792
<b>Financial Liabilities</b>							
Due to Banks	1,590	-	-	-	-	-	1,590
Interest Bearing Loans and Borrowings	15,663	64,205	-	-	-	-	79,868
Trade and Other Payables	19,133	-	-	-	-	-	19,133
	36,386	64,205	-	-	-	-	100,591
<b>Interest Sensitivity Gap</b>	3,775,297	(64,205)	-	-	-	14,070,109	17,781,201
<b>Up to 03 Months</b>							
	03-12 Months	01-03 Years	03-05 Years	Over 05 Years	Non-Interest Sensitive	Total	Total
LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>Financial Assets</b>							
Cash and Cash Equivalents							
Financial Assets Recognised Through Profit or Loss	1,366,913	-	-	-	-	-	1,366,913
Equity Instruments measured at Fair Value through OCI	-	-	-	-	-	55,313	55,313
Other Financial Assets	-	-	-	-	-	8,983,647	8,983,647
Trade and Other Debtors, Deposits	1,055,928	-	-	-	-	-	1,055,928
	2,422,841	-	-	-	-	9,038,960	11,461,801
<b>Financial Liabilities</b>							
Due to Banks	490	-	-	-	-	-	490
Interest Bearing Loans and Borrowings	33,139	82,363	-	-	-	-	115,502
Trade and Other Payables	44,710	-	-	-	-	-	44,710
	78,339	82,363	-	-	-	-	160,702
<b>Interest Sensitivity Gap</b>	2,344,502	(82,363)	-	-	-	9,038,960	11,301,099

# Notes to the Financial Statements

45.5.4 (c) The table below analyses the Group's interest rate risk exposure on financial assets & liabilities. The Group's assets & liabilities are included at carrying amount and categorized by the earlier of contractual reprising or maturity dates.

Current Year	Up to 03 Months	03-12 Months	01-03 Years	03-05 Years	Over 05 Years	Non-Interest Sensitive	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>Financial Assets</b>							
Cash and Cash Equivalents	12,557,130	-	-	-	-	2,613,341	15,170,471
Financial Assets Recognised Through Profit or Loss	-	-	-	-	-	103,898	103,898
Financial Assets At Amortised Cost- Loans and Advances	80,907,217	44,080,557	29,377,271	8,128,378	28,310	-	162,521,733
Equity Instruments measured at Fair Value through OCI	-	-	-	-	-	14,044,942	14,044,942
Other Financial Assets	10,925,925	9,772,971	-	-	-	609,156	21,308,052
Trade and Other Debtors, Deposits	7,034,201	23,731	-	-	-	3,508,705	10,566,638
	111,424,473	53,877,260	29,377,271	8,128,378	28,310	20,880,042	223,716,734
<b>Financial Liabilities</b>							
Due to Banks	18,493,298	3,379,605	2,418,487	-	-	-	24,291,390
Due to Customers	64,879,301	38,202,028	14,340,153	5,613,065	-	-	123,034,547
Interest Bearing Loans and Borrowings	11,894,715	10,892,392	5,621,472	2,406,494	-	-	30,815,073
Trade and Other Payables	6,704,089	2,117,558	-	-	-	2,099,292	10,920,939
	101,971,403	54,591,583	22,380,112	8,019,559	-	2,099,292	189,061,949
<b>Interest Sensitivity Gap</b>	9,453,070	(714,324)	6,997,159	108,819	28,310	18,781,750	34,654,785
<b>Comparative Year</b>							
Comparative Year	Up to 03 Months	03-12 Months	01-03 Years	03-05 Years	Over 05 Years	Non-Interest Sensitive	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
<b>Financial Assets</b>							
Cash and Cash Equivalents	7,825,836	-	-	-	-	2,216,693	10,042,529
Financial Assets Recognised Through Profit or Loss	126,259	-	-	-	-	118,205	244,464
Financial Assets At Amortised Cost- Loans and Advances	92,986,638	20,181,432	27,719,412	5,447,965	36,149	-	146,371,596
Equity Instruments measured at Fair Value through OCI	-	-	-	-	-	9,004,200	9,004,200
Other Financial Assets	8,079,343	13,090,128	-	8,037	-	615,052	21,792,560
Trade and Other Debtors, Deposits	6,998,075	453,860	15,661	219,718	-	2,944,211	10,631,525
	116,016,151	33,725,420	27,735,073	5,675,720	36,149	14,898,361	198,086,874
<b>Financial Liabilities</b>							
Due to Banks	7,025,065	6,474,112	9,745,916	416,609	-	-	23,661,702
Due to Customers	57,849,525	41,989,314	9,693,039	4,716,375	-	-	114,248,253
Interest Bearing Loans and Borrowings	8,904,952	9,013,720	5,294,924	1,003,244	-	-	24,216,840
Trade and Other Payables	6,306,542	144,130	472,114	450,808	432,643	2,197,834	10,004,071
	80,086,084	57,621,276	25,205,993	6,587,036	432,643	2,197,834	172,130,866
<b>Interest Sensitivity Gap</b>	35,930,067	(23,895,856)	2,529,080	(911,316)	(396,494)	12,700,527	25,956,008

## ANNEXES

# RESTORATIVE RESILIENCE

We present a thorough run-through of Vallibel One PLC's presence over the years and within the year under review, with the extended purpose of providing assurance of accuracy and validity to all stakeholders concerned.

Decade at a Glance **240** / Group Value Added Statement **241** / Indicative US Dollar Income Statement **242** / Indicative US Dollar Statement of Financial Position **243** / Shareholder Information **244** / Subsidiary/Associate Companies of Vallibel One PLC **250** / GRI Context Index **257** / Glossary of Financial Terms **264** / Notes **265** / Notice of Annual General Meeting **268** / Form of Proxy **269** / Investor Feedback Form **271** / Corporate Information **IBC**

