

OUR VALUE CREATION STORY
HOLDING TRUE TO OUR PURPOSE

2023 24





Our Vision

To be a global corporate role model in community-friendly national development

Our Mission

Serve the rural community, our customers and all other stakeholders, through our core business – food with love – and other related businesses, based on the three main principles of:

- Reducing the cost of living
- Enhancing youth skills
- Bridging regional disparity

by enhancing local and global markets.

Louis Page
– Chairman

Cargills remains committed to building back Sri Lanka. Over the years, we have proven that our commitment is not limited to words.

During the last 4 years, despite the multiple crises we faced as a country, the Group has invested over Rs. 30 Bn. back into the economy. This includes substantial contributions to infrastructure development, such as the establishment of new supermarkets, restaurants, shopping malls, agricultural facilities, milk chilling centres, and logistics.

Imtiaz Abdul Wahid
– Group Managing Director

The Management remains focused on driving business growth and market share through increased volumes across all sectors.

We aim to enhance profitability and margins through improved procurement strategies, efficient working capital management, productivity enhancements, and optimal capacity utilization. The anticipated benefits of the March 2024 electricity tariff reduction, effective from April 2024, are expected to further bolster margins.

4

PREAMBLE

4 THE CARGILLS JOURNEY

14 OUR LEGACY

18 HIGHLIGHTS

18 Financial Highlights
2023/24

20 Business Impact Highlights
2023/24

22

CHAIRMAN'S MESSAGE

*EMPOWERING GROWTH
AND RENEWAL IN
SRI LANKA*

26

GROUP MANAGING DIRECTOR'S MESSAGE

*RESILIENCE AND
ADAPTABILITY AMIDST
A CHALLENGING
ENVIRONMENT*

32

TAKING STOCK

*A DISCUSSION
ON HOW WE
ARE FARING
IN LIVING OUR
PURPOSE*

32 A REVIEW OF OUR OPERATIONS

- 33 Operating Segments
- 50 Shared Services and Core Systems

56 COMMUNITY FRIENDLY NATIONAL DEVELOPMENT

- 57 Our Approach to Sustainability
- 60 Reducing the Cost of Living
- 70 Bridging Regional Disparity
- 106 Healthy, Safe and Affordable Nutrition
- 126 Enhancing Youth Skills
- 134 Building Diversity, Equity, and Inclusion (DEI)
- 154 Playing our Part for the Planet

170

STEWARDSHIP

171 BOARD OF DIRECTORS

175 CORPORATE GOVERNANCE

196 ENTERPRISE RISK MANAGEMENT

201 ANNUAL REPORT OF THE DIRECTORS ON THE AFFAIRS OF THE COMPANY

205 STATEMENT OF DIRECTORS' RESPONSIBILITY

206 INDEPENDENT ASSURANCE REPORT

209

FINANCIAL STATEMENTS

210 INDEPENDENT AUDITOR'S REPORT

213 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

214 STATEMENT OF FINANCIAL POSITION

215 STATEMENT OF CHANGES IN EQUITY

217 STATEMENT OF CASH FLOWS

218 NOTES TO THE FINANCIAL STATEMENTS

263

ANNEXURES

264 ABOUT THE REPORT

265 Stakeholder Engagement

267 Materiality

265 GRI Content Index

282 FIVE YEAR FINANCIAL SUMMARY

283 INVESTOR RELATIONS SUPPLEMENT

285 GROUP REAL ESTATE PORTFOLIO

286 NOTICE OF ANNUAL GENERAL MEETING

ENCLOSED - FORM OF PROXY

INNER BACK COVER - CORPORATE INFORMATION

THE CARGILLS JOURNEY

From a traditional retailer to a
leading food company serving
the needs of the community



The Cargills business model was built one step at a time, as we navigated our way from evolving into a traditional retailer, to a food company serving the needs of a nation. Established as a general warehouse, import, and wholesale business in 1844, the Cargills business operation was limited to 4 upmarket department stores in Colombo, Nuwara Eliya, Kandy, and Bandarawela prior to 1983, catering to an urban demographic.



Cargills Fort building in Colombo



Opening of the 1st supermarket at Staple Street Colombo 02, on the 26th of October 1983

Cargills took the opportunity to enter the food and beverage retail business, opening the first Cargills Food City supermarket at Staple Street, Colombo, in 1983. By entering the supermarket sector, which at the time was occupied by a handful of standalone supermarkets, and more notably introducing the supermarket concept to communities beyond Colombo and extending across the country, Cargills earned the reputation of being the “Pioneer of Modern Trade” in Sri Lanka. Today, Cargills is Sri Lanka’s largest food company, renowned for its role in building communities and creating sustainable markets for local producers.



Cargills collection centre and a farmer handing over the produce to a Cargills agriculture extension officer



The Cargills Food City chain continued to grow during the next few years, with the business reaching a landmark turning point in 1999. A sourcing run led to a chance encounter with farmers in rural Hanguranketha, an agricultural village located in the central hills of Sri Lanka. We understood the farmers' struggle due to lack of access to the market, and credit to purchase inputs. This also led to farmers depending on middlemen to access the market, which left them with no bargaining power for the low prices offered for their produce. Weak logistics and handling practices also caused a significant amount of post-harvest losses. In order to address these supply chain inefficiencies, we began to purchase directly from the farmers, giving them direct access to the market. By eliminating multiple layers of middlemen from the supply chain, we were able to provide better purchasing prices to farmers. Our first vegetable collection centre was set up in Hanguranketha that same year.

We invested in supply chain logistics, improved handling, and introduced cold storage to maintain freshness. These investments reduced post-harvest losses substantially. Furthermore, we added farmer extension services to our growing portfolio of technical inputs to farmers. Our innovative approach to building capacity and improving profitability of the farming community has been recognised locally and internationally. This evolved Cargills business model was studied by the World Bank and the Gates Foundation, highlighting the benefits arising from our supply chain; higher prices for the farmer, lower prices for the consumer, and reduced wastage.



Gates Foundation officials during their field visit meeting farmers and visiting a collection center



“We propose that a case study be developed about Cargills which highlights the information supply and technical support networks which have been developed to benefit smallholders, consumers and Cargills alike. Special attention will be given to the multiplier impact that Cargills has had on the broader agricultural sector in Sri Lanka. Lessons will be drawn from this country-wide success story for the benefit of private and public sector initiatives in both South Asia and Sub-Saharan Africa.”

- WorldAginfo project report - Bill and Melinda Gates Foundation, June 2007

What began with a single truck transporting produce from Hanguranketha to Colombo as an ethical sourcing operation in 1999, evolved into the most expansive agriculture related supply chain in the country. Today, we are the single largest collector of fruits and vegetables in Sri Lanka, modernising Sri Lanka’s agriculture sector, and paving the way for a new generation of farmers to engage in high-value agriculture with higher levels of technology input, better crop management and direct market access.

“Another example of a leap-of-faith goal comes from Cargills Ceylon PLC, the biggest producer and retailer of food in Sri Lanka. Cargills has embarked over the last decade on an innovative approach to building up the capacity and profitability of the farming community in Sri Lanka.”

- Reinventing Management: Smarter Choices for Getting Work Done, Julian Birkinshaw, 2010, (Professor of Strategy and Entrepreneurship, London Business School)

Fresh meat and processed meats were identified as destination categories within our supermarkets, with a loyal customer base. In 1993, we ventured into smallgoods processing, acquiring the ‘Goldi’ brand and a processing facility to support our retail operation. As the market became more competitive, this acquisition helped us retain and grow this customer base. A venture which started due to circumstance has today developed into the leading smallgoods processing business in the country serving supermarkets, institutions, and the general trade, with a limited range of exports.



The first KFC outlet at the
Majestic City shopping complex



Our entry to the Quick Service Restaurants (QSR) business in 1996 with the introduction of the KFC franchise to Sri Lanka, was also directly linked with the vision to develop the poultry industry of the country. Today, over 90% of raw materials used in our QSR business are sourced locally, building markets for local poultry farmers and raw material suppliers. We customised our menu to appeal to the local consumer's unique palate, going beyond the traditional KFC offering and introducing new products such as the KFC biryani and the KFC Kottu, which have become local consumer favourites. It was the first time a KFC franchisee had added biryani to the menu. Today, KFC is the market leader in Sri Lanka's QSR industry.

Yet another serendipitous opportunity presented itself in 2002, with Cargills acquiring an ice cream production facility from a multinational which was moving out of Sri Lanka. The facility was first converted into a fresh milk-based ice cream operation by linking up with smallholder dairy farmers, marking our entry into the dairy sector. We aspired to replicate India's successful dairy farming model which empowers smallholder farmers. Two decades later, Cargills has become the largest fresh milk collector in Sri Lanka. The key to our success has been our focus on value addition, and the innovation of new dairy-based products, thus expanding the market for dairy producers across the island. The growing demand for dairy-based ice cream also led to the introduction of fruit infused ice cream flavours for the first time in Sri Lanka. Through value addition, the local ice cream industry went from producing approximately 12 million litres in 2002, to a thriving market of approximately 80 million litres per annum, with our brands commanding over 40% of the market share. Our success in the dairy business led us to acquire Kotmale 8 years later in 2010. At the time a small value-added dairy company, Kotmale has since evolved to become the largest value-added dairy company in the country today.



Dairy facility
in Banduragoda



KIST processing
facility in Katana

We also acquired the KIST business in 2002, one that was primarily manufacturing jams, cordials, and sauces. While we maintained and developed the existing product lines, we introduced fruit nectars to the market shortly after the acquisition, completely turning around the KIST business. Our innovative approach of producing fruit-based beverages with fruits that are native to Sri Lanka has established KIST as the largest fruit-based beverage company in the country today. Subsequently, we acquired a water bottling plant and also introduced energy drinks and carbonated drinks to our portfolio, making KIST a fully-fledged beverage company.

We understood the unparalleled knowledge and expertise accumulated over decades of operation were valuable intangible assets to the organisation, and wished to save, share and transfer this knowledge among our growing network of employees made largely of the youth of this country. In 2005, we set-up the Albert A. Page Institute (AAPI), which eventually evolved into the training academy for our team, professionalising and upskilling youth in the food retail industry. We introduced courses and accreditations from the US-based Independent Grocers Alliance (IGA), exposing our team to global training standards and certifications.

Scholarship distribution
ceremony of the Sarubima fund

In 2008, we set up the Sarubima fund, a dedicated farmer welfare fund to support our agri and dairy farmer network. Over the years, the Sarubima Fund has evolved into a large entity through which Cargills empowers farming communities by providing educational scholarships for children, resources for up-skilling and professional advancement, credit insurance for farmers, and investment in local infrastructure.

We became the first private enterprise to venture into the Northern Province in 2004 with the opening of the Cargills Food City Express in Vavuniya. Three years later in 2007, we opened our first outlet in Trincomalee, becoming the first private company to commence operations in the Eastern Province. After the end of the civil war, we accelerated our investments in the North and East, with the intention of building sustainable livelihoods for the communities in the region. We established retail outlets as well as a processing facility in Kilinochchi, which expanded the market for farmers and suppliers in the region. We also set up vegetable and milk collection centres

and made substantial investments in logistics to link the agricultural community of the North and East with markets across the country. In 2013, we established the first shopping and entertainment complex in the North with the Cargills Square mall in Jaffna. Through this initiative, we were able to take an international franchise to the North for the first time by setting up a KFC restaurant.

First conceptualised in 2011, the Cargills Bank was launched in 2014 with a vision to be the most inclusive bank in the country by leveraging the distribution and brand strength of Cargills. Access to credit was one of the key challenges highlighted during our 1999 encounter with farmers. With the opening of the Bank, farmers as well as small and medium entrepreneurs who face significant challenges in accessing credit were provided with some much-needed financial assistance. With access to the extensive Cargills Food City network through an Agency Banking arrangement, the Cargills Bank provides added convenience and banking hours to customers. The bank benefits from the numerous partners and touchpoints across the Cargills Group including farmers, customers, distributors, general trade shops, service providers, suppliers, and team members.



KIST Killinochchi processing facility and Cargills Square mall Jaffna



A customer making a banking transaction at a Cargills Retail outlet

In 2018, we established the Cargills Foundation to create sustainable value and impact in areas beyond our core businesses. The Foundation's first initiative, the Early Childhood Education (ECE) programme, commenced in 2019, to address an identified need to advance preschool education in Sri Lanka. The ECE programme uses a blended learning approach to expose preschool-aged children to English as a second language, along with the basic concepts of STEAM (Science, Technology, Engineering, Arts and Mathematics).

When the pandemic struck in 2020, we were faced with a new set of challenges. While our first priority was to build the confidence of our team, we quickly re-engineered our business model to facilitate online orders and deliver essential goods to our customers. This led to the launch of our e-commerce business Cargills Online. During this period, we also introduced the first supermarket on wheels - a container filled with essential goods fitted to a truck-taking the supermarket to the customer's doorstep.



Cargills Foundation's Early Childhood Education programme for preschools



Cargills Online e-commerce delivery fleet



Along this journey, we have grown our reach and scale across the country while remaining firmly committed to environmental sustainability. As a leading player in the FMCG sector, we have pioneered plastic recycling initiatives, such as the “Paving with Plastics” programme where we use Plastic Modified Asphalt Concrete (PMAC), made from non-recyclable waste plastic from our processing facilities, to pave car parks. We are also the first in the dairy industry in Sri Lanka to undertake a voluntary assessment of our carbon footprint, reaffirming our position as a responsible manufacturer.

2023 marked the 40th year of our supermarket business, another major milestone in our journey as we further secure our position as the largest consumer retailer in Sri Lanka. We also opened our state-of-the-art distribution centre

to support the expansion plans of the company and to streamline our logistics. The distribution centre will support several hundred suppliers, including small and medium enterprises, and access markets across Sri Lanka.

In 2024, Cargills enjoyed the benefits of digitising the agriculture supply chain from farmgate to fresh distribution centre, automating processes, increasing efficiencies as well as supply chain traceability. This digital transformation provides Cargills with data-backed knowledge on farmers, their crops, harvesting dates and produce quantities among other information to better manage supply and demand of produce across the country. We also partnered with USAID initiative CATALYZE to pilot a farming project for climate-resilient, high-quality tomatoes with great potential for scalability. This year also marked the launch of the Knuckles glass bottle range on World Water Day, and the successful completion of the ‘Breath of Life’ initiative where the Group planted a total 10,000 trees across multiple operating locations. A total of 44 Cargills Retail stores are now equipped with solar installations, with plans to add more locations to the multi-site network. We continue to monitor and control our carbon emissions, and contribute towards achieving larger national, regional and global sustainability targets.



First ever car park in Sri Lanka built with Plastic Modified Asphalt Concrete (PMAC) in Walgama, Southern Sri Lanka



The Cargills distribution centre in Katana

Our journey from an upmarket department store to a leading food company has impacted communities across the country. While the journey ahead will undoubtedly have its own set of trials and tribulations, we will remain firmly committed to our philosophy of building people and communities and taking hope where it is needed the most.

“Today we are more than a retailer, more than a manufacturer, we do more than buy, sell and produce. We build people and communities and take hope to where it is needed the most. Today we are proud that CSR is our BUSINESS”

- Ranjit Page - Deputy Chairman/CEO of Cargills (Ceylon) PLC, at the World Bank, Washington DC, “Building effective Public-Private Partnerships” forum, 2007

OUR LEGACY

14

Cargills
(Ceylon)
PLC
Annual
Report
2023/24



1844

Mr William Milne and Mr David Sime Cargill started a warehouse, import and wholesale business in Colombo, which later became known as the "House of Cargills".



1946

The House of Cargills officially became incorporated as a Public Limited Liability Company.



1981

Ceylon Theatres acquired a controlling interest in Cargills under the leadership of the late Mr Albert A. Page.



1999

Established the first fruit and vegetable collection centre in Hanguranketha, marking the beginning of the direct sourcing model with smallholder farmers.



1996

Cargills secured the franchise licence of the vastly popular international Quick Service Restaurant chain "KFC" and introduced it to the Sri Lankan market.



1993

Cargills invested in its first manufacturing facility with the acquisition of the "Goldi" meat processing facility.



1983

Cargills established its first supermarket at Staple Street in Colombo, under the "Cargills Food City" brand.



2002

Cargills entered the dairy industry with the acquisition of an ice cream facility in Banduragoda and launched the dairy ice cream brand “Magic”. Cargills started the dairy farmer outgrower programme to support the collection of fresh milk. Cargills also diversified into agri-processing with the acquisition of the food brand “KIST” that same year.



2008

Cargills Sarubima was modelled after the fair-trade concept of investing back into the communities.



2010

Cargills acquired the dairy brand “Kotmale” to further expand the dairy business and entered the confectionery market with the acquisition of a biscuit facility.



2017

Expanded the Kotmale Dairy plant, making it Sri Lanka’s first fully integrated dairy processing facility.



2014

Cargills Bank officially commenced operations, marking our entry into the financial services sector.



2013

Cargills secured the franchise licence for TGI Fridays and opened the first restaurant in Colombo. The Company also launched the first Cargills Square mall in Jaffna.



2022

Launched the Cargills AAPI e-learning platform for training and development of team members. Opened the 500th Cargills Food City Outlet.



2023

Opened the state-of-art distribution centre in Katana and ventured into fuel retail with Lanka IOC. Opened the Katubedda and Bandarawela Cargills Square malls.

2024

- Initial Public Offering of Cargills Bank PLC on the Colombo Stock Exchange. Opened a new convenient food facility in Ja-Ela.
- Launched the pioneering “Charge While You Shop” initiative with 18 charging units for Electric Vehicles at 6 Food City outlets



2018

Cargills unveiled its first gourmet specialty supermarket “Cargills Food Hall” at the Colombo City Centre Shopping Mall.



2019

The Cargills Foundation was established to oversee the social development initiatives of the Group. Expanded the Kotmale Cheese processing plant.



2020

Launched Cargills Online, the Group's e-commerce platform.

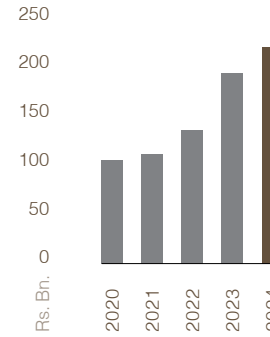




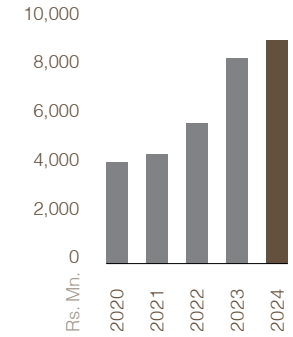
FINANCIAL HIGHLIGHTS

2023/24

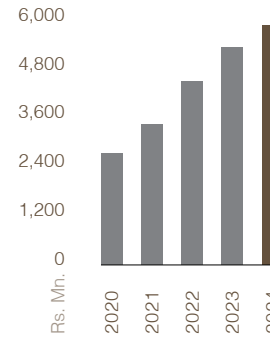
**Revenue –
Group**



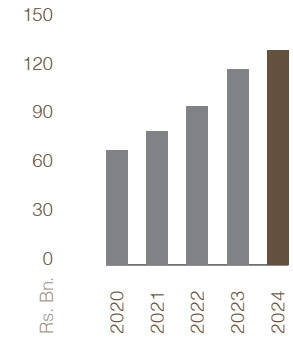
**Profit before
taxation – Group**



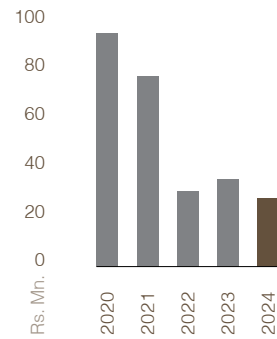
**Profit after taxation –
Group**



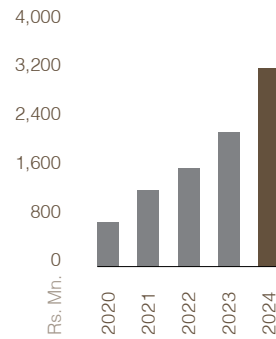
**Total assets –
Group**



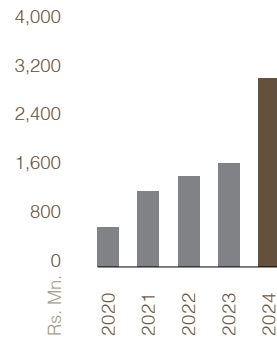
Revenue – Company



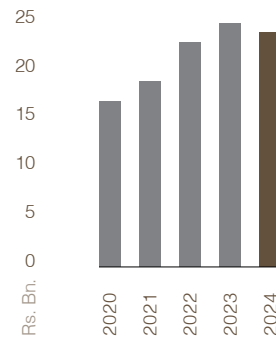
Profit before taxation – Company



Profit after taxation – Company



Total assets – Company



	Group			Company		
	2024 Rs. '000	2023 Rs. '000	Change %	2024 Rs. '000	2023 Rs. '000	Change %
Operations						
Continuing Operations						
Revenue	223,440,484	195,617,899	14.22	28,528	36,062	(20.89)
Profit from operations	13,512,745	13,759,535	(1.79)	3,728,723	2,908,892	28.18
Profit before taxation	9,245,923	8,516,642	8.56	3,290,784	2,226,541	47.80
Profit after taxation	5,936,119	5,380,845	10.32	3,123,421	1,712,886	82.35
Financial Position						
Non-current assets	88,953,625	82,676,336	7.59	20,253,629	20,165,941	0.43
Current assets	44,201,004	38,110,346	15.98	3,355,599	4,707,285	(28.71)
Current liabilities	67,818,127	59,656,935	13.68	8,611,171	8,028,976	7.25
Non-current liabilities	29,014,041	30,211,940	(3.96)	3,253,286	4,963,394	(34.45)
Capital and reserves, minority interest and other equity	36,322,461	30,917,807	17.48	11,744,771	11,880,856	(1.15)
Per share data (Rs.)						
Basic earnings per share	22.85	20.82	9.71	12.12	6.65	82.35
Dividends per share	13.00	8.50	52.94	13.00	8.50	52.94
Net assets per share	125.86	105.08	19.78	45.58	46.11	(1.15)
Market value per share	360.00	233.00	54.51	360.00	233.00	54.51
Cash Flow						
Net cash generated from/(used in)						
- Operating activities	12,785,332	7,580,046		46,809	(3,028,943)	
- Investing activities	(4,999,152)	(9,469,239)		4,661,015	3,137,753	
- Financing activities	(5,739,795)	2,378,614		(4,539,933)	(238,431)	

BUSINESS IMPACT HIGHLIGHTS

2023/24

¹ <https://brandirectory.com/rankings/sri-lanka/table>

² <https://www.cargillsceylon.com/awards/>



TRUSTED BRAND LEGACY

AAA- Brand

Cargills Food City among the Top 10 brands in Sri Lanka with a brand value of USD 51 Mn. and AAA-Brand rating¹

Brand of the Year

Cargills Food City voted Supermarket Brand of the Year by consumers at SLIM-KANTAR People's Awards in March 2024, for the second consecutive year².



PEOPLE DEVELOPMENT

11,335

permanent employees

6,687

new jobs created

50:50 gender equality achieved at Group level

7,981

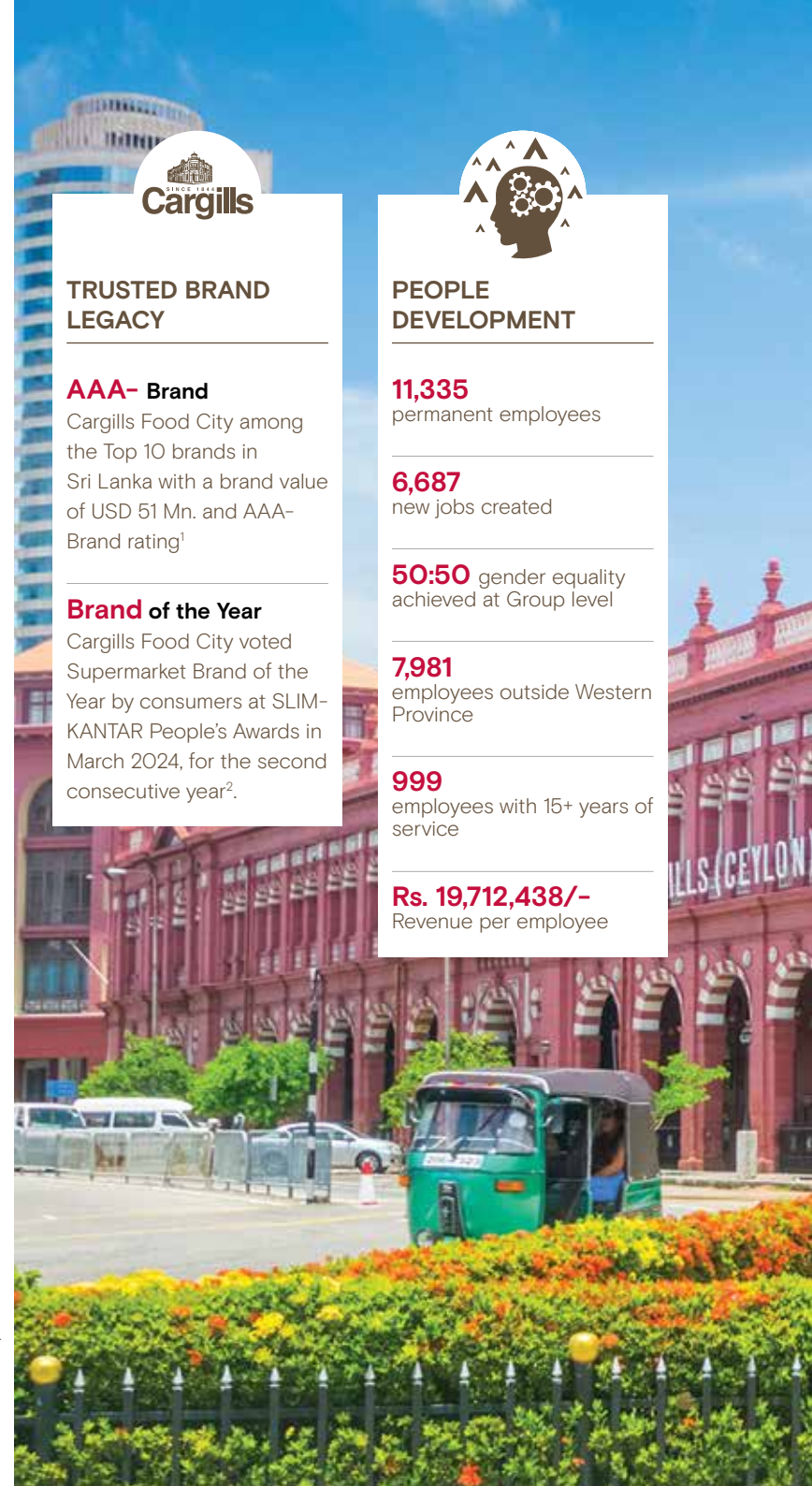
employees outside Western Province

999

employees with 15+ years of service

Rs. 19,712,438/-

Revenue per employee





REDUCING THE COST OF LIVING

18 new Cargills Food City outlets opened, bringing the total to **529** outlets

Only supermarket chain present across **all 25 districts** in Sri Lanka

Lowest price for high quality produce and essential consumer goods among all local supermarket chains



ENHANCING YOUTH SKILLS

6,508 new students and **475 preschool teachers** onboarded to the Early Childhood Education (ECE) Programme

163 new preschools added to the Cargills ECE programme

1,239 teachers trained through the ECE programme

Reached over **1,000+** children in **33** preschools through the newly launched **Cargills Kids Garden**

Partnered with state universities to support R&D



BRIDGING REGIONAL DISPARITY

Over **Rs. 19.9 Bn.** in **direct income** generated for agri and dairy farmers

Rs. 22,484,535/- invested in **community development** projects

1,167 SMEs registered under the **Village to Home** entrepreneurship development programme

Rs. 31,114,744/- invested in **dairy farmer development** through Cargills Bank

Rs. 8,537,064/- invested in **community meals** programmes



HEALTHY, SAFE AND AFFORDABLE NUTRITION

220 MT of **GAP-certified Good Harvest** produce purchased and delivered to the market

208 MT of **agrochemical free BeeSafe** produce purchased and delivered to the market

47.5 MT of **Organic Rice** purchased and delivered to the market

64 million litres of **fresh milk** procured and delivered to the market

13 food and beverage options introduced to mass market



PLAYING OUR PART FOR THE PLANET

5,742,509 kWh of **renewable energy** generation with **Rs. 1,191 Mn.** in investments

70 megalitres of water recycled

130 MT of **waste plastic** recycled

166 MT **waste oil** collected for conversion to bio diesel

Successfully completed **"Breath of Life"** initiative by **planting 256 trees** to bring the total to **10,000**

EMPOWERING GROWTH AND RENEWAL IN SRI LANKA

Dear shareholder,

**I am pleased to share the
Annual Report and Financial
Statements of Cargills (Ceylon)
PLC for the year ended
31 March 2024.**

Renewed Hope of a Brighter Sri Lanka

This past year has been pivotal for our nation. We have witnessed a notable improvement in our economy, marked by a resurgence of confidence among both local and international stakeholders. It is imperative now that we sustain this positive momentum and remain steadfast in our commitment to the trajectory we have charted, implementing much needed reforms to our economy. Just a year and a half ago, the prevailing sentiment was one of despair, with little hope for a turnaround. Yet, through collective effort, we have emerged resilient.

Despite these strides, a sense of disillusionment persists among our youth, contributing to brain drain and talent loss. It is incumbent upon us to devise mechanisms for their reengagement. Restoring faith in our institutions and elected officials is pivotal in this endeavour. Transparency and accountability, particularly in the allocation of taxpayer funds, will be instrumental in rebuilding this trust. Stronger governance frameworks and anti-corruption laws will be crucial to attract more foreign direct investment into the country.

Commitment to Nation Building

Cargills remains committed to building back Sri Lanka. Over the years, we have proven that our commitment is not limited to words. During the last 4 years, despite the multiple crises we faced as a country, the Group has invested over Rs. 30 Bn. back into the economy. This includes substantial contributions to infrastructure development, such as the establishment of new supermarkets, restaurants, shopping malls, agricultural facilities, milk chilling centres, and logistics. Our belief in Sri Lanka's resilience has been affirmed by our collective efforts and the tangible progress we have witnessed. Additionally, we are proud to have contributed over Rs. 20 Bn. to our farmer community through direct purchases during the reporting period.

Central to our ethos is the principle of inclusive growth. We continue to invest in our community of farmers and partners, ensuring a fair and sustainable marketplace. Initiatives like the Cargills "Village to Home" programme have empowered over 1,100 small business owners since its inception four years ago, while our ongoing digitalisation efforts enhance supply chain transparency and efficiency, benefiting all stakeholders.

“Cargills remains committed to building back Sri Lanka. Over the years, we have proven that our commitment is not limited to words. During the last 4 years, despite the multiple crises we faced as a country, the Group has invested over Rs. 30 Bn. back into the economy. This includes substantial contributions to infrastructure development, such as the establishment of new supermarkets, restaurants, shopping malls, agricultural facilities, milk chilling centres, and logistics.”

Business Performance

During the year under review, the Group recorded a revenue of Rs. 223,440 Mn., a 14.2% year-over-year (YoY) increase. EBITDA increased to Rs. 20,185 Mn., recording a growth of 2.5% from the previous year. Profit After Tax (PAT) was Rs. 5,936 Mn., marking a 10.3% YoY increase. Though revenue recorded healthy growth, EBITDA margins were impacted by upward revisions to the Value Added Tax (VAT) and electricity tariffs. The latter significantly impacted operating costs, especially in the Retail and Dairy sectors, which rely heavily on refrigeration and an extensive cold chain. Our brands took every possible step to limit price increases and the Management tried to recover the impact of higher costs through volume growth and productivity improvements. However, subdued demand conditions across the country meant that revenue growth was insufficient to offset all the rising costs. PAT improved due to lower net finance costs and a favourable gain in the fair value of the Group's investment properties.

Finance costs declined during the year as market interest rates fell following several rate cuts by the Central Bank, reflecting the improved macroeconomic stability in the country. The Group's net debt remained steady, and our ability to service the debt remains healthy, supported by strong operating cash flows.

The Group declared an interim dividend of Rs. 4.50 per share for the reporting period, paid on 27 November 2023. This represents an increase from the interim dividend of Rs. 3.50 per share in the previous financial year. Subsequent to the reporting period, the Board of Directors proposed a second interim dividend of Rs. 10.50 per share for the reporting period, which was paid on 19 June 2024, up from the second and final dividend of Rs. 8.50 per share in the previous financial year.

Looking Ahead

During the past year, we had made a strategic decision to slowdown expansions, given the uncertain operating environment and the high interest rates that prevailed at the start of the financial year. With renewed optimism in the economy and a gradual pickup in consumer sentiment coupled with single digit interest rates, we will look to accelerate our expansion plans during the ongoing financial year. Capital investments will focus predominantly on the expansion of our retail stores, restaurants, Cargills Square malls, and digitalisation initiatives across the supply chain.

Our focus remains on driving business growth and market share through increased volumes across all sectors. We aim to enhance profitability and margins through improved procurement strategies, efficient working capital management, productivity enhancements, and optimal capacity utilisation. The anticipated benefits of the March 2024 electricity tariff reduction, effective from April 2024, are expected to further bolster margins.

I am also pleased to note that Cargills Bank PLC had a very successful initial public offering (IPO) on the Colombo Stock Exchange earlier in the year. As promoters, we remain firmly committed to supporting the bank in achieving its objectives, as set out during the inception of the bank in 2014.

Appreciation

I extend my heartfelt appreciation to Mr Priya Edirisinghe and Mr Errol Perera, who tendered their resignations during the year under review, in compliance with the revised corporate governance requirements of the Colombo Stock Exchange. Their contributions have been invaluable to our Company's growth. Mr Edirisinghe has been a vital part of our Group since 1994, serving in various capacities over his three-decade-long tenure, including as Deputy Chairman from 1998 to 2000. Mr Errol Perera joined the Board in 2002 and also served on the Audit and Related Party Transactions Review Committees. Following the end of the reporting period, Mr Sanjeev Gardiner resigned from the Board in compliance with the revised corporate governance requirements of the Colombo Stock Exchange. I take this opportunity to thank him for his contributions to the Group since 1994. I wish them all continued success in their future endeavours.

Mr Asoka Pieris, who led the Cargills Retail sector as its Managing Director, resigned from the Board effective 6 June 2024, to take up his new appointment as the Chairman of Cargills Bank. I extend my gratitude to Mr Pieris for his invaluable guidance to our Retail sector during a tumultuous five years, marked by the COVID-19 pandemic and the economic crisis. I am confident that in his new role, he will play an essential part in connecting Cargills Bank with the Group's vast ecosystem to leverage its synergies effectively.

It is with great pleasure that I welcome our new Directors, Dr Dushni Weerakoon and Mr Ganesan Ampalavanar. Dr Weerakoon, an esteemed economist and thought leader in Sri Lanka, brings a unique perspective to our Board while Mr Ampalavanar brings with him a wealth of experience in the corporate world, having given leadership to Nestle in 3 countries – Vietnam, Indonesia, and Sri Lanka. I am confident that their insights and diverse expertise will add considerable strength to our leadership as the Company looks at further expansion.

I am immensely grateful to our dedicated team for their unwavering commitment and energy, and for their belief in the Cargills philosophy and the future of Sri Lanka. To our shareholders, thank you for your continued trust and support. To our customers and partners, we deeply appreciate your confidence in Cargills. Lastly, I extend my sincere appreciation to my esteemed colleagues on the Board for their guidance and collaboration in steering our Company towards continued success.

Together, let us continue to build a brighter future for Sri Lanka.

(Signed)

Louis Page

Chairman

10 July 2024



RESILIENCE AND ADAPTABILITY AMIDST A CHALLENGING ENVIRONMENT

“The Management remains focused on driving business growth and market share through increased volumes across all sectors. We aim to enhance profitability and margins through improved procurement strategies, efficient working capital management, productivity enhancements, and optimal capacity utilisation. The anticipated benefits of the March 2024 electricity tariff reduction, effective from April 2024, are expected to further bolster margins.”

External Environment and the Economy

The Sri Lankan economy experienced a noticeable improvement in 2023, marked by a renewed sense of stability and a sense of optimism. Despite a 2.3% contraction for the year, there was a steady rebound with Q3 and Q4 growth rates of 1.6% and 4.5%, respectively, and 5.3% growth in Q1 2024. This recovery was driven by measures from the Government and the Central Bank of Sri Lanka (CBSL) aimed at restoring macroeconomic stability, despite short-term hardships such as higher taxes and increased energy and utility prices. Consumer spending has gradually picked up, supported by a rapid disinflation process.

Improved global and local supply conditions, the strengthening of the Sri Lankan rupee, and a high base effect from the previous year saw inflation decrease significantly during the year. The National Consumer Price Index (NCPI) based inflation, which peaked at 73.7% in September 2022, fell to 33.6% by April 2023 and further to 2.5% by March 2024. However, prices of most raw materials and consumer goods remain significantly higher than levels seen prior to the economic crisis in 2022. As inflation eased, the CBSL cut interest rates, resulting in a substantial decline in market interest rates. This was facilitated by the successful finalisation of the domestic debt restructuring programme, reducing risk premiums on government securities. The anticipated finalisation of the debt restructuring deal is expected to boost the economy and attract foreign investment.

Improved foreign currency inflows supported by tourism earnings which almost doubled in comparison to 2022, increased remittance income, and reduced import demand led to a surplus of the external current account during 2023. The revival of tourism has significantly boosted the economy, stimulating growth in associated sectors and cottage industries. The gradual phasing out of import restrictions, which were imposed in 2022 during the foreign exchange crisis, further supported economic recovery.

Favorable weather conditions led to a strong Maha harvest in 2023, helping to lower fresh produce prices. With over 25% of the labour force employed in agriculture related activities, the sector is a key driver of the rural economy which was the hardest hit by the economic crisis. Inclement weather in late 2023 caused a temporary surge in prices of agriculture produce at the start of 2024, though prices have since stabilised.

On the fiscal front, Sri Lanka achieved a surplus in the primary account, as government revenues exceeded expenditure. The 2024 Government Budget presented in November 2023 outlined a path of fiscal consolidation to meet IMF Extended Fund Facility (EFF) targets. To increase government revenue further, the Value Added Tax (VAT) was raised from 15% to 18% in January 2024, and VAT exemptions on certain products and sectors were removed. The IMF approved its second review under the EFF programme, paving the way for the country to receive the third tranche of around USD 330 Mn. in the coming months.

Operational Review

1. Retail

We concluded the year with a total of 527 stores, marking the addition of 18 new stores. Among these, we inaugurated our second Cargills Food Hall at the Havelock City Mall, enhancing our customers' experience with a unique gourmet shopping environment. During the year under review, we also entered into a strategic partnership with Lanka IOC to operate 2 fuel stations at existing locations. This new venture has proven to be a success, and we are exploring further opportunities to expand this partnership to add more convenience for our customers.

The Retail segment achieved a robust revenue growth of 14.8%, with same-store sales increasing by 12.2% YoY. This growth was driven by an increase in footfall and an increase in volumes as prices decreased and inflation stabilised in the mid-single digits, from Q2 onwards. The increase in footfall can be attributed to better product availability, a shift of customers from general trade to modern trade, and more frequent visits by existing customers who opted to break up their purchases to manage their budgets better. Notably, revenue growth in Q1 was mainly driven by higher basket sizes due to inflation, which was in the double-digits though on a downtrend trend. Consumers continued to seek savings and promotions, prioritising spending on essential goods, though there was a noticeable increase in non-essential purchases compared to the previous year.

Our three-format strategy-comprising Cargills Food City supermarkets, Cargills Express convenience stores, and the Cargills Food Hall gourmet stores – enables us to cater to diverse markets and demographic segments with tailored product offerings and experiences. Maintaining competitive pricing and convenience remains our top priority, reflected in our consistent delivery of best prices across a broad spectrum of products throughout the year. Leveraging our extensive island-wide fresh produce collection network and robust cold chain infrastructure, we continued to strengthen the penetration of our fresh categories.

During the year under review, there was a significant impact to profitability from the increase in overhead costs, particularly electricity. However, we have implemented several measures to mitigate these impacts. Notable among them is the accelerated rollout of solar installations across our stores, demonstrating our commitment to sustainability and cost efficiency. Net finance costs for the Retail segment increased due to a lower base last year, attributed to interest capitalisation related to our new Distribution Centre. Adjusting for this, lower interest rates and improved working capital management contributed to a reduction in overall finance costs.

2. FMCG

The Group's FMCG sector which is engaged in food and beverage manufacturing displayed resilience and adaptability during the year, recording steady growth. Though some input costs stabilized on account of improved supply conditions and stability in the currency, this benefit was offset by the increase in the VAT (from 15% to 18%) and higher overheads.

2.1 Dairy

The Dairy category, comprising two leading national brands – Magic and Kotmale – continued to strengthen its market positions in the ice cream and value-added dairy categories, respectively. Despite facing challenges such as inclement weather during Q3 and the removal of the VAT exemption on locally produced dairy products from January 2024, the category recorded robust growth, bolstered by the strength of our brands and our extensive distribution network. Volumes experienced promising growth despite the improved availability of imported dairy products, which had limited availability during the previous year due to import restrictions.

Throughout the first nine months of the financial year, price increases were kept minimal. However, selective price increases were necessary starting in January 2024 to mitigate the impact of the VAT introduction (18%). Despite these price increases, our portfolio saw volume growth during Q4.

“The Retail segment achieved a robust revenue growth of 14.8%, with same-store sales increasing by 12.2% YoY. This growth was driven by an increase in footfall and an increase in volumes as prices decreased and inflation stabilised in the midsingle digits, from Q2 onwards.”

The prolonged monsoon rains of 2023 were favourable for milk production, leading to increased milk collection and solidifying our position as the leading collector of fresh milk in the country. To enhance our milk collection operations, we launched a digitalisation programme for the supply chain, automating the milk collection process. This initiative is expected to improve farmer engagement and increase transparency. Our milk development efforts continued as in previous years, with our dairy extension officers working closely with smallholder dairy farmers to improve milk quality and yields.

Profitability was impacted during the reporting period, on account of increased overheads and the removal of the VAT exemption. The latter had a substantial impact on profitability. Numerous productivity optimization measures were taken and the investment in a biomass boiler brought substantial savings.

2.2 Beverages

The beverages category comprises KIST nectars and juices, Knuckles water, and the RIDE energy drink. The category recorded encouraging growth during the year, overcoming challenges from sluggish consumer demand. The performance of ready-to-drink nectars and juices were impacted in Q3 due to inclement weather but recovered in Q4 to record strong growth.

Nectars are the leading contributors to sales in this category, followed by RIDE. During the year under review, we made a strategic decision to discontinue the Fun B flavoured fruit drink range and rationalize slow-moving SKUs. We placed greater focus on driving the RIDE energy drink, which has experienced strong sales momentum.

Knuckles Water, bottled at source from a natural spring in the highlands of Sri Lanka, now comes in two different types of bottles: PET and a new glass bottle. The new glass bottle is specifically designed to cater to the HORECA (Hotel/Restaurant/Café) channel.

2.3 Culinary

The culinary range includes a variety of jams, sauces, and flavor enhancers under the KIST and Festiva brands. During the year under review, we introduced a new range of sauces in easy-to-use squeezable bottles. In line with our other FMCG portfolios, we rationalised slow-moving SKUs and improved the product mix to focus on categories with greater potential and profitability.

Going forward, spices and flavor enhancers will be marketed under the Festiva brand. Alongside jams and sauces, the new chicken seasoning powder will be a key driver of this category, catering to both retail and HORECA (Hotel/Restaurant/Café) channels.

2.4 Confectionery

The confectionery category experienced a significant contraction in volumes during the year under review, primarily due to price hikes implemented in the previous year. This trend was consistent with the wider confectionery and biscuit market. Although prices of certain SKUs were revised downwards during the year, this adjustment was insufficient to fully recover the lost volumes.

However, we are pleased to report a gradual improvement in category performance in the final few months of the year, a trend that is likely to continue into financial year 2024/25. Our focus remains on driving value-added confectionery products, including wafers, chocolate-coated biscuits, cookies, and the Olo range.

2.5 Convenience Food

The convenience food segment faced demand-side challenges due to declining prices of seafood and fresh meat. However, the Management Team effectively addressed these concerns by leveraging our distribution network to grow both topline and profitability. To support consumer affordability and drive sales, smaller pack sizes were introduced at lower price points.

Total sales and volumes improved during the year, while profitability improved due to declining input costs, despite higher cold chain costs resulting from increased electricity tariffs. During the year, we opened a new production facility adjacent to our existing plant to support our expansion plans. The addition of the new plant and the anticipated halal certification will help us cater to new markets both locally and overseas.

3. Restaurants

We closed the year with 72 restaurants, with the addition of 9 new KFC outlets. It is noteworthy to highlight that many international restaurant brands across the world have faced a setback due to geopolitical factors, resulting in slower sales growth. KFC Sri Lanka also faced similar challenges from these geopolitical factors.

Despite these challenges, same-store sales recorded 14% YoY growth. We are pleased to report that we did not implement any menu price increases during the first nine months of the financial year, which helped drive footfall to our restaurants. To mitigate the impact of the higher VAT rate, rising input costs and higher overheads, selective price increases were made during Q4. Despite this, KFC Sri Lanka remains the most affordable global franchise chain in the country. We also continued to directly import certain key raw materials to gain a cost advantage and improve profitability. The TGI Fridays restaurant also recorded a commendable performance.

4. Real Estate

We opened two new malls during the year in Katubedda and Bandarawela, both of which have been well-received by customers. The occupancy at all 5 locations have been encouraging, with Jaffna, Katubedda, Bandarawela, and Gampaha recording near 100% occupancy. Despite the real estate segment's typically longer payback period compared to our other investments, the strategic positioning of these malls as anchor locations for our brands such as Cargills Food City and KFC contributes substantial synergies to the Group, underscoring the strategic value of these investments.

Sustainability

Sustainability lies at the core of our operations. We are dedicated to advancing sustainable agriculture practices, minimising our carbon footprint, and enhancing eco-friendly packaging and waste management systems. These efforts are driven by our commitment to safeguarding the environment for future generations and aligning with global sustainability frameworks.

As a proud signatory to the UN Global Compact (UNGC), we uphold its principles across our operations. Our commitment extends to aligning our strategies with the UN Sustainable Development Goals (SDGs), ensuring our initiatives contribute positively to global sustainability efforts.

In particular, we are pleased to highlight that throughout the year we intensified our transition to renewable energy by installing solar rooftops at 44 new locations. This initiative not only reduces our

reliance on conventional energy sources but also underscores our commitment to clean energy adoption. A comprehensive overview of the sustainability initiatives taking place across the Group are detailed further in the "Playing our part for the Planet" section of this Annual Report.

Governance

Transparency in governance is fundamental to the ethos of the Cargills Group. We uphold a strong commitment to our customers and communities, maintaining rigorous policies against bribery and corruption. Integrity is paramount, and we expect all team members to adhere strictly to our ethical standards. As a leading employer in the country, Cargills is dedicated to fostering an inclusive workplace where equal opportunities prevail for all employees, regardless of gender, ability, socioeconomic background, or beliefs.

Outlook

With renewed optimism in the economy and a gradual pickup in consumer sentiment, the Group will look to accelerate our expansion plans in the 2024/25 financial year. Capital investments will focus predominantly on the expansion of retail stores, restaurants, Cargills Square malls, and ongoing digitalisation initiatives across the Group. Our FMCG facilities have sufficient capacity at the moment, and we do not foresee the need to add significant capacity in the near term. Additionally, the Management may also consider exploring long-term funding opportunities given the current low interest rate environment.

The Management remains focused on driving business growth and market share through increased volumes across all sectors. We aim to enhance profitability and margins through improved procurement strategies, efficient working capital management, productivity enhancements, and optimal capacity utilisation. The anticipated benefits of the March 2024 electricity tariff reduction, effective from April 2024, are expected to further bolster margins.

The Management remains committed to reducing costs for consumers, who have faced significant challenges in recent years, by improving internal efficiencies and fostering increased food production in collaboration with farmers and producers nationwide.

Appreciation

In conclusion, I extend my sincere appreciation to our team, for their commitment to serve our customers and the wider community. I also wish to thank our partners and shareholders, for their continued trust in the Cargills brand.

Thank you,



Imtiaz Abdul Wahid

Group Managing Director

10 July 2024

A REVIEW OF OUR OPERATIONS

OPERATING
SEGMENTS

33

SHARED
SERVICES AND
CORE SYSTEMS

50

OPERATING SEGMENTS

Our commitment to providing affordable nutrition to Sri Lankans has led to decades of strategic investments in local agriculture, food processing, and retail. This has made Cargills the leading source for fresh produce, processed food, beverages, pharmaceuticals, and dry goods. Over the years, we have expanded our network of retail and dining establishments and enhanced our expertise in storage, warehousing, inventory management, delivery, and end-to-end logistics.

This year saw the Sri Lankan economy begin to recover from the previous year's challenges and supply chain disruptions. As headline inflation moderated and supply chain issues eased, Cargills efficiently maintained an uninterrupted supply of fresh food and goods. Despite higher power and fuel costs, we absorbed the increased operating expenses to keep prices low for consumers. Our focus remained on rebuilding markets, empowering farmers and local entrepreneurs, and driving grassroots activities to support Sri Lanka's economic recovery.

Food Retailing

Covering all 25 districts across Sri Lanka, Cargills Retail lays claim to Sri Lanka's most extensive modern retail (supermarket) presence, with 529 stores spread island wide. Cargills Retail (Pvt) Ltd. oversees the management of this operation, which benefits from a decentralised set up consisting of 13 Collection Centres for fresh produce, a fresh produce distribution centre, a seafood distribution centre, a state-of-the-art central Distribution Centre for packaged goods, and 24-hour delivery logistics inclusive of a cold-chain.

Produce collection centres

01	Nuwara Eliya	08	Dambulla
02	Bandarawela	09	Hanguranketha
03	Boralanda	10	Norochchole
04	Thambuttegama	11	Alaveddy
05	Thanamalwila	12	Nedunkerny
06	Ruwalwela	13	Kilinochchi
07	Thispane		

Distribution centres

01	Fresh Produce Distribution Centre - Wattala
02	Seafood Distribution Centre - Negombo
03	Central Distribution Centre - Katana



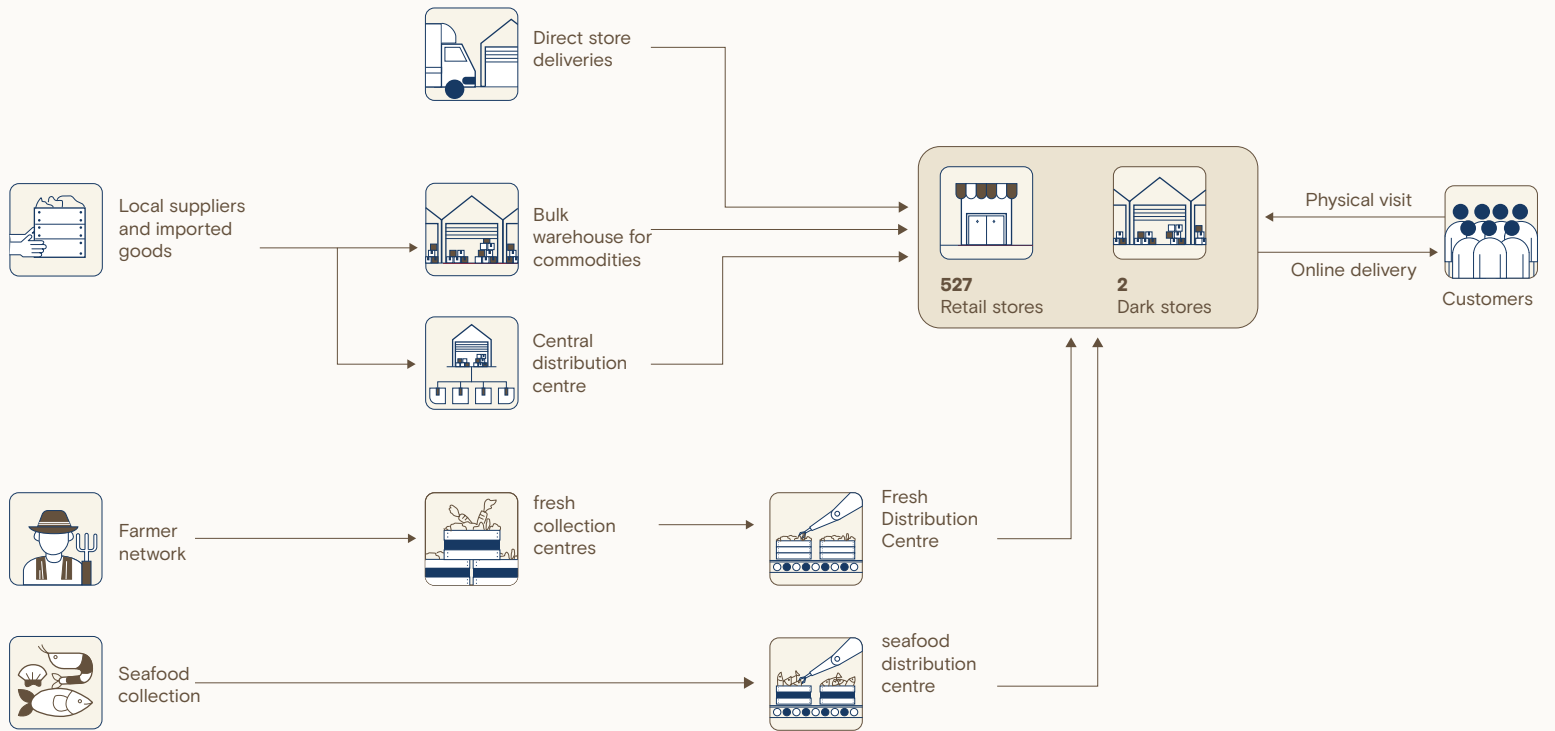


2023/24
Highlights

Format/brand	Description	Opened during FY 2023/24	Total
Cargills Food City	Modern retailing experience providing consumers access to high-quality, affordable produce, products and over the counter medicine	6	293
Cargills Food Hall	A gourmet supermarket experience with a café, bakery, salad and juice bars alongside live action stations	1	2
Cargills Express	A convenience store format, smaller stores stocked with everyday essentials	11	232
Cargills Online	The e-commerce platform which provides doorstep delivery of groceries to consumers	0	2
Total		18	529



RETAIL OPERATIONS



Cargills Online

Cargills Online, the e-commerce arm of the Cargills Retail sector, continued to grow its presence in the online market during the reporting period. Initially established to address pandemic-associated lockdowns and mobility restrictions, the Cargills Online web and mobile applications have since been upgraded to provide customers with more user-friendly functionalities and improved performance.

During the reporting period, the Cargills Online business vertical continued to operate through two dark stores to service online orders within the Colombo District and a slightly expanded service radius to adjacent cities. With a growing database of accrued customer data over the past few years, Cargills Online leveraged data analytics to launch a number of customised promotional offers and campaigns during the year in review, with increased reach and successful conversion rates that resulted in more online purchases. To improve the customer experience, we curate delivery schedules around the most convenient times for customers and ensure high quality after-sales service.

Cargills Online frequently conducts surveys such as Focus Group discussions and In-depth interviews, with the aim of gaining a better understanding of the online shopper's purchase patterns and sentiment. Conducting Focus Group discussions enabled a variety of answers and opinions to be aired regarding various discussion topics within the online grocery space. In-depth interviews provided more in detail feedback on features of the platform from user experience to product quality.

Food and Beverage Manufacturing

Comprising dairy products, convenience food products, beverages, confectionery, condiments, and culinary products, the Cargills manufacturing vertical has produced a number of much loved and highly demanded food and beverage brands over the years. These brands enjoy customer loyalty through the association of Cargills' own legacy brand, with the products widely distributed across Sri Lanka outside of the Cargills retail chain, reaching nearly 67,000 general trade stores and the HORECA (Hotels, Restaurants and Catering) sector island wide. Limited product volumes are also exported to the United States, the Europe, Middle East and Africa region (EMEA), as well as other countries in Asia.

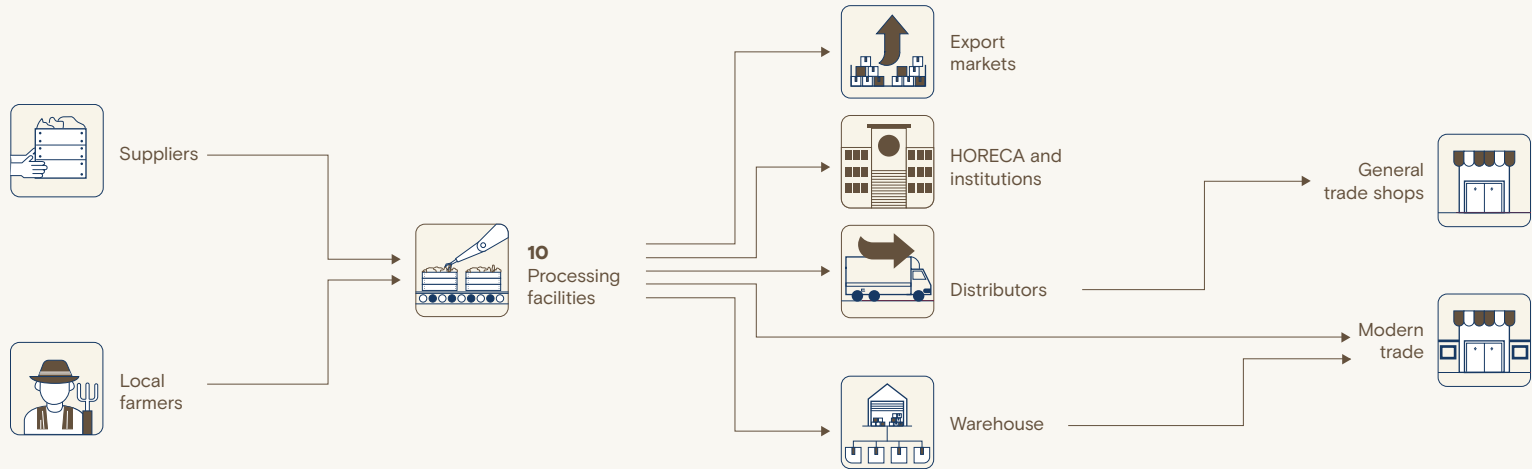
The Dairy network connects more than 15,000 dairy smallholder farmers through over 1,000 farmer societies and 40 Milk Chilling Centres. The collective food and beverage manufacturing operation is powered by 09 state-of-the-art production facilities located across the island.



**FOOD AND BEVERAGE
MANUFACTURING AND
DISTRIBUTION OPERATIONS**



21%



The Manufacturing Facilities

The Cargills food and beverage manufacturing plants form the nucleus of our production operation. All facilities adhere to industry-recognised compliance standards as well as government regulations that pertain to our manufacturing operations.

Dairy	KIST Product Range (Beverages, Confectionaries, Condiments, Spices, etc)	Convenience Food (Processed meat)
3 manufacturing plants in Banduragoda, Kelanimulla and Bogahawatte	5 manufacturing plants in Katana, Kilinochchi, Matale (Confectionaries), Knuckles (Water), Katana (Spices)	2 manufacturing plants in Ja Ela



Facilities	Standards	Brands	Products
------------	-----------	--------	----------

DAIRY

<p>1. Cargills Dairies (Private) Limited</p>	<ul style="list-style-type: none"> • Good Manufacturing Practices System (GMP) • Hazard Analysis and Critical Control Points System (HACCP) • ISO 9001:2015 Quality Management System • ISO 22000:2018 Food Safety Management System • ISO 14001:2015 Environmental Management System • FSSC 22000 Food Safety System Certification • Environment Protection License • Greenhouse Gas Verification Opinion • Halal Certification under GSO scheme from the Halal Accreditation Council (HAC) of Sri Lanka 	<p>Magic, Kotmale, Heavenly – most widely consumed dairy brands with market leading positions in the ice cream and value-added dairy sectors</p>	<ul style="list-style-type: none"> • Dairy Ice Cream • Fresh and Flavoured Milk • Yoghurt and Yoghurt Drinks • Curd • Cheese • Butter
<p>2. Kotmale Dairy Products (Private) Limited</p>	<ul style="list-style-type: none"> • ISO 22000:2018 Food Safety Management System (This certification incorporates regulatory and legal elements covered by HACCP and GMP certifications) • ISO 9001:2015 Quality Management System • Environment Protection License • FSSC 22000 Food Safety System Certification • Halal Certification under GSO scheme from the Halal Accreditation Council (HAC) of Sri Lanka 		



Facilities	Standards	Brands	Products
------------	-----------	--------	----------

BEVERAGE & CULINARY

3. Cargills Food & Beverage Limited	<ul style="list-style-type: none"> • ISO 22000:2018 Food Safety Management System • ISO 9001:2015 Quality Management System • Good Manufacturing Practices System (GMP) • Hazard Analysis and Critical Control Points System (HACCP) • SLS Mark Product Certification by the Sri Lanka Standards (SLS) Institute for: <ul style="list-style-type: none"> - SLS265 - Jams - SLS214 - Fruit cordials - SLS221 - Artificial cordials and flavoured drinks - SLS730 - Squash concentrates - SLS260 - Tomato sauce and Tomato ketchup - SLS835 - Chilli sauce and Hot chilli sauce - SLS729 - Ready to drink fruit beverages • Environment Protection License • Halal Certification under GSO scheme from the Halal Accreditation Council (HAC) of Sri Lanka 	KIST – one of the most trusted and long-established food brands in the country	<ul style="list-style-type: none"> • Jams • Sauces • Cordials • Fruit-based Nectars • Fresh Juices • Energy Drinks • Mineral Water • Condiments
4. CPC Lanka Limited (Water Bottling Plant)	<ul style="list-style-type: none"> • ISO 22000:2018 Food Safety Management System • ISO 9001:2015 Quality Management system • SLS Mark Product Certification by the Sri Lanka Standards (SLS) Institute for: <ul style="list-style-type: none"> - SLS894 - Bottled Drinking Water • Good Manufacturing Practices System (GMP) • Hazard Analysis and Critical Control Points System (HACCP) • Environment Protection License 	Knuckles Water	
5. CPC Lanka Limited (Spice Unit)	<ul style="list-style-type: none"> • ISO 22000:2018 Food Management System (This certification incorporates regulatory and legal elements covered by HACCP and GMP certifications) • Halal Certification from the Halal Accreditation Council (HAC) of Sri Lanka for Chicken Flavoured Seasoning Powder 	My Choice, Festiva, and KIST range of spices	



PROCESSED MEATS

<p>6. Cargills Convenient Foods Limited</p>	<ul style="list-style-type: none"> • ISO 22000:2018 Food Management System • ISO 9001:2015 Quality Management System • ISO 14001:2015 Environmental Management System • Good Manufacturing Practices System (GMP) • Hazard Analysis and Critical Control Points System (HACCP) • SLS Mark Product Certifications by the Sri Lanka Standards (SLS) Institute for: <ul style="list-style-type: none"> - SLS1218 - Goldi Chicken Sausages (Skinless) - SLS1218 - Goldi Chicken Meat Balls - SLS1218 - Goldi Supreme Chicken Sausages (Skinless) - SLS1218 - Sam's Chicken Sausages - SLS1218 - Sam's Meat Balls • Environment Protection License 	<p>Goldi, Sam's, Finest – Leading processed meats producer in Sri Lanka</p>	<ul style="list-style-type: none"> • Fresh and Processed Meats • Fresh and Processed Seafood • Ready to Eat Convenience Foods
-----------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------



Facilities	Standards	Brands	Products
------------	-----------	--------	----------

CONFECTIONARY

7. Cargills Confectionaries (Private) Limited

- ISO 22000:2018 Food Management System (This certification incorporates regulatory and legal elements covered by HACCP and GMP certifications)
- Environment Protection License
- Halal Certification under GSO scheme from the Halal Accreditation Council (HAC) of Sri Lanka

KIST, KIST Magic

- Biscuits and Confectionery



Restaurant Operations

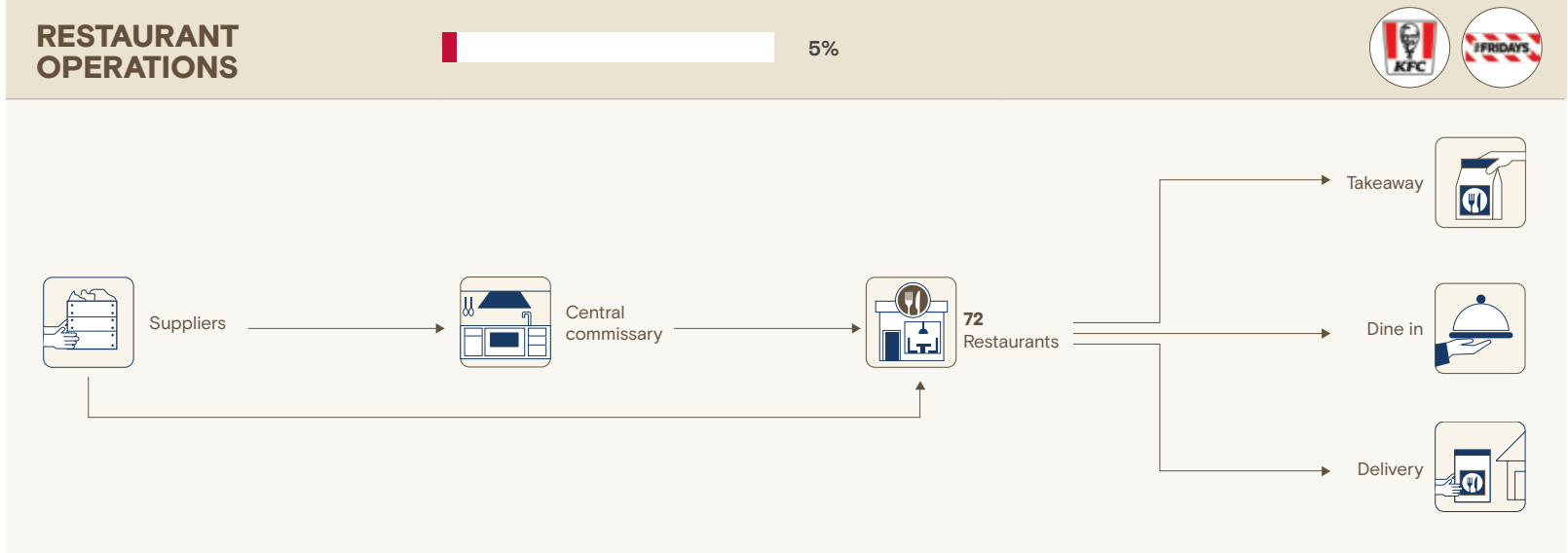
Opening the local market to international fast food and casual dining experiences, Cargills became the exclusive franchisee of Kentucky Fried Chicken (KFC) and TGI Fridays in Sri Lanka. With a total of 71 restaurants established across the country at the close of the year in review, KFC has strengthened its reputation as one of the most loved restaurant chains in the country since its introduction to the Sri Lankan consumer in 1996. The KFC Sri Lanka menu too, went on to evolve and add a fusion of localised items that have proven to be part of the chain's success with the Sri Lankan public, with some of the Sri Lankan-inspired dishes now added to the franchise's regional product catalogue. Cargills further expanded its restaurant operation in 2013 by acquiring franchise rights for TGI Fridays in Sri Lanka, meeting the growing demand in the country for a more internationally benchmarked casual dining experience.





