

# 60 years of Nurturing Life

CIC Holdings PLC  
Annual Report 2023 / 24





# 60 years of Nurturing Life

Since our inception, we have been guided by the principle that our success is not measured solely in profits but in the positive impact we make on the lives of individuals and the communities we touch. Today, as we celebrate 60 years of “Nurturing Life”, we reflect on a journey that has been through continuous evolution.

The relationships we’ve fostered over the years extend beyond transactions; they are rooted in the lives of people we have empowered. Our people, partners, and the communities we operate in have been integral to the narrative of CIC, forming a collective force that propels us forward.

Looking forward, we remain optimistic with opportunities to innovate, collaborate, and continue our legacy of meaningful impact. As we brave the future with a renewed sense of purpose, we stand ready to make a lasting impact for the next 60 years and beyond.



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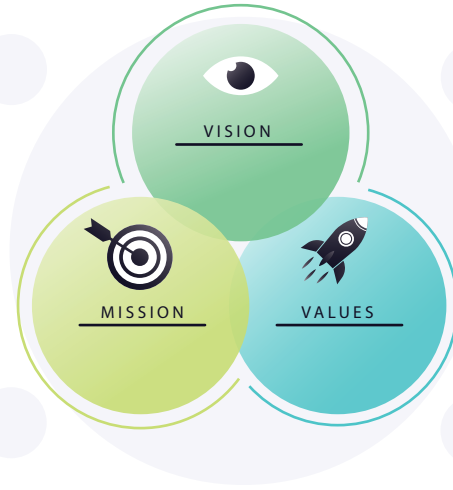
Scan the QR code to view this report online

# Vision

To be the most respected and admired corporate for the positive impact we make on society by nurturing the lives of those we touch.

# Mission

Harnessing science and modern technology, we will provide solutions of superior quality which are efficient and safe. We will build rewarding and lasting relationships with our stakeholders and be a significant entity in every sector we operate.



# Values

**OWNERSHIP & ACCOUNTABILITY:**

This is my business and I take responsibility for my promises and actions

**TEAMWORK & TRUST:**

We rely on each other to unleash the power of working together

**INTEGRITY & RESPECT:**

Honesty & Truth are paramount: we respect the law and each other

**ENTREPRENEURIAL & INNOVATIVE:**

We will constantly challenge boundaries seeking new horizons

**CUSTOMER FOCUS & QUALITY:**

The customer comes first: we will not compromise on the standards of our products and services

**BIAS FOR ACTION & WINNING SPIRIT:**

No stone will be left unturned in the pursuit of the goals

Rs.76Bn

Group Revenue

Rs.11Bn

Net Profit  
After Tax

Rs.78Bn

Total Assets



Rs. 25.70

Earnings  
Per Share

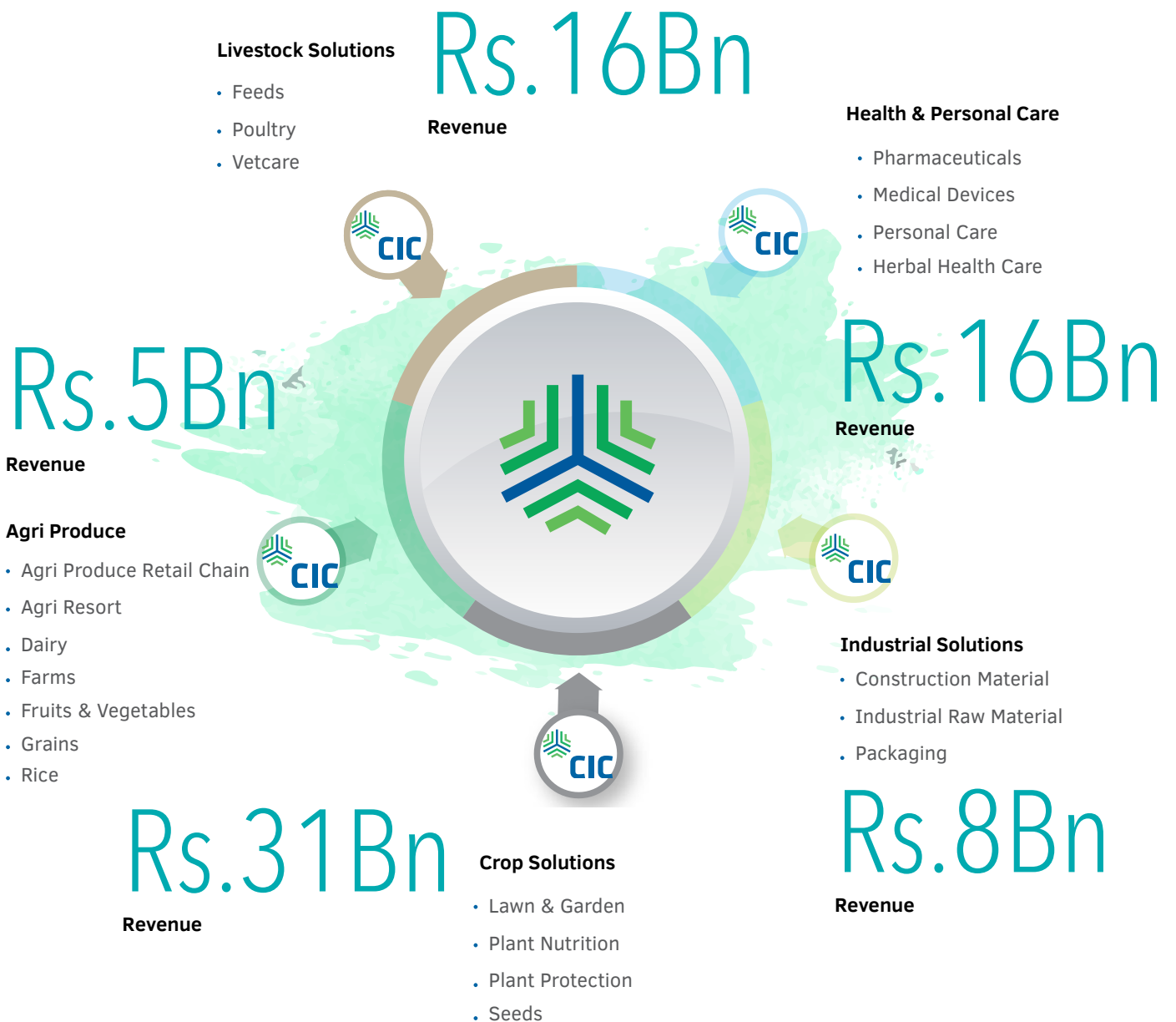
Rs.92.05

Net Assets  
Per Share

# PERFORMANCE REPORT



“The ‘starburst’ symbol depicts both the convergence of CIC’s various business entities towards one common purpose, which is ‘Nurturing Life’, and divergent positive impact of these businesses in their respective sectors.”