# Decade at a Glance

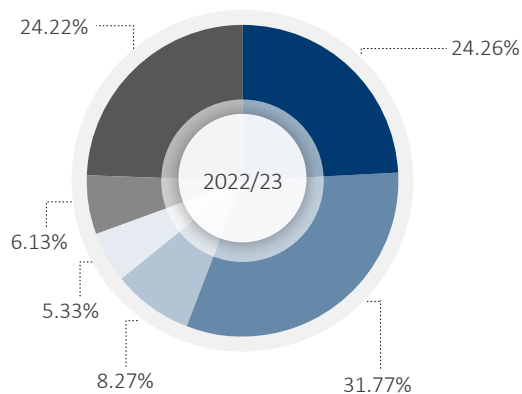
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000	LKR'000
<b>OPERATING RESULTS</b>										
Group revenue	122,330	116,855	94,295	81,035	68,569	66,691	60,969	52,936	47,668	43,450
EBIT	32,507	30,678	30,139	22,472	15,068	14,989	13,723	10,535	10,975	7,546
Net Finance Cost	(2,372)	(2,917)	(498)	(1,841)	(3,011)	(2,603)	(1,915)	(1,156)	(945)	(1,028)
Share of results of equity accounted investees (net of tax)	48	(4)	7	(39)	6	45	31	687	1,533	1,146
Profit before tax	26,553	25,078	27,512	19,032	9,870	10,542	10,737	8,391	10,970	7,349
Tax Expense	(9,286)	(7,466)	(6,990)	(4,208)	(3,453)	(3,800)	(3,927)	(3,762)	(3,513)	(2,003)
Profit after tax	17,444	17,809	20,522	14,823	6,417	6,742	6,810	4,629	7,457	5,202
<b>Attributable to:</b>										
Equity Holders of the Parent	9,894	9,524	10,353	8,118	3,794	4,042	3,609	640	4,228	2,891
Non-Controlling interest	7,550	8,285	10,228	6,571	2,502	2,692	3,160	3,793	3,229	2,311
<b>CAPITAL EMPLOYED</b>										
Stated capital	29,337	29,337	29,337	29,337	27,164	27,164	27,164	27,164	27,164	27,164
Capital reserves and other components of equity	20,787	13,868	12,282	12,068	10,025	7,184	9,595	5,377	2,087	834
Retained Earnings	41,915	33,720	28,346	21,151	16,755	13,991	11,132	9,041	8,840	6,739
Equity attributable to equity holders of the Parent	92,039	76,925	69,965	62,556	53,944	48,339	47,891	41,582	38,091	34,737
Noncontrolling Interest	47,196	42,458	38,488	31,634	26,116	23,155	20,572	18,931	16,579	13,231
Total Equity	139,235	119,382	108,453	94,190	80,060	71,493	68,462	60,512	54,671	47,968
Total Debt	55,106	47,879	56,047	37,290	55,565	52,172	48,295	42,792	32,025	26,988
	194,341	167,261	164,500	131,480	135,625	123,665	116,757	103,304	86,695	74,956
<b>ASSETS EMPLOYED</b>										
Property plant and equipment (PP&E)	69,971	60,336	56,939	52,595	50,658	43,428	37,480	29,566	22,014	19,718
Assets other than PP&E	276,621	249,310	228,271	187,537	191,809	181,560	168,693	146,484	128,858	109,800
Liabilities net of debt	(152,251)	(142,385)	(120,710)	(108,651)	(106,842)	(101,322)	(89,416)	(72,746)	(64,177)	(54,561)
	194,341	167,261	164,500	131,480	135,625	123,665	116,757	103,304	86,695	74,956
<b>CASHFLOW</b>										
Net cash flow from operating activities	8,316	(11,141)	22,083	19,227	5,214	3,846	5,867	4,080	6,842	7,577
Net cash flow from/(used in) investing activities	(3,670)	(7,218)	(3,833)	(1,652)	(4,103)	(7,534)	(7,808)	(7,422)	(1,960)	(272)
Net cash flow from/(used in) Financing activities	2,042	(3,951)	114	(8,839)	(77)	(297)	3,700	(590)	(1,304)	(2,940)
Net increase/(decrease) in cash and cash equivalents	6,088	(22,310)	18,364	8,737	1,034	(3,985)	1,759	(3,931)	3,579	4,365
<b>KEY INDICATORS</b>										
Basic earnings per share (Rs.)	8.69	8.36	9.09	7.13	3.33	3.72	3.32	0.59	3.89	2.66
Dividend per share (Rs.)	1.00	-	2.50	3.50	-	-	0.50	0.50	0.50	0.40
Net assets per share (Rs.)	80.81	67.54	61.43	54.93	47.36	44.50	44.10	38.30	35.06	31.97
Market price per share (Rs.)	50.50	36.60	40.2	47.1	12	14.3	17.2	17.5	17.8	20.3
Return on equity (%)	12.5	14.9	18.9	15.6	7.9	9.4	9.8	7.0	13.6	10.8
Debt equity ratio (%)	39.58	40.11	51.68	39.59	69.40	72.97	70.54	70.72	58.58	56.26
Interest cover (Times)	11.4	7.4	29.1	11.9	4.9	5.6	6.9	6.3	9.03	5.74
Price earning ratio (Times)	5.81	4.38	4.42	6.61	3.60	3.84	5.18	29.66	4.58	7.63
Revenue growth rate (%)	4.69	23.92	16.36	18.18	2.82	9.39	15.17	11.05	9.71	(10.10)

# Group Value Added Statement

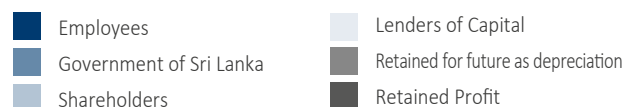
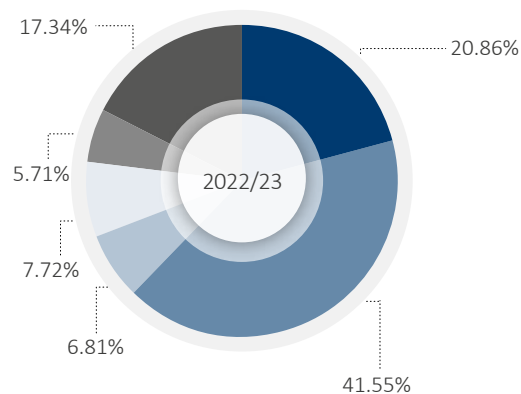
	2024 LKR '000	2023 LKR '000
Gross Turnover	126,165,091	124,668,879
Finance & Other Income	2,339,445	2,578,751
Share of Associate Company's Profit	47,870	(4,473)
	128,552,406	127,243,157
Less: Cost of Material & Services bought in	(74,981,865)	(73,373,137)
	53,570,541	53,870,020

	2024 LKR '000	2023 LKR '000
Employees	12,997,751	11,239,349
Government of Sri Lanka	17,021,932	22,380,579
Shareholders	4,432,953	3,669,632
Lenders of Capital	2,855,020	4,159,420
Retained for future as depreciation	3,286,189	3,077,416
Retained Profit	12,976,696	9,343,624
	53,570,541	53,870,020

Value Addition 2023/24



Value Addition 2022/23



# Indicative US Dollar Income Statement

For information Purposes only

For the year ended 31st March	Company		Group	
	2024 USD '000	2023 USD '000	2024 USD '000	2023 USD '000
Revenue from contract with customers	-	-	252,641	234,909
Interest income	-	-	153,527	122,139
<b>Total Revenue</b>	-	-	<b>406,168</b>	<b>357,048</b>
Cost of sales	-	-	(225,547)	(202,280)
<b>Gross Profit</b>	-	-	<b>180,621</b>	<b>154,768</b>
Dividend income	13,542	9,449	2,924	1,737
Other operating Income	1,598	1,325	3,240	2,347
Administrative expenses	(1,498)	(1,198)	(43,939)	(34,317)
Distribution expenses	-	-	(32,756)	(28,595)
Other operating expenses	(40)	-	(2,157)	(2,205)
<b>Results from operating activities</b>	<b>13,597</b>	<b>9,576</b>	<b>107,933</b>	<b>93,735</b>
	-	-	-	-
Finance cost	(78)	(60)	(9,479)	(12,709)
Finance income	367	219	1,604	3,795
<b>Net Finance income/cost</b>	<b>290</b>	<b>159</b>	<b>(7,876)</b>	<b>(8,914)</b>
Share of results of equity accounted investees	-	-	159	(14)
Operating profit before tax on financial services	13,887	9,735	100,216	84,808
Tax on financial services	-	-	(12,053)	(8,181)
<b>Profit before tax</b>	<b>13,887</b>	<b>9,735</b>	<b>88,163</b>	<b>76,626</b>
Income tax expenses	(150)	(406)	(30,834)	(23,361)
<b>Profit for the year from continuing operations</b>	<b>13,737</b>	<b>9,329</b>	<b>57,329</b>	<b>53,265</b>
Discontinued Operations	-	-	-	-
Profit/(loss) after tax for the year from discontinued operations	-	-	589	1,149
<b>Profit for the year</b>	<b>13,737</b>	<b>9,329</b>	<b>57,918</b>	<b>54,414</b>
	-	-	-	-
Attributable to:	-	-	-	-
Equity holders of the parent	13,737	9,329	32,850	29,100
Non controlling Interest	-	-	25,068	25,314
	<b>13,737</b>	<b>9,329</b>	<b>57,918</b>	<b>54,414</b>
Earning per share				
Basic earnings per ordinary share	0.01	0.01	0.05	0.05

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. The above should be read together with the Auditors Opinion and the notes to the financial statements. Exchange rate prevailing at year end USD/Rs.301.18 (2023-Rs.327.28/-) have been used to convert the income statement and statement of financial position