2023/24
Highlights

Now present in all 9 provinces across Sri Lanka, Cargills further expanded the restaurant chain during the reporting period by adding restaurants in 9 new locations, and providing employment to over 900 Sri Lankan youth at the close of the year in review. In tandem with the evolving consumer trends in the post-pandemic era, the channel mix of the Cargills restaurants continued to be diversified, with delivery through our own fleet and third-party vendor partnerships providing greater contribution to overall business growth.



Financial Services

Cargills Bank was jointly established in 2014 with the aim of advancing financial inclusion among Sri Lanka's agrarian farming communities and micro-to-small businesses. Through the Cargills Bank network, these segments who are often overlooked by conventional banks due to the high-risk nature of their businesses, are able to access much needed financial resources, advice and assistance, and contribute positively to Sri Lanka's recovering economy.

Cargills Bank offers an extensive range of products and services including savings accounts, investments plans, credit/ debit cards, consumer loans, agriculture and microfinance, SME and business banking loans, and trade facilities. Customers can also avail of our digital banking services. Furthermore, Cargills Bank accounts can be accessed through Cargills Retail stores across the nation, providing ease of access and ultimate convenience to the customer.





FY2023 Highlights¹

Cargills Bank more than tripled its profit before tax of Rs. 730 Mn. for 2023 vs. Rs. 206 Mn. in the corresponding period last year. Total operating income grew 14% YoY to Rs. 4,875 Mn., driven mainly by a 39% growth in net fees and other income. Net interest margins contracted slightly during the year amid the declining interest rate environment in the second half of 2023.

Total operating expenses increased 23% YoY to Rs. 2,892 Mn. mainly on account of a 48% growth in other operating expenses amidst cost escalation in establishment and IT costs. Meanwhile, provision for impairment declined 42% YoY to Rs. 849 Mn., resulting in an operating profit before taxes of Rs. 1,135 Mn., up 145% YoY. Total liabilities of the Bank grew 31% YoY with total assets also increasing by 30%.

The agility, focus, and prudent management of liquidity and portfolio quality, supported by the extensive network and the opportunities embedded within the Cargills ecosystem saw the Bank record its highest-ever operational profit of Rs. 1,135 Mn. in FY2023.

Additionally, the Bank successfully completed its listing on the Colombo Stock Exchange in January 2024, despite an uncertain investment environment, with its initial public offering (IPO) receiving subscriptions of 3X the value offered. Following the listing, the Bank's capital base was augmented to Rs. 11.9 Bn., while an additional 2,000 shareholders were added to its shareholder base, which included longstanding farmers who have been suppliers to Cargills.

¹ <https://www.dailynews.lk/2024/04/09/business/487019/cargills-bank-records-30-growth-in-total-assets-in-2023/>

Real Estate – Cargills Square

The Cargills Square mini-mall concept was first introduced in 2013 – a property hosting Cargills Food City, KFC, and Ceylon Theatres as anchor tenants, with the objective of providing entertainment and shopping experiences outside the Colombo city limits, where there is a lack of family-friendly multifaceted development projects. These shopping and entertainment complexes are an investment for the youth of the country, to provide them with a safe and exciting place to enjoy themselves with family and friends.

The inaugural Cargills Square was opened in Jaffna in 2013, with its steady success leading to the opening of a second Cargills Square in Gampaha in 2017. The third Square located in Dematagoda was opened to the public in 2020.





2023/24

Highlights

The year in review saw the successful completion and opening of two new Cargills Square locations – in Katubedda and Bandarawela. The Cargills Square mall in Katubedda was completed and inaugurated in May 2023 and is a four-storey complex which includes a food court with multiple restaurants, retail spaces, and three cinema screens allowing for 2D and 3D viewing experiences².

The Bandarawela Square was declared open to the public in August 2023, creating a unique shopping and entertainment experience for the local community. A five-storey complex, the Bandarawela Square also houses a food court and retail shops and also includes two cinema screens for viewers to enjoy both 2D and 3D experiences³.

² <https://www.dailymirror.lk/print/business/Cargills-Square-Katubedda-inaugurated-with-an-investment-of-Rs-1-5bn/215-259731>

³ <https://island.lk/5th-cargills-square-opens-in-bandarawela-building-hope/>

SHARED SERVICES AND CORE SYSTEMS

We continued to consolidate and strengthen our support functions as shared services, to better serve our growing business operations, and ensure higher value service delivery. These shared service functions are supported by cutting-edge core systems that have also evolved during the past few years, benefiting the business by greatly improving efficiencies and productivity across the Cargills business.

SNAPSHOT

OF 3-YEAR PROGRESS

Fully-deployed new, end-to-end digitised, cloud-based Human Resource Information System (HRIS) with integrated payroll system, greatly increasing efficiencies and productivity

Migrated to new Distributor Management System (DMS) to effectively manage our growing distributor network

Initiated the rolling out of the end-to-end digitised Cargills Dairy Supply Chain system

Introduced new Sales Force Automation (SFA) system, automating repetitive tasks and boosting sales performance and productivity

End-to-end digitised and automated the Cargills Agriculture Supply Chain from farm to distribution centre, greatly increasing supply chain efficiencies, transparency, logistics and decision making

Enhanced functionality features on the Cargills e-Commerce platform to greatly improve user experience and online sales

Human Resources

The IT division completed the deployment of the new cloud-based HRIS (Human Resources Information System) during the year in review, meeting evolving HR needs across the organisation by automating and streamlining the HR process end-to-end, from hire-to-retain. The system is efficient, data-driven and highly scalable, allowing for Cargills to accommodate future growth plans of the Company's Human Resources.

The new system also streamlined the Payroll process at Cargills, which has resulted in a significant improvement of the payroll process including attendance verification, earnings and deductions, reconciliations, payroll processing, and reporting. All Cargills (Ceylon) PLC offices, factories, collection and processing centres, retail and restaurant outlets were equipped with biometric attendance capturing devices for both facial and fingerprint recognition. Printing of salary slips was discontinued from January 2024 onwards by providing digital salary slips to employees, minimising resource consumption for printing monthly slips.

The new HRIS system contributed greatly towards enhancing the employee experience and satisfaction levels, evidencing the success of the transition as well as the improved operational efficiency, compliance and productivity of the HR function.

The IT Division together with our local Microsoft partner facilitated a number of training sessions in 2023 on basic computing skills for employees, to better skill and equip them to improve their usage of Microsoft packages including MS Teams and MS Office.





Agri-Collection

Cargills successfully completed the end-to-end digitalisation and automation of the Cargills agriculture supply chain during 2023, from the supplying farmer network spread across Sri Lanka, to the nearest Cargills Fresh Collection Centre (FCC) located nationwide, and from there on to the Fresh Distribution Centres (FDC) for delivery. This modernisation of the process has greatly increased the end-to-end visibility and transparency of the Cargills agriculture supply chain, while also improving supply chain efficiencies.

The real-time data gathering has significantly improved land logistics as well as the monitoring of supply and demand, decision-making, and optimisation of collection and storage centres. Please refer The **Digitisation of the Cargills Agriculture Supply Chain** on page 79 for more details.



Sales

Cargills completed migrating all data on Area Sales Managers and Sales Representatives to the new Sales Force Automation (SFA) System during the reporting period, boosting sales performance, sales productivity and efficiency by automating non-revenue generating tasks. We also successfully migrated to the new Distributor Management System (DMS) to effectively manage our growing distributor network, as well as the movement of Cargills products around the island.

The combination of both new systems – from a globally renowned specialist solutions provider – has facilitated better management of the sales team across the island, as well as the growing distributor network. The collection of on-field sales data also contributes to the generation of detailed reports that provide data-driven sales and performance insights that were previously unavailable to Cargills, thereby enhancing the motivation and satisfaction of the sales teams.





Cargills Online

Continuous development and improvements were carried out on the Cargills online platform to enhance functionality as well as user experience, taking into consideration the online shopper feedback we gathered via focus group discussions and surveys. The solid year-on-year growth that we have recorded on the eCommerce platform during the year in review will continue to encourage further investment on the Cargills online platforms in the immediate future.

Dairy Collection

Following the successful digitalisation of the Agriculture Supply Chain, Cargills kicked off the automation and end-to-end digitalisation of the dairy collection process. At the close of the year, the system had been implemented for testing at two milk chilling centres, and will be rolled out across the entire Dairy supply chain in the following financial year.

Cybersecurity

Throughout the year, a number of tests were conducted in collaboration with the Group's cybersecurity partners to strengthen the security perimeter of all IT infrastructure and data assets. There were no breaches of customer privacy or losses of customer data during the year in review.

COMMUNITY FRIENDLY NATIONAL DEVELOPMENT

OUR
APPROACH TO
SUSTAINABILITY

57

REDUCING
THE COST
OF LIVING

60

BRIDGING
REGIONAL
DISPARITY

70

HEALTHY,
SAFE AND
AFFORDABLE
NUTRITION

106

ENHANCING
YOUTH SKILLS

126

BUILDING
DIVERSITY,
EQUITY AND
INCLUSION (DEI)

134

PLAYING
OUR PART
FOR THE
PLANET

154

OUR APPROACH TO SUSTAINABILITY

In our unwavering commitment as one of the country's most respected and accountable corporate citizens, we continued to drive sustainable economic growth, foster social development, reduce our carbon footprint, and advance the prosperity of the nation during the year in review, by prioritising our efforts across six distinct focus areas:



**Reducing
the Cost of
Living**



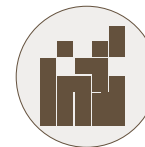
**Bridging
Regional
Disparity**



**Healthy,
Safe and
Affordable
Nutrition**



**Enhancing
Youth Skills**



**Building
Equality,
Diversity and
Inclusivity**



**Playing our
Part for the
Planet**

We continue to be guided by our strategic sustainability agenda in the initiatives we implement, while at the same time demonstrating our commitment to transparency, good governance, and adherence to responsible business practices. The sustainability agenda at Cargills is driven from the top, with our visionary leadership setting the course and objectives for financial profitability, which in turn enables us as a company to achieve performance targets against identified sustainability indicators. Armed with both purpose and profitability, Cargills continued to make strategic investments in projects that promote social and environmental sustainability, uplifting communities and improving the lives and livelihoods of generations of Sri Lankans throughout the years.

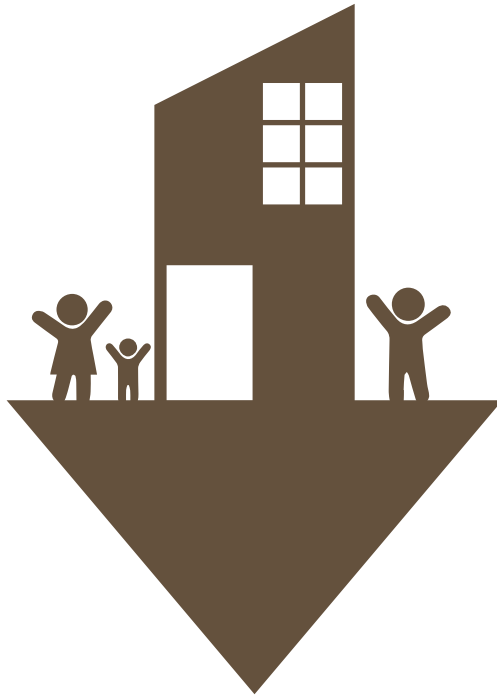
Cargills also aligns with the UN Sustainable Development Goals (SDGs) for further guidance and direction, enabling us to contribute to a more sustainable and equitable future for Sri Lanka, while also identifying and capitalising on new business opportunities. Cargills has created value across the agriculture supply chain and retail value chain by collaborating with multiple stakeholders, generating new revenue through market differentiation, expansion, new market penetration, and growth. Furthermore, Cargills is a member of the United Nations Global Compact (UNGC); a global movement of sustainable companies taking strategic action to advance societal goals and align operations with universal principles on human rights, labour, environment, and anti-corruption. It is in line with such commitments that our Group-wide strategies, governance structures, corporate policies, commitment statements, and codes of conduct are developed so that sustainability and corporate responsibility are imbued into our everyday operations.





Contribution to UN SDGs

1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION
5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION	15 LIFE ON LAND	17 PARTNERSHIPS FOR THE GOALS	SUSTAINABLE DEVELOPMENT GOALS



REDUCING THE COST OF LIVING

Inflation has significantly come down from hitting peak levels at almost 70% in September 2022 to 4% at the close of 2023, as a result of tighter monetary and fiscal policies, improved pass through of lower global commodity prices, improved supply conditions particularly in agriculture, and a stable currency. However, even with the easing of inflation, the consumer continues to face multiple challenges, with rising electricity prices and lower disposable incomes due to hiked tax rates.

Some of the gravest hardships such as power cuts, queuing for fuel and cooking gas were largely eased during the year in review, but the majority of Sri Lankans continued to struggle to make ends meet as price levels are considerably higher than pre-crisis times. Many Sri Lankan households have adopted detrimental coping mechanisms such as the limited intake of nutritious food, which has led to an increase in malnutrition, especially among young children.

CCIP-based Inflation (YoY, %)

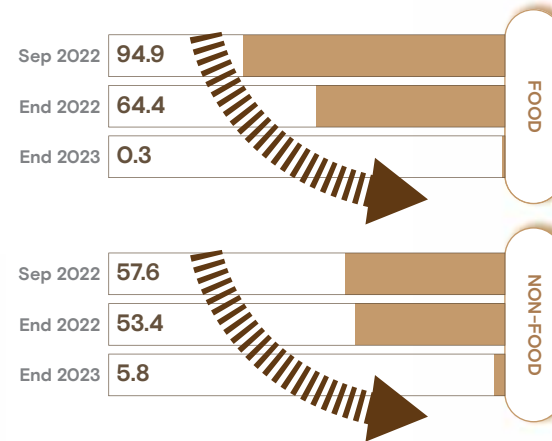
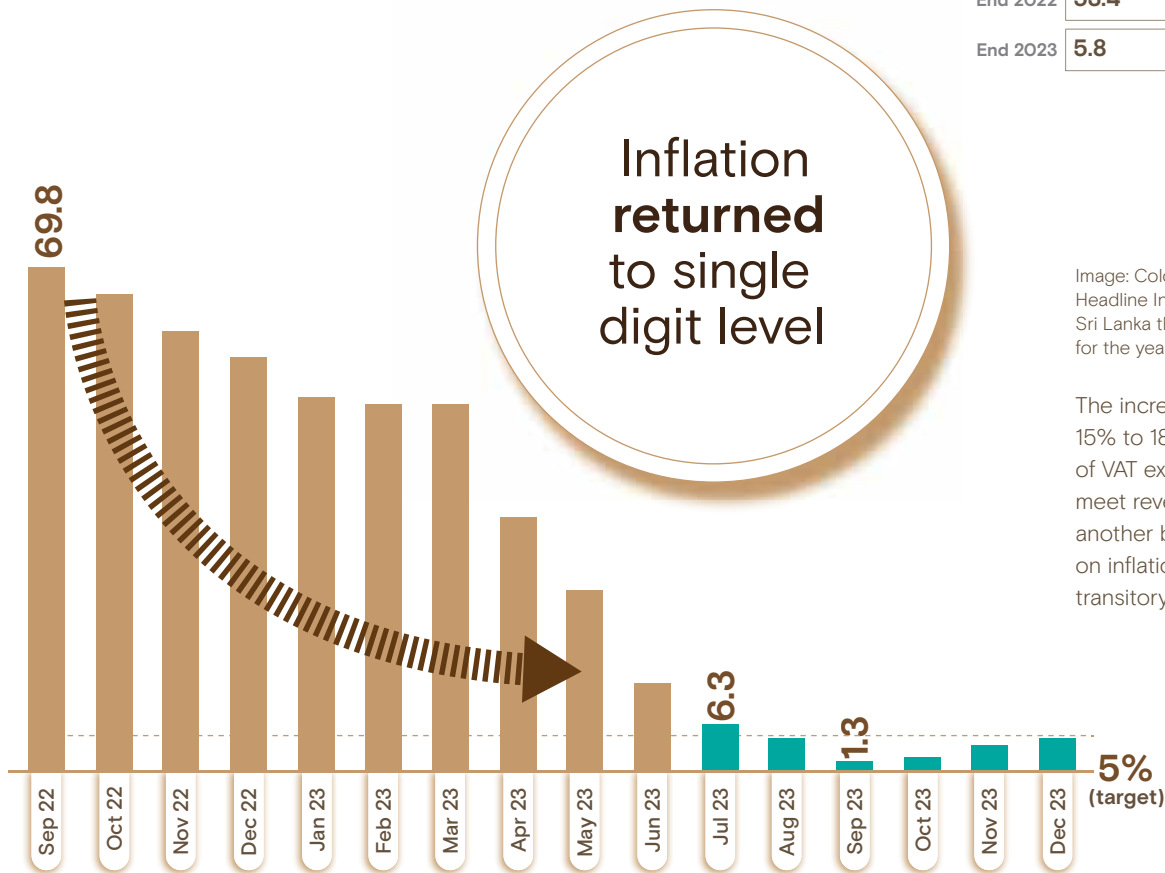


Image: Colombo Consumer Price Index (CCPI) based Headline Inflation published by the Central Bank of Sri Lanka through the inaugural Annual Economic Review for the year 2023¹.

The increase in the Value Added Tax (VAT) from 15% to 18% in January 2024 and the removal of VAT exemptions on select categories, to meet revenue targets of the Government, was another blow to consumers, although the impact on inflation has so far seemed moderate and transitory.

¹ https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20240425_aer_fso_e.pdf

SNAPSHOT

OF 3-YEAR PROGRESS

Continued to deliver on the promise of offering the lowest price on a wide variety of produce and food products, by leveraging our growing farming network and highly efficient supply chain operation.

Invested Rs. 4.4 Bn. in a mega Distribution Centre with fully automated logistics solutions from receiving goods and storage to processing orders and dispatch, optimising operations, improving productivity, and eliminating any spillover costs to consumers.

Commenced digitalisation of the Cargills agriculture and dairy supply chain operations to reduce operating expenses as well as food waste, directly passing on the cost benefits to consumers.

Maintained our position as the country's largest and most trusted consumer retailer, spread across all 25 districts of Sri Lanka with over 500 stores, providing all Sri Lankans *"the right to have regular, permanent and unrestricted access, either directly or by means of financial purchases, to quantitatively and qualitatively adequate and sufficient food, corresponding to the cultural traditions of the people to which the consumer belongs, and which ensures a physical and mental, individual and collective, fulfilling and dignified life free of fear"* as per the United Nations Human Right to Adequate Food².

Contribution to SDGs



² <https://www.ohchr.org/sites/default/files/Documents/Publications/FactSheet34en.pdf>

THE CARGILLS' COMMITMENT TO FOOD SECURITY AND AFFORDABLE NUTRITION

With a vision to make healthy and nutritious food accessible and affordable to all Sri Lankans, Cargills was able to swiftly expand beyond urban and suburban areas, focusing on townships and communities that lacked access to modern trade. Cargills made a commitment to providing the Sri Lankan consumer with access to affordable, healthy, and quality food products, backed by nutrition-centric sourcing and pricing management.

Consumer focused Pricing Management

As Cargills evolved, it also reshaped local supply chains and local communities, empowering farmers, and raising employment and income levels, establishing Cargills as a business built on trust and mutual benefit. Today, Cargills plays an integral, and committed role as a key contributor to enhancing food security in Sri Lanka.

Initiatives at the Farmgate

Both agri and dairy industries continued to experience volatile input prices which impacts production costs. To help mitigate any negative impacts on the farmer's income, the Cargills agri-extension teams continued to engage with outgrower farmers, sharing knowledge and expertise to improve yields and manage production costs. Cargills continued to provide farmers access to a reliable marketplace with fair prices, despite unpredictable market conditions. Direct purchasing from farmers, and responsible packaging carried out at our collection centres, meant we were able to provide the consumer with a better price for produce by eliminating waste in the supply chain.





Agriculture

The year in review saw the Agriculture Modernisation Project continue to drive the sustainable revival of agriculture across Sri Lanka, providing technical support, enhancing crop production with sustainable practices in crop management for improved crop quality and quantity, facilitating high-impact training programmes that address specific challenges and identified gaps. More importantly, the Agriculture Modernisation Project ensures farmers are not burdened with sudden market price fluctuations.

Please refer to pages 72-87 for more in-depth details on how Cargills has revolutionised the local agriculture supply chain.

Dairy

The local dairy industry continues to benefit from the Cargills Dairy Enterprise Development Initiative (DEDI), which enhances the capacity of local smallholder farmers through skill development, support for genetic upgrading and herd improvement, and access to best practices in farming. Farmers also receive inputs at cost price through the assistance of Cargills, helping them minimise production costs. Collectively, these initiatives improved the quality and quantity of milk while also reducing input costs.

Please refer to pages 88-93 for more in-depth details on the role Cargills has played in developing the dairy sector of Sri Lanka.





Initiatives across the Supply Chain:

1. The Digitisation of the Agriculture and Dairy Supply Chains

Cargills completed the successful end-to-end digitisation of the agriculture supply chain from farm to the fresh distribution centre during the year in review. Farmer and crop data fed to the database provides more accurate details on expected harvests, providing Cargills with data-backed knowledge to monitor and efficiently manage supply and demand across the island. Driving supply chain efficiencies has directly contributed towards reducing costs associated with land logistics, elimination of supply chain waste, as well as the reduction of post-harvest loss, and the overall reduction of supply chain costs enables Cargills to provide consumers with low prices for fresh produce in the local market (please refer page 79 for more details).

Following the successful end-to-end digitalisation of the fresh produce procurement journey, Cargills replicated the system to meet the requirements of our dairy network during the year in review. A test run of the system was conducted at two Milk Chilling Centres, with the system scheduled to be rolled-out across the entire network during the ensuing financial year.

2. Maximising Our Efforts for Local Sourcing

Cargills continued to predominantly source raw materials locally, as an adaptable measure to the imposed import restrictions. While the import restrictions on 286 imported items including food and beverages were lifted with effect from 10 June 2023, which helped ease pricing pressure and availability in certain product categories, we continued our engagement with local suppliers and farmers to source raw material and other inputs required for production across all Cargills manufacturing plants.

3. Establishment of a State-of-the-art Distribution Centre (DC) in Katana

Built with an investment of Rs. 4.4 Bn., this is the largest distribution centre operated by a food company in Sri Lanka. With streamlined logistics, the DC is powered by cutting-edge technology for inventory control and distribution. With a growing supplier base, the DC greatly enhanced supply chain efficiencies and logistics operations during the year in review, from demand planning to cost reductions, with benefits directly passed on to consumers as well as suppliers.

Supported by an extensive distribution fleet which covers the length and breadth of Sri Lanka every day, this centralised DC is equipped to counter any import constraints, with Cargills placing greater focus and effort into local sourcing and promoting homegrown products among consumers to control market demand as well as price fluctuations.

The DC is also equipped with a 1MW solar power installation that offsets its electricity bills. The Centre has been designed with the intention of expanding in the future to further benefit our suppliers and partners, creating export opportunities for local farmers and producers by leveraging the enhanced supply chain infrastructure.

Initiatives at Retail Level:

1. Providing Affordable Choices to Consumers through Price Management

While product availability was the top-of-mind concern during the previous financial year as a result of supply shortages induced from the economic crisis, pricing became the top-of-mind concern for consumers during the year in review. Cargills Retail was able to offer the lowest price for a range of essential consumer stock keeping units (SKUs) at different time intervals spread throughout the year, continuing to deliver on the promise of offering the most affordable prices to consumers. Additionally, the long-standing relationships that we have nurtured over the years with suppliers affords us the opportunity to provide lowest price promotions for the benefit of our consumers. The 'lowest price' claim is reiterated by marketplace price checks of SKUs across other major modern trade and general trade outlets, which is then communicated to consumers via both traditional and digital media. What is also crucial to note is that by providing the lowest price in the market, we are also encouraging others to drive down the price, which ultimately benefits the consumer.

The Cargills FMCG sector also played an important role during the year in review. Our brands made key decisions to not increase their maximum retail prices (MRP). For select SKUs, we reduced the price, thereby passing on the benefit of declining input prices to consumers. To support consumer affordability, smaller pack sizes were introduced to provide a lower price point for the consumer, who continued to seek value offerings. The dairy business had to make selective price increases from January 2024 onwards to mitigate the impact on the VAT effect. Similarly, the Restaurant sector kept the price menu unchanged during the first nine months of the year. Most SKUs retained the same price during the entire year, offering value for money to the consumer. The KFC restaurant chain further established its presence as the the largest Quick Service Restaurant (QSR) chain in the country during the year.

2. Minimising Operating and Overhead Costs

Cargills Retail continued to drive cost optimisation initiatives across its operations with stringent and disciplined measures; key among them being energy management and optimisation. The Public Utilities Commission of Sri Lanka (PUCSL) announced three electricity tariff revisions in 2023; the first being a cataclysmic 66% rise in electricity tariffs in February 2023 that set the tone for the reporting financial year. This was followed by an average reduction of 14% in tariffs in July 2023, which was followed by a hike in tariffs yet again in October 2023³. These tariff hikes translated into a significant increase in operating expenses during the financial year in review.

The Cargills Retail supermarket chain is arguably the largest cold chain in the country. In addition to the cold storage facilities which ensure freshness of items like fresh produce, meats, seafood, dairy, and frozen foods, the air-conditioning and lighting across each retail store is also heavily energy dependent.

While a tariff reduction of 21.9% in early March 2024 provided some relief at the close of the reporting period, Cargills ensured that none of the increased operating expenses were passed down to consumers. While existing solar installations helped mitigate a part of the electricity tariff increase, we also accelerated the expansion of solar power installations at the Retail stores to reduce our dependence on the grid. We installed 44 outlets with new solar installations during the reporting period. Further plans are underway to increase the coverage of solar rooftops across the retail store network.

³ <https://www.themorning.lk/articles/OVLp6pvft7PHUxLA10r8#:~:text=The%20proposed%20tariff%20reduction%20follows,increase%20effective%201%20July%202023>

3. Tapping New Channels⁴

One of the key highlights for the year in review is our venture into fuel retail. Further expanding on our collaboration with Lanka IOC, Cargills ventured into fuel retail by setting up Lanka IOC fuel stations at two major Cargills Retail stores. Plans are underway to increase the number of fuel stations at existing Cargills Retail stores.

Through this new venture, we offer unprecedented convenience to customers, who have the opportunity to explore a multipurpose service as a one-pit-stop-shop to purchase their essentials. While primarily designed to be a new sales channel, this fuel retail initiative also complements the launch of electric vehicle (EV) charging stations at six Cargills outlets (page 168) during the year, prioritising consumer convenience above all else.

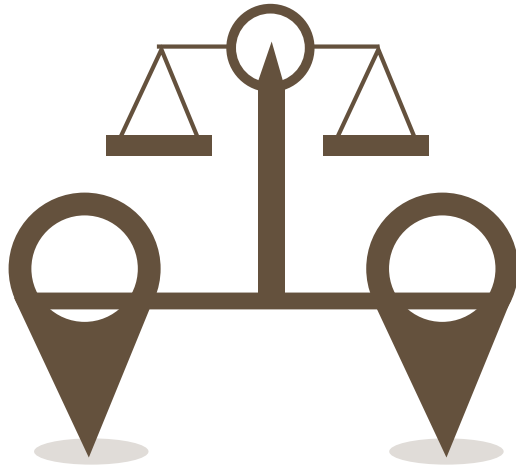
4. Partnerships to Support Communities in Need

The Company further endeavoured to support vulnerable communities by partnering with the Indian High Commission's "With Love from India" initiative, and other Non-Governmental Agencies (NGOs) to provide food packs and vouchers redeemable at Cargills Retail outlets.

Project Title	Overview	Target group/s	Cargills' involvement
'Feed a Child' School Meals Programme by the Foundation of Goodness	A project designed to address the growing rates of malnutrition in Sri Lanka, with a significant portion of the population, especially children increasingly becoming food insecure given current economic constraints.	The project distributed food packs to disadvantaged children in Nuwara Eliya – the district with the highest rate of malnutrition. These children will be monitored during this six-month period, with their height and weight records maintained on an online database, under the guidance of the Family Health Bureau, supported by local paediatricians.	Cargills joined the Sri Lanka College of Paediatricians in collaboration with the Family Health Bureau as the retail partner, to provide and distribute nutritious food packs among children through the Red Cross Society of Sri Lanka and District MOH Offices.
Nutrition Project by the World Food Programme (WFP)	A project initiated in 2023/24 to aid 590,000 beneficiaries living in vulnerable communities distributed across 8 districts in Sri Lanka.	Financially disadvantaged households across the island.	In addition to the permanent Cargills Food City outlets that are accessible to the beneficiaries island-wide, Cargills set up 4 temporary outlets in our role as a responsible project partner to increase the reach and cater to the WFP project beneficiaries.

Cargills will continue to leverage its island-wide coverage and distribution network reach across the country, to ensure that all Sri Lankans have undisrupted physical and economic access to healthy, nutritious and sufficient food, thereby delivering on our commitment, and contributing towards achieving Food Security in Sri Lanka.

⁴ <https://island.lk/cargills-ventures-into-fuel-retail-with-lanka-ioc/>



BRIDGING REGIONAL DISPARITY

Income inequality has been a persistent phenomenon in Sri Lanka for the last five decades, with the income levels in urban areas – especially the Colombo district being five times higher than that of other districts¹. A recently issued report by the United Nations Development Program (UNDP) reveals that Sri Lanka is one of the top five countries in the Asia-Pacific region exhibiting high wealth inequality² among its population. The Western Province, which continues to receive a greater share of investments and attention, increased its share of the country's GDP from 42.6% in 2021 to 43.4% in 2022 (PGDP 2022; Central Bank of Sri Lanka, 2023)³.

As the Sri Lankan economy evidences initial signs of stabilisation from the economic crisis, it is also clear that the necessary macroeconomic adjustments – while being adverse initially – will aim to correct overall imbalances and inequalities and build a strong foundation for sustainable growth across the country. Until this adjustment is made however, mitigating the impacts on the vulnerable communities of rural Sri Lanka, remains critical.

Having identified such disparities at the onset of our operations, Cargills implemented an integrated approach to community development and social empowerment through its sourcing operation, providing rural communities the opportunities and access to economic participation as well as skill development, steady employment, and educational attainment over the years. The following section provides more insight into the focused efforts and outcomes of programmes carried out by Cargills towards bridging regional disparities in Sri Lanka.

<http://www.statistics.gov.lk/Publication/SSR/DCSSSRVol1Issue2Article3>

<https://www.wsws.org/en/articles/2023/12/27/svae-d27.html>

https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_pgdp_2022_e.pdf

SNAPSHOT

OF 3-YEAR PROGRESS

Increased collection of fresh produce from **100,000kg to 121,000kg** per day, and fresh milk collection from **160,000 litres per day** via **36** milk collection centres to **176,000 litres per day** via 40 milk collection centres, given the multiple unprecedented challenges faced by the supply chain during the past 3 years.

Invested in Sri Lanka's future generations by providing **Rs. 25,180,000** worth in Sarubima Scholarships

Invested a total of **Rs. 32,151,805** in community development projects

Invested over **Rs. 20,333,721** in community meals programmes

Value Delivered

in 2023/24

▶ Total investment in community development initiatives:

Rs. 22,484,535

▶ Total incentives to dairy farmers:

Rs. 31,114,744

▶ Total invested in community meals programmes:

Rs. 8,537,064

Contribution to SDGs



THE EVOLUTION OF SRI LANKA'S AGRICULTURE SUPPLY CHAIN

Over a period of nearly 25 years, Cargills has played a significant role in the evolution of Sri Lanka's agriculture supply chain, an achievement we continue to take great pride in, as its significance and impact over the years is clearly evidenced and appreciated today.

In 1999, Cargills made a strategic shift in its supply chain management by purchasing fresh produce directly from farmers. It started through our first collection centre in Hanguranketha, a chance opportunity for the farmers to directly access the mass market, bypassing the middleman. Today, we have a fully-fledged total supply chain solution with credit for inputs, stable and consistent produce handling, modern storage and logistics solutions, and guaranteed market access to farmers, directly increasing their proportion of the retail price with the elimination of middlemen.

This farm-to-table supply chain operation that began with the transportation of 500 kg of fresh produce in a single truck from Hanguranketha, is today a national-scale initiative with 13 collection centres spread across the island, handling approximately 121,000kg of fresh produce daily. Each Cargills Fresh Collection Centre is managed

by qualified Agriculture Officers and Graduates who continue to transfer knowledge of new technologies and offer extension services to farmers, further strengthening our long-standing relationships with Sri Lanka's farming communities.

The Agriculture Officers provide field supervision and technical support to farmers to ensure a seamless, time-bound supply-chain operation; produce is harvested at the most optimal stage and transported to Fresh Collection Centres on the same day. Quality parameters are evaluated and washing of produce is conducted at Fresh Collection Centres if needed. Temperature-controlled trucks then transport the produce to our Fresh Distribution Centre the same day, and crates are used to minimise any damage during transportation. The produce is then sent to the Cargills Retail stores from the Fresh Distribution Centre, ensuring customers receive fresh, unharmed produce.



2023/24

Highlights

The Cargills Retail chain spreads across all 25 districts in Sri Lanka with 529 stores island wide. From this, a total of 101 Cargills Food City stores and 116 Cargills Express stores are located outside the Western Province, ensuring semi-urban and rural communities too have access to our value proposition. Accessibility was further enhanced with the Cargills e-commerce channel which provides doorstep delivery of groceries to consumers. Additionally, out of a total of 71 KFC restaurants, 29 are located outside the Western Province, providing international fast-food experiences to people of varying socio-economic backgrounds.

Summary of Cargills Stores and Reach Island-Wide

As the Cargills retail network continues to grow and extend its island-wide presence, it becomes a direct sales channel for smallholder farmers and other micro, small and medium enterprises (MSMEs) who supply to the Group. We have been witness to the growth of these small businesses over the years, with many farmers and suppliers scaling their business alongside the growth and expansion of Cargills.





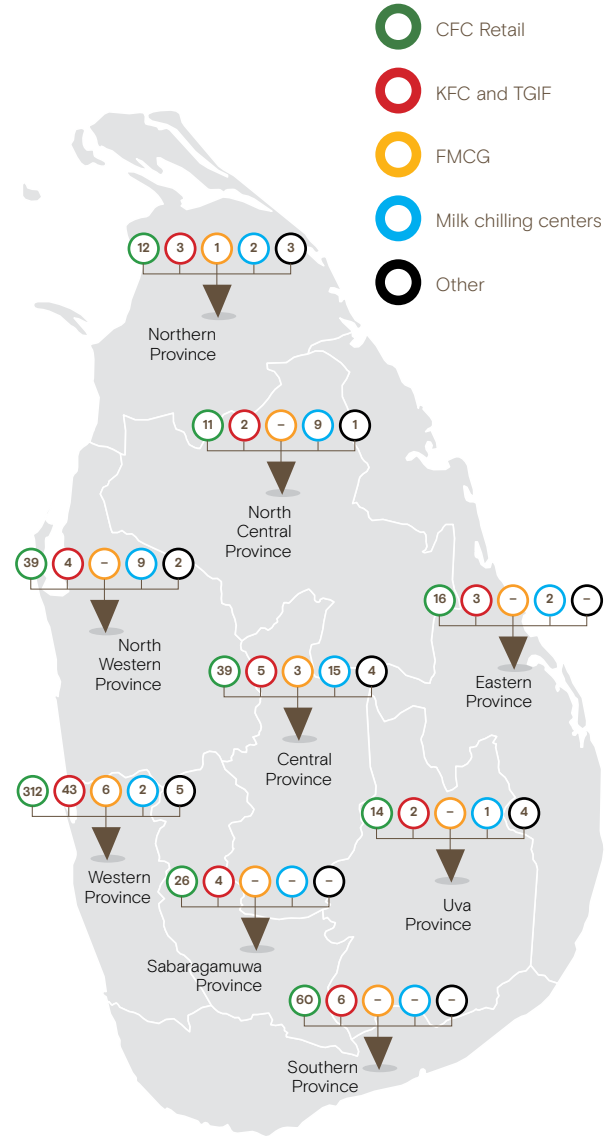
2023/24 Highlights

At the close of the reporting period, the Cargills agriculture supply chain had 13 Fresh Collection Centres, all located outside the Western Province, except the Fresh Distribution Centre. Additionally, the Cargills dairy network extended its reach by adding 4 more Milk Chilling Centres during the year in review, bringing the total to 40.

Cargills - WFP Nutrition Programme Temporary Outlets in Rural Communities



Summary of Cargills Outlets and Reach Island-Wide



* The four temporary outlets were closed since July 2023





Agriculture was the only economic activity to register growth in 2023, while the Industry and Services sectors contracted. The growth rate of 2.6% in Agriculture activities was largely driven by rice as well as fruits and vegetables and could be partially attributed to the lifting of the ban on agrochemical fertiliser imports, which benefited the 2023/24 harvesting seasons.



Fresh Produce

44,071,130

Volume (Kg)

9,921,955,331

Value (Rs.)



Milk

64,310,365

Volume (litres)

11,747,313,773

Value (Rs.)

Despite challenging weather patterns and severe drought hampering the hard-earned growth of the agriculture sector across Sri Lanka, our Supply Chains sourced a total volume of 44 million kg of fresh produce, generating direct income of over Rs. 9.9 Bn. for the agricultural community. Our dairy supply network collected 64 million litres of fresh milk, generating direct income of over Rs. 11.7 Bn. for the local smallholder dairy farmers. Together, we have been able to generate over Rs 21 Bn. in direct income for the farming community through our purchases, money which strengthens the rural economy, while at the same time enriching the nation with a healthy and fresh supply of nutritious products. At the close of the year, Cargills was responsible for the improved livelihoods of a growing network of 6,044 agri farmers and 13,711 dairy farmers across Sri Lanka.

Cargills' commitment to the advancement of the communities in which we operate runs much deeper; with our 10 manufacturing plants that are strategically located, alongside the expanding Cargills retail store network, providing meaningful employment opportunities and new career prospects to enterprising individuals in adjacent communities.

THE AGRICULTURE MODERNISATION PROJECT

To address the issue of youth moving away from traditional industries such as agriculture and farming, Cargills Agri Solutions Pvt Ltd (CAS) launched the Agriculture Modernisation Project in 2019, paving the way for a new generation of farmers to engage in high-value agriculture with higher levels of technology input, better crop management and mass market access. At the outset of the project,

a select group of farmers and Cargills Extension Officers visited high-tech farms and technical parks in neighbouring India, to gain valuable insights into Precision Agriculture techniques. Upon their return, these techniques were applied across select farms, resulting in the significant reduction of water usage and agrochemical usage over the past few years, complemented by promising returns on investment.





2023/24 Highlights

The review period saw more farmers – especially the younger generation that lacked confidence in the economic feasibility of farming and agriculture – becoming more receptive towards the Agriculture Modernisation Project and its proven financial benefits, including reduced cost of production and increased yield. During the past year, 98 new farmers registered for the initiative

The Digitization of the Cargills Agriculture Supply Chain

The digitalization of the Cargills Agriculture Supply Chain from farmer to the Fresh Distribution Centre (FDC) marks a significant milestone in our operations. By meticulously collecting and processing farm-level data, we now possess a comprehensive understanding of harvest dates by crop, facilitating more effective demand-supply management. At the Fresh Collection Centre (FCC), produce undergoes initial quality checks before being weighed and packed into crates with QR codes for traceability back to the farmer, ensuring transparency throughout the process. Subsequently, the produce is delivered to the FDC.

Real-time data gathering has streamlined logistics and supply monitoring, enabling better decision-making and centre optimisation. Our ongoing goal is to minimise human intervention, optimise processes, and reduce post-harvest losses, all while ensuring freshness from farm to store.

MODEL URBAN AGRICULTURE PROJECT

In 2022, Cargills partnered with the Colombo Municipal Council (CMC) to unveil the Model Urban Agriculture Project at the CMC Town Hall premises, to encourage city dwellers to utilise urban spaces and home gardens, and cultivate crops for consumption. The project demonstrated the successful deployment of modern agriculture techniques such as drip-irrigation with fertigation, polythene mulches and insect proof netting to the urban population, cultivating different crop varieties such as Beetroot, Kankun, Radish, Capsicum, Chilli, Ginger, Spinach, and Tomato. The CMC offered access to land, water and electricity as well as crop security, while Cargills contributed through knowledge and experience, along with resources such as seed, fertiliser, pesticides, weedicides, and harvesting labour. Harvested crops were donated to communities within the Colombo Municipality, promoting food security.





2023/24
Highlights

The year in review saw the Model Urban Agriculture Project come to a successful completion under the one-year agreement formalised between Cargills and the CMC, having demonstrated the potential for urban agriculture in Colombo. The equipment and physical farming tools and systems used for the CMC project are set to be utilised for a similar initiative that will be carried out with the Wayamba University of Sri Lanka during the ensuing financial year.

TRANSFERRING TECHNOLOGY AND TECHNICAL KNOWLEDGE TO THE GRASSROOTS

Our continuous engagement with farming communities has helped us to identify and address supply chain inefficiencies; key among these was the lack of technical and agricultural expertise that is necessary for farmers to make informed decisions on how to tackle larger, global trends such as changing crop patterns, yields, fuel price increases, and climate variations.

In the past decade or so, Sri Lankan agriculture has experienced significant disruption due to volatile rain patterns, temperature changes, soil deterioration, and other environmental factors. On top of this, production costs, labour fees, and other input costs are increasing, resulting in profitability faltering and a decline in farming families. Nonetheless, providing access to advanced technology and knowledge on techniques, production planning, and resource management have the potential to revive the sector. We at Cargills are proud to have played a part in this endeavour, through collaborative projects with research organisations, university departments, overseas agricultural companies, and Sri Lanka's Department of Agriculture (DoA).



One of the farms under the GAP Village Programme in Mullaitivu demonstrating modern agricultural practices such as mulching, and insect-proof nets being practically implemented



The Australian High Commission Team being welcomed by the Mullaitivu GAP Village Programme participants



Delegations from the FAO and the Australian High Commissioner H E Paul Stevens visiting GAP farmers in the Uva Province



Second Secretary of the Australian High Commission of Sri Lanka with farmer Pushpakanthan visiting his flourishing ridged gourd crop under the FAO/DoA/Cargills Gap Village Programme



A smallholder farming plot under the GAP Village Programme of Uva Province, showcasing the improved quality of the crops as a result of adopting modernised agricultural practices

Endorsement at Local and Global Level

The success of Cargills' collaboration with the DoA also drew in support from the Food and Agriculture Organisation of the United Nations (FAO) to implement GAP principles among smallholder farmers across the country, with the assurance of direct market linkage through the Cargills retail chain, as well as access to modern agricultural tools and methodologies through the FAO. The complete modernisation package includes drip irrigation, mulching and insect-proof nets, providing farmers the necessary tools to successfully adopt GAP principles to progress in their agricultural business.

A team representing the Australian High Commission in Sri Lanka, including Second Secretary Sophie Gordon visited the FAO/DoA/Cargills GAP Village Programme in Mullaitivu in the Northern Province of the country, where farmers were provided with modernisation packages extended by the Australian Agency for International Development (Australian Aid) through the FAO. Farmers were reaping the benefits of modern agricultural practices by improving crop yields and increasing income through direct market access through Cargills. The Australian High Commission team met with local government officials, extension officers as well as the farmers, announcing the visit and the monitoring of the project through their official media channels.

Published Impact Assessments⁴

Citation: FAO. 2022. Terminal evaluation of the project “Rehabilitation of Degraded Agricultural Lands (RDAL) in Kandy, Badulla and Nuwara Eliya Districts in the Central Highlands” Project Evaluation Series, 10/2022. Rome.

This project was recognised by the United States Food and Agriculture Organisation (FAO) for its role in agriculture modernisation in Sri Lanka. The FAO International website recently published an article highlighting the profound impact of its partnership with Cargills and the Department of Agriculture (DoA) on sustainable land use and the adoption of modern agricultural techniques.

⁴ <https://www.fao.org/3/cc2270en/cc2270en.pdf>

Case Study

Scaling up sustainable land management models

Sri Lanka's Department of Agriculture (DoA) and Cargills Ceylon worked together with the Food and Agriculture Organisation of the United Nations (FAO) to successfully implement sustainable production practices using Good Agricultural Practices (GAP) principles for smallholder farmers in the country's central highlands. This farming model takes advantage of growing consumer demand for certified and (chemically) safe food, as well as an assured market and better price for farmers. The project demonstrated a strong partnership with the private sector (Cargills) providing technology, value addition, the marketplace, and finance, while the Government (especially the GAP division of the DoA, Provincial Departments of Agriculture, Uva and Central) provided the necessary technology transfer and training.

Farmers were selected based on their previous engagement with Cargills or the government, their ability to invest, be resourceful, and their interest in testing new technology options. Although social/economic vulnerability, gender or ethnic diversity were not criteria for selection, the project invested in locations with vulnerable, marginalised communities.

A number of new technologies were used for the project, including plastic mulch to prevent water evaporation and Micro-irrigation systems. Farmlands were managed through mechanical and systemic improvements. Chemical usage was brought to a minimum by controlling pests and diseases through insect-proof nets and other means.

These farms have demonstrably improved productivity, both in quantity and quality. The DoA used new extension methodologies such as Farmer Field School (FFS) and ICT tools (WhatsApp and a number of agricultural apps) to support farmers in developing their skills.

Farmers were initially unsure of investing in technology due to the high cost and lack of confidence in the market for high-value, GAP-certified produce. However, although the initial investment was high, instant results saw growing interest from farmers with the belief that they can recover the investment in two to three cultivation seasons.

The Project was also observed to go beyond the conventional CSR type of financing with the high-value vegetable cultivation model having a holistic approach; conservation agriculture, combined with modern technology and improved agronomy, led to increase of farmer incomes and certification, which allowed farmers to access niche markets and sell produce at above-market rates.

Farmers observed immediate benefits, such as reduction in labour, water usage, application of pesticides and fertiliser and therefore reduction in cost of production. Product quality improved with better price offers from Cargills. This created an interest among participating farmers to increase the area under GAP certification, and interest among neighbouring farmers to transform their own fields, with the project showing high replication potential.

Social/economic benefits:

The majority of surveyed farmers reported:

- 50–60% reduction on water usage compared to manual watering;
- 70–80% reduction of chemical fertiliser use;
- 30–40% reduction of agrochemical usage from insect proof nets and IPM;
- 30–40% reduction of labour usage (both family labour and hired labour) mainly due to minimum tillage, reduced weeding, watering and fertiliser application;
- 10–20% yield increment (use of quality seeds/plating materials, IPNM, IPM, and Irrigation, etc.);
- Farmers frequently referred to co-benefits such as increased water efficiency, reduced labour cost, reduced fertiliser cost, improved product quality, improved fertiliser efficiency, which are closely linked to improved soil condition and productivity;
- Farmers mentioned that the quality of their produce has improved remarkably, and they receive a premium price.

A number of environmental benefits were also witnessed, such as soil and water conservation. Reduction in chemical fertiliser application reduced threats of pollution and eutrophication downstream. Organic fertiliser application improved soil biodiversity and health. Climate resilience is improved with protected agriculture.

Link: <https://www.fao.org/connect-private-sector/stories/detail/en/c/1644335/#:~:text=Sri%20Lanka's%20Department%20of%20Agriculture,farmers%20in%20the%20country's%20central>

The Tomato Cultivation Project in partnership with USAID CATALYZE Sri Lanka⁵

Cargills entered into a strategic partnership with the USAID CATALYZE Sri Lanka Private Sector Development (PSD) Activity, to launch a pioneering pilot programme under its KIST brand to produce high-quality and climate-resilient tomatoes. This collaboration aims to enhance Sri Lanka's export capabilities and deepen our integration into global value chains. Locally, Cargills aims to reduce the import of tomato paste and other tomato-based products at higher prices, saving valuable foreign exchange while at the same time creating sustainable farming opportunities for local farmers.

Under this initiative, Cargills signed a buy-back agreement with 40 farmers to ensure stable pricing and consistent production. Other benefits of the programme include access to technical assistance, adoption of climate-smart agriculture practices, opportunities for supply chain financing, and avenues for export. The pilot program also includes farmer training sessions, financial literacy workshops, and technology transfer initiatives aimed at supporting local production, empowering rural farmers, and strengthening community resilience.



⁵ <https://catalyze-comms.medium.com/catalyze-collaborates-with-cargills-and-farmers-to-modernize-agricultural-sector-in-sri-lanka-80856d769358>

⁶ <https://www.parliament.lk/uploads/documents/paperspresented/1662014331031904.pdf>

⁷ <https://www.undp.org/srilanka/press-releases/managing-together-integrating-community-centered-ecosystem-based-approaches-forestry-agriculture-and-tourism-sectors>



Managing Together: Integrating community-centred, ecosystem-based approaches into agriculture and tourism sectors of Sri Lanka

The project was led by the Biodiversity Secretariat of the Ministry of Environment in collaboration with the United Nations Development Programme (UNDP), and the International Union for Conservation of Nature (IUCN) Sri Lanka, with the Malwathu Oya river basin spread across the Anuradhapura, Mannar, Puttalam and Vavunia districts selected as the trial geographic boundary for the project⁶. With the aim to make biodiversity conservation mainstream, the project promoted natural resource management and sustainable land-use planning, with livelihood-focused interventions.

Cargills joined as a private sector partner of the project, to contribute through supply chain expertise and direct market linkage to farmers who required financial assistance to advance their farming practice. Funding was provided for drip irrigation systems to enable ecologically sensitive land-use planning and natural resource management, which have contributed to reducing human-elephant resource conflicts and threats to the ecosystem. Given the success of the project as at the close of the reporting period, Cargills will continue to monitor and evaluate results together with our project partners, and share insights on ground level project implementation⁷.

The North, East, and Deep-South (NEDS) Community Development Project

During the year in review, Cargills initiated a Community Development Project with the objective of supporting poverty-stricken farming communities in the North, East and deep South of Sri Lanka, by integrating them to the growing Cargills value chain. The project aims to work with smallholders and family farmers who were most affected by the economic crisis, especially focusing on farms that are run by widowed women or female-headed households that faced greater difficulties. The pilot crop under the NEDS Community Development Project was with green gram farmers across the Mannar and Kilinochchi Districts, with 38,714Kg of harvest purchased at the value of Rs. 33,980,494 at the close of this financial year.

With Cargills looking to impact the communities in several areas under this project, plans are underway to offer support as an agriculture technology partner for a project to utilise lands that were previously requisitioned by the military during Sri Lanka's civil war, for crop cultivation purposes. More than 63,000 acres of land has been released to previous owners and to local communities.



EMPOWERING SRI LANKA'S DAIRY INDUSTRY TO REACH ITS FULL POTENTIAL

With the consumption of dairy products increasing over the past five decades, the local dairy sector has become a high-potential industry today, with a sector vision to achieve self-sufficiency in fresh milk production in Sri Lanka. However, the country currently produces only around 40% of its milk demand domestically, relying heavily on imported milk products to meet the remaining 60%. This also translates into missed opportunities for local farmers, alongside the drain of valuable foreign reserves from the country.

With livestock and dairy farming becoming a major source of income for rural communities across Sri Lanka, it is clear that the dairy sector can significantly contribute to the country's economic growth if backed by strong policy formulation and implementation at field level.

Addressing the emerging challenges of the sector as well as growing consumer demand, Cargills followed the success of our agriculture operation by diversifying into the dairy business in 2002. We implemented a similar strategy to develop a sustainable dairy sourcing network across Sri Lanka, encompassing the entire dairy value chain from farm to home. In doing so, we have been able to enhance the livelihoods of smallholder dairy farmers by connecting them to the market through local milk processing centres, enabling them to increase milk production, quality, and profitability.

The Cargills dairy sector consists of the Cargills Dairies Pvt Ltd. and Kotmale Holdings PLC, and has driven catalytic growth within the sector over the past two decades, contributing to incremental milk production volumes year-on-year. Our ongoing collaborative partnership with the Department of Animal Production and Health (DAPH) ensures technical guidance is provided to the livestock industry and its stakeholders. Today, our milk procurement spans across the Central, North Western (Wayamba) and North Central provinces of Sri Lanka, and has been responsible for the rise in yearly household income for dairy farmers belonging to these communities.

Cargills continued to enrich the livelihoods of domestic dairy farmers during the year in review in line with our overarching Dairy Development Programme, investing in farmer training, skills development programmes, and the holistic and sustainable development of Sri Lanka's dairy sector. Due to focused, strategic action taken by Cargills during the reporting period, we recorded a remarkable growth in annual milk collection volumes, mainly driven by the Dairy Enterprise Development Initiative (DEDI).

The Dairy Enterprise Development Initiative (DEDI): 2021 - 2026

In 2021, Cargills launched the Dairy Enterprise Development Initiative (DEDI) - a five-year programme facilitated by Kotmale Dairy Products (Pvt) Ltd, with the goal of increasing milk production by 80 million litres annually by the year 2026. The initiative aims to directly contribute towards achieving self-sufficiency in fresh milk production in Sri Lanka and reaching the full processing capacity of our dairy facilities, thereby also reducing foreign exchange outflow on dairy imports from our country.

Under the DEDI programme, the identified core issue was the lower-than-desired milk production and yields (litres per cow per day) in Sri Lanka, which resulted in low milk collection from across the dairy network. To address this issue, Cargills took several key measures under the DEDI program to enhance dairy production capacities:

- Genetic upgrading and productivity improvement of the dairy herds
- Establishment of a commercial-scale good quality fodder and silage production unit in Sri Lanka to provide high quality feeding materials to our dairy farmers
- Individual farm assessment and farm planning to ensure optimum farm management practices
- Provision of financial assistance for dairy development and farmer extension

2023/24 Highlights

At the close of the reporting period, milk collection had increased 10% year-on-year to 64,310,365 litres during the year in review.

Description	2021/22	2022/23	2023/24
Chilling Centres	35	36	40
Annual Milk Collection (litres)	57,497,327	58,478,424	64,310,365
Average Annual Growth		1.7%	10%



Capacity Building and Skill Development

Our capacity-building programmes are designed to cover a wide range of aspects and multiple stakeholders, to collectively contribute to the sustainable development of the dairy sector of Sri Lanka. The programmes aim to improve overall farm productivity, enhance the quality and safety of the milk produced, improve the management of the animals, educate on the importance of environmental sustainability, increase dairy farm profitability, and develop an industry-wide understanding of more productive dairy business models to benefit the nation.

Various strategies and programmes were implemented as part of the knowledge transfer process to stakeholders, including technical and management training sessions, skill development, group discussions, field demonstrations, and sharing best practices:





The focus of the farmer trainings has been to introduce 10 agreed-upon Key Performance Indicators (KPIs), thereby assessing the farmers according to the number of KPIs they were adopting as best practices in the management of their dairy farming units. According to the survey conducted with 412 progressive Leader Farmers (farmers that produce over 25 litres of milk per day) during the year in review, a majority showed keen interest and great progress towards achieving the set KPIs:

KPI adoption by farmers with different milk yield category		
	No of farmers	As %
0 to 2 KPIs	57	14.54
3 to 5 KPIs	222	56.63
6 to 8 KPIs	101	25.77
9 to 10 KPIs	12	3.06

The Leader Farmers who were surveyed also reported an average year-on-year increase of nearly 12.5 litres in milk production per day from each farming unit, demonstrating success in the implementation of best practices.

Improved Fodder/Silage Cultivation and Production



Furthermore, Cargills assisted in initiating 3 silage entrepreneurs to ensure a continuous supply of silage which is being currently distributed among farmers.

Financial Assistance for the Holistic Development of the Dairy Sector

During the year in review, a total of 432 selected farmers under the DEDI programme received financial assistance to the value of Rs. 196.5 Mn. through the Cargills Bank.

Loan Scheme	No. of Loans	Loan Amount (Rs.)
Bank Funded	415	188,395,000
Domestic Agriculture Development Pilot Project (DAD – PP)	14	7,242,624
Smallholder Agribusiness Partnership Programme (SAPP)	3	844,000
Total	432	196,482,624

Financial assistance received by farmers are for a number of key activities:

- Irrigation systems for fodder cultivation
- Improved feeding systems
- Purchasing of machinery to improve productivity
- Improvement/new construction of cattle sheds
- Installation of solar power units for energy-self-sufficiency

Genetic Upgrading and Herd Improvement Programmes

Genetic improvement of dairy cows through Artificial Insemination (AI) is a priority area for improving herd productivity under the DEDI programme. AI improves the genetic quality of dairy cattle leading to increased milk production.

During the year in review, Cargills entered into a public-private partnership with DAPH to provide AI services to ensure its wider application in order to genetically improve the dairy herds.

The Rapid Pregnancy Diagnosis Programme was also introduced by the DEDI programme during the year in review, improving the efficiency of pregnancy diagnosis, enabling the detection of pregnancy as early as day 28 post-breeding with great accuracy.

Dairy Collection Digitalisation

Following the successful end-to-end digitalisation of the fresh produce procurement journey, Cargills commenced the automation of the milk collection centres, during the year in review. A test run of the system was conducted at two Milk Chilling Centres, with the system scheduled to be rolled-out across the entire network during the ensuing financial year.

COMMUNITY DEVELOPMENT

The holistic and sustainable development of rural communities across Sri Lanka is crucial to bridging regional disparities, especially given the inequalities in distribution of social welfare across Sri Lanka. Cargills has been cognisant from the onset of the pressing need to reinvest back into our communities, especially those that show greater disparity in social, intellectual and invested capital. Such efforts by Cargills to redirect funds towards these communities not only enables localised economic progress, but also ensures the reduction of unemployment levels, leading to reduced poverty and reduced inequalities, and thereby a better, more promising quality of life and well-being for agricultural communities.





2023/24
Highlights

The Cargills Community Meals programme initiated during the peak of the economic crisis to address concerning levels of food security across Sri Lanka, was continued during the year in review. We served over 63,500 meals to communities and school children in and around Colombo 13, 14, Wanathamulla and Palliyawatte to the value of Rs. 8,537,064.



Sarubima Fund

Established in 2008 with the overarching objective of further uplifting the lives of our farming communities, the Sarubima Fund contributes 50 cents for every kilogram of fresh produce and every litre of fresh milk sourced from local farmers. Over the years, this fund has acted as a platform to better the lives of our farming communities by offering educational scholarships, upskilling tools, insurance policies and restoring and upgrading in local infrastructure.

With most banks and financial institutions in Sri Lanka reluctant to offer credit schemes to the local farming communities due to the high-risk factor resulting from the nature of agriculture, Cargills extended the fund to include Credit Relief for farmers defaulting on their loan payments. The Sarubima Credit Relief Fund addressed this persistent issue that has greatly slowed the growth of Sri Lanka's agriculture economy, providing farmers with much needed financial assistance while also eliminating the risk factor of high capital investments and loan interests. The Sarubima Credit Relief Fund helps farmers repay the loans taken for capital expenditure in the event of a genuine crop failure beyond their control.

Sarubima Community Development Projects

Cargills successfully completed and handed over a number of community development projects during the year in review, investing well over Rs. 11 Mn. back into our communities. From the projects implemented, a majority were focused on providing year-long access to clean water and sanitation in disadvantaged farming communities along the Cargills supply chain.

Access to water has remained inextricably linked to sustainable development in Sri Lanka. Historically, our country was known to have some of the most complex irrigation systems in the world, with ancient water networks consisting of meticulously designed tanks and canals for storing and diverting water, enriching an agriculture-based society and driving economic prosperity. Today, due to existing vulnerabilities in the country's water infrastructure, only 60% of Sri Lanka's population have access to pipe borne water¹. While the remaining population may have access to other water bodies and groundwater, increased climate unpredictability resulting in prolonged droughts, rains and floods has made accessing clean water a critical issue. Furthermore, the agricultural communities in Sri Lanka's dry zones face the additional challenge of contaminated surface and ground water due to excessive agrochemical use in their farmlands.

Cargills installed water supply systems with filters, provided drinking water facilities, and improved sanitary facilities as required across a number of schools spread across the country. By implementing projects that develop localised water infrastructure, and thereby improving access to clean water and sanitation, Cargills directly contributes towards driving rural transformation across Sri Lanka while elevating the living conditions of our farming communities.

The Sarubima water access projects also directly contribute towards the UN Sustainable Development Goal O6: Clean Water and Sanitation, the global goal that remains furthest off-track of all 17 UN SDGs. A number of other community development projects that contributed to building community resilience were also implemented during the review period, including infrastructure upgrades of healthcare facilities and schools in rural communities.



Community development projects completed and handed over to beneficiaries in 2023/24



No.	Collection Centre	Project Description
1.	Ganewatte	Drinking water and sanitary facility – Malagane Primary School, Ganewatte
2.	Hettipola	Drinking water facility – Medaina Sarananda Primary School, Hettipola
3-6	Kurunegala	Water filtering unit – Dematagolla Junior School, Wallawa, Water filtering unit – Nelawa Vidyalyaya, Kurunegala, Water filtering unit – Ku/Bogamuwa Central College, Bogamuwa, Boyagane
6.	Mahaoya	Upgrade of the Intensive Care Unit – Mahaoya Base Hospital, Mahaoya
7.	Oyamaduwa	Drinking water and sanitary facility improvement – AP/Billewa College – Thanthirimale
8.	Thambuttegama	Drinking water facility and sanitary facility improvement – Kudabellankadawala Govt. Clinic, Thambuttegama
9.	Tissogama	Deep well with water pump – Hiripokuna Primary School
10.	Dambulla	Water supply system with filters – Andiyagala Base Hospital, Dambulla
11.	Wattegama	Infrastructure upgrade – Irigathanna Clinic, Wattegama
12.	Rikiligaskanda	Drinking water facility and sanitary facility improvement – Ne/Rockwood Tamil College, Rikiligaskanda
13.	Lindula	Water supply system N/Talawakele Tamil Maha Vidyalayam, Thalawakele
14.	Kotmale	Water supply system N/Dunshinan (Shiwananda) Tamil Vidyalaya, Poodanluoya, Kotmale
15.	Bogahawatta	Water supply system with filter – Westhall Divisional Hospital, Bogahawatte
16.	Maskeliya	School building repair – N/H/ Lakam Tamil Vidyalaya, Maskeliya
17.	Banduragoda	Water filter system – Gnanodeya Central College, Divulapitiya
		Value delivered to communities during the year: 11,238,095.00

Creating Opportunities for SMEs with Cargills Village to Home

The Cargills Village to Home initiative launched in September 2020 was established to support Sri Lanka's small and medium enterprises (SMEs) that were impacted by the COVID-19 pandemic. Monthly sales events are held at select Cargills Food City car parks to provide business continuity amidst the market's increased uncertainties.

The monthly events showcase a variety of Sri Lankan traditional products such as Ayurvedic herbal products, food, handloom and artisanal handicraft, and cane and reed craft products, providing local businesses with access to the mass market. SMEs are provided technical assistance and advice by Cargills in terms of packaging, labelling, marketing, communication, social media presence, quality assurance and quality standards, in order to strengthen each individual brand and increase their market appeal. Furthermore, Cargills covers all expenses for demarcated stalls during the events, as well as water, electricity, and other facilities required to meet strict health and safety guidelines. For managing their finances, each registered participant is given the opportunity to open a Cargills Bank Account, and is provided with a QR Code for transaction purposes.





2023/24

Highlights

Cargills organized 10 Main Village to Home events at Food City outlets, including few small-scale events (i.e., Mini Village to Home and Jaffna Mini Cargills Village to Home events) during the financial year 2023/24. The total registered SMEs under the initiative reached almost 300, as of 31 March 2024. Indirectly, this number surpasses 1,000 beneficiaries since certain registered SMEs represent entire villages as well as worker societies and village societies with multiple members who are accounted as one single SME. We also held our first Village to Home event out of Colombo during the year in review at the Katukurunda O2 Cargills retail outlet in October 2023.

Additionally, the Gondola programme was further progressed during the year in review, offering SMEs the unique opportunity to display their goods at Cargills Food City outlets, for a relatively low cost.

Number of Village to Home Events held during the Year

Village to Home Events	Total to-date since 2020	2022 - 2023	2023 - 2024
Cargills Village to Home	27	6	10

Number of SMEs Registered under the Village to Home Programme

Type of SME	Number of Entrepreneurs
Direct individual registered SMEs	289
Jaffna Village to Home	42
Manikkhinna Village	40
Sagarika Products	10
Ehali SEDA - Village Society	86
Heladiya - Apparel Workers Society	500
Rural Development Institute - Middeniya	200
Total Cargills Village to Home SMEs	1,167

Number of Products Introduced to the Local Market through the Village to Home Programme

Village to Home Events	Total as at 31 March 2024	Total as at 31 March 2023	2023 - 2024
Direct SMEs	331	204	127
Products introduced	3,000	2,000	1,000

*Over 1,000 new products were introduced through the Village to Home events held during the year 2023-2024, i.e., with the new direct individual registered SMEs and Jaffna Village to Home SMEs introducing approximately 10 products each. Since the introduction of Village to Home in 2020, over 3,000 products have been introduced to the local market.

Total Revenue Earned by the SMEs from the Village to Home Programme

Total revenue earned by the SMEs from the Village to Home programme since 2020 (including mini Village to Home events) amounted to approximately Rs. 16 Mn, with around Rs. 6.9 Mn earned during this financial year, evidencing the success and growth of the Village to Home programme.

Additionally, SMEs can showcase their products inside select Food City outlets equipped with a Village to Home Bay or Gondola, providing them with continuous market access at low shelf cost, supporting sustainable business growth in the long term. A listing of the products and SMEs can be found at each relevant food city outlet for more brand visibility.

With 17 Village to Home Bays/Gondolas strategically placed across the Cargills retail chain, the total revenue earned by SMEs during the year in review recorded remarkable growth by nearly doubling its earnings from last year and surpassing Rs. 15 Mn. This is a true testament to the support and encouragement provided by Cargills in community and livelihood development.

Total Revenue Earned from Village to Home Bays and Gondolas at Cargills Retail Outlets

	As at 31 March 2023	As at 31 March 2024
Listed SMEs	8	11
Listed SKUs	29	47

	2022/23	2023/24
Total Revenue from Cargills Village to Home Bays/Gondola	Rs. 8,856,492	Rs. 15,011,909

Opportunities for the Differently-abled

One of the impactful initiatives of the Village to Home programme during the year in review has been in connecting with, and giving opportunities to differently-abled individuals through the programme. Cargills currently works with the following organisations committed to the betterment and inclusivity of differently-abled adults and children for this purpose:

- Kalutara District organisation of Disabled- Adults
- Cocoon Foundation-Children
- EASE Foundation

The Village to Home programme engages with the above organisations to provide their resident members with disabilities a platform to showcase and sell their products, providing market access and creating equal income opportunities for this under-represented demographic in the local market.