# FINANCIAL & OPERATIONAL HIGHLIGHTS

For the year ended 31st March	Group		
	2024	2023	
<b>Earning Highlights and Ratios</b>			
Group revenue	Rs. '000	76,424,242	68,274,718
Group profit before interest and tax	Rs. '000	10,673,653	16,843,086
Income tax expense	Rs. '000	(2,543,225)	(3,070,914)
Profit for the year from continuing operations	Rs. '000	10,974,197	9,997,624
Profit for the year from discontinued operations	Rs. '000	47,197	54,934
Other comprehensive income	Rs. '000	3,577,528	(313,920)
Total comprehensive income	Rs. '000	14,598,922	9,738,638
Profit attributable to equity holders of the Company	Rs. '000	9,743,258	7,801,449
Dividend Paid	Rs. '000	947,700	379,080
Basic/Diluted earnings per share (EPS)	Rs.	25.70	20.58
Interest cover	Number of times	4.55	4.03
Return on equity (ROE)	%	28	34
Return on assets (ROA)	%	19	17
Pre-tax return on capital employed (ROCE)	%	20	45
<b>Statement of Financial Position - Highlights and Ratios</b>			
Total Assets	Rs. '000	78,487,258	55,802,767
Total Equity	Rs. '000	39,994,876	27,829,015
Total Debts	Rs. '000	25,425,607	15,289,932
Equity attributable to equity holders of the Company	Rs. '000	34,893,140	22,996,023
Number of shares in issue	Number	379,080,000	379,080,000
Net assets per share	Rs.	92.05	60.66
Debt/Equity	%	63.57	54.94
Debt/Total assets	%	32.39	27.40
<b>Market/Shareholder Information</b>			
Market price per share as at 31st March			
Ordinary	Rs.	70.50	71.20
Non-Voting (Class X)	Rs.	52.50	49.50
Dividend per share			
Interim paid	Rs.	-	-
Final proposed	Rs.	2.50	2.50
Market capitalisation	Rs.Mn	25,151	25,092
Float adjusted market capitalisation	Rs.Mn	14,028	13,865
Price earnings ratio			
Ordinary	Number of times	2.74	3.46
Non-Voting (Class X)	Number of times	2.04	2.41
<b>Other Information</b>			
Total employees	Number	2,272	2,109
Revenue per employee	Rs. '000	33,637	32,373
Total value addition to employees	Rs. '000	3,940,725	3,047,126
Value addition to lenders of the capital	Rs. '000	4,663,731	5,852,891
Total taxes paid to Government	Rs. '000	7,480,200	4,413,011

# MILESTONES

**1964**

Incorporation of Chemical Industries (Colombo) Limited (now known as CIC Holdings PLC) listed in the Colombo Brokers Association

**1968**

Commence the operations of Ratmalana Factory

**1974**

Formation of Chemanex PLC

**1991**

Expanded its operations by incorporating CISCO Specialty Packaging (Private) Limited to manufacture PET Bottles

**1992**

Purchase of Fertilizer business from British American Tobacco and incorporation of CIC Fertilizers (Private) Limited (now known as CIC Agri Businesses (Private) Limited)

**1995**

Incorporation of CIC Paints (Private) Limited (now known as Akzo Nobel Paints Lanka (Private) Limited)

**1993**

Investment in CIAL where we produced writing instruments.

Head office shifted to own premises

**1998**

Lease of Hingurakgoda Seed Farm (1300 acres)

**2000**

Lease of Pelwehera Seed Farm (650 acres)

**2002**

Purchase of Nutrina (Private) Limited from Cargills Inc. USA & Incorporation of CIC Feeds (Private) Limited



# Rooted



## ANNIVERSARY

# in Life

## 2023

John Keells Holdings (JKH) became an associate of CIC Holdings PLC

## 2021

Acquisition of Bio Technologies Limited

## 2022

Acquisition of Asiavet Lifesence (Pvt) Limited

## 2020

Transformation of the organizational structure in accordance with the “CIC Re-Strategising 2020” by segregating the business into five core clusters; Crop Solutions, Agri Produce, Livestock Solutions, Health & Personal Care and Industrial Solutions

## 2017

Purchase of Unipower (Private) Limited

## 2016

Brand Re-launch, with a new logo. Incorporation of CIC Grains (Private) Ltd to process inputs for the feed industry. Shifting of PVA factory to Godagama

## 2014

Shifting of PVA and RPC manufacturing facility to Godagama

## 2012

Investment in Ceylinco Pharmaceuticals Limited (now known as CIC Lifesciences Limited)  
Incorporation of CIC Dairies at Dambulla

## 2011

Change of Company name from Chemical Industries (Colombo) PLC to CIC Holdings PLC

## 2006

Incorporation of CIC CropGuard (Pvt) Limited

## 2003

Investment in Link Natural Products (Private) Limited

## 2010

Writing instruments factory shifted to own premises at Piliyandala

# 60TH ANNIVERSARY CELEBRATIONS

# 2024



CIC HOLDINGS PLC MARKED ITS 60TH ANNIVERSARY CELEBRATIONS WITH A CEREMONY HELD AT HEAD OFFICE THAT WAS LIVE STREAMED TO ALL ITS SUBSIDIARY COMPANIES & LOCATIONS ISLANWIDE. MULTI RELIGIOUS CEREMONY WAS ALSO HELD AT THE HEAD OFFICE TO COMMEMORATE THE 60TH ANNIVERSARY.



# ABOUT THE REPORT

## OVERVIEW

CIC Holdings PLC (CIC Group) is proud to announce the continuation of its integrated reporting journey with the publication of its Integrated Annual Report for the financial year 2023/24. This report exemplifies the Group's commitment to integrated thinking as the foundation for stakeholder value creation. By presenting a comprehensive blend of financial and non-financial information, the report illustrates how the CIC Group effectively addresses the needs and expectations of all stakeholders.

All previous reports, including the most recent report for the FY 2022/23 are available for viewing and download at <https://investor.cic.lk/reports-presentations/>

## SCOPE AND BOUNDARY

This integrated report has been prepared for the period 01st April 2023 to 31st March 2024 to coincide with the Group's financial reporting year. The report covers CIC Group's core activities across five clusters - Crop Solutions, Industrial Solutions, Livestock Solutions, Health & Personal Care and Agri Produce.