# Indicative US Dollar Statement of Financial Position

For information Purposes only

As at 31 March	Company		Group	
	2024 USD '000	2023 USD '000	2024 USD '000	2023 USD '000
<b>ASSETS</b>				
Cash and Cash Equivalent	6,374	4,177	50,371	30,685
Financial Assets Measured at Fair Value Through Profit or Loss	139	169	345	747
Financial Assets At Amortised Cost- Loans and Advances	-	-	539,617	342,923
Financial Assets At Amortised Cost- Lease Rentals Receivable & Stock Out on Hire	-	-	-	104,314
Equity Instruments measured at Fair Value through OCI	46,578	27,449	46,633	27,512
Other Financial Assets	2,656	-	70,749	66,587
Trade and Other Debtors, Deposits and Prepayments	3,626	3,226	40,973	32,062
Contract Asset	-	-	94	99
Other Non Financial Assets	17	18	3,677	14,587
Investments in Subsidiaries	81,736	70,992	-	-
Investment in Associate	1,371	1,262	2,126	1,815
Deferred Tax Assets	34	26	4,074	2,952
Income Tax Recoverable	-	-	125	9
Inventories	-	-	101,061	83,716
Intangible Assets	-	-	42,502	39,511
Consumable Biological Assets	-	-	-	-
Investment Property	-	-	7,107	6,338
Property, Plant and Equipment	198	65	232,323	184,356
Leasehold Rights Over Mining Lands	-	-	-	-
Right of use assets	245	332	8,879	7,776
Assets held for sale	-	-	120	131
	<b>142,973</b>	<b>107,717</b>	<b>1,150,782</b>	<b>946,120</b>
<b>LIABILITIES</b>				
Due to Banks	5	1	80,654	72,298
Due to Customers	-	-	408,508	349,084
Interest Bearing Loans and Borrowings	265	353	102,314	73,994
Trade and Other Payables	64	137	37,108	30,567
Other Non Financial Liabilities	-	-	7,015	5,864
Contract Liabilities	-	-	4,443	8,650
Dividend Payable	47	34	855	1,577
Employee Benefit Liabilities	113	79	6,911	5,070
Income Tax Liabilities	50	103	13,832	10,871
Deferred Tax Liabilities	-	-	26,844	22,761
Liabilities directly associated with the assets classified as held for sale	-	-	1	613
	<b>543</b>	<b>706</b>	<b>688,485</b>	<b>581,349</b>
<b>Shareholders' Funds</b>				
<b>Equity Attributable to Equity Holders of the Parent</b>				
Stated Capital	97,407	89,639	97,407	89,639
Retained Earnings	36,563	24,488	139,171	103,031
Other components of equity	8,460	(7,117)	69,017	42,372
<b>Total Equity Attributable to Equity Holders of the Parent</b>	<b>142,430</b>	<b>107,010</b>	<b>289,268</b>	<b>235,042</b>
Non Controlling Interest	-	-	148,330	129,728
<b>Total Equity</b>	<b>142,430</b>	<b>107,010</b>	<b>462,297</b>	<b>364,771</b>
<b>Total Equity and Liabilities</b>	<b>142,973</b>	<b>107,717</b>	<b>1,150,782</b>	<b>946,120</b>

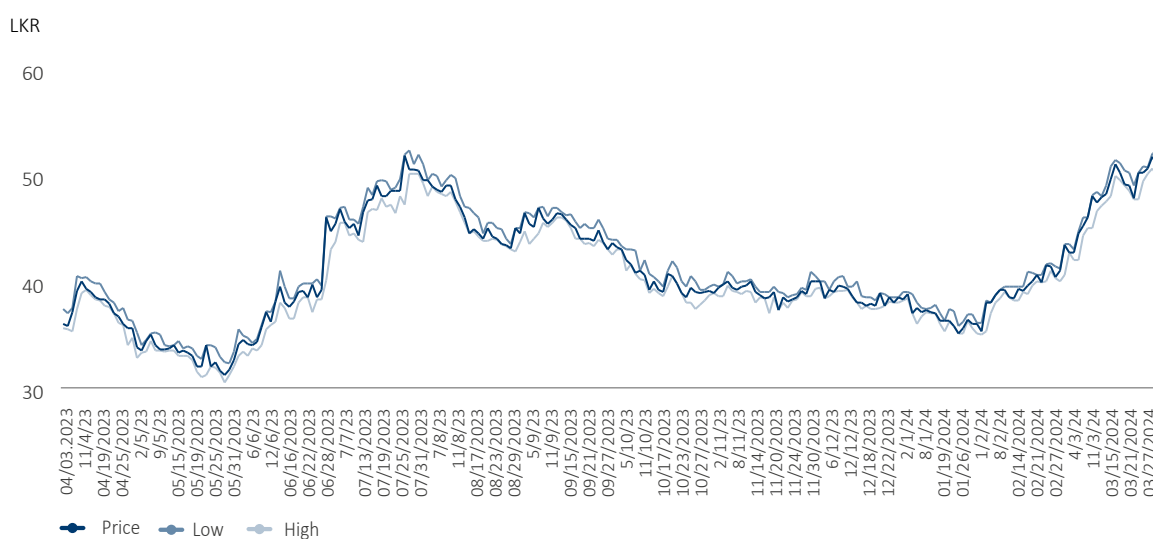
This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS. The above should be read together with the Auditors Opinion and the notes to the financial statements. Exchange rate prevailing at year end USD/Rs.301.18 (2023-327.28) have been used to convert the income statement and statement of financial position



### SHARE PRICES FOR THE YEAR

Market price per share	2023/24		2022/23	
	Date	Price	Date	Price
Highest during the year	28/07/2023	LKR 52.30	17/08/2022	LKR 56.00
Lowest during the year	30/05/2023	LKR30.50	07/07/2022	LKR 26.90
As at end of the year	31/03/2024	LKR 50.50	31/03/2023	LKR 36.60

### During the Year Price Movement

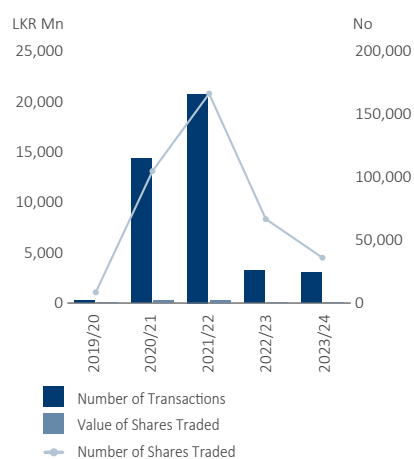


### SHARE TRADING SNAPSHOT

CIGS Industry Group	Capital Goods
CSE Ticker	VONE.N0000
ISIN	LK0389N00003

	31st March 2024	31st March 2023
No. of transactions	36,007	66,704
No. of Shares traded	67,999,905	85,793,977
Value of Shares traded (LKR)	3,034,109,330	3,266,133,510

### Share Trading

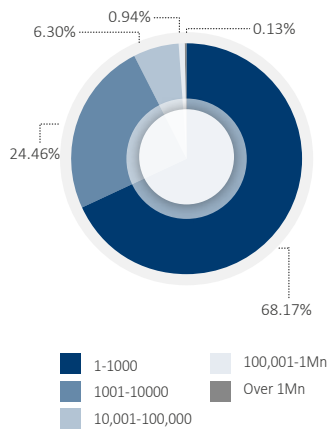


# Shareholder Information

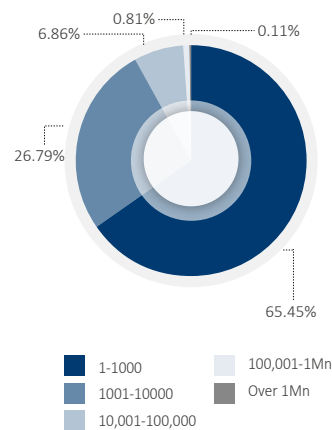
## DISTRIBUTION OF SHAREHOLDERS

From	To	2023/24			2022/23		
		Date	Price	%	Date	Price	%
1	1,000	10,413	2,849,611	68.17	11,036	3,164,827	65.45
1,001	10,000	3,737	11,827,464	24.46	4,517	14,588,866	26.79
10,001	100,000	962	27,185,025	6.3	1,156	33,216,071	6.86
100,001	1,000,000	144	40,271,270	0.94	136	35,889,879	0.81
Over	1,000,000	20	1,056,782,274	0.13	18	1,052,056,001	0.11
		15,276	1,138,915,644	100	16,863	1,138,915,644	100