Sathutu Pawula

Cargills Village to Home ventured outside the Colombo District to participate in Sathutu Pawula – an education and trade fair held during the last week of December 2023 in Kirindiwela, featuring over 400 educational and trade stalls. Over 20 SMEs from both Cargills Village to Home and Cargills Lak Bojun participated in a special branded and demarcated exhibition space, drawing much needed attention from the crowds during the event. With over 40 new SME inquiries from visitors to the stall to join the Cargills SME programmes, the Village to Home stall at Sathutu Pawula recorded the highest income from all the Village to Home programmes held thus far, accumulating Rs. 1.5 Mn. from sales during the week.

New Year (Avurudhu) Celebrations

The 26th and 27th Cargills Village to Home events successfully concluded on 23 March 2024 and 30 March 2024 at Delkanda and Pelawatta Cargills Food City premises respectively.

The Pelawatta event was part of a special Avurudhu celebration, and saw the participation of 24 SMEs including 3 SMEs from Jaffna, receiving great encouragement from Cargills patrons for a unique Jaffna culinary experience. The event, rounding off with traditional Avurudhu games and events as well as some action stations from Cargills Lak Bojun carts, recorded a notable income of close to Rs. 1 Mn.



Training and Capacity Building

Three key training programmes were carried out during the year in review, greatly benefiting our registered SMEs:

Training Programme	Description	No. of Beneficiaries
<p>Packaging and Labelling Workshop in collaboration with the USAID CATALYZE Sri Lanka Private Sector Development (PSD) programme</p> <p>Date: 09 August 2023</p>	<p>A training session for select micro, small and medium-scale enterprises (MSMEs) under the Village to Home programme covering topics such as food packaging and labelling, food safety and nutrition, basic quality assurance and food regulations. It also provided the MSMEs with an understanding of product registration in modern trade and also created awareness on financial literacy. The training program featured experts from Cargills, the Cargills Bank, and representatives of USAID CATALYZE PSD.</p>	<p>A total of 55 MSMEs participated, from all across the island, including participants from Jaffna and Mullaitivu.</p>



Training Programme	Description	No. of Beneficiaries
Z - Panthiya (Z - පන්තිය) in collaboration with Small Enterprises Development (SED) Division of the Ministry of Sports and Youth Affairs Sri Lanka Date: 18 December 2023	An interactive online Zoom training session for entrepreneur development, where Cargills experts spoke on a number of topics ranging from basic quality assurance procedures and food regulations for SMEs, to listing a product in modern trade. The session concluded with a round of Q&A where participants actively participated to clarify their concerns	-
Training Programme on Modern Market Opportunities, tailored to meet the needs of Huluganga Village in the Kandy District (adjacent to Cargills KIST Knuckles Plant) Date: 20 December 2023	A training provided by the Cargills Village to Home team, highlighting opportunities that are available through the Cargills Village to Home program. The team has followed-up by coordinating with the village to introduce their products to Cargills Village to Home events, as well as to the local market, supporting the villagers to extend the market reach for their products that include vanilla and kithul treacle.	Participation of 23 self-employed villagers

Cargills
Village to
Home

SUCCESS
STORIES

Dulanjana
Vithanage

Jackfruit Noodles

A promising young entrepreneur Dulanjana Vithanage – an undergraduate at the University of Sri Jayewardenepura at the time, wished to introduce his innovative “Jackfruit Noodles” product to the mass market. High in nutrients and a healthy substitute to wheat flour, the product required a strong platform to access his target demographic.

Dulanjana joined Cargills Village to Home in September 2020, and with the guidance and support of the Cargills Village to Home team, he was able to package and market Jackfruit Noodles at Village to Home events at the Kandana Cargills retail outlet. The product became an instant hit due to its nutritional value as well as innovative nature, and is now listed in the Cargills Retail chain and available in 88 outlets, including outlets with Cargills village to Home Bays and Gondolas. Currently, it is one of the fastest moving products to result from the Village to Home programme. This success has given Dulanjana the incentive to introduce many more innovative products including Kos Posha (Jack Seeds Mixed Multi Cereal), Kirikos Maluwa (Jackfruit Curry) and dehydrated jackfruit products, with average monthly production going up to 15,000 units.

Having joined Cargills Village to Home with only 2 employees, Dulanjana's business has grown rapidly with the team now consisting of 30 employees, and a massive supplier base of over 400 trained jackfruit seed suppliers. He records an average monthly income of Rs. 5 Mn.

As a young entrepreneur, Dulanjana's next step is to develop this jackfruit seed-based food products for the export market, his future outlook remaining promising with the encouragement and support from Cargills Village to Home.

Cargills
Village to
Home

SUCCESS
STORIES

Upali
Balasooriya

Team Work Products

A Civil Engineer by profession, Mr Upali Balasooriya was quick to identify the growing local market trend and demand for cassava products, and invested in a small-scale production unit in a rented space to produce cassava flour in 2022. At the time, there was a lack of locally produced cassava flour while the available brands were imported and expensive.

Mr. Balasooriya joined Cargills Village to Home in January 2023 at the Attidiya Cargills retail outlet to market his cassava flour as a healthy substitute for wheat flour. Identifying the importance of this product to meet the market demand for locally produced cassava flour, the Cargills Village to Home team guided and advised Mr Balasooriya on product quality, labelling, and marketing, enabling him to steadily build his brand and business. Today, the cassava flour is listed in the Cargills retail chain and is available in 213 outlets, with growing demand.

Further evidencing the success of the product in the mass market, Mr Balasooriya opened a café in March 2023 with a variety of manioc-based food products, which was soon followed by the opening of his own production facility in August 2023. This has also created direct employment opportunities for five manioc farmers in the Rideemaliyadda village, who are supporting the growing need for manioc to meet the escalating local market demand.

105

Cargills
(Ceylon)
PLC

Annual
Report
2023/24



HEALTHY, SAFE AND AFFORDABLE NUTRITION

As Sri Lanka continues to recover from its worst economic crisis since independence, and food inflation rates stabilise from all-time highs, significant concerns remain on how households have adopted, and still follow livelihood-based food coping strategies. Poor dietary habits have also been identified as a major contributor to the rising prevalence of non-communicable diseases (NCDs) in Sri Lanka such as diabetes, cardiovascular diseases and strokes, which account for almost 90% of the disease burden in Sri Lanka according to a recently published World Bank report. The number of children struggling with various forms of malnourishment has also increased according to recent data from the Health Ministry.

A nutrition-focused, sustainable food supply chain is seen as a long-term solution; one that enables food safety, food security and nutrition for current and future generations in accordance with the economic, social and environmental dimensions of sustainable development. Such food systems are inclusive, equitable, and resilient, and are expected to bridge the gap between fluctuating economic environments, social inequities and the basic nutritional needs of a nation.

As Cargills evolved into one of the largest agricultural production and retailing networks in Sri Lanka, we took on a central role in shaping the local agriculture sector to reflect advances in nutritional science, and in helping consumers make informed decisions about the food they consume. Cargills embedded nutritional science into good business practices, strategically addressing three pressing challenges faced by local consumers; access to nutritious produce, guaranteed food safety, and access to healthier food options.

This chapter provides an insight on multiple initiatives Cargills has pioneered over the years to ensure that nutritious, safe, and affordable food is easily accessible to all Sri Lankans.

SNAPSHOT

OF 3-YEAR PROGRESS

Purchased GAP-certified Good Harvest produce to the value of Rs. 168,339,332/-

Purchased agro-chemical free BeeSafe produce to the value of Rs. 119,049,112/-

Purchased traditional organic rice under the Cargills Rice banner to the value of Rs. 55,103,864/-

Introduced 50 new, healthy, improved products to the market.

Strengthened long-standing partnerships with Research and Development departments of local educational institutions, and successfully commercialising the Ceylon Cinnamon Leaf Tea product to win a Certificate of Recognition by World Bank-funded AHEAD Operation.

Launched 18 new products and healthy lifestyle alternatives under the Ceylon Since 1844 range of premium organic Sri Lankan products for the fast-growing tourist demographic.

Value Delivered

in 2023/24

▶ Purchasing value of Good Harvest produce:
Rs. 46,185,687

▶ Purchasing value of organic rice crops:
Rs. 24,983,544

▶ Purchasing value of BeeSafe produce:
Rs. 52,859,563

▶ Number of new products introduced to the market:
13

Contribution to SDGs



GOOD HARVEST

– Sri Lanka's First
GAP-certified Produce

Having established Sri Lanka's largest and most wide-spread agricultural supply chain, Cargills understood the immense responsibility of assuring food quality and safety to our consumers from the onset of our operations. This drove us to spearhead the introduction of Good Agricultural Practices (GAP) in Sri Lanka – a set of principles, regulations, and technical recommendations applicable to production, processing, and food transport, ensuring the safety and quality of produce in the supply chain. The SL-GAP certification – formally introduced in 2019 by partnering with the Department of Agriculture – ensures that farm products meet quality standards as well as being environmentally friendly, socially acceptable, and economically profitable for the farmers.

For consumers, GAP ensures the availability of safe food produced in a sustainable manner; all fruits and vegetables marketed and distributed under the Good Harvest label give the assurance that fertilisers and pesticides are used in adherence to regulatory standards with globally accepted, safe levels of residue. Control mechanisms are in place to continuously monitor participating farmers' crop record books at ground level. To further emphasise the quality of the produce, each package of "Good Harvest" branded fruits and vegetables contains traceability information and a distinct QR code.



2023/24
Highlights

Cargills grew its GAP-certified farmer network under the Good Harvest label to 251 during the reporting period.

A year-on-year comparison of purchasing volumes, value and revenue however, indicated a decrease due to various challenges in the external environment affecting the overall demand and yields.

2023/24	
Quantity Purchased (kg)	Purchasing Value (Rs.)
220,410	46,185,687
2022/23	
Quantity Purchased (kg)	Purchasing Value (Rs.)
283,161	56,671,243
Growth	
Volume	Value
(22.2%)	22.7%

BEESAFE

– Agrochemical Free Farming

With a wave of conscious consumerism creating a niche gap in the local market for toxin-free, organic, fresh produce at affordable prices, Cargills launched the BeeSafe range in 2019, introducing produce that is nutrient rich, ecologically cultivated, and free of harmful agrochemicals.

BeeSafe farmers employ scientifically proven biological processes in agriculture, introducing microorganisms, natural herbicides, and pesticides as an integrated system to maximise yields, while reducing farmers' exposure to harmful chemicals. Cargills has established toxin-free ecological zones to guarantee that all crops cultivated within them will be free of all hazardous chemicals, further demonstrating the safety and quality of the produce with the presence of bees within the cordoned-off farming zones. Bees are known to be notoriously sensitive to any harmful toxins, and are unable to survive in environments laced with harmful chemicals. Its organic goodness and affordable pricing has ensured continued demand for the BeeSafe range in a fast-evolving market.



2023/24

Highlights

During the year in review, 3 new farmers were registered under the BeeSafe farming network, extending the number of farmers to a total 42. A total of 37 crop varieties are now cultivated under the BeeSafe brand.

The BeeSafe brand showed a remarkable recovery during the year in review following a dip during the previous financial year, nearly doubling volumes and value of BeeSafe produce in 2023/24, as shown below:

2023/24

Quantity Purchased (kg)	Purchasing Value (Rs.)
208,154	52,859,563

2022/23

Quantity Purchased (kg)	Purchasing Value (Rs.)
109,599	27,319,077

Growth

Volume	Value
90%	93%

CARGILLS RICE

– Traditional Organic Rice

Rice cultivation in Sri Lanka has been intrinsically linked with the island nation's prosperity since the time of ancient kings and thriving kingdoms. Once renowned as the granary of the East, Sri Lanka provided more than 2,000 indigenous rice varieties to the world.

In order to bring back the goodness and nutrition of traditional rice to today's consumers, Cargills collaborates with the Parabowa Farmer Association to produce a range of traditional rice varieties, free of agrochemicals and toxins. These healthier traditional rice varieties are produced under specialist conditions, and are proven to be superior to commonly available rice varieties due to their higher antioxidant, fibre, iron and protein levels, while possessing a low glycaemic index. Cargills has introduced six different varieties of traditional organic rice to the market, each with its own unique health benefits.



2023/24
Highlights

One of the key highlights of the year was the introduction of Ceylon Traditional Rice Flour (white/red), which Cargills initiated in partnership with the Parabowa Farmer Association as a new product under the Cargills Rice label. The rice flour, made from traditional rice varieties for the first time in Sri Lanka, is high in nutrients and is an ideal gluten-free alternative for cooking and baking needs.

- Gluten free
- High in antioxidants
- High in nutrients
- Low glycaemic index
- No agrochemicals
- No preservatives or colouring

At the close of the year in review, 136 farmers were registered under the Cargills Rice initiative, cultivating a land area of 177.5 acres in total. Cargills Rice recorded solid growth in terms of volumes and value during the reporting period, with the purchasing value nearing Rs. 25 Mn. at the close of the year.

2023/24	
Quantity Purchased (kg)	Purchasing Value (Rs.)
47,550	24,983,544
2022/23	
Quantity Purchased (kg)	Purchasing Value (Rs.)
38,590	20,010,205
Growth	
Volume	Value
23%	25%

SUPPLY CHAIN TRACEABILITY

Cargills continued to gather data across the entire agriculture supply chain during the year in review as part of its digital transformation mandate. As part of this digitalisation, each farmer that is part of the Cargills agriculture supply chain is assigned a unique QR code, which will also include:

- Produce Type/Pack Size
- Packed Date/Expiry Date
- Farmer Name/Farmer Code/Farmer Address
- SL GAP No.
- Quality Control (QC) Name

These tags will be affixed to each pack of fresh produce that is delivered to Cargills Collection Centres island-wide. By scanning the QR code, additional cultivation details can be accessed via the Department of Agriculture website. This system enables consumers to verify the origin and quality of produce, enhancing traceability across the supply chain while ensuring the farmers' adherence to Good Agricultural Practices (GAP).





ENRICHED NUTRITION

A dedicated Research and Development (R&D) team at Cargills continues to focus their attention on delivering superior food products to meet the nutritional expectations of our consumers, with zero compromise on quality, taste or accessibility. We strive to maintain the unique taste of our manufactured product ranges represented by consumer favourite labels such as KIST, Sam's and Kotmale, by testing and re-engineering recipes to control sugar, salt, and fat levels. We source fresh milk as well as natural fruits and vegetables in the manufacture of these products, preserving their goodness in terms of high vitamin, mineral, and fibre content.

Furthermore, we collaborate with R&D departments across a number of state universities as well as with nutritional experts to further our research and introduce healthier consumer options to an evolving Sri Lankan market.

The New Product Development Process

In the food industry, new product development (NPD) is a complex process that is regulated and followed when introducing a new or improved food product to the market. It involves creating, processing, testing and commercialising the new or improved product, with timelines ranging from three months to three years.

At Cargills, the first step in the NPD process is understanding the pulse of the market and consumer expectations. This helps us identify opportunities in nutrition and translate them into products that satisfy our customers. In order to initiate this process, Cargills conducts consumer surveys to gauge customer preferences, with the resulting insights from the surveys guiding our NPD process.

Product Improvements

Products are improved or newly developed based on responses and suggestions received by customers.



2023/24

Highlights

In terms of product improvements for the year in review, Cargills introduced downsized versions of our range of KIST sauces, where 200g squeezable PET bottles were added alongside the existing 400g bottles, addressing changes in consumer spending behaviours resulting from the impacts of food inflation. Introduced to the market during the December 2023 – January 2024 time frame, the downsized product range included:

- KIST Tomato Sauce
- KIST Chilli Sauce
- KIST Devilled Sauce
- KIST BBQ Sauce
- KIST Oyster Sauce
- KIST Soya Sauce

Additionally, there was a product label update, with the Festiva Tomato Sauce 400g pouch (manufactured by Cargills Agrifoods) changing its brand to KIST in December 2023.

During the year under review, we introduced 13 new consumer products to the market, which included 1 new healthy product (i.e., Ceylon Traditional Rice Flour).

No.	Product Name and Description
-----	------------------------------

New Consumer Products

Cargills Food and Beverage

- | | |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 01 | KIST 200g Squeeze Buddy Sauce Range <ul style="list-style-type: none"> • Kochchi Sauce 200g • Kottu Sauce 200g • Salsa Sauce 200g |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- | | |
|----|-------------------------------|
| 02 | Mixed Fruit Concentrate 330ml |
|----|-------------------------------|

Cargills Dairies

- | | |
|----|-------------------------------------------|
| 03 | Cappuccino Ice Cream with Chocolate Sauce |
|----|-------------------------------------------|

Cargills Convenience Foods

- | | |
|----|--------------------------------------------------------------------------------------|
| 04 | Sam's Chicken Bacon <ul style="list-style-type: none"> • No added MSG |
|----|--------------------------------------------------------------------------------------|

- | | |
|----|---------------------------------------------------------------------------------------------------|
| 05 | Sam's Mini Pizza Chicken Sausage <ul style="list-style-type: none"> • No added MSG |
|----|---------------------------------------------------------------------------------------------------|

- | | |
|----|---------------------------------------------------------------------------------------------------|
| 06 | Sam's Mini Pizza Kochchi Chicken <ul style="list-style-type: none"> • No added MSG |
|----|---------------------------------------------------------------------------------------------------|

- | | |
|----|----------------------------------------------------------------------------------------------------|
| 07 | Sam's Mini Pizza Tandoori Chicken <ul style="list-style-type: none"> • No added MSG |
|----|----------------------------------------------------------------------------------------------------|

- | | |
|----|------------------------------------------------------------------------------------------|
| 08 | Sam's Mini Pizza Veggie <ul style="list-style-type: none"> • No added MSG |
|----|------------------------------------------------------------------------------------------|

- | | |
|----|----------------------------------------------------------------------------------------------------|
| 09 | Sam's Mini Pizza Devilled Chicken <ul style="list-style-type: none"> • No added MSG |
|----|----------------------------------------------------------------------------------------------------|

Cargills Rice

- | | |
|----|------------------------|
| 01 | Traditional Rice Flour |
|----|------------------------|

New/Improved Products

Cargills Food and Beverage

- | | |
|----|------------------------------------------------------------------------------------------------------------------------------------------|
| 01 | RIDE Sugar Free – Formulated Caffeinated Beverage <ul style="list-style-type: none"> • Sugar Free Version of RIDE Classic |
|----|------------------------------------------------------------------------------------------------------------------------------------------|

Cargills Convenience Foods

- | | |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 02 | Cargills Finest Back Bacon and Streaky Bacon <ul style="list-style-type: none"> • 50% reduction of sodium nitrite added to bacon production process – resulting in reduced residual nitrite content in the finished product* |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

* Cargills Finest Back Bacon and Streaky Bacon was not a new product but only an improved product*.

Our continued investment in R&D, New Product Development and Product Improvement has been encouraged by the performance of our nutritious, healthier food options in the mass market, with a majority of the products showing strong year-on-year increase in sales during the year in review. A few products recorded marginal drops in sales during the year as shown below, largely based on the decrease in consumer buying power while navigating the economic challenges faced by the country. The only significant drop in sales was recorded by the Kotmale Orange Dairy Drink, a statistic that is currently being looked into by the team.

Cargills Healthy Consumer Products	Sales Increase %
------------------------------------	------------------

Kotmale

Low Fat Pasteurized Milk – 1L	54.91
Low Fat UHT Milk –1L	14.21
Non-Fat Set Yoghurt – 450g	303.72
Low Fat Stirred Yogurt – 80g (Vanilla, Strawberry and Mixed Berry)	251.56
Aloe Vera Drinking Yoghurt – 180ml	8.08
Pasteurized Milk Almond – 500ml	204.32

Cargills Magic

Lite Ice Cream – 500ml (Vanilla, Chocolate)	33.92
---------------------------------------------	-------

KIST

Aloe Vera Drink – 200ml and 500ml	13.29
Absolute Juices with No Added Sugar <ul style="list-style-type: none"> • 1L – Orange, Apple, Grape, Mixed Fruit, Green Apple • 200ml – Apple, Green Apple, Orange, Grape 	64.43

Cargills Healthy Consumer Products	Sales Decrease %
------------------------------------	------------------

Cargills Quality Foods

Goldi Chicken Omega 3 Sausage	460.68
Low Fat Cheese Wedges – 120g	-4.14
Non-Fat UHT Milk – 1L	-0.98
Milk with Oats <ul style="list-style-type: none"> • 180ml and 1L – Original • 1L – Chocolate 	-4.03
Dairy Drink Orange – 180ml	-61.09

Prioritising Health and Safety in New Product Development

Product Conceptualisation: Product concept development is based on factors such as trends, consumer preferences, new concepts, market requirements and potential. When developing any new product concept, threats to food safety must be identified and potential health benefits and risks considered.

Research and Development: Throughout the research and development stage, we must evaluate new product ideas against local and international health and safety regulations to guarantee product quality and food safety. This includes the Food Act and the SLSI among other standards.

Certification: All Cargills Production Facilities are ISO 22000:2018 certified for Food Safety Management Systems. The year in review saw all our facilities maintain and/or renew necessary certifications in the areas of food manufacturing, safety, and quality standards by conducting audits and testing processes. All Cargills production facilities became Halal certified by the Halal Accreditation Council (HAC) of Sri Lanka during the year in review, with food safety and quality standards as prerequisites for the certification (with the exception of Cargills Convenient Foods for which the certification process was on-going at the close of this report) . The Company also extended the Halal Accreditation with the Gulf Standard (GSO) for Dairies, Confectionaries, and Food & Beverages for export purposes.

Manufacturing and Production: We ensure that raw materials, processed products, and final products meet specific health and safety requirements and regulations from initial receipt through delivery of finished products. To do so, we follow established protocols that satisfy necessary standards in Quality and Food Safety regulations. In addition to routine physical, chemical and microbiological in-house analysis, samples of products are randomly selected and sent to accredited third party laboratories for testing and verification of their health and safety standards.

Marketing and Promotion: All Cargills promotional material for new as well as existing products demonstrate our commitment to high-quality management and food safety standards. Annual training programmes help ensure sales teams and distributors stay informed and up-to-date on these standards. If product details are modified, the public is informed.

Storage, Distribution and Supply: At designated warehouses for manufactured products, batch picking is used instead of single-order picking, resulting in improved efficiency, reduced time, physical effort, and a reduced number of pickers. A QR code system is used to identify each product to ensure the traceability of fresher products to outlets. Strict temperature monitoring is employed in warehouses storing dairy and other products, with 24 thermo loggers installed to meet food safety requirements. During distribution, all vehicles are outfitted with GPS to track temperature and other parameters in real-time. QA teams visit supermarkets/retail shops monthly to check storage conditions, expiry dates, and provide advice when needed. Furthermore, annual training sessions are held to keep distributors up-to-date and advise them on how to uphold food safety and quality standards in products.

Use and Services: All products manufactured by Cargills are produced for public consumption in adherence with local and international food safety and quality standards.

FOSTERING A STRONG REGULATORY ENVIRONMENT

We have nurtured a strong regulatory framework at Cargills to ensure our products meet benchmark standards in nutritional value, quality, safety, and as a result – affordability. Our product development teams remain uncompromising when meeting specific nutrient criteria along the Cargills food value chain.

We are compliant with internal policies and regulations for food safety, quality, and nutrition, and comply with local and global policies, regulatory frameworks, and reference standards. We use natural ingredients as much as possible (milk, fruits etc.) including natural colouring, favoring and preservatives etc., and our manufacturing processes take place in hygienic/sterile environments with anti-bacterial cold rooms, cold storage, and certified to relevant ISO standards.

To educate consumers and enable informative decision making, we have a Cargills nutritional information table on our product labels. We also ensure that our products, ingredients, labels, and claims are factually correct, endorsed by scientific evidence, and consistent with Sri Lanka Food Act standards. Our Quality Assurance department benchmarks our practices to the World Health Organisation and Food and Agriculture Organisation Codex Alimentarius standards.

2023/24

Highlights

In a bid to address the loopholes within the original Food Act, No. 26 of 1980, the Ministry of Health in consultation with the Food Advisory Committee announced several amendments to the original legislation that governs food controlling activities in Sri Lanka. The Food Act controls, Manufacture, Importation, Sale, Distribution, Transportation, Advertising and Labelling of food in Sri Lanka, with the objective of ensuring the availability of safe, wholesome and honestly presented food supply for human consumption. While the implementation of the regulations were extended from 1 January 2024 by one year to be effective 1 January 2025, Cargills updated its product label approval form to ensure all new requirements are met, and followed by all responsible parties for all future packaging and label development during the year in review. The amended regulations include²:

- Food Act, No 26 of 1980, Amended the Food (Labelling and Advertising) Regulation 2022
- Food Act, No 26 of 1980, Amended the Food (Trans-Fat) Regulation 2022
- Food Act, No 26 of 1980, Amended the Food (Colour Coding for Sugar Levels-Liquid) Regulation 2022

For the year in review, all brands under Cargills Ceylon have met 95% of all regulatory requirements in labelling, as Cargills continues to ensure the Company strictly adheres to responsible labelling and sets benchmark standards for the rest of the local food industry.

Company/Facility	Instructions for Storage Yes (%)	Disposal Logo Yes (%)	Complete List of Ingredients in Descending Order Yes (%)	All Regulatory Requirements are Met Yes (%)
Cargills Dairies	100	100	100	100
Cargills Convenient Foods	100	100	100	96
KIST	92	54	100	96
Cargills Confectionaries	100	97	100	100
Kotmale	100	100	100	98
My Choice	86	81	78	79
Total	96	89	96	95

During the reporting period, Cargills continued to extend its regulatory oversight to the Lak Bojun programme launched in May 2022 in collaboration with the Department of Agriculture’s Women’s Agriculture Extension Programme Hela Bojun. The Cargills Quality Assurance (QA) team performs regular audits of all Lak Bojun units to ensure that the quality, safety, and nutrition factors meet all set regulations.

More details of the Lak Bojun Programme can be found under “Building Equality, Diversity, and Inclusion” on pages 142 to 147.

1. <https://www.dailymirror.lk/amp/front-page/Govt-to-bring-in-stringent-regulations-on-food-ads/238-260502>
 2. https://eohfs.health.gov.lk/food/index.php?option=com_content&view=article&id=18&Itemid=159&lang=en

WINNING PARTNERSHIPS AND COLLABORATIONS

Cargills collaborates with a number of organisations and institutions in order to encourage research and innovation, disseminate knowledge, and to drive forward the mandate of making healthy, safe and affordable nutrition accessible to all Sri Lankans.

We are strongly invested in collaborating with Sri Lanka's state universities to stimulate research and innovation through New Product Development (NPD) initiatives, where students are presented with the opportunity and resources to translate their advanced research ideas into healthier and more nutritious products under the Cargills brand.

2023/24

Highlights

The Ceylon Cinnamon Leaf Tea Project – one of our most successful research projects from the previous financial year was recognized for the “Successful Commercialization of University Research”, with Cargills being presented with a Certificate of Recognition in May 2023 by the Accelerating Higher Education Expansion and Development (AHEAD) Operation, a World Bank-funded Sri Lankan Government initiative that supports the higher education sector.

The innovative product was a successful outcome of the research conducted by the Department of Agribusiness Management of the Faculty of Agricultural Sciences of Sabaragamuwa University of Sri Lanka. The tea is a herbal infusion enriched with Ceylon cinnamon leaf and bark extract, high with anti-inflammatory properties that gives 100 times the health advantages of regular cinnamon infusions, and is free from sugar, gluten and saturated fat.

Having entered into a licencing agreement with the Sabaragamuwa University, Cargills launched the product under the Ceylon Since 1844 brand (page 124), contributing 2% of every Ceylon Cinnamon Leaf Tea pack sold to the Research and Development Fund of Sabaragamuwa University.

During the period under review, we collaborated with multiple state-funded universities on a variety of projects.

Collaboration/Partnership	Project Details	Status
Joint Research Project in Collaboration with Victoria University, Australia and the University of Sri Jayewardenepura	Research project on agriculture supply chain management	On-going
Scaling Up Nutrition (SUN) Business Network – co-convened by the Global Alliance for Improved Nutrition (GAIN) and the World Food Program (WFP), and implemented in Sri Lanka by the Federation of Chamber of Commerce and Industry of Sri Lanka (FCCISL).	The SUN Business Network is the only dedicated global platform for business and nutrition, formed with the aim to reduce malnutrition by engaging and supporting businesses across different industries. Cargills was appointed as a Member of the Steering Committee for the 2024-2026 period on 19 March 2024. The Committee is formed with an objective to provide strategic guidance to the SUN Business Network Sri Lanka and to champion the role of the Private Sector in Scaling Up Nutrition.	On-going

CEYLON SINCE 1844

Launched in 2022, Ceylon Since 1844 product range was introduced and positioned as a premium Sri Lankan brand to penetrate the tourist demographic, as Sri Lanka becomes one of the fastest growing tourism destinations in the world with increasing foreign footfall throughout the year. This premium brand includes a range of products from daily essentials to healthy lifestyle alternatives, packaged uniquely for gifting purposes, meeting the needs of the target demographic.

Ceylon Since 1844 was created to showcase authentic, regal Sri Lankan heritage and the Ceylonese lifestyle of the past. The brand sources organic/ecological products that inspire quality, tradition, and the excellence of Ceylon cuisine worldwide. A total of 18 products have thus far been introduced, all with no additives, artificial colours, flavours, or preservatives. The products were made available at selected Food City outlets in Colombo and tourist destinations – successfully contributing to the Cargills business. With all raw material sourced from smallholders, customers were made aware of their role in uplifting the livelihoods of the farmers when purchasing Ceylon Since 1844 products, while generating foreign exchange for Sri Lanka as the range aims to be recognized as a premium Sri Lankan brand across international markets.

Ceylon Since 1844 offers a range of organic products that narrates the history of Ceylon; Our 100% pure Ceylon tea range is mid-grown single origin, and offers English Breakfast Tea, Green Tea, Spiced Black Tea and Loose-Leaf Black Tea. The coffee range includes Medium and Dark Roasted Ground Coffee, as well as Drip Bags, all sourced from Kandyan forest gardens and hand-picked by artisanal women. There is also a variety of coconut-based products, such as Virgin Coconut Oil (single estate), Coconut Cream and Coconut Chips (in pineapple and savoury). Our organic spice selection consists of Ceylon Cinnamon Powder, Whole Black Pepper, Whole Clove and Whole Cardamom. Kithul Treacle is a natural sweetener, low in glycaemic index, high in antioxidants, fat-free and gluten-free.

We also offer Ceylon Cinnamon Leaf Tea, a product patented in Sri Lanka following the successful research and development carried out by Sabaragamuwa University (More details on page 123). Made of Ceylon Cinnamon leaf and bark extract, the product is enriched with far greater nutritional and anti-inflammatory properties than a regular Cinnamon infusion, and represents the health and nutrition aspect of the brand.

Ceylon Since 1844 Product Range



Coffee

Dark Roasted Arabica Ground Coffee (100g)	Medium Roasted Arabica Ground Coffee (100g)	Dark Roasted Arabica Ground Coffee-Drip Bag (100g)
-------------------------------------------	---------------------------------------------	----------------------------------------------------

Herbal Tea

Ceylon Cinnamon Leaf Tea (30g)

Organic Tea Range

Organic Green Tea (50g)	Organic Spiced Black Tea (22.5g)	Organic English Breakfast Tea (50g)	Organic Loose-Leaf Black Tea (100g)
-------------------------	----------------------------------	-------------------------------------	-------------------------------------

Organic Coconut Based Product Range

Organic Virgin Coconut Oil (500ml)	Organic Virgin Coconut Oil (375ml)	Organic Coconut Cream (400ml)
Organic Coconut Chips: Pineapple (50g)	Organic Coconut Chips: Savoury (50g)	

Organic Spice Range

Organic Ceylon Cinnamon Powder (50g)	Organic Whole Black Pepper (50g)	Organic Whole Cloves (45g)	Organic Whole Cardamom (35g)
--------------------------------------	----------------------------------	----------------------------	------------------------------

Kithul Product

100% Natural Kithul Treacle (375ml)

2023/24 Highlights

Following its first full financial year in a growing market, Ceylon Since 1844 recorded a very promising YoY growth rate of 154.35% for the year in review. Given the proven success across tourist hotspots, Cargills also increased the visibility of the brand by making the product range available at seven more Food City outlets along the Southern coastal belt during its tourist season in early 2024. The brand was also made available at a few retail stores with foreign footfall.

During the year in review, Cargills received recognition from the World Bank Funded Accelerating Higher Education Expansion and Development (AHEAD) operation for the successful commercialisation of university research for its Ceylon Cinnamon Leaf Tea product, evidencing the growing market demand for Ceylon Since 1844 products.



ENHANCING YOUTH SKILLS

The youth play a pivotal role in the sustainable development of our country due to their significant demographic presence as well as their potential to become agents of change. Focused efforts to develop youth skills and capacities remains paramount as the inclusion of young people in the economic, social, and environmental spheres becomes crucial to meet labour market demand in Sri Lanka, and for achieving long-term sustainability goals.

Over the past few decades, Cargills has actively contributed towards enhancing skills and knowledge of local youth by means of providing them purposeful, gainful employment and development opportunities. In the year 2023, the youth population of Sri Lanka between the ages of 15-29 (youth demographic according to the Commonwealth¹) constituted nearly a quarter of the country's total population². With 61.5% of the Cargills cadre falling under this age category (please refer to the workforce profile on page 153), we have dedicated our resources to providing Sri Lankan youth with access to better career prospects as well as development opportunities, advancing their skills, and increasing their earning power in today's challenging job market.

The following section provides further details on our contribution towards reducing the unemployment rate among the youth of Sri Lanka, bridging identified skill gaps, and empowering them progress in their careers while exploring new opportunities to fulfil their true potential.

¹ <https://thecommonwealth.org/our-work/youth>

² <https://www.moys.gov.lk/about>

SNAPSHOT

OF 3-YEAR PROGRESS

Digitalised the Albert A. Page Institute (AAPI) into an online learning platform, making training courses accessible for all team members, anytime, anywhere

Trained and mentored a total of 354 graduates through the Management Trainee Programme, with 100% of the trainee graduates absorbed into the Cargills team upon successful completion of the year-long programme

Greatly enhanced the standards in preschool education through the ECE Programme, with 502 preschools, reaching 40,371 students and building the capacity of over 2,670 teachers and 312 Divisional Officers during the past 3 years.

More than doubled the number of training hours by leveraging the online platform

Collaborated with local universities on new product development (NPD) initiatives, and successfully commercialised the Ceylon Cinnamon Leaf Tea product in partnership with the University of Sabaragamuwa

Value Delivered

in 2023/24

- ▶ Total training hours
67,894
5.25% increase YoY
- ▶ **87%** of Cargills team members utilising the Cargills AAPI eLearning Platform
- ▶ Total number of new students joining the ECE Programme:
**6,508 new students,
163 new pre-schools**
- ▶ Total number of professionals trained through the ECE Programme:
1,239 preschool teachers, 312 Divisional Officers

Contribution to SDGs



Albert A. Page Institute (AAPI)

The AAPI was established in 2006 to address the issue of underemployment and unemployment among the youth in Sri Lanka, largely due to the lack of access to professional training and qualifications. AAPI functions as a non-profit independent entity and provides vocational training and professional development to Cargills team members, awarding certifications and obtaining local as well as international accreditations to enable rural youth to explore career growth and advancement.

With 266 courses covering all aspects of the Cargills Retail and FMCG operation, AAPI has enabled Cargills to imbue a learning culture across all strata and departments of the organisation, stimulating personal mastery as well as team building and integrated thinking towards a shared vision. The training programs cover all functions from retail, manufacturing, food services, support services and sales, to soft skills, technical skills, and advanced courses for managerial and leadership development.

For the majority of our young workforce hailing from rural Sri Lanka, the training and capacity building that is enabled through AAPI is a direct contribution towards strengthening their career growth prospects while also advancing their townships and communities alongside their own growth. Given the crisis-driven brain drain from the country, AAPI has also enabled Cargills to reinforce our talent pool in the country to bridge the skill gaps that grew as a result of the skilled migration.

For a broader, more global view on food retailing and compliance, alongside internationally acclaimed accreditation, AAPI registered with the US-based IGA Institute – a non-profit educational foundation developed by the Independent Grocers Alliance (IGA), to provide international accreditation through on-line training materials and web-based job certification courses. Cargills believes this collaboration with IGA Institute will further the mandate to empower our youth workforce, nurture competitive skills, and support their career development.

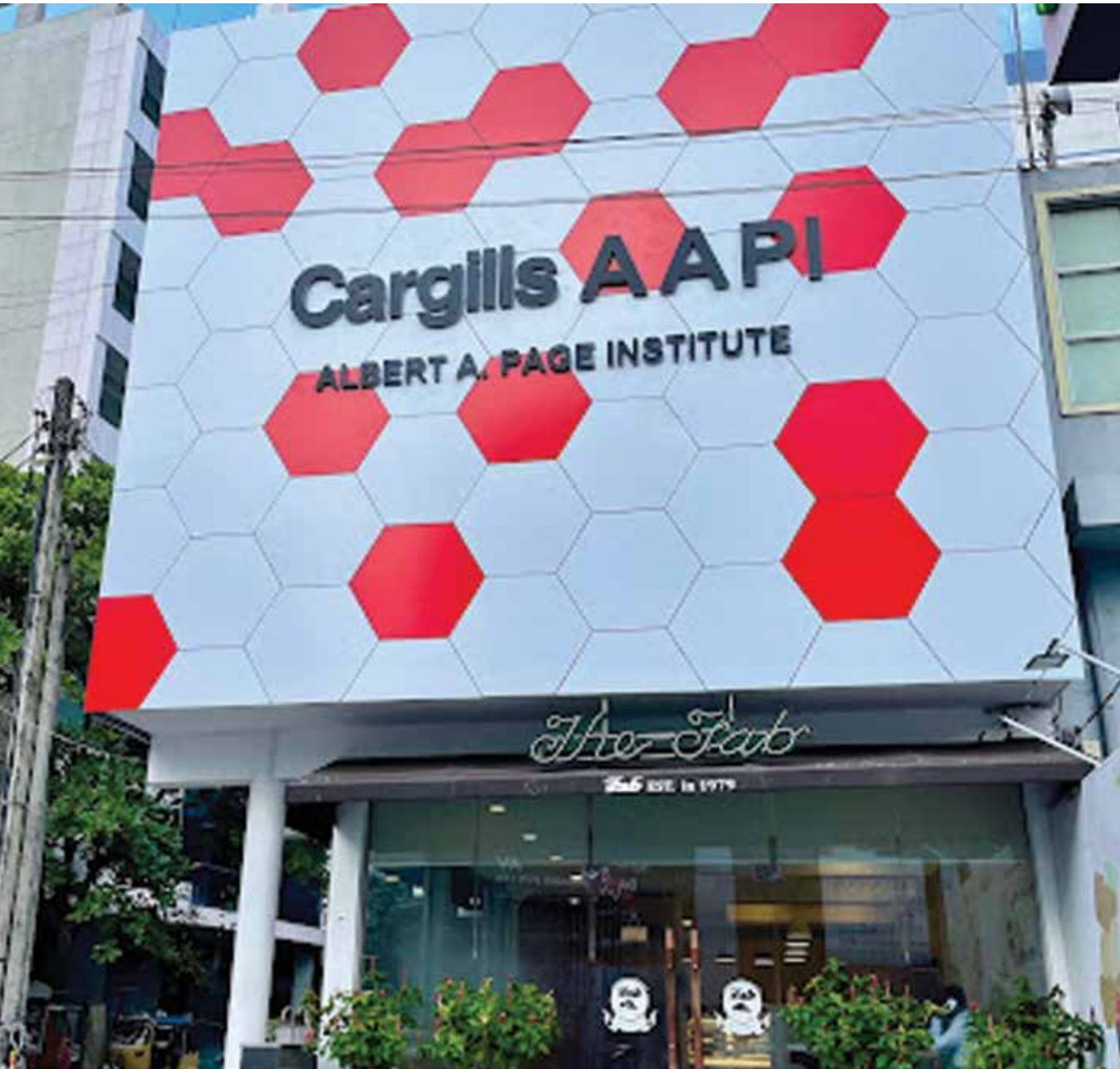
AAPI also developed a year-long intensive Management Trainee Programme to provide on the job specialised training, mentorship, and guidance across multiple business verticals to local university graduates each year.

The Digitalisation of AAPI

During the COVID-19 pandemic, the AAPI swiftly shifted to livestream training programmes, which eventually led to the development of the Cargills AAPI eLearning Platform in January 2022. The online platform offered anytime, anywhere access to digitised course content with practical sessions conducted at relevant retail outlets and manufacturing plants. English literacy was addressed with a multi-level, multi-lingual approach, along with an English language course to improve basic linguistic and communication skills. A competitive ranking system was introduced for individual team members and Retail outlets to encourage and promote self-learning. Courses are updated biannually by a think-tank of close to 50 expert resource persons from across the Group, to ensure that we retain and transmit relevant tacit knowledge to our growing talent pool.

Beyond the training, the eLearning platform also provides a medium of internal communication between team members as an interactive intranet, where team members can network, share ideas, stay updated on company events, and create a sense of inclusivity and community. The platform also conducts regular competitions for team members to take part in. Star performers are rewarded with recognition, both in the form of a monetary reward as well as visibility across the organisation.





2023/24 Highlights

During the year in review, the AAPI continued to meet the evolving training needs of Cargills team members across the island and expanded our reach among team members through the AAPI Platform. Training engagement rate of the team was successfully maintained at 87% during the year in review.

Through the eLearning platform, Cargills AAPI also held Quiz Competitions during the year, which invited team members to showcase their knowledge on a range of different subjects and topics. These competitions and engagement initiatives generated excitement among colleagues and provided them a unique opportunity to strengthen their skillsets while also gaining recognition.

Snapshot of 3-year progress: Training



We marked a steady growth in registrants for the IGA courses made available online in English, evidencing the success of e-Learning as well as the growing confidence in our team members as they advance their linguistic skills¹.

Cargills also ensured the continued efforts to maintain the service standards across our Restaurant business vertical, with 2,433 KFC team members clocking in 15,708 hours of training during the reporting period².

The company also conducted two training sessions on Anti-Corruption and Anti Bribery for a collective number of 96 team members.

Integrating nutrition with education through sponsorships

Cargills also focuses on the nutritional needs of Sri Lanka's young school-going student population through sponsorships for educational initiatives, further augmenting the positive impact among this impressionable demographic. During the year in review, one major sponsorship event was the "Scientia" all-island inter-school quiz competition organised by the Faculty of Agriculture

of the University of Peradeniya, which commemorated 75 years of remarkable contributions to agricultural higher education in Sri Lanka.

The event, designed to inspire the next generation of agricultural scientists, saw the participation of 184 schools from all 25 districts across the country, with a team of 5 students representing each school at the quiz competition. The provincial and inter-provincial level rounds as well as the grand finale of the event held on 27 October 2023 attracted close to 1,200 students and 250 teachers from 43 qualified schools. Cargills proudly took on the role of nutrition sponsor for the event, supplying 1,500 milk packets for distribution among the participants during the quiz competition.

The Cargills Foundation

Established in 2018 with the intention of enhancing economic and social prosperity in the communities in which we operate, the Cargills Foundation demonstrates our deep-rooted commitment as a company to serve these communities beyond our business obligations. Often referred to as the backbone of a nation, education was identified as the Foundation's main purpose. Understanding the importance of early childhood experiences in the development of an individual and how it lays the foundation for all future learning and behaviour, the Foundation honed in on advancing Sri Lanka's preschool education standards as its primary focus.

The Early Childhood Education Programme

The Foundation's inaugural project was the Early Childhood Education (ECE) Programme, launched in 2019 to introduce English as a second language to preschool-aged children, along with the basic concepts of STEAM (Science, Technology, Engineering, Arts and Mathematics). The Programme, which uses blended learning, helps develop the social, emotional, cognitive and physical capabilities of preschoolers, with a view to building a strong foundation for lifelong learning and well-being. The curriculum has been developed to align with local learning guidelines.

The pilot programme which commenced in May 2019 reached 737 students aged three to five across 48 preschools in the Western Province, upon its successful completion in December 2020. It has since been endorsed by the National Institute of Education as a supplementary programme to the local preschool curriculum in Sri Lanka. Furthermore, the Foundation also conducts capacity building of preschool teachers on a regular basis, training and mentoring them to implement the Programme and to enhance their English literacy.

¹ Time taken for registration was considered as training hours for IGA online courses

² Approximate training hours were considered for individual assessments run through 'The Vault' e-learning platform for KFC

2023/24

Highlights

During the year in review, the ECE Programme on-boarded 163 new preschools, reaching 6,508 new students and 475 new teachers. This takes the full total of students that are or have engaged in the programme to 40,371 from over 500 preschools at the close of the reporting period, a remarkable achievement that evidences the success of the programme.

Province	Students	Schools	Teachers
Northern Province	2,618	71	178
Western Province	3,890	92	297
Total	6,508	163	475

	Number of events	No. of participants	No. of officers
Total	33 Sessions	1,239	312

The ECE Programme continued to facilitate training sessions across the six provinces the Foundation had formalised agreements with, namely the Western, Central, North Central, Northern, Eastern and Uva provinces. A total of 33 training sessions were conducted during the year in review, resulting in the participation and capacity building of 1,239 teachers and 312 District Officers (DOs).

Cargills English as a Second language (ESL) Storybooks

The Cargills Foundation made available printed editions of ESL storybooks at all Cargills Retail outlets, which are sold at Rs. 370/- per copy. This deployment of print copies serves to raise funds for the classroom based ECE Programme, which is facilitated at preschools free of charge by the Cargills Foundation. During the year in review, six new titles were added to the ESL storybooks series, bringing the total number of titles of ESL storybooks to 11 at the close of the reporting period.

Partnership with SLT PEO TV and Charana TV

The Cargills Foundation continued with the partnership with SLT PEO TV as per the partnership formalised during the previous reporting period, broadcasting an edutainment programme for children titled ‘BADANAMU’ on variety channel Charana TV. This is the first programme broadcast in English on Charana TV, aimed at helping young learners become proficient in English as a Second Language (ESL) in a fun and emotionally engaging manner, while being introduced to concepts in Science, Technology, Engineering, Arts and Math (STEAM). The programme – now broadcast thrice per week due to a strong reception from viewers – is expected to fill a void in terms of educational video content available to young learners in Sri Lanka, and Charana TV’s wide reach provides maximum coverage of this content to help bridge second language gaps in local communities.



The Cargills Kids Garden

A new and potentially impactful initiative was launched during the year in review to instil the concept of home gardening from a very young, impressionable age. The initiative was also leveraged as an opportunity to educate children on the importance of growing their own nutrition, especially at a time where all Sri Lankans were looking to enhance their household food security. The children will grow up with the understanding that home gardens are an integral part of local food systems. Apart from encouraging healthy eating habits, gardening activities are also expected to improve sensory development, motor skills, as well as social skills of preschool students, all the while laying the foundation for greater psychological wellbeing in a fun environment.

The Foundation reached just over 1,000 students from 33 preschools, educating children as well as parents and teachers through activity videos on how to plan and design their home gardens. The preschools were provided with the required seeds to start off their home gardens



AN ENGAGING AND ENCOURAGING WORKPLACE

With a growing team of over 11,000 members across all its business verticals and support services, Cargills understands the significance of nurturing a workplace culture that is inclusive, engaging and encouraging. While investing in technology to enhance our productivity and operational excellence, we have also ensured that the job satisfaction of our team members remains a top priority in our commitment to remain one of Sri Lanka's preferred employers, thereby continuing to attract top talent. We provide a conducive and supportive work environment which encourages open communication, and offers a wealth of opportunities for our colleagues to benefit from.

2023/24

Highlights

The long anticipated Cargills Chairman's Awards returned after a four-year hiatus since its postponement in 2020 due to the COVID19 pandemic. The event recognised and celebrated long-service team members and outstanding performers who have made an invaluable contribution to the company.

We introduced the "Innovate to Elevate" Competition during the reporting period, creating opportunities for team members to engage and share ideas on selected themes such as business development, cost optimisation, productivity enhancement, etc. that positively impacted the overall Cargills business. Ideas and proposals sent in by team members were reviewed by a panel of senior management personnel and shortlisted candidates were invited to the Group Head Office in Colombo for a final presentation. Four winners were selected from among the finalists, and were rewarded with a monetary reward as well as visibility across the company. The event's success was evidenced from the response and enthusiasm shown by team members, with ideas and contributions being received from all across the country. The chosen winners too, represented varying backgrounds.

Furthermore, as a part of the 'Cargills Cares' initiative, teams from across the Group volunteered for several social impact initiatives such as Indira Cancer Trust/ Suwa Arana, community meals programmes, and environmental clean-ups, among other initiatives.



BUILDING DIVERSITY, EQUITY AND INCLUSION (DEI)

Through the decades, Cargills has fostered a culture and workplace where people are respected, empowered and encouraged to do their best work. It is a culture that has nurtured a strong sense of trust and belonging for all Sri Lankans. We have strengthened our reputation as a company that has embraced and embodied diversity, equity and inclusion (DEI) practices organically by the nature of our operation.

SNAPSHOT

OF 3-YEAR PROGRESS

Increased female staff representation by 20.8% to reach 5,685

Increased number of female owned farms by 291.5% to 231 enabling them to contribute towards the development of their own households, communities, and the national economy.

Reached a female to male ratio of 50:50 across the entire company, **with a goal of** achieving workplace gender parity.

Empowered 2,670 female preschool teachers with capacity building and skills development through the Early Childhood Education programme.

Contribution to SDGs



¹ <http://www.statistics.gov.lk/GenderStatistics/StaticInformation/ContributiontoEconomy/WorkingAgePopulationbySex2018-2020>
² <http://www.statistics.gov.lk/GenderStatistics/StaticInformation/ContributiontoEconomy/EconomicallyActivePopulationbySex2018-2020>

Today, Cargills continues to provide employment and advancement opportunities for all, regardless of gender, race, ethnicity, disability, sexual orientation, or religion, and has a zero-tolerance policy for any form of discrimination. We educate our team and help them have productive conversations and take necessary action to further advance our DEI agenda across the Company. More importantly, the island-wide expansiveness of the Cargills network meant that we were integrating DEI across wider township settings, where people are valued, appreciated and respected for their contributions towards the progress of their community.

Nearly 54%¹ of Sri Lanka's working-age population is female, but it is disheartening to note according to the latest labour force survey results from the Department of Census and Statistics, that only 33.9%² of the economically active population is female. With Cargills expanding its retail as well as agriculture and dairy networks across the island, we continue to play a significant role in enabling female participation in Sri Lanka's economic recovery through our national development initiatives. We firmly believe that providing safe, equitable, and dependable employment and entrepreneurial opportunities for females can help them in acquiring a more active role in the labour market, thus leading to upliftment in communities, households, and living standards. Our role as one of the largest conglomerates in the country enables us to bridge divides and present better economic and employment prospects to under-represented and under-served demographics.





Our commitment to advancing good DEI practices also extends to disability inclusion and equal employment opportunities to differently-abled individuals, providing equal access to financial security, productive employment, and skill development. We employ staff with diverse abilities for both front-end (serving customers) and back-end job roles, while also educating other team members on how to best support their differently-abled co-workers. Regular communication is maintained with the families/ guardians of differently-abled team members to ensure that their needs are sufficiently met. The United Nations Sustainable Development Goals (UN SDGs) continue to be an integral part of our efforts to create a physically inclusive and equitable workplace.

This section of our Annual Report further elaborates how Cargills continued to nurture and advance DEI practices across our work environments and communities.

PROMOTING FEMALE ENTREPRENEURSHIP IN FARMING COMMUNITIES

A woman's role as a food producer and provider, and her irreplaceable contribution to household food security is one that should be acknowledged and celebrated. However, studies carried out by the United Nations' Food and Agriculture Organization (FAO) confirm, that while women are essential to small-scale agriculture in developing countries, while bringing in income for daily family subsistence, they also experience greater difficulty than men in accessing credit facilities, land, and inputs for farming.

Having understood this crucial role played by females in food production from the genesis of our operation, Cargills has continued to create new opportunities for women to enter Sri Lanka's agriculture supply chain and retail sector through farming, food production, and direct market participation. By highlighting the woman's irreplaceable role in our strategy to achieve sustainable food security, we have empowered the female workforce with the capacity to contribute immensely to our farming projects and other initiatives. This has not only increased household incomes and the standard of living in farming communities, but has also ensured access to education for children, as well as improved nutrition. Microfinancing possibilities continue to be promoted among female farmers to encourage more women to take ownership of their farming businesses as entrepreneurs.

Creating a Safe, Equitable and Enabling Workplace

From our total staff strength of 11,335 as at 31 March 2024, 50% is female. These statistics reflect the decades-long commitment made by Cargills to maintain our status as an equal opportunity employer since inception, providing impartial recruitment, remuneration and promotion opportunities to a well-balanced workforce.

Cargills achieved an overall female to male ratio of 50:50 and has successfully achieved an overall non-executive female to male ratio of 52:48 during the financial year. With 92 women occupying managerial and supervisory positions at the close of the year, Cargills will continue to work towards increasing the female representation in top management to 40% by FY 2024/25.

Cargills remains committed to achieve workplace gender parity across all strata, and remains a member of the Target Gender Equality Programme working group, which is a UN Global Compact-sanctioned accelerator designed to help businesses set and reach aspirational targets for gender equality.

Encouraging Female Entrepreneurship at the Community Level

The Early Childhood Education (ECE) Programme by the Cargills Foundation (page 130) also became a channel to engage with and empower local preschool teachers, a field that is predominantly female driven. A major part of the success of the ECE Programme is the development of digital and English literacy standards of teachers, providing female teachers with the skills and tools necessary to fast adapt and excel in an ever-changing, hybrid learning environment. The ECE Programme has revived long-standing preschools with new teaching methods and intakes, while also acting as an invaluable lifeline and source of income for female teachers and early educators during a number of continuous interruptions to Sri Lanka's education system during the past three years.

2023/24

Highlights

Agriculture Modernisation Project

Total number of farmers (as of 31 March 2024)	Female ownership
1,071	182

17%

Good Harvest

Total number of farmers (as of 31 March 2024)	Female ownership
251	43

17%

BeeSafe

Total number of farmers (as of 31 March 2024)	Female ownership
42	6

14%

139

Cargills
(Ceylon)
PLC

Annual
Report
2023/24

ECE PROGRAMME TESTIMONIALS

140

Cargills
(Ceylon)
PLC

Annual
Report
2023/24

Building Diversity, Equity and Inclusion (DEI)

TAKING STOCK

Ms. M G D M C M Dissanayake

*Rainbow Preschool,
Hanguranketha,
Central Province*

At the onset of introducing the Cargills ECE programme in her preschool, Ms. Dissanayake saw an immediate interest shown by the parents in the new blended teaching methods and curriculum. With the addition of – STEAM-based (Science, Technology, Engineering, Arts and Mathematics) activities, as well as the introduction of English as a second language, the progress made by her students resulted in glowing word-of-mouth reviews by parents, which soon spread across her local community. These reviews of the children's well-rounded development greatly increased the demand for admission to Rainbow Preschool, and the increase in students allowed Ms. Dissanayake the opportunity to scale-up her fledgling establishment. This growth, while empowering Ms. Dissanayake, also enabled her to empower other women by providing employment opportunities to two young females from the immediate farming community who joined her as Assistant Preschool Teachers. Rainbow Preschool has enjoyed great success during the year in review, with the Cargills Kids Garden programme also making a very positive impact on the learning progress of the students.

Ms. S Wijelatha

*Singithi Preschool,
Nachchaduwa,
Anuradhapura,
North Central Province*

Having established the Singithi Preschool with basic required qualifications, Ms. Wijelatha was looking to advance her teaching capabilities to meet the evolving demands of early childhood education. By registering for the Cargills ECE Programme, she has been able to explore modern teaching techniques with STEAM-based early education, while also providing herself a strong foundation to learn and teach in the English language. Ms. Wijelatha's commitment to the ECE Programme and her dedication to her vocation saw her integrate STEAM activities to her curriculum, and successfully completing all assessments shared by ECE team during the year in review. Ms. Wijelatha also actively endorsed the Cargills Kids Garden Programme for her students in 2023, with the students expecting to harvest multiple fruits and vegetables during the coming year. The resulting all-round progress of the pre-schoolers and the positive reviews by parents saw the applications for Singithi Preschool for the year 2024 exceed the maximum number of available seats for students, a truly empowering achievement for Ms. Wijelatha, and positive encouragement for her future endeavours.

**Ms. Manjula
Jayasundara***Divisional Officer,
Nachchaduwa,
Anuradhapura, North
Central Province*

The Cargills Early Childhood Education Programme launched in 2019 continued to advance preschool curriculums in Sri Lanka, and create a positive impact among communities and townships, which have witnessed, recognised and acknowledged the progressive changes that are being made across their local preschools. Divisional Officer of Nachchaduwa Ms. Manjula Jayasundara expressed her satisfaction on the impact the ECE Programme was making across preschools belonging to the Nachchaduwa Divisional Secretariat which fell under her purview. Having previously worked in the more urban township of Anuradhapura in 2023, Ms. Jayasundara was a first-hand witness to the successful rollout of the ECE Programme across the North Central Province of Sri Lanka. As she was transferred to the post of Divisional Officer of Nachchaduwa in 2024, Ms. Jayasundara saw the ECE Programme reach more rural communities, empowering preschool teachers with knowledge and new skillsets, while also greatly benefiting preschool children by ensuring their early childhood education is well-rounded and more advanced.

“Compared to the book-based learning methods we used to have back then, the Cargills Programme has made English learning more practical, purposeful, and fun,” Ms. Jayasundara commented, highlighting the fact that preschool teachers from both divisions were equally well-equipped and trained through the ECE Programme, a testament to its strong framework and proven success.

EMPOWERING FEMALE ENTREPRENEURS THROUGH CARGILLS LAK BOJUN

Cargills collaborated with Hela Bojun - the Women's Agriculture Extension Programme under the Department of Agriculture to launch our very own Cargills Lak Bojun initiative in May 2022, in a bid to empower and support female entrepreneurs. The overarching goal of this initiative is to provide women-run SMEs a steady source of income, while also encouraging Cargills FoodCity patrons and others to consume healthy and nutritious food at affordable prices. Lak Bojun provides these hardworking, enterprising women the opportunity to sell nutritious meals, snacks and other food items to a growing demographic of health-conscious, wellness-oriented consumers, thereby improving their livelihoods, and the quality of life of their families and extended communities.

With complete ownership of the Lak Bojun project falling under the purview of Cargills, we took the responsibility of selecting deserving, disadvantaged women from the Cargills Village to Home database (page 98) to advance their businesses. We also collaborated with Government-operated initiatives such as "Vidatha" to filter existing SME databases with necessary criteria in order to select other female participants for the Lak Bojun initiative. Following the selection of the SMEs, the Cargills team facilitates capacity building training sessions for the SME owners, with technical guidance provided by





the Hela Bojun team. The Cargills Quality Assurance team monitors food safety and excellence regulations in compliance with the standards set by Hela Bojun, including the ban on wheat-flour-based products. Weekly audits of all program participants are conducted by Cargills to ensure they consistently provide high-quality food.

Cargills Bank sponsored the first Cargills Lak Bojun cart, while five additional carts were provided by the SUN Business Network (SBN), an initiative administered by the World Food Programme (WFP). Customers could find locally sourced, authentic, nutritious breakfast items and ready-to-eat foods made from root crops and grains, all at affordable prices. Sustainable packaging options were also encouraged to ensure the long-term sustainability of the initiative.

Traditional healthy food (No wheat flour added)	Porridge made from leafy vegetables, millets, and sago), rice and curry, kiribath, string hoppers, hoppers, laveriya, dosa, wade, pan cake, manioc, green gram, chickpea, cowpie, halapa, roti, pittu
Innovative healthy food (No wheat flour added)	Kos kotthu, habala pethi rice, kithul thalapa, manioc roti, pala pittu
Sustainable packaging	Paper cups, banana leaves, kanda leaves, bio compostable wrap, etc.

Cargills bears all costs related to Lak Bojun, while all income generated through the initiative goes directly to the female entrepreneurs, ensuring their hard work is fully rewarded. We believe women's empowerment is a catalyst for positive change and sustainable progress, and by assisting these women to understand their potential, Cargills aims to contribute to the social and economic growth of our local communities.

2023/24 Highlights

Cargills ensured benchmark standards of the Lak Bojun initiative were maintained during the year in review by conducting several training sessions throughout the year. This entailed a main capacity building programme with the District Agriculture Instructor from the Ministry of Agriculture discussing essential topics with the business owners such as food quality maintenance, cart cleanliness, hygienic practices, and building strong customer relationships. The Cargills team, too, shared valuable business insights with the SME owners, covering a range of topics from savings to finance management, being provided with assistance to open bank accounts with Cargills Bank.



Empowering Cargills Lak Bojun participants through capacity building workshops

A total of nine practical training sessions were held for 12 SMEs at the Battaramulla Hela Bojun premises, to ensure the business owners gained exposure to the practical set up and food preparation methods:



The success of the initiative allowed Cargills to extend the Lak Bojun initiative outside the Colombo District, with a cart set up at the Karapitiya Cargills Food City outlet.

At the close of the year in review, a total of 9 Cargills Lak Bojun carts were operational. Some carts extended their operational times beyond breakfast to provide healthy lunch and dinner options.

During the year in review, a number of carts also turned into action stations to provide some live-action cooking



Quite notably, a number of SMEs were also able to capitalise on large-scale catering opportunities. As a result of 18 registered Lak Bojun direct SMEs, opportunities were created for a number of indirect SMEs, who work together with the direct SMEs.

Lak Bojun income for the reporting period more than doubled year-on-year to record Rs. 19.5 Mn., a remarkable and promising growth for this initiative.

Performance Summary

	2022-2023	2023-2024
Number of SMEs	14	18
Number of Carts	8	9
Total Income	approximately 7 million	approximately 19.5 million
Number of Trainings	1	Main - 01 Practical - 9
Expansion Outside Colombo	0	01-Karapitiya
External Orders	0	45 Large-Scale Catering Orders

Candid images of a few of Cargills Lak Bojun carts servicing their loyal customers during the year in review:



CARGILLS LAK BOJUN SUCCESS STORIES

SUCCESS STORIES

146

Cargills
(Ceylon)
PLC
Annual
Report
2023/24

Purnalatha

A resident of Kalubovila, Purnalatha found herself in dire straits a few months ago; her husband was a heart patient, and her son Lakmal – with a fledgling family of his own – had also lost his job. The family was left with no other income source for their survival. Cargills identified Purnalatha's need for assistance during this time, on-boarding her to the Lak Bojun programme in March 2023. Purnalatha, armed with the experience from her lifelong role as a homemaker and zero business acumen, was provided the much-needed financial and business advice, capacity building and training to operate her Lak Bojun cart at the Cargills Bank Head Office premises.

Purnalatha's resolve backed by the continued assistance and support by Cargills saw the steady growth of her business, enabling her to provide for her family, and steadily work her way up from crushing financial burdens. While Purnalatha was able to provide healthy breakfast options to a growing number of regular customers from her cart, her son was also encouraged by his mother's success to provide healthy and nutritious food packs at the same cart during lunch hours, steadily rebuilding his lost confidence and recovering from the depths of mental depression following his job loss. Lakmal's persistence coupled with his mother's undying love and support led him to be the first and only male who is registered under the Lak Bojun women entrepreneurs programme, with the Cargills team approving the business venture given the family's financial destitution.

Today, Purnalatha and Lakmal have been given a new lease on life, gaining financial stability through Lak Bojun, earning Rs. 5,000 and Rs. 4,000 average profit per day respectively. Thanks to Cargills Lak Bojun, Purnalatha is also now the proud owner of a three-wheeler, meeting her business logistic needs while also doubling as an extra source of income.

Devika

Joining Cargills Lak Bojun in early 2023, Devika was motivated to make her entrepreneurial venture successful, given the dire financial situation at home due to the temporary nature of her husband's job. Cargills played a pivotal role in this journey, identifying Devika's need for urgent assistance, and providing her, as well as other enterprising women with sound advice and motivation on the benefits of joining Lak Bojun, and exploring their potential as female entrepreneurs backed by the unwavering support of Cargills. Not only was the programme promising her a steady income, but also the capacity building and financial knowledge required to run her own business.

With her son's future in her hands, Devika started out at the Nugegoda O2 Cargills Lak Bojun cart, selling healthy, nutritional food packs that began to attract a growing number of customers. Devika drew strength and insight from her training sessions and continued to grow her business. Cargills team conducted regular quality and safety audits, ensuring the high value of the food items offered by all the participants in the program.

Devika is now the main income generator of her family, and bears all expenses for her son's education, earning Rs. 8000 average profit per day. With her sister Sepalika joining her business, Devika has been able to practise better financial management, and has opened an account with Cargills Bank with the guidance and advice of the Cargills team, to save for her son's and their family's financial-burden-free future.

HR GOVERNANCE & POLICIES

Cargills has built a strong Human Resource Governance Framework consisting of resilient policies ranging from recruitment to retirement and the employee journey in between, thereby sustaining a safe, equitable and progressive workplace for all team members. All HR governance policies are continuously updated and amended to align with relevant local and international human rights codes, labour laws, employment standards of the Company, and benchmarked occupational health and safety regulations.

Recruitment and Retention

The Recruitment Policy at Cargills is designed to ensure that the Company is staffed with the personnel most qualified for each role, free from discrimination on the basis of age, gender, ethnicity, religion, language, civil status, or sexual orientation. Cargills places priority on selecting suitable individuals for roles that require direct engagement with customers and those performing daily operations, with all recruitment processes conducted in an equitable manner.

Recruitment efforts are extended to local communities, creating additional job opportunities in multiple areas. Multiple recruitment tools, such as skills assessments, are used to guarantee fairness throughout the recruitment process. Induction and onboarding programmes, mentoring, and development initiatives are also in place to familiarise new recruits with the Company's processes and culture.

2023/24

Highlights

During the year under review, Cargills created 6,687 new jobs across Sri Lanka.

New Employee Hires during Reporting Period by Age Group, Gender and Region

Region By Province	Male			Total	Female			Total
	Under 30 Years old	30 – 50 Years old	Over 50 Years Old		Under 30 Years old	30 – 50 Years old	Over 50 Years Old	
Central	410	36	3	449	557	22	–	579
Eastern	141	5	–	146	116	4	–	120
Northern	83	7	–	90	71	8	–	79
North Central	195	6	–	201	197	24	–	221
North-Western	287	14	2	303	326	25	–	351
Sabaragamuwa	275	23	1	299	376	34	1	411
Southern	321	21	1	343	475	37	–	512
Uva	366	21	–	387	490	33	–	523
Western	688	90	6	784	765	122	2	889
Total	2,766	223	13	3,002	3,373	309	3	3,685

During this reporting period, Cargills also created additional employment opportunities for 126 personnel through internships and contract staffing, which have contributed to the Company's growth and performance, as well as reputation as a sought-after employer. 4 new Senior Managers were recruited on contract basis, hired from local communities.