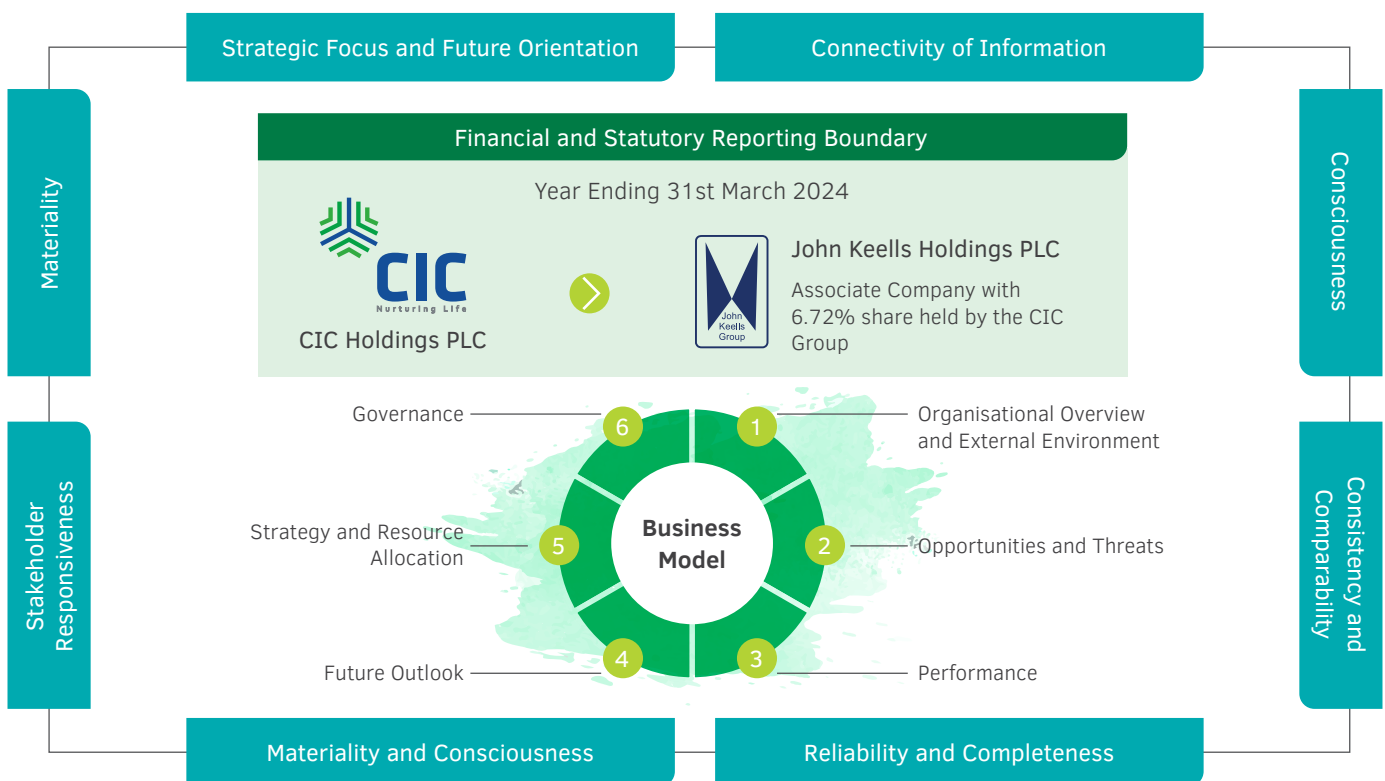
## CHANGES TO THE REPORTING BOUNDARY

The financial reporting boundary of the FY 2023/24 report reflects a change from the FY 2022/23 report. This arises as a consequence of the change in the CIC Group structure due to the Group acquiring approximately 25.3% of the voting rights in John Keells Holdings PLC (JKH). The change came as a result of the CIC Group's agreement with Paints & General Industries Ltd, (P&GI) and P&GI's major shareholder Mr. Sohli Captain and several companies held by him and Mr. Rusi Captain, which led to the arrangement of an irrevocable unconditional proxy over their voting rights in their shareholdings at John Keells Holdings PLC (JKH) to CIC for a period of 10 years with effect from 6th October 2023.

Accordingly, in line with paragraph 5 of LKAS 28 - Investments in Associates and Joint Ventures, it was determined that CIC exercises significant influence on JKH which therefore, allows CIC to treat JKH as an associate company to the extent of the percentage of shares effectively held by CIC in JKH.

Thus, from the quarter ending 31st December 2023, CIC has applied equity accounting only in respect of CIC and its subsidiaries holdings in JKH, currently amounting to approximately 6.72 % of the issued shares or the percentage of shares effectively held in JKH at that time.

## INTEGRATED REPORTING BOUNDARY FY 2023/24



## REPORTING FRAMEWORKS

Integrated Reporting	International Integrated Reporting Council (IIRC) Integrated Reporting (IR) Framework
Financial Reporting	Companies Act No.7 of 2007 Listing Rules of the Colombo Stock Exchange Sri Lanka Accounting & Auditing Standards Act No.15 of 1995 Sri Lanka Financial Reporting Standards
Risk and Governance Reporting	Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka Corporate Governance rules issued by the Colombo Stock Exchange
Sustainability Reporting	Sustainable Development Goals (SDG's)

### DETERMINATION OF REPORT CONTENT BASED ON MATERIALITY

The principle of materiality has been used to guide the arrangement of the content of the integrated annual report. Accordingly, the principle of materiality has been applied to assess and prioritise issues that significantly affect CIC Holdings PLC's ability to create and deliver value to stakeholders over the short, medium, and long term, thus ensuring such critical information (both financial and non-financial) are encapsulated in this report.

### ASSURANCE

Assurance of the report content is provided through a combination of internal and external sources. The content included in this Integrated Report has been approved by the respective business heads and reviewed by the CIC Group CEO and Board Audit Committee prior to submission to the Board of Directors for approval.

An independent review of the Group's Financial Statements has been carried out by M/S KPMG, their report is on 31st March 2024.

### FORWARD LOOKING STATEMENT

This integrated report may contain "forward-looking statements" based on the beliefs of the Group's management, as well as assumptions made and information currently available. These statements include information related to CIC Group's business prospects, future developments, trends, and likely conditions in the industry and markets in which the Group operates. Given their nature, forward-looking statements are subject to significant risks and uncertainties; thus, actual results and performance may differ materially from those implied.

Readers are cautioned not to place undue reliance on such statements. CIC Holdings PLC does not undertake any obligation to publicly update any revisions to these statements after the date of this report. Consequently, there are no restatements pertaining to previous reports.

### BOARD RESPONSIBILITY STATEMENT

The Board of Directors of CIC Holdings PLC acknowledges its responsibility for ensuring the completeness, accuracy, and integrity of this report. The Board confirms that it collectively reviewed the contents of the report in conjunction with the assurance reports obtained from our various internal and external assurance providers, including assessments on risk and internal controls.

On this basis, the Board is satisfied that the Integrated Report for FY 2023/24 addresses all the issues that are material to its ability to create value and thereby provides an accurate assessment of the Group's performance for the financial year ended 31st March 2024.