As at 31st March 2024



As at 31st March 2023



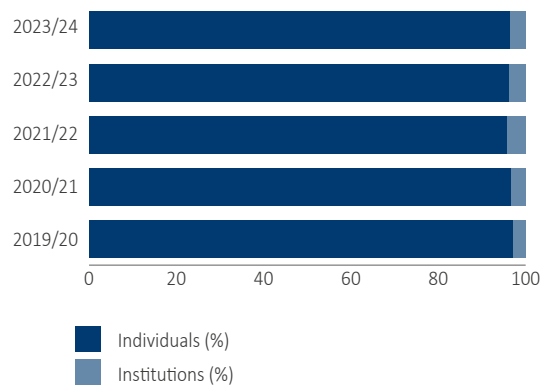
## SHARE PRICES FOR THE YEAR

	31st March 2024			31st March 2023		
	No of Shareholders	No of Shares	%	No of Shareholders	No of Shares	%
<b>Local</b>						
Individuals	14,661	787,524,244	69.15	16,164	787,782,071	69.17
Institutions	561	347,781,656	30.54	643	346,305,468	30.41
Total Local	15,222	1,135,305,900	99.68	16,807	1,134,087,539	99.58
<b>Foreign</b>						
Individuals	47	2,053,492	0.18	50	2,423,402	0.21
Institutions	7	1,556,252	0.14	6	2,404,703	0.21
Total Foreign	54	3,609,744	0.32	56	4,828,105	0.42
<b>Total</b>	15,276	1,138,915,644	100.00	16,863	1,138,915,644	100.00

## Local Vs Foreign Shareholders (%)



## Individuals Vs Institutions Shareholders



## SHARE PRICES FOR THE YEAR

Name of Director	2023/24		2022/23	
	Date	Price	Date	Price
Mr. S H Amarasekara	-	-	-	-
Shares held in the following manner	-	-	-	-
Pan Asia Banking Corporation PLC / Mr. S H Amarasekara	1,048,192	0.092	1,048,192	0.09
Mr. J A S S Adihetty	104,819	0.009	104,819	0.01
Mr. R N Asirwatham	838	0.000	-	-
Mrs. Shirani Jayasekera	-	-	-	-
Shares held in the following manner	-	-	-	-
Mrs. Shirani Jayasekera	41,927	0.004	41,927	0.00
Mr. T. L. F. Jayasekera and Mrs. Shirani Jayasekera	20,000	1.756	20,000	1.76
Ms. A. A. K. Amarasinghe	4,192	0.000	4,192	0.00
Ms. K. A. D. Brindhiini Perera	-	-	-	-
Mrs. Y. Bhaskaran (MD)	-	-	-	-

# Shareholder Information

## DIRECTORS' AND MD'S SHAREHOLDING IN GROUP COMPANIES

Name of the Director	Number of shares as at 31st March 2024							
	Royal Ceramics Lanka PLC	Lanka Tiles PLC	Lanka Walltiles PLC	Swisstek Ceylon PLC	L B Finance PLC	Horana Plantations PLC	Lanka Ceramics PLC	The Fortress Resorts PLC
Mr. S H Amarasekara	-	-	22,500	-	79,640	-	-	-
Mr. J A S S Adhihetty	-	-	-	-	-	-	-	-
Mrs. Shirani Jayasekera	6,600	-	-	-	424,480	-	-	13,741
Mr. R N Asirwatham	-	-	-	-	-	-	-	-
Ms. Kawshi Amarasinghe	-	-	-	-	-	-	-	-
Ms. K A D B Perera	-	-	-	-	-	-	-	-
Mrs. Y Bhaskaran (MD)	-	-	-	-	-	-	-	-

## DIRECTORS' AND MD'S SHAREHOLDING IN GROUP COMPANIES

Name	AS AT 31ST MARCH 2024		AS AT 31ST MARCH 2023	
	NO OF SHARES	%	NO OF SHARES	%
1 MR. K.D.D. PERERA	722,966,300	63.478	722,966,300	63.478
2 EMPLOYEE'S PROVIDENT FUND	106,443,137	9.346	106,443,137	9.346
3 VALLIBEL INVESTMENTS (PVT) LIMITED	96,398,569	8.464	96,398,569	8.464
4 VALLIBEL LEISURE (PRIVATE) LIMITED	96,359,379	8.461	96,359,379	8.461
5 BANK OF CEYLON A/C CEYBANK UNIT TRUST	5,471,735	0.480	5,471,735	0.480
6 MR. K.D.H. PERERA	4,300,609	0.378	3,413,718	0.300
7 HATTON NATIONAL BANK PLC- CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND	4,262,155	0.374	3,968,924	0.348
8 MR. S. VASUDEVAN	2,940,000	0.258	-	-
9 MERRILL J FERNANDO & SONS (PVT) LIMITED	2,313,005	0.203	2,313,005	0.203
10 MACKENZIE CAPITAL LTD	1,840,000	0.162	1,000,000	0.088
11 MR. B.W. KUNDANMAL	1,830,000	0.161	1,533,724	0.135
12 SEYLAN BANK PLC/JN LANKA HOLDINGS COMPANY (PVT) LTD	1,750,357	0.154	-	-
13 MR. A. SITHAMPALAM	1,679,096	0.147	1,679,096	0.147
14 MR. H.R.S. WIJERATNE	1,640,469	0.144	1,648,469	0.145
15 CAPITAL ALLIANCE PLC	1,320,023	0.116	-	-
16 INTERNATIONAL CONSTRUCTION CONSORRTIUM (PRIVATE) LIMITED	1,095,361	0.096	1,095,361	0.096
17 RENUKA CONSULTANTS & SERVICES LIMITED.	1,095,361	0.096	1,095,361	0.096
18 PAN ASIA BANKING CORPORATION PLC/MR.SHIRAN HARSHA AMARASEKERA	1,048,192	0.092	1,048,192	0.092
19 SEALBE HOLDING AG	1,015,944	0.089	-	-
20 MISS N.T.M.S. COORAY	1,012,582	0.089	-	-
	1,056,782,274	92.788	1,046,434,970	91.879
	-	-	-	-
Others	82,133,370	7.212	92,480,674	8.121
	1,138,915,644	100	1,138,915,644	100

**DIVIDENDS**

Year ended 31 March	Dividend declared per share (LKR)	Total Dividends (LKR Mn)
2012/13	0.30	326
2013/14	0.70	761
2014/15	0.40	435
2015/16	0.50	543
2016/17	0.50	543
2017/18	0.50	543
2018/19	-	-
2019/20	-	543
2020/21	0.50	543
2021/22	2.50	2,847
2022/23	-	-
2023/24	1.00	1,139

**DIVIDENDS**

Year ended 31st March	Number of Shares in Issue (LKR Mn)
2011/12	1,086,559,353
2012/13	1,086,559,353
2013/14	1,086,559,353
2014/15	1,086,559,353
2015/16	1,086,559,353
2016/17	1,086,559,353
2017/18	1,086,559,353
2018/19	1,086,559,353
2019/20	1,086,559,353
2020/21	1,138,915,644
2021/22	1,138,915,644
2022/23	1,138,915,644
2023/24	1,138,915,644