Workers who are not employees for 2023/24	Number
Internships	75
Contract Staffing	51
Total	126

As Sri Lanka's largest retail chain, Cargills strived to control attrition rates that were linked to economic and social trends in Sri Lanka that resulted in the migration of skilled labour from the country. Cargills too was not immune to the impact, with a high number of experienced employees resigning with the intention of migrating or to pursue foreign higher education.

Against this challenging backdrop, Cargills offered a compelling employee value proposition that included competitive compensation according to evolving market standards, regionally localised employment opportunities, financial stability of a fixed income, alongside the respect earned by being employed at a long-established, valued and admired corporate entity in Sri Lanka.

New female recruitments increased by 7% year-on-year, further evidencing our commitment to provide equal opportunities and promote gender parity across Cargills. To tackle industry discrimination and stereotypes, Cargills has cultivated a culture of fairness and inclusion, ensuring all employees regardless of gender are aware of the opportunities available to them.

149

Cargills
(Ceylon)
PLCAnnual
Report
2023/24

Grievance Handling

We encourage transparency and effective communication across all strata of operation at Cargills, and maintain an open-door policy for employees to bring their grievances to the Management. Employees are made aware of the helpdesk operation that is set up at the HR Department to sensitively and fairly handle employee grievances centrally, with the contact number to the helpdesk displayed at all Cargills offices, facilities and outlets.

All grievances including those reported via a 24-hour hotline are duly monitored and recorded while they are investigated and resolved within stipulated timelines. Moreover, the Company facilitates Employee Clinics at locations island-wide, with a special focus on employee locations and outlets that report higher attrition rates. Exit interviews are also conducted to identify areas of improvement within the HR function, gain a better understanding on improving retention rates, enhance employee morale and engagement, in order to promote a more encouraging and empowering workplace.

2023/24

Highlights

A total of 63 grievances were recorded during the year in review, with all grievances resolved at the close of the year.

Sexual Harassment

Cargills is committed to creating and sustaining a working environment wherein employees are treated fairly and respectfully and are not subjected to any form of sexual harassment, intimidation, or victimisation. Our Sexual Harassment Policy defines conduct that can be classified as sexual harassment if it is unwanted, inappropriate, or offensive, as well as an atmosphere where the recipient is made to feel humiliated, intimidated, or threatened. Bullying in all forms, including cyberbullying, is also addressed in the Policy, encouraging employees to report any such instances to their Line Manager or Human Resources. Should workers feel uncomfortable doing so, the Policy allows a formal complaint to be filed in such instances. All complaints lodged are thoroughly investigated under the Company's Disciplinary Policy and Procedure, after which necessary corrective action is taken.

2023/24

Highlights

There were no sexual harassment complaints received during the year in review.

Whistle-blower Protection Policy

Following the successful rollout of Phase I of the rollout of Cargills' Whistle-blower Protection Policy during the previous reporting period, the Company further strengthened its reputation as an open, safe, and ethical workplace that ensures the confidentiality and anonymity of the whistle-blower, as well as protection from retaliation in any form. Providing clear expectations for employees on how any wrongdoing should be reported, the Whistle-blower Protection Policy is invaluable in ensuring Cargills employees feel safe to report suspicious or unethical activities without fear of reprisal. Complaints received are critically scrutinised, and two-way communication facilitated whenever there was a need of additional information or clarification.

Complaints received during the year in review from the whistle-blower were critically scrutinised, and two-way communication facilitated whenever there was a need of additional information or clarification.

Performance Management

The performance of Cargills team members are measured annually against established Key Performance Indicators (KPIs). These indicators include work ethic, competencies, and day-to-day performance and productivity requirements. Performance and past achievements are given priority when determining recognition and rewards, disregarding all other intangibles.

With the deployment of the new cloud-based HRIS (Human Resources Information System), a more structured performance management system will be implemented under the second phase, with goal-setting and measuring employee performance and productivity against their KPIs, and the completion of the process with performance appraisals and evaluations.

Remuneration and Benefits

Strategically designed to drive employee motivation, loyalty and retention, our Remuneration and Benefits Policy ensures that all Cargills employees are compensated above industry standards, with salaries paid promptly on the last working day of each month regardless of any business and operational challenges faced by the Company.

The Company also awards bonus, and ex-gratia based on company performance offering an additional layer of financial security to its employees. To ensure their comfort and well-being, Cargills provides auxiliary benefits including medical insurance and claims, staff transport, duty meals, and a death benefit fund. A healthy work-life balance is also promoted with family-friendly benefits such as annual and casual leave entitlement, maternity leave, and dedicated feeding hours for new mothers.

All of these benefits offered to full-time employees of Cargills have contributed towards increasing staff satisfaction and engagement,

2023/24

Highlights

Maternity Leave Statistics for 2023/24

Indicator	Female Employees
Number of employees who took maternity leave and due to return during 23/24	213
Number of employees who returned to work after maternity leave during 23/24	138
Return to work rate	65%

Remuneration and Benefits for 2023/24

Benefit	Number Availed
Death Claims	271
Medical Claims	3,752
Wedding Allowances	40
New Born Baby Vouchers	38

Occupational Health and Safety (OHS)

The health and safety of our team across all offices, facilities and outlets remained a top priority for Cargills during the year in review. Stringent health and safety measures are in place at all our business premises and continuously monitored, to ensure a safe and hazard-free environment for all Cargills employees. Regular reviews on internal controls are conducted to ensure compliance with health and safety regulations are up-to-date. Our employees are trained on operating various machinery, as well as on the overall health and safety procedures across the Company through various modes of internal communication on OHS, increasing awareness as we strive for zero-incident rates in workplace accidents.

Description	Number of Incidents
Cases of Recordable Work-Related Injuries	41
Cases of Recordable Work-Related Ill Health	0

Anti-corruption and Anti-bribery Policies

Cargills is a member of the United Nations Global Compact (UNGC) and has vowed to act in accordance with the Sustainable Development Goals and Principles, including Principle Ten on anti-corruption, declaring commitment to work against corruption in all forms. The Company on founding principle exercises a zero-tolerance policy towards corruption and bribery in all its dealings and transactions, striving to nurture a culture of transparency, honesty and accountability, thereby maintaining an unequivocal commitment to ethical business practices across its operations.

Cargills remains in compliance with all laws relating to anti-corruption. We diligently keep abreast with current regulations and adhere to the Bribery (Amendment) Act No. 20 of 1994 in our dealings with third parties. The Company's position on anti-corruption and anti-bribery has been amply reflected in its audited financial reporting and corporate reporting practices.

We have taken proactive measures to educate all employees including the Senior Management on ethical practices. Our Group HR Policy stipulates a focused emphasis on preventing, reporting, and managing cases of anti-corruption and bribery. Acceptance of corporate gifts, hospitality and/or entertainment is allowed in line with protocol and to foster positive business ties, subject to advice from immediate superiors and the Compliance Officer. In addition, the Company Collections Policy serves to regulate internal gifting and collections between peers and is permitted only with Management authorisation.

We continue to strengthen our transparency and disclosures for anti-corruption and anti-bribery practices in corporate reporting. We are proud to report a remarkable improvement of nearly 20 positions, moving from 24th last year to tie at 6th place behind five companies tied at the top in the Transparency in Corporate Reporting (TRAC) Assessment for 2023. Cargills recorded the second highest TRAC Score of 9.69 from a total 10 points.

The Cargills Anti-corruption and Anti-bribery Policy explicitly applies to all employees and Directors. Should employees breach any of our anti-corruption and anti-bribery principles, disciplinary action will be taken, from a fair warning to dismissal, based on the degree of misconduct. Anti-corruption and anti-bribery programmes are reviewed regularly for their suitability, adequacy and effectiveness, with improvements implemented when required.

Workforce Profile

Overview

Gender	2023/24
Total male employees	5,650
Total female employees	5,685
% of male employees	50%
% of female employees	50%
Total number of employees	11,335

Diversity of workforce by grade, age and gender

Region Grade	Male				Female			
	Under 30 Years old	30 - 50 Years old	Over 50 Years Old	Total	Under 30 Years old	30 - 50 Years old	Over 50 Years Old	Total
Management	1	17	18	36	-	10	5	15
Executive	106	819	91	1,016	175	445	48	668
Supervisory	84	144	23	251	49	26	2	77
Junior	2,866	1,378	103	4,347	3,692	1,172	61	4,925
Total	3,057	2,358	235	5,650	3,916	1,653	116	5,685

Workforce by province and gender

Province	Male	Female	Total
Central	953	1,024	1,977
Eastern	203	170	373
Northern	172	155	327
North-Central	257	226	483
North-Western	439	431	870
Sabaragamuwa	491	577	1,068
Southern	641	893	1,534
Uva	654	695	1,349
Western	1,840	1,514	3,354
Total	5,650	5,685	11,335

Service analysis of workforce

Province	Male	Female	Total
0 - 5 years	3,459	4,398	7,857
6 - 10 years	859	680	1,539
11 - 15 years	612	328	940
15 - 20 years	463	194	657
20 - 25 years	164	59	223
26 - 30 years	73	23	96
30+ years	20	3	23
Total	5,650	5,685	11,335

Cargills' stand on child labour and forced labour

Cargills confirms our longstanding commitment to eradicate child labour or forced labour, and will not tolerate such unlawful labour practices across our operations and supply chain. Cargills does not hire individuals under the legal working age of 16 (under the Employment of Women, Young Persons and Children Act, No. 2 of 2021 of Sri Lanka), and request all suppliers, subcontractors and business partners (collectively referred to as "Suppliers") to align with this commitment, and not employ or utilise child labour or forced labour in any manner. We also continue to reduce the vulnerability of children to child labour by supporting farming communities by enhancing income generation, providing access to education, and employment opportunities.



PLAYING OUR PART FOR THE PLANET

Appreciating the delicate balance and interdependence between the communities we operate in and their ecosystems, and the significance of this dynamic interplay on the financial performance and sustainability of our business, Cargills has taken various measures over the years to optimise our use of natural resources. We have introduced impactful initiatives across our operations, from fundamental steps such as recycling waste and water to much broader, nation-wide projects, instigating a positive shift in mindset, whilst contributing to the sustainability of the environment and the communities around us.

SNAPSHOT

OF 3-YEAR PROGRESS

Went from being the first company in Sri Lanka's dairy sector to conduct a voluntary carbon footprint audit, to then including all FMCG facilities and the retail chain in the carbon footprint assessment.

Renewable energy generation increased by 162% to reach 5,742,509 kWh to offset 2,457 MT of CO₂ emissions.

Launched the project 'Charge While You Shop' with 18 electric vehicle (EV) charging stations at 6 Cargills Retail locations,

Planted 10,000 trees under the "Breath of Life" project

Built 10 car parks with Plastic Modified Asphalt Concrete (PMAC), repurposing a total of 8.185 MT of waste plastic.

Entered into collaborations with several like-minded organisations to reduce plastic waste through multiple philanthropic projects. The volume of plastic recycling increased by 8% during the period.

Increased water recycled during the period by 17% to reach 70,009,000 litres

Increased the amount of annual CO₂ offset to over 520 MT by the conversion of waste cooking oil to Biodiesel

Invested close to Rs. 1.2 Bn in renewable energy

Introduced the 100% reusable and recyclable Knuckles glass water bottle range to help reduce plastic consumption and minimise plastic waste.

Value Delivered

in 2023/24

- ▶ Total investments in renewable energy
1,191 Mn.
- ▶ Total renewable energy generation
5,742,509 kWh
- ▶ Total quantity of waste oil collected for conversion to biodiesel
166.02 MT
- ▶ Total quantity of carbon emissions offset from waste oil conversion to biodiesel:
521 MT
- ▶ Total quantity of water recycled:
70 megalitres
- ▶ Total quantity of waste-plastic recycled:
130 MT
- ▶ Total number of trees planted under "Breath of Life" initiative:
256 trees planted during the year, surpassing 10,000 trees in total

Contribution to SDGs



Emissions

Reducing Emissions at Farm Level

Chronic Kidney Disease (CKD) emerged as a silent killer among rural farming communities in Sri Lanka, the geographical correlation of the disease to the island's dry zone directly related to misapplied and excessive agrochemicals and fertilisers by farmers. In order to assist our growing farming network in the region, Cargills introduced 'Save our Soil' back in 2014 – a soil test-based fertiliser application programme – in order to prevent the overuse of agrochemicals in farming. The programme comprises testing and examining substantial discrepancies in soil conditions through soil sampling across smaller plots of land, recommending fertiliser prescriptions ideal for the soil fertility of each plot, as opposed to the blanket fertiliser method conventionally used by farmers.

This tailored approach leads to improved soil health, decreased greenhouse gas emissions, decreased occurrence of agricultural residue in produce, and reduced water contamination. Equally importantly, these measures have also minimised the exposure of farmers to pesticides and other agrochemicals, reducing the risk of occupational diseases and other adverse health conditions.

Cargills has since progressed to further this mandate by introducing GAP-certified fresh produce under our 'Good Harvest' banner, and agrochemical-free farming through our 'BeeSafe' range, meeting the needs of a growing demographic of conscious consumers who are more biased towards purchasing produce from green farms applying sustainable farming practices.





Reducing Emissions at Organisation Level

In 2020, Cargills conducted an initial voluntary carbon footprint assessment for Cargills Dairies and Kotmale Dairy Products, (Pvt) Ltd. with the Sri Lanka Climate Fund, a pioneering initiative that also made Cargills the very first company in Sri Lanka's growing dairy sector to undertake a voluntary audit of GHG emissions of its facilities. This ground-breaking step set the course for all Cargills manufacturing facilities as well as our retail chain to measure and monitor Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions. The emission boundary for measuring and monitoring of GHG emissions remains strictly within the operationally controlled areas of the Cargills facilities.

2023/24

Highlights

Facility	Scope 1 GHG Emissions (MTCO ₂ e)		Scope 2 GHG Emissions (MTCO ₂ e)		Scope 3 GHG Emissions (MTCO ₂ e)	
	2023	2020 (Baseline)	2023	2020 (Baseline)	2023	2020 (Baseline)
Cargills Dairies	7,443	8,740	7897	8,087	3,715	4,575
Kotmale Dairy Products	3,476	2,985	1,773	1,920	1,307	1,548

*Cargills Retail GHG audit certificate required validation and was unavailable at the close of this report.

The GHG audits of Cargills Food and Beverages, Cargills Confectionaries and Cargills Convenient Foods were on-going at the close of this report.

Environmental Protection

Our commitment to transparency and accountability in terms of environmental protection is demonstrated by our adherence to compliance standards, environmental licences and certifications and, upholding benchmark environmental standards across our manufacturing facilities, retail outlets, and other business units. These certifications and standards promote sustainable manufacturing practices, waste reduction, pollution prevention, and resource efficiency, which enables us to improve our environmental performance.

Cargills Dairies

- GMP – Good Manufacturing Practices System
- HACCP – Hazard Analysis and Critical Control Points System
- ISO 14001-2015 Environmental Management System
- Greenhouse Gas Verification Opinion
- Environment Protection License

Kotmale Dairy Products

- Greenhouse Gas Verification Opinion
- Environment Protection License

Cargills Convenient Foods Limited

- ISO 14001-2015 Environmental Management System
- GMP – Good Manufacturing Practices System
- HACCP – Hazard Analysis and Critical Control Points System
- Environment Protection License

Cargills Confectioneries (Private) Limited

- Environment Protection License

Cargills Food & Beverage Limited

- HACCP – Hazard Analysis and Critical Control Points System
- GMP – Good Manufacturing Practices System
- Environment Protection License

CPC Lanka Limited (Knuckles Water Bottling Plant)

- GMP – Good Manufacturing Practices System
- HACCP – Hazard Analysis and Critical Control Points System
- Environment Protection License

Energy Management

Cargills considers the consumption of energy across the organisation as the fundamental contributing factor in indirect (Scope 2) GHG emissions, which result from the generation of purchased or acquired electricity, heating, cooling, and steam consumed by the organisation. As such, Cargills has been actively monitoring and regulating energy consumption across the Group by tracking, measuring, consolidating, and reporting energy use for each business unit through a combination of logs, utility bills, and ledger entries. The main power source remains the national grid, with Cargills Retail (Pvt) Limited (the retail chain) being the primary consumer of energy within the Group.

2023/2024 Energy Consumption

Electricity from the National Grid

155,377,699 kWh*

*At CRS – KFC Sector, out of 72 locations, 12 do not measure their consumption.

Diesel

909,367 litres

Gas

709,582 kg

Furnace oil

1,969,622 litres

2023/24

Highlights

We continued to measure the energy consumption across the business in order to better understand our usage patterns and take corrective action to minimise the impact on the environment and our operational costs.

2023/24 Energy Consumption	% (SASB Disclosure)
Electricity from National Grid (kWh)	155,377,699*
Renewable Energy (kWh)	5,742,509
Diesel (L)	909,367
Gas (kg)	709,582
Furnace Oil (L)	1,969,622
Total Energy Consumption	100%

*At CRS-KFC Sector, out of 72 locations, 12 do not measure their consumption.

Partnerships for Sustainable Development

A Gazette was issued on 04 July 2023 with Specific Energy Consumption Benchmark Regulations, making the recording of energy consumption data across all operational facilities mandatory, with the detailed Energy Consumption Report to be submitted to the Sustainable Energy Authority (SEA) on a quarterly basis. Submissions are to be carried out via the National Energy Benchmarking Portal. Cargills is currently in the process of registering all Retail locations on the portal, with a view to commencing the required reporting of energy consumption data.

Cargills Retail – the highest energy-consuming business unit – entered into a Memorandum of Understanding (MoU) with Chemonics International Inc., which spearheads the Sri Lanka Energy Programme, to support the development of the National Energy Benchmarking Portal. The Portal allows facilities/ companies to observe their performance against peers of the same sector, and to generate monthly/ weekly energy reports for data-driven decision making on regulating energy consumption at leadership level.

Renewable Energy

1. Solar Installations

Cargills commenced its solar installation drive – to make a prudent and more conscious effort to switch to alternative renewable energy solutions as part of the Company’s overarching agenda to reduce carbon emissions across operations.

¹ <https://www.pucsl.gov.lk/electricity/quality/environment-and-renewable-energy/#:~:text=The%20Sri%20Lankan%20government%20set,measures%20to%20achieve%20these%20targets.>

2023/24

Highlights

During the reporting fiscal year, we extended our solar installations to 44 Cargills Food City locations, out of which 4 outlets were particularly in support of the energy requirements for 18 Electric Vehicle (EV) charging stations that were installed in 6 Cargills retail locations during the year.

Facility	Annual Carbon Reduction		Annual Generation of Renewable Energy	
	2023/24	2023/24	2023/24	2022/23
Cargills Dairies	609,260 kg	1,424,170 kWh	1,353,190 kWh	
Cargills Food and Beverage	194,252 kg	454,072 kWh	377,656 kWh	
Cargills Convenient Foods	89,409 kg	208,998 kWh	585,605 kWh	
Cargills Retail	1,563,724 kg	3,655,269 kWh	2,108,709 kWh	
Total	2,456,645 kg	5,742,509 kWh	4,425,160 kWh	

By supplying directly to the national grid, Cargills contributes towards the goal set by the Sri Lankan government to achieve 70% renewable energy generation by 2030, while also providing Sri Lankan electricity consumers an opportunity to access electricity generated by renewable sources to meet the island's growing demand for energy.

2. Biomass Boilers

2023/24

Highlights

Cargills Dairies facility at Banduragoda completed the installation of a state-of-the-art biomass boiler during the fiscal year in review, at an investment of Rs. 274 Mn., further strengthening our commitment to reducing GHG emissions while also bringing about substantial economic advantages. With the new installation, the Banduragoda facility is set to achieve a substantial reduction of approximately 1,700 MT of furnace oil consumption annually, eliminating the dependency on oil imports, thereby also saving foreign exchange. More importantly, the biomass boiler is projected to reduce approximately 6,000 MT of carbon emissions annually, greatly supporting the Company's efforts towards achieving carbon neutrality.

The wood used as fuel is sourced sustainably, with a focus on replenishing through structured tree planting campaigns, reducing reliance on large, old trees as firewood. Unlike fossil fuels, burning wood in the biomass boiler results in fewer harmful emissions, significantly reducing air pollution. Wood ash produced by the biomass boiler is a valuable by-product that can be utilised as fertiliser for soil conditioning purposes, promoting a circular and sustainable system.

Water Management

Cargills predominantly sources water for production and operational processes from the National Water Supply and Drainage Board (NWSDB), while the balance requirement is fulfilled by approved suppliers and groundwater sources. Our operation strives to optimise the usage of water, and reporting is undertaken to help formulate strategies for better management of the process.

2023/24

Highlights

For 2023/24	Megalitres
Groundwater	137
Acquired from NWSDB*	659
Acquired from a registered supplier	231
Total water Consumed for the year	1,027
Total water recycled for the year**	70

* At CRS-KFC Sector, out of 72 locations, 10 do not measure their consumption.

** Water recycled in 2022/23 is re-stated as 54.37 megalitres.



Waste Water

Efficient waste water management has always been a key priority for our manufacturing facilities. Effluent water is initially treated in our treatment plants as per the stipulated treated water quality standards of the Central Environmental Authority (CEA) of Sri Lanka, before discharging or using within our own premises for irrigation purposes.

Facility	Average daily effluent water discharge (Megalitres/day)
Cargills Dairies	0.552
Kotmale Dairy Products	0.143
Cargills Food and Beverage	0.235
Cargills Convenient Foods	0.172
Cargills Confectionaries	0.014

Waste Management

Cargills has a well-practised and proven solid waste management process across our manufacturing plants, which is guided by the Environmental Protection Laws (EPLs) implemented by the CEA. These regulations ensure that all generated solid waste is treated and disposed of according to specific requirements for each type of waste.

During the year in review, Cargills Distribution Centre commenced a collaboration with Western Power Company (Pvt) Ltd., to handover waste to be converted to electricity through their Waste to Energy (WtE) Power Plant. The total waste thus handed over for conversion to energy was 7.44MT at the close of this financial year.

One of the key environmental challenges across the FMCG value chain is the use of plastic, and in our unwavering commitment to reducing plastic waste, Cargills has pioneered a number of initiatives that promote reducing, reusing and recycling plastic at post-consumer level. While in some cases we have introduced packaging that supports plastic recycling after end-use, we have also completely moved away from plastic packaging in other cases, replacing plastic with paper-based or glass-based packaging. These efforts are complemented by setting up plastic collection bins across several of our consumer touchpoints to encourage the proper disposal of plastic waste.

2023/24

Highlights

Waste plastic diverted for recycling

Waste plastic (MT)

130.04

“Life to Our Beaches” Project

Cargills Dairies, in partnership with Biodiversity Sri Lanka (BSL) and with the support of the Marine Environment Protection Authority (MEPA), and the Wattala Pradeshiya Sabha initiated a project for the maintenance and preservation of the 1 km stretch of Preethipura Beach. In support of women empowerment, the project looked to provide an opportunity to two female beach caretakers. In addition to the financial contribution received for maintaining the beach, they also enjoy the opportunity to earn extra income by selling recyclable material recovered from the beach.

Cargills Dairies Recycling of Aseptic Packaging

During the year under review, Cargills Dairies handed over 3175 MT of waste aseptic packaging to Eco Maximus, a company manufacturing handmade paper and value-added products out of this type of waste.

“Can to Craft” Project

Cargills partnered with Lion Brewery to collect used aluminium cans at Cargills Food City outlets to promote an upcycling and repurposing model for aluminium waste. The project aims to empower cottage industry metalsmiths by collecting and delivering used aluminium cans, which are then repurposed into other retail products that re-enter the market, promoting a circular economy. The initiative kicked off towards the end of the year in review, with the placement of a ‘Can to Craft’ collection bin at the Cargills Food City outlet located in Colpetty.



“Plastic Strainer” Ocean Revival Project

Cargills Food and Beverage Limited collaborated with MAS Foundation for Change and the Interact Club of Colombo to contribute towards reducing plastic pollution in water bodies. The collaboration is to install Ocean Strainers to trap, collect, and remove plastic waste from waterways, minimising plastic pollution of the ocean, and promoting the responsible recycling of collected materials. The first Ocean Strainer under this partnership was installed at the Boralessgamuwa Lake.



After



Before

Furthermore, a plastic collection bin was installed at the Lake to encourage the public to dispose of plastic waste responsibly.

With Cargills nurturing a Company culture that encourages team members to participate and champion social and environmental initiatives, the Ocean Strainer project saw a team from Cargills volunteering to clean the area surrounding the Boralessgamuwa Lake including the walking path during the project launch.





2023/24 Highlights

Plastic Collection Bins

In 2021, Cargills commenced a collaboration with selected FMCG brands to place waste plastic collection bins at Cargills Retail locations. The objective and wider vision of this initiative is to build the habit of responsible disposal of plastic waste amongst our customers and the wider public by offering the convenience of plastic drop-off bins at Cargills Retail locations.

The initiative grew in the year under review, with 24 new bins being added, bringing the total number of bins to 145. Of this, 94 bins are located within the Western Province, while 51 bins are located beyond the Western Province.

Total collection of post-consumer plastic waste at the close of the reporting period amounted to approximately 13.6 MT under this initiative.

Sponsor	2023/24 Update No. of Bins	2022/23 No. of Bins
Unilever – Cargills Retail (Western)	86	66
Unilever – KFC (Western)	6	6
Coca Cola (outer Western)	44	40
Natures Beauty Creation (outer Western)	7	7
Others (Western)	2	2
Total	145	121

Paving with Plastics

Cargills partnered with AGC Innovate (Pvt) Ltd. to pave our carparks with Plastic Modified Asphalt Concrete (PMAC), in order to re-purpose certain non-recyclable plastic waste released from Cargills manufacturing locations. PMAC is an industrial raw material that is added to conventional asphalt, increasing its strength and durability at a polymer level. The plastic-coated aggregate is then covered with a protective layer of bitumen to reduce its exposure to the environment. Cargills was first to initiate a plastic modified asphalt concrete car park in Sri Lanka, in 2021.

2023/24

Highlights

Our network of PMAC-paved car parks continued to grow during the year under review with 4 new additions, including Cargills Dairies and Cargills Convenient Food factory premises. With the addition of the new locations, the total number of locations paved with PMAC increased to 10, with a total of 8.185 MT of waste plastic repurposed since the inception of the project.

The new PMACs added in 2023/24:

Location	Average Plastic Quantity (MT)	Type of Plastic
Cargills Convenient Foods factory premises	0.7	LDPE* + BOPP**
Cargills Dairies factory premises	0.2	LDPE + BOPP
Cargills Retail - Kadawatha	0.34	LDPE + BOPP
Cargills Retail - Vavuniya	0.5	LDPE + BOPP
Total	1.74 MT	

LDPE*: Low Density Polyethylene (LDPE) is a flexible, odourless, transparent, 100% recyclable thermoplastic polymer popular in products like grocery/garbage bags, juice containers, and cling wrap.

BOPP:** Biaxially Oriented Polypropylene (BOPP) is a thermoplastic polymer that has many similar properties to Polyethylene Terephthalate (PET Plastic). It is commonly used in sticker and label printing, food packaging, bottle caps, and other applications.

Other Projects:

The Cargills Foundation continued to encourage preschool children to learn about waste and recycling and mentored the teachers to use the lesson material on the ECE programme to drive the message to the young ones.

Waste Oil

Cargills partnered with eco-friendly engineering solutions specialists Novateq in order to responsibly collect and dispose of all waste cooking oils from KFC outlets and Cargills Convenient Foods facilities. This is carried out in compliance with European Union Waste Oil Collection Standards, which requires the oil to undergo filtration and treatment prior to being exported, to be subsequently converted into biodiesel.

2023/24

Highlights

Waste Oil Collected:
166.02 MT

Carbon Emissions offset:
520.65 MT

To put this into perspective, this CO₂ amount corresponds to offsetting the average annual emissions of 290 passenger cars or negating the carbon footprint of 333 short-haul flights, or the electricity consumption of 133 households, which is equivalent to preserving around 533 acres of mature forest.

Net Zero Factory Blueprint

Cargills Dairies Banduragoda

Largest integrated dairy processing facility in Sri Lanka and remains the blueprint for all Cargills manufacturing facilities for their transition towards net zero.

- Undertook voluntary carbon footprint verification by the Sri Lanka Climate Fund under the purview of the Ministry of Environment, along with its subsidiary Kotmale Dairy Products.
- Installed a 1.4 MW solar installation for clean energy generation, which offsets around 35 MT of carbon emissions annually.
- Installed a biomass boiler which is projected to reduce approximately 6,000 MT of carbon emissions annually
- Maintains an ecosystem with a population of 2,000+ trees, predominantly fruit trees.
- Uses ammonia gas as its refrigerant for maximum refrigeration efficiency, while also having zero Ozone Depletion Potential and Global Warming Potential.
- Operates one of the largest industrial Reverse Osmosis (RO) plants in Sri Lanka, producing over 0.163 megalitres of treated water daily.
- Harvests more than 3.0 megalitres of rainwater a year, which is utilised for cooling.
- Ensures all wastewater discharge is compliant with standards approved by the Central Environmental Authority (CEA).
- 81% of all waste is recycled, with the remaining waste being incinerated, with zero waste being diverted to landfill

Biodiversity Conservation

During the year in review, Cargills signed up as a Patron Member of Biodiversity Sri Lanka, recognizing the importance of biodiversity and committing to steer corporate activities that are in harmony with nature.

In furtherance of the objective of playing our role as an active agent in efforts to protect biodiversity, Cargills commenced discussions to support a research study of the present status and taxonomy of the family of Balsaminaceae in Sri Lanka, a species of flowering plants found in wet-zone rain forests such as Knuckles. The study will collate data to help identify the present status of conservation of this plant group, and the conservation measurements and management required in the future.

The Breath of Life initiative

Cargills launched the “Breath of Life” initiative in 2021 with the goal of planting 10,000 trees at Group facilities throughout Sri Lanka, evidencing the significant importance we place in the conservation of biodiversity and mitigating any negative ecological impacts of our operations.



2023/24

Highlights

The 'Breath of Life' initiative was successfully completed during the year in review, with Cargills crossing the target of planting 10,000 saplings across Cargills Group facilities. Of the 256 trees planted during the 2023/24 financial year, 81 were Mee trees, 25 were Banana trees, and 150 were Kumbuk trees, which were strategically planted closer to the natural water source from which Cargills obtains water for - Knuckles bottled water.

Plant Variety	No. of Plants
Anoda (Soursop)	725
Avocado	100
Banana	250
Christina	127
Cinnamon	500
Coffee	3,000
Durian	10
Foxtail Palm	24
Jackfruit	100
Karanda (Indian Beech)	73
Kumbuk (Arjun Tree)	170
Lime	300
Local Mandarin	25
Mango	254
Mee (Indian Butter Tree)	797
Mudilla (Sea Poison Tree)	2
Naarang (Indian Wild Orange)	150
Nelli (Indian Gooseberry)	15
Peni Dodam (Sweet Orange)	250
Pineapple	3,000
Star fruit	25
Teak	100
Thimbiri (Gaub Tree)	12
TOTAL	10,009

01. Knuckles Water Celebrates World Water Day by Launching Glass Bottle Range

One of the key highlights of the year in review was the successful launch of the Knuckles glass bottle range on World Water Day, which fell on 22 March 2024. With glass being 100% infinitely recyclable and reusable, this initiative further aligns the Knuckles water bottling process with efforts to minimise plastic waste and reduce plastic consumption, and our overall commitment to sustainable manufacturing.

Bottled at the source in the pristine Knuckles Mountains range, Knuckles drinking water undergoes a meticulous bottling process with no chemicals added to the water, which ensures it retains all the natural elements and qualities historically associated with the region. From its pure, natural spring origins to its high pH value and rich essential mineral content, Knuckles Natural Spring Water provides an exceptional source of hydration and nutrients.

Registered under the Ministry of Health for the manufacturing of bottled drinking water, Knuckles has obtained the SLS 894:2003 Product Certification by the Sri Lanka Standards Institute (SLSi) for Bottled Drinking Water, with the bottling plant certified with ISO 22000 for Food Safety and Quality Management Systems respectively. The bottling plant is also certified with the internationally acclaimed Good Manufacturing Practices (GMP) and Hazard Analysis and Critical Control Points (HACCP) standards through the SLSi. The plant has also obtained its Environmental Protection License from the Central Environmental Authority (CEA) of Sri Lanka, ensuring the plant's compliance with locally regulated environmental standards.

Beyond the mandatory independent laboratory tests conducted by the Industrial Technology Institute (ITI) as recommended by the Health Ministry, the Knuckles plant also maintains fully-fledged laboratory facilities for frequent internal testing and assessments to guarantee the purity of its bottled water. In order to promote inclusivity through this new initiative, Knuckles has taken steps to feature Braille on its glass bottle.

The Knuckles Mountain range is the source of the richest tributary of Sri Lanka's longest river, the Mahaweli, among other rivers, and is one of the most abundant watersheds in Sri Lanka. These waterways sustain the richly bio-diverse ecosystem of the Knuckles Mountain Range, which harbours several relict and endemic flora and fauna amidst riverine forests and savannah grasslands.

Knuckles Water has pledged to conserve and protect this surrounding ecosystem and its biodiversity, through various sustainability initiatives. Partnering with the Panwila Pradeshiya Sabha, Knuckles is actively engaged in raising awareness and preserving the natural habitat in the nearby catchment area. Further, efforts are underway to enhance the collection of post-consumer plastic waste in the locality, educating communities to recycle plastic waste and safeguard the environment. The Company has also commenced a tree planting programme in the surrounding area.



“Charge While You Shop” Initiative

Sri Lanka’s high dependence on non-renewable energy, which is predominantly powered by fossil fuels that are imported, has highlighted the urgent need for sustainable clean energy solutions that can create a positive impact in the country.

Cargills partnered with the USAID Sri Lanka Energy Program to co-fund and launch a ground-breaking pilot project for renewable energy powered charging stations for electric vehicles (EVs) at six Cargills Food City outlets, making renewable energy more accessible to all Sri Lankans who own EVs.

The pioneering project aims to support Sri Lanka’s transition to e-Mobility, which will further enhance the value that Cargills creates for the community, as the wider goals for the project include empowering women into the energy sector workforce and up-skilling youth in energy sector jobs and jobs that are linked to the uptake of Electric Vehicles (EVs) in Sri Lanka.

Phase I of the rollout plan, which was successfully completed during the year in review, consists of the installation of 18 EV charging stations at six strategically chosen Cargills Food City outlets located within the Colombo District; Bloemendhal Road, Bauddhaloka Mawatha, Green Path, Duplication Road, Norris Canal Road and Dematagoda, making Cargills the first supermarket chain in Sri Lanka to offer an EV charging infrastructure at multiple retail locations. The charging units will be supplied by ChargeNET, a leading supplier of EV charging infrastructure in the country. The electricity taken off the grid to charge EVs will be offset by solar energy generated at four Cargills retail locations – Bloemendhal Road, Norris Canal, Duplication Road, Green Path – which is directly fed to the national grid.

Enabling the transition to renewable energy

The USAID Sri Lanka Energy Program identified renewable energy-powered EV charging stations as a much-needed supporting infrastructure to advance E-mobility in the country. Whilst catering to all types of EVs, the charging stations will be primarily used to power E-three-wheelers that are widely used for passenger transport, domestic goods transportation, and play a crucial role in providing livelihood opportunities to marginalised populations across Sri Lanka. Notably, this segment of vehicles accounts for approximately 46% of the fossil fuel consumed for transport in Sri Lanka, highlighting the significant need to transition to electric variants.

The overarching goal of this initiative is to promote the adoption of electric vehicles by providing convenient and affordable charging options for individuals from any socio-economic background, and sparking a change in the mindset of masses on transportation and sustainability. Furthermore, transitioning to renewable energy will enhance energy security in Sri Lanka, promote economic growth, and mitigate the effects of climate change.

Cargills will broaden the impact of this initiative by providing hands-on training to female and youth staff at the chosen retail stores on all aspects of managing the charging stations and assisting EV customers, further empowering them through capacity building. Taking into account the chain’s island-wide reach, Cargills remains confident in its ability to play a key role in this revolutionary endeavour, proudly supporting the national movement towards sustainable energy solutions to power transport across the country.



STEWARDSHIP

BOARD OF
DIRECTORS

171

CORPORATE
GOVERNANCE

175

ENTERPRISE
RISK
MANAGEMENT

196

ANNUAL REPORT OF
THE DIRECTORS ON
THE AFFAIRS OF THE
COMPANY

201

STATEMENT OF
DIRECTORS'
RESPONSIBILITY

205

INDEPENDENT
ASSURANCE
REPORT

206

BOARD OF DIRECTORS

Louis Page

Chairman,
Non-Executive Director

Louis R Page is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and a Fellow member of the Chartered Institute of Management Accountants (UK). He is the Chairman of the CT Holdings Group of Companies. He has also held a number of Board and Senior Management positions at the highest level in overseas public companies and public institutions.

Ranjit Page

Deputy Chairman/
Group CEO, Executive Director

Ranjit Page has been a pivotal figure in the transformation of Cargills (Ceylon) PLC, playing a crucial role in evolving the company from a small-scale operation to a leading Sri Lankan corporate that meets the diverse needs of communities across Sri Lanka. His visionary leadership and strategic acumen were key in establishing the Cargills business model, which facilitated the company's expansion into various sectors including food retailing, food manufacturing, restaurants, and banking. Under his guidance, Cargills has become a household name in Sri Lanka, known as a socially responsible and community-focused organization. He also serves as the Deputy Chairman and Managing Director of CT Holdings PLC and serves on the board of several Group subsidiaries. He was also the former Chairman of Cargills Bank.

Imtiaz Abdul Wahid

Group Managing Director/
Deputy CEO, Executive Director

M Imtiaz Abdul Wahid is an Associate member of The Institute of Chartered Accountants of Sri Lanka and a Fellow member of the Chartered Institute of Management Accountants (UK). He has been involved in the operations of the Company in an executive capacity at different intervals progressively at higher levels (appointed Director in 1997 and Deputy Managing Director in 2001) spanning a period of over 30 years, leaving the services of the Company for employment abroad on two occasions in between whereby he also gained valuable exposure holding a number of Senior Management positions in overseas companies. He was appointed a Director of the holding company C T Holdings PLC in December 2016, Group Managing Director/Deputy CEO of Cargills (Ceylon) PLC in 2021 and Chairman of Kotmale Holdings PLC in July 2023.

Asite Talwatte

Senior Independent Director

Asite Talwatte was appointed a Director of the company on 28 August 2020, and was appointed the Chairman of the Company's Audit Committee, Related Party Transactions Review Committee, and Remuneration Committee on 1 January 2021.

He is a fellow member of the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Chartered Institute of Management Accountants of the U.K. He also holds a Post-Graduate Diploma in Business and Financial Administration awarded by the ICASL and the University of Wageningen, Holland and has a MBA from the University of Sri Jayawardenapura, Sri Lanka. Mr Talwatte has also participated in a Kellogg Executive Programme at the Kellogg Graduate School of Management, Northwestern University, Evanston, Illinois.

He worked at Ernst & Young in Assurance, Business Risk and Advisory Services for 37 years, including 10 years as Country Managing Partner. He has worked with Ernst & Young in Cleveland, Ohio and also served on Ernst & Young's Far-East Area Executive Committee, the Area Advisory Council and the ASEAN Leadership Committee.

He was President of the CA Sri Lanka for a two year period in 2002/2003 and the CIMA in 1995/96. He also served as the Chairman of the Statutory Accounting Standards Committee and the Auditing Standards Committee, the Urgent Issues Task Force and the Examinations Committee of the ICASL.

He has been closely associated with the development of Corporate Governance in Sri Lanka being actively involved with the Code of Audit Committees in 2002 and the Code of Corporate Governance in 2003. He co-chaired the Committees to structure the revised Codes of Corporate Governance of 2008, 2012 and 2017 and the Listing Rules of 2008. He chaired the International Integrated Reporting Council of Sri Lanka (IIRSL) on behalf of CA Sri Lanka from 2018 to 2021. He chaired the Corporate Governance Committee of CA Sri Lanka up to 31 December 2023.

He serves as an Independent Non-Executive Director on boards of several listed companies.

Joseph Page

Non-Executive Director

Joseph C Page is the Deputy Chairman/Managing Director of C T Land Development PLC. He is also a Director of C T Holdings PLC, Ceylon Theatres (Pvt) Ltd. and C T Properties Limited. Prior to joining C T Land Development PLC, he was Executive Director of Millers Limited. He has over 35 years of management experience in the private sector.

Indira Malwatte

Independent Non-Executive
Director

Indira Malwatte was appointed a Director of the Company on 1 February 2020.

She holds a Combined Degree in Economics and Geography from the University of Peradeniya Sri Lanka and was the first woman Chairperson of the EDB. She has over 40 years of experience in serving the Government both internationally and locally as a Top Export Promotion Professional. Her in-depth knowledge of multi sectors ranging from Industrial, Agricultural, Services, Supply Chain Management, and International Marketing has led to her serving as a Director in several Companies and Government Institutes in a variety of industries. She was the focal point on a number of World Bank, ITC, GIZ, CBI and JETRO export development projects. In July 2016 she was internationally recognised for her long years of service in Business and Commerce with The Wifits Foundation Lifetime Achievement Award 2016-Business in London, UK. She was the first Sri Lankan to be bestowed with this honor. She was also recognised by Zonta Sri Lanka with the “Woman of Achievement” Award on Management in September 2017 and Women in Management Top 50 Professional & Career Woman Gold 2018 State & Government Sector in 2018. She was featured on “The 2018 A – List of Sri Lanka Business People” by the LMD Magazine.

She serves as an Independent Non-Executive Director of Samson International PLC and as an Independent Non-Executive Director of Lanka Shipping & Logistics (Pvt) Ltd. She is also engaged in Consultancies on International Trade and Developing the SME Sector and Women Entrepreneurship. She also serves as a Non-Executive Independent Director of the Sri Lanka Export Development Board.

She was appointed a Director of Kotmale Holdings PLC on 3 April 2024.

Dilantha Jayawardhana

Executive Director

Dilantha Jayawardhana was appointed a Director of the Company on 1 July 2021.

He holds a Master’s in Business Administration (University of Lincoln, UK) and is a Fellow member of the Institute of Chartered Accountants of Sri Lanka. He functioned as the Group Chief Financial Officer of Cargills (Ceylon) PLC. In his current role he continues to manage finance, human resource development, IT and treasury functions for the Group.

He has 24 years of post-qualifying experience in accounting, finance, and management.

Dr Dushni Weerakoon

Independent Non-Executive
Director

Dr Dushni Weerakoon was appointed a Director of the Company on 1 January 2024.

She is the Executive Director of the Institute of Policy Studies of Sri Lanka (IPS) and has extensive experience in public policy engagements having served the Government of Sri Lanka in various capacities, including currently as an Appointed Member of the Monetary Policy Board of the Central Bank of Sri Lanka and a Director on the Board of Investment of Sri Lanka (BOI). She has wide experience as an Independent Non-Executive Director on the boards of corporate entities having served previously at the Nations Trust Bank and the Cargills Bank, and as a consultant to international organizations such as the World Bank, the Asian Development Bank, and the World Trade Organisation. She has written and published widely on macroeconomic policy, regional trade integration, and international economics. Dr.Dushni Weerakoon holds a BSc in Economics with First Class Honours from the Queen's University of Belfast, U.K., and an MA and PhD in Economics from the University of Manchester, U.K.

She was appointed a Director of Kotmale Holdings PLC on 3 April 2024.

Ganesan Ampalavanar

Non-Independent Non-Executive
Director

Ganesan Ampalvanar was appointed a Director of the Company on 1 January 2024.

He served the Nestle Group for 32 years and was a three-time CEO (Nestle Indonesia, Nestle Vietnam, Nestle Lanka). He is a Management (Accounting & Finance) graduate from the University of Science, Malaysia, and has also obtained postgraduate programs from the London Business School, U.K., and the International Institute of Management Development, Lausanne, Switzerland. In his last posting, he led the Nestle Indonesia business, one of the largest markets for the Nestle Group.

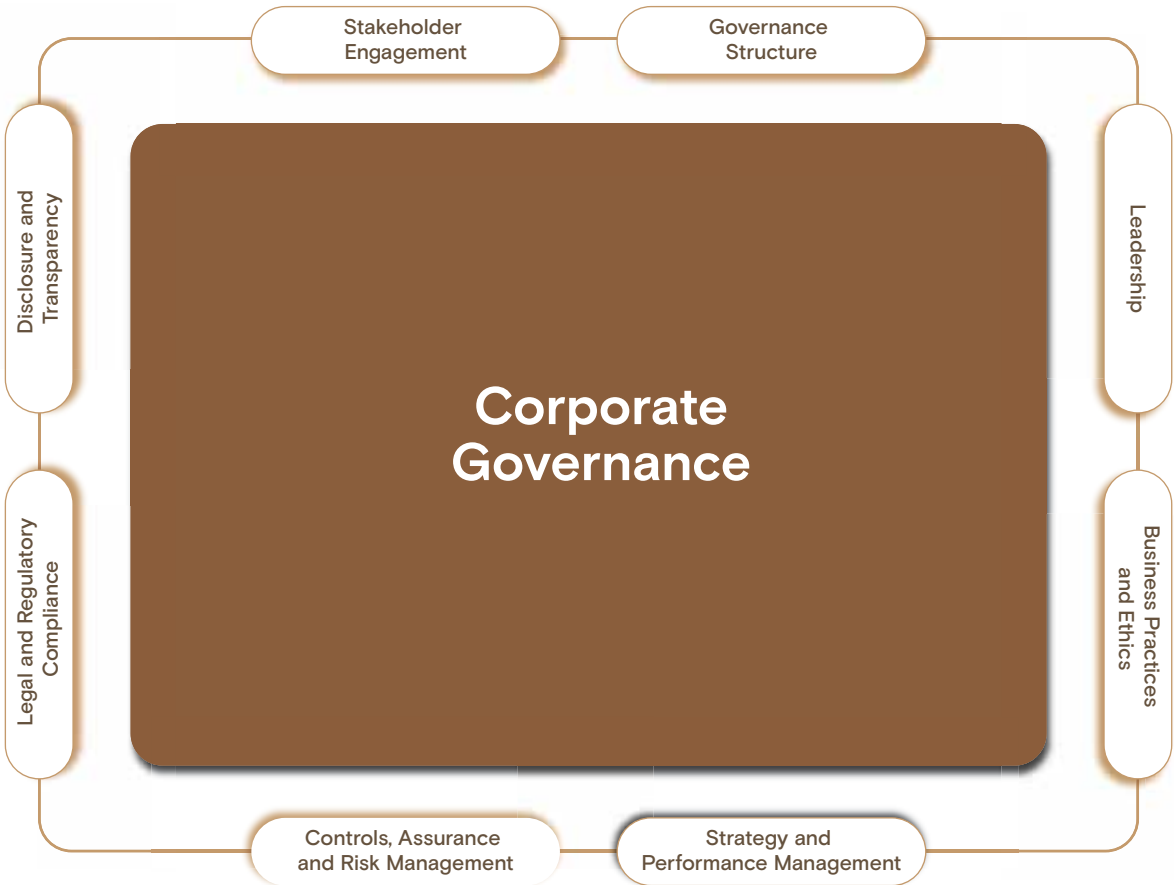
CORPORATE GOVERNANCE

1. Corporate Governance at Cargills

Corporate Governance at Cargills encompasses a set of systems, processes and practices in place to ensure the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions. We believe that sound corporate governance practices are essential to create sustainable value and to safeguard the interest of all stakeholders.

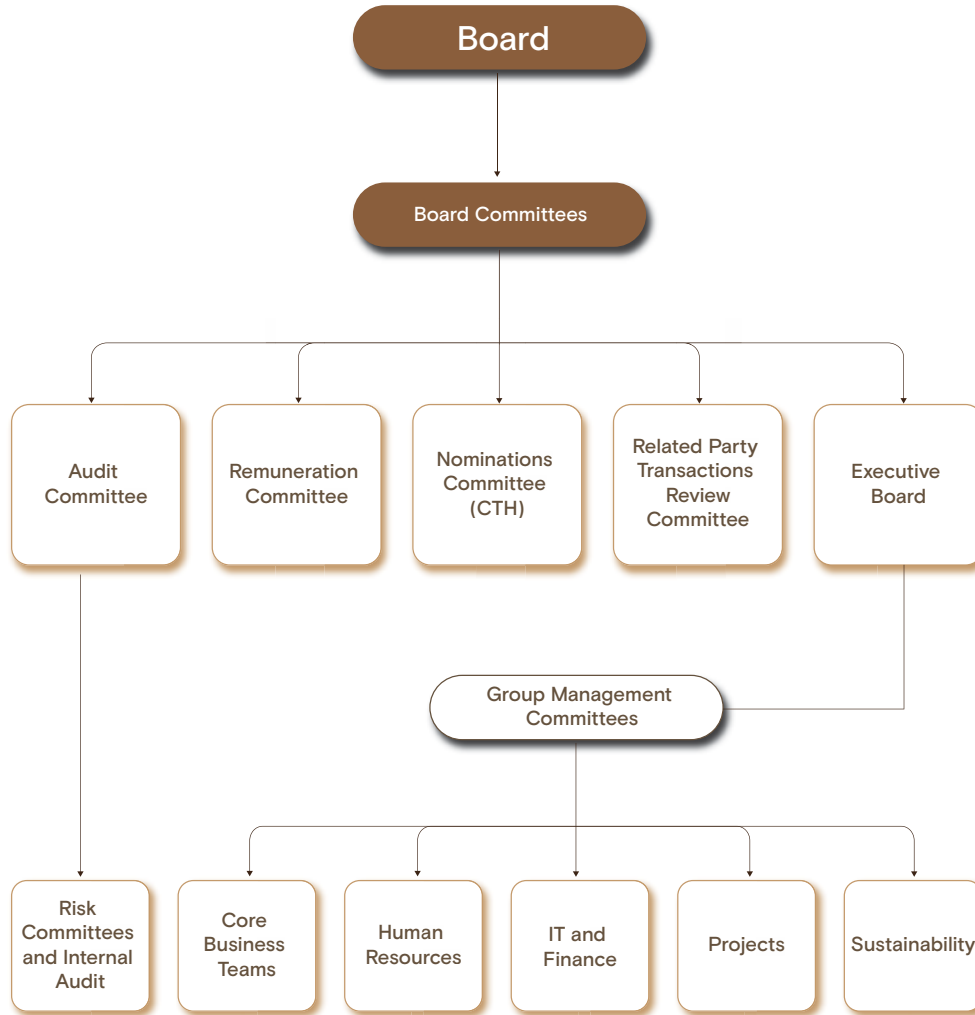
2. The Corporate Governance Framework

Our corporate governance framework is illustrated in the following diagram:



3. Internal Governance Structure

The Group has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Board of Directors appointed by the shareholders is primarily responsible for good governance. The Board delegates some of its responsibilities to the Board Committees to discharge its responsibilities in an effective manner.



3.1 The Board of Directors

3.1.1 Board Composition

At the end of the financial year the company had eleven Directors on the Board comprising eight Non-Executive Directors (of whom four are independent) and three Executive Directors. As at now company has nine Directors comprising six Non-Executive Directors (of whom three are independent) and three Executive Directors.

The Board consists of a mix of Independent, Executive, and Non-Executive Directors to maintain the Board independence.

3.1.2 Board Independence and Conflicts of Interest

Our Board is well represented by the Independent Directors who support the Executive Directors in governance and strategic management. Independence of the Directors has been determined in accordance with the criteria of the CSE Listing Rules. Accordingly, the present composition of Independent Non-Executive Directors is in line with the requirements of the CSE Listing Rules. The three Independent Non-Executive Directors have submitted signed confirmations of their independence.

Where the personal or business relationships or interests of Directors and executive officers may conflict with the interests of Cargills, they are required to disclose in writing the nature and extent of any interest they have in a material contract or material transaction with the Group.

3.1.3 Appointment of Directors

The Nominations Committee of the parent company (C T Holdings PLC) recommends suitable persons to be Directors either to

fill casual vacancies or as additional Directors, subject to the provisions in the Articles of Association of the Company. Any Director so appointed shall hold office until the next Annual General Meeting and shall then be eligible for election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such Meeting. In considering candidates for Directorship, the Nominations Committee considers many aspects including the criteria specified in the CSE Listing Rules 9.7 such as integrity and honesty, competency, capabilities, breadth of experience in business and industry, financial acumen, leadership skills as well as the diversity of the Board.

Details of new Directors are disclosed to the shareholders at the time of their appointment by public announcement as well as in the Annual Report (Please refer Board of Directors section of the Report).

3.1.4 Board Tenure, Retirement and Re-election of Directors

The Executive Directors are appointed and recommended for re-election subject to their prescribed retirement age whilst Non-Executive Directors are appointed and recommended for re-election subject to the age limit as per statutory provisions at the time of reappointment. At each Annual General Meeting (AGM) one third of the Directors retire by rotation on the basis prescribed in the Articles of Association of the Company and are eligible for re-election. The Directors who retire are those who have been longest in office since their appointment or reappointment. In addition, any new Director appointed to the Board during the year is required to stand for election at the next AGM.

3.1.5 Other Board Memberships

The Group, in assessing the performance of the individual Director, considers whether sufficient time and attention has been given by the Director to the affairs of the Group while holding Board membership in other companies. The Group expects Directors to devote sufficient time for the affairs of the Company though it does not impose a limit on the number of Board representations which a Director may hold in other companies.

Directors have demonstrated their commitment and effectiveness in discharging their duties and responsibilities and avoiding actual or potential conflicts of interest caused by serving on other Boards.

3.1.6 Directors' Remuneration Policy

The Remuneration Committee studies and recommends the remuneration and perquisites applicable to the Executive Directors of the Company and makes appropriate recommendations to the Board of Directors of the Company for approval. Executive Directors' Remuneration is reviewed periodically against market comparators. Remuneration of Non-Executive Directors is determined in reference to fees paid by comparable companies and is adjusted where necessary. The fees received by Non-Executive Directors are determined by the Board and reviewed annually.

3.2 Board Committees

The Group has the following Board committees;

1. Audit Committee
2. Nominations Committee
3. Remuneration Committee
4. Related Party Transactions Review Committee (RPTRC)

All committees have written charters detailing their responsibilities and the extent to which they have been delegated powers of the Board of Directors.

Report of the Senior Independent Director

This report is presented in compliance with the requirement set out in Section 9.6.3 (e) of the revised Listing Rules on Corporate Governance of the Colombo Stock Exchange which came into effect on 01 October 2023.

The requirement of appointing a "Senior Independent Director to Cargills (Ceylon) PLC is in accordance with Section 9.6.3 (a) iii of the revised Listing Rules on Corporate Governance of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Role and Responsibilities of Senior Independent Director

In terms of the role and responsibilities of the SID, the principal role of the SID is to support the Chairman in his role and duties, acting as an intermediary for the Non-Executive Directors and to facilitate the due exercise of the functions of the Chairman with the Non- Executive Directors as and when necessary.

The role and the responsibilities vested on the SID of the Board is relevant in the current context of Corporate Governance regulations, standards, and best practices which are frequently reviewed and revised by regulators.

My role is to ensure requisite governance standards are complied with while providing necessary assistance to the Chairman of the Board through discussion and communication between Non-executive and Independent Directors of the Company in addressing matters relevant to the Board as a whole to enhance the overall effectiveness of the Board.



Asite Talwatte

Senior Independent Director
10 July 2024

3.2.1 Audit Committee Report

The Audit Committee is appointed by the Board of Directors of the Company and reports directly to the Board. The Audit Committee functions within the overall governance process established by the Board of Directors of the Company and assists the Board in effectively discharging its responsibilities.

Policy Framework

The policy framework for the functioning of the Audit Committee of the Company and its subsidiaries are set out in the Group policies adopted across the Group.

In addition to the Audit Committee of the Holding Company, one listed subsidiary within the Cargills Group has a separate Audit Committee. The Audit Committee of the listed holding Company functions as the Audit Committee of its non-listed subsidiary companies.

Composition of the Audit Committee

- Mr A D B Talwatte FCA, FCMA, MBA – Independent (Chairman)
- Mrs C I Malwatte – Independent (w.e.f. 9 February 2024)
- Dr D N Weerakoon – Independent (w.e.f. 9 February 2024)
- Mr A T P Edirisinghe FCA, FCMA – Independent (up to 15 January 2024)
- Mr E A D Perera – Independent (up to 31 December 2023)
- Mr Y Kanagasabai – Independent (up to 28 July 2023)

The Audit Committee comprises three members who are Non-Executive Directors who are Independent. The Chairman of the Audit Committee is a Fellow member of The Institute of Chartered Accountants of Sri Lanka and a Fellow member of the Chartered Institute of Management Accountants, UK. The composition of the members of the Audit Committee satisfies the criteria as specified in the standards on corporate governance for listed companies. The Company Secretary acts as the Secretary to the Committee.

Procedure

In terms of the Group policy, the Audit Committees should meet at least once in every quarter, two of which should be attended by the Company Auditors.

The procedure in place is for the Group Managing Director/ Deputy CEO, Executive Director, Group Chief Financial Officer, Group Chief Risk Officer, Heads of Finance of the business sectors and the Head of Internal Audit to attend all meetings when scheduled and for the Deputy Chairman/Group CEO to attend Audit Committee meetings as and when requested to do so by the Audit Committee. Besides this, procedure is in place to circulate the various documents and for clarification of matters raised by the members of the Audit Committee. Where necessary, approvals may also be given by circular resolutions.

Meetings

The Audit Committee met nine times during the year, two of which were with the participation of the Company's External Auditors. Details of the participation of the members of the Audit Committee at such meetings are set out below:

Name	Meetings Held	Meetings Attended
Mr A D B Talwatte (Chairman)	9	9
Mr A T P Edirisinghe (up to 15 January 2024)	9	7
Mr E A D Perera (up to 31 December 2023)	9	5
Mr Y Kanagasabai (up to 28 July 2023)	9	4
Mrs C I Malwatte (w.e.f. 9 February 2024)	9	2
Dr D N Weerakoon (w.e.f. 9 February 2024)	9	2

Scope

The functions of the Audit Committee, as set out in the Group policies, include the following:

- Oversight of the preparation, presentation, and adequacy of disclosures in the Financial Statements in accordance with SLFRS/LKAS
- Oversight of the Company's compliance with financial reporting requirements, information requirements of the Companies Act, SEC, and other related regulatory bodies
- Oversight of the processes to ensure that the Company's internal controls and risk management procedures are adequate to ensure that the various risk exposures are mitigated
- Assessment of the performance and independence of the External Auditors and make recommendations to the Board pertaining to appointment/reappointment and removal of External Auditors and approval of the remuneration and terms of engagement
- Review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process
- Develop and implement policy on the engagement of the External Auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the External Auditors

- Review the Company's annual audited Financial Statements and quarterly Financial Statements to ensure compliance with the Sri Lanka Accounting Standards and other relevant laws and regulations
- Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations
- Report regularly to the Board with respect to the Committee's activities and make recommendations as appropriate

Financial Reporting

The Audit Committee reviewed the quarterly and annual Financial Statements of the Group prior to publication to assure that the published Financial Statements fairly present the state of affairs of the Group. The Audit Committee had discussions with the Management and the External Auditors on the annual Financial Statements. In all instances, the Audit Committee obtained a declaration from the Group Chief Financial Officer stating that the respective Financial Statements are in conformity with the applicable accounting standards, company law and other statutes including corporate governance rules and that the presentation of such Financial Statements are consistent with those of the previous quarter or year as the case may be, and further states any departures from financial reporting, statutory requirements and Group policies, (if any).

Quarterly Compliance Certificates were also obtained from the finance, legal, and secretarial divisions of the Company on a standardised exception reporting format perfected by the Audit Committee, stating any instances (where applicable) of, and reasons for, non-compliance, along with a Risk Management and Internal Audit Report submitted by the Group Chief Risk Officer.

Internal Audit, Controls, and Risk Management

The Audit Committee reviewed the Internal Audit Reports containing details of the audit coverage, compliance to the laws, regulations, established policies and procedures. The risk management report containing detailed risk assessments and risk mitigation actions pertaining to different business units were reviewed by the Audit Committee to give assurance that the risk management process is carried out in an effective manner.

Conclusion

Based on its work, the Audit Committee is of the opinion that the control procedures and environment within the Group provide reasonable assurance regarding monitoring of the operations, accuracy of the Financial Statements and safeguarding of assets of the Company.

Audit and Auditors' Independence

The Audit Committee assessed the independence and performance of the Company's External Auditors and made recommendations to the Board pertaining to appointment/reappointment. The Audit Committee also reviewed the audit fees and approved the remuneration and terms of engagement of the External Auditors and made recommendations to the Board. When doing so, the Audit Committee reviewed the type and quantum of non-audit services (if any) provided by the External Auditors to the Company to ensure that their independence as Auditors has not been impaired.

The Audit Committee obtains an "Auditor's Statement" from Messrs KPMG confirming independence as required by Section 163 (3) of the Companies Act No. 07 of 2007 on the audit of the Statement of Financial Position and the related Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity, and Statement of Cash Flow of the Company and the Cargills Group.

The Audit Committee has recommended to the Board that Messrs KPMG, Chartered Accountants, be continued as External Auditors of the Company for the financial year ending 31 March 2025.



A D B Talwatte

Chairman – Audit Committee
10 July 2024

3.2.2 Nominations Committee

The Nominations Committee of the parent company (CTH) acts as the Nominations Committee of Cargills (Ceylon) PLC.

Composition of the Nominations Committee

The Nominations Committee of the parent company consists of the following members;

- Mr L R Page – Non-Executive/Non-Independent (Chairman)
- Mr A T P Edirisinghe – Independent
- Mr V R Page – Executive Director (Deputy Chairman/Group CEO)

Scope

The Nominations Committee recommends suitable persons to be appointed as Directors either to fill casual vacancies or as additional Directors, subject to the provisions in the Articles of Association of the Company. In considering candidates for Directorship, the Nominations Committee considers all relevant criteria including breadth of experience in business and industry, financial acumen, integrity, leadership as well as the diversity of the Board.

Meetings

The Committee meets once each year or as required.

3.2.3 Remuneration Committee Report

The Remuneration Committee of Cargills (Ceylon) PLC consists of three Non-Executive Directors who are independent.

The Chairman, Deputy Chairman/Group CEO, and the Group Managing Director may also be invited to join in the deliberations as required. The Committee studies and recommends the remuneration and perquisites applicable to the Executive Directors of the Company and makes appropriate recommendations to the Board of Directors of the Company for approval. The Committee also carries out periodic independent reviews to ensure that the remunerations are in line with market conditions.

Composition of the Remuneration Committee

- Mr A D B Talwatte – Non-Executive (Chairman)
- Mrs C I Malwatte – Non-Executive
- Dr D N Weerakoon – Non-Executive
- Mr A T P Edirisinghe – Non-Executive (up to 15 January 2024)

The Committee met once during the year under review.



A D B Talwatte

Chairman – Remuneration Committee
10 July 2024

3.2.4 Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee (RPTRC) is appointed by the Board of Directors of the Company and reports directly to the Board. The Committee functions within the overall governance process established by the Board of Directors of the Company and assists the Board in effectively discharging its responsibilities.

Policy Framework

The policy framework for the functioning of the RPTRC of the Company and its subsidiaries is set out in the Group policies adopted across the Group. In addition to the RPTRC of the holding company, the Kotmale Holdings PLC, a listed subsidiary of the Cargills (Ceylon) PLC, has a separate RPTRC. The RPTRC of its listed holding company functions as the RPTRC of the non-listed subsidiary companies.

Composition of the RPTRC

- Mr A D B Talwatte FCA, FCMA, MBA – Independent (Chairman)
- Mrs C I Malwatte – Independent (w.e.f. 9 February 2024)
- Dr D N Weerakoon – Independent (w.e.f. 9 February 2024)
- Mr A T P Edirisinghe FCA, FCMA – Independent (up to 15 January 2024)
- Mr E A D Perera – Independent (up to 31 December 2023)
- Mr Y Kanagasabai – Independent (up to 28 July 2023)

The RPTRC comprises three Non-Executive Directors who are independent. The Chairman of the RPTRC is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and a Fellow member of Chartered Institute of Management Accountants, UK. The composition of the members of the RPTRC satisfies the criteria as specified in the standards on Corporate Governance for listed companies. The Company Secretary acts as the Secretary to the Committee.

Scope

The RPTRC assists the Board in reviewing all related party transactions (RPT) carried out by the Company.

The functions of the RPTRC include the following:

- Developing a related party transactions policy in accordance with section 9 of the revised listing rules of the Colombo Stock Exchange and recommending for adoption by the Board of Directors of the Company and its listed subsidiaries.
- Reviewing and recommending improvements to the control procedures to ensure that all recurrent and non-recurrent related party transactions are identified, adequately captured and reported in a timely manner in accordance with the applicable rules.
- Establishing procedures to ensure that related party transactions that are captured within the system are reviewed in a systematic manner and certified by Key Management Personnel with appropriate level of authority.
- Reviewing all related party transactions as reported by Management in compliance with section 9 of the revised listing rules of the Colombo Stock Exchange.
- Ensuring that appropriate disclosures are made as applicable to the Colombo Stock Exchange (CSE) where immediate market disclosures are required, and in the Annual Report.

Procedures are also in place for the RPTRC to obtain and have obtained:

- Quarterly declarations of related party transactions from Directors and Senior Management of all Group companies on recurrent and non-recurrent transactions undertaken by them or by their close family members.
- Quarterly declarations of Directors and Senior Management of all Group companies who have a significant shareholding/ownership in a company or partnership or proprietorship which is outside the Group companies and/or of the subsidiaries and associate companies of Group companies.
- Quarterly declarations of the Group Chief Financial Officer or equivalent position in Group companies on recurrent and/or non-recurrent transactions within the Group companies.

Procedures are also in place for the assessment of the need to obtain shareholder approval for specified transactions and to inform the SEC/CSE on the applicable non-recurrent transactions.

Related Party Transactions

Companies within the Group regularly engage in transactions with other companies within the Group. The Committee receives and reviews details of all related party transactions from the Group Chief Financial Officer of the Company and disposes of the same in accordance with the mandate set out above.

In respect of non-recurrent transactions, if any, the Committee is empowered to seek independent expert advice on any related matters that the Committee deems to be significant.

Meetings

RPTRC met four times during the year. The meetings were also attended by the Group Managing Director of the Company, Executive Director, Group Chief Financial Officer, Group Chief Risk Officer, as well as the Heads of Finance of the business sectors.

Details of the participation of the members of the RPTRC at such meetings are set out below:

Name	Meetings Held	Meetings Attended
Mr A D B Talwatte (Chairman)	4	4
Mr A T P Edirisinghe (up to 15 January 2024)	4	3
Mr E A D Perera (up to 31 December 2023)	4	1
Mr Y Kanagasabai (up to 28 July 2023)	4	2
Mrs C I Malwatte (w.e.f. 9 February 2024)	4	1
Dr D N Weerakoon (w.e.f. 9 February 2024)	4	1

The Committee adopted policies and procedures for (a) reviewing the related party transactions at each quarterly meeting, (b) identifying and reporting on recurrent and non-recurrent transactions to be in line with the applicable CSE Rules.