### FEEDBACK

The Group welcomes questions and suggestions to help improve the quality of its reporting process and request that all feedback be directed to:

CIC Holdings PLC  
199 Kew Road,  
Colombo 02  
Sri Lanka

Ms. G P S Samarakoon - 94 (0) 112359359 Ext. 279  
Ms. D D Wickramanayake - 94 (0) 112359359 Ext. 304

# CHAIRMAN'S MESSAGE



**S. H. Amarasekera**  
Chairman

It is my pleasure to present the Annual Report and Financial Statements of CIC Holdings PLC for the year ending 31st March 2024 which is significantly the CIC Group's 60th year of operation. Reaching a 60 year milestone in the corporate history of Sri Lanka is a noteworthy achievement and CIC has, during that sphere of time, engraved itself in the hearts and minds of Sri Lankans across all communities. From a journey that began as a purely chemical based company, CIC has expanded and transformed itself into a thriving conglomerate and is a significant player of repute in the fields of Agri- business, Crop Solutions, Agri Produce, Livestock Solutions and Health & Personal Care, while continuing its initial legacy as a leader in Industrial Solutions. The Group's success lies in both organic and inorganic growth and the strategic acquisition of businesses along this journey has contributed to what CIC is today.

## **A PROUD LEGACY OF SERVICE TO THE NATION**

During the past six decades, CIC has been able to command and now be at the forefront of transformative change in the agriculture sector, a testament to its unconditional commitment towards the country's economic advancement. Leveraging its longstanding collaborations with some of the worlds' most renowned agri brands, CIC has continued to embrace the latest agri-technologies and high-quality inputs in order to facilitate increased crop yields and farm efficiency across the country. The Group's extensive farmer education and training programmes aim to empower local farmers with the knowledge and skills needed for optimal operations while our endorsement of sustainable farming practices seeks to promote environmental stewardship and long-term productivity in order to safeguard the health of the Country's agricultural ecosystems. Through these efforts, the CIC Group has pioneered Sri Lanka's agriculture sector and facilitated the nation's food security and thriving rural economies.

CIC has been a longstanding champion in Sri Lanka's healthcare landscape, forging impactful alliances with top-tier global healthcare brands in order to ensure superior healthcare accessibility across the nation. Leveraging on these strategic collaborations as well as our strengths in local manufacturing, the CIC Group continually strives to bridge gaps in healthcare through the delivery of better care to communities across Sri Lanka.

CIC's rice segment is a key custodian of Sri Lanka's reputation as the granary of South Asia. With a deep understanding of local farming practices and a commitment to sustainability, the rice segment ensures the cultivation of premium-quality rice varieties that uphold Sri Lanka's centuries-old tradition of rice cultivation.

Similarly, in the livestock sector, as one of the few fully integrated players in Sri Lanka's poultry value chain, the CIC Group plays a crucial role in safeguarding the integrity of the Country's food supply chain. Our vertical integrated poultry value chain has supported the nutritional needs of the population and strengthened the local economy since 2004.

CIC has been a longstanding champion in Sri Lanka's healthcare landscape, forging impactful alliances with top-tier global healthcare brands in order to ensure superior healthcare accessibility across the nation. Leveraging on

these strategic collaborations as well as our strengths in local manufacturing, the CIC Group continually strives to bridge gaps in healthcare through the delivery of better care to communities across Sri Lanka. CIC Group's herbal healthcare vertical, Link Naturals, has emerged as a trailblazer in reshaping global norms by championing the use of traditional remedies and herbal solutions. Over the years, LINK has made significant strides in putting Sri Lanka on the global map through its pioneering contributions to natural wellness.

Meanwhile, our industrial solutions segment is a driving force behind Sri Lanka's industrial output, spearheading initiatives to propel the nation's manufacturing sector. Leveraging cutting edge technologies and global best practices of its network of global principals, the industrial solutions segment makes an impactful contribution towards enhancing efficiency, productivity, and quality across various sectors including construction, textiles and packaging.

#### **CONTINUATION OF THE PERFORMANCE OF LAST YEAR**

I am delighted to announce that following our best-ever results in the previous year, our performance in the current year reflects a commendable continuity and stability. The Group posted its best ever results recorded in its 60 year history buoyed by its strategic investment in John Keells Holdings PLC.

These healthy results demonstrate the CIC Group's ability to adapt to changing market conditions with the aim of consistently delivering stakeholder value regardless of varying economic cycles and more details of this would be given in the Group CEO's review of business activities for the year under review.

#### **OTHER KEY DEVELOPMENTS**

The CIC Group structure was reconstituted in the current financial year with the CIC Group entering into an agreement with Paints & General Industries Ltd., (P&GI), P&GI's major shareholder Mr. Sohli Captain and several companies held by him and Mr. Rusi Captain in terms of which the said entities assigned to CIC, by way of an irrevocable unconditional proxy, their voting rights in respect of their shareholdings at John Keells Holdings PLC (JKH) for a period of 10 years with effect from 6th October 2023.

This agreement resulted in CIC holding approximately 25.3% of the voting rights in JKH.

Accordingly, in line with paragraph 5 of LKAS 28 - Investments in Associates and Joint Ventures, it was determined that CIC exercises significant influence on JKH which therefore, allows

## CHAIRMAN'S MESSAGE

CIC to treat JKH as an associate company to the extent of the percentage of shares effectively held by CIC in JKH.

Thus, from the quarter ending 31st December 2023, CIC has applied equity accounting only in respect of CIC and its subsidiaries holdings in JKH, currently amounting to approximately 6.1 % of the issued shares or the percentage of shares effectively held in JKH at that time.

### GOVERNANCE AND STEWARDSHIP

I am proud to reaffirm that the CIC Holdings PLC Board remains dedicated to fostering a culture of good governance throughout the Group. We recognise that effective governance is not a mere matter of compliance but a fundamental driver of sustainable success and stakeholder trust. With this in mind, the Group has continually strived to ensure that its governance practices reflect the best-in-class standards and align with the evolving expectations of our shareholders, regulators, and employees, as well as with those of the communities we serve.

Our Board comprises diverse, experienced individuals who bring a wealth of expertise and perspectives to the table. Together, we embrace robust oversight mechanisms, rigorous risk management practices, and clear accountability structures to promote sound decision-making and mitigate potential risks.

We remain committed to fostering a culture of ethical leadership and conduct with the Board setting the tone to encourage top management, executives, and employees at all levels of the Group to uphold the highest ethical standards in their daily activities and to foster a climate of trust and integrity.

### FUTURE PROSPECTS

Looking ahead, I believe the future holds much promise for the CIC Group. Needless to say, our strong positions in some of the most critical sectors for the Sri Lankan will hold us in good stead as we spearhead emerging opportunities while contributing towards national development and align ourselves with Sri Lanka's broader economic and social objectives. A strong emphasis on innovation, operational efficiency, and sustainable practices will remain key strengths that will no doubt aid in bolstering the Group's resilience.

The Group intends to continue to reengineer and rescale our portfolio positions, products, services, channels and system architecture to stay at the forefront of Sri Lanka's economic transformation in the coming years.

### APPRECIATIONS

I wish to extend my deepest gratitude to my esteemed colleagues on the CIC Group Board for their support and wholehearted engagement in all Board matters.

I also want to express my profound appreciation to our esteemed GCEO, Mr. Aroshan Seresinhe, along with his exceptional management teams, dedicated staff, and all CIC employees across the group, whose steadfast commitment and dedication have been indispensable to the Group's success.

To our valued shareholders, I am truly thankful for your ongoing support and unwavering confidence in our vision.