# Subsidiary/Associate Companies of Vallibel One PLC

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary/ Associates	Directors who held Office during the year ended 31st March 2023
Royal Ceramics Lanka PLC	PQ 125	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Mr. M Y A Perera Mr. T G Thoradeniya Mr. G A R D Prasanna Mr. R N Asirwatham Mr. S H Amarasekera Ms. N R Thambiayah Mr. L N De S Wijeyeratne Mr. N J Weerakoon Mr. S M Liyanage Mr. J R Gunaratne Mr S R Jayaweera Ms K A D B Perera
Rocell Bathware Limited	PB 425	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Mr. M Y A Perera Mr. T G Thoradeniya Mr. G A R D Prasanna Mr. R N Asirwatham Mr. D J Silva
Royal Ceramics Distributors (Private) Limited	PV 2524	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Mr. T G Thoradeniya Mr. G A R D Prasanna Mr. K D H Perera
Biscuits and Chocolate Company Ltd	PB 220	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Mr. T G Thoradeniya Mr. A K Dheerasinghe Mr. S M Liyanage Ms A A K Amarasinghe
Ever Paint and Chemical Industries (Private) Limited	PV 2211	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Mr. H Somashantha Mr. M W R N Somaratna Mr. J K A Sirinatha Mr. D B Gamalath
Lanka Ceramic PLC	PQ 157	No. 20 R A De Mel Mawatha Colombo 3	Subsidiary	Mr. A M Weerasinghe Mr. J A P M Jayasekara Mr. T G Thoradeniya Mr. K D G Gunaratne Ms A M L Page Mr. D J Silva Mr. J D N Kekulawala Mr. S M Liyanage Mr. M W R N Somaratne

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary/ Associates	Directors who held Office during the year ended 31st March 2023
Lanka Walltiles PLC	PQ 55	No. 215 Nawala Road Naranhenpita Colombo 5	Subsidiary	Mr. A M Weerasinghe Mr. J A P M Jayasekara Dr. S Selliah Mr. T G Thoradeniya Mr. K D G Gunaratne Ms. A M L Page Mr. M W R N Somaratne Mr. J D N Kekulawala Mr. S M Liyanage Mr. S R Jayaweera Ms. K A D B Perera
Lanka Tiles PLC	PQ 129	No. 215 Nawala Road Naranhenpita Colombo 5	Subsidiary	Mr. A M Weerasinghe Mr. J A P M Jayasekara Dr. S Selliah Mr. T G Thoradeniya Mr. K D G Gunaratne Ms. A M L Page Mr. J A N R Adhihetty Mr. S M Liyanage Mr. J R Gunaratne Mr. S R Jayaweera Ms. K A D B Perera
Swisstek (Ceylon) PLC	PQ 155	No. 215 Nawala Road Naranhenpita Colombo 5	Subsidiary	Mr. S H Amarasekera Mr. A M Weerasinghe Mr. J A P M Jayasekara Mr. J K A Sirinatha Dr. S Selliah Mr. A S Mahendra Mr. K D G Gunaratne Mr. C U Weerawardena
Swisstek Aluminum Limited	PB 3277	No. 76/7, Pahala Dompe Dompe	Subsidiary	Mr. S H Amarasekera Mr. A M Weerasinghe Mr. J A P M Jayasekara Dr. S Selliah Mr. T G Thoradeniya Mr. A S Mahendra Mr. B T T Roche Mr. C U Weerawardena Mr. S M Liyanage
Swisstek Investments (Pvt) Ltd	PV 00229499	No. 76/7, Pahala Dompe Dompe	Subsidiary	Mr. A M Weerasinghe Mr. J A P M Jayasekara
Swisstek Development Ltd	PB00236125	No. 215 Nawala Road Naranhenpita Colombo 5	Subsidiary	Mr. K D A Perera Mr. J A P M Jayasekara Mr. A M Weerasinghe

# Subsidiary/Associate Companies of Vallibel One PLC

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary/ Associates	Directors who held Office during the year ended 31st March 2023
Vallibel Plantation Management Limited	PB 1030	No.400, Deans Road Colombo 10	Subsidiary	Mr. A M Pandithage Mr. W G R Rajadurai Mr. T G Thoradeniya Mr. N T Bogahalanda Mr. J A Rodrigo
Uni Dil Packaging Limited	PB 544	Kosgahalanda Kosgahawatta, Katulanda Narampola Road, Moragala Dekatana	Subsidiary	Mr. J A P M Jayasekara Mr. D B Gamalath Mr. T G Thoradeniya Mr. Hareesh Somashantha Mr. N T Bogahalanda Mr. C U Weerawardena Mr. S M Liyanage
Uni Dil Packaging Solutions Limited	PV 7976 PB	Narampola Road Moragala Dekatana	Subsidiary	Mr. J A P M Jayasekara Mr. D B Gamalath Mr. K D H Perera Mr. C U Weerawardena
Beyond Paradise Collection Limited	PB 4706	No. 215 Nawala Road Naraheanpita Colombo 05	Subsidiary	Mr. M H Jamaldeen Mr. K D H Perera Mr. J A P M Jayasekara
L W L Development (Pvt) Ltd	PV 111856	No. 215, Nawala Road Naraheanpita, Colombo 05	Subsidiary	Mr. K D A Perera Mr. J A P M Jayasekara
L T L Development Ltd	PB 235929	No. 215, Nawala Road Narahenpita Colombo 05	Subsidiary	Mr. K D A Perera Mr. J A P M Jayasekara Mr. A M Weerasinghe
L W Plantation Investments Ltd	PB 00229452	No. 215, Nawala Road Narahenpita Colombo 05	Subsidiary	Mr. A M Weerasinghe Mr. J A P M Jayasekara
L C Plantation Projects Ltd	PB 00229453	No. 215, Nawala Road Narahenpita Colombo 05	Subsidiary	Mr. A M Weerasinghe Mr. J A P M Jayasekara
C P Holdings (Pvt) Ltd	PV 83903	No. 215, Nawala Road Narahenpita Colombo 05	Subsidiary	Mr. A M Weerasinghe Mr. J A P M Jayasekara
L C Development (Pvt) Ltd	PV 00229454	No. 215, Nawala Road Narahenpita Colombo 05	Subsidiary	Mr. A M Weerasinghe Mr. J A P M Jayasekara

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary/ Associates	Directors who held Office during the year ended 31st March 2023
Lankatiles Private Company Limited	Company incorporation in India		Subsidiary	Mr A M Weerasinghe Mr J A P M Jayasekara Mr. Fatheraj Singhvi Mr. Praven Kumar Singhvi
Rocell Pty Ltd	Australian Company No.601612284	1392 Dandenong Road Oakleigh VIC 3166 , Australia	Subsidiary	Mr. T. G. Thoradeniya
Nilano Garments (Private) Limited	PV 14277	No. 20 R. A De Mel Mawatha, Colombo 03	Subsidiary	Mr. A N Senaviratne Ms. K A Suraweera Ms. W S Bopitiya Gamage Mr. B K G S M Rodrigo Mr. H Somashantha
L B Finance PLC	PQ 156	No. 275/75 Prof. Stanley Wijesundera Mawatha Colombo 07	Subsidiary	Mr. G A R D Prasanna Mr. Dhammika Perera Mr. J A S S Adhihetty Mr. N Udage Mr. B D A Perera Mr. R S Yatawara Mrs. Y Bhaskaran Mr. M A J W Jayasekara Mrs A Natesan Mr. D Rangalle Ms Y Amarasekera
L B Microfinance Myanmar Limited	Company incorporated in Myanmar 844 FC of 2016/17 (YGN)	Myawaddy Bank Luxury Complex – 4th Floor, Apt 401, Bo Gyoke Road cnr Wa Dan Street, Lanmadav Township Yangon, Myanmar	Subsidiary	Mr. Dhammika Perera Mr. J A S S Adhihetty Mr. B D A Perera Mr. N Udage Mr. R S Yatawara Mr. Dulan R G de Silva
Greener Water Ltd	PB 3837	Level 29, West Tower World Trade Centre Echelon Square Colombo 01	Subsidiary	Mr. T G Thoradeniya Mr. K D A Perera Mr. K D H Perera Mr. J A S S Adhihetty Mr. R J Karunarajah Ms A A K Amarasinghe Mr. S J Wijesinghe