The Committee noted that there were no changes to practices followed over the years and general terms and conditions applicable to all agreements entered into with related parties are similar to those entered into with non-related parties taking into account, if any, due consideration of factors such as the long-term nature of the agreements.

Conclusion

Based on its review, the RPTRC confirms that there were no non-recurrent transactions with related parties during the year that warranted prior shareholder approval. It is also noted that in respect of recurrent transactions, the transactions were in the ordinary course of business. The terms and conditions applicable to such transactions with related parties are similar to those entered into with non-related parties taking into account, if any, due consideration of factors such as volume, cost and any other relevant factors which form part and parcel of such transactions. The observations of the Committee have been communicated to the Board of Directors.

The details of the recurrent transactions entered into with related parties are disclosed in Note 35 to the Financial Statements.

Directors hereby confirm that the Company is in compliance with Section 9 of the Listing Rules of the CSE with respect to related party transactions carried out by the Company during the year.



A D B Talwatte

Chairman – Related Party Transactions Review Committee
10 July 2024

4 Leadership

4.1 Board Leadership

The Board has a clear governance framework with defined responsibilities and accountability. Our Board at present comprises Directors with diverse skills and vast experience in the field of business who are capable of steering the business towards achieving the Company goals and good governance. While the Board plays an oversight role over the Group, the Group CEO and his Executive Management are empowered to manage and lead the business on a day-to-day basis.

4.1.1 Role of Group Chairman and Group CEO

Whilst the Group Chairman and the Group Chief Executive Officer are collectively responsible for the leadership of the Group, there is a clear and effective division of accountability and responsibility between the Group Chairman and the Group Chief Executive Officer. Each plays a distinctive role but complementing each other to ensure that there is a balance of power and authority and no individual has unfettered powers of decision and control.

4.1.2 Board Responsibilities

The Board oversees the affairs of the Company and provides leadership and guidance to the Senior Management Team.

The key functions and responsibilities of the Board are:

Roles and Responsibilities	
Strategy	<ul style="list-style-type: none"> • Providing direction, guidelines, and approval of the Group's strategic direction and business plans as developed by Management • Directing, monitoring and assessing the Group's performance against strategic and business plans • Approving and monitoring major capital expenditure, acquisitions and divestments • Reviewing and approving the annual operating plans and financial budgets
Risk Management	<ul style="list-style-type: none"> • Ensuring processes are in place to identify the principal risks of the Group's business • Reviewing and ratifying the integrity of the Group's systems of risk management, internal controls and compliance
Management	<ul style="list-style-type: none"> • Appointing and recommending terms of engagement of the Senior Management staff ensuring that a process is in place such that the remuneration and conditions of service of Executives are appropriate • Ensuring that a process is in place for Executive succession plan
Performance	<ul style="list-style-type: none"> • Evaluating the performance of the Board committees and individual Directors • Establishing and reviewing succession plans for Board membership • Reviewing the performance of the Senior Management and the compensation framework for Executive Directors and Senior Management • Monitoring corporate performance and evaluating results compared to the strategic and annual plans
Corporate Governance	<ul style="list-style-type: none"> • Establishing appropriate standards and encouraging ethical behaviour and compliance with the Group's policies • Monitoring the Company's compliance with corporate governance standards • Overseeing the process and framework for evaluating the adequacy of internal controls, risk management, financial reporting and compliance
Reporting and Disclosure	<ul style="list-style-type: none"> • Approving and monitoring financial and other reporting, including reporting to shareholders and other stakeholders • Establishing procedures to ensure adherence to the Company's continuous reporting policy

4.1.3 Board Meetings

The Board met five times in the year under review, and the following table shows the attendance record for the same.

Attendance at Board Meetings

Name	Position	Meetings Held	Meetings Attended
Mr L R Page	Chairman	5	5
Mr V R Page	Deputy Chairman/Group CEO	5	5
Mr M I Abdul Wahid	Group Managing Director	5	5
Mr A T P Edirisinghe (up to 15 January 2024)	Non-Executive Director	5	4
Mr S E C Gardiner (up to 7 May 2024)	Non-Executive Director	5	3
Mr Y Kanagasabai (up to 28 July 2023)	Non-Executive Director	5	2
Mrs C I Malwatte	Non-Executive Director	5	4
Mr J C Page	Non-Executive Director	5	5
Mr E A D Perera (up to 31 December 2023)	Non-Executive Director	5	4
Mr H A Peiris (up to 7 June 2024)	Non-Executive Director	5	5
Mr A D B Talwatte	Non-Executive Director	5	5
Mr D S Jayawardhana	Executive Director	5	5
Mr G R Ampalavanar (w.e.f. 1 January 2024)	Non-Executive Director	5	1
Dr D N Weerakoon (w.e.f. 1 January 2024)	Non-Executive Director	5	1

5. Business Practices and Ethics

The essence of corporate governance lies in promoting and maintaining integrity, transparency and accountability across the Organisation. Good governance is embedded in the Group's culture creating an enabling environment for growth in a structured, predictable, and sustainable manner.

The Board continued to strive to ensure that ethics are the foundation of how the Company operates. Accordingly, the Directors recognise their responsibility to set the tone from the top, by avoiding instances of conflict of interest and having the interests of the Company at the forefront of all decision-making.

The corporate governance system at Cargills demands our employees to enhance their competence and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics.

The Group is committed to the interests of our employees, customers, suppliers, and the community whilst focusing on providing value to our shareholders. The Group's Code of Conduct aims to promote and strengthen the reputation of Cargills by establishing a standard of performance, behaviour and professionalism for its people and stakeholders with respect to their professional and personal conduct.

All employees at Cargills are committed to responsible behaviour refraining from any direct, solicited, monetary or non-monetary bribes, entertainment, unlawful gifts, payments or political contributions while adhering to the related provisions of the Group HR Policy. The whistle-blower protection policy encourages the employees and other stakeholders to bring any concerns regarding frauds, misconducts and any unethical behaviour to the notice of the Senior Management and the Board of Directors.

All executives are bound by a signed Code of Conduct which prohibits them from accepting or offering any form of gift or emolument that may be construed as a bribe. Executives are also issued official memorandums to remind them of this obligation during festive seasons where the occurrence of such dealings are more probable.

Cargills (Ceylon) PLC is a signatory of the United Nations Global Compact (UNGC); and has zero tolerance towards bribery and corruption. The Company actively monitors any changes to anti-corruption or other related laws and ensures its full compliance. This ethical and transparent corporate behaviour of Cargills extends to all the stakeholders in the value chain. All partners and third parties are advised to comply with the guidelines set out.

6. Strategic and Performance Management

The Group has a robust strategic management process which involves all key internal stakeholders and led by the Group CEO. The strategic planning process aims at optimal utilisation

of resources of the Organisation and maximum welfare of all relevant stakeholders. The developments in the external and internal environment are continuously and extensively scrutinised in developing effective strategies. Cargills focuses on deriving the maximum advantage for the Organisation through developments in the external environment through prudent as well as rapid responses.

Cargills operates with a comprehensive performance management system which aims to uphold efficient and effective results as well as knowledge and skills of employees. The budgeting exercise at Cargills is carried out at an integrated cross functional level and reviews are carried out on a frequent basis in order to take corrective action as appropriate.

7. Controls, Assurance, and Risk Management

The Group has adequate systems of internal controls in place to ensure the orderly and efficient conduct of its business.

The Internal Auditors independently evaluate the adequacy of internal controls and compliance and concurrently audit the majority of the transactions in value terms. The Group's internal audit and risk management functions report to the Board directly through Audit Committee assuring the independence.

The Group engages the services of independent External Auditors to conduct an audit and obtain reasonable assurance on whether the Financial Statements and relevant disclosures are free from material misstatements. The Independent Auditors directly report their findings to the Audit Committee which has the oversight responsibility of the integrity of Financial Statements and the reporting process.

The Group has an enterprise risk management framework through which it manages the risks facing the Group. Risk Committees for all business sectors were established to manage the risks stemming from the external environment, strategy and business operations. Risk management section and the notes to the Financial Statements of the Annual Report carry a detailed discussion of the Group's Enterprise Risk Management Process.

The Information Technology Policy of the Group establishes an overall framework for the governance and management of the processes and actions relating to Information Technology within the Group. The framework

is made up of processes designed to ensure effective and efficient use of Information Technology to enable the Company achieving its objectives.

8. Legal and Regulatory Compliance

The Group is fully compliant with all the mandatory provisions of the Companies Act No. 7 of 2007, Listing Rules of the CSE and rules of the Securities and Exchange Commission of Sri Lanka (SEC). The Group practices are in line with the Code of Best Practices on Corporate Governance (2017) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Company actively monitors the changes in the regulatory environment and acknowledges its compliance with all other financial, legal and regulatory requirements.

9. Disclosure and Transparency

The Group has policies and procedures that govern the provision of timely, accurate and complete information to stakeholders, in a manner which gives all stakeholders equal access to information. The Board of Directors, in conjunction with the Audit Committee where applicable, is responsible in ensuring the accuracy and timeliness of published information and in presenting an honest and balanced assessment of results in the quarterly and annual Financial Statements.

10. Stakeholder Engagement

The Board values the Company's stakeholders and strives to take their concerns and interests into account when making business decisions. This not only enables it to anticipate and manage risk effectively but also helps it identify new business opportunities and improve the Group's relationship with its stakeholders.

The shareholders are given the opportunity at the AGM to get updates from the Chairman and the Group CEO on the Group's performance, to ask questions, and to express views and vote on the various matters of Company business on the agenda. Shareholders may also ask questions from the Company's External Auditors at the meeting. The Company encourages its shareholders to attend its AGM and committed to dealing with shareholder queries in a respectful and timely manner whenever they are received by the Company.

Company's adherence to the Corporate Governance Rules as required by Section 9 of the Listing Rules of the CSE:

	CSE Rule	Status of Compliance	Details/Reference
9.1	Applicability of Corporate Governance Rules		
9.1.3	A statement confirming compliance with Corporate Governance Rules	Compliant	Section 8. Legal and Regulatory Compliance of Corporate Governance Report
9.2	Policies		
9.2.1/9.2.2/ 9.2.3/9.2.4	Requirement pertaining to establishment and disclosure of policies set out in the Listing Rules.	Effective from 1 October 2024	
9.3	Board Committees		
9.3.1	Ensuring that the following Board committees are established and are functioning effectively. (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	Compliant	
9.3.2	Comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in CSE Rules.	Compliant	
9.3.3	The Chairperson of the Board of Directors shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Effective from 1 October 2024	

	CSE Rule	Status of Compliance	Details/Reference
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders		
9.4.1	Maintain records of all resolutions and specified information pertaining to the resolutions considered at any General Meetings.	Compliant	
9.4.2 (a)/(b)/ (c)/(d)	Communication and relations with shareholders and investors	Compliant	
9.5	Policy on matters relating to the Board of Directors		
9.5.1	Establish and maintain a formal policy governing matters relating to the Board of Directors	Effective from 01 October 2024	
9.5.2	Confirm compliance with the requirements of the policy referred to in Rule 9.5.1 in the Annual Report	Effective from 1 October 2024	
9.6	Chairperson and CEO		
9.6.1	The Chairperson shall be a Non-Executive Director and the positions of the Chairperson and the CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity.	Compliant	Positions of the Chairperson and the CEO is not held by the same person and Chairman is a NED
9.6.2	Where the Chairperson of a listed entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such entity shall make a market announcement	N/A	
9.6.3 (a)/(b)/ (c)/(d)	Requirement pertaining to Senior Independent Director (SID)	Compliant	Mr A D B Talwatte was appointed as the SID
9.6.3 (e)	A signed explanatory disclosure by SID demonstrating the effectiveness of duties of the SID	Compliant	Report from SID page 177

	CSE Rule	Status of Compliance	Details/Reference
9.6.4	Explanation for non-compliance with Rule 9.6.1 in the Annual Report.	N/A	
9.7	Fitness of Directors and CEOs		
9.7.1/9.7.2/ 9.7.3/9.7.4/ 9.7.5	Requirement to meet the fit and proper criteria stipulated by the CSE Listing Rules and disclosure in Annual Report	Compliant	Annual Report of the Directors on the Affairs of the company on pages 201 to 204
9.8	Board Composition		
9.8.1/9.8.2	Requirement pertaining minimum number of Directors and Independent Directors	Compliant	
9.8.3	Conformity to the criteria set by CSE on determining the independence of the Directors	Compliant	
9.8.5 (a)/(b)/(c)	Requirement pertaining to self-declarations annual determination of independence and market announcement in the event of the impairment of the independence.	Compliant	
9.9	Alternate Directors		
9.9 (a)/(b)/ (c)/(d)/(e)	Non-Executive Directors shall be appointed as alternate directors in exceptional circumstances and for a maximum period of one (1) year from the date of appointment	N/A	
9.10	Disclosures relating to Directors		
9.10.1/ 9.10.2/ 9.10.3	Requirement pertaining to disclosure of the Directors	Compliant	
9.10.4	Disclosure of details pertaining to Directors in the Annual Report	Compliant	Board of Directors on pages 171 to 174

	CSE Rule	Status of Compliance	Details/Reference
9.11	Nominations and Governance Committee		
9.11.1/ 9.11.2/ 9.11.3	Existence of Nominations and Governance Committee, formal procedure for appointment and re-election of new Directors and written Terms of Reference of Nominations and Governance Committee	Effective from 1 October 2024	Presently functioning as Nominations Committee
9.11.4	Composition of Nominations and Governance Committee members and appointment of its chairperson	Effective from 1 October 2024	
9.11.5	The Committee functions are in accordance with the set criteria as per the CSE Listing Rules	Effective from 1 October 2024	
9.11.6	Annual Report contains a report of the Nominations and Governance Committee	Effective from 1 October 2024	Nominations Committee report page 180
9.12	Remuneration Committee		
9.12.2	A Remuneration Committee shall be established that conforms to the requirements	Compliant	
9.12.3/ 9.12.4	CSE Listing requirement pertaining to remuneration of the Directors.	Compliant	
9.12.5	Remuneration Committee shall have a written Term of Reference	Compliant	
9.12.6	Composition of the Remuneration Committee	Compliant	3.2.3 Remuneration Committee Report on page 180
9.12.6 (3)	Remuneration Committee chaired by an Independent Director.	Compliant	3.2.3 Remuneration Committee Report on page 180
9.12.7	Recommendation to the Board of Directors regarding remuneration.	Compliant	3.2.3 Remuneration Committee Report on page 180

	CSE Rule	Status of Compliance	Details/Reference
9.12.8 (a)	Disclosure of Chairperson and members of the Remuneration Committee in the Annual Report.	Compliant	3.2.3 Remuneration Committee Report on page 180
9.12.8 (b)	A statement regarding the remuneration policy	Compliant	3.2.3 Remuneration Committee Report on page 180
9.12.8 (c)	Disclosure of the aggregate remuneration of the Executive and Non-Executive Directors.	Compliant	Note 35.1 of Notes to the Financial Statements on page 257
9.13	Audit Committee		
9.13.1	Entities who do not maintain separate committees to perform the Audit and Risk Functions, the Audit Committee (AC) shall additionally perform the Risk Functions	Compliant	Audit Committee Report on pages 178 to 180
9.13.2	The AC shall have a written Term of Reference	Compliant	
9.13.3	Composition of the Audit Committee		
(1)	Composition of the Independent Directors of the Audit Committee	Compliant	
(2)	Quorum comprising majority of Independent Directors	Compliant	
(3)	Minimum number of meetings and quarterly meetings prior to releasing the quarterly Financial Statements.	Compliant	
(4)	If both, the parent company and the subsidiary are 'Listed Entities', the AC of the parent company may function as the AC of the subsidiary	Compliant	Audit Committee Report on pages 178 to 180
(5)	The Chairperson being the Independent Director of the Audit Committee	Compliant	Audit Committee Report on pages 178 to 180
(6)	Attendance of CEO and CFO at the Audit Committee meetings by invitation	Compliant	Audit Committee Report on pages 178 to 180

	CSE Rule	Status of Compliance	Details/Reference
(7)	The Chairperson of the AC shall be a Member of a recognised professional accounting body.	Compliant	Audit Committee Report on pages 178 to 180
9.13.4	Functions of the Audit Committee		
(1)	Functions of the Audit Committee as set out in CSE Listing Rules	Compliant	Audit Committee Report pages 178 to 180
9.13.5	Disclosures (AC) in the Annual Report		
	Disclosure of stipulated information in the Audit Committee Report included in the Annual Report	Compliant	Audit Committee Report pages 178 to 180
9.14	Related Party Transaction Review Committee (RPTRC)		
9.14.1	Listed entities shall have a Related Party Transactions Review Committee	Compliant	
9.14.2	Composition of RPTRC		
(1)	Composition of the Independent Directors and Chairperson being Independent.	Compliant	RPTRC report on pages 181 & 182
(2)	If both parent subsidiaries are Listed Entities, the RPTRC of the parent company may function as the RPTRC of the subsidiary	N/A	
9.14.3	Functions of RPTRC		
	Functions of the RPTRC as set out in CSE Listing Rules	Compliant	RPTRC report on pages 181 & 182
9.14.4	General Requirements of RPTRC		
(1)	General requirement stipulated in CSE Listing Rules (1) to (4)	Compliant	
9.14.5	Review of RPTs by the RPTRC		
	Requirement pertaining of review of related party transaction by RPTRC set out by CSE Listing Rules	Compliant	

	CSE Rule	Status of Compliance	Details/Reference
9.14.6	Shareholder Approval		
	Requirement pertaining to shareholder approval set out by CSE Listing Rules.	Compliant	
9.14.7	Immediate Disclosures		
	Immediate Market Announcement to the Exchange as set out by CSE Listing Rules	Compliant	
9.14.8	Disclosures in the Annual Report		
(1)/(2)	Disclosure of related party transaction details in the Annual Report.	Compliant	Notes to the Financial Statements Note 35
(3)	Related Party Transactions Review Committee Report in the Annual Report	Compliant	RPTRC Report on pages 181 & 182
(4)	A declaration by the Board of Directors in the Annual Report confirming that related party transaction Rules are complied with.	Compliant	RPTRC Report on pages 181 & 182
9.14.9	Shareholder approval and competent independent advice on acquisition and disposal of assets from/to related parties	N/A	
9.16	Additional Disclosures		
	Additional Disclosures by the Board of Directors in the Annual Report	Compliant	Statement of Director's Responsibility page 205

Code of Best Practice on Corporate Governance (2017) Issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

	Principle	Status	Details/Reference
A. Directors			
A.1 The Board			
A.1.1	The Board should meet regularly, at least once in every quarter and execute Board responsibilities while providing information to the Board on a structured and regular basis.	In place	Corporate Governance Report - Section 4.1.3
A.1.2	The Board is to provide entrepreneurial leadership by undertaking responsibilities as set out in Listing Rules	In place	Corporate Governance Report - Section 4.1.2
A.1.3	The Board collectively and the Directors individually must act in accordance with the laws of the country and obtain independent professional advice where necessary.	In place	
A.1.4	All Directors should have access to the advice and services of the Company Secretary.	In place	
A.1.5	All Directors should bring independent judgement to bear on issues of strategy, performance, resources and business conduct.	In place	
A.1.6	Every Director should dedicate adequate time and effort to matters of the Board and the Company.	In place	
A.1.7	One third of Directors can call for a resolution to be presented to the Board where they feel It is in the best interest of the Company to do so.	In place	
A.1.8	Every Director should receive appropriate training when first appointed to the Board and subsequently as necessary. The Board should regularly review and agree on the training and development needs of the Directors.	In place	

Principle	Status	Details/Reference
A.2 Chairman and Chief Executive Officer		
A.2.1 Justification for combining the posts of Chairman and CEO in one person to be stated in the Annual Report.	N/A	N/A
A.3 Chairman's Role		
A.3.1 The Chairman's responsibilities towards Board proceedings as set out in the Code of Best Practice.	In place	
A.4 Financial Acumen		
A.4 The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	In place	
A.5 Board Balance		
A.5.1 At least three members or one third of the Board, whichever is higher should be NEDs. Any change to this ratio should be rectified within 90 days.	In place	Corporate Governance Report – Section 3.1.1
A.5.2 Where the constitution of the Board of Directors includes only three NEDs, all three such NEDs should be independent.	N/A	N/A
A.5.3 Definition of Independent Directors For a Director to be deemed "Independent" such a Director should be independent of management and free of any business or other relationship that could materially interfere.	In place	
A.5.4 Each NED should submit annually a signed and dated declaration of his/her independence or non-independence.	In place	Corporate Governance Report – Section 3.1.2
A.5.5 The Board should determine the independence or otherwise of the NEDs based on the guidelines provided.	In place	

Principle	Status	Details/Reference
A.5.6 Criteria for appointing Alternate Director.	N/A	N/A
A.5.7 In the event the Chairman and CEO is the same person, the Chairman is not an Independent Director, or the Chairman is the immediately preceding CEO, the Board should appoint one of the Independent NEDs to be the "Senior Independent Director" (SID).	In place	Mr A D B Talwatte was appointed as SID
A.5.8 The SID should make himself available for confidential discussions with other Directors who may have concerns. A report from the Senior Independent Director should be included in the Annual Report.	In place	SID Report on pages 177 & 178
A.5.9 The Chairman should hold meetings only with NEDs as necessary and at least once each year.	In place	
A.5.10 Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board minutes.	In place	
A.6 Supply of information		
A.6.1 The Management should provide the Board with appropriate and timely information.	In place	
A.6.2 The agenda and papers required for a meeting should be provided to the Directors at least seven days before the meeting.	In place	
A.7 Appointments to the Board		
A.7.1 A Nominations Committee should be established and its Chairman and members should be disclosed in the Annual Report.	In place	Corporate Governance Report – Section 3.2.2
A.7.2 The Nominations Committee should annually assess the combined knowledge and experience of the Board.	In place	

Principle	Status	Details/Reference
A.7.3 Upon the appointment of a new Director, a brief résumé, the nature of expertise, details of directorship in other companies, independence/non-independence in the Board of the new Director should be disclosed to shareholders.	In place	Corporate Governance Report – Section 3.1.3
A.8 Re-Election		
A.8.1 NEDs should be appointed for specified terms subject to re-election/removal and their reappointment should not be automatic.	In place	Corporate Governance Report – Section 3.1.4
A.8.2 All Directors including Chairman should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years.	In place	Corporate Governance Report – Section 3.1.4
A.8.3 In the event of resignation of a Director prior to completion of his/her appointed term, the Director should provide a written communication to be provided to the Board of his/her reasons for resignation.	In place	
A.10 Disclosure of Information in Respect of Directors		
A.10.1 The Annual Report should disclose details of each Director such as qualifications, expertise, immediate family/material business relationship with other Directors, status of independence, directorships in other companies, membership in Board committees and details of attendance to Board meetings and committee meetings if relevant.	In place	Board of Directors on pages 171 to 174
A.11 Appraisal of Chief Executive Officer (CEO)		
A.11.1 At the commencement of every fiscal year, the Board in consultation with the CEO should set financial and non-financial targets for the year.	In place	

Principle	Status	Details/Reference
A.11.2 The performance of the CEO in meeting the set targets should be evaluated by the Board at the end of each fiscal year.	In place	
B. Directors' Remuneration		
B.1 Remuneration Procedure		
B.1.1 The Board should set up a Remuneration Committee.	In place	Corporate Governance Report – Section 3.2.3
B.1.2 The Remuneration Committee should consist exclusively of NEDs of whom the majority should be independent. The Chairman should be an Independent Non-Executive Director and should be appointed by the Board.	In place	Corporate Governance Report – Section 3.2.3
B.1.3 The Chairman and members of the Remuneration Committee should be listed in the Annual Report.	In place	Corporate Governance Report – Section 3.2.3
B.1.4 The Board as a whole should determine the remuneration of NEDs.	In place	
B.1.5 The Remuneration Committee should consult the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors.	In place	
B.2 The level and make up of Remuneration		
B.2.1/ B.2.2/ B.2.3/ B.2.4 Recommendation in designing compensation packages Directors.	In place	Corporate Governance Report – Section 3.2.3
B.2.5 The performance-related elements of remuneration of Executive Directors should be designed and tailored to align their interests with those of the Company and main stakeholders and to give these Directors appropriate incentives to perform at the highest levels.	In place	
B.2.6 Executive share options should not be offered at a discount.	N/A	

Principle	Status	Details/Reference
B.2.7 The Remuneration Committee should follow the given guidelines in designing schemes of performance related remuneration.	In place	
B.2.8 The Remuneration Committee should appropriately decide on compensation commitments of Directors in the event of early termination.	In place	
B.2.10 The remuneration of NEDs should reflect the time commitment, responsibilities, and market practices.	In place	

B.3 Disclosure of Remuneration

B.3.1 The Annual Report should include the names of the Remuneration Committee members, a statement of the remuneration policy and the aggregate remuneration paid to Executive and Non-Executive Directors.	In place	Remuneration Committee Report on page 180 The aggregate remuneration paid to the Directors is given in the Note 35.1 to the Financial Statements.
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------	------------------------------------------------------------------------------------------------------------------------------------------------------

C. Relations with Shareholders

C.1 Constructive use of Annual General Meeting (AGM) and conduct of general meetings

C.1.1 The Notice for AGM and related papers should be sent to the shareholders before the Meeting as per the relevant statute.	In place	
C.1.2 The Company should propose a separate resolution at the AGM on each substantially separate issue.	In place	
C.1.3 The Company should count all proxy votes with respect to each resolution.	In place	
C.1.4 Chairpersons of Board Committees should be available at the AGM to answer questions.	In place	
C.1.5 A summary of procedures governing voting should be circulated with every Notice of General Meeting.	In place	

Principle	Status	Details/Reference
-----------	--------	-------------------

C.2 Communication with Shareholders

C.2.1 There should be a channel to reach all shareholders in order to disseminate timely information.	In place	
C.2.2/ C.2.3/ C.2.4 The Company should disclose	In place	<ul style="list-style-type: none"> • Policy and methodology for communication with shareholders • How the above policy and methodology will be implemented • The contact person for such communication
C.2.5 A process to make all Directors aware of major issues and concerns of shareholders should be in place and disclosed.	In place	
C.2.6 The Company should decide the person to contact in relation to shareholders' matters.	In place	
C.2.7 The process for responding to shareholder matters should be formulated by the Board and disclosed.	In place	

C.3 Major and Material Transactions

C.3.1 Directors should disclose to shareholders all proposed material transactions including related party transactions.	In place	
C.3.2 Public listed companies should in addition comply with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulation of the SEC and by the CSE.	In place	

Principle	Status	Details/Reference
D. Accountability and Audit		
D.1 Financial and Business Reporting (The Annual Report)		
D.1.1	In place	The Board should present an Annual Report including Financial Statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations and any deviation being clearly explained.
D.1.2	In place	The Board should present the interim, other price sensitive reports and reports to regulators.
D.1.3	In place	The Board should, before it approves the Company's Financial Statements obtain from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the Financial Statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance.
D.1.4	In place	<p>The Annual Report should contain a Report from Directors declaring,</p> <ul style="list-style-type: none"> The Company has not engaged in any unlawful activities All material interests of Directors in contracts involving the Company The equitable treatment of shareholders The Directors have complied with best practices of corporate governance. Property, plant and equipment is reflected at fair value, where it is different from fair value adequate disclosures are made The Review of internal controls and risk management The business is a going concern
		Corporate Governance Report – Section 3.2.1
		Annual Report of the Board of Directors' on the affairs of the Company on pages 201 to 204

Principle	Status	Details/Reference
D.1.5	In place	The Annual Report should contain a statement of Directors' responsibility.
D.1.6	In place	The Annual Report should contain a "Management Discussion and Analysis".
D.1.7	In place	In the event the net assets of the Company fall below 50% of the value of the Company's shareholders' funds, the Directors shall forthwith summon an Extraordinary General Meeting to notify shareholders of the position and of remedial action being taken.
D.1.8	In place	The Board should adequately and accurately disclose the related party transactions in the Annual Report.
D.2 Risk Management and Internal Control		
D.2.1	In place	The Board should, at least annually, conduct a review of the risks facing the Company and the effectiveness of the system of internal controls.
D.2.2	In place	The Directors should confirm in the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency, or liquidity.
		Statement of Directors' Responsibilities on page 205
		Operational Segments on pages 33 to 49
		Note 35 to the Financial Statements
		Corporate Governance Report – Section 7 and Enterprise Risk Management Report on pages 196 to 200

Principle	Status	Details/Reference
D.2.3 Companies should have an internal audit function.	In place	Corporate Governance Report – Section 7 and Enterprise Risk Management Report on pages 196 to 200
D.2.4 The Board should maintain a sound system of internal controls and require Audit Committee to carry out reviews of the process and effectiveness of risk management and internal controls.	In place	Corporate Governance Report – Section 7 and Enterprise Risk Management Report on pages 196 to 200
D.3 Audit Committee		
D.3.1 The Audit Committee should comprise exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom at least two should be independent. If there are more Non-Executive directors, the majority should be independent. The Committee should be chaired by an Independent Non-Executive Director.	In place	Corporate Governance Report – Section 3.2.1
D.3.2 The Audit Committee should have a written Term of Reference, dealing clearly with its authority and duties.	In place	
D.3.3 The Annual Report should include the names of the Audit Committee members, the basis for the determination of the independence of the External Auditors and a report of the Audit Committee setting out the manner of compliance with the above requirements during the specified period.	In place	Corporate Governance Report – Section 3.2.1

Principle	Status	Details/Reference
D.4 Related Party Transactions Review Committee		
D.4.1 A related party and related party transactions will be as defined in LKAS 24.	In place	
D.4.2 The Board should establish a Related Party Transactions Review Committee (RPTRC) consisting exclusively of Non-Executive Directors with a minimum Three Non-Executive Directors of whom the majority should be independent. The Chairman should be an Independent Non-Executive Director appointed by the Board.	In place	Corporate Governance Report – Section 3.2.4
D.4.3 RPTRC should have a written Terms of Reference dealing clearly with its authority and duties which should be approved by the Board of Directors.	In place	
D.5 Code of Business Conduct and Ethics		
D.5.1 The Company should disclose whether the Code of Business Conduct and Ethics for Directors and Key Management Personnel is in place and whether all Directors and Key Management Personnel have declared their compliance with such codes.	In place	
D.5.2 The Company should have a process in place to ensure that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	In place	
D.6 Corporate Governance Disclosures		
D.6.1 The Directors should include in the Company's Annual Report, a Corporate Governance Report setting out the manner and extent to which the Company has complied with the principles and provisions of such code.	In place	

Principle	Status	Details/Reference
E. Institutional Investors		
E.1 Shareholder Voting		
E.1.1	In place	Corporate Governance Report – Section 10
A listed company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives. Arising from such dialogue, the Chairman should ensure the views of shareholders are communicated to the Board as a whole.		
E.2 Evaluation of Governance Disclosures		
E.2.1	In place	
When evaluating Company's governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.		
F. Other Investors		
F.1 Investing/Divesting Decision		
F.1.	In place	
Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.		
F.2 Shareholder Voting		
F.2	In place	
Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.		

Principle	Status	Details/Reference
G. Internet of Things and Cybersecurity		
G.1	In place	
The Board should have a process to identify how in the Organisation's business model, IT devices within and outside the Organisation can connect to the Organisation's network to send and receive information and the consequent cybersecurity risks that may affect the business.		
G.3	In place	
The Board should allocate regular and adequate time on the Board meeting agenda for discussions about cyber risk management.		
G.4	In place	
The Board should ensure the effectiveness of the cybersecurity risk management through independent periodic review and assurance.		
H. Environment, Society and Governance (ESG)		
H.1 to H.1.5	In place	Community friendly national development on page 57 to 169
Best practices related to ESG principles.		

ENTERPRISE RISK MANAGEMENT

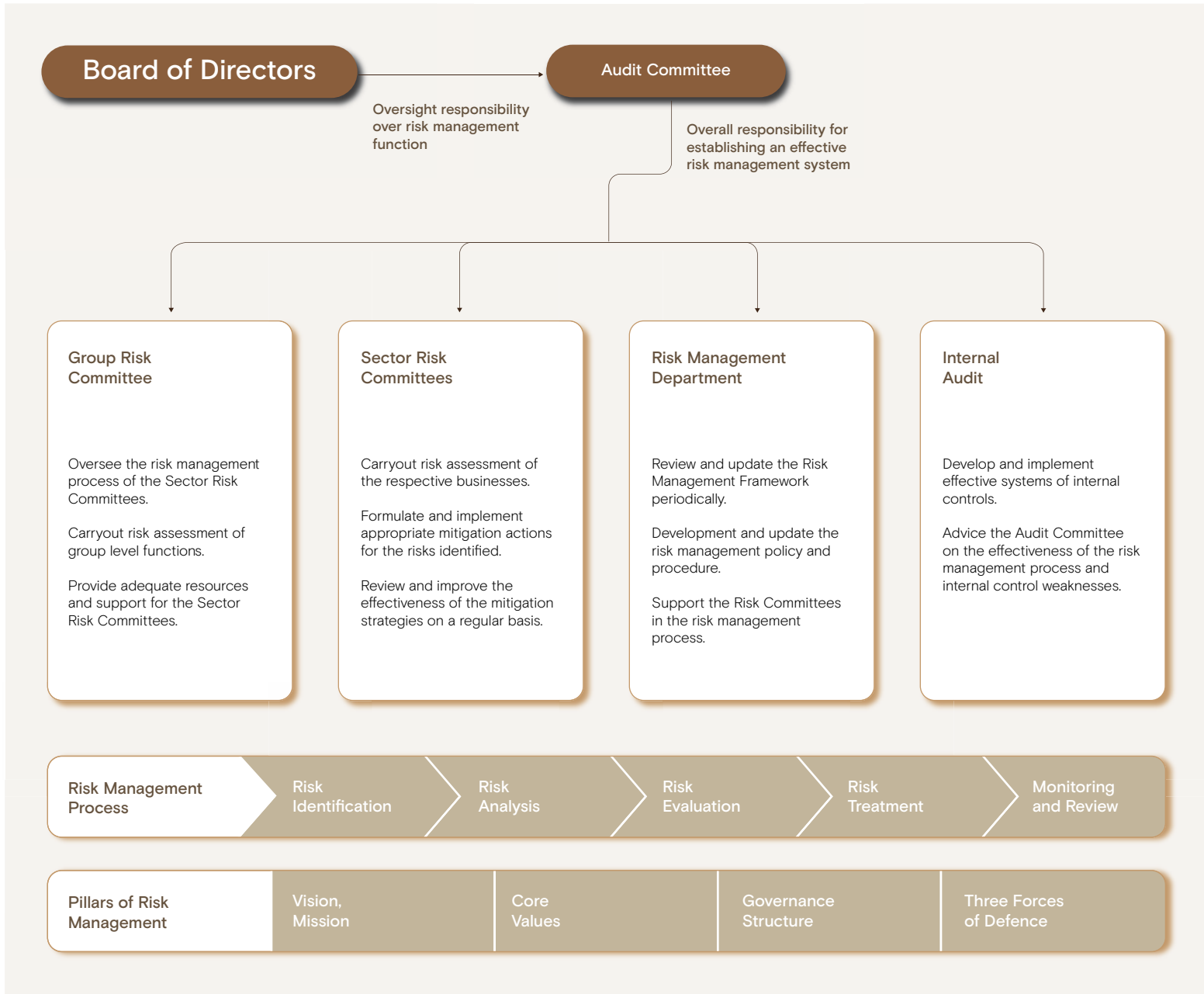
The diverse nature of our business and large footprint across the country, together with our broad portfolio of products, customers, suppliers, and employees necessitate a structured approach in managing risks faced by the Organisation. The risk management process at Cargills has evolved over the years, and currently a comprehensive risk management framework is in place to mitigate the strategic, operational, and other risks faced by the businesses as well as to embrace opportunities as they arise.

The companies in the Group and the respective management are structured in a manner whereby each business unit could function independently thereby minimising the dependency on each other for resources and management time. Each business sector is headed by a Managing Director who is entrusted with managing the operations and risks associated with it. The Managing Directors are supported by Chief Operating Officer (COO) and Head of Finance positioned at very senior level to manage operations

and financial aspects of the business strategically. Similarly, the Head of shared service functions such as HR, IT, corporate finance etc. are headed by very senior managers who are responsible for managing risks in the areas under their purview. The Group Chief Risk Officer (GCRO) is responsible for establishing risk management framework for the Group and to facilitate risk management process at business and support service unit level.

Risk management efforts, spearheaded by the Board of Directors, the Audit Committee and the Risk Committees support achieving goals and objectives of Cargills while minimising the negative effect of risks in the process of creating value for the stakeholders of Cargills. The well-structured risk management framework has been developed based on the ISO standards for risk management and the guidelines provided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Risk Management Framework



Group and Sector Risk Committees

The Group Risk Committee comprise the Directors and Senior Managers and chaired by the Group Managing Director. Sector Risk Committees comprise Senior Managers and chaired by respective Sector Managing Director.

Overview of Key Risks Affecting the Business

Our businesses are exposed to various risks due to diverse business operations and degree of impact of each risk on business may vary depending on the nature of the business and business environment in which its operating. The risk profile of the Group at an aggregate level is given below:

No.	Risk	Rating	Mitigation Actions
1.	Decline in consumer buying power due to macro and microeconomic factors	High	<ul style="list-style-type: none"> Measures are taken to offer value for money to customers <ul style="list-style-type: none"> Daily needs are offered at a lower price wherever possible. Discounts and value-based promotions Best price through private label "My Choice" for essential items Smaller pack sizes are introduced. Sustain margins through cutting waste, driving efficiency, productivity and better negotiation.
2.	Reputational risk <ul style="list-style-type: none"> Service and product quality Employee behaviour Violation of standards and regulations Targeted attacks on brands Growing ESG concerns Growing demographics of environmentally and socially conscious consumers 	High	<ul style="list-style-type: none"> Measures are in place to maintain quality at products, processes and people level. Cargills Values and Code of Conduct are embedded into our engagement processes with customers, suppliers, and other stakeholders. Compliance is monitored by operations, finance and internal audit. Compliance with Environmental Standards, licenses and Environmental Management Systems. Voluntary carbon footprint assessment and disclosure of Carbon Emissions. Monitored and controlled natural resource consumption. Monitored and controlled waste management. Customer feedback on social media is constantly monitored and responded to in a timely manner.
3.	Supply chain interruptions <ul style="list-style-type: none"> Climate change – Produce Overuse of chemical and biological substances Competition – Fresh milk International war Pandemic Natural disasters Forex shortages/Currency depreciation 	Medium	<ul style="list-style-type: none"> Produce and milk are sourced from different geographical locations, new milk collection centers are being established. Introduction and expansion of climate-resilient agriculture modernization and dairy farming techniques Introduction to agro-chemical free/reduced agro-chemical farming Buffer stocks are increased selectively for products which are considered at higher risk of going out of stock. The procurement function is centralised across the Group to drive efficiency and price advantage. The distribution function is centralised and enhanced with the Distribution Centre in Katana, a logistics network, and cold chain for storage and timely distribution to reduce post-harvest loss and supply chain interruptions. Alternatives for imported materials are developed/sourced locally to avoid interruption to supply and price instability. Long-term partnerships are established with suppliers, farmers, and SMEs to maintain prices and continuous supply of goods.

No.	Risk	Rating	Mitigation Actions
4.	<p>Staff Turnover</p> <ul style="list-style-type: none"> • Migration • Leaving overseas for employment • Retirement of long outstanding employees 	Medium	<ul style="list-style-type: none"> • Efforts are made to retain and replace talent through suitable rewards schemes. • Career succession plans are in place to fill vacancies internally. • Cargills philosophy of supporting the nation development is inculcated among employees.
5.	<p>Political instability</p> <ul style="list-style-type: none"> • Business confidence • Tourist arrivals • Talent migration • Strikes/Civil unrest 	Medium	<ul style="list-style-type: none"> • Business continuity plans. • Formulate emergency response plan to handle the civil unrest. • Political stability will be considered when major investment decisions are made.
6.	<p>Interruptions to business operations</p> <ul style="list-style-type: none"> • Fire and natural disasters • Pandemic • Strikes 	Medium	<ul style="list-style-type: none"> • Adequate measures are in place to prevent to minimise the impact of natural disaster and fire. • Adequate insurance covers have been obtained to minimise the financial impact to the business. • Stringent health and safety measures are in place to mitigate related risks. • Employee grievances are handled at a higher level and resolved at the earliest.
7.	<p>Increase in energy cost</p> <ul style="list-style-type: none"> • Price increase • Location/Volume increase • Extensive logistic operations 	Medium	<ul style="list-style-type: none"> • Investments in renewal energy. • Energy saving measures. • Route optimisation to reduce logistic cost. • Reverse logistics and alternative modes of transport are being evaluated.
8.	<p>Competition</p> <ul style="list-style-type: none"> • Existing players • New entrants 	Low	<ul style="list-style-type: none"> • The competitive landscape is continuously assessed. • Products are priced competitively in the market. • Strategies are implemented in terms of pricing, product range, quality and service according to the target market and the competitive environment.
9.	<p>Information security breach</p> <ul style="list-style-type: none"> • Cyberattacks • Information theft • Information leak 	Low	<ul style="list-style-type: none"> • Strict access controls such as multifactor authentication are in place. • Continuous investments in the latest technology supporting information security - Firewalls, antivirus, active directly, etc. • Advanced tools are used to manage mobile devices. • Reviews are carried out periodically to ensure adequate controls are in place to prevent information theft and leakages.
10.	<p>Credit risk</p> <ul style="list-style-type: none"> • Default by customers • Level of exposure above bank guarantee • Intensity of the recovery process • Business expansion 	Low	<ul style="list-style-type: none"> • Bank guarantees are reviewed and enhanced as business improves. • System controls over invoicing above bank guarantee, credit limits • Robust debt recovery process in place • Debtors outstanding are reviewed at the debtors/management review meetings.

No.	Risk	Rating	Mitigation Actions
11.	Funding and liquidity risk <ul style="list-style-type: none"> Increase in borrowing Reduction in profit Deficit in money market 	Low	<ul style="list-style-type: none"> Group maintains strong balance sheet and liquidity ratios. Internally generated funds are utilised for capital investments as much as possible. A combination of long-term and short-term borrowings are utilised for financing. The Group has established banking facilities with all major banks and financial institutions and able to secure funds when needed.
12.	Increase in interest rates <ul style="list-style-type: none"> Impact on profitability High cost of capital Lower consumer demand 	Low	<ul style="list-style-type: none"> The Group operations are funded by long and short-term loans with a combination of fixed and floating interest rates. Interest rates movements are monitored and appropriate steps are taken to mitigate the financial impact due to the interest rate fluctuations
13.	Depreciation of local currency <ul style="list-style-type: none"> Prices of raw material Prices of equipment Prices of consumer goods 	Low	<ul style="list-style-type: none"> Foreign exchange rates are monitored by our import division and necessary steps are taken to minimise the adverse impacts. Measures are taken to source/develop alternative materials locally to replace imported items
14.	Misappropriation and fraud risk	Low	<ul style="list-style-type: none"> Standard operating procedures are reviewed and updated regularly. Stringent internal controls and monitoring processes are in place. Internal audit coverage is being extended to all key processes. Disciplinary and legal actions are persuaded more aggressively. System limitations are addressed through implementation of new systems.

ANNUAL REPORT OF THE DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors are pleased to submit the Annual Report together with the Audited Financial Statements of Cargills (Ceylon) PLC and Consolidated Audited Financial Statements of the Group for the year ended 31 March 2024 which were approved by the Board of Directors on 10 July 2024.

Review of the Year

The Chairman's Statement describes in brief the Group's affairs and important events of the year.

Activities

Manufacturing of and Trading in Food and Beverage and Distribution are the principal activities of the Group of companies. During the year there were no significant changes in the principal activities of the Group.

The Group:

- a) Operates a chain of supermarkets and convenience stores.
- b) Distributes world renowned FMCG brands.
- c) Manufactures/produces/processes and markets processed meat, dairy ice cream, yoghurt, cheese, milk, nectars & fruit juices, jams, cordials, sauces, and biscuits.

- d) Operates the 'Kentucky Fried Chicken' and 'TGIF' franchise restaurants in Sri Lanka.
- e) Operates a hotel in the hill-country.
- f) Produces, imports and distributes agricultural seeds.
- g) Poultry breeder farming and dairy farming.
- h) Real estate and property development.

Financial Statements

The Audited Financial Statements comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statements of Changes in Equity, Statements of Cash Flows and Notes to the Financial Statements of the Company and the Group for the financial year ended 31 March 2024 given on pages 213 to 262 form an integral part of the Annual Report of the Board.

Auditor's Report

The Independent Auditor's Report is set out on pages 210 to 212.

Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on the pages 218 to 262.

Results and Dividends

For the year ended 31st March	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Profit for the year after taxation amounted to	5,936,119	5,380,845	3,123,421	1,712,886
Add: Amount attributable to non-controlling interest	49,334	14,839	–	–
The profit attributable to shareholders was	5,886,785	5,366,066	3,123,421	1,712,886
To which profit brought forward from previous year is added	13,527,172	11,552,781	4,671,475	5,261,395
Adjustments for surcharge tax	–	(1,067,152)	–	–
To which adjusted profit brought forward from previous year is added	13,527,172	10,485,629	4,671,475	5,261,395
Other comprehensive income	662,939	(21,726)	61,879	(10,632)
Transfer of value of expired employee share options	–	72,482	–	(117,940)
Write back of unclaimed dividends	13,157	16,027	13,157	16,027
Transfer from revaluation reserve due to disposal of revalued asset	3,872	–	–	–
Classification of non-controlling interest	–	(200,985)	–	–
Leaving an amount available to the appropriation of	20,093,925	15,717,433	7,869,932	6,861,736

From which your Directors have made appropriation as follows:

Dividend paid for the year ended 31 March 2023

Final Rs. 5.00 per share for financial year 2021/22	–	1,288,389	–	1,288,389
Interim Rs. 3.50 per share for financial year 2022/23	–	901,872	–	901,872

Dividend paid for the year ended 31 March 2024

Second Interim Rs. 8.50 per share for financial year 2022/23	2,190,261	–	2,190,261	–
Interim Rs. 4.50 per share for financial year 2023/24	1,159,550	–	1,159,550	–
Leaving an unappropriated balance to be carried forward of	16,744,114	13,527,172	4,520,121	4,671,475

A second interim dividend of Rs. 8.50 per share (Rs. 2,190.261 Mn.) was paid on 15 June 2023 for the year ended 31 March 2023. First interim dividend of Rs. 4.50 per share (Rs. 1,159.55 Mn.) was paid on 27 November 2023 for the year ended 31 March 2024.

Reserves

After the above-mentioned appropriations, the total reserves of the Group stand at Rs. 25,591 Mn. (2023 - Rs. 20,236 Mn.), while the total reserves of the Company stand at Rs. 4,904 Mn. (2023 - Rs. 5,040 Mn.).

Stated Capital

Stated Capital of the Company as at 31 March 2024 was Rs. 6,841 Mn. (2023 - Rs. 6,841 Mn.). The details of the stated capital are given in Note 23 to the Financial Statements on page 247.

Capital Expenditure

The Group's capital outlay on property, plant and equipment amounted to Rs. 5,810 Mn. (2023 - Rs. 10,832 Mn) while the capital outlay of the Company on property, plant and equipment amounted to Rs. 12 Mn. (2023 - Rs. 76 Mn). Details are given in the Statement of Cash Flows on page 217.

The movement of property, plant and equipment during the year is given in Note 12 to the Financial Statements on pages 230 and 232.

Investment Property

The fair value of land and building classified as investment property of the Group and the Company as at 31 March 2024 amounted to Rs. 10,830 Mn. and Rs. 3,424 Mn. respectively. Details of investment property held by the Group and the Company are disclosed in Note 14 to the Financial Statements on page 237.

Market Value of Properties

The land and buildings of the Group were revalued as at 31 March 2024. Details are given in Note 12 to the Financial Statements on page 233 and 234. The Directors are of the opinion that the revalued amounts are not in excess of the current market values of such properties.

The portfolio of the revalued land and buildings are given on page 285 in the Financial Statements.

Shareholdings

The Company is a subsidiary of C T Holdings PLC and there were 2,012 registered shareholders as at 31 March 2024 (31 March 2023 – 2,007).

An analysis of shareholdings according to the size of holding and the names of the 20 largest shareholders is given on page 283 and 284.

Directorate

The Directors listed in the corporate information have been Directors of the Company throughout the year under review, other than the Directors against whose names dates of cessation, and appointment have been indicated.

Dr D N Weerakoon and Mr G R Ampalavanar who were appointed on 1 January 2024 retire in terms of the Company's Articles of Association and being eligible offer themselves for re-appointment at the Annual General Meeting.

Mr D S Jayawardhana retires by rotation in terms of the Company's Articles of Association and, being eligible offers himself for re-election.

Mr L R Page, who retires having surpassed seventy years of age is due to retire in terms of Section 210 (2) (b) of the Companies Act No. 07 of 2007 at the conclusion of the Annual General Meeting and offers himself for re-election in terms of Section 211 (1) and (2) of the Companies Act No. 07 of 2007.

The re-election of the retiring Directors has the unanimous support of the other Directors.

The Directors hereby confirm that the Directors and CEO of the company satisfy the fit and proper Assessment Criteria stipulated in section 9.7 of the Listing Rules of the Colombo Stock Exchange for the year.

Directors' Remuneration

The remuneration of the Directors is given in Note 35.1 on page 257 to the Financial Statements.

Directors' Interests Register and Directors' Interest in Contracts or proposed contracts

The Company maintains a Directors' Interests Register in terms of the Companies Act No. 07 of 2007. The Directors have made necessary declarations of their interests in contracts and proposed contracts in terms of Sections 192 (1) and 192 (2) of the Companies Act, as at date. These interests are entered in the Interests Register which is deemed to form part of this Annual Report for inspection upon request.

The particulars of the Directors' Interests in Contracts with the Company are given in Related Party disclosures to the Financials Statements on page 257 and form an integral part of this Annual Report.

Statement of Compliance with Related Party Transactions Rules

Directors hereby confirm that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange in respect of the related party transactions entered into by the Company during the year.

Directors' shareholdings

The Directors' shareholdings in the Company were as follows:

	As at 31 March	2024	2023
Mr Louis Page		42,011	42,011
Mr Ranjit Page		20,315,796	19,228,346
Mr Imtiaz Abdul Wahid		222,937	222,937
Mr Asite Talwatte		–	–
Mr Sanjeev Gardiner		22,857	22,857
Mr Joseph Page		520,000	520,000
Mr Asoka Pieris		–	–
Mrs Indira Malwatte		–	–
Mr Dilantha Jayawardhana		16,810	16,810
Dr Dushni Weerakoon		–	–
Mr Ganesan Ampalavanar		–	–

Donations

During the year donations amounting to Rs. 3 Mn. were made by the Company. In addition, the Group made investments amounting to Rs. 20.9 Mn. for various community projects during the financial year.

Employment

The number of persons employed by the Company and Group as at 31 March 2024 was 2,169 (2023 – 1,950) and 11,335 (2023 – 11,003), respectively.

There have been no material issues pertaining to employees and industrial relations of the Company and the Group.

The Directors confirm that the Company has not granted any funding to employees to exercise options.

Auditor

Messrs. KPMG are deemed re-appointed as Auditors at the Annual General Meeting of the Company in terms of Section 158 of the Companies Act No. 07 of 2007. The Directors have been authorised to determine the remuneration of the Auditor and the fee paid to the Auditor are disclosed in Note 8 to the Financial Statements on page 227. As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company or any of its subsidiaries other than those disclosed in the above note.

Events after the Reporting period

Events after the reporting period of the Group are given in Note 34 to the Financial Statements on page 257.

Statutory Payments

All statutory payments due to the Government of Sri Lanka and on behalf of employees have been made or accrued for the reporting date.

Future Developments

The Chairman's Message describes the future developments of the Group.

Environmental Protection

After making adequate enquiries from the management, the Directors are satisfied that the Company and its subsidiaries operate in a manner that minimises the detrimental effect on the environment and provide products and services that have a beneficial effect on the customers and the communities within which the Group operates.

Going Concern

The Directors have adopted the Going Concern Basis in preparing these Financial Statements. After making enquiries from the Management, the Directors are satisfied that the Group has adequate resources to continue its operations in the foreseeable future.

For and on behalf of the Board



Ranjit Page

Deputy Chairman/Group CEO



Imtiaz Abdul Wahid

Group Managing Director/Deputy CEO



H S Ellawala

Company Secretary

10 July 2024

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Companies Act No.07 of 2007 places the responsibility on the Directors to prepare and present financial statements for each year comprising a Statement of Financial Position as at year end date and Statements of Profit or Loss and Other Comprehensive income, Cash Flows Statement and Statement of Changes in Equity for the year together with the accounting policies and explanatory notes.

The responsibility of the Auditors with regard to these financial statements, which differ from that of the Directors, is set out in the Auditors' Report on Pages 210 to 212.

Considering the present financial position of the Company and of the Group and the forecasts for the next year, the Directors have adopted the going concern basis for the preparation of these financial statements.

The Directors confirm that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs) which have been supported by reasonable and prudent judgments and estimates.

The Directors are responsible for ensuring that the Company and the Group maintain adequate accounting records to be able to disclose with reasonable accuracy, the financial position

of the Company and the Group and for ensuring that the financial statements are prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are responsible for the proper management of the resources of the Company and of the Group. The internal control system has been designed and implemented to obtain reasonable but not absolute assurance that the Company and the Group are protected from undue risks, frauds and other irregularities. The Directors are satisfied that the control procedures operated effectively during the year.

The Directors are required to provide the Auditors with every opportunity to carry out any reviews and tests that they consider appropriate and necessary to carry out their responsibilities. The responsibility of the Independent Auditors in relation to the financial statements is set out in the Independent Auditors' Report.

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments have been made up to date or have been provided for in these financial statements.

By order of the Board



H S Ellawala
Company Secretary

10 July 2024

INDEPENDENT ASSURANCE REPORT



KPMG
 (Chartered Accountants)
 32A, Sir Mohamed Macan Markar Mawatha,
 P. O. Box 186,
 Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
 Fax : +94 - 11 244 5872
 : +94 - 11 244 6058
 Internet : www.kpmg.com/lk

206

Cargills
 (Ceylon)
 PLC
 Annual
 Report
 2023/24

INDEPENDENT ASSURANCE REPORT TO CARGILLS (CEYLON) PLC

We have been engaged by the Directors of Cargills (Ceylon) PLC (“the Company”) to provide reasonable assurance and limited assurance in respect of the Sustainability Indicators as identified below for the year ended 31 March 2024. The Sustainability Indicators are included in the Cargills (Ceylon) PLC Integrated Annual Report for the year ended 31 March 2024 (the “Report”).

The Reasonable Assurance Sustainability Indicators covered by our reasonable assurance engagement are:

Assured Sustainability Indicators	Integrated Annual Report page
Financial highlights	18 to 19

The Limited Assurance Sustainability Indicators covered by our limited assurance engagement are:

Limited Assurance Sustainability Indicators	Integrated Annual Report page
Business impact highlights	20 to 21
Information provided on following	
Reducing the cost of living	60 to 69
Bridging regional disparity	70 to 105
Healthy, safe and affordable nutrition	106 to 125
Enhancing youth skills	126 to 133
Building equality, diversity and inclusion	134 to 153
Playing our part for the planet	154 to 169

Our Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

C.P. Jayatilake FCA
 Ms. S. Joseph FCA
 R.M.D.B. Rajapakse FCA
 M.N.M. Shameel FCA
 Ms. P.M.K. Sumanasekara FCA

T.J.S. Rajakarier FCA
 W.K.D.C Abeyrathne FCA
 Ms. B.K.D.T.N. Rodrigo FCA
 Ms. C.T.K.N. Perera ACA
 R.W.M.O.W.D.B. Rathnadiwakara FCA

W.J.C. Perera FCA
 G.A.U. Karunaratne FCA
 R.H. Rajan FCA
 A.M.R.P. Alahakoon ACA

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK) FCIT, K. Somasundaram ACMA (UK)

Reasonable Assurance Sustainability Indicators

In our opinion, in all material respects, the Reasonable Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2024, in all material respects, has been prepared and presented by the Management of Cargills (Ceylon) PLC in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Limited Assurance Sustainability Indicators

Based on the evidence we obtained from the assurance procedures performed, as described below we are not aware of any material misstatements that causes us to believe that the Limited Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2024, have not in all material respects, been prepared and presented by the Management of Cargills (Ceylon) PLC in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Management's Responsibility

Management is responsible for the preparation and presentation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

These responsibilities include establishing such internal controls as management determines are necessary to enable the preparation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators that are free from material misstatement whether due to fraud or error.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our Responsibility

Our responsibility is to express a reasonable assurance conclusion on the Company's preparation and presentation of the Reasonable Assurance Sustainability Indicators and a limited assurance conclusion on the preparation and presentation of the Limited Assurance Sustainability Indicators included in the Report, as defined above.

We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

We have complied with the independence and other ethical requirements of the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics).

SLSAE 3000 requires that we plan and perform the engagement to obtain reasonable assurance about whether the Reasonable Assurance Sustainability Indicators are free from material misstatement and limited assurance about whether the Limited Assurance Sustainability Indicators are free from material misstatement.

The firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding professional compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reasonable Assurance over Reasonable Assurance Sustainability Indicators

The procedures selected in our reasonable assurance engagement depend on our judgement, including the assessment of the risks of material misstatement of the Reasonable Assurance Sustainability Indicators whether due to fraud or error.

In making those risk assessments, we have considered internal controls relevant to the preparation and presentation of the Reasonable Assurance Sustainability Indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal controls over the preparation and presentation of the Report.

Our engagement also included assessing the appropriateness of the Reasonable Assurance Sustainability Indicators, the suitability of the criteria, being the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards

Guidelines, used by the Company in preparing and presenting the Reasonable Assurance Sustainability Indicators within the Report, obtaining an understanding of the compilation of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by the Company, and re-computation of the calculations of the Reasonable Assurance Sustainability Indicators.

Limited assurance on the Assured Sustainability Indicators

Our limited assurance engagement on the Limited Assurance Sustainability Indicators consisted of making enquiries, primarily of persons responsible for the preparation of the Limited Assurance Sustainability Indicators, and applying analytical and other procedures, as appropriate. These procedures included:

- interviews with Senior Management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- enquiries of management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups;
- enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Limited Assurance Sustainability Indicators;
- enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance Sustainability Indicators, including the aggregation of the reported information;
- comparing the Limited Assurance Sustainability Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- reading the Limited Assurance Sustainability Indicators presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company;
- reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance Sustainability Indicators.

Purpose of our Report

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Reasonable and Limited Assurance Sustainability Indicators are prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and for no other purpose or in any other context.

Restriction of use of our Report

This report has been prepared for the Directors of Cargills (Ceylon) PLC for the purpose of providing an assurance conclusion on the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators included in the Cargills (Ceylon) PLC Integrated Annual Report for the year ended 31 March 2024 and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Cargills (Ceylon) PLC, or for any other purpose than that for which it was prepared.



CHARTERED ACCOUNTANTS

Colombo

10 July 2024

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	STATEMENT OF FINANCIAL POSITION	STATEMENT OF CHANGES IN EQUITY
210	213	214	215
		STATEMENT OF CASH FLOWS	NOTES TO THE FINANCIAL STATEMENTS
		217	218

INDEPENDENT AUDITOR'S REPORT



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
: +94 - 11 244 6058
Internet : www.kpmg.com/lk

210

Cargills
(Ceylon)
PLC

Annual
Report
2023/24

TO THE SHAREHOLDERS OF CARGILLS (CEYLON) PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Cargills (Ceylon) PLC ("the Company") and the Consolidated Financial Statements of the Company and its subsidiaries ("the Group"), which comprise the Statement of Financial Position as at 31 March 2024, and the Statement of Profit and Loss and Other 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 Policies and other explanatory information set out on pages 213 to 262 of the Annual Report.

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

Key Audit Matters

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

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

C.P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

T.J.S. Rajakarier FCA
W.K.D.C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnadiwakara FCA

W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK) FCIT, K. Somasundaram ACMA (UK)

Risk Description	Our Response
------------------	--------------

Revenue Recognition – Group

As described in Note 4 the Group has recognised revenue in the amount of Rs. 223,440 Mn.

As at the reporting date, 31 March 2024, revenue from the sale of goods from the Food Retailing and Food and Beverage Manufacturing & Distribution segment continued to be the main revenue stream for the Group amounting to Rs. 212,749 Mn. which is 95% of Group revenue.

Based on the Group's business model, there are many different types of revenues, arising from different types of transactions and events with customers.

We identified revenue recognition as a key audit matter because of its significance to the Consolidated Financial Statements.

Our audit procedures included:

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition from sales transactions.
- Testing the operating effectiveness of key IT application controls over revenue, in addition to evaluating the integrity of the general IT control environment.
- Comparing revenue transactions recorded during the current year for the manufacturing segment, on a sample basis, with invoices, sales contracts, underlying goods delivery and acceptance notes, where appropriate, to assess whether the related revenue was recognised in accordance with the Group's revenue recognition accounting policies.
- Performing a revenue mapping between the front-end system and general ledger for restaurants and retail segments and mapping total inventories issued to corresponding invoices for the manufacturing segment to assess whether the sales were completely and accurately accounted in the general ledger.
- Comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying goods delivery notes and/or invoices to assess whether the related revenue had been recognised in the correct financial period.

Valuation of Investment Properties and Freehold Lands and Buildings – Group

As described in Note 14 and Note 12 to the Financial Statements, the Group's Investment Properties and Freehold Lands and buildings are stated at their fair value in the amount of Rs. 10,830 Mn and Rs. 22,903 Mn. respectively as at the reporting date.

Management's assessment of fair value of investment properties and freehold lands and buildings is based on valuations performed by a qualified independent property valuer in accordance with recognised industry standards.

Valuation of investment properties and freehold lands and buildings is considered a Key Audit Matter due to the subjective nature of property valuations using level 3 assumptions which depend on the nature of property, its location and expected future net rental values, market yields, value per square foot, market price per perch, capitalisation rates and comparable market transactions. A change in the key assumptions will have a significant impact to the valuation.

Our audit procedures included:

- Assessing the objectivity, independence, competence and qualifications of the external valuer.
- Assessing the key assumptions applied and conclusions made in deriving the fair value of the properties and comparing the fair value of properties with evidence of current market comparable values and our knowledge of property market, in consultation with internal valuation specialist. In addition, assessing the valuation methodologies with reference to recognised industry standards.
- Assessing the adequacy of disclosures made in the Financial Statements in relation to fair value of freehold land and building and investment properties.

Carrying Value of Inventories – Group

As described in Note 20 to the Financial Statements the Group has recognised Inventory in the amount of Rs. 23,253 Mn.

The Group holds a significant level of inventory across a broad and diversified product range, over many locations. At 31 March 2024 17.5% of total assets of the Group consisted of inventory.

Due to the change in consumer demands judgement is exercised with regard to categorisation of stock as obsolete and/or slow moving to be considered for provision/write offs; estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories located in many locations, of the subsidiaries and many outlets to arrive at valuation based on lower of cost and net realisable value.

Given the level of judgments, estimates, number of items and locations involved this is considered to be a key audit matter.

Our audit procedures included:

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to inventory counts across the Group's sites and purchasing and issuing of inventories.
- Comparing, on a sample basis, the purchase prices and quantities of inventories recorded by the Group with supplier invoices, goods delivery notes and goods receipt notes.
- Evaluation of the inventory costing methodology and valuation policy established by management, including compliance with the applicable financial reporting standard.
- Comparing, on a sample basis, the selling price of the finished goods subsequent to the reporting date to their carrying values of these inventories as at the financial year end.
- Considering the principles of accounting for the inventory write offs and also carrying out a comparison of inventory levels, to sales data to corroborate whether slow moving and obsolete inventories had been appropriately identified.
- Attending stock counts as at the year end at sample locations of supermarkets, outlets and warehouses. In addition, assessing the effectiveness of the physical count controls in operation at each count location to identify damaged stocks, expired stocks and stock shortages that are written off in a timely manner and evaluating the results of the other cycle counts performed by the Management and third parties throughout the period to assess the level of count variances that are also adjusted periodically.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Financial Statements and our Auditor's Report thereon.

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

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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management 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 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 Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 1798.

CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

10 July 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 March	Note	GROUP		COMPANY	
			Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Revenue		4	223,440,484	195,617,899	28,528	36,062
Cost of sales		5	(198,688,399)	(172,948,004)	(28,034)	(35,142)
Gross profit			24,752,085	22,669,895	494	920
Other income		6	2,266,690	2,327,117	6,119,147	4,721,236
Distribution expenses			(6,879,203)	(5,893,807)	–	–
Administrative expenses			(6,626,827)	(5,343,670)	(2,390,918)	(1,813,264)
Results from operating activities			13,512,745	13,759,535	3,728,723	2,908,892
Finance income			1,964,222	841,299	1,365,202	821,138
Finance costs			(7,214,575)	(6,578,663)	(1,932,136)	(1,609,070)
Net finance cost		7	(5,250,353)	(5,737,364)	(566,934)	(787,932)
Changes in fair value of investment property		14	931,003	300,779	128,995	105,581
Share of profit of equity accounted investees, net of tax		16.4	52,528	193,692	–	–
Profit before tax		8	9,245,923	8,516,642	3,290,784	2,226,541
Income tax expense		9	(3,309,804)	(3,135,797)	(167,363)	(513,655)
Profit for the year			5,936,119	5,380,845	3,123,421	1,712,886
Other Comprehensive Income (OCI)						
Items that will not be Reclassified to Profit or Loss						
Revaluation of lands and buildings		12.3	3,078,314	–	39,297	–
Actuarial gain/(loss) on employee benefit liability		28.3	218,788	21,303	88,399	(15,189)
Share of other comprehensive income/(expense) in equity accounted investee, net of tax		16.4	509,469	(36,660)	–	–
Net change in fair value of FVOCI financial assets		16.3.1	(12,242)	43,726	(12,239)	43,519
Tax on other comprehensive income			(989,140)	(370,169)	(38,309)	(97,444)
Other comprehensive income/(expense) for the year, net of tax			2,805,189	(341,800)	77,148	(69,114)
Total comprehensive income for the year			8,741,308	5,039,045	3,200,569	1,643,772
Profit attributable to:						
Equity holders of the parent			5,886,785	5,366,006	3,123,421	1,712,886
Non-controlling interest			49,334	14,839	–	–
			5,936,119	5,380,845	3,123,421	1,712,886
Total Comprehensive Income attributable to:						
Equity holders of the parent			8,691,232	5,024,323	3,200,569	1,643,772
Non-controlling interest			50,076	14,722	–	–
			8,741,308	5,039,045	3,200,569	1,643,772
Earnings Per Share						
Basic (Rs.)		10.1	22.85	20.82	12.12	6.65
Diluted (Rs.)		10.2	22.85	20.82	12.12	6.65

Figures in brackets indicate deductions

The Notes on pages 218 to 262 are an integral part of these Financial Statements.