Let me conclude by extending my heartfelt thanks to our customers, global principals, business partners, bankers, and other stakeholders for their enduring trust in the CIC brand. As we look to the future, I rely on your continued support to take the CIC Group forward in the years ahead.



**S. H. Amarasekera**  
Chairman

31st May 2024

# GROUP CHIEF EXECUTIVE OFFICER'S REVIEW



**P. A. Seresinhe**  
Group Chief Executive Officer

Sri Lanka's economic performance in 2023 was characterised by two distinctly divergent halves. The first half of the year was marked by significant challenges, including persistent inflation, currency depreciation, and supply chain disruptions, which collectively strained economic stability and dampened consumer confidence. In contrast, the second half of the year saw a gradual stabilisation as government policy reforms and fiscal tightening began to take effect. These measures, along with improved global economic conditions, helped to restore confidence, reign in currency volatility, and revitalise consumer spending, thus providing the first signs of the long awaited economic correction.

Being present in essential sectors of the economy from agriculture and healthcare to consumer goods, and industrial solutions, has provided the CIC Group with considerable leverage, allowing us to remain resilient and adaptive in the face of economic fluctuations.

## CONSOLIDATING CORE POSITIONS

Given the unsettling economic conditions in 2023, especially in the first half, we prudently focused on consolidating our market share and reinforcing our position as an industry leader across all core sectors that the Group has a presence. With the Country moving out of crisis mode and gearing up for normalisation, we refreshed our perspective to look beyond conventional approaches to strategically consolidate our position in core markets amidst the backdrop of diverging economic conditions in 2023.

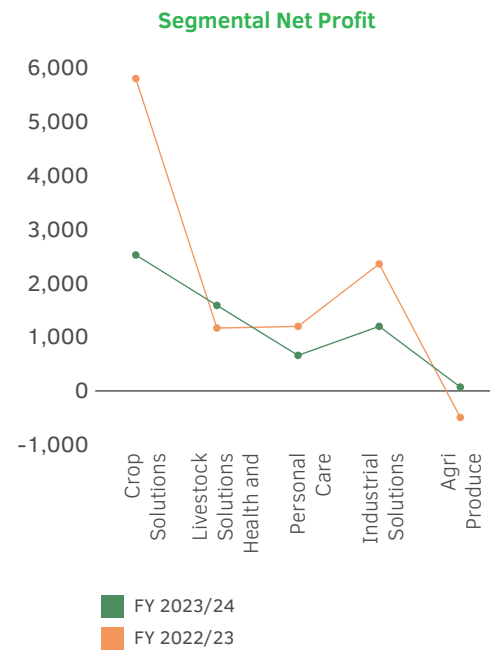
Recognising the complexities of these conditions, we focused on strengthening our presence in key markets. Leveraging our established reputation and deep understanding of local dynamics, we worked to capitalise on emerging opportunities while mitigating risks associated with economic divergence. We also prioritised investment in research and development to ensure that our products and services remained competitive and relevant in the evolving market landscapes.

## GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

Our strategic partnerships both domestically and internationally also helped in achieving the scalability needed to access new markets and drive market expansion and diversification. Through these concerted efforts, we not only maintained our foothold in core markets but also positioned ourselves for sustained growth and success in the face of economic uncertainty.

We remained steadfast in our commitment to protect our market leadership in the crop solutions and took decisive actions to consolidate our competitive position. Working on multiple fronts to manage margin pressure, we intensified our focus on research and development placing greater emphasis on creating niche market products that command a higher premium. Concurrently, we also reached out to our global principles to draw on their expertise to enhance the quality of our fertilizer blends, with more emphasis on developing tailored solutions for major crops such as tea and sugarcane. In related developments, I am pleased to report the successful automation of the Godagama RPC Factory.

Meanwhile, leveraging our scale and the equity attached to our strong brand portfolio, we moved quickly to capitalise on the renewed interest in growing activities from the mainstream agriculture segment. Working consciously to deepen our penetration into the segment, we intensified R & D to focus on the development of new seed varieties, which I am proud to say yielded excellent results, with CIC receiving formal approval to commercialise several locally developed hybrid vegetable Seed varieties for the first time in Sri Lanka - a landmark achievement that speaks of our relentless

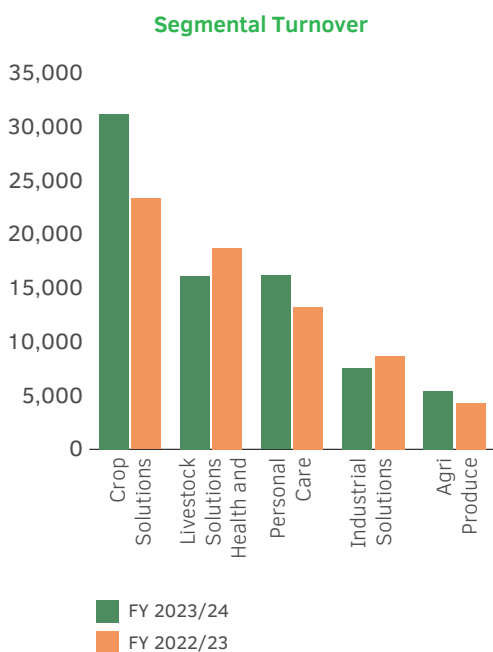


commitment to fortify the Country's agricultural base and bring in impactful import substitution options through these endeavours.

Efforts to promote CIC's integrated solutions portfolio also gained traction in the current year. Our ground level farmer education and capacity building programmes were significantly expanded, culminating in the launch of the "Ran Sarupala" a novel initiative that underscores CIC's commitment to preserve Sri Lanka's long term food security through the provision of high quality agri inputs for all critical points across the agriculture value chain, thus ensuring there is productivity improvements across this spectrum.

At the same time, keen to stay at the forefront of the agriculture sector transformation, we partnered with industry stakeholders to promote the adoption of climate smart agriculture practices among small scale growers. Working in tandem, we initiated the development of a Smart Agriculture App to help deliver timely technical content to enhance farmer awareness on such matters as the timing of nutrient and crop protection applications, field management and good agriculture best practices etc. The App, which entered the testing stage in March 2024, is expected to go live by the end of June 2024.

Meanwhile, looking at more dynamic ways to drive farmer education, we began exploring the possibility of updating our conventional labelling to include QR codes that will facilitate real-time access to technical information via the smartphone. Given the preliminary results we have seen, I am convinced these initiatives have the potential to mobilise a significant



digital transformation to lead the local agriculture sector towards sustained growth in the years ahead.

The livestock cluster experienced a tough year. Admittedly, being one of the few fully integrated poultry solutions providers in Sri Lanka did offer CIC's livestock cluster some degree of insulation. However, the cluster's feed vertical in particular came under considerable pressure against the backdrop of greater industry consolidation which saw several larger players investing in backward integration to secure feed sources, in effect reducing the size of the overall feed market. The poultry vertical also came under pressure on the back of a visible slowdown in consumer spending precipitated by lower disposable incomes of households. In contrast, the DOC operation recorded strong growth, benefiting from market gaps, while the vetcare vertical, after experiencing some setbacks in the first half of the year, performed reasonably well following the visible uptick and improvement in breeding activities in the economy in the second half of the year.