# Subsidiary/Associate Companies of Vallibel One PLC

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary/ Associates	Directors who held Office during the year ended 31st March 2023
Delmege Limited	PV 6351 PB	No.101 Vinayalankara Mawatha Colombo 10	Subsidiary	Mr. A M Pandithage Mr. T G Thoradeniya Mr. S Wilson Ms. Y Bhaskaran Mr. D J Silva Mr. N J Weerakoon Mr. S R Jayaweera Ms K A D B Perera
Delmege Forsyth & Co Ltd	PB 294	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. N S L Fernando Mr. J.A.N.R. Adhietty Mr. A.B.Mawilmada Mr. H.P.G.P.P. De Alwis
Delmege Forsyth & Co. (Exports) (Pvt) Ltd	PV 9833	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. T R Mendis Mr. H Somashantha Mr. G A R D Prasanna Mr. N S L Fernando Mr. H.P.G.P.P. De Alwis
Delmege Coir (Pvt) Limited	PV 1489	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. N T Bogahalande Mr. H Somashantha Mr. G A R D Prasanna Mr. H.P.G.P.P. De Alwis
L B Management Services (Pvt) Ltd	PV 3012	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. N T Bogahalande Mr. J K A Srinatha Mr. H.P.G.P.P. De Alwis
Delmege Forsyth & Co (Shipping) Ltd	PB 272	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. H Somashantha Mr. G A R D Prasanna Mr. N S L Fernando Mr. S N Wickremasooriya Mr. H.P.G.P.P. De Alwis
Delshipping & Logistics (Pvt) Ltd	PV 95246	101 Vinayalankara Mawatha, Colombo 10	Associate of Delmege Limited	Mr. N S L Fernando Mr. H.P.G.P.P. De Alwis Mr. S N Wickremasooriya
Delmege Freight Services (Pvt) Ltd	PV 3571	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. J K A Srinatha Mr. G A R D Prasanna Mr. N S L Fernando Mr. S N Wickremasooriya Mr. H.P.G.P.P. De Alwis

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary/ Associates	Directors who held Office during the year ended 31st March 2023
Lewis Shipping (Pvt) Limited	PV 18008	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. H Somashantha Mr. N S L Fernando Mr. S N Wickremasooriya Mr. H.P.G.P.P. De Alwis
Delmege Air Services (Pvt) Limited	PV 3373	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. H Somashantha Mr. G A R D Prasanna Mr. N S L Fernando Mr. H.P.G.P.P. De Alwis Ms. D.K. Premachandra
Delmege Aviation Services (Pvt) Ltd	PV 99520	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. G A R D Prasanna Mr. N S L Fernando Mr. H.P.G.P.P. De Alwis Ms. D.K. Premachandra
Lewis Brown Air Services (Pvt) Limited	PV 16022	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. A M Pandithage Mr. L R V Waidyaratne Mr. G A R D Prasanna Mr. N S L Fernando Mr. H.P.G.P.P. De Alwis
Delair Travels (Pvt) Limited	PV 3830	101, Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. H Somashantha Mr. N S L Fernando Mr. H.P.G.P.P. De Alwis Ms. D.K. Premachandra
Grip Delmege (Pvt) Limited	PV 3439	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. N S L Fernando Mr. J.A.N.R. Adhihetty Mr. H.P.G.P.P. De Alwis
Grip Nordic (Pvt) Limited	PV 2565	125/26, Sri Bodhiraja Mawatha Mattegoda	Subsidiary	Mr. N S L Fernando. Mr. J.A.N.R. Adhihetty Mr. H.P.G.P.P. De Alwis
Delmege Insurance Brokers (Pvt) Limited	PV 3273	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr H Somashantha Mr G A R D Prasanna Mr. H.P.G.P.P. De Alwis Mr. P.G. Welagedara
Delmege Risk Solutions (Pvt) Limited	PV 75927	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr. H.P.G.P.P. De Alwis Mr. P.G. Welagedara
Delmege Airline Services (Private) Limited	PV 108869	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr G A R D Prasanna Mr. H.P.G.P.P. De Alwis Ms. D.K. Premachandra

# Subsidiary/Associate Companies of Vallibel One PLC

Name of Company	Company Registration No.	Situation of Registered Office	Relationship to Vallibel One PLC Subsidiary/ Associates	Directors who held Office during the year ended 31st March 2023
Delmege Aero Services (Private Limited)	PV121497	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr G A R D Prasanna Mr. H.P.G.P.P. De Alwis Ms. D.K. Premachandra
Delmege Electronics (Private) Limited	PV21430	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr N S L Fernando Mr. H.P.G.P.P. De Alwis
Delmege Financial Services (Private) Limited	PV3398	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr N S L Fernando Mr. H.P.G.P.P. De Alwis
Delmege General Equipment (Private) Limited	PV3550	101 Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr N S L Fernando Mr. H.P.G.P.P. De Alwis
Union Express Tours (Pvt) Ltd	PV3374	101, Vinayalankara Mawatha, Colombo 10	Subsidiary	Mr.N S L Fernando Mr. H P G P P DE Alwis Mrs.D K Premachandra
Delmege Automotive Products (Pvt) Ltd	PV60199	101, Vinayalankara Mawatha, Colombo 10.	Subsidiary	Mr.N S L Fernando Mr.H P G P P De Alwis
Eden Pharmaceuticals (Pvt) Ltd	PV63595	101, Vinayalankara Mawatha, Colombo 10	Subsidiary	Ms. E.A.N.Hemali Mr. J.A.N.R.Adhihetty Mr. H P G P P De Alwis Mr. A.A.J. Schokman
The Fortress Resorts PLC	PQ 207	Level 29, west Tower World Trade Centre Echelon square Colombo 01	Associate	Mr. J A S S Adhihetty Mr. Malik Joseph Fernando Mr. L N De S Wijeyeratne Mr. Jan Peter Van Twest Mr. C V Cabraal Mr. C U Weerawardena Mr K D H Perera Ms. A A K Amarasinghe Mr. R N Malinga Mr Jitendra Gunaratne Ms K A D B Perera

# GRI Context Index

<b>GRI Standard</b>	Vallibel One PLC has reported in accordance with the GRI Standards for the period from 1st April 2023-31st March 2024.
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	No applicable GRI Sector Standards

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
<b>General Disclosures</b>					
GRI 2: General Disclosures 2021	2-1 Organizational details	Corporate Information Cover	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	2-2 Entities included in the organization’s sustainability reporting	14			
	2-3 Reporting period, frequency and contact point	5, 8			
	2-4 Restatements of information	7			
	2-5 External assurance	7, 126			
	2-6 Activities, value chain and other business relationships	12-13			
	2-7 Employees	84,85			
	2-8 Workers who are not employees		2-8	Not applicable	No outsourced workers employes
	2-9 Governance structure and composition	112			
	2-10 Nomination and selection of the highest governance body	114-115			
	2-11 Chair of the highest governance body	31			
	2-12 Role of the highest governance body in overseeing the management of impacts	112-115			
	2-13 Delegation of responsibility for managing impacts	112-115			
	2-14 Role of the highest governance body in sustainability reporting	112-115			
	2-15 Conflicts of interest	112-113			
	2-16 Communication of critical concerns		2-16	Information unavailable/incomplete	Not tracked information
	2-17 Collective knowledge of the highest governance body	117			