213

Cargills
(Ceylon)
PLC
Annual
Report
2023/24

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

214

Cargills
(Ceylon)
PLC

Annual
Report
2023/24

Figures in brackets indicate deductions.

The Notes from pages 218 to 262 form an integral part of these Financial Statements.

I certify that the Financial Statements have been prepared in accordance with the requirements of the Companies Act No. 7 of 2007.



Dilantha Jayawardhana
Executive Director

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board.



Ranjit Page
Deputy Chairman/
Group CEO



Imtiaz Abdul Wahid
Group Managing
Director/
Deputy CEO

10 July 2024
Colombo

As at 31 March	Note	GROUP		COMPANY	
		Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
ASSETS					
Non-current Assets					
Property, plant and equipment	12	49,493,157	46,922,982	3,448,967	3,461,947
Right-of-use assets	13.1	20,371,043	20,641,258	945,174	1,016,611
Investment property	14	10,829,980	7,342,566	3,424,330	3,293,903
Intangible assets	15	1,630,190	1,582,713	105,262	145,907
Investments in subsidiaries	16.1	–	–	5,975,269	5,960,269
Investment in equity accounted investees	16.2	4,980,816	4,364,261	4,772,403	4,717,843
Other financial assets	16.3	1,582,702	1,569,942	1,582,224	1,569,461
Prepayment on leasehold land and building	17	–	200,912	–	–
Biological assets	18	65,737	23,873	–	–
Deferred tax assets	19	–	27,829	–	–
Total non-current assets		88,953,625	82,676,336	20,253,629	20,165,941
Current Assets					
Inventories	20	23,253,390	22,872,826	–	7,646
Biological assets	18	150,018	33,681	–	–
Trade and other receivables	21	12,618,927	9,851,088	597,673	683,722
Amounts due from related companies	22	490,916	391,668	2,697,829	4,007,984
Other financial assets	16.3	131,107	119,667	–	–
Cash and cash equivalents	25	7,556,646	4,841,416	60,097	7,933
Total current assets		44,201,004	38,110,346	3,355,599	4,707,285
Total assets		133,154,629	120,786,682	23,609,228	24,873,226
EQUITY					
Stated capital	23	6,841,068	6,841,068	6,841,068	6,841,068
Reserves	24	8,846,591	6,708,955	383,582	368,313
Retained earnings		16,744,114	13,527,172	4,520,121	4,671,475
Total equity attributable to equity holders of the parent		32,431,773	27,077,195	11,744,771	11,880,856
Non-controlling interest		3,890,688	3,840,612	–	–
Total equity		36,322,461	30,917,807	11,744,771	11,880,856
LIABILITIES					
Non-current Liabilities					
Interest bearing loans and borrowings	26	1,618,351	4,114,873	1,012,406	2,789,844
Lease liability	13.2	23,173,281	22,921,256	921,155	962,697
Deferred tax liabilities	19	2,265,440	1,337,651	552,755	484,151
Capital grants	27	–	4,493	–	–
Employee benefit liability	28	1,956,969	1,833,667	766,970	726,702
Total non-current Liabilities		29,014,041	30,211,940	3,253,286	4,963,394
Current Liabilities					
Trade and other payables	29	32,408,999	27,936,283	562,172	564,587
Current tax liabilities		5,485,955	5,954,905	435,341	417,017
Amounts due to related companies	22	9,996	6,407	1,139	1,286
Dividend payable	30	98,982	78,673	98,982	78,673
Interest bearing loans and borrowings	26	28,461,477	24,342,847	7,464,462	6,932,669
Lease liability	13.2	1,352,718	1,337,820	49,075	34,744
Total current liabilities		67,818,127	59,656,935	8,611,171	8,028,976
Total liabilities		96,832,168	89,868,875	11,864,457	12,992,370
Total equity and liabilities		133,154,629	120,786,682	23,609,228	24,873,226

STATEMENT OF CHANGES IN EQUITY

Group	Stated Capital Rs. '000	Capital Reserve Rs. '000	Revaluation Reserve Rs. '000	FVOCI Reserve Rs. '000	Employee Share Option Reserve Rs. '000	Retained Earnings Rs. '000	Non- Controlling Interest Rs. '000	Total Equity Rs. '000
Balance as at 1 April 2022	6,841,068	7,928	7,013,019	7,965	72,482	11,552,781	3,626,272	29,121,515
Adjustments for surcharge tax	-	-	-	-	-	(1,067,152)	(1,367)	(1,068,519)
Adjusted balance as at 1 April 2022	6,841,068	7,928	7,013,019	7,965	72,482	10,485,629	3,624,905	28,052,996
Profit for the period	-	-	-	-	-	5,366,006	14,839	5,380,845
Other comprehensive (expense)/income	-	-	(363,683)	43,726	-	(21,726)	(117)	(341,800)
Total comprehensive (expense)/income	-	-	(363,683)	43,726	-	5,344,280	14,722	5,039,045
Transactions with Owners of the Company, Recognised Directly in Equity								
Classification of non-controlling interest	-	-	-	-	-	(200,985)	200,985	-
Transfer of value of expired employee share options	-	-	-	-	(72,482)	72,482	-	-
Write back of unclaimed dividends (Note 30)	-	-	-	-	-	16,027	-	16,027
Dividends (Note 11)	-	-	-	-	-	(2,190,261)	-	(2,190,261)
Balance as at 31 March 2023	6,841,068	7,928	6,649,336	51,691	-	13,527,172	3,840,612	30,917,807
Balance as at 1 April 2023	6,841,068	7,928	6,649,336	51,691	-	13,527,172	3,840,612	30,917,807
Profit for the period	-	-	-	-	-	5,886,785	49,334	5,936,119
Other comprehensive income/(expense)	-	-	2,153,750	(12,242)	-	662,939	742	2,805,189
Total comprehensive income/(expense)	-	-	2,153,750	(12,242)	-	6,549,724	50,076	8,741,308
Transactions with Owners of the Company, Recognised Directly in Equity								
Transfer from revaluation reserve due to disposal of revalued assets	-	-	(3,872)	-	-	3,872	-	-
Write back of unclaimed dividends (Note 30)	-	-	-	-	-	13,157	-	13,157
Dividends (Note 11)	-	-	-	-	-	(3,349,811)	-	(3,349,811)
Balance as at 31 March 2024	6,841,068	7,928	8,799,214	39,449	-	16,744,114	3,890,688	36,322,461

The figures in brackets indicate deductions.

The Notes from pages 218 to 262 form an integral part of these Financial Statements.

215

Cargills
(Ceylon)
PLC
Annual
Report
2023/24

Company	Stated Capital Rs. '000	Revaluation Reserve Rs. '000	FVOCI Reserve Rs. '000	Employee Share Option Reserve Rs. '000	Retained Earnings Rs. '000	Total Equity Rs. '000
Balance as at 1 April 2022	6,841,068	420,431	6,364	72,482	5,261,395	12,601,740
Profit for the period	-	-	-	-	1,712,886	1,712,886
Other comprehensive (expense)/income	-	(102,001)	43,519	-	(10,632)	(69,114)
Total comprehensive (expense)/income	-	(102,001)	43,519	-	1,702,254	1,643,772
Transactions with Owners of the Company, Recognised Directly in Equity						
Transfer of value of expired employee share options	-	-	-	(72,482)	(117,940)	(190,422)
Write back of unclaimed dividends (Note 30)	-	-	-	-	16,027	16,027
Dividends (Note 11)	-	-	-	-	(2,190,261)	(2,190,261)
Balance as at 31 March 2023	6,841,068	318,430	49,883	-	4,671,475	11,880,856
Balance as at 1 April 2023	6,841,068	318,430	49,883	-	4,671,475	11,880,856
Profit for the period	-	-	-	-	3,123,421	3,123,421
Other comprehensive (expense)/income	-	27,508	(12,239)	-	61,879	77,148
Total comprehensive (expense)/income	-	27,508	(12,239)	-	3,185,300	3,200,569
Transactions with Owners of the Company, Recognised Directly in Equity						
Write back of unclaimed dividends (Note 30)	-	-	-	-	13,157	13,157
Dividends (Note 11)	-	-	-	-	(3,349,811)	(3,349,811)
Balance as at 31 March 2024	6,841,068	345,938	37,644	-	4,520,121	11,744,771

The figures in brackets indicate deductions.

The Notes from pages 218 to 262 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

	Note	GROUP		COMPANY	
		For the year ended 31 March	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024
Cash Flows from Operating Activities					
Profit before taxation		9,245,923	8,516,642	3,290,784	2,226,541
Adjustments for:					
Depreciation on property, plant and equipment	12	4,522,621	3,915,735	64,232	68,076
Employee benefit expense	28	488,257	376,815	183,877	137,994
Amortisation of intangible assets	15	137,242	125,562	43,064	19,050
Depreciation on right-of-use assets	13	2,012,208	1,900,153	81,789	72,560
Net adjustment of ROU asset and liability	13	–	(23,863)	–	–
Amortisation of deferred income	27	(4,493)	(11,482)	–	–
Gain on disposal of property, plant and equipment	6	(1,200)	(1,497)	–	(590)
Loss on deemed disposal of investment in associate	16.4	114,893	–	–	–
Change in fair value of biological assets	18	(86,917)	–	–	–
Change in fair value of investment property	14	(931,003)	(300,779)	(128,995)	(105,581)
Impairment of/(reversal of impairment) for inventories		(68,267)	39,959	–	–
Impairment of/(reversal of impairment) for trade receivable and other receivables		28,125	(29,500)	–	(373)
Net finance costs	7	5,250,353	5,737,364	566,934	787,932
Dividend income	6	(1,750)	(1,520)	(3,351,620)	(2,524,329)
Gain on lease modification		(1,351)	–	–	–
Share of (profit) on equity accounted investees, net of tax	16.4	(167,421)	(193,692)	–	–
Operating profit before working capital changes		20,537,220	20,049,897	750,065	681,280
Changes in Working Capital					
- (Increase)/decrease in inventories		(312,297)	(8,110,501)	7,646	5,516
- (Increase)/decrease in trade and other receivables		(2,861,499)	(2,353,953)	103,130	(180,287)
- (Increase)/decrease in amount due from related companies		(52,877)	(14,603)	1,255,595	(1,674,707)
- Increase/(decrease) in trade and other payables		4,474,773	4,882,575	(2,419)	(40,902)
- Increase/(decrease) in amount due to related companies		3,589	1,835	(147)	(14,051)
Cash generated from/(used in) operations		21,788,909	14,455,250	2,113,870	(1,223,151)
Income taxes paid		(3,812,278)	(2,219,937)	(135,822)	(227,756)
Interest paid		(5,045,132)	(4,584,238)	(1,876,029)	(1,556,582)
Retiring gratuity paid	28	(146,167)	(71,029)	(55,210)	(21,454)
Net cash generated from/(used in) operating activities		12,785,332	7,580,046	46,809	(3,028,943)
Cash Flows from Investing Activities					
Acquisition and construction of property, plant and equipment	12	(5,809,652)	(10,832,042)	(11,955)	(75,681)
Acquisition and construction of investment property	14	(871,399)	(1,903)	(1,432)	(17,394)
Acquisition of intangible assets	15	(184,719)	(268,860)	(2,419)	(102,786)
Interest income received	7	1,962,165	785,684	1,365,202	821,138
Dividend received	6	1,750	1,520	3,351,620	2,524,329
Investment in FVTOCI financial assets		(25,001)	–	(25,001)	–
Investment in subsidiaries	16	–	–	(15,000)	(18,000)
Proceeds from disposal of property, plant and equipment		10,427	7,027	–	6,147
Purchase of biological assets	18	(71,284)	(57,554)	–	–
(Addition)/disposal to other financial assets		(11,439)	896,889	–	–
Net cash (used in)/generated from investing activities		(4,999,152)	(9,469,239)	4,661,015	3,137,753
Cash Flows from Financing Activities					
Proceeds from Short-Term borrowings		4,448,697	11,740,312	650,000	3,960,000
Repayment of Long-Term borrowings		(3,495,434)	(4,096,121)	(1,779,918)	(1,950,000)
Lease payments, net of concessions	13	(3,376,713)	(3,097,721)	(93,670)	(80,575)
Dividend paid to shareholders	30	(3,316,345)	(2,167,856)	(3,316,345)	(2,167,856)
Net cash (used in)/generated from financing activities		(5,739,795)	2,378,614	(4,539,933)	(238,431)
Net Increase/(decrease) in Cash and Cash equivalents		2,046,385	489,421	167,891	(129,621)
Cash and Cash equivalents					
At the beginning of the year		2,331,470	1,842,049	(151,781)	(22,160)
Movement during the year		2,046,385	489,421	167,891	(129,621)
At the end of the year	25	4,377,855	2,331,470	16,110	(151,781)

Figures in brackets indicate deductions.

The Notes on pages 218 to 262 are an integral part of these Financial Statements.

217

Cargills
(Ceylon)
PLC
Annual
Report
2023/24

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

218

Cargills
(Ceylon)
PLC

Annual
Report
2023/24

FINANCIAL STATEMENTS

1. Corporate Information

1.1 Reporting Entity

Cargills (Ceylon) PLC ("the Company") is a Quoted Public Limited Liability Company domiciled in Sri Lanka and listed in the Colombo Stock Exchange. The Company's registered office is located at No. 40, York Street, Colombo 1.

1.2 Consolidated Financial Statements

The Consolidated Financial Statements of the Group for the year ended 31 March 2024 comprise Cargills Ceylon PLC (Parent Company), its subsidiaries (together referred to as the "Group") and the Group's interest in its equity accounted investees.

1.3 Parent Entity and Ultimate Parent Entity

The Company's ultimate parent is C T Holdings PLC which is a Quoted Public Limited Liability Company domiciled in Sri Lanka and listed in the Colombo Stock Exchange.

1.4 Number of Employees

The staff strength of the Company as at 31 March 2024 is 2,169 (1,950 as at 31 March 2023).

The staff strength of the Group as at 31 March 2024 is 11,335 (11,033 as at 31 March 2023).

1.5 Principal Activities and Nature of Operations

The principal activities of the Group are:

- 1) operating a chain of retail outlets under the brand names of "Food City" and "Cargills Express" and "Food Hall" and eCommerce platform "Cargills Online".
- 2) manufacturing and distributing
 - (a) ice cream and other dairy products under the brand names of "Magic", "Heavenly" and "Kotmale"
 - (b) beverage and culinary products under "KIST" brand
 - (c) processed and fresh meat products under the brand names of "Goldi", "Cargills Finest" and "Sams"
 - (d) biscuits and confectionary under the brand name of "KIST"
- 3) operating a chain of "KFC" and "TGIF" restaurants under franchise agreements
- 4) distribution of international brands such as "Kraft", "Cadbury", "Bonlac", "Oreo", "Loacker", "Toblerone", "Bega", "Langnese", and "Indomie" etc.
- 5) production, importation and distribution of agricultural seeds.
- 6) poultry breeder farming and dairy farming
- 7) real estate and property development

There were no significant changes in the nature of the principal activities of the Group during the financial year under review.

2. Basis of Preparation

2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and Separate Financial Statements of the Company, as at 31 March 2024 and for the year then ended, have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS), laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007, and the Listing Rules of the Colombo Stock Exchange.

These Financial Statements include the following components:

- Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group for the year under review;
- Statement of Financial Position providing the information on the financial position of the Group as at the year-end;
- Statement of Changes in Equity depicting all changes in shareholder's equity of the Group during the year under review;
- Statement of Cash Flows providing the information to the users, on the ability of the Group to generate cash and cash equivalents during the year under review; and
- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

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

2.2 Responsibility for Financial Statements

The Board of Directors is responsible for preparation and presentation of Financial Statements of the Group as per the provision of the Companies Act No. 07 of 2007 and SLFRS and LKAS.

The Board of Directors acknowledges their responsibility for Financial Statements as set out in the Annual Report of the Board of Director's, Statement of Directors' Responsibility, and the certification on the Statement of Financial Position in the Annual Report.

2.3 Approval of Consolidated Financial Statements by the Board of Directors

The Financial Statements of the Group for the year ended 31 March 2024 (including comparatives) were approved and authorised by the Board of Directors for issue on 10 July 2024.

2.4 Basis of Measurement

The Financial Statements of the Group have been prepared on the historical cost basis except for the following items in the Statement of Financial Position:

Category	Item	Basis of measurement	Note No.
Assets	Land and building	Cost/revaluation	12
	Investment properties	Fair value	14
	Equity investments at FVOCI	Fair Value	16.3.1
	Debt investments at FVTPL	Fair Value	16.3.2
	Biological Assets	Fair Value	18
Liabilities	Employee benefit liability	Present value of the defined benefit obligation	28

2.5 Presentation of Financial Statements

The assets and liabilities of the Group in the Statement of Financial Position are grouped by nature. No adjustments have been made for inflationary factors affecting the Financial Statements.

2.6 Offsetting

Financial assets and financial liabilities are offset, and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the Statement of Profit or Loss and Other Comprehensive Income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

2.7 Functional and Presentation Currency

The Financial Statements of the Group are presented in Sri Lankan Rupees (Rs.), which is the Group's functional and presentation currency.

All financial information has been rounded to the nearest thousands, unless otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 01 on "Presentation of Financial Statements".

2.8 Materiality and Aggregation

Each material class of similar items is presented as a group in the Financial Statements. Items of a 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".

2.9 Comparative Information

Comparative information is reclassified wherever necessary to conform with the current year's presentation.

2.10 Use of Judgements and Estimates

In preparing these Financial Statements, Management has made judgements and estimates that affect the application of the Group's Accounting Policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2.10.1 Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Financial Statements is included in the following Notes:

- **Note 4** – Revenue recognition: whether revenue from made-to-order products is recognised over time or at a point in time;
- **Note 13** – Lease term: whether the Group is reasonably certain to exercise extension options;
- **Note 16.2** – Equity-accounted investees: whether the Group has significant influence over an investee

2.10.2 Assumption

Information about assumptions and estimation uncertainties at 31 March 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following Notes:

- **Note 28 – Measurement of defined benefit obligations:** key actuarial assumptions;
- **Note 12 and 14 – Determination of fair value of investment property and property plant and equipment:** key valuation assumptions;
- **Note 15 – Impairment test of intangible assets and goodwill:** key assumptions underlying recoverable amounts; and
- **Note 33 – Recognition and measurement of provisions and contingencies:** key assumptions about the likelihood and magnitude of an outflow of resources.
- **Note 18 – Determination of fair value of biological assets:** determining adjustments to market price.

2.11 Going Concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The Management has also assessed the prevailing macroeconomic conditions in the country and the appropriateness of the use of the going concern basis for the Group. Furthermore, Management 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.

2.12 Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

In addition, the Company adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require disclosure of "material" rather than "significant", accounting policies. Although the amendments did not result in any changes to the accounting policies themselves.

2.13 Changes in Material Accounting Policies

Amendments to LKAS 1 and SLFRS Practice Statement 2 – Disclosure of accounting policies

The Group has adopted Amendments to LKAS 1 with effect from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity specific accounting policy information that users need to understand other information in the financial statements.

In certain instances, the amendments had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in these financial statements.

Amendments to LKAS 12 – Deferred tax related to assets and liabilities arising from a Single Transaction

The Group has adopted to Amendments to LKAS 1 with effect from 01 January 2023. The amendments to LKAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated Financial Statements.

3. Material Accounting Policies

3.1 Basis of Consolidation

The Financial Statements comprise of Financial Statements of the Company, its subsidiaries and its equity accounted investees for the year ended 31 March 2024. Financial Statements of the Company's subsidiaries and associates are prepared for the same reporting year using consistent accounting policies.

3.1.1 Business Combination and Goodwill

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net amount of the identifiable assets, liabilities and contingent liabilities acquired.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination, from the acquisition date, is allocated to each of the Group's Cash-generating Units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU (or group of CGUs) 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 CGU retained.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group "controls" an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the

Consolidated Financial Statements from the date on which control commences until the date on which control ceases. Investment in subsidiaries are stated at cost, less impairment in the Separate Financial Statements.

3.1.3 Non-Controlling Interests

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either: at fair value; or at proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Acquisition of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.4 Loss of Control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.5 Interest in Equity-accounted Investees

The Group's interest in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method in the Consolidated Financial Statements. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of profit or loss and OCI of equity accounted investees, until the date on which significant influence ceases. Interest in associates are stated at cost, less impairment in the separate Financial Statements.

3.1.6 Transactions Eliminated on Consolidation

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

3.1.7 Common control transactions

All common control transactions are accounted using book value accounting in both consolidated and separate Financial Statements. This is on the basis that the entities are part of a larger economic group, and that the figures from that larger group are the relevant ones. Accordingly,

- the net assets of the combining entities are consolidated using the existing book values.
- no amount is recognised as goodwill which arises as a result of difference between the consideration and net assets acquired.
- in applying book value accounting, no entries are recognised in profit or loss; instead, the result of the transaction is recognised in equity as arising from a transaction with shareholders.

3.2 Foreign Currency Transactions and Balances

All foreign currency transactions are translated into the functional currency of the Group which is Sri Lankan Rupees (Rs.) at the spot exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the spot exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the spot exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies are translated into functional currency at spot exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into functional currency at the spot exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the spot exchange rate at the date of transaction. Foreign currency differences are generally recognised in profit or loss and presented within net finance cost.

3.3 Financial Instruments

3.3.1 Recognition and Initial Measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

3.3.2 Classification and Subsequent Measurement

Financial Assets

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

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

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

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

The Group's financial assets classified under amortised cost includes trade and other receivables, amounts due from related companies and cash and cash equivalents.

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

Financial Assets – Business Model Assessment

- The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:
 - the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
 - how the performance of the portfolio is evaluated and reported to the Group's management;
 - the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
 - how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
 - the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial Assets – Assessment whether Contractual Cash Flows are Solely Payments of Principal and Interest

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual cash flows such that it would not meet this condition. In marking this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

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

Financial Assets – Subsequent Measurement and Gains and Losses

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial Liabilities – Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortised cost or FVTPL. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities measured at amortised cost include interest bearing loans and borrowings, trade and other payables and amounts due to related companies.

3.3.3 Derecognition

Financial Asset

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.3.4 Impairment of Financial Assets

The Group uses simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Credit-impaired Financial Assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or any other financial reorganisation.

3.4 Impairment of Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU. In determining fair value less costs to sell, an appropriate valuation model is used.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, cash at bank and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

3.6 Employee Benefits

3.6.1 Defined Contribution Plans – Cargills Employees' Provident Fund and Employees' Trust Fund

Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay any further amounts. Obligations for contributions to Cargills Employees' Provident Fund and Employees' Trust Fund covering all employees are recognised as an expense in Profit or Loss, as incurred.

3.6.2 Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of defined benefit obligation as at the reporting date. The defined benefit obligation is calculated annually by independent actuaries using Projected Unit Credit Method (PUC) as recommended by LKAS 19 – "Employees Benefits".

The assumptions based on which the results of the valuation were determined are included in Note 28 to the Financial Statements.

The liability is not externally funded.

The Group recognises all actuarial gains and losses arising from defined benefit plan in Other Comprehensive Income and expenses related to defined benefit plan as administrative expenses in profit or loss.

Provision has been made for retirement gratuities from the first year of service for all employees in conformity with LKAS 19. However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

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

3.7 Dividends Payable

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are recommended by and declared by the Board of Directors and approved by the shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Group.

3.8 Borrowings

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

3.9 Leases

The Group assesses at the inception of a contract, whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

3.9.1 As a Lessee

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

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

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

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

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

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

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

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

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

Short term leases and leases of low-value assets

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

3.9.2 As a Lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risk and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic useful life of the asset.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of "other income".

3.10 Provisions

Provisions are recognised in the Statement of Financial Position 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 in accordance with the Sri Lanka Accounting Standard - LKAS 37 "Provisions, Contingent Liabilities and Contingent Assets". The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date.

3.11 Borrowing Costs

As per Sri Lanka Accounting Standard - LKAS 23 "Borrowing Costs", the Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. A qualifying asset is an asset which takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised in profit or loss in the period in which they occur.

3.12 Income Tax Expense

Income tax expense comprises of current and deferred tax. The income tax expense is recognised in the Statement of Profit or Loss except to the extent that it relates to the items recognised directly in the Statement of Other Comprehensive Income or Statement of Changes in Equity, in which case it is recognised directly in the respective statements.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

3.12.1 Current Tax

Current tax is the expected tax payable on the taxable income or loss for the year, using tax rates enacted or substantively enacted on the reporting date, and any adjustment to tax payable in respect of previous years.

The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto, including any amendments legislated by Inland Revenue (Amendment) Act No. 45 of 2022.

3.12.2 Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and the differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities recognised by individual companies within the Group are disclosed separately as assets and liabilities in the Group's Statement of Financial Position and are not offset against each other.

Withholding tax on the Intra-group dividends are recognised as a tax expense in the Statement of Profit or Loss.

3.13 Biological Assets

A biological asset is a living animal. Biological assets consist of livestock of Pigs, Chickens, Turkey, Ducks, Geese, Sheep and Goats which includes a breeding stock of Pigs, Goats and Sheep.

Biological assets - Non-current

Bearer biological assets are those other than consumable biological assets and recognized as "Biological assets - Non-current". Bearer biological assets are not agricultural produce but, rather, are self-generating (Biological transformation which results in creation of additional biological animal or plants). Grandparent and Parent livestock's of the Group which have been identified as bearer biological assets.

Biological assets - Current

Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets (which will includes livestock intended for the production of meat). All other livestock of the Group except for the breeding stock classified as non-current, which can be readily harvested have been identified as consumable biological assets

3.13.1 Measurement of fair value.

The biological assets of the company have been measured at fair value in line with the requirements of LKAS 41 Agriculture and SLFRS 13 Fair value measurement.

(i) Fair value hierarchy

The fair value measurement of biological assets has been categorized as level 3 fair values based on the inputs to the valuation technique used.

(ii) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring level 3 fair value as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable Inputs
Biological Assets – Non Current This comprises of grandparent and parent breeding stock of pigs. This stock includes the living animal recently imported from UK (Feb 2024).	Cost Approach The valuation model considered is cost approach which will reflect the amount that would be required currently to replace the service capacity of the assets.	Morality Selling Price Yield
Biological Assets – Current This comprises of other biological assets except biological assets which has been categorized under biological assets - non current.	Cost Approach The valuation model considered is cost approach which will reflect the amount that would be required currently to replace the service capacity of the assets. Only two-month-old piglet have been valued using cost approach as no significant biological change is noted as at year end.	Selling Price Yield

Type	Valuation technique	Significant unobservable Inputs
	Market Approach The valuation model considered is market approach which will reflect the amount that uses the prices and other relevant information generated by market transaction involving identical or comparable assets. All the other living animals except two-month-old piglet have been valued using market approach.	

Consumable Biological Assets

Consumable biological assets comprise of Pigs, Goats, Sheep, Layers, Ducks, Turkey & Geese that are not breeding parents which are fair valued at the market price.

3.14 Statement of Cash Flows

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

Cash and Cash Equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and Cash Equivalents as referred to in the Statement of Cash Flows are comprised of those items as explained in Note 25.

3.15 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these Financial Statements.

The following amended standards are not expected to have a significant impact on the Group's Financial Statements.

- Classification of liabilities as current or non-current and non-current liabilities with covenants (Amendments to LKAS 1)
- Lease liability in a sale and leaseback (Amendments to SLFRS 16)
- Supplier Finance Arrangements (Amendments to LKAS 7)
- Lack of Exchangeability (Amendments to LKAS 21)
- International Tax Reform-Pillar Two Model Rule (Amendments to LKAS 12)

For the following standards the impact is yet to be assessed by the Group.

- General Requirements for Disclosure of Sustainability-related Financial Information (SLFRS S1)
- Climate-related Disclosures (SLFRS S2)

4. Revenue

Accounting Policy

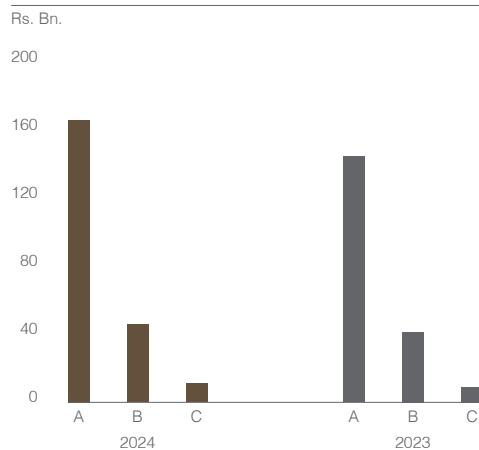
Revenue Recognition - Sale of goods

Revenue is recognised upon satisfaction of a performance obligation. Revenue from sale of goods is recognised when the control of goods have been transferred to the buyers, usually on delivery of the goods.

For the year ended 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Gross revenue	250,343,907	212,199,314	33,313	41,051
Revenue related taxes	(26,903,423)	(16,581,415)	(4,785)	(4,989)
	223,440,484	195,617,899	28,528	36,062

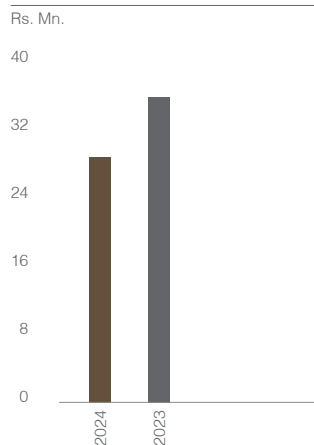
The Group primarily has three business segments namely, Food Retailing, Food and Beverage Manufacturing and Distribution, Restaurant and Real Estate. Segmental information are disclosed in Note 31.

Group Segment Net Revenue



A - Retail
B - Fast moving consumer goods
C - Restaurant

Company Net Revenue



5. Cost of Sales

Cost of sales of the Company and the Group includes direct operating costs.

6. Other Income

Accounting Policy

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

Gains or losses arising from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in profit or loss, after deducting the carrying amount of such assets from the net sales proceeds on disposal.

Income from scrap sales is recognised when the control of goods have been transferred to the buyer, usually on delivery of the goods.

Rental income is recognised on an accrual basis.

Income from service and merchandising income are recognised on completion of a performance obligation at a point in time.

A revenue grant is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

For the year ended 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Dividend income				
- Related companies (Note 35.3)	-	-	3,349,870	2,522,809
- Other (Note 16.3.1)	1,750	1,520	1,750	1,520
Rental income	414,933	268,852	393,007	313,962
Gain on disposal of property, plant and equipment	1,200	1,497	-	590
Income from services	20,241	27,355	2,139,554	1,751,093
Merchandising income	1,474,527	1,758,272	-	-
Amortisation of deferred income - capital grant (Note 27)	4,493	11,482	-	-
Revenue grant	2,295	-	-	-
Change in fair value of biological assets (Note 18)	86,917	-	-	-
Sundry income	260,334	258,139	234,966	131,262
	2,266,690	2,327,117	6,119,147	4,721,236

7. Net Finance cost

Accounting Policy

Interest income is recognised in the statement of profit or loss and other comprehensive income as it accrues and is calculated by using the effective interest rate. Interest expense is recognised when they accrue.

Foreign currency gains and losses are reported on a net basis.

The Group's finance income and finance cost includes:

- interest income;
- interest expense;
- bank charges; and
- foreign exchange gain/(loss)

7.1 Finance Income

For the year ended 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Interest income	1,962,165	785,684	1,365,202	821,138
Foreign exchange gain	2,057	55,615	-	-
	1,964,222	841,299	1,365,202	821,138

7.2 Finance Cost

For the year ended 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Interest on short-term loans	3,944,124	3,036,522	1,580,562	1,084,606
Interest on bank overdrafts	276,626	596,449	29,680	64,897
Interest on other loans and bank charges	807,029	945,291	265,787	407,079
Interest on staff security deposits	17,353	5,976	-	-
Interest on lease liabilities (Note 13.2)	2,169,443	1,994,425	56,107	52,488
	7,214,575	6,578,663	1,932,136	1,609,070
Net finance cost	5,250,353	5,737,364	566,934	787,932

8. Profit Before Taxation

Profit before taxation on continuing operations is stated after charging/(reversing) all expenses/(income) including the following:

For the year ended 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Staff costs (Note 8.1)	11,648,914	10,343,921	1,071,145	850,352
Auditors' Remuneration				
- Audit and audit related services	18,149	15,805	1,246	1,127
- Non-audit services	2,925	1,627	1,729	1,627
Depreciation on property, plant and equipment (Note 12)	4,522,621	3,915,735	64,232	68,076
Amortisation of intangible assets (Note 15)	137,242	125,562	43,064	19,050
Provision for/(reversal of) impairment of trade and other receivables	28,125	(29,500)	-	(373)
Foreign exchange gain (Note 7)	2,057	55,615	-	-
Provision for/(reversal of) impairment of inventories	(68,267)	39,959	-	-
Directors' emoluments (Note 35.1)	630,982	531,570	170	139
Depreciation of right-of-use assets (Note 13.1)	2,012,208	1,900,153	81,789	72,560

8.1 Staff Costs

For the year ended 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Salaries, wages and other costs	10,333,898	9,165,352	788,592	620,213
Employee benefits (Note 28.2)	488,257	376,815	183,877	137,994
Defined contribution plan cost - PF and ETF	826,759	801,754	98,676	92,145
	11,648,914	10,343,921	1,071,145	850,352
Number of employees as at 31 March	11,335	11,003	2,169	1,950

9. Income Tax Expense

Accounting Policy

Current Tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the 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 subsequent amendments thereto, including any amendments legislated by Inland Revenue (Amendment) Act No. 45 of 2022.

IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments

IFRIC - 23 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination.

The Group applies significant judgement in identifying uncertainties over income tax treatments. The Group assessed whether the Interpretation had an impact on its Financial Statements. The Group is of the view that it is probable that its tax treatments will be accepted by the taxation authorities. Hence the interpretation did not have an impact on the Financial Statements of the Group. The Group reviewed its income tax treatments and concluded that no additional provisions are required.

Deferred Tax

Deferred tax is provided on temporary differences at the reporting 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:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, where 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 temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where 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; and
- In respect of deductible temporary differences associated with investments in subsidiaries, 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 deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Current tax and deferred tax relating to items recognised directly in equity are also recognised in equity and not in the Statement of Profit or Loss.

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

For the year ended 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Income Tax Expense				
Current tax expense (Note 9.1)	3,132,517	2,562,433	137,068	83,614
Irrecoverable ESC/WHT	–	1,378	–	–
Withholding tax on related company dividend	591,159	369,265	–	330,484
Over provision of current tax of previous years	(380,348)	(21,197)	–	–
Deferred tax expense (Note 9.2)	(33,524)	223,918	30,295	99,557
	3,309,804	3,135,797	167,363	513,655

(a) Surcharge Tax Act No. 14 of 2022 was enacted on 8 April 2022 and is applicable to the Group as the collective taxable income of companies belonging to the Group, calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, exceeds Rs. 2,000 Mn, for the year of assessment 2020/21. The liability is computed at the rate of 25% on the taxable income of the individual Group companies, net of dividends from Subsidiaries and deemed to be an expenditure in the financial statements in the year of assessment which commenced on 1 April 2020.

Total Surcharge Tax of Rs. 1,068 Mn. has been recognised for the Group as an opening adjustment to the 1 April 2022 retained earnings in the statement of Changes in Equity as per the Addendum to the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka.

(b) The tax liability of companies have been computed at 20% and 30% (2023 - 18%, 24%, 30%).

9.1 Reconciliation between Current Tax Expense and Profit Before Taxation is given below:

For the year ended 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Profit before taxation	9,245,923	8,516,642	3,290,784	2,226,541
Aggregate disallowed expenses	10,045,546	10,118,102	862,593	984,598
Aggregate allowable expenses	(8,664,349)	(7,969,117)	(215,868)	(282,004)
Aggregate other income	(702,939)	(1,297,662)	(3,480,616)	(3,451,637)
Exempt profit	–	(41,932)	–	–
Adjusted business profit	9,924,179	9,326,033	456,893	(522,502)
Tax losses incurred	501,475	47,999	–	–
Taxable income from other sources	111,873	883,016	–	822,299
Adjusted profit (a)	10,537,527	10,257,048	456,893	299,797
Tax losses brought forward	1,347,191	1,600,630	–	–
Tax losses incurred by continuing operations	501,475	47,999	–	–
Tax losses utilised (b)	(45,174)	(287,823)	–	–
Adjustment on finalisation of liability	14,216	(13,615)	–	–
Tax losses carried forward	1,817,708	1,347,191	–	–
Taxable income (a+b)	10,492,353	9,969,225	456,893	299,797
Income tax @ 30%	3,102,139	1,505,162	137,068	58,311
Income tax @ 24%	–	663,631	–	25,303
Income tax @ 20%	30,378	–	–	–
Income tax @ 18%	–	393,640	–	–
Current tax expense	3,132,517	2,562,433	137,068	83,614

9.2 Deferred Tax Expense

For the year ended 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Deferred Tax Expense Charge/(Reversal) arising from Temporary Difference on:				
- Property, plant and equipment	255,960	732,774	15,774	16,748
- Revaluation surplus of freehold building	99,933	63,575	21,294	76,223
- Revaluation surplus of freehold land	31,358	75,815	17,405	77,047
- Equity settled share based payments	–	(14,754)	–	(9,419)
- Provisions	(16,410)	(28,776)	–	–
- Employee benefit liability	(100,532)	(192,228)	(38,600)	(70,660)
- Capital grants	1,348	1,527	–	–
- Tax losses carried forward	(93,976)	(16,827)	–	–
- ROU assets and lease liabilities	(211,205)	(397,187)	14,422	9,618
	(33,524)	223,918	30,295	99,557

Deferred tax has been computed taking into consideration the tax rates effective from 1 October 2022 at 30%. The deferred tax effect on undistributed reserves of subsidiaries has not been recognised since the parent can control the timing of the reversal of these temporary differences.

9.3 Temporary differences associated with subsidiary companies, Cargills Food Services (Pvt) Limited, Cargills Confectioneries (Pvt) Limited, Cargills Distributors (Pvt) Limited, Cargills Agri Solutions (Pvt) Limited, Cargills Enterprise Solutions (Pvt) Limited, Kotmale Milk Products Limited, Kotmale Milk Foods Limited, CT Properties (Pvt) Limited, CT Properties Lakeside (Pvt) Limited, CT Property Management Company (Pvt) Limited, CT Real Estate (Pvt) Limited, for which deferred tax assets have not been recognized, are as follows.

As at 31 March	2024		2023	
	Temporary Difference Rs. '000	Tax effect on Temporary Difference Rs. '000	Temporary Difference Rs. '000	Tax effect on Temporary Difference Rs. '000
Deductible Temporary Differences				
Tax losses	1,358,182	361,308	1,225,161	321,402
	1,358,182	361,308	1,225,161	321,402

A deferred tax asset has not been recognised in respect of tax losses of the above companies as it is not probable that sufficient future taxable profits will be available against which the Group can use the benefit therefrom.

11. Dividend Per Share

	GROUP				COMPANY			
	Rs.	Rs. '000 2024	Rs.	Rs. '000 2023	Rs.	Rs. '000 2024	Rs.	Rs. '000 2023
Dividends for the Year								
Second Interim dividend for prior year	8.50	2,190,261	5.00	1,288,389	8.50	2,190,261	5.00	1,288,389
First interim dividend	4.50	1,159,550	3.50	901,872	4.50	1,159,550	3.50	901,872
	13.00	3,349,811	8.50	2,190,261	13.00	3,349,811	8.50	2,190,261

A second interim dividend of Rs. 8.50 per share (Rs 2,190.26 Mn.) was paid on 15 June 2023 for the year ended 31 March 2023. First interim dividend of Rs 4.50 per share (Rs. 1,159.55 Mn.) was paid on 27 November 2023 for the year ended 31 March 2024.

A second interim dividend of Rs. 10.50 has been declared and paid for the year ended 31 March 2024 and has not been recognised as at the reporting date in accordance with LKAS 10 - "Events After the Reporting Period".

10. Earnings Per Share (EPS)

Accounting Policy

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group/Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

10.1 Basic Earnings Per Share

	GROUP		COMPANY	
	2024	2023	2024	2023
Profit attributable to equity shareholders of the parent (Rs. '000)	5,886,785	5,366,006	3,123,421	1,712,886
Weighted average number of ordinary shares (Refer Note 10.1.1)	257,677,731	257,677,731	257,677,731	257,677,731
Basic earnings per share (Rs.)	22.85	20.82	12.12	6.65

10.1.1 Weighted Average Number of Ordinary Shares

	GROUP		COMPANY	
	2024	2023	2024	2023
Issued ordinary shares as at 1 April	257,677,731	257,677,731	257,677,731	257,677,731
Exercise of share options	-	-	-	-
Weighted average number of ordinary shares as at 31 March	257,677,731	257,677,731	257,677,731	257,677,731

10.2 Diluted Earnings Per Share

There was no dilution of ordinary shares outstanding at any time during the year. Therefore, diluted earnings per share is the same as basic earnings per share as shown in Note 10.1.

12. Property Plant and Equipment

Basis of Recognition

Property, plant and equipment is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and cost of the asset can be measured reliably.

Basis of 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 or replace a part of it. The cost of self-constructed assets include;

- cost of material and direct labour
- any other costs directly attributable to bringing the asset to a working condition for its intended use
- cost of dismantling and removing the items and restoring at the site on which they are located, and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as a part of computer equipment.

When major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Cost Model

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Revaluation Model

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation. Where land and buildings are subsequently revalued, any increase in the carrying amount is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserves in the Statement of Changes in Equity, any excess being charged to the Statement of Profit or Loss. Revaluation of freehold land and buildings are carried out by professionally qualified independent valuers every three years. The Group revalued all its freehold land and buildings as at 31 March 2024.

Subsequent Costs

The 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 the component will flow to the Group and its cost can be measured reliably. The cost of day to day servicing of property, plant and equipment are charged to the profit or loss as incurred.

Repairs and Maintenance

Repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company & Group and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

Capital Work-in-Progress

These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation. These are stated in the Statement of Financial Position at cost. Capital assets which have been completed during the year and put to use have been transferred to property, plant and equipment.

Derecognition

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in "Other income" in the Statement of Profit or Loss in the year the asset is derecognised.

Depreciation

Depreciation is recognised in Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each component of an item of Property, plant and equipment since this method most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives are as follows;

Class of asset	% per annum	Period
Buildings	2	50 years
Improvement of leasehold properties	10 – 25	4 – 10 years
Motor vehicles	25	4 years
IT equipment and software	20 – 33.3	3 – 5 years
Office and other equipment	20	5 years
Air condition and refrigeration	10 – 20	5 – 10 years
Plant and machinery	10 – 20	5 – 10 years
Furniture and fittings	20	5 years

The above rates are consistently used by all the Group entities. The depreciation rates are determined separately for each significant part of an item of property, plant and equipment and is depreciated from the date on which it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is de-recognised. Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted as appropriate.

Impairment

The Management has assessed the potential impairment loss of property, plant and equipment as at 31 March 2024. Based on the assessment, the Group does not foresee any indications of impairment as at the reporting date due to the economic crisis faced by Sri Lanka, and functions under the business continuity plan as per the Group's risk management strategy, allowing operations to function through alternate working arrangements, whilst strictly adhering to and supporting government directives.

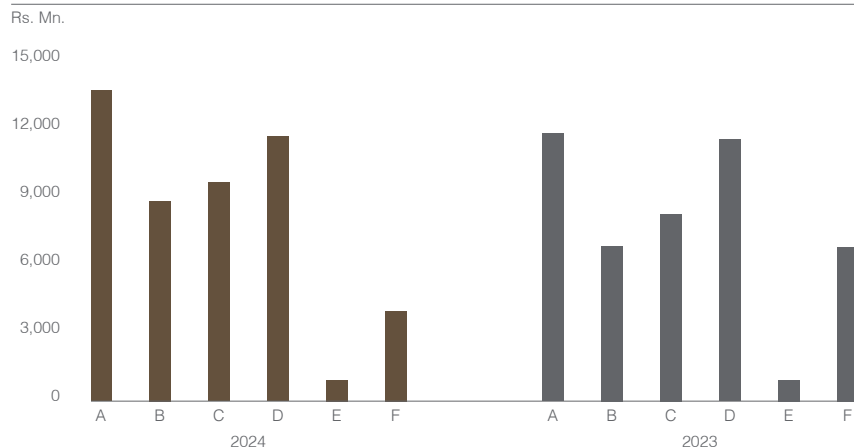
	Freehold Land Rs. '000	Freehold Building Rs. '000	Expenditure Incurred on Leasehold Buildings Rs. '000	Plant, Machinery and Others Rs. '000	Motor Vehicles Rs. '000	Capital WIP Rs. '000	Total 2024 Rs. '000
Group							
Cost/revaluation							
As at 1 April	11,994,582	7,336,645	16,068,460	31,128,127	2,738,833	6,921,034	76,187,681
Additions	-	9,011	301,202	879,985	18,587	4,600,867	5,809,652
Revaluation	2,450,593	627,721	-	-	-	-	3,078,314
Transfers	-	1,707,745	2,240,926	1,998,875	385,061	(6,332,607)	-
Disposals	-	(14,623)	-	(128,157)	(15,854)	-	(158,634)
Transfer to investment property	(524,635)	-	-	-	-	(1,160,377)	(1,685,012)
Transfer-Acc.Dep-Revaluation	-	(684,361)	-	-	-	-	(684,361)
As at 31 March 2024	13,920,540	8,982,138	18,610,588	33,878,830	3,126,627	4,028,917	82,547,640
Accumulated Depreciation and Impairment							
As at 1 April	-	387,402	7,692,249	19,381,440	1,803,608	-	29,264,699
Depreciation	-	302,413	1,144,688	2,658,792	416,728	-	4,522,621
Disposals	-	(5,454)	-	(27,225)	(15,797)	-	(48,476)
Transfer - Acc. Dep-Revaluation	-	(684,361)	-	-	-	-	(684,361)
As at 31 March 2024	-	-	8,836,937	22,013,007	2,204,539	-	33,054,483
Carrying value as at 31 March 2024	13,920,540	8,982,138	9,773,651	11,865,823	922,088	4,028,917	49,493,157

	Freehold Land Rs. '000	Freehold Building Rs. '000	Expenditure Incurred on Leasehold Buildings Rs. '000	Plant, Machinery and Others Rs. '000	Motor Vehicles Rs. '000	Capital WIP Rs. '000	Total 2023 Rs. '000
Group							
Cost/revaluation							
As at 1 April	11,872,877	3,744,889	13,792,796	26,472,990	2,264,119	7,228,238	65,375,909
Additions	118,076	53,020	300,046	777,111	69,931	9,513,858	10,832,042
Transfers	3,629	3,538,736	1,975,618	3,887,527	415,552	(9,821,062)	-
Disposals	-	-	-	(9,501)	(10,769)	-	(20,270)
As at 31 March 2023	11,994,582	7,336,645	16,068,460	31,128,127	2,738,833	6,921,034	76,187,681
Accumulated Depreciation and Impairment							
As at 1 April	-	187,189	6,647,137	17,055,839	1,473,539	-	25,363,704
Depreciation	-	200,213	1,045,112	2,329,702	340,708	-	3,915,735
Disposals	-	-	-	(4,101)	(10,639)	-	(14,740)
As at 31 March 2023	-	387,402	7,692,249	19,381,440	1,803,608	-	29,264,699
Carrying value as at 31 March 2023	11,994,582	6,949,243	8,376,211	11,746,687	935,225	6,921,034	46,922,982

	Freehold Land Rs. '000	Freehold Building Rs. '000	Expenditure Incurred on Leasehold Buildings Rs. '000	Plant, Machinery and Others Rs. '000	Motor Vehicles Rs. '000	Capital WIP Rs. '000	Total 2024 Rs. '000
Company							
Cost/revaluation							
As at 1 April	2,655,939	440,282	243,959	482,668	138,194	37,674	3,998,716
Additions	-	-	1,924	7,969	-	2,062	11,955
Revaluation	18,311	20,986	-	-	-	-	39,297
Transfer-Acc.Dep-Revaluation	-	(26,416)	-	-	-	-	(26,416)
As at 31 March 2024	2,674,250	434,852	245,883	490,637	138,194	39,736	4,023,552
Accumulated Depreciation and Impairment							
As at 1 April	-	20,732	39,085	338,758	138,194	-	536,769
Depreciation	-	5,684	16,915	41,633	-	-	64,232
Transfer-Acc.Dep-Revaluation	-	(26,416)	-	-	-	-	(26,416)
As at 31 March 2024	-	-	56,000	380,391	138,194	-	574,585
Carrying value as at 31 March 2024	2,674,250	434,852	189,883	110,246	-	39,736	3,448,967

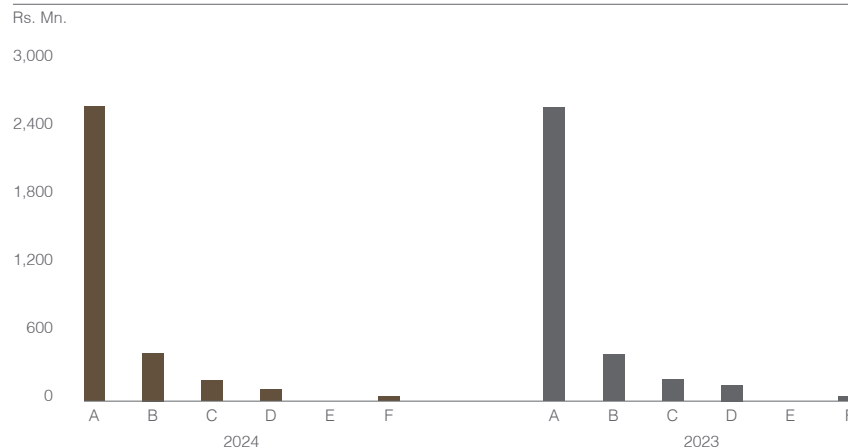
	Freehold Land Rs. '000	Freehold Building Rs. '000	Expenditure Incurred on Leasehold Buildings Rs. '000	Plant, Machinery and Others Rs. '000	Motor Vehicles Rs. '000	Capital WIP Rs. '000	Total 2023 Rs. '000
Company							
Cost/revaluation							
As at 1 April	2,655,939	440,282	230,564	430,315	138,194	33,887	3,929,181
Additions	-	-	13,395	58,499	-	3,787	75,681
Transfers	-	-	-	(6,146)	-	-	(6,146)
As at 31 March 2023	2,655,939	440,282	243,959	482,668	138,194	37,674	3,998,716
Accumulated Depreciation and Impairment							
As at 1 April	-	10,365	23,013	297,949	138,194	-	469,521
Depreciation	-	10,367	16,072	41,637	-	-	68,076
Disposals	-	-	-	(828)	-	-	(828)
As at 31 March 2023	-	20,732	39,085	338,758	138,194	-	536,769
Carrying value as at 31 March 2023	2,655,939	419,550	204,874	143,910	-	37,674	3,461,947

Group - PPE



A – Freehold land
B – Freehold building
C – Expenditure incurred on leasehold building
D – Plant, machinery and others
E – Motor vehicle
F – Capital work-in-progress

Company - PPE



A – Freehold land
B – Freehold building
C – Expenditure incurred on leasehold building
D – Plant, machinery and others
E – Motor vehicle
F – Capital work-in-progress

Expenditure incurred on leasehold buildings represent the cost incurred in setting up new outlets.

The details of assets mortgaged for banking facilities obtained, if any, have been given in Note 26.1 to the Financial Statements.

12.1 Revaluation of Freehold Land and Buildings

Fair value of Land and Building as at 31 March 2024 have been based on valuations carried out by Mr Tissa Weeratne (FIV), a member of the Institute of Valuers of Sri Lanka, with appropriate qualifications and recent experience in the valuation of properties in the relevant locations. Mr Tissa Weeratne is not related to the Group.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair value measurement for all lands and buildings classified as property plant and equipment have been categorised as level 3 fair value based on the inputs to the valuation techniques used. Details of the Group lands and buildings measured at fair value as at 31 March 2024 are as follows:

Location	Type of Asset	Method of Valuation	Land Extent	Building Area (sq.ft)	Number of Buildings	Significant Unobservable Inputs	2024 Valuation Rs. '000
Colombo - 01	Land	Market approach	140.75 Perches	-	-	Market value per perch	2,674,250
	Building		-	125,215	1		434,851
Canal Row, Colombo - 01	Land	Income approach	15.25 Perches	-	-	Rental per square foot	337,736
	Building		-	12,300	1		104,558
Staple Street - Colombo - 02	Land	Market approach	81.5 Perches	-	-	Market value per perch	994,300
	Building		-	20,970	2		63,113
Dematagoda	Land	Income approach	84.32 Perches	-	-	Rental per square foot	167,491
	Building		-	71,956	1		269,024
Cargills Square - Jaffna	Building	Income approach	-	99,164	1	Rental per square foot	448,168
Kandy	Land	Income approach	87.96 Perches	-	-	Rental per square foot	1,803,905
	Building		-	25,174	1		174,495
Maharagama	Land	Market approach	145.3 Perches	-	-	Market value per perch	697,525
	Building		-	15,827	1		91,000

Location	Type of Asset	Method of Valuation	Land Extent	Building Area (sq.ft)	Number of Buildings	Significant Unobservable Inputs	2024 Valuation Rs. '000
Nuwara Eliya	Land		56.5 Perches	-	-		370,738
	Building	Income approach	-	9,617	1	Rental per square foot	15,062
Mattakkuliya (111)	Land		330 Perches	-	-		775,752
	Building	Income approach	-	80,967	2	Rental per square foot	109,608
Kohuwala	Land		28.65 Perches	-	-		166,170
	Building	Market approach	-	6,225	1	Market value per perch	15,461
Mattakkuliya (141)	Land		28796 Perches	-	-		538,836
	Building	Income approach	-	44,469	4	Rental per square foot	78,189
Gampaha	Land		82.6 Perches	-	-		150,014
	Building	Income approach	-	43,115	1	Rental per square foot	254,992
Moratuwa	Land		78.6 Perches	-	-		393,208
	Building	Income approach	-	7,475	1	Rental per square foot	68,792
Ingiriya (Lot A, C, D, B1)	Land		26 Acres	-	-		256,702
	Building	Market approach	-	1,300	1	Market value per perch	-
Park Road	Building	Income approach	-	4,610	1	Rental per square foot	86,400
Negombo - Kaluwarippuwa	Land		28.8 Acres	-	-		1,562,396
	Building	Market approach	-	319,576	9	Market value per perch	3,307,119
Ja-Ela - Ma Eliya	Land		4 Acres	-	-		249,100
	Building	Market approach	-	17,390	3	Market value per perch	420,600
Mattakuliya	Land		1.3 Acres	-	-		491,901
	Building	Market approach	-	19,786	2	Market value per perch	38,643
Ja-Ela - Ganemulla	Land		5.03 Acres	-	-		594,545
	Building	Market approach	-	41,833	2	Market value per perch	162,361
Katana	Land		11.3 Acres	-	-		410,704
	Building	Market approach	-	99,492	4	Market value per perch	333,845
Kelaniya	Land		1.5 Acres	-	-		386,100
	Building	Income approach	-	55,770	2	Rental per square foot	207,900
Katoolaya Estate, Thawalatenne	Land		4 Acres	-	-		17,700
	Building	Market approach	-	19,961	1	Market value per perch	52,500
Mirigama, Baduragoda	Land		100.2 Perches	-	-		30,060
Mirigama, Baduragoda	Land		38.51 Perches	-	-		11,553
	Building	Market approach	-	2,041	1	Market value per perch	6,484
Mulleriyawa	Land		1.7 Acres	-	-		215,709
	Building	Market approach	-	35,528	3	Market value per perch	293,073
Bogahawatta	Land		1 Acres	-	-		56,000
	Building	Market approach	-	51,321	7	Market value per perch	770,349
Hatton	Land		17.5 Acres	-	-		63,500
	Building	Market approach	-	8,882	4	Market value per perch	20,500
Marawila	Land		27.8 Acres	-	-		125,757
	Building	Market approach	-	6,329	10	Market value per perch	22,509
Bandarawela	Land		85.2 Perches	-	-		163,823
	Building	Market approach	-	69,197	1	Market value per perch	579,208
Katubedda	Land		1.15 Acres	-	-		215,066
	Building	Income approach	-	74,387	2	Rental per square foot	553,335
Total							22,902,678

Refer Note 38.21 for details on valuation techniques used.

12.2 If land and buildings were measured using the cost model, the amounts would have been as follows:

	Land		Building	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Group				
Cost	5,960,336	6,484,971	8,312,942	6,596,186
Accumulated depreciation	–	–	(1,298,315)	(995,902)
Net book value	5,960,336	6,484,971	7,014,627	5,600,284
Company				
Cost	1,813	1,813	117,855	117,855
Accumulated depreciation	–	–	(36,245)	(30,561)
Net book value	1,813	1,813	81,610	87,294

12.3 Movement in Revaluation Reserve

	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Opening balance	6,649,336	7,013,019	318,430	420,431
Revaluation surplus	3,078,314	–	39,297	–
Deferred tax impact on revaluation	(924,564)	(363,683)	(11,789)	(102,001)
Disposal of revalued asset	(3,872)	–	–	–
Closing balance	8,799,214	6,649,336	345,938	318,430

Depreciation amounting to Rs. 3,649.63 Mn. (2023 – Rs. 3,234.59 Mn.) and Rs. 872.98 Mn. (2023 – Rs. 681.13 Mn.) has been charged respectively to the cost of sales and, administration and distribution expenses of the Group. The total depreciation amounting to Rs. 64.23 Mn. (2023 – Rs. 68.08 Mn.) is included in the administration expenses of the Company.

Capital work-in-progress consists of expenditure incurred on projects which are yet to be completed as at the reporting date.

Fully depreciated assets of the Group as at the year end is Rs. 11,826.75 Mn. (2023 – Rs. 9,812.71 Mn.) and that of the Company is Rs. 424.39 Mn. (2023 – Rs. 376.35 Mn.).

13. Leases

The Group's and Company's leases consist of leasehold land and building. The leases are depreciated over 2 years – 50 years.

Information about leases for which the Group is lessee is presented below:

13.1 Right-of-use Assets

	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Balance as at 1 April	20,641,258	16,825,758	1,016,611	1,089,171
Additions	1,476,415	6,307,584	10,352	–
Transfer from prepaid rent	265,656	–	–	–
Direct cost	793	–	–	–
Depreciation	(2,012,208)	(1,900,153)	(81,789)	(72,560)
Lease modification	(871)	–	–	–
Classification of SLFRS 16	–	(591,931)	–	–
Balance as at 31 March	20,371,043	20,641,258	945,174	1,016,611

13.2 Lease Liability

	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Balance as at 1 April	24,259,076	19,641,457	997,441	1,025,528
Additions	1,476,415	6,307,584	10,352	–
Interest expense	2,169,443	1,994,425	56,107	52,488
Lease modification	(2,222)	–	–	–
Payments	(3,376,713)	(3,097,721)	(93,670)	(80,575)
Lease advance	–	29,126	–	–
Classification of SLFRS 16	–	(615,795)	–	–
Balance as at 31 March	24,525,999	24,259,076	970,230	997,441

Lease Liabilities included in the Statement of Financial Position as at 31 March

Current	1,352,718	1,337,820	49,075	34,744
Non-current	23,173,281	22,921,256	921,155	962,697
	24,525,999	24,259,076	970,230	997,441

Maturity Analysis - Contractual Undiscounted Cash Flows

Less than one year	4,743,294	3,266,820	99,590	93,147
One to five years	12,824,397	12,466,745	418,870	506,558
More than five years	28,227,533	27,868,687	908,937	908,937
Total undiscounted liabilities as at 31 March	45,795,224	43,602,252	1,427,397	1,508,642

13.3 Amounts Recognised in Profit or Loss

	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Depreciation of right-of-use assets	2,012,208	1,900,153	81,789	72,560
Interest expense on lease liabilities	2,169,443	1,994,425	56,107	52,488
Lease modification	(1,351)	–	–	–
	4,180,300	3,894,578	137,896	125,048

13.4 Amounts Recognised in Statement of Cash Flows

	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Total cash outflow for leases, net of concessions	(3,376,713)	(3,097,721)	(93,670)	(80,575)
	(3,376,713)	(3,097,721)	(93,670)	(80,575)

Impairment

The Group does not foresee any indications of impairment of right of use assets due to economic uncertainties, since the Group is operating under the business continuity plan as per the Group risk management strategy, to the extent possible, whilst strictly adhering to and supporting government directives. The Group does not anticipate discontinuation of any right of use assets as at the year end.

14. Investment property**Accounting Policy**

Investment property is a property held either to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially recognised at cost. Subsequent to initial recognition the investment properties are stated at fair values, which reflect market conditions at the reporting date. Gains or losses arising from changes in fair value are included in Profit or Loss in the year in which they arise.

Where Group companies occupy a significant portion of the investment property of a subsidiary, such portion of investment properties are treated as property, plant and equipment at group level, and accounted for as per LKAS 16 – Property, Plant and Equipment.

Derecognition

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its use. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the year of derecognition.

Subsequent Transfers to/from Investment Property

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sell.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company as an owner occupied property becomes an investment property, the Company, accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Any difference at the date of the change in use between the carrying amount of the property and its fair value is recognised as a revaluation of property, plant and equipment and is not transferred to profit or loss at the date of transfer and at subsequent disposal, any existing revaluation surplus that was recognised under revaluation model to the property will be transferred to retained earnings.

When the Company completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the profit or loss.

Determining Fair Value

External and independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, value the investment property portfolio annually.

Investment Property Leased within the Group

Any property leased out to the parent or a subsidiary is considered as owner-occupied from the perspective of the Group and adjustments are made for consolidation purposes.

	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
As at 1 April	7,342,566	7,039,884	3,293,903	3,170,928
Additions	871,399	1,903	1,432	17,394
Reclassification from PPE	1,685,012	–	–	–
Changes in fair value during the year	931,003	300,779	128,995	105,581
As at 31 March	10,829,980	7,342,566	3,424,330	3,293,903

In accordance with LKAS 40, fair value of the above Investment Properties were ascertained as at 31 March 2024 by Mr T Weeratne (FIV), a member of the Institute of Valuers of Sri Lanka, with appropriate qualifications and recent experience in the valuation of properties in the relevant locations. Mr Tissa Weeratne is not related to the Group.

Rental income earned from the investment properties by the Group and Company amounted to Rs 261.64 Mn. (2023 - Rs. 57.75 Mn.) and Rs. 100.14 Mn. (2023 - Rs. 163.94 Mn.) respectively. Direct operating expenses incurred on investment property by the Group and Company amounted to

Rs. 130.93 Mn. (2023 - Rs. 31.42 Mn.) and Rs. 76.97 Mn. (2023 - Rs. 51.83 Mn.). The fair value measurement for all the investment properties have been categorised as level 3 fair value based on the inputs to the valuation techniques used. Details of the Group's investment properties and information relating to their fair values as at 31 March 2024 are as follows:

Location	Type of Asset	Method of Valuation	Land Extent	Building Area (Sq.ft.)	No. of Buildings	Current/ Proposed Use	GROUP		COMPANY	
							2024 fair value Rs. '000	2023 fair value Rs. '000	2024 fair value Rs. '000	2023 fair value Rs. '000
Canal Row - Colombo 01	Land	Income approach	15.25 Perches	-	-	Rent	-	-	337,736	327,954
	Building		-	12,300	1		-	-	104,558	106,710
Braybrook Place	Land	Market approach	78.17 Perches	-	-	Undetermined use	781,700	766,066	781,700	766,066
	Building		-	5,146	1		1,700	1,600	1,700	1,600
Cargills Square - Jaffna	Building	Income approach	Leasehold	99,164	1	Rent	680,718	637,271	1,128,886	1,056,835
Staple Street - Colombo 02	Land	Market approach	81.5 Perches	-	-	Rent	-	-	994,300	961,700
	Building		-	20,970	2		-	-	63,113	60,600
Dematagoda	Land	Income approach	84.32 Perches	-	-	Rent	358,754	325,137	-	-
	Building		-	71,956	1		576,232	554,921	-	-
Nittambuwa	Land	Market approach	112 Perches	-	-	Undetermined use	169,450	166,750	-	-
Ja-Ela - Ganemulla	Land	Market approach	201 Perches	-	-	Undetermined use	6,030	-	-	-
Boralesgamuwa	Land	Market approach	2.5 Acres	-	-	Rent	427,000	388,010	-	-
	Building		-	23,168	4		67,558	73,945	-	-
Bandarawela	Land	Market approach	85.2 Perches	-	-	Rent	280,605	-	-	-
	Building		-	69,197	1		992,100	-	-	-
Katubedda	Land	Income approach	1.15 Acres	-	-	Rent	529,292	-	-	-
	Building		-	74,387	2		1,361,797	-	-	-
Gampaha	Land	Income approach	82.6 Perches	-	-	Rent	77,030	71,244	-	-
	Building		-	43,115	1		130,934	131,846	-	-
Kandy	Land	Market approach	170 Perches	-	-	To be developed	841,000	811,000	-	-
	Building		-	937	1		8	10	-	-
Negombo	Land	Market approach	91 Perches	-	-	To be developed	377,500	307,500	-	-
	Building		-	17,534	1		-	-	-	-
Kandy	Land	Market approach	11.3 Perches	-	-	To be developed	84,750	81,360	-	-
Kotahena	Land	Market approach	199.8 Perches	-	-	To be developed	1,598,400	1,568,430	-	-
Boralesgamuwa	Land	Market approach	43 Acres	-	-	Undetermined use	1,200,000	1,200,000	-	-
	Building		-	11,400	1		-	-	-	-
Piliyandala	Land	Market approach	114 Perches	-	-	Undetermined use	133,125	112,100	-	-
Commercial property - Piliyandala	Land	Income approach	154.9 Perches	-	-	Rent	119,521	109,003	-	-
	Building		-	21,278	2		34,776	36,373	-	-
							10,829,980	7,342,566	3,411,993	3,281,465
Wellawatta (Preliminary expense)						To be developed	-	-	12,337	12,438
							10,829,980	7,342,566	3,424,330	3,293,903

Refer Note 38.2.1 for details on valuation techniques used.

15. Intangible Assets

Accounting Policy

Intangible Assets

The Group's intangible assets include computer software, brand name, franchise fee and goodwill.

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 in accordance with the Sri Lanka Accounting Standard - LKAS 38 'Intangible Assets'.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are stated in the Statement of Financial Position at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent Expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Useful Economic Lives, Amortisation and Impairment

The useful economic 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 reporting date. 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 profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful economic lives at the rates as specified below;

Class of asset	% per annum	Period
Computer software	25	4 years
Franchise fee	10	10 years

The unamortised balances of intangible assets with finite lives are reviewed for impairment annually and whenever there is an indication for impairment and recognised in profit or loss to the extent that they are no longer probable of being recovered from the expected future benefits.