The industrial solutions cluster was similarly affected. The lack of any real growth in the construction sector continued to weigh on the demand for binders, which has long remained the largest contributor to the industrial solutions cluster. The contraction in the apparel sector order book also had a cascading impact on the demand for industrial solution inputs such as textile dyes in the current year. Moving to offset the impact of these headwinds, we redoubled efforts to explore new and emerging segments supported by new tie-ups with overseas principals to drive strategic portfolio expansions.

The specialty packaging vertical faced setbacks in the first half of the year as household consumer spending declined. Consequently, we focused on strengthening customer relationships in anticipation of a firmer turnaround in economic activity to create the space to grow market share. In the second half, drier weather resulting in a higher demand for bottled water and soft drinks contributed positively towards the specialty packaging vertical's results. The vertical continues to make good headway in improving its sustainability footprint by using a percentage of recycled materials in the manufacturing of bottles.

In the Health and Personal Care cluster, both the pharma trading arm as well as the medical devices unit both experienced demand attrition from the state sector reflecting the impact of funding cuts by the government. Meanwhile, in response to the shift in private sector spending patterns driven by the erosion of household disposable incomes, we strategically repositioned the product portfolio with a range of new products introduced to cater to the needs of cost-conscious customers. A noteworthy development was the

We remained steadfast in our commitment to protect our market leadership in the crop solutions space and took decisive actions to consolidate our competitive position. Working on multiple fronts to manage margin pressure, we intensified our focus on research and development placing greater emphasis on creating niche market products that command a higher premium.

new range of combination drugs that reinforces CIC Pharma's position as a pioneer in this emerging market segment, while further underscoring our commitment to proactively address market gaps.

I am very pleased to see our pharmaceutical manufacturing plant running full capacity especially in 2024. Against the backdrop of lower disposable incomes induced by the economic slowdown, the demand for locally manufactured pharmaceutical branded generic products recorded a significant demand uptick.

Our herbal health care vertical continued to perform well with both local and international sales growing steadily throughout the year. I am particularly pleased with the segment's export performance in the current year, which shows a substantial volume expansion year on year driven by strong sales across all key export destinations.

Our consumer brands portfolio registered mixed results. The rice segment represented by the flagship CIC Golden Crop brand, which includes a selection of nutrient-rich and health-focused rice varieties, recorded steady growth both in

## GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

**WE PRUDENTLY FOCUSED ON CONSOLIDATING OUR MARKET SHARE AND REINFORCING OUR POSITION AS AN INDUSTRY LEADER ACROSS ALL CORE SECTORS THAT THE GROUP HAS A PRESENCE.**

the local market and across key export markets, which I believe stands as a testament to our strategic focus on developing premium, research and development based, health-conscious products that resonate with modern dietary trends, here in Sri Lanka and worldwide. The fresh produce arm maintained a satisfactory performance, while the dairy arm was restructured as part of a broad based cost rationalisation exercise aimed at improving operational efficiencies in the dairy vertical in the coming months.

### SUSTAINABILITY INTEGRATION

At CIC, sustainability is not just about meeting regulations; it is about exceeding expectations, about leaving a positive impact on the planet and the communities we serve. To that end, we want to be pioneers known for setting new standards for what it means to be a sustainable entity.

In 2023, we embarked on a significant step towards holistic sustainability integration by enlisting the expertise of a seasoned sustainability specialist. This strategic move

underscores our commitment to embed sustainable practices across every aspect of our business operations. Since engaging the sustainability consultant, we have made good headway in improving our understanding and capturing data about how environmental, social, and governance principles impact our operations and determine how best to integrate such considerations in our strategy and work ethics.

As part of the next steps, we are working with the external consultants to develop a cohesive framework that would serve as the basis to systematically integrate sustainability across the Group.

### LOOKING AHEAD

As we move forward, the CIC Group will aim to further build and strengthen its legacy, pivoted on three key pillars: innovation, collaboration, and impact.

Firstly, innovation will drive our future growth and differentiation. Innovation will be at the forefront of CIC Group's strategy, driving our pursuit of sustainable growth and competitive advantage. We recognise that innovation is not just about creating new products or services, but more so about challenging the existing status quo, embracing change, and continuously improving on how we operate. Moreover, we remain committed to fostering a culture of creativity and experimentation by empowering our teams to think outside the box and explore bold new ideas. By embracing innovation as a core value and integrating it into our DNA, I believe it will enable the CIC Group to not only stay ahead of the curve but also unlock new opportunities to create value for our customers, employees, and other stakeholders alike.

Secondly, we will endeavour to deepen our partnerships with stakeholders and foster alliances that amplify our collective impact and drive systemic change. By strengthening partnerships with our global principles, we will look to leverage complementary strengths, share resources, and co-create solutions to expand our reach and access new markets as well as to drive sustainability, social responsibility, and economic development.

Lastly, impact will be our ultimate measure of success. We expect to set ambitious targets, track our progress transparently, and hold ourselves accountable to the highest standards of performance. Our goal is not just to leave a legacy but to inspire others to adopt our blueprint for excellence.



**Rs. 11.02Bn**

Group Profit After Tax



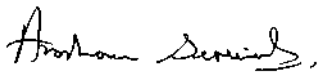
**Rs. 76.42Bn**

Group Revenue

**APPRECIATIONS**

I wish to express my gratitude for the guidance and support offered by the Chairman of the CIC Group and our esteemed Board of Directors. I wish to extend my heartfelt appreciation to the senior leadership team and every employee of CIC Group across the Country. Your commitment to our shared values and vision not only drives the CIC Group forward but also inspires confidence and trust among our stakeholders. I am profoundly grateful for the privilege of working alongside such a talented and passionate team, whose collective efforts and strong domain knowledge continue to propel CIC Group towards greater achievements and impact.

Last but not least, I would like to extend my heartfelt gratitude to our shareholders, customers, global principals, financial institutions/bankers and other stakeholders for their unwavering support, which has been instrumental in the Group's success, and we are deeply appreciative of the confidence you have placed in us at CIC. Your continued commitment to our shared goals inspires us to strive for excellence in all that we do.



**P. A. Seresinhe**  
Group Chief Executive Officer

31st May 2024

# BOARD OF DIRECTORS



**S. H. AMARASEKERA**

Independent, Non-Executive Director/  
Chairman



**R. S. CAPTAIN**

Non-Independent, Non-Executive Director



**D. T. S. H. MUDALIGE**

Independent, Non-Executive Director



**P. R. SALDIN**

Non-Independent, Non-Executive Director



**S. M. ENDERBY**  
Independent, Non-Executive Director



**M. P. JAYAWARDENA**  
Independent, Non-Executive Director



**J. R. GUNARATNE**  
Independent, Non-Executive Director



**K. D. SENEWIRATNE**  
Independent, Non-Executive Director

## BOARD OF DIRECTORS

### S.H. AMARASEKERA

Independent, Non-Executive Director/Chairman

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Mr. Harsha Amarasekera, President's Counsel was appointed to the Board of CIC on the 28th October 2005. He was appointed as Acting Chairman on the 01st of January 2014 and as Chairman on 23rd May 2014.