# GRI Context Index

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
	2-18 Evaluation of the performance of the highest governance body	114, 117			
	2-19 Remuneration policies	114			
	2-20 Process to determine remuneration	114			
	2-21 Annual total compensation ratio		2-21	Confidentiality constraints	Cannot be disclosed due to confidentiality reasons
	2-22 Statement on sustainable development strategy	26-27			
	2-23 Policy commitments	92, 112			
	2-24 Embedding policy commitments	44, 45, 92, 112			
	2-25 Processes to remediate negative impacts		2-25	Information unavailable/incomplete	Not tracked information
	2-26 Mechanisms for seeking advice and raising concerns		2-26	Information unavailable/incomplete	Not tracked information
	2-27 Compliance with laws and regulations	54			
	2-28 Membership associations	97			
	2-29 Approach to stakeholder engagement	46-50			
	2-30 Collective bargaining agreements	87			
<b>Material topics</b>					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	51	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	52-54			
<b>Economic performance</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	11, 131			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	11			
	201-2 Financial implications and other risks and opportunities due to climate change	45, 151			
	201-3 Defined benefit plan obligations and other retirement plans	89, 131			
	201-4 Financial assistance received from government		201-4	Not applicable	No financial assistance received from the government

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
<b>Indirect economic impacts</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	79			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	79-83			
	203-2 Significant indirect economic impacts	103			
<b>Procurement practices</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	101			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	101			
<b>Tax</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	196			
GRI 207: Tax 2019	207-1 Approach to tax	196-198			
	207-2 Tax governance, control, and risk management	196-198			
	207-3 Stakeholder engagement and management of concerns related to tax	196-198			
	207-4 Country-by-country reporting		207-4	Information unavailable/incomplete	Not tracked data
<b>Materials</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	105			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	105			
	301-2 Recycled input materials used	105			
	301-3 Reclaimed products and their packaging materials		301-3	Not applicable	No reclaimed products
<b>Energy</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	107-108			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	107-108			
	302-2 Energy consumption outside of the organization	107-108			
	302-3 Energy intensity	107-108			
	302-4 Reduction of energy consumption	107-108			
	302-5 Reductions in energy requirements of products and services		302-5	Information unavailable/incomplete	Not tracked data

# GRI Context Index

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
<b>Water and effluents</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	108-109			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	108-109			
	303-2 Management of water discharge-related impacts	108-109			
	303-3 Water withdrawal	106			
	303-4 Water discharge	106			
	303-5 Water consumption	106			
<b>Emissions</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	109			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	109			
	305-2 Energy indirect (Scope 2) GHG emissions	109			
	305-3 Other indirect (Scope 3) GHG emissions	109			
	305-4 GHG emissions intensity		305-4	Information unavailable/incomplete	Not tracked data
	305-5 Reduction of GHG emissions	109			
	305-6 Emissions of ozone-depleting substances (ODS)		305-6	Not applicable	No emission of ozone-depleting substances (ODS)
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		305-7	Not applicable	No emission of Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions
<b>Waste</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	108			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	108			
	306-2 Management of significant waste-related impacts	108			
	306-3 Waste generated	108			
	306-4 Waste diverted from disposal	108			
	306-5 Waste directed to disposal	108			
<b>Supplier environmental assessment</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	101			

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	101			
	308-2 Negative environmental impacts in the supply chain and actions taken		308-2	Not applicable	No negative environmental impacts in the supply chain
<b>Employment</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	87-90			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	88-90	a,b	Information unavailable/incomplete	Information was not calculated using values. Only partial reporting
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	89			
	401-3 Parental leave	87			
<b>Labor/management relations</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	87			
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	87			
<b>Occupational health and safety</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	86-87			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	86-87			
	403-2 Hazard identification, risk assessment, and incident investigation	86-87			
	403-3 Occupational health services	86-87			
	403-4 Worker participation, consultation, and communication on occupational health and safety	86			
	403-5 Worker training on occupational health and safety	86-87			
	403-6 Promotion of worker health	86-87			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	86-87			
	403-8 Workers covered by an occupational health and safety management system	86-87			
	403-9 Work-related injuries	87			
	403-10 Work-related ill health	87			

# GRI Context Index

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
<b>Training and education</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	90-91			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee		404-1	Information unavailable/incomplete	Not tracked data
	404-2 Programs for upgrading employee skills and transition assistance programs	90-91			
	404-3 Percentage of employees receiving regular performance and career development reviews	91			
<b>Non-discrimination</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	84			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	84			
<b>Freedom of association and collective bargaining</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	87			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	87			
<b>Child labor</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	89			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	89			
<b>Forced or compulsory labor</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	89			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	89			
<b>Local communities</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	103			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	102-103			
	413-2 Operations with significant actual and potential negative impacts on local communities		413-2	Not applicable	No negative impacts on local communities as a result of operations

Gri Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
<b>Supplier social assessment</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	101			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	101			
	414-2 Negative social impacts in the supply chain and actions taken		414-2	Not applicable	No negative social impacts in the supply chain
<b>Customer health and safety</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	98			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	98			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	100			
<b>Marketing and labeling</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	100			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling		417-1	Information unavailable/incomplete	
	417-2 Incidents of non-compliance concerning product and service information and labeling	100			
	417-3 Incidents of non-compliance concerning marketing communications	100			
<b>Customer privacy</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	96			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	96			

# Glossary of Financial Terms

## ACCOUNTING POLICIES

Specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

## ACCRUAL BASIS

Recording revenue and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

## ACTUARIAL GAINS AND LOSSES

Effects of difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

## AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

## AVAILABLE FOR SALE

Non-derivative financial asset that are designated as available for sale or are not classified as loans and receivable, held-to-maturity investment or financial assets at fair value through profit and loss.

## CAPITAL EMPLOYED

Shareholders' funds plus non-controlling interests and interest-bearing borrowings.

## CAPITAL RESERVES

Reserves identified for specific purposes and considered not of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity available for distribution of that entity available for distribution.

## CASH EQUIVALENTS

Liquid investments with original maturity periods of three months or less.

## CONTINGENCIES

A condition or situation existing at the reporting date where the outcome will be confirmed only by occurrence or non-occurrence of one or more future events.

## CURRENT RATIO

Current assets divided by current liabilities. A measure of liquidity.

## CURRENT SERVICE COST

Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

## DEFERRED TAXATION

The tax effect of timing differences deferred to/ from other periods, which would only qualify for inclusion on a tax return at a future date.

## DIVIDEND COVER

Profit attributable to ordinary shareholders divided by dividend.

Measures the number of times dividend is covered by distributable profit.

## DIVIDEND PAYOUT

Dividend per share as a percentage of the earnings per share

## DIVIDEND YIELD

Dividend per share as a percentage of the market price. A measure of return on investment

## EARNINGS PER SHARE

Profits attributable to ordinary Shareholders divided by the number of ordinary shares in issue and ranking for dividend.

## EBIT

Earnings before interest and tax.

## EFFECT ON CHANGES IN HOLDING

Financial effect in the non-controlling interest and reserves due to changes in the holding percentages

## EFFECTIVE TAX RATE

Income tax expense divided by profit before tax.

## EQUITY

The values of an asset after all the liabilities or debts have been paid.

## EQUITY ACCOUNTED INVESTEEES

A method of accounting by which an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net assets of the associate (investee).

## FAIR VALUE

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## FAIR VALUE THROUGH PROFIT AND LOSS

A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term.

## FINANCIAL ASSET

Any asset that is cash, an equity instrument of another entity or a Contractual right to receive cash or another financial asset from another entity.