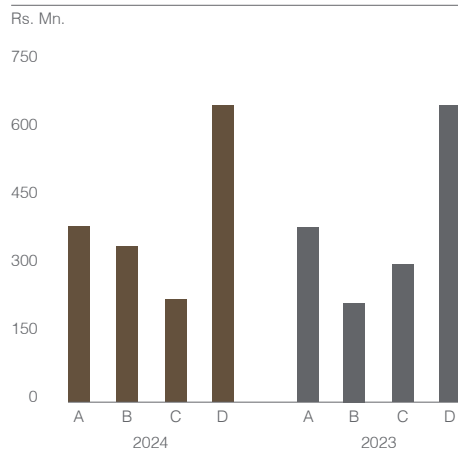
Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year the asset is derecognised.

Group	Goodwill		Franchise Fee		Software		Brand Name		Total	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Cost										
As at 1 April	529,767	529,767	464,723	302,732	898,561	791,692	661,865	661,865	2,554,916	2,286,056
Additions	–	–	162,638	161,991	22,081	106,869	–	–	184,719	268,860
As at 31 March	529,767	529,767	627,361	464,723	920,642	898,561	661,865	661,865	2,739,635	2,554,916
Amortisation/impairment										
As at 1 April	138,978	138,978	242,672	213,865	590,553	493,798	–	–	972,203	846,641
Amortisation	–	–	37,936	28,807	99,306	96,755	–	–	137,242	125,562
As at 31 March	138,978	138,978	280,608	242,672	689,859	590,553	–	–	1,109,445	972,203
Carrying value as at 31 March	390,789	390,789	346,753	222,051	230,783	308,008	661,865	661,865	1,630,190	1,582,713

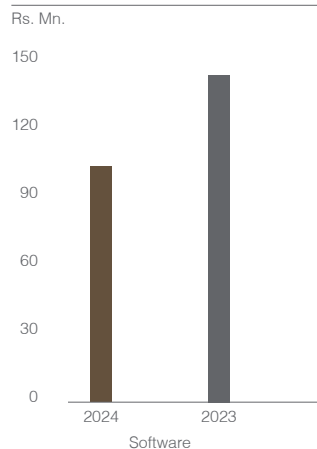
Company	Software		Total	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Cost				
As at 1 April	317,717	214,931	317,717	214,931
Additions	2,419	102,786	2,419	102,786
As at 31 March	320,136	317,717	320,136	317,717
Amortisation/impairment				
As at 1 April	171,810	152,760	171,810	152,760
Amortisation for the year	43,064	19,050	43,064	19,050
As at 31 March	214,874	171,810	214,874	171,810
Carrying value as at 31 March	105,262	145,907	105,262	145,907

Group - Intangible assets



A – Goodwill C – Software
B – Franchisee fee D – Brand name

Company - Intangible assets



Impairment Testing for CGUs Containing Goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGU (operating divisions) as follows:

	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Cargills Convenient Foods Limited	246,203	246,203	–	–
Cargills Agri Solutions Company (Private) Limited	133,196	133,196	–	–
CPC Lanka Limited	8,839	8,839	–	–
Cargills Restaurants (Private) Limited	2,532	2,532	–	–
Cargills Distributors (Private) Limited	19	19	–	–
	390,789	390,789	–	–

CGU's below are disclosed for the material goodwill balances only.

CGU 1 - Cargills Convenient Foods Limited

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

The key assumptions used in the estimation of value in use were as follows:

	2024	2023
Description		
Discount rate	15.09%	21.93%
Terminal value growth rate	3%	3%
Budgeted EBITDA growth rate (average of next five years)	10%	10%

The discount rate was based on the weighted average cost of capital (WACC) for the companies, determined by considering the cost of equity and cost of debt proportionately weighted.

Five years of cash flows were included in the discounted cash flow model. A long-term nominal growth rate into perpetuity has been determined as 3% based on management's internal assessment.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years.

A reasonably possible change in any of the key assumptions on which the management has based its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

CGU 2 - Cargills Agri Solutions Company (Private) Limited

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

The key assumptions used in the estimation of value in use were as follows:

	2024	2023
Description		
Discount rate	17.75%	13.59%
Terminal value growth rate	3%	3%
Budgeted EBITDA growth rate (average of next five years)	8%	8%

The discount rate was based on the weighted average cost of capital (WACC) for the companies, determined by considering the cost of equity and cost of debt proportionately weighted.

Five years of cash flows were included in the discounted cash flow model. A long-term nominal growth rate into perpetuity has been determined as 3% based on management's internal assessment.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years.

A reasonably possible change in any of the key assumptions on which the management has based its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

Goodwill as at the reporting date has been tested for impairment and no impairment in carrying value has been recognised during the year.

Brand Name

The Rs. 661.87 Mn. represents the brand value recognised on the acquisition of Kotmale Holdings PLC.

Brand name has been tested for impairment and no impairment has been recognised as at reporting date. Management is of the view that the brand name has an indefinite useful life and accordingly no amortisation is charged. However, in accordance with LKAS 38 - "Intangible Assets", any intangible asset which has an indefinite useful life is subject to annual impairment test which is to be carried out in accordance with LKAS 36 - "Impairment of Assets" and the useful life of the intangible asset that is not being amortised is reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for this asset.

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

The key assumptions used in the estimation of value in use were as follows:

	2024	2023
Description		
Discount rate	24.89%	31.55%
Terminal value growth rate	3%	3%
Budgeted EBITDA growth rate (average of next five years)	10%	10%

The discount rate was based on the weighted average cost of capital (WACC) for the companies, determined by considering the cost of equity and cost of debt proportionately weighted.

Five years of cash flows were included in the discounted cash flow model. A long-term nominal growth rate into perpetuity has been determined as 3% based on management's internal assessment.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth of the Kotmale Brands. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years.

A reasonably possible change in any of the key assumptions on which the management has based its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

Amortisation of intangible assets amounting to Rs. 76.55 Mn. (2023 - Rs. 70.67 Mn.) have been included in cost of sales and Rs. 60.7 Mn. (2023 - Rs. 54.9 Mn.) in distribution and administrative expenses of the Group. Amortisation of intangible assets amounting to Rs. 43.06 Mn. (2023 - Rs. 19.05 Mn.) have been included in administrative expenses of the Company.

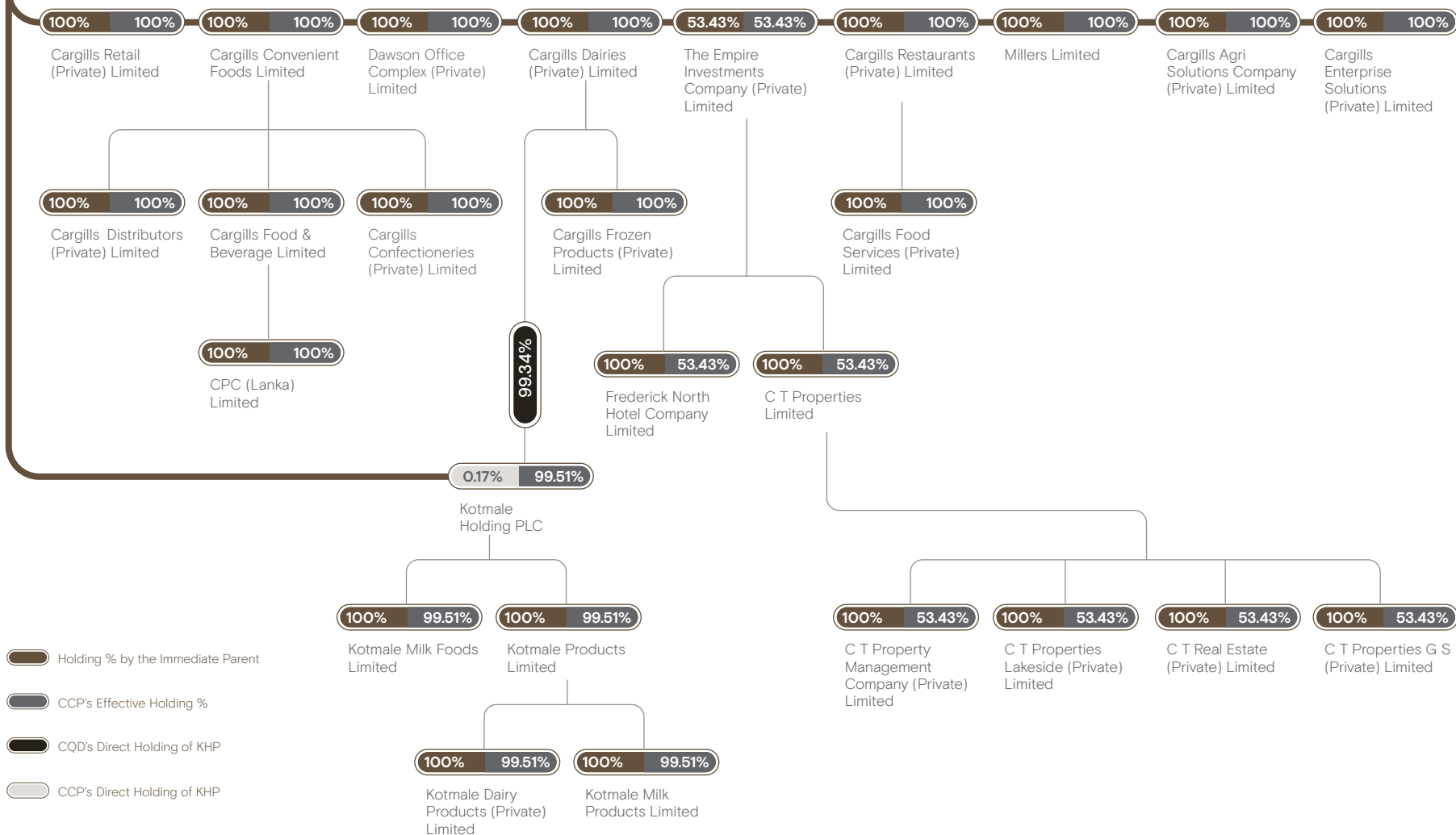
16. Investments

16.1 Investments in Subsidiaries

	No of shares	Holding %	GROUP		COMPANY	
			Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Cargills Retail (Private) Limited	48,255,426	100	–	–	1,167,947	1,167,947
Cargills Convenient Foods Limited	4,860,293	100	–	–	1,193,453	1,193,453
Dawson Office Complex (Private) Limited	1,000	100	–	–	100	100
The Empire Investments Company (Private) Limited	269,322,944	53.43	–	–	2,980,813	2,980,813
Cargills Restaurants (Private) Limited	5,700,002	100	–	–	61,500	61,500
Kotmale Holdings PLC	54,315	0.17	–	–	3,437	3,437
Frederick North Hotel Company Limited	–	–	–	–	–	–
Cargills Dairies (Private) Limited	7,500,000	100	–	–	75,000	75,000
Millers Limited	30,000,000	100	–	–	300,000	300,000
Cargills Agri Solutions Company (Private) Limited	1,460,002	100	–	–	193,019	178,019
Cargills Enterprise Solutions (Private) Limited (Stated Capital Rs. 10)	1	100	–	–	–	–
			–	–	5,975,269	5,960,269



GROUP STRUCTURE



- Holding % by the Immediate Parent
- CCP's Effective Holding %
- CQD's Direct Holding of KHP
- CCP's Direct Holding of KHP

16.2 Investment in Equity Accounted Investees

Equity Investments	No of shares	Holding %	GROUP		COMPANY	
			Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Cargills Bank PLC	350,696,905	37.09	4,933,363	4,364,261	4,717,843	4,717,843
Ceylon Theatres (Private) Limited	27,280,233	31.09	47,453	–	54,560	–
			4,980,816	4,364,261	4,772,403	4,717,843

16.3 Other Financial Assets

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Non-Current				
Equity investments at FVOCI (Note 16.3.1)	82,702	69,942	82,224	69,461
Fair value through profit or loss (Note 16.3.2)	1,500,000	1,500,000	1,500,000	1,500,000
	1,582,702	1,569,942	1,582,224	1,569,461
Current				
Other non-equity investments (Note 16.3.3)	131,107	119,667	–	–
	131,107	119,667	–	–

16.3.1 Equity Investments at FVOCI – “Non-current”

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Quoted Equity Investments				
Lanka IOC PLC	34,300	6,160	34,300	6,160
Sierra Cables PLC	600	341	119	67
Aitken Spence PLC	35,043	19,715	35,043	19,715
Amana Bank PLC	25,001	–	25,001	–
	94,944	26,216	94,463	25,942
Increase/(decrease) in fair value of investments	(12,242)	43,726	(12,239)	43,519
	82,702	69,942	82,224	69,461

The Group designated the above as equity investments at FVOCI because the Group intends to hold these investments for the long-term.

The market value of quoted equity investments of Group as at 31 March 2024, as quoted by the Colombo Stock Exchange amounted to Rs. 82.70 Mn. (2023 - Rs. 69.94 Mn.)

No strategic investment disposals were made during the year and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Dividend income recognised on quoted equity investments is as follows:

	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Lanka IOC PLC	680	450	680	450
Aitken Spence PLC	1,070	1,070	1,070	1,070
	1,750	1,520	1,750	1,520

16.3.2 Debt Investments Measured at Fair Value Through Profit or Loss (FVTPL) – “Non-current”

	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Debt investments measured at Fair Value Through Profit or Loss (FVTPL)	1,500,000	1,500,000	1,500,000	1,500,000
	1,500,000	1,500,000	1,500,000	1,500,000

The Company Invested in Fifteen Million (15,000,000) Basel III Additional Tier 1 Compliant Rated Unlisted Unsecured Subordinated Perpetual Convertible Debentures issued by Cargills Bank PLC, with a conversion at the option of the debenture holder and Non-Viability Conversion upon the occurrence of a trigger event at the par value of Sri Lankan Rupees One Hundred (LKR 100/-). The interest rate is based on the Weighted Average Twelve-Month Net Treasury Bill Rate + 2% p.a. The debenture holder has the right to convert the debenture to ordinary shares of the Bank during the conversion period.

The Interest is cumulative and will be paid only if the Bank has distributable profits. The Bank has discretion at all times to cancel the interest payments. However the agreement does not stipulate interest, on interest deferred/cancelled and therefore as the Investment does not meet the SPPI criteria, it has been classified as FVTPL.

16.3.3 Other Non-Equity Investments - Current

	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Call deposits/fixed deposit	131,107	119,667	–	–
	131,107	119,667	–	–

16.4 Investment in Equity Accounted Investees

	GROUP	
	Rs. '000 2024	Rs. '000 2023
As at 1 April	4,364,261	4,207,228
Acquisition (Note 16.4.1)	54,560	–
Share of profit/(loss)	167,421	193,692
Loss on deemed disposal (Note 16.4.2)	(114,893)	–
Share of other comprehensive income	509,469	(36,660)
As at 31 March	4,980,818	4,364,261

16.4.1 Pursuant to a decision of the Board of Directors of Cargills (Ceylon) PLC, amounts due from Ceylon Theatres (Private) Limited to Cargills (Ceylon) PLC have been capitalised by issuing shares at Rs 2.00 per share. Accordingly, Cargills (Ceylon) PLC acquired 27,280,233 shares of Ceylon Theatres (Private) Limited, which represent 31.09% ownership of the Company.

16.4.2 Investment in equity accounted investees includes a sum of Rs. 114,892,923 being a loss on the deemed disposal of shareholding in the Associate Cargills Bank PLC (CBP) arising out of the reduction in effective shareholding in CBP due to the public share issue of CBP carried out during the financial year. The Group did not apply for additional shares in the said public share issue due to restrictions placed on shareholdings in CBP by the Company through existing regulations of the Central Bank of Sri Lanka.

16.5 Summarised Financial Information of Associates

	GROUP			
	Ceylon Theatres (Private) Limited		Cargills Bank PLC	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Revenue/operating income	251,842	-	4,026,302	2,817,202
Operating expenses	(274,894)	-	(2,891,597)	(2,369,427)
Finance expenses	(452)	-	-	-
Income tax expense	-	-	(694,685)	39,989
Profit/(loss) for the year	(23,504)	-	440,020	487,764
Other comprehensive income/(expense)	-	-	1,282,458	(92,320)
Total comprehensive income/(expense)	(23,504)	-	1,722,478	395,444
Group's share of profit/(loss)	(7,308)	-	174,729	193,692
Group's share of other comprehensive/(expense)	201	-	509,268	(36,660)
Group's share of total comprehensive income/(expense)	(7,107)	-	683,997	157,032

As at 31 March	GROUP			
	Ceylon Theatres (Private) Limited		Cargills Bank PLC	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Total assets	635,445	-	69,736,295	53,752,809
Total liabilities	(638,987)	-	(57,793,512)	(44,032,504)
Net assets/(liabilities)	(3,542)	-	11,942,783	9,720,305
Ownership interest	31.09%	-	37.09%	39.71%
Group's share of net assets/(liabilities)	(1,101)	-	4,429,047	3,859,945
Goodwill	48,554	-	504,316	504,316
	47,453	-	4,933,363	4,364,261

17. Prepayment on Leasehold Land and Building

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Cost				
As at 1 April	200,912	200,912	-	-
Prepayments	-	-	-	-
Transfer to ROU assets	(200,912)	-	-	-
As at 31 March	-	200,912	-	-
Amortisation				
As at 1 April	-	-	-	-
Amortisation	-	-	-	-
As at 31 March	-	-	-	-
Carrying value as at 31 March	-	200,912	-	-
Non-current portion of the prepayment	-	200,912	-	-

Property	Lease period	Amount Rs. '000
----------	--------------	--------------------

Cargills Retail (Private) Limited

Kolonnawa land	99 years	200,912
----------------	----------	---------

During the year ended 31 March 2024, prepayments relating to amounts paid in advance for lease contracts were transferred to the Right of use assets.

18. Biological Assets

Accounting Policy

Biological assets shall be qualified for recognition if the Group controls the assets as a result of past events and it is probable that future economic benefits associated with the assets will flow to the Group and fair value or cost of the asset can be measured reliably.

Consumable biological assets are those that are to be harvested as agricultural produce or sold as biological assets.

Bearer biological assets are those other than Consumable biological assets. Bearer biological assets are not agricultural produce but, rather, are self-regenerating. The Group has identified grandparent and parent livestock as bearer biological assets.

Biological assets are measured at fair value less cost to sell and within any changes therein recognized in profit or loss for the period in which it arise. No indicators for impairment were identified as at 31 March 2024.

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Balance as at 1 April	57,554	-	-	-
Additions during the year	71,284	64,168	-	-
Sale of livestock during the year	-	(6,614)	-	-
Change in fair value of biological assets	86,917	-	-	-
Balance as at 31 March	215,755	57,554	-	-
Non-current	65,737	23,873	-	-
Current	150,018	33,681	-	-
	215,755	57,554	-	-

The Group's biological assets are exposed to the risk of damage from diseases, and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspection, implementing disease control policies and procedures.

19. Deferred Tax Asset/Liability

	GROUP				COMPANY			
	Assets		Liabilities		Assets		Liabilities	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
As at 1 April	27,829	14,070	1,337,651	729,805	-	-	484,151	287,150
Charge/(reversal) - recognised in profit or loss	(27,257)	15,695	(60,781)	239,613	-	-	30,295	99,557
Charge/(reversal) - recognised in OCI	(572)	(1,936)	988,569	368,233	-	-	38,309	97,444
As at 31 March	-	27,829	2,265,440	1,337,651	-	-	552,755	484,151

Deferred tax asset/liability as at the year end is arising from temporary differences of:

- Property, plant and equipment	(45)	12	2,228,254	1,970,019	-	-	337,544	260,297
- Revaluation surplus of freehold building	-	-	1,113,003	687,715	-	-	198,403	232,287
- Revaluation surplus of freehold land	-	-	1,131,971	502,472	-	-	239,382	216,484
- Provisions	2,849	8,813	(116,047)	(91,341)	-	-	-	-
- Employee benefit liability	1,376	1,304	(583,303)	(548,489)	-	-	(230,091)	(218,011)
- Capital grants	-	-	-	(1,348)	-	-	-	-
- Carried forward tax losses	(4,398)	17,217	(137,857)	(22,266)	-	-	-	-
- ROU assets and lease liabilities	218	483	(1,370,581)	(1,159,111)	-	-	7,517	(6,906)
	-	27,829	2,265,440	1,337,651	-	-	552,755	484,151

20. Inventories

Accounting Policy

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the normal course of business less estimated cost of realisation and/or cost of conversion from their existing state to saleable condition.

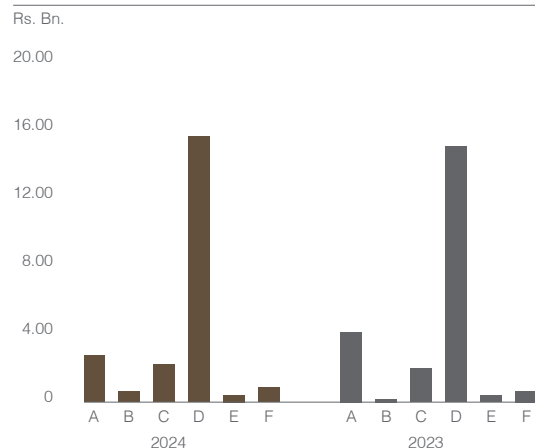
The cost of each category of inventory of the Group is determined on the following basis:

Raw and packing materials	- Actual cost on a First In First Out - (FIFO) basis
Finished goods and work-in-progress	- Directly attributable manufacturing cost
Merchandising goods	- Actual cost on a First In First Out - (FIFO) basis
Other inventories	- Actual cost

The Group makes provisions for inventory during its monthly and year end counts by identifying perishable, damaged and slow moving inventory with short shelf lives or expiration dates or by identifying specific seasonal inventories that require provisions.

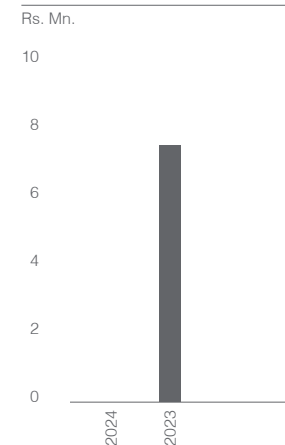
As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Raw and packing materials	2,765,581	4,141,347	-	-
Work-in-progress	609,067	182,327	-	-
Finished goods	2,225,332	2,024,031	-	-
Merchandising stock-for-sale	15,830,476	15,272,507	-	7,646
Food and beverages - restaurant operations	406,427	381,641	-	-
Consumables	834,811	665,565	-	-
	22,671,694	22,667,418	-	7,646
Provision for obsolete inventories	(102,819)	(171,086)	-	-
	22,568,875	22,496,332	-	7,646
Goods in transit	684,515	376,494	-	-
	23,253,390	22,872,826	-	7,646

Group Inventories



- A - Raw and packing materials
 B - Work-in-progress
 C - Finished goods
 D - Merchandising stock-for-sale
 E - Food and beverages - restaurant operations
 F - Consumables

Company Inventories



245

Cargills
(Ceylon)
PLC

Annual
Report
2023/24

The details of inventories mortgaged for banking facilities obtained have been given in the Note 26.1 to the Financial Statements, if any.

21. Trade and Other Receivables

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Trade receivables	7,235,953	5,358,130	-	-
Provision for impairment of trade receivables	(263,906)	(235,781)	-	-
	6,972,047	5,122,349	-	-
Other prepayments and deposits	2,991,891	2,424,910	329,757	477,133
Other receivables	1,260,236	1,227,083	87,395	136,677
Loans and advances (Note 21.1)	194,529	288,502	3,945	12,544
Tax recoverable (Note 21.2)	1,200,224	788,244	176,576	57,368
	12,618,927	9,851,088	597,673	683,722

The details of trade receivable mortgaged for banking facilities obtained have been given in the Note 26.1 to the Financial Statements, if any.

21.1 Loans and advances represents loans to employees and the movement during the year is as follows:

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
As at 1 April	288,502	139,600	12,544	5,345
Loans granted	327,126	188,754	1,464	28,809
	615,628	328,354	14,008	34,154
Repayments	(421,099)	(39,852)	(10,063)	(21,610)
As at 31 March	194,529	288,502	3,945	12,544

21.2 Tax Recoverable

This includes Social Security Contribution Levy, VAT recoverable, WHT recoverable and income tax overpayments.

22. Amounts due from/to Related Companies

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Amounts due from Subsidiaries				
Cargills Retail (Private) Limited	-	-	173,611	28,673
Cargills Convenient Foods Limited	-	-	14,633	4,229
Cargills Restaurants (Private) Limited	-	-	60,042	-
Cargills Food Services (Private) Limited	-	-	639	287
Cargills Food & Beverage Limited	-	-	12,514	2,776
Cargills Dairies (Private) Limited	-	-	47,497	3,685
CPC (Lanka) Limited	-	-	2,192	985
Cargills Confectioneries (Private) Limited	-	-	4,705	1,166
Kotmale Dairy Products (Private) Limited	-	-	30,549	1,244
Kotmale Holdings PLC	-	-	-	-
Millers Limited	-	-	784	-
Cargills Agri Solutions Company (Private) Limited	-	-	192	2,510
The Empire Investments Company (Private) Limited	-	-	873,137	2,551,464
Frederick North Hotel Company Limited	-	-	-	224
Cargills Enterprise Solutions (Private) Ltd.	-	-	46,143	14,964
C T Properties Limited	-	-	1,140,000	1,068,920
	-	-	2,406,638	3,681,127
Amounts due from Holding Company				
C T Holdings PLC	20,821	6,743	20,065	6,743
	20,821	6,743	20,065	6,743
Amounts due from Associate Companies				
Cargills Bank PLC	27,760	47,556	9,157	14,876
Ceylon Theatres (Private) Limited	183,783	-	14,255	-
	211,543	47,556	23,412	14,876

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Amounts due from Other Related Companies				
Ceylon Hotels Corporation PLC	1,076	347	-	-
Ceylon Theatres (Private) Limited	-	95,230	-	68,304
C T Land Development PLC	45	140	-	-
Galle Face Hotel 1994 Ltd.	1,678	1,061	-	-
Galle Face Hotel Company Limited	1,718	563	-	-
Kandy Hotels Company (1938) PLC	1,320	469	-	-
The Cargo Boat Despatch Co. Ltd.	-	307	-	-
United Hotels Company (Private) Ltd.	354	2,089	-	-
Cargills Foundation	249,362	235,245	245,830	235,245
Albert A. Page Institute	1,884	1,689	1,884	1,689
Suisse Hotel Kandy (Pvt) Ltd.	156	229	-	-
VPL Holdings (Private) Limited	246	-	-	-
Double Yummm (Private) Limited	713	-	-	-
	258,552	337,369	247,714	305,238
Total amount due from related companies	490,916	391,668	2,697,829	4,007,984
Amounts due to Subsidiaries				
Cargills Restaurants (Private) Limited	-	-	-	1,211
Millers Limited	-	-	-	75
Dawson Office Complex (Private) Limited	-	-	1,139	-
	-	-	1,139	1,286
Amounts due to Holding Company				
C T Holdings PLC	9,130	6,150	-	-
	9,130	6,150	-	-
Amounts due to Other Related Companies				
Lanka Shipping & Logistics (Private) Limited	866	-	-	-
Ceylon Theatres (Private) Limited	-	257	-	-
	866	257	-	-
Total amount due to related companies	9,996	6,407	1,139	1,286

23. Stated Capital

Accounting Policy

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

	Number of shares	Rs. '000 2024	Number of shares	Rs. '000 2023
Balance as at 1 April	257,677,731	6,841,068	257,677,731	6,841,068
Balance as at 31 March	257,677,731	6,841,068	257,677,731	6,841,068

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are eligible for one vote per share at General Meetings of the Company.

24. Reserves

Accounting Policy

Equity Reserves

The reserves recorded in equity on the Group's Statement of Financial Position include:

"Revaluation reserve" consists of net surplus resulting from the revaluation of property, plant and equipment.

"FVOCI" reserve which comprises changes in fair value of equity investments at FVOCI.

"Capital reserve" comprises share of capital reserve resulting from consolidation.

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Capital Reserves				
Revaluation reserve (Note 12.3)	8,799,214	6,649,336	345,938	318,430
Capital reserve	7,928	7,928	–	–
	8,807,142	6,657,264	345,938	318,430
Revenue Reserve				
FVOCI reserve	39,449	51,691	37,644	49,883
	39,449	51,691	37,644	49,883
	8,846,591	6,708,955	383,582	368,313

25. Cash and Cash Equivalents

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Cash in hand and at bank	6,258,706	2,222,362	56,911	5,294
Fixed deposits - Maturity period is less than or equal to 3 months	1,297,940	2,619,054	3,186	2,639
Cash and cash equivalents in the Statement of Financial Position	7,556,646	4,841,416	60,097	7,933
Bank overdraft	(3,178,791)	(2,509,946)	(43,987)	(159,714)
Cash and cash equivalents in the Statement of Cash Flows	4,377,855	2,331,470	16,110	(151,781)

26. Interest Bearing Loans and Borrowings

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Current				
Current portion of long-term loan	2,216,191	3,215,103	1,605,475	1,607,955
Short-term loans	23,066,495	18,617,798	5,815,000	5,165,000
Bank overdraft	3,178,791	2,509,946	43,987	159,714
	28,461,477	24,342,847	7,464,462	6,932,669
Non-current				
Long-term loans	1,618,351	4,114,873	1,012,406	2,789,844
	1,618,351	4,114,873	1,012,406	2,789,844
Total borrowings	30,079,828	28,457,720	8,476,868	9,722,513
Movement (excluding bank overdraft)				
At the beginning of the year	25,947,774	18,303,583	9,562,799	7,547,148
Loans obtained	140,214,287	62,688,000	51,715,000	23,638,000
Accrued interest	421,530	656,592	261,154	402,578
Repayments	(138,797,554)	(55,700,401)	(53,106,072)	(22,024,927)
At the end of the year	27,786,037	25,947,774	8,432,881	9,562,799

26.1 Details of all loans outstanding together with the related securities offered as at the reporting date are set out below:

Institution and Facility	Principal Amount Rs. '000	Amount Outstanding Rs. '000	Repayment Terms and Interest Rate	Security Offered
Cargills (Ceylon) PLC				
Bank Overdrafts				
Commercial Bank of Ceylon PLC	200,000	1,205	On demand, based on monthly AWPLR+0.75%	Clean basis
Deutsche Bank	45,000	42,782	On demand, based on the prevailing market rates	Clean basis
Nations Trust Bank PLC	10,000	–	On demand, based on weekly AWPLR+1.0%	Clean basis
Sampath Bank PLC	100,000	–	On demand, based on monthly AWPLR+1.0%	Clean basis
		43,987		
Short-term Loans				
Amana Bank PLC	1,125,000	625,000	1-12 months, based on the prevailing market rates	Clean basis
Bank of Ceylon	1,500,000	–	1-12 months, based on the prevailing market rates	Clean basis
Commercial Bank of Ceylon PLC	2,500,000	1,640,000	1-12 months, based on the prevailing market rates	Clean basis
Hatton National Bank PLC	1,250,000	–	1-4 months, based on the prevailing market rates (weekly review)	Clean basis
Nations Trust Bank PLC	7,990,000	2,550,000	1-3 months, based on the prevailing market rates	Clean basis
Sampath Bank PLC	1,800,000	–	1-6 months, based on the prevailing market rates	Clean basis
Seylan Bank PLC	2,000,000	1,000,000	1-4 months, based on the prevailing market rates	Clean basis
		5,815,000		
Long-term Loans				
Hatton National Bank PLC	2,600,000	2,617,881	Interest to be serviced monthly and capital to be repaid in 20 quarterly installments of 400.0 Mn. No grace period for capital repayment	Clean basis
		2,617,881		
		8,476,868		
Cargills Retail (Private) Limited				
Bank Overdrafts				
Bank of Ceylon	115,000	3,511	On demand, based on monthly AWPLR+0.5%	Clean basis
Cargills Bank PLC	–	945,575	On demand, based on the prevailing market rates	Fully secured against cash
Commercial Bank of Ceylon PLC	500,000	996,418	On demand, based on monthly AWPLR+0.75%	Clean basis
Deutsche Bank	500,000	370,221	On demand, based on the prevailing market rates	Clean basis
		2,315,725		
Short-term Loans				
Bank of Ceylon	500,000	500,000	1-12 months, based on the prevailing market rates	Clean basis
Commercial Bank of Ceylon PLC	5,000,000	4,440,000	1-12 months, based on the prevailing market rates	Clean basis
Hatton National Bank PLC	4,000,000	2,450,000	1-4 months, based on the prevailing market rates (weekly review)	Clean basis
Standard Chartered Bank	1,850,000	1,741,075	1-4 months, based on the prevailing market rates	Clean basis
Seylan Bank PLC	1,500,000	1,000,000	1-4 months, based on the prevailing market rates	Clean basis
		10,131,075		

Institution and Facility	Principal Amount Rs. '000	Amount Outstanding Rs. '000	Repayment Terms and Interest Rate	Security Offered
Long-term Loans				
Hatton National Bank PLC	450,000	451,844	Interest to be serviced monthly and capital to be repaid in 20 quarterly installments of 50.0 Mn. No grace period for capital repayment.	Clean basis
Standard Chartered Bank	312,500	312,500	Interest to be serviced quarterly and capital to be repaid in 12 quarterly installments	Clean basis
		764,344		
		13,211,144		
Cargills Food & Beverage Limited				
Bank Overdraft				
Cargills Bank PLC	-	6,527	On demand, based on the prevailing market rates	Fully secured against cash
Commercial Bank of Ceylon PLC	150,000	4,640	On demand, based on monthly AWPLR+0.75%	Clean basis
		11,167		
Short-term Loan				
Amana Bank PLC	375,000	325,000	1-12 months, based on the prevailing market rates	Clean basis
		325,000		
		336,167		
Cargills Restaurants (Private) Limited				
Bank Overdrafts				
Cargills Bank PLC	-	88,870	On demand, based on the prevailing market rates	Fully secured against cash
Commercial Bank of Ceylon PLC	300,000	-	On demand, based on monthly AWPLR+0.75%	Clean basis
Deutsche Bank	100,000	-	On demand, based on the prevailing market rates	Clean basis
		88,870		
Cargills Food Services (Private) Limited				
Bank Overdrafts				
Commercial Bank of Ceylon PLC	-	184	On demand, based on the prevailing market rates	Clean basis
Deutsche Bank	5,000	-	On demand, based on the prevailing market rates	Clean basis
		184		
Cargills Confectioneries (Private) Limited				
Bank Overdrafts				
Commercial Bank of Ceylon PLC	100,000	-	On demand, based on monthly AWPLR+0.75%	Clean basis
		-		
Short-term Loans				
Hatton National Bank PLC	200,000	-	1-4 months, based on Money Market Rates (weekly review)	Corporate guarantee for Rs. 200 Mn. from Cargills (Ceylon) PLC
		-		
		-		

Institution and Facility	Principal Amount Rs. '000	Amount Outstanding Rs. '000	Repayment Terms and Interest Rate	Security Offered
Cargills Dairies (Private) Limited				
Bank Overdrafts				
Commercial Bank of Ceylon PLC	250,000	12,134	On demand, based on monthly AWPLR+0.75%	Clean basis
Deutsche Bank	100,000	98,692	On demand, based on the prevailing market rates	Clean basis
		110,826		
Short-term Loans				
Commercial Bank of Ceylon PLC	2,500,000	591,000	1-12 months, based on the prevailing market rates	Clean basis
Hatton National Bank PLC	2,500,000	–	1-4 months, based on Money Market Rates (weekly review)	Clean basis
Seylan Bank PLC	1,500,000	500,000	1-4 months, based on the prevailing market rates	Clean basis
Standard Chartered Bank	1,150,000	880,000	1-12 months, based on the prevailing market rates	Clean basis
		1,971,000		
Long-term Loan				
Hatton National Bank PLC	450,000	452,317	Interest to be serviced monthly and capital to be repaid in 20 quarterly installments of 50.0 Mn. No grace period for capital repayment	Clean basis
		452,317		
		2,534,143		
Cargills Convenient Foods Limited				
Bank Overdrafts				
Cargills Bank PLC	–	20	On demand, based on the prevailing market rates	Fully secured against cash
Commercial Bank of Ceylon PLC	50,000	35,110	On demand, based on monthly AWPLR+0.75%	Clean basis
Deutsche Bank	350,000	345,244	On demand, based on the prevailing market rates	Clean basis
National Development Bank	–	1	On demand, based on the prevailing market rates	Clean basis
		380,375		
Short-term Loans				
Commercial Bank of Ceylon PLC	250,000	220,000	1-12 months, based on the prevailing market rates	Clean basis
Hatton National Bank PLC	1,000,000	–	1-4 months, based on money market rates (weekly review)	Clean basis
Standard Chartered Bank	750,000	520,000	1-12 months, based on the prevailing market rates	Clean basis
		740,000		
		1,120,375		
Millers Limited				
Bank Overdrafts				
Commercial Bank of Ceylon PLC	50,000	–	On demand, based on monthly AWPLR+0.75%	Clean basis
Cargills Bank PLC	–	28,470	On demand, based on the prevailing market rates	Fully secured against cash
Deutsche Bank	200,000	197,428	On demand, based on the prevailing market rates	Clean basis
		225,898		
Short-term Loans				
Commercial Bank of Ceylon PLC	250,000	205,000	1-12 months, based on the prevailing market rates	Clean basis
Hatton National Bank PLC	400,000	250,000	1-4 months, based on Money Market Rates (weekly review)	Corporate Guarantee for Rs. 335 Mn. from Cargills (Ceylon) PLC
		455,000		
		680,898		

Institution and Facility	Principal Amount Rs. '000	Amount Outstanding Rs. '000	Repayment Terms and Interest Rate	Security Offered
Cargills Agri Solutions Company (Private) Limited				
Short-term loan				
Commercial Bank of Ceylon PLC	175,000	160,000 160,000	3 months, based on the prevailing market rates	Clean basis
The Empire Investment Company (Private) Limited				
Short-term Loan				
Hatton National Bank PLC	3,000,000	2,999,420 2,999,420	1-6 months, based on prevailing market rates (weekly review)	Letter of Comfort from Cargills (Ceylon) PLC for Rs. 3,000 Mn.
Kotmale Dairy Products (Private) Limited				
Bank Overdraft				
Bank of Ceylon	10,000	-	On demand, based on the prevailing market rates	Corporate guarantee for Rs. 10 Mn. from Kotmale Holdings PLC. Mortgage over stocks and book debtors
Cargills Bank PLC	-	1,759	On demand, based on the prevailing market rates	Fully secured against cash
Commercial Bank of Ceylon PLC	25,000	- 1,759	On demand, based on monthly AWPLR+0.75%	Clean basis
Import Loan Facility/Series of Loan on Import				
Bank of Ceylon	40,000	-	Based on the prevailing market rates	Corporate guarantee for Rs. 40 Mn. from Kotmale Holdings PLC. Mortgage over stocks and book debtors
Short-term Loans				
Hatton National Bank PLC	1,000,000	-	1-4 months, based on Money Market Rates	Clean basis
Commercial Bank of Ceylon PLC	475,000	470,000 470,000 471,759	1-12 months, based on the prevailing market rates	Letter of Comfort obtained from Cargills Dairies (Private) Limited
Grand Total		30,079,828		

27. Capital Grant

Accounting Policy

Government Grants

Government grants, including non-monetary grants at fair value, are recognised when there is reasonable assurance that the conditions attached to them will be complied by the Group and the grants will be received. Grants related to assets, including non-monetary grants at fair value, are presented in the Statement of Financial Position as deferred income and recognised in the profit or loss on a systematic and rational basis over the useful life of the asset. Grants related to income are presented as a credit in the profit or loss, under the heading "other income" against the incurrence of related expenditure.

	GROUP	
	Rs. '000 2024	Rs. '000 2023
As at 1 April	4,493	15,975
Amortisation	(4,493)	(11,482)
As at 31 March	-	4,493

The grants received by Cargills Food & Beverage Limited in respect of projects in Dehiattakandiya and Kilinochchi from USAID were fully amortised during the year.

The grants received have been accounted as per LKAS 20 - "Accounting For Government Grants and Disclosure of Government Assistance".

28. Employee Benefit Liabilities

Accounting Policy

Defined Benefit Plan - Gratuity

The Group measures the present value of the retirement benefits for gratuity, with the advice of an independent professional actuary using the "Projected Unit Credit method" (PUC) as required by the Sri Lanka Accounting Standard - LKAS 19 on "Employee Benefits".

The item is stated under employee benefits in the Statement of Financial Position.

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

Recognition of Actuarial Gains And Losses

The Group recognises the total actuarial gains and losses that arise in calculating the Group's obligation in Other Comprehensive Income during the period in which it occurs.

Funding Arrangements

The gratuity liability is not externally funded.

28.1 Movement in Present Value of Defined Benefit Obligations

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
As at 1 April	1,833,667	1,549,184	726,702	594,973
Interest cost	308,123	232,377	130,806	89,246
Current service cost	180,134	144,438	53,071	48,748
Actuarial (gain)/loss	(218,788)	(21,303)	(88,399)	15,189
Benefits paid	(146,167)	(71,029)	(55,210)	(21,454)
As at 31 March	1,956,969	1,833,667	766,970	726,702

28.2 Amount Recognised in the Profit/Loss

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Continuing Operations				
Current service cost	180,134	144,438	53,071	48,748
Interest cost	308,123	232,377	130,806	89,246
	488,257	376,815	183,877	137,994

28.3 Amount Recognised in Other Comprehensive Income

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Actuarial (Gain)/Loss arising from:				
- Demographic assumptions	(4,114)	(15)	(1,111)	-
- Financial assumptions	(59,678)	21,545	(20,660)	7,735
- Experience adjustment	(154,996)	(42,833)	(66,628)	7,454
	(218,788)	(21,303)	(88,399)	15,189

28.4 Actuarial Assumptions

The principal assumptions, used in the actuarial valuation were as follows:

	% 2024	% 2023
Discount rate	11	18
Salary increment rate		
- Executive	10	17
- Staff	10	17
Staff turnover rate	18	20
Retirement age	60 years	60 years

The defined benefit obligation liability of the Company is based on an actuarial valuation carried out by Mr M Poopalanathan, AIA Messrs Actuarial and Management Consultants (Private) Limited, an Independent Actuary. The actuarial valuation involves making assumptions about discount rates and future salary increases. Due to the complexity of the valuation and the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The Company has considered the impact on the defined benefit obligations due to changes in economic factors as a result of the prevailing macroeconomic conditions, with support of the independent actuarial expert. A long term treasury bond rate of 11% p.a. (2023 - 18%) has been used to discount future liabilities taking into consideration remaining working life of eligible employees. Further, the salary increment rate of 10% is considered appropriate to be in line with the Group's targeted future salary increments when taking into account the current market conditions and inflation rate. Due to the discount rate and salary increment rate assumptions used, nature of non-impactal assumptions and experience of the assumptions of the Company, there is no significant impact to employment benefit liability as a result of prevailing macro-economic conditions.

In addition to the above, demographic assumptions such as mortality, withdrawal and disability, and retirement age were considered for the actuarial valuation. "A 67/70 mortality table" issued by the institute of Actuaries, London was used to estimate the employee benefit liability of the Group.

28.5 Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the defined benefit obligation measurement.

Reasonable possible change at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant would have affected the defined benefit obligation by the amount shown below:

As at 31 March	2024		2023	
	Increase Rs. '000	Decrease Rs. '000	Increase Rs. '000	Decrease Rs. '000
Group				
Discount rate (1% movement)	(73,431)	78,720	(58,974)	63,567
Salary increment rate (1% movement)	86,978	(82,355)	70,468	(66,404)
Company				
Discount rate (1% movement)	(23,268)	25,131	(19,302)	20,671
Salary increment rate (1% movement)	27,999	(26,358)	23,143	(21,953)

28.6 Maturity Profile of the Retirement Benefit Obligations

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Less than 1 year	540,439	547,318	325,656	325,739
Between 1 - 5 years	765,120	748,714	238,238	231,147
Between 6 - 10 years	456,895	389,104	150,890	128,941
Over 10 years	194,515	148,531	52,186	40,875
	1,956,969	1,833,667	766,970	726,702

As at 31 March 2024, the weighted average duration of the defined benefit obligation for the Company was 3.5 years (2023: 3.2 years).

29. Trade and Other Payables

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Trade payables	24,250,258	20,673,240	20,694	12,921
Other payables	5,324,188	4,870,834	483,139	493,507
Accrued expenses	2,834,553	2,392,209	58,339	58,159
	32,408,999	27,936,283	562,172	564,587

30. Dividend Payable

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
At 1 April	78,673	72,295	78,673	72,295
Dividends declared to shareholders (Note 11)	3,349,811	2,190,261	3,349,811	2,190,261
Dividends paid to shareholders	(3,316,345)	(2,167,856)	(3,316,345)	(2,167,856)
Write back of unclaimed dividends	(13,157)	(16,027)	(13,157)	(16,027)
At 31 March	98,982	78,673	98,982	78,673

31. Segmental Information

Accounting Policy

Segment Reporting

The Group's primary segments are food retailing, food and beverage manufacturing and distribution, restaurant and real estate. There are no distinguishable components to be identified as geographical segments for the Group.

A segment is a distinguishable component of the Group that is engaged in providing products and services. (Business segment, which is subject to risks and rewards that are different from those of other segments).

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

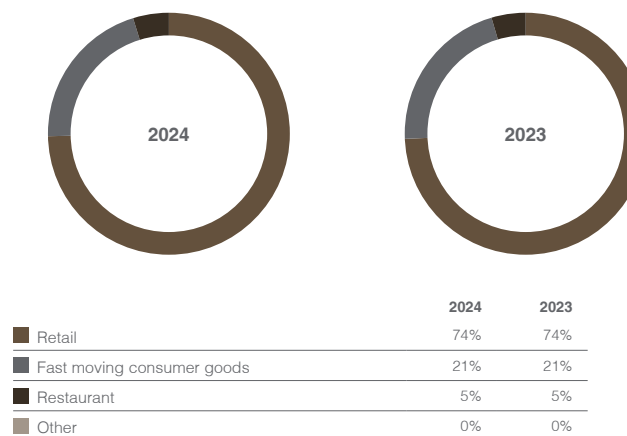
The accounting policies adopted for segment reporting are those accounting policies adopted for preparing the Financial Statements of the Group.

The following summary describes the operations of each reportable segment:

Reportable segment	Operations
Food retailing	Operating a chain of retail outlets under the brand names of "Food City" and "Cargills Express" and "Food Hall" and eCommerce platform "Cargills Online".
Food and beverage manufacturing and distribution	Manufacturing and distributing ice cream and other dairy products, fruit based products, processed and fresh meat products, biscuits, distribution of international FMCG products and production, importation and distribution of agricultural seeds.
Restaurant	Operating a chain of "KFC" and "TGIF" restaurants under franchise agreements.
Real estate	Owner/operator of the "Cargills Square" shopping and entertainment malls.

Inter-segment pricing is determined at prices mutually agreed by the companies.

Segmental Revenue



Profit Before Tax



	2024	2023
■ Retail	20%	38%
■ Fast moving consumer goods	58%	49%
■ Restaurant	20%	18%
■ Real estate	8%	2%
■ Other	-6%	-7%

Segmental Assets



	2024	2023
■ Retail	54%	55%
■ Fast moving consumer goods	20%	19%
■ Restaurant	4%	4%
■ Real estate	8%	7%
■ Other	14%	15%

254

Cargills
(Ceylon)
PLC
Annual
Report
2023/24

	Food Retailing		Food and Beverage Manufacturing and Distribution		Restaurant		Real Estate		Others		Group	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Revenue	167,065,641	145,586,716	64,672,942	57,749,543	10,691,365	8,931,458	–	–	28,528	36,062	242,458,476	212,303,779
Intra-segment revenue	–	–	(2,216,000)	(1,098,588)	–	–	–	–	–	–	(2,216,000)	(1,098,588)
Inter-segment revenue	(219,965)	(192,891)	(16,553,499)	(15,358,339)	–	–	–	–	(28,528)	(36,062)	(16,801,992)	(15,587,292)
	166,845,676	145,393,825	45,903,443	41,292,616	10,691,365	8,931,458	–	–	–	–	223,440,484	195,617,899
Segment operating profit	5,331,605	6,422,416	6,159,014	5,525,287	1,757,513	1,482,462	(42,437)	(19,112)	307,050	348,482	13,512,745	13,759,535
Net finance cost	(3,478,544)	(3,151,165)	(751,499)	(1,355,697)	46,240	26,764	(104,210)	3,397	(962,340)	(1,260,663)	(5,250,353)	(5,737,364)
Change in fair value of investment property	–	–	2,700	15,000	–	–	869,758	207,333	58,545	78,446	931,003	300,779
Share of equity accounted investees results	–	–	–	–	–	–	–	–	52,528	193,692	52,528	193,692
Profit before taxation	1,853,061	3,271,251	5,410,215	4,184,590	1,803,753	1,509,226	723,111	191,618	(544,217)	(640,043)	9,245,923	8,516,642
Income Tax Expense												
Current tax expense	(399,751)	(986,729)	(1,647,673)	(1,046,486)	(564,874)	(421,609)	–	(599)	(139,871)	(87,313)	(2,752,169)	(2,542,736)
Deferred tax expense	261,146	222,426	(2,952)	(215,595)	(9,674)	30,215	(205,836)	(187,200)	(9,160)	(73,642)	33,523	(223,796)
Other tax expense	(240,891)	–	(250,815)	(38,781)	(99,453)	–	–	–	–	(330,484)	(591,159)	(369,265)
Profit for the year	1,473,565	2,506,948	3,508,775	2,883,728	1,129,752	1,117,832	517,275	3,819	(693,248)	(1,131,482)	5,936,119	5,380,845
Attributable to:												
Equity shareholders of the parent	1,473,565	2,506,948	3,505,628	2,880,888	1,129,752	1,117,832	471,088	(8,180)	(693,248)	(1,131,482)	5,886,785	5,366,006
Non-controlling interest	–	–	3,147	2,840	–	–	46,187	11,999	–	–	49,334	14,839
	1,473,565	2,506,948	3,508,775	2,883,728	1,129,752	1,117,832	517,275	3,819	(693,248)	(1,131,482)	5,936,119	5,380,845

	Food Retailing		Food and Beverage Manufacturing and Distribution		Restaurant		Real Estate		Others		Group	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Segment Assets												
Non-current Assets												
Property plant and equipment	27,079,408	25,295,250	11,373,392	10,196,328	2,022,022	1,627,554	2,471,721	2,133,750	6,546,614	7,670,100	49,493,157	46,922,982
Right-of-use assets	17,924,873	18,258,498	101,786	78,342	1,399,210	1,287,809	–	–	945,174	1,016,609	20,371,043	20,641,258
Investment property	–	–	209,077	200,347	–	–	7,466,500	5,721,646	3,154,403	1,420,573	10,829,980	7,342,566
Intangible assets	96,944	119,460	681,652	698,032	354,998	227,980	–	–	496,596	537,241	1,630,190	1,582,713
Other financial assets	–	–	241	243	237	238	–	–	1,582,224	1,569,461	1,582,702	1,569,942
Prepayments on leasehold land and buildings	–	200,912	–	–	–	–	–	–	–	–	–	200,912
Investment in equity accounted investees	–	–	–	–	–	–	–	–	4,980,816	4,364,261	4,980,816	4,364,261
Biological assets	–	–	65,737	23,873	–	–	–	–	–	–	65,737	23,873
Deferred tax assets	–	–	–	27,829	–	–	–	–	–	–	–	27,829
	45,101,225	43,874,120	12,431,886	11,224,994	3,776,467	3,143,581	9,938,221	7,855,396	17,705,827	16,578,245	88,953,625	82,676,336
Current Assets												
Inventories	16,190,272	15,625,261	6,655,769	6,857,229	407,349	382,690	–	–	–	7,646	23,253,390	22,872,826
Biological assets	–	–	150,018	33,681	–	–	–	–	–	–	150,018	33,681
Trade and other receivables	6,131,228	4,519,772	4,997,323	3,761,138	386,115	262,137	505,895	624,114	598,366	683,927	12,618,927	9,851,088
Amount due from related companies	17,812	38,878	13,330	7,787	–	–	168,583	18,146	291,191	326,857	490,916	391,668
Other financial assets	–	–	115,011	100,924	–	–	16,096	18,743	–	–	131,107	119,667
Cash and cash equivalents	3,580,659	2,248,620	2,583,186	1,028,619	1,215,643	1,481,545	40,842	4,273	136,316	78,359	7,556,646	4,841,416
	25,919,971	22,432,531	14,514,637	11,789,378	2,009,107	2,126,372	731,416	665,276	1,025,873	1,096,789	44,201,004	38,110,346
Total Segmental Assets	71,021,196	66,306,651	26,946,522	23,014,372	5,785,574	5,269,953	10,669,637	8,520,672	18,731,700	17,675,034	133,154,629	120,786,682
Segment Liabilities												
Non-current Liabilities												
Interest-bearing loans and borrowings	354,767	671,295	251,178	653,734	–	–	–	–	1,012,406	2,789,844	1,618,351	4,114,873
Lease liability	20,598,102	20,412,604	94,085	54,380	1,559,939	1,491,575	–	–	921,155	962,697	23,173,281	22,921,256
Deferred tax liability	(631)	(268,236)	1,087,456	821,297	(39,657)	(47,069)	429,042	256,222	789,230	575,437	2,265,440	1,337,652
Capital grant	–	–	–	4,493	–	–	–	–	–	–	–	4,493
Employee benefit liability	1,025,807	959,200	163,608	147,336	–	–	584	429	766,970	726,702	1,956,969	1,833,667
	21,978,045	21,774,863	1,596,327	1,681,240	1,520,282	1,444,506	429,626	256,651	3,489,761	5,054,680	29,014,041	30,211,941

	Food Retailing		Food and Beverage Manufacturing and Distribution		Restaurant		Real Estate		Others		Group	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Current Liabilities												
Trade and other payables	23,290,653	21,024,679	6,851,752	4,666,571	1,292,386	1,636,859	411,592	43,465	562,616	564,709	32,408,999	27,936,283
Current tax liabilities	1,170,291	1,642,333	2,922,211	2,954,985	941,796	923,846	109	155	451,548	433,586	5,485,955	5,954,905
Amount due to related companies	134	–	866	257	–	–	8,996	6,150	–	–	9,996	6,407
Dividends payable	–	–	–	–	–	–	–	–	98,982	78,673	98,982	78,673
Interest bearing loans and borrowings	12,856,377	11,855,104	5,052,164	5,356,930	89,054	150,488	2,999,420	47,656	7,464,462	6,932,669	28,461,477	24,342,847
Lease liability	1,160,436	1,152,027	20,318	22,888	122,889	128,161	–	–	49,075	34,744	1,352,718	1,337,820
	38,477,891	35,674,143	14,847,311	13,001,631	2,446,125	2,839,354	3,420,117	97,426	8,626,683	8,044,381	67,818,127	59,656,935
Total Segmental Liabilities	60,455,936	57,449,006	16,443,638	14,682,871	3,966,407	4,283,860	3,849,743	354,077	12,116,444	13,099,061	96,832,168	89,868,876
Other Information												
Capital expenditure	2,868,203	6,501,082	1,613,967	2,542,935	862,058	656,336	1,505,804	1,218,918	15,738	183,534	6,865,770	11,102,805
Depreciation	2,704,188	2,275,101	1,368,150	1,268,749	306,145	279,223	45,524	4,754	98,614	87,908	4,522,621	3,915,735

The Group does not distinguish its turnover into significant geographic segments.

32. Commitments

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Capital Commitment				
Approved and contracted	725,092	749,269	–	–
Financial Commitments				
(a) There were no material financial expenditure commitments approved by the Board of Directors as at 31 March 2024.				
(b) Settlement of letter of credits and import bills	279,929	41,679	–	–

33. Contingent Liabilities

Accounting Policy

Contingencies

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 readily measured as defined in the Sri Lanka Accounting Standard - LKAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless its occurrence is remote.

Income Tax

The income tax concession claimed under the Inland Revenue Act, No. 10 of 2006 and Act, No. 24 of 2017 is being contested by the Department of Inland Revenue. The consequent contingent liability is as follows:

Cargills Food & Beverage Limited - Rs. 79.78 Mn., Cargills Dairies (Private) Limited - Rs. 64.54 Mn. and Kotmale Dairy Products (Private) Limited Rs. 10.7 Mn.

Having sought professional advice, the Management is confident that the tax concession are applicable and as such no liabilities would arise. Accordingly, no provision has been made in the financial statements.

Letter of Guarantee to Commercial Banks

The Company has given letters of guarantee to Commercial Banks on behalf of subsidiary companies amounting to Rs. 535 Mn. Kotmale Holding PLC a subsidiary of the Company has given letters of guarantee to Commercial Banks on behalf of its subsidiary company Kotmale Dairy products (Pvt) Ltd (Rs. 50 Mn.). The Directors do not expect any claim on these guarantees. Accordingly, no provision has been made in the Financial Statements.

Bank Guarantee

The Company has provided Bank Guarantees to Sri Lanka Customs amounting to Rs. 2.5 Mn.

There are no other material contingent liabilities as at the reporting date.

The Directors do not expect any claim on these guarantees. Accordingly, no provision has been made in the Financial Statements.

34. Events after the Reporting Date

34.1 Proposed Dividend

Subsequent to the reporting period, on 16 May 2024, the Board of Directors proposed a second interim dividend of Rs. 10.50 per share for the year ended 31 March 2024.

In accordance with LKAS 10 - "Events after the reporting period", the dividend has not been recognised as a liability in the Financial Statements as at 31 March 2024.

No events other than the above, have occurred since the reporting date which would require any adjustment to, or disclosure in the Financial Statements.

35. Transactions with Group Companies

Accounting Policy

Related Party Transaction

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged or not.

The relevant details are disclosed in the respective Notes to the Financial Statements.

The Company has provided corporate guarantees for the term loans and banking facilities obtained by its subsidiary companies, the details of which has been disclosed under Note 26.1 to the Financial Statements.

Companies within the Group engage in trading and business transactions under normal commercial terms which give rise to related company balances. The balances have been disclosed under Note 22 to the Financial Statements.

35.1 Transactions with Key Management Personnel (KMP)

According to LKAS 24 - "Related Party Disclosures", KMP are those having authority and responsibility for planning, directing, controlling the activities of the entity. Accordingly, the directors of the Company and its subsidiaries (including executive and non - executive directors) have been classified as KMP of the Group.

Key Management Personnel compensation comprise the following :

Year ended 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Director fee, salaries and other short-term employee benefits	630,982	531,570	170	139
	630,982	531,570	170	139

35.2 Amount Due from/Due to Related Companies

Amounts due from and due to related companies as at the year end have been disclosed under Note 22 to these Financial Statements.

35.3 Transactions with Related Companies

For the year ended 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Transaction with Related Parties				
Subsidiaries				
Sale/(purchase)	-	-	28,528	36,061
Other income/(expense)	-	-	3,349,870	2,522,809
Fund transfer/(settlement)	-	-	(2,355,954)	(1,787,814)
Holding Company				
Sale/(purchase)	-	-	-	-
Other income/(expense)	6,062	16,405	6,062	16,405
Fund transfer/(settlement)	7,261	(28,530)	7,261	(28,530)
Associates				
Sale/(purchase)	9,336	925	-	-
Other income/(expense)	331,570	70,836	43,221	22,062
Fund transfer/(settlement)	(217,794)	46,323	(48,429)	(21,203)
Other Related Companies				
Sale/(purchase)	18,755	26,827	-	-
Other income/(expense)	(22,102)	93,700	17,978	17,709
Fund transfer/(settlement)	45,020	(19,525)	(17,467)	(32,331)

The administration expense relating to Company includes employee benefit cost transfer to subsidiaries amounting to Rs. 79.48 Mn. (2023 - 68.39 Mn.) for the year ended 31 March 2024.

	Rs. '000 2024	Rs. '000 2023
Net dividends received from subsidiary companies		
Cargills Convenient Foods Limited	224,025	511,692
Cargills Retail (Private) Limited	1,365,050	595,954
Cargills Restaurants (Private) Limited	563,570	750,063
Cargills Dairies (Private) Limited	1,197,225	665,100
	3,349,870	2,522,809

35.4 Transactions, Arrangements and Agreements involving Key Management Personnel (KMP) and their Close Family Members (CFM)

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include;

- (a) the individual's domestic partner and children;
- (b) children of the individual's domestic partner; and
- (c) dependence of the individual or the individual's domestic partner

CFM are related parties to the entity. There were no transactions other than disclosed below with the CFM during the year.

Double Yummm (Private) Limited

Mrs R Page, wife of the Deputy Chairman is a Director of the above company with which Cargills Retail (Private) Limited had regular transactions in the ordinary course of business and the amount outstanding as at 31 March 2024 was Rs. 35.95 Mn. (2023 - Rs. 29.89 Mn.).

Purchases for re-sale in the ordinary course of business amounted to Rs. 372.97 Mn. (2023 - 295.53 Mn.).

Directors have no direct or indirect interest in any other contacts with the Company.

36. Comparative Information

Comparative Information is re-classified wherever necessary to conform with the current year's presentation in order to provide a better presentation.

37. Assessment of Going Concern

The Financial Statements of Cargills Ceylon Plc for the year ended 31 March 2024, have been prepared on the basis that the Company is a Going Concern.

Based on the prevailing information, the management has considered the consequences of the uncertainties faced by the country and, whilst these challenges would have a bearing on the inflation, consumer demand and supply chain, The Company has adapted strategies to mitigate its impact and does not contemplate a significant doubt upon the entity's ability to continue as a Going Concern.

38. Financial Instruments

38.1 Accounting Classification and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Financial Assets by Categories (Group) As at 31 March	Note	Financial assets at amortised cost		FVTOCI – equity instruments		FVTPL - debt instruments	
		Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Financial Assets Measured at Fair Value							
Other financial instruments – Equity	16.3.1	–	–	82,702	69,942	–	–
Other financial instruments – Debt	16.3.2	–	–	–	–	1,500,000	1,500,000
Financial Assets not Measured at Fair value							
Trade and other receivables, excluding prepayments, deposits and tax recoverable	21	8,426,812	6,637,934	–	–	–	–
Amounts due from related companies	22	490,916	391,668	–	–	–	–
Other financial assets	16.3.3	131,107	119,667	–	–	–	–
Cash and cash equivalents	25	7,556,646	4,841,416	–	–	–	–
Total		16,605,481	11,990,685	82,702	69,942	1,500,000	1,500,000

Financial Liabilities by Categories (Group) As at 31 March	Note	Financial liabilities at amortised cost	
		Rs. '000 2024	Rs. '000 2023
Financial Liabilities not Measured at Fair Value			
Interest bearing loans and borrowings	26	30,079,828	28,457,720
Lease liability	13	24,525,999	24,259,076
Trade and other payables, excluding accrued expenses	29	29,574,446	25,544,074
Amounts due to related companies	22	9,996	6,407
Total		84,190,269	78,267,277

Financial Assets by Categories (Company) As at 31 March	Note	Financial assets at amortised cost		FVTOCI – equity instruments		FVTPL - debt instruments	
		Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Financial Assets Measured at Fair Value							
Other financial instruments – Equity	16.31	–	–	82,224	69,461	–	–
Other financial instruments – Debt	16.3.2	–	–	–	–	1,500,000	1,500,000
Financial Assets not Measured at Fair Value							
Trade and other receivables, excluding prepayments, deposits and tax recoverable	21	91,340	149,221	–	–	–	–
Amounts due from related companies	22	2,697,829	4,007,984	–	–	–	–
Cash and cash equivalents	25	60,097	7,933	–	–	–	–
Total		2,849,266	4,165,138	82,224	69,461	1,500,000	1,500,000

Financial Liabilities by Categories (Company) As at 31 March	Note	Financial liabilities at amortised cost	
		Rs. '000 2024	Rs. '000 2023
Financial Liabilities not Measured at Fair Value			
Interest bearing loans and borrowings	26	8,476,868	9,722,513
Lease liability	13	970,230	997,441
Trade and other payables, excluding accrued expenses	29	503,833	506,428
Amounts due to related companies	22	1,139	1,286
Total		9,952,070	11,227,668

38.1.1 The above table does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

38.2 Fair Value Hierarchy

The table below analyses assets carried at fair value, by valuation method.

The different levels have been defined as follows:

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

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

Level 3: Inputs for the assets or liability that are not based on observable market data (unobservable inputs)

As at 31 March	Level 1		Level 2		Level 3		Total	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Group								
Freehold land and buildings (Note 12)	–	–	–	–	22,902,678	18,943,825	22,902,678	18,943,825
Investment property (Note 14)	–	–	–	–	10,829,980	7,342,566	10,829,980	7,342,566
Equity investment at FVOCI (Note 16.3.1)	82,702	69,942	–	–	–	–	82,702	69,942
Debt investment at FVTPL (Note 16.3.2)	–	–	1,500,000	1,500,000	–	–	1,500,000	1,500,000
Biological assets (Note 18)	–	–	–	–	215,755	–	215,755	–

As at 31 March	Level 1		Level 2		Level 3		Total	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Company								
Freehold land and buildings (Note 12)	–	–	–	–	3,109,102	3,075,489	3,109,102	3,075,489
Investment property (Note 14)	–	–	–	–	3,424,330	3,293,903	3,424,330	3,293,903
Equity investment at FVOCI (Note 16.3.1)	82,224	69,461	–	–	–	–	82,224	69,461
Debt investment at FVTPL (Note 16.3.2)	–	–	1,500,000	1,500,000	–	–	1,500,000	1,500,000

38.2.1 Assets and Liabilities Measured at Fair Value – Recurring

The following table shows the valuation techniques used by Group in measuring level 3 fair values and the significant unobservable inputs used.

Assets and Liabilities	Valuation Technique	Significant Unobservable Inputs	Sensitivity of the Input to the Fair Value
Property, plant and equipment – Freehold land and building	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 property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	Market value per perch of land/price per square foot Rs. 5,000 – Rs. 20,500,000 per perch	Estimated fair value will increase (decrease) if; market value per perch/price for sq.ft. increases (decreases)
	Income approach – The net income generated by the property is used in conjunction with certain factors is used to calculate its fair value.	Cash flows from property discounted at an appropriate rate Contractual rental Rs. 600,000 – 15,583,653 per month. Capitalisation rates 5.4%–6.25% Repairs and insurance 20%–36%	Estimated fair value will increase (decrease) if; market interest rate increases (decreases) Contractual rentals were higher/(lower) Capitalisation rate was (higher)/lower Repair and insurance was (higher)/lower Market value per perch was higher/(lower)
Investment property – Freehold land and building	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 property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property	Construction cost per square foot Rs. 1,435 – Rs. 10,350 Market price per perch. The valuer has used a range of prices for respective lands based on adjusted fair value taking into account other valuation considerations – Rs. 30,000 – Rs. 10,000,000 per perch	The estimated fair value would increase/(decrease) if Cost per square foot was higher/(lower) Market value per perch was higher/(lower)
	Income approach – The net income generated by the property is used in conjunction with certain factors is used to calculate its fair value.	Capitalisation rates 5.5% Repairs and insurance 20%–36% Contractual rental Rs. 644,333 – 15,583,653 per month.	The estimated fair value would increase/(decrease) if Contractual rentals were higher/(lower) Occupancy rates were higher/(lower) Capitalisation rate was (higher)/lower Repair and insurance was (higher)/lower Market value per perch was higher/(lower)

39. Financial Risk Management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This Note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these Financial Statements.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management processes/guidelines and procedures and reviews the adequacy of the risk management framework in relation to the risks. The Audit Committee is assisted in its oversight role by the Risk Management team and Internal Audit, who undertake both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

39.1 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arise principally from the Group's receivables from customers.