Mr. Amarasekera is a leading luminary in the legal profession in Sri Lanka having a wide practice in the Original Courts as well as in the Appellate Courts. His fields of expertise include Commercial Law, Business Law, Securities Law, Banking Law and Intellectual Property Law.

He also serves as the Chairman of several listed companies on the Colombo Stock Exchange including Sampath Bank PLC, Vallibel One PLC, Royal Ceramics Lanka PLC, Swisstek (Ceylon) PLC, Vallibel Power Erathna PLC and Swisstek Aluminium Ltd.

He is also the Chairman of CIC Agri Businesses (Private) Ltd.

He is an Independent Non-Executive Director of Expolanka Holdings PLC and Ambeon Capital PLC.

### R. S. CAPTAIN

Non-Independent, Non-Executive Director

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Appointed to the Board on 10th March 2008. Mr. R. S. Captain is an entrepreneur and investor in Sri Lankan corporate sector, bringing with him a wealth of knowledge and over 16 years of business experience in a range of manufacturing sectors. His current business interests range from paints, garments, industrial gloves, cutting and polishing diamonds, plastics, and other packing material. He is the Co-Founder of Asia Stockbrokers, Asia Capital, Dutch Lanka Trailers, Asia Siyaka and Asian Alliance. He has served as Non-Executive Director of Hatton National Bank PLC, John Keells Holdings PLC and many other unlisted Companies. Mr. Captain was educated at the University of Miami, Florida, USA.

### S. M. ENDERBY

Independent, Non-Executive Director

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Joined CIC Board on 11th April 2013. Prior to that he has had a successful track record in private equity with Actis, a leading global emerging markets fund. Mr Enderby has led many of the most successful private equity transactions in Sri Lanka.

Post Actis, Mr. Enderby joined Hemas Holdings PLC in 2013 where he was Group Chief Executive Officer playing a pivotal role in transforming the Group into one of Sri Lanka's largest Healthcare and Consumer focused businesses.

Following his retirement in 2020 Mr. Enderby continues to invest in Sri Lanka with a particular focus on the consumer and education sectors through his role as Chairman of Ironwood Capital Partners and as a Director and advisor to a number of high growth businesses.

During his more than 35 years of corporate and investing experience, he has served on the Boards of many leading companies in Sri Lanka and India. He is a Fellow Member of the Chartered Institute of Management Accountants, holds a Degree in Economics and Accounting from Queen's University Belfast and a Master's Degree in Development Studies from the University of Melbourne.

### M. P. JAYAWARDENA

Independent, Non-Executive Director

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Appointed Alternate Director to ICI Nominee Director on 21st May 2002, thereafter as a Director on 25th October 2008. He was a Past Deputy Chairman of Commercial Bank of Ceylon PLC. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. He is also the Chairman of Commercial Insurance Brokers (Private) Limited and serves on the Boards of many other private companies. He served at Zambia Consolidated Copper Mines in Africa for over 13 years in various senior positions including Head of Treasury, managing a loan portfolio in excess of US\$ 3Bn. He was the Past President of The Sri Lanka Institute of Directors, Member of the Monetary Policy Consultation Committee of the Central Bank and the Chairman of the Ceylon National Chamber of Industries.

### D. T. S. H. MUDALIGE

Independent, Non-Executive Director

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Appointed to the Board on 16th October 2020, Mr. Sujeewa Mudalige counts over 30 years of experience as a Chartered Accountant. He is also a fellow member of CIMA (UK), ACCA (UK) and CPA (Australia). He has vast experience as the Audit Committee Chair in both public and private sector organizations. Mr. Mudalige recently retired as the Managing Partner of PricewaterhouseCoopers, Sri Lanka and currently serves as an Independent Non-Executive Director at CIC Feeds Group and Link Natural Products (Private) Limited. He is the Non-Executive Chair of Mercantile Services Provident Society (MSPS). He is also an Independent Non-Executive Director at National Development Bank PLC, NSBM Green University and Mahindra Ideal Finance Ltd.

He is a past President of ICASL and has been a member of the Council of ICASL and of the governing board of CIMA UK- Sri Lanka Division, a Commission member of the Securities and Exchange Commission of Sri Lanka and held several such other positions locally and globally during the span of his career. He was an Independent Non-Executive Director of Hatton National Bank PLC from 2012 to 2019.

### **P. R. SALDIN**

Non-Independent, Non-Executive Director

First appointed to the Board of Directors in 1995 and served as Commercial Director and Group Finance Director till 2005. During this period, he also served on the Board of Directors in many of the Subsidiaries and Associate Companies within the Group. On leaving the CIC Group he functioned as Country Controller and Group Finance Director for Shell Sri Lanka and subsequently as Group Chief Operating Officer of Browns Group of Companies and Managing Director of Browns Investment PLC.

He is currently employed as Director of Paints & General Industries Limited and Director/Chief Executive Officer of Polypak Secco Limited. He was re-appointed to the Board of CIC Holdings PLC on 1st July 2016. He also functions as Chairman of Chemanex PLC and serves on the Board of Directors of Akzo Nobel Paints Lanka (Private) Limited, Link Natural Products (Private) Limited, CIC Agri Businesses (Pvt) Ltd. He is the Chairman of CISCO Specialty Packaging (Private) Limited. He also is a Director of Hatton National Bank PLC, HNB Assurance PLC and Chairman of Sithma Development (Private) Limited and serves as a Trustee of the HNB Sustainability Foundation.

Rimoe Saldin is a Fellow of the Institute of Chartered Accountants of Sri Lanka. An associate of Institute of Chartered Accountants of England and Wales. He is also a Fellow of the Chartered Institute of Management Accountants in UK and a Certified Management Accountant, Australia. He is an alumni of the Asian Institute of Management Manila. He has over 26 years of top management level experience in the areas of Finance, Human Resource Development, General Management and Operations.

### **J. R. GUNARATNE**

Independent, Non-Executive Director

Appointed to the Board on 06th January 2021, Mr. J. R. Gunaratne counts over 40 years of experience in Strategic Planning, Production & Distribution, Industrial Relations and Change Management in the Food & Beverage, Plantations and Leisure Sectors.

During his career at John Keells Holdings PLC, he has held Directorships in several listed and private companies of the John Keells Group. He has been a Member of the Food Advisory Council of the Ministry of Health and a Member of the Council for Hotel & Tourism of the Employer's Federation of Ceylon. He was the Founder Chairman of the Beverage Association of Sri Lanka.