## FINANCIAL INSTRUMENT

Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity. Liability or equity to another entity.

## FINANCIAL LIABILITY

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity. Proportion of total interest-bearing borrowings to capital employed.

**KEY MANAGEMENT PERSONNEL (KMP)**

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

**MARKET CAPITALISATION**

Number of shares in issue multiplied by the market value of a share at the reported date.

**NET ASSETS PER SHARE**

Total equity attributable to equity holders divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

**NON-CONTROLLING INTEREST**

Equity in subsidiary not attributable, directly or indirectly, to a parent.

**OTHER COMPREHENSIVE INCOME**

Items of income and expenses that are not recognised in profit or loss as required or permitted by other SLFRSs.

**RELATED PARTIES**

A related party is a person or entity that is related to the entity that is preparing its Financial Statements.

**RETURN ON CAPITAL EMPLOYED**

Profit before tax and net finance cost divided by average capital employed.

**REVENUE RESERVES**

Reserves considered as being available for distributions and investments.

**SEGMENTS**

Constituent business units grouped in terms of similarity of operations and location.

**SHAREHOLDERS' FUNDS**

Total of issued and fully-paid up capital and Reserves.

**VALUE ADDITION**

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

**WORKING CAPITAL**

Capital required to financing day-to-day operations, computed as the excess of current assets over current liabilities.






# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Fourteenth (14th) Annual General Meeting of the Company will be held on 28th June 2024 at 3.30 p.m. at “Balmoral”, The Kingsbury, No.48, Janadhipathi Mawatha, Colombo 01 for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries and the Statement of Accounts for the year ended 31st March 2024 with the Report of the Auditors thereon.
2. To re-elect as a Director, Ms. K A D Brindhiini Perera who retires by rotation in terms of Articles 87 and 88 of the Articles of Association of the Company.
3. To pass the ordinary resolution set out below to re-appoint Mr R N Asirwatham who is 81 years of age, as a Director of the Company;  
**“IT IS HEREBY RESOLVED THAT** the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr R N Asirwatham who is 81 years of age and that he be and is hereby re-appointed a Director of the Company.”
4. To pass the ordinary resolution set out below to re-appoint Mr J A S S Adhihetty who is 73 years of age as a Director of the Company;  
**“IT IS HEREBY RESOLVED THAT** the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr J A S S Adhihetty who is 73 years of age and that he be and is hereby re-appointed a Director of the Company.”
5. To pass the ordinary resolution set out below to re-appoint Mrs Shirani Jayasekara who is 71 years of age as a Director of the Company;  
**“IT IS HEREBY RESOLVED THAT** the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mrs Shirani Jayasekara who is 71 years of age and that she be and is hereby re-appointed a Director of the Company.”
6. To re-appoint Messrs Ernst & Young, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to fix their remuneration.
7. To authorize the Directors to determine donations for the year ending 31st March 2025 and up to the date of the next Annual General Meeting.

By Order of the Board

**Vallibel One PLC**



**P W Corporate Secretarial (Pvt) Ltd**  
Secretaries

June 3, 2024  
Colombo

## Note

1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her.
2. A proxy need not be a Shareholder of the Company.
3. A Form of Proxy is enclosed for this purpose.

# Form of Proxy

I/We\* .....  
 .....(NIC/Passport/Co. Reg. No. ....) of .....  
 ..... being a shareholder / shareholders of **VALLIBEL ONE PLC** hereby appoint .....  
 .....(NIC/Passport No. ....) of .....  
 ..... or failing him/her

Mr. S H Amarasekera or failing him\*  
 Mrs Yogadinusha Bhaskaran or failing her\*  
 Mr. J A S S Adihetty or failing him\*  
 Mr. R N Asirwatham or failing him\*  
 Mrs Shirani Jayasekara or failing her\*  
 Ms A A Kawshi Amarasinghe or failing her\*  
 Ms K A D Brindhiini Perera

as my/our\* proxy to represent and speak and vote as indicated hereunder for me/us\* and on my/our\* behalf at the Fourteenth (14th) Annual General Meeting of the Company to be held on 28th June 2024 at 3.30 p.m. and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

	For	Against
1. To re-elect as a Director, Ms. K A D Brindhiini Perera who retires by rotation in terms of Articles 87 and 88 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
2. To pass the ordinary resolution set out under item 3 of the Notice of Meeting for the re-appointment of Mr R N Asirwatham as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3. To pass the ordinary resolution set out under item 4 of the Notice of Meeting for the re-appointment of Mr J A S S Adihetty as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4. To pass the ordinary resolution set out under item 5 of the Notice of Meeting for the re-appointment of Mrs Shirani Jayasekara as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Messrs Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorize the Directors to determine donations for the year ending 31st March 2025 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ..... Two Thousand and Twenty Four

.....  
 Signature of Shareholder/s

\*Please delete as appropriate

- Note:**
1. A proxy need not be a shareholder of the Company.
  2. Instructions as to completion appear overleaf.

# Form of Proxy

## Instructions for completion

1. The full name, National Identity Card / Passport / Company Registration number (as applicable) and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy [Full name, National Identity Card / Passport number and the address] should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The completed Proxy should be deposited at the Registered Office of the Company, Level 29, West Tower, World Trade Centre, Colombo 01 not later than 47 hours before the time appointed for the Meeting.
3. The Proxy shall –
  - (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
  - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)
4. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

# Investor Feedback Form

Your valued views are welcome to improve our reporting process. To request information or direct your concerns about this annual report, please complete the following and post or email your feedback to:

**Assistant General Manager-Finance**

Vallibel One PLC  
 29th Floor, West Tower,  
 World Trade Center,  
 Echelon Square,  
 Colombo 1.

Telephone: 0112445577  
 Fax: 011244550  
 Email Address: info@vallibel.com

Contact Details : .....

Name :

Permanent Address : .....

Contact Number : .....

Email :

Your relationship with Vallibel One PLC- please mark (v)

Shareholder -

Employee -

Regulatory body/Government -

Customer/Business partner -

Other -

Your comments -



# Corporate Information

## NAME OF COMPANY

Vallibel One PLC

## LEGAL FORM

A public Quoted Company with limited liability incorporated under the provisions of the Companies Act No. 07 of 2007

## DATE OF INCORPORATION

9 June 2010

## COMPANY REGISTRATION NUMBER

PB 3831 PQ

## NATURE OF THE BUSINESS

Diversified holding company

## BOARD OF DIRECTORS

Mr. S H Amarasekera (Chairman)

Mrs. Y Bhaskaran (Managing Director)

Mr. J A S S Adihetty

Mr. R N Asirwatham

Mrs. Shirani Jayasekera

Ms. K Amarasinghe

Ms. K A D B Perera

## REGISTERED OFFICE

Level 29, West Tower,  
World Trade Centre,  
Echelon Square,  
Colombo 1.

Telephone: 011 244 5577

Fax: 011 244 5500

Email: [info@vallibel.com](mailto:info@vallibel.com)

Web: [www.vallibelone.com](http://www.vallibelone.com)

## COMPANY SECRETARIES

P W Corporate Secretarial (Pvt) Ltd. No. 3/17, Kynsey Road,  
Colombo 8.

Telephone: 011 464 0360

Fax: 011 474 0588

E-mail: [pwcs@pwcs.lk](mailto:pwcs@pwcs.lk)

## AUDITORS

Ernst & Young  
Chartered Accountants  
Rotunda Towers,  
No. 109, Galle Road,  
P.O. Box 101,  
Colombo 03, Sri Lanka.

## BANKERS

Hatton National Bank PLC  
Pan Asia Banking Corporation PLC  
Sampath Bank PLC  
Standard Chartered Bank Limited  
MCB Bank Limited  
National Development Bank PLC  
Commercial Bank of Ceylon PLC

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