Group implemented several initiatives such as periodic review of the creditworthiness of its counterparties, Financial Statements reviews, and industry information.

Carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was as follows:

As at 31 March	Note	GROUP		COMPANY	
		Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Trade and other receivables, excluding prepayments and tax recoverable	21	8,426,812	6,637,934	91,340	149,221
Amount due from related companies	22	490,916	391,668	2,697,829	4,007,984
Cash and cash equivalents, excluding cash in hand	25	6,497,013	3,435,517	59,424	7,773
		15,414,741	10,465,119	2,848,593	4,164,978

39.1.1 Trade Receivables Net of Provision for Impairment

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Past due 1 - 30 days	4,957,837	3,301,647	-	-
Past due 31 - 60 days	1,306,150	1,349,160	-	-
Past due 61 - 90 days	458,926	282,673	-	-
> 91 days	249,134	188,869	-	-
	6,972,047	5,122,349	-	-

The provision for impairment of trade receivables are relevant to the trade receivables outstanding for more than 90 days. The Group has obtained bank guarantees from major customers by reviewing their past performance and creditworthiness.

39.1.2 Amount due from Related Companies

The Group's amounts due from related companies mainly consist of receivables from other related companies and Parent Company. The Company's amount due from related companies consist of receivables from affiliate companies.

39.1.3 Cash and Cash Equivalents

The Group and the Company held cash and cash equivalents of Rs. 7,556.65 Mn. and Rs. 60.09 Mn. at 31 March 2024 (2023 - Rs. 4,841.42 Mn. and Rs. 7.93 Mn.), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks, which are rated AAA(Ika) to BBB-(Ika), based on Fitch Ratings.

39.1.4 Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries.

39.2 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient

liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group holds cash and undrawn committed facilities to manage its liquidity risk.

The Group monitors its risk to shortage of funds by considering maturity of both the Group's financial investments and financial assets and other projected cash flow from operations.

The Group's objective is to maintain balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts over a wider spread of maturity periods.

In liquidity risk management, the Group uses a mixed approach where it combines elements of cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against a combination of contractual cash inflows that can be generated through the sale of assets, repurchase agreements or secured borrowings.

The following are the contractual maturities of financial liabilities of the Group as at 31 March 2024:

Group	Contractual Cash Flows				
	Carrying Amount Rs. '000	Total Rs. '000	Within 1 year Rs. '000	Between 1-5 years Rs. '000	More than 5 years Rs. '000
Trade and other payables, excluding accrued expenses	29,574,446	29,574,446	29,574,446	-	-
Amounts due to related companies	9,996	9,996	9,996	-	-
Short-term loan	23,066,495	23,066,495	23,066,495	-	-
Long-term loan	3,834,542	3,834,542	2,216,191	1,618,351	-
Bank overdraft	3,178,791	3,178,791	3,178,791	-	-
Lease liabilities	24,525,999	45,795,224	4,743,294	12,824,397	28,227,533
	84,190,269	105,459,494	62,789,213	14,442,748	28,227,533

The following are the contractual maturities of financial liabilities of the Group as at 31 March 2023:

Group	Contractual Cash Flows				
	Carrying Amount Rs. '000	Total Rs. '000	Within 1 year Rs. '000	Between 1-5 years Rs. '000	More than 5 years Rs. '000
Trade and other payables, excluding accrued expenses	25,544,074	25,544,074	25,544,074	-	-
Amounts due to related companies	6,407	6,407	6,407	-	-
Short-term loan	18,617,798	18,617,798	18,617,798	-	-
Long-term loan	7,329,976	7,329,976	3,215,103	4,114,873	-
Bank overdraft	2,509,946	2,509,946	2,509,946	-	-
Lease liabilities	24,259,076	43,602,252	3,266,820	12,466,745	27,868,687
	78,267,277	97,610,453	53,160,148	16,581,618	27,868,687

The following are the contractual maturities of financial liabilities of the Company as at 31 March 2024:

Company	Contractual Cash Flows				
	Carrying Amount Rs. '000	Total Rs. '000	Within 1 year Rs. '000	Between 1-5 years Rs. '000	More than 5 years Rs. '000
Trade and other payables, excluding accrued expenses	503,833	503,833	503,833	–	–
Amounts due to related companies	1,139	1,139	1,139	–	–
Short-term loan	5,815,000	5,815,000	5,815,000	–	–
Long-term loan	2,617,881	2,617,881	1,605,475	1,012,406	–
Bank overdraft	43,987	43,987	43,987	–	–
Lease liabilities	970,230	1,427,397	99,590	418,870	908,937
	9,952,070	10,409,237	8,069,024	1,431,276	908,937

The following are the contractual maturities of financial liabilities of the Company as at 31 March 2023:

Company	Contractual Cash Flows				
	Carrying Amount Rs. '000	Total Rs. '000	Within 1 year Rs. '000	Between 1-5 years Rs. '000	More than 5 years Rs. '000
Trade and other payables, excluding accrued expenses	506,428	506,428	506,428	–	–
Amounts due to related companies	1,286	1,286	1,286	–	–
Short-term loan	5,165,000	5,165,000	5,165,000	–	–
Long-term loan	4,397,799	4,397,799	1,607,955	2,789,844	–
Bank overdraft	159,714	159,714	159,714	–	–
Lease liabilities	997,441	1,508,642	93,147	506,558	908,937
	11,227,668	11,738,869	7,533,530	3,296,402	908,937

39.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

39.3.1 Currency Risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the Sri Lankan Rupee (LKR). The Group has limited exposure in respect of recognised foreign currency assets and liabilities. The Group applied Rs. 301 per USD and Rs. 326 per EUR as at the reporting date in translating its assets and liabilities. The following table shows the estimated impact on profitability by fluctuation of exchange rates assuming that all other variables remain constant:

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
5% - Increase in exchange rate USD	(2,982)	8,354	–	–
5% - Decrease in exchange rate USD	2,982	(8,354)	–	–

39.3.2 Interest Rate Risk

The Group is exposed to interest rate risk on borrowings and deposits. The Group's interest rate policy seeks to minimise the cost and volatility of the Group's interest expense by maintaining a diversified portfolio of fixed rate, floating rate and inflation-linked liabilities.

The Group adopts a policy of ensuring borrowings are maintained at a manageable level while optimising returns. Interest rates are negotiated leveraging on the strength of the Group and thereby ensuring the availability of cost-effective funds at all times, while minimising the negative effect of market fluctuations. Further, the Group has considerable banking facilities with several reputed banks which has enabled the Group to negotiate competitive rates.

Sensitivity Analysis

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

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
+100 basis points	(300,798)	(284,577)	(84,769)	(97,225)
-100 basis points	300,798	284,577	84,769	97,225

39.3.3 Market Price Risk

Listed equity securities are susceptible to market price risk arising from uncertainties of future values of the investment securities. The Group manages the equity price risk through diversification and placing limits on individual and total equity portfolio investments. The Group's equity risk management policies are:

- Equity investment decisions are based on fundamentals rather than on speculation; and
- Decisions are based on in depth macroeconomic and industry analysis as well as research reports on company performance. Market price risk is not material to the Group.

39.4 Capital Management

The Board's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders.

As at 31 March	GROUP		COMPANY	
	Rs. '000 2024	Rs. '000 2023	Rs. '000 2024	Rs. '000 2023
Total borrowings	30,079,828	28,457,720	8,476,868	9,722,513
Less: Cash and cash equivalents	9,270,455	6,531,025	60,097	7,933
Net debt	20,809,373	21,926,695	8,416,771	9,714,580
Total equity	36,322,461	30,917,807	11,744,771	11,880,856
Net debt to equity ratio	0.57	0.71	0.72	0.82

There were no changes in the Group's approach to capital management during the year.

ANNEXURES

263

Cargills
(Ceylon)
PLC
Annual
Report
2023/24

**ABOUT
THE REPORT**

264

**FIVE YEAR FINANCIAL
SUMMARY**

282

**INVESTOR RELATIONS
SUPPLEMENT**

283

**GROUP REAL ESTATE
PORTFOLIO**

285

**NOTICE OF ANNUAL
GENERAL MEETING**

286

ABOUT THE REPORT

Cargills (Ceylon) PLC is proud to present our Integrated Annual Report for the financial year ended 31 March 2024. This report has been compiled in accordance with the International Integrated Reporting Framework proposed by the International Integrated Reporting Council (IIRC), and displays amplified efforts to incorporate more insights and data that validate our commitment towards sustainable and ethical business practices. Having set out on a journey to instil further transparency in our reporting process by publishing our inaugural Integrated Annual Report for FY 2021-22, this report demonstrates the advancement made by Cargills during this three-year period towards a clearer communication of its strategy, governance, performance, and potential for growth, while taking into consideration its impact on the external environment and the use of resources. It serves to evidence the value created by Cargills over the short-term, medium-term, and long-term.

How this Report is Organised

With the International Integrated Reporting <IR> Framework as a principal reference, this report has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards. With the GRI Sector Program releasing a number of standards for high-impact sectors, Cargills is reporting in accordance with the GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022 Standard for the year in review, which was made effective for reports published on or after 01 January 2024. The Management Discussion and Analysis (MDA) of this report has been structured according to the value delivered and value created by Cargills, by living up to its mission statement. Progressing beyond the previous report, this new structure allows stakeholders and shareholders to observe how the Company is pursuing its purpose, conducting business, and developing a strategy in accordance with its mission and identity as Sri Lanka's largest food company.

A high level of compliance and transparency of business conduct has continued to guide Cargills' growth and progress; accordingly, transitioning to an integrated approach expands our reporting of responsible business activities, which grants stakeholders the opportunity and the means to openly communicate with Cargills on material issues, and permits shareholders to make well-informed

decisions on aligning their investments and trust with the Company. This Report provides both quantitative and qualitative data, with a preference for offering quantitative information where available to facilitate comparisons and further analysis. With regard to restatements of information from the previous reporting period, the volume of water recycled has been restated (page 160). There were no major changes in scope and aspect boundaries.

Scope, Boundaries, and Reporting Structure

The Annual Report remains consistent with the Company's conventional annual reporting cycle and covers the operations of Cargills (Ceylon) PLC and its subsidiaries as listed out in the Corporate Information (inner back cover) of the compilation (collectively addressed as the "Group") for the 12-month period from 1 April 2023 to 31 March 2024. All financial and non-financial analysis is conducted within the realm of sectoral activities and their associated business units.

The reporting system facilitates the review of all Group businesses in terms of operations, strategy, and performance while GRI reporting is systematically compiled at Group level through data collection and review by operation and by sector. Therefore, the primary entity for which the social and environmental data is presented in the narrative reports, unless specified otherwise, is the Group as a whole, and material aspects and boundaries are based on internal assessments encompassing the Group's activities in Sri Lanka.

Financial Reporting

The financial information reported in this Integrated Annual Report has been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS and LKAS) as laid down by the Institute of the Chartered Accountants of Sri Lanka in compliance with the Companies Act No. 07 of 2007 and the listing rules of the Colombo Stock Exchange, and have been audited by M/s KPMG. Furthermore, the report is in adherence with the Code of Best Practice on Corporate Governance issued jointly by the Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

Non-Financial Reporting

The Cargills Integrated Annual Report 2023/24 serves as a comprehensive framework in disclosing the Group's impact, progress and contribution made to the UN Sustainable Development Goals (SDGs) and UNGC Principles. An Independent Assurance Report by M/s KPMG provides reasonable assurance on the Financial Highlights (pages 18 and 19) and limited assurance on the Non-Financial Highlights (pages 20 and 21) and Performance Summary (pages 32 to 169).

Feedback

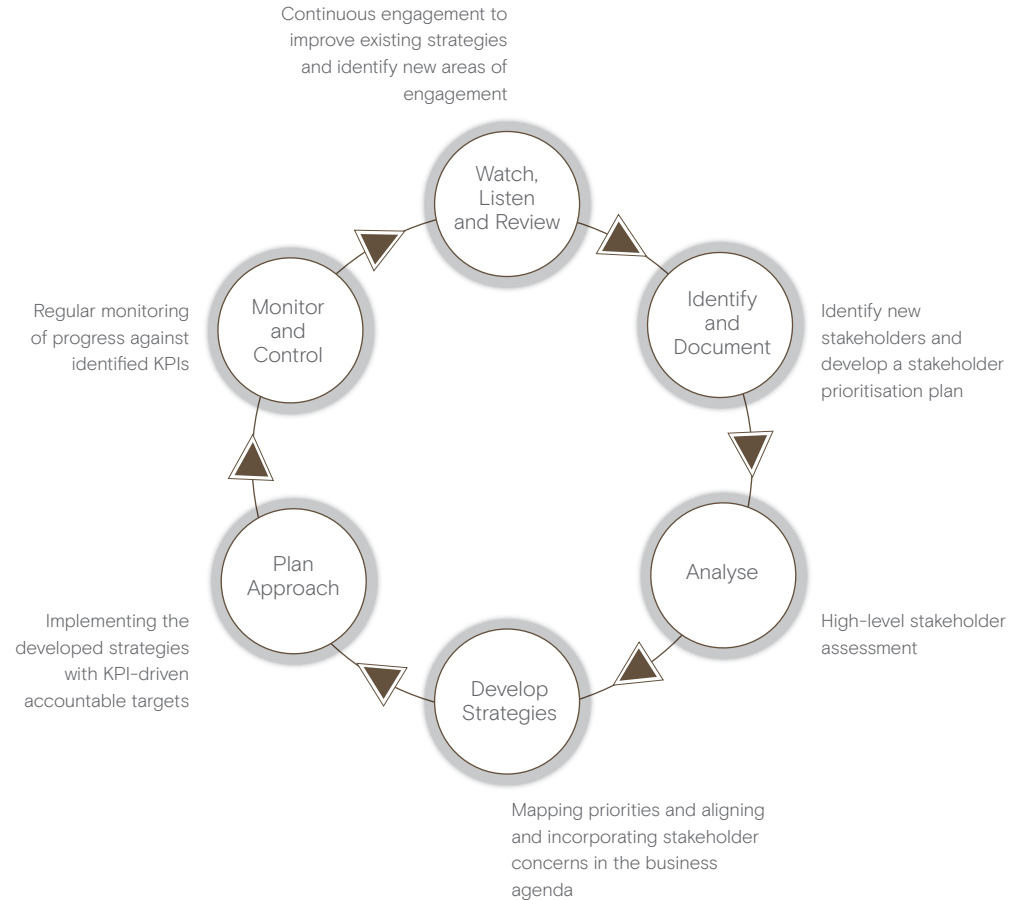
We request any and all queries, suggestions, and feedback on the Annual Report 2023/24 to be directed to info@cargillsceylon.com

Stakeholder Engagement

Cargills maintains frequent, open and effective two-way dialogue with internal and external stakeholders, in order to ensure our business is proactive in addressing the changing needs and expectations of our stakeholders, while also enhancing shareholder value and promoting long-term sustainability across all business verticals. We are committed to understanding stakeholder interests, priorities and concerns in a rapidly evolving operating environment, in order to further nurture these vital relationships that enable us to deliver and derive sustainable value.

Our Engagement Process

At Cargills, we recognise effective stakeholder engagement as a crucial factor in translating and integrating their needs into our organisational goals to form a successful strategy. To this end, We have a structured, continuous method of engagement, which includes the identification and monitoring of key performance indicators (KPIs). This process of continual vigilance further enhances our understanding of the current developments and changes we face in our operating environment, enabling us to actively seek stakeholder feedback and respond effectively and in a timely manner.



Stakeholder	Engagement Mechanism	Key Concerns Raised in 2023/24	Measures Taken by Cargills in Response in 2023/24
Farmers, SMEs and Traders			
Over 21,000 farmers and more than 600 suppliers are directly linked to markets through the Cargills value chain	<ul style="list-style-type: none"> • Ongoing Daily Engagement • Ongoing Monthly Meetings • Ongoing Field Visits • Monthly/Quarterly Partnership Meetings • Monthly/Quarterly Farmer Group Meetings • Digital Engagement Platforms 	<ul style="list-style-type: none"> • Access to new markets • Access to financial services • Price regulations • Increasing inflation and input costs 	<ul style="list-style-type: none"> • Successful expansion of the Agriculture Modernisation Project and Dairy Development Programme • Expansion and enhancement of Cargills supply chain • Expansion of retail chain to access new, untapped suburban markets • Expanding Village to Home initiative for SMEs • Expanding Cargills Lak Bojun to empower and support female entrepreneurs • Continuous dissemination of technical knowledge and training to farmers • Strengthened financial assistance through subsidies and the Cargills Sarubima Credit Relief Fund
Employees			
The Cargills team comprises 11,335 members spread across 25 districts and over 500 locations	<ul style="list-style-type: none"> • Ongoing training and mentoring via an online portal • Ongoing orientation programmes Daily briefings • Open door policy • Monthly/quarterly briefings by senior management • Periodic face-to-face and remote HR engagements • Annual regional staff conventions • Staff events and get-togethers 	<ul style="list-style-type: none"> • Increasing cost of living • Access to training and capacity building with mapped career development • Rewards and recognition • Grievance sharing • Team building and interaction • Transparency of corporate decisions 	<ul style="list-style-type: none"> • Providing employment across townships and additional income streams • Expanding online training portal with new modules and mandatory training courses requisite for promotions and career progression • More transparency in achievement recognition through online portal • Launch of highly effective and efficient HR portal • Formal grievance handling process further strengthened by a whistle-blower protection policy • Continuous and open communication between leadership and employees • Annual team building events and engagements • Above industry-standard compensation and benefits for permanent employees
Customers			
We serve millions of customers through our extensive, island-wide retail and restaurant network and food value chain	<ul style="list-style-type: none"> • Ongoing daily customer interactions at all sales points, Cargills Online and the Cargills app • Ongoing promotional messaging and print/electronic media publications • Ongoing social media engagement • Customer service hotline • Ongoing consumer research and periodic customer satisfaction surveys • Trade fairs and events 	<ul style="list-style-type: none"> • Addressing rising inflation and cost of living • Growing health-conscious market segment • Growing socially-conscious market-segment • Multi-channel accessibility to products and services • Food security 	<ul style="list-style-type: none"> • Increasing access to highest quality produce and consumer goods at the lowest market price by expanding the Cargills retail network • Providing access to affordable nutrition through price regulations on essential items • Enhancing Cargills Online services and extending service areas • Increasing agricultural output of healthy, socially responsible brands such as Good Harvest, BeeSafe, Cargills Rice and 14 new healthier product variants • Increasing production volume and eliminating waste across the supply chain • Ensuring consistent availability of food items around the island through a prudently managed distribution process
Shareholders			
Cargills aims to annually deliver increased value to shareholders who continue to support the Cargills business model built on long-term value and sustainable growth	<ul style="list-style-type: none"> • Ongoing information on the Colombo Stock Exchange • Media releases and reports • Corporate website • Open door policy for investor inquiries • Quarterly reports • Integrated Annual Report • Monthly/quarterly investor calls and meetings • Monthly/quarterly Road Shows • Annual General Meeting 	<ul style="list-style-type: none"> • Financial performance • Risk management • Capacity expansion • ESG disclosures • Dividends 	<ul style="list-style-type: none"> • Navigating through risks stemming from the ongoing national economic recovery while continuing to build capabilities for the future • Laying a strong foundation for benchmarked ESG disclosures by continuing to enhance existing reporting and compliance standards • Ensuring transparency and timeliness in disclosing material matters

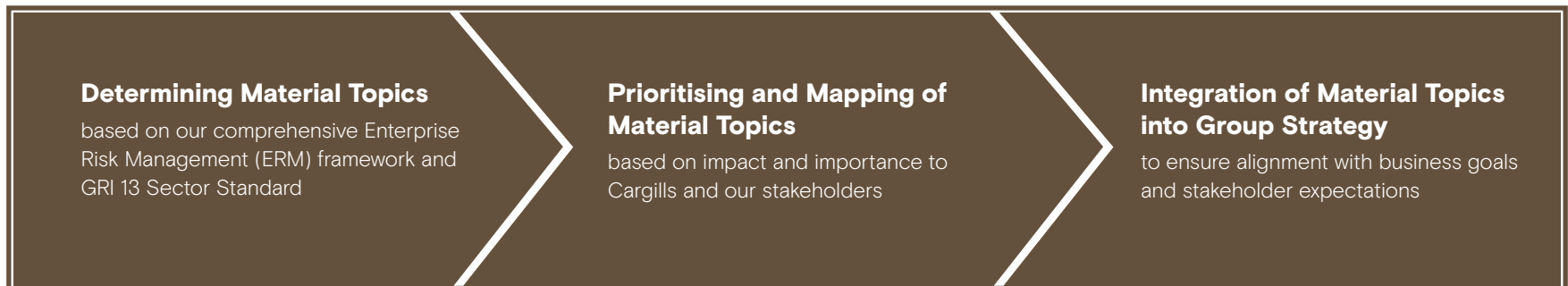
Stakeholder	Engagement Mechanism	Key Concerns Raised in 2023/24	Measures Taken by Cargills in Response in 2023/24
Local Community			
Cargills continues to take a multi-faceted approach in contributing to the sustainable development of the local communities in which we operate and those from which we source	<ul style="list-style-type: none"> • Cargills Sarubima Activities • Cargills Foundation Activities 	<ul style="list-style-type: none"> • Growing regional disparities • Access to equal opportunities in education and employment • Female and youth empowerment 	<ul style="list-style-type: none"> • Provision of scholarships through the Sarubima Fund • Creating equal access to job opportunities for communities by extending Cargills retail network, with 70.4% of the team hailing from outside the Western Province • Partnering with State Universities for product development and commercialisation • Successful completion and handover of multiple community development projects surpassing the value of Rs. 11 Mn. • Expansion of the Early Childhood Education (ECE) Programme • Maintaining a 50:50 gender parity among non-executive team members
Government and Regulatory Authorities			
Cargills drives policy change and implementation towards better health, nutrition and overall living standards by engaging with local lawmakers and regulators	<ul style="list-style-type: none"> • Ongoing regulatory reporting • Meetings and representation at various Government Forums, Events and Chambers 	<ul style="list-style-type: none"> • Market and community impact • Youth unemployment • Good governance and ethics • Use of resources and environmental impact 	<ul style="list-style-type: none"> • Creating promising job opportunities for youth with 61.5% of our employees under the age of 30 • Contributing to Government policy and decision making by setting benchmarks for the agriculture sector as well as consumer health and nutrition • Responsible waste management and commitment to sustainable environmental practices in production and operations

Materiality

Cargills evaluates the potential impacts on our business and stakeholders concerning various topics in order to determine which are deemed material. Through our Enterprise Risk Management (ERM) framework, we identify, analyse, evaluate, mitigate and monitor risks that are likely to have a material impact on our operations. This assessment helps inform our company's reporting approach, allowing us to focus on relevant, higher-priority topics for our stakeholders. The GRI 13: Agriculture, Aquaculture and Fishing Sector Standard 2022 was considered when mapping the materiality matters during the reporting year. The material topics listed on page 268 have been reviewed and approved by the Board of Directors as part of the final reviewing process of the integrated Annual Report prior to its publishing and dissemination.

Management Approach

In managing our material topics, we integrate them into our strategic planning process, thereby assigning accountability to the management of relevant operating segments, facilities and departments within the Cargills Group and allocating resources based on the importance of each material topic in achieving our strategic objectives. Goals and targets related to these material topics are integrated into our business targets and Key Performance Indicators (KPIs), and are regularly reviewed to ensure alignment with the overarching mission and purpose of Cargills, within our Risk Management Framework. Periodic internal and external audits are conducted to ensure adherence to internal controls, policies and procedures established to achieve the objectives of material topics. Findings from these audits are reported to the Board of Directors, Board Committees, or relevant Group Management Committees for review and corrective action, as needed.



Material Matters

No.	Material Issue	Materiality	
		To Cargills	To Our Stakeholders
01.	Corporate Governance	High	High
02.	Reputation	High	High
03.	Risk Management	High	High
04.	Economic Performance	High	High
05.	Market Presence	High	High
06.	Indirect Economic Impact	High	High
07.	Anti-Corruption	High	High
08.	Anti-Competitive Behaviour	Low	Low
09.	Energy Consumption	Moderate	Moderate
10.	Water Management	Moderate	Moderate
11.	Emissions	Moderate	Moderate
12.	Waste Management	High	Moderate
13.	Environmental Protection	High	Moderate
14.	Labour Practices and Grievances	Moderate	High
15.	Occupational Health and Safety	High	High
16.	Employee Training and Development	High	High
17.	Diversity, Equality and Inclusivity (DEI)	High	High
18.	Community Development	High	High
19.	Customer Health and Safety	High	High
20.	Product Labelling	Moderate	High
21.	Product Responsibility	High	High
22.	Regulatory Compliance	Moderate	Moderate
23.	Customer Privacy	High	High
24.	Biodiversity	Moderate	Moderate
25.	Soil Health	High	High
26.	Pesticides Use	High	High
27.	Supply Chain Traceability	Moderate	Moderate
28.	Food Security	High	High
29.	Economic Inclusion	High	High
30.	Natural ecosystem conversion	Moderate	Moderate
31.	Animal Health and Welfare	High	High
32.	Living Income and Living Wage	High	High
33.	Food Safety	High	High
34.	Land and Resource Rights	Low	Low
35.	Rights of Indigenous Peoples	Low	Low
36.	Climate Adaptation and Resilience	Moderate	Moderate

Materiality Matrix

For the Stakeholder	High		14, 20	1, 2, 3, 4, 5, 6, 7, 15, 16, 17, 18, 19, 21, 23, 25, 26, 28, 29, 31, 32, 33
	Moderate		9, 10, 11, 22, 24, 27, 30, 36	12, 13
	Low	8, 34, 35		
		Low	Moderate	High
		For the Group		

GRI CONTENT INDEX

Statement of use	Cargills Ceylon PLC has reported in accordance with the GRI Standards for the period from 01 April 2023 to 31 March 2024
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	

General disclosures

GRI 2: General Disclosures 2021	2-1 Organisational details	Back inner cover				
	2-2 Entities included in the Organisation's sustainability reporting	Back inner cover				
	2-3 Reporting period, frequency and contact point	About the Report (pages 264-265)				
	2-4 Restatements of information	About the Report (pages 264-265)				
	2-5 External assurance	Independent Assurance Report (page 206)				
	2-6 Activities, value chain and other business relationships	Operating Segments (page 33) The value chain is discussed in greater detail throughout the Management Discussion of this Annual Report (page 56-169) due to the scope and scale of the Cargills operation.				
	2-7 Employees	Workforce Profile (page 153)				
	2-8 Workers who are not employees	Recruitment and Retention (page 148)				
	2-9 Governance structure and composition	Board of Directors/Corporate Governance (page 175)				
	2-10 Nomination and selection of the highest governance body	Corporate Governance > Appointment of Directors (page 176)				
	2-11 Chair of the highest governance body	Corporate Governance > Leadership > Role of Group Chairman and Group CEO (page 183)				
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance > Leadership (page 183)				
	2-13 Delegation of responsibility for managing impacts	Corporate Governance > Board Responsibilities (page 183)				
	2-14 Role of the highest governance body in sustainability reporting	Our Approach to Sustainability (page 57)				
	2-15 Conflicts of interest	Corporate Governance > Internal Governance Structure > Board Independence and Conflicts of Interest (page 176)				
	2-16 Communication of critical concerns	Corporate Governance > Stakeholder Engagement (page 185)				
	2-17 Collective knowledge of the highest governance body	Board of Directors (page 171)				
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance > Leadership > Board Responsibilities (page 183)				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	2-19 Remuneration policies	Corporate Governance > Internal Governance Structure > Directors' Remuneration Policy (page 177)				
	2-20 Process to determine remuneration	Corporate Governance > Internal Governance Structure > Directors' Remuneration Policy (page 177)				
	2-21 Annual total compensation ratio		2-21-a/b/c	Confidentiality constraints	The required information on compensation is considered highly confidential by the Company, with the sharing of such confidential data considered an unethical business practice.	
	2-22 Statement on sustainable development strategy	Our Approach to Sustainability/Managing Director's Message (pages 26-31)				
	2-23 Policy commitments	Corporate Governance > Business Practices and Ethics/Disclosure and Transparency (page 185)				
	2-24 Embedding policy commitments	Corporate Governance > Business Practices and Ethics (page 184)				
	2-25 Processes to remediate negative impacts	Grievance Handling (page 150)				
	2-26 Mechanisms for seeking advice and raising concerns	Grievance Handling and Whistle Blowing (pages 150-151)				
	2-27 Compliance with laws and regulations	Corporate Governance > Company's Adherence to the Corporate Governance Rules (page 186)				
	2-28 Membership associations					
	2-29 Approach to stakeholder engagement	Stakeholder Engagement (pages 265-267)				
	2-30 Collective bargaining agreements					
Material topics						
Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.3
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Playing Our Part for the Planet > Environmental Protection > CPC Lanka Limited (Knuckles Water Bottling Plant) (page 158)				
	304-2 Significant impacts of activities, products and services on biodiversity	Playing Our Part for the Planet > Biodiversity Conservation (page 165)				
	304-3 Habitats protected or restored	Playing Our Part for the Planet > Biodiversity Conservation (page 165)				
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Playing Our Part for the Planet > Biodiversity Conservation (page 165)				
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.22 & 13.2

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Statements (page 213)				
	201-2 Financial implications and other risks and opportunities due to climate change	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				
	201-3 Defined benefit plan obligations and other retirement plans	Notes on Financial Statements > Employee Benefit Liabilities (page 252)				
	201-4 Financial assistance received from government	Notes on Financial Statements > Capital Grant (page 251)				
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage		202-1-a/b/c/d	Confidentiality constraints	The required information on wage is considered highly confidential by the Company, with the sharing of such confidential data considered an unethical business practice.	
	202-2 Proportion of Senior Management hired from the local community	HR Governance and Policies > Recruitment and Retention (page 148)				
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.22
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Bridging Regional Disparity > Community Development (page 94)				
	203-2 Significant indirect economic impacts	A number of significant indirect economic impacts are discussed in greater detail throughout the Management Discussion of this Annual Report (page 56- 169) due to the scope and scale of the Cargills operation.				
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Bridging Regional Disparity (pages 70-93)				
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.26
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	HR Governance and Policies > Anti-corruption and Anti-bribery Policies (page 152)				
	205-2 Communication and training about anti-corruption policies and procedures	HR Governance and Policies > Anti-corruption and Anti-bribery Policies (page 152)				
	205-3 Confirmed incidents of corruption and actions taken	HR Governance and Policies > Anti-corruption and Anti-bribery Policies (page 152)				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Anti-competitive behaviour						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.25
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				
GRI 207: Tax 2019	207-1 Approach to tax 207-2 Tax governance, control, and risk management 207-3 Stakeholder engagement and management of concerns related to tax 207-4 Country-by-country reporting	Notes to the Financial Statements > Basis of Preparation > Statement of Compliance (page 218)				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics			Not applicable		
GRI 301: Materials 2016	301-1 Materials used by weight or volume 301-2 Recycled input materials used 301-3 Reclaimed products and their packaging materials			Not applicable Not applicable Not applicable		
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				
GRI 302: Energy 2016	302-1 Energy consumption within the organisation 302-2 Energy consumption outside of the organisation	Playing our Part for the Planet > Energy Management (page 158)		Information unavailable/ incomplete	This information is unavailable for disclosure as the energy consumption is measured to cover all operations within the Company, and does not cover any upstream or downstream activities that are outside the Organisation's scope of operations, due to the scale of the Organisation.	
	302-3 Energy intensity					
	302-4 Reduction of energy consumption	Playing our Part for the Planet > Renewable Energy (page 159)				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	302-5 Reductions in energy requirements of products and services			Information unavailable/incomplete	There are no reductions in energy requirements of products and services to be disclosed	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.7
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Playing Our Part for the Planet > Water Management (page 160)				
	303-2 Management of water discharge-related impacts	Playing Our Part for the Planet > Water Management (page 160)				
	303-3 Water withdrawal	Playing Our Part for the Planet > Water Management (page 160)				
	303-4 Water discharge	Playing Our Part for the Planet > Water Management (page 160)				
	303-5 Water consumption	Playing Our Part for the Planet > Water Management (page 160)				
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.1
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Playing Our Part for the Planet > Emissions (page 156)				
	305-2 Energy indirect (Scope 2) GHG emissions	Playing Our Part for the Planet > Emissions (page 156)				
	305-3 Other indirect (Scope 3) GHG emissions	Playing Our Part for the Planet > Emissions (page 156)				
	305-4 GHG emissions intensity					
	305-5 Reduction of GHG emissions	Playing Our Part for the Planet > Emissions (page 156)				
	305-6 Emissions of ozone-depleting substances (ODS)					
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		Not applicable	This information is not collected nor disclosed as it is not considered a material matter for the Company		
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.8
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Playing Our Part for the Planet > Waste Management (page 161)				
	306-2 Management of significant waste-related impacts	Playing Our Part for the Planet > Waste Management (page 161)				
	306-3 Waste generated	Playing Our Part for the Planet > Waste Management (page 161)				
	306-4 Waste diverted from disposal	Playing Our Part for the Planet > Waste Management (page 161)				
	306-5 Waste directed to disposal	Playing Our Part for the Planet > Waste Management (page 161)				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria			Information unavailable/incomplete	Data to be collected for future reporting periods	
	308-2 Negative environmental impacts in the supply chain and actions taken			Information unavailable/incomplete	Data to be collected for future reporting periods	
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	HR Governance and Policies (page 151)		Confidentiality constraints	The required information on employee turnover is considered confidential by the Company.	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	HR Governance and Policies (page 151)				
	401-3 Parental leave	HR Governance and Policies (page 151)				
Labor/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				
GRI 402: Labour/Management Relations 2016	402-1 Minimum notice periods regarding operational changes			Not applicable	Not considered material	
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13:19
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	HR Governance and Policies > Occupational Health and Safety (page 152)				
	403-2 Hazard identification, risk assessment, and incident investigation			Information unavailable/Incomplete	Data to be collected for future reporting periods.	
	403-3 Occupational health services	HR Governance and Policies > Occupational Health and Safety (page 152)				
	403-4 Worker participation, consultation, and communication on occupational health and safety	HR Governance and Policies > Occupational Health and Safety (page 152)				
	403-5 Worker training on occupational health and safety	HR Governance and Policies > Occupational Health and Safety (page 152)				
	403-6 Promotion of worker health	HR Governance and Policies > Occupational Health and Safety (page 152)				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	HR Governance and Policies > Occupational Health and Safety (page 152)				
	403-8 Workers covered by an occupational health and safety management system	HR Governance and Policies > Occupational Health and Safety (page 152)				
	403-9 Work-related injuries	HR Governance and Policies > Occupational Health and Safety (page 152)				
	403-10 Work-related ill health	HR Governance and Policies > Occupational Health and Safety (page 152)				
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Enhancing Youth Skills (page 130)				
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Enhancing Youth Skills (pages 128-130)				
	404-3 Percentage of employees receiving regular performance and career development reviews	HR Governance and Policies > Performance Management (page 151)				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.15
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	HR Governance and Policies > Diversity of workforce by grade, age, and gender (page 153)				
	405-2 Ratio of basic salary and remuneration of women to men		Confidentiality constraints	The required information on salary ratios is considered confidential by the Company, and the sharing of such confidential information is considered an unethical business practice.		
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.15
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken					
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.18
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		Information unavailable/incomplete	Data not available for current reporting period		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Child labour						
GRI 3: Material Topics 2021	3-3 Management of material topics	Considered part of existing Material Topic Labour Practices and Grievances				13.17
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	HR Governance and Policies > Cargills policy on child labour and forced labour				
Forced or compulsory labour						
GRI 3: Material Topics 2021	3-3 Management of material topics	Considered part of existing Material Topic Labour Practices and Grievances				13.16
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	HR Governance and Policies > Cargills policy on child labour and forced labour				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.13
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	Bridging Regional Disparity > Community Development				
	413-2 Operations with significant actual and potential negative impacts on local communities		Information unavailable/ incomplete		There is no data to disclose on significant negative impacts since the nature of our operation is anchored to minimising or eliminating significant negative impacts on local communities.	
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria		Information unavailable/ incomplete		Data to be collected for future reporting periods.	
	414-2 Negative social impacts in the supply chain and actions taken		Information unavailable/ incomplete		Data to be collected for future reporting periods.	
Public policy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.24
GRI 415: Public Policy 2016	415-1 Political contributions	Corporate Governance > Business Practices and Ethics				
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.1
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Healthy, Safe and Affordable Nutrition (pages 106-121)				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		Information unavailable/ incomplete		No data to be reported	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Marketing and labelling						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	Healthy, Safe and Affordable Nutrition > Fostering a Strong Regulatory Environment (page 120)				
	417-2 Incidents of non-compliance concerning product and service information and labelling	Healthy, Safe and Affordable Nutrition > Fostering a Strong Regulatory Environment (page 120)				
	417-3 Incidents of non-compliance concerning marketing communications	Healthy, Safe and Affordable Nutrition > Fostering a Strong Regulatory Environment (page 120)				
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Shared Services and Core Systems > Cybersecurity (page 55)				
Soil health						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.5
GRI 13 Sector Standard Topic 13.5: Soil Health	Describe the soil management plan, including: <ul style="list-style-type: none"> a link to this plan if publicly available; the main threats to soil health identified and a description of the soil management practices used; the approach to input optimisation, including the use of fertilisers. 	Playing Our Part for the Planet > Reducing Emissions at Farm Level (page 156)				
Pesticide use						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.6
GRI 13 Sector Standard Topic 13.6: Pesticide use	Additional sector recommendations <ul style="list-style-type: none"> Describe the pest management plan of the Organisation, including the rationale for the selection and application of pesticides and any other practices of pest control. Describe actions taken to prevent, mitigate and/or remediate negative impacts associated with the use of extremely and highly hazardous pesticides. Describe the actions, initiatives, or plans to switch to less hazardous pesticides and actions taken to optimise pest control practices. Describe the training provided to workers on pest management and the application of pesticides. 	Healthy, Safe and Affordable Nutrition > Beesafe (pages 108-111)/Good Harvest and Playing Our Part for the Planet > Reducing Emissions at Farm Level (page 156) and Bridging Regional Disparity > Agriculture Modernisation Project (page 78)				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Food security						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.9
GRI 13 Sector Standard Topic 13.9 Food Security	Additional sector recommendations <ul style="list-style-type: none"> Describe the effectiveness of actions and programmes on food security at local, regional, national, or global levels. Report partnerships which the Organisation is part of that address food security, including engagement with governments. Describe policies or commitments to address food loss in the supply chain. 	Reducing the Cost of Living (pages 60-69)				
Supply chain traceability						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.23
GRI 13 Sector Standard Topic 13.23 Supply Chain Traceability	Additional sector recommendations <ul style="list-style-type: none"> Describe the rationale and methodology for tracing the source, origin, or production conditions of the products sourced by the Organisation 	Bridging Regional Disparity > The Digitisation of the Cargills Agriculture Supply Chain (page 79)				
Economic inclusion						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				13.22
GRI 13 Sector Standard Topic 13.22 Economic Inclusion	Additional sector recommendations <ul style="list-style-type: none"> Describe actions taken to support the economic inclusion of farmers and fishers, and their communities (e.g. direct support through investments, partnerships, or training) and the effectiveness of these actions (e.g. increased yields or productivity, number of farmers or fishers reached, percentage of products sourced from small producers). Describe actions taken to identify and adjust the sourcing practices of the Organisation that cause or contribute to negative impacts on economic inclusion of farmers and fishers in the supply chain. 	Bridging Regional Disparity (pages 70-93) Enhancing Youth Skills (pages 126-131)				
Climate adaptation and resilience						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.2
GRI 13 Sector Standard Topic: Climate adaptation and resilience	Additional sector recommendations <ul style="list-style-type: none"> Describe the climate change-related scenarios used for identifying the risks and opportunities posed by climate change. 					

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Living income and living wage						
GRI 3: Material Topics 2021	3-3 Management of material topics	Enterprise Risk Management > Overview of Key Risks Affecting the Business (pages 198-200)				
GRI 13 Sector Standard Topic 13.21 Living income and living wage	<p>Additional sector recommendations</p> <ul style="list-style-type: none"> Describe commitments related to providing a living income or paying a living wage. Describe the methodology used for defining living income or living wage at significant locations of operation and report whether this has involved consultation with and participation of local stakeholders, including trade unions and employer organizations. Describe how sourcing, pricing, and remuneration policies take living income or living wage into account, including how living income is considered when setting product prices. Describe the tools and systems used to monitor wages paid by suppliers. 		Confidentiality constraints	The required information income/wage is considered confidential by the Company, and therefore cannot be disclosed.	13.21	
Rights of Indigenous Peoples						
GRI 3: Material Topics 2021	3-3 Management of material topics		Information unavailable/ incomplete	Data to be collected for future reporting periods.	13.14	
GRI 41: Rights of Indigenous Peoples 2016	<p>411-1 Incidents of violations involving rights of indigenous peoples</p> <p>Additional sector recommendations</p> <ul style="list-style-type: none"> Describe the identified incidents of violations involving the rights of indigenous peoples. 					
Natural ecosystem conversion						
GRI 3: Material Topics 2021	3-3 Management of material topics		Information unavailable/ incomplete	Data to be collected for future reporting periods.	13.4	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Topic 13.4 Natural ecosystem conversion	<p>Additional sector recommendations</p> <ul style="list-style-type: none"> Describe policies or commitments to reduce or eliminate natural ecosystem conversion, including target and cut-off dates, for the following: <ul style="list-style-type: none"> the organization's own production; sourcing of terrestrial animal and fish feed; products sourced by the organization for aggregation, processing, or trade. Describe how the organization ensures that its suppliers comply with its natural ecosystem conversion policies and commitments, including through sourcing policies and contracts. Report the organization's participation in multi-stakeholder, landscape, or sectoral initiatives intended to reduce or eliminate natural ecosystem conversion. Describe the tools and systems used to monitor natural ecosystem conversion in the organization's activities, supply chain, and sourcing locations. 					
Animal health and welfare						
GRI 3: Material Topics 2021	3-3 Management of material topics			Information unavailable/incomplete	Data to be collected for future reporting periods.	13:11
Topic 13:11 Animal health and welfare	<p>Additional sector recommendations</p> <ul style="list-style-type: none"> Describe commitments to respect land and natural resource rights (including customary, collective, and informal tenure rights) and report the extent to which the commitments apply to the organization's activities and to its business relationships. Describe how the commitments to respect land and natural resource rights are implemented with suppliers. Describe the approach to protecting human rights and land rights defenders from reprisals (i.e., non-retaliation for raising complaints or concerns). Describe the effectiveness of actions and programs on food security at local, regional, national, or global levels. Report partnerships which the organization is part of that address food security, including engagement with governments. Describe policies or commitments to address food loss in the supply chain. 					

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Land and resource rights						
GRI 3: Material Topics 2021	3-3 Management of material topics			Information unavailable/ incomplete	Data to be collected for future reporting periods.	1313
Topic 13.13 Land and resource rights	<p>Additional sector recommendations</p> <ul style="list-style-type: none"> Describe commitments to respect land and natural resource rights (including customary, collective, and informal tenure rights) and report the extent to which the commitments apply to the organization's activities and to its business relationships. Describe how the commitments to respect land and natural resource rights are implemented with suppliers. Describe the approach to protecting human rights and land rights defenders from reprisals (i.e., non-retaliation for raising complaints or concerns). Describe the effectiveness of actions and programs on food security at local, regional, national, or global levels. Report partnerships which the organization is part of that address food security, including engagement with governments. Describe policies or commitments to address food loss in the supply chain. 					

FIVE YEAR FINANCIAL SUMMARY

282

Cargills
(Ceylon)
PLC
Annual
Report
2023/24

Five Year Financial Summary

ANNEXURES

Group	Rs. '000 2020	Rs. '000 2021	Rs. '000 2022	Rs. '000 2023	Rs. '000 2024
Continuing Operations					
Revenue	107,051,866	112,607,061	136,691,993	195,617,899	223,440,484
Profit from operations	7,060,621	7,287,074	9,058,383	13,759,535	13,512,745
Profit before taxation	4,199,634	4,527,659	5,818,434	8,516,642	9,245,923
Profit for the year	2,761,419	3,483,639	4,538,720	5,380,845	5,936,119
Discontinued Operations					
Profit/loss from discontinued operation, net of tax	-	-	-	-	-
Profit for the year	2,761,419	3,483,639	4,538,720	5,380,845	5,936,119
Attributable to					
Owners of the Company	2,692,092	3,480,991	4,543,044	5,366,006	5,886,785
Non-controlling interest	69,327	2,648	(4,324)	14,839	49,334
	2,761,419	3,483,639	4,538,720	5,380,845	5,936,119
Financial Position					
Stated capital	6,756,591	6,773,878	6,841,068	6,841,068	6,841,068
Reserves	11,092,673	16,179,971	18,654,175	20,236,127	25,590,705
Non-controlling interest	515,554	6,874	3,626,272	3,840,612	3,890,688
Capital and Reserves	18,364,818	22,960,723	29,121,515	30,917,807	36,322,461
Current assets	21,832,167	23,123,652	27,178,089	38,110,346	44,201,004
Current liabilities	(39,556,049)	(38,945,230)	(41,001,806)	(59,656,935)	(67,818,127)
Working capital	(17,723,882)	(15,821,578)	(13,823,717)	(21,546,589)	(23,617,123)
Non-current assets	49,375,858	59,468,926	71,265,687	82,676,336	88,953,625
Non-current liabilities	(13,287,158)	(20,686,625)	(28,320,455)	(30,211,940)	(29,014,041)
Non-controlling interest	(515,554)	(6,874)	(3,626,272)	(3,840,612)	(3,890,688)
Net Assets Attributable to Equity Holders of the Parent	17,849,264	22,953,849	25,495,243	27,077,195	32,431,773

Group	Rs. '000 2020	Rs. '000 2021	Rs. '000 2022	Rs. '000 2023	Rs. '000 2024
Key Indicators					
Growth in turnover (%)	13.09	5.19	21.39	43.11	14.22
Growth in earnings (%)	35.78	26.15	30.29	18.55	10.32
Operating profit to turnover (%)	6.60	6.47	6.63	7.03	6.05
Earnings to turnover (%)	2.58	3.09	3.32	2.75	2.66
Return on total assets (%)	3.88	4.22	4.61	4.45	4.46
Growth in total assets (%)	22.18	15.99	19.19	22.70	10.24
Growth in capital and reserves (%)	2.35	25.03	26.83	6.17	17.48
Return on capital and reserves (%)	15.04	15.17	15.59	17.40	16.34
Return on investment (%)	15.21	16.86	17.43	17.92	17.66
Earnings per share (Rs.)	10.45	13.51	17.63	20.82	22.85
Dividends per share (Rs.)	6.00	5.10	6.10	8.50	13.00
Net assets per share (Rs.)	69.27	89.08	98.94	105.08	125.86
Dividends paid per share (Rs.)	6.00	5.10	6.10	8.50	13.00
Dividend payout (%)	57.33	37.75	34.60	40.82	56.90
Dividends paid	1,543,326	1,311,996	1,571,834	2,190,261	3,349,811
Debt to equity ratio (times)	0.82	0.70	0.48	0.71	0.57
Interest cover (times)	2.69	2.90	3.33	2.09	1.87
Current ratio (times)	0.55	0.59	0.66	0.64	0.65
Quick assets ratio (times)	0.29	0.29	0.30	0.26	0.31
Capital additions	5,518,880	6,403,947	8,846,548	11,102,805	6,865,770
Market value per share as at reporting date (Rs.)	170.00	235.00	182.50	233.00	360.00
Market capitalisation	43,727,577	60,468,908	47,026,186	60,038,911	92,763,983

- a) Return on investment is computed by dividing the profit for the year by total average assets employed.
b) Debt to equity ratio is computed by dividing the total net borrowings by the shareholders' funds.
c) Above per share details have been computed based on 257,677,731 shares in issue as at 31 March 2024.

INVESTOR RELATIONS SUPPLEMENT

1. General

Stated capital	Rs. 6,841,068,486
Issued shares	257,677,731
Class of shares	Ordinary shares
Voting rights	One vote per ordinary share

2. Stock Exchange Listing

The issued ordinary shares of Cargills (Ceylon) PLC are listed in the Colombo Stock Exchange.

3. Distribution of Shareholders

Size of	31 March 2024				31 March 2023			
	Shareholders		Holding		Shareholders		Holding	
	Number	%	Number	%	Number	%	Number	%
1 - 1,000	1,334	66.30	179,078	0.07	1,305	65.02	191,184	0.07
1,001 - 10,000	451	22.42	1,551,552	0.60	465	23.17	1,573,705	0.61
10,001 - 100,000	175	8.70	5,122,984	1.99	179	8.92	5,308,041	2.06
100,001 - 1,000,000	38	1.89	11,425,421	4.43	44	2.19	13,711,385	5.32
1,000,001 and over	14	0.70	239,398,696	92.91	14	0.70	236,893,416	91.93
	2,012	100.00	257,677,731	100.00	2,007	100.00	257,677,731	100.00

4. Analysis of Shareholders

Group of	31 March 2024				31 March 2023			
	Shareholders		Holding		Shareholders		Holding	
	Number	%	Number	%	Number	%	Number	%
Institutions	105	5.22	211,708,928	82.16	99	4.93	216,045,207	83.84
Individuals	1,907	94.78	45,968,803	17.84	1,908	95.07	41,632,524	16.16
Total	2,012	100.00	257,677,731	100.00	2,007	100.00	257,677,731	100.00
Residents	1,934	96.12	241,255,605	93.63	1,924	95.86	240,273,950	93.25
Non residents	78	3.88	16,422,126	6.37	83	4.14	17,403,781	6.75
Total	2,012	100.00	257,677,731	100.00	2,007	100.00	257,677,731	100.00

5. Share Valuation

The market price per share recorded during the year ended 31 March

	Rs. 2024	Rs. 2023
Highest	400.00	247.00
Lowest	230.25	150.00
Last traded price	360.00	233.00

6. Top 20 Shareholders

The holdings of the top 20 shareholders

	31 March 2024		31 March 2023	
	Number of Shares	%	Number of Shares	%
C T Holdings PLC	183,404,417	71.18	183,404,417	71.18
Mr V R Page	20,315,796	7.88	19,228,346	7.46
Employees' Provident Fund	8,407,333	3.26	8,407,333	3.26
Ms M M Page	6,548,358	2.54	6,322,224	2.45
Mr A I Dominic	6,431,834	2.50	4,484,963	1.74
Odeon Holdings (Ceylon) (Private) Limited	6,011,909	2.33	5,511,909	2.14
BBH - Tundra Sustainable Frontier Fund	3,797,770	1.47	3,797,770	1.47
GF Capital Global Limited	2,261,319	0.88	1,136,605	0.44
Mrs P R Page	1,576,033	0.61	337,994	0.13
Dr. A. Aravinda Page	1,446,853	0.56	952,451	0.37
Serendip Investments Limited	959,788	0.37	910,788	0.35
Ceylon Guardian Investment Trust PLC - A/C No. 2	907,002	0.35	1,807,002	0.70
Sir Chittampalam A Gardiner Trust	643,474	0.25	643,474	0.25
East India Holding (Pvt) Ltd	564,103	0.22	564,103	0.22
Mr P E Muttukumaru	535,000	0.21	527,000	0.20
Mr J C Page	520,000	0.20	520,000	0.20
Galle Face Capital Partners PLC	501,277	0.19	263,275	0.10
Mrs A M L Page	421,780	0.16	321,199	0.12
J B Cocoshell (Pvt) Ltd	412,405	0.16	524,167	0.20
Senfin Growth Fund	400,210	0.16	500,210	0.19
	246,066,661	95.49	240,165,230	93.20
Others	11,611,070	4.51	17,512,501	6.80
Total	257,677,731	100.00	257,677,731	100.00

7. Public Holding

The percentage of shares held by the public and number of public shareholders as at 31 March 2024 is 17.44%. (2023 - 18.60%) and 1,996 (2023 - 1,990) respectively. The total number of shares in issue is 257,677,731, of which Public Holding represents 44,940,566 shares. The float adjusted market capitalisation amounts to Rs 16.18 Bn. Accordingly, the Company complies with the Minimum Public Holding requirement of the Main Board as per Option 1 of Section 7.13.1 (a) of the CSE Listing Rules.

GROUP REAL ESTATE PORTFOLIO

Location	Land Extent	Building Area (Sq.Ft.)	Valuation/cost Rs. '000	Year of Valuation
Cargills (Ceylon) PLC				
Colombo 1	140.75 Perches	125,215	3,109,101	2024
Staple Street - Colombo 2	81.5 Perches	20,970	1,057,413	2024
Braybrooke Place	78.17 Perches	5,146	783,400	2024
Canal Row - Colombo 1	15.25 Perches	12,300	442,294	2024
Cargills Square - Jaffna	Leasehold	99,164	1,128,886	2024
Cargills Retail (Private) Limited				
Kandy	87.96 Perches	25,174	1,978,400	2024
Maharagama	145.3 Perches	15,827	788,525	2024
Nuwara Eliya	56.5 Perches	9,617	385,800	2024
Mattakkuliya (111)	330 Perches	80,967	885,360	2024
Park Road	-	4,610	86,400	2024
Kohuwala	28.65 Perches	6,225	181,631	2024
Mattakkuliya (141)	287.96 Perches	44,469	617,025	2024
Moratuwa	78.6 Perches	7,475	462,000	2024
Ingiriya (Lot A,C,D,B1)	26 Acres	1,300	256,702	2024
Katana	28.8 Acres	319,576	4,869,515	2024
Cargills Convenient Foods Limited				
Ja-Ela - Ganemulla	5.03 Acres	41,833	756,906	2024
Ja-Ela - Ganemulla	201 Perches	-	6,030	2024
Mattakkuliya	1.3 Acres	19,786	530,544	2024
Ja-Ela - Ma Eliya	4 Acres	17,390	669,700	2024
Marawila	27.8 Acres	6,329	148,266	2024
Cargills Food & Beverage Limited				
Katana	11.3 Acres	99,492	744,549	2024
Millers Limited				
Kelaniya	1.5 Acres	55,770	594,000	2024
Nittambuwa	112 Perches	-	169,450	2024

Location	Land Extent	Building Area (Sq.Ft.)	Valuation/cost Rs. '000	Year of Valuation
CPC Lanka Limited				
Katoolaya Estate, Thawalantenne	4 Acres	19,961	70,200	2024
Cargills Dairies (Private) Limited				
Mirigama, Baduragoda	100.2 Perches	-	30,060	2024
Mirigama, Baduragoda	38.51 Perches	2,041	18,037	2024
Kotmale Dairy Products (Private) Limited				
Mulleriyawa	1.7 Acres	35,528	508,782	2024
Bogahawatta	1 Acres	51,321	826,349	2024
Hatton	17.5 Acres	8,882	84,000	2024
Frederick North Hotel Company Limited				
Boralesgamuwa	2.5 Acres	23,168	494,558	2024
The Empire Investments Company (Private) Limited				
Bandarawela	85.2 Perches	69,197	2,015,736	2024
Katubedda	1.15 Acres	74,387	2,659,490	2024
Dematagoda	84.32 Perches	71,956	1,371,500	2024
Gampaha	82.6 Perches	43,115	612,970	2024
Negombo	91 Perches	17,534	377,500	2024
Kandy	170 Perches	937	841,008	2024
Bare land - Kandy	11.3 Perches	-	84,750	2024
C T Real Estate (Private) Limited				
Bare land - Piliyandala	114 Perches	-	133,125	2024
Commercial property - Piliyandala	154.9 Perches	21,278	154,297	2024
C T Properties Lakeside (Private) Limited				
Boralesgamuwa	43 Acres	11,400	1,200,000	2024
C T Properties G S (Private) Limited				
Kotahena	199.8 Perches	-	1,598,400	2024

285

Cargills
(Ceylon)
PLC
Annual
Report
2023/24

NOTICE OF ANNUAL GENERAL MEETING

286

Cargills
(Ceylon)
PLC
Annual
Report
2023/24

Notice is hereby given that the Seventy Eighth Annual General Meeting of Cargills (Ceylon) PLC (the Company) will be held at the Institute of Chartered Accountants of Sri Lanka, No. 30A, Malalasekara Mawatha, Colombo 07 on Thursday, 1 August 2024, at 9.30am and the business to be brought before the meeting will be:

To read the Notice convening the Meeting, and

1. To receive and consider the Annual Report of the Directors and the Financial Statements for the year ended 31 March 2024, with the Report of the Auditors thereon.
2. To re-elect Directors
 - (a) Mr D S Jayawardhana, who retires by rotation in terms of the Company's Articles of Association and being eligible offers himself for re-election, and
 - (b) Dr D N Weerakoon who was appointed on 1 January 2024, also retires in terms of the Company's Articles of Association and being eligible offers herself for re-appointment, and
 - (c) Mr G R Ampalavanar who was appointed on 1 January 2024, also retires in terms of the Company's Articles of Association and being eligible offers himself for re-appointment, and
 - (d) Mr L R Page, who retires in terms of Section 210 (2) (b) of the Companies Act No. 07 of 2007 having surpassed seventy years of age and offers himself for re-election in terms of Section 211 (1) and (2) of the Companies Act No. 07 of 2007 with the unanimous support of the other Directors.

Ordinary Resolution (i)

"Resolved that Mr L R Page, a retiring Director, who has attained the age of seventy-four years be and is hereby reappointed a Director of the Company and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the appointment of the said Director",

3. To authorise the Directors to determine contributions to charities for the financial year 2024/25.
4. To authorise the Directors to determine the remuneration of the Auditors, Messrs. KPMG, who are deemed reappointed as Auditors at the Annual General Meeting of the Company in terms of Section 158 of the Companies Act No 07 of 2007.

The Annual Report of Cargills (Ceylon) PLC for the year ended 31 March 2024 is accessible via:

- (1) Corporate Website: <https://www.cargillsceylon.com/cargills-ceylon-plc/>
- (2) The Colombo Stock Exchange - <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=CARG.NOOOO>

(3) The following QR code



Should members wish to obtain a hard copy of the Annual Report 2023/24, they may send a request to the Company by filling the Form of Request attached to the Form of Proxy. A printed copy of the Annual Report will be forwarded by the Company within eight (8) market days, subject to the prevailing circumstances at the time, from the date of receipt of the request

For clarification on how to download and/or access the Annual Report and Financial Statements, please contact Mr. Surendran on +94 76 063 8489 during normal office hours (8.30am to 5.00pm)

By Order of the Board
Cargills (Ceylon) PLC

H S Ellawala
Company Secretary

10 July 2024

Notes:

- (i) A member is entitled to appoint a proxy to attend and vote at the meeting in his or her stead and the proxy need not be a member of the Company. A Form of Proxy is enclosed for this purpose.
- (ii) The duly completed instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the date of the meeting.

FORM OF PROXY

SEVENTY EIGHTH ANNUAL GENERAL MEETING

Cargills (Ceylon) PLC (PQ 130)

*I/We (name of the shareholder/s)

Holder of NIC/Passport/Company Registration No./s

of (address of shareholder/s)

being a *shareholder/s of Cargills (Ceylon) PLC (the Company) hereby appoint:

Please indicate your preference with a

Name of the proxy holder: *Mr/Mrs/Miss

Holder of NIC/Passport/Company Registration No./s

of (address of proxy holder/s)

Mobile number of proxy holder:

OR failing him/her

The Chairman of the Meeting as my/our Proxy to represent me/us and to vote for on my/our behalf at the seventy eighth Annual General Meeting of the Company to be held on Thursday, 1 August 2024 and at any adjournment thereof.

Please mark your preference with "X"

No.	Resolution	For	Against
1.	To receive and consider the Annual Report of the Directors and the Financial Statments for the year ended 31 March 2024, with the Report of the Auditors thereon	<input type="checkbox"/>	<input type="checkbox"/>
2a.	To re-elect Mr D S Jayawardhana as a Director	<input type="checkbox"/>	<input type="checkbox"/>
2b.	To re-elect Dr D N Weerakoon as a Director	<input type="checkbox"/>	<input type="checkbox"/>
2c.	To re-elect Mr G R Ampalavanar as a Director	<input type="checkbox"/>	<input type="checkbox"/>
2d.	To re-elect Mr L R Page as a Director	<input type="checkbox"/>	<input type="checkbox"/>
3.	To authorise the Directors to determine contributions to charities	<input type="checkbox"/>	<input type="checkbox"/>
4.	To authorise the Directors to determine the remuneration of the Auditors, Messrs KPMG who are deemed re-appointed as Auditors at the Annual General Meeting	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this day of 2024

Signature/s of shareholder/s NIC/PP/Co.Reg.No. of shareholder/s

Witnesses:

NOTES:

- (a) *Strike out whichever is not desired
- (b) Instructions as to completion of the Form of Proxy are set out in the reverse hereof
- (c) A Proxy holder need not be a member of the Company
- (d) Please indicate with an "X" in the cage provided how your Proxy holder should vote. If no indication is given, or if there is, in the view of the Proxy holder, any doubt (by reason of the manner in which the instructions contained in the Proxy have been completed) as to the way in which the Proxy holder should vote, the Proxy holder in his/her discretion may vote as he/she thinks fit

INSTRUCTIONS FOR COMPLETION OF THE PROXY FORM

1. To be valid, the completed Form of Proxy should be deposited at the Registered Office of the Company at No: 40, York Street, Colombo 1, or an electronic document with e-signature or scan of the signed document emailed to ccp.agm@cargillsceylon.com, with the subject title "CCP-AGM 2024" not less than 48 hours before the time appointed for the holding of the Meeting.
2. In perfecting the form, please ensure that all details are legible. If you wish to appoint a person other than the Chairman as your proxy, please fill in your full name and address, the name and address of the proxy holder and sign in the space provided and fill in the date of signature.
3. The instrument appointing a Proxy shall, in the case of an individual, be signed by the appointer or by his Attorney and in the case of a Corporation must be executed under its Common Seal or in such other manner prescribed by its Articles of Association or other constitutional documents.
4. If the Proxy Form is signed by an Attorney, the relevant Power of Attorney or a notarially certified copy thereof, should also accompany the completed Form of Proxy, if it has not already been registered with the Company.
5. In the case of joint holders, only one needs to sign. The votes of the senior holder who tenders a vote will alone be counted.
6. In the case of non-resident Shareholders, the stamping will be attended to upon return of the completed form of proxy to Sri Lanka.

FORM OF REQUEST

To: Company Secretary
Cargills (Ceylon) PLC
No. 40, York Street
Colombo 01

REQUEST FOR A PRINTED COPY OF THE ANNUAL REPORT 2023/24

I hereby request you to send me a printed copy of the Annual Report of Cargills (Ceylon) PLC for the Financial Year ended 31 March 2024.

Name of Shareholder :
(as registered in the Company or in the CDS)

Shareholder Reference No. : Folio/CDS Account No.

Address :

Contact Telephone No./s :

E-mail address :

Signature:

Date:

Cargills
(Ceylon)
PLC
Annual
Report
2023/24

CORPORATE INFORMATION

Name of Company

Cargills (Ceylon) PLC

Company Registration No.

PQ 130

Legal Form

Quoted public company with limited liability, incorporated in Sri Lanka on 1 March 1946.

Board of Directors

Louis Page (Chairman)

Ranjit Page

(Deputy Chairman/Group CEO)

Imtiaz Abdul Wahid (Group Managing Director/Deputy CEO)

Asite Talwatte

(Senior Independent Director)

Priya Edirisinghe

(up to 15 January 2024)

Sanjeev Gardiner

(up to 7 May 2024)

Errol Perera

(up to 31 December 2023)

Yudhishtan Kanagasabai

(up to 28 July 2023)

Joseph Page

Asoka Pieris

(up to 7 June 2024)

Indira Malwatte

Dilantha Jayawardhana

Dr Dushni Weerakoon

(w.e.f. 1 January 2024)

Ganesan Ampalavanar

(w.e.f. 1 January 2024)

Company Secretary

Hemali Sagarika Ellawala

Remuneration Committee

Asite Talwatte (Chairman)

Priya Edirisinghe

(up to 15 January 2024)

Indira Malwatte

(w.e.f. 9 February 2024)

Dr Dushni Weerakoon

(w.e.f. 9 February 2024)

Audit Committee

Asite Talwatte (Chairman)

Priya Edirisinghe

(up to 15 January 2024)

Indira Malwatte

(w.e.f. 9 February 2024)

Dr Dushni Weerakoon

(w.e.f. 9 February 2024)

Yudhishtan Kanagasabai

(up to 28 July 2023)

Related Party Transactions Review Committee

Asite Talwatte (Chairman)

Priya Edirisinghe

(up to 15 January 2024)

Indira Malwatte

(w.e.f. 9 February 2024)

Dr Dushni Weerakoon

(w.e.f. 9 February 2024)

Yudhishtan Kanagasabai

(up to 28 July 2023)

Stock Exchange Listing

Colombo Stock Exchange

Registered Office

40, York Street, Colombo 1,

Sri Lanka

Telephone : +94 (0) 11 242 7777

Facsimile : +94 (0) 11 233 8704

E-mail : ccl@cargillsceylon.com

Postal Address

P.O. Box 23, Colombo 1

Auditors

KPMG

Chartered Accountants

Bankers

Amana Bank

Bank of Ceylon

Cargills Bank

Commercial Bank of Ceylon

Deutsche Bank

DFCC Bank

Habib Bank

HNB Bank

HSBC Bank

MCB Bank

NDB Bank

Nations Trust Bank

Pan Asia Bank

People's Bank

Sampath Bank

Seylan Bank

Standard Chartered Bank

Union Bank

Subsidiary Companies*

Cargills Agri Solutions Company (Private) Limited

Cargills Confectioneries (Private) Limited

Cargills Convenient Foods Limited

Cargills Dairies (Private) Limited

Cargills Distributors (Private) Limited

Cargills Enterprise Solutions (Private) Limited

Cargills Food & Beverage Limited

Cargills Food Services (Private) Limited

Cargills Frozen Products (Private) Limited

Cargills Restaurants (Private) Limited

Cargills Retail (Private) Limited

C P C (Lanka) Limited

C T Properties Limited

C T Properties G S (Private) Limited

C T Real Estate (Private) Limited

C T Property Management Company (Private) Limited

C T Properties Lakeside (Private) Limited

Dawson Office Complex (Private) Limited

Frederick North Hotel Company Limited

Kotmale Dairy Products (Private) Limited

Kotmale Holdings PLC

Kotmale Milk Foods Limited

Kotmale Milk Products Limited

Kotmale Products Limited

Millers Limited

The Empire Investments Company (Private) Limited

Associate Companies*

Cargills Bank PLC

Ceylon Theatres (Private) Limited



Produced by Smart Media,
a GHG-neutral company
since 2011

* All Companies are incorporated and carrying out business operations in Sri Lanka.



Cargills (Ceylon) PLC No. 40, York Street, Colombo 01. Tel : +94 112427777, +94 11 2427500