### **K. D. SENEWIRATNE**

Independent, Non-Executive Director

Appointed to the Board on 01st January 2023. Ms. Kshenuka Senewiratne is the first female Permanent Representative to the United Nations (UN) in New York and High Commissioner to the United Kingdom (UK) and also the Secretary of the Ministry of Foreign Affairs.

Ms. Senewiratne a seasoned diplomat, who retired from the Public Service in 2020, counts a 35-year track record with the Sri Lanka foreign service, having held prestigious postings as Sri Lanka's Head of Mission to the UN in Geneva and New York, UK and Thailand. She has extensive expertise in the North American, European, and Asian regions in a multitude of strategies to enhance bilateral and multilateral relations, especially through political and economic cooperation in the global context, and also ensuring the overall administrative effectiveness of the Sri Lanka Missions overseas and the Ministry of Foreign Affairs where she served. She also worked in an advisory capacity on international media, and is currently Sri Lanka's High Commissioner to India.

# MANAGEMENT TEAM



**MR. AROSHAN SERESINHE**  
Group Chief Executive Officer



**DR. DEVAPRIYA NUGAWELA**  
Chairman - Link Natural  
Products (Private) Limited



**MR. WARUNA MADAWANARACHCHI**  
Managing Director - Agri Cluster



**MR. JAYANTHA RAJAPAKSE**  
Chairman/Managing Director  
Unipower (Private) Limited



**MS. ERANDI WICKRAMAARACHCHI**  
Group Chief Financial Officer



**MR. ARUNA JAYASEKERA**  
Group Head of Human Resources



**MR. VIRAJ MANATUNGA**  
Group Chief Strategy Officer /  
Divisional Director - Pharma



**MS. PRASADI SAMARAKOON**  
Head of Group Treasury/Divisional  
Director - Group Finance



**MS. RAMANI SAMARASUNDERA**  
Group Chief Marketing Officer



**MR. AJITH WEERASINGHE**  
Chief Executive Officer - CIC Feeds Group



**MS. ROSHANIE JAYASUNDERA MORAES**  
Chief Executive Officer  
Link Natural Products (Private) Limited



**MR. PRASAD WEGIRIYA**  
Director/Chief Executive Officer - CISCO  
Speciality Packaging (Private) Limited

**MR. THUSHARA YATIGAMMANA**

Chief Operating Officer Chemanex PLC/  
Divisional Director -Industrial Solutions

**MR. HASITHA AHANGAMA**

Divisional Director - Healthcare -  
Medical Devices and Diagnostics

**MR. MAHESH WANNINAYAKE**

Divisional Director - Crop Solutions

**MR. MARLON FERNANDOPULLE**

Divisional Director- Human Resources  
& Corporate Affairs

**MR. ANJANA LEELARATHNE**

Deputy Managing Director - Agri Cluster

**MR. VIDURA GAMAGE**

Director/Chief Operating Officer  
CIC CropGuard (Private) Limited

**MR. RANJITH BANDARA**

Chief Operating Officer - Unipower  
(Private) Limited

**MS. THILINI WEGODAPOLA**

General Manager - Group Legal

**MR. NADEERA WIJENAYAKE**

Divisional Director - Group IT

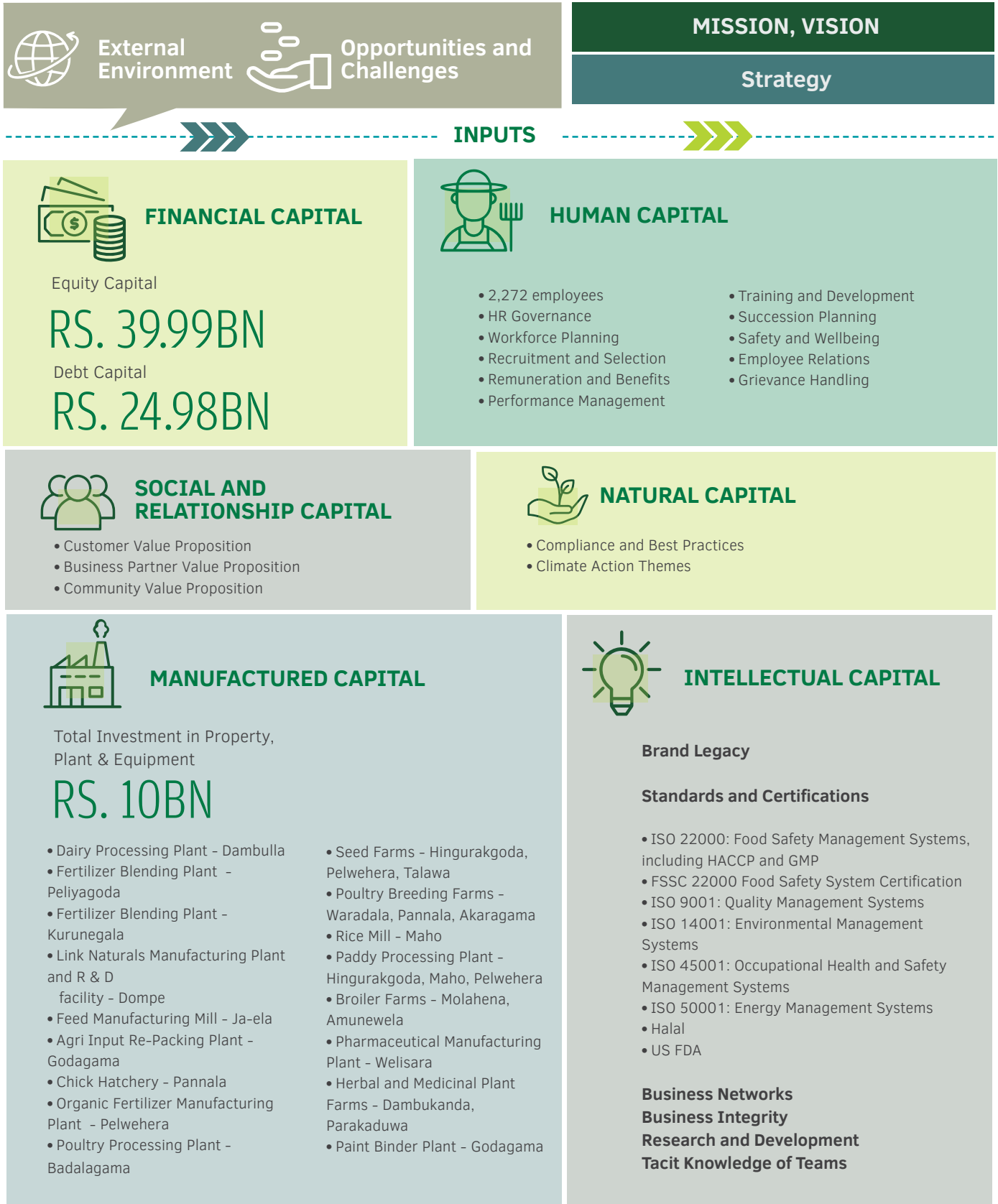
**MR. POOVENDRAN  
SIVATHAVENDRAN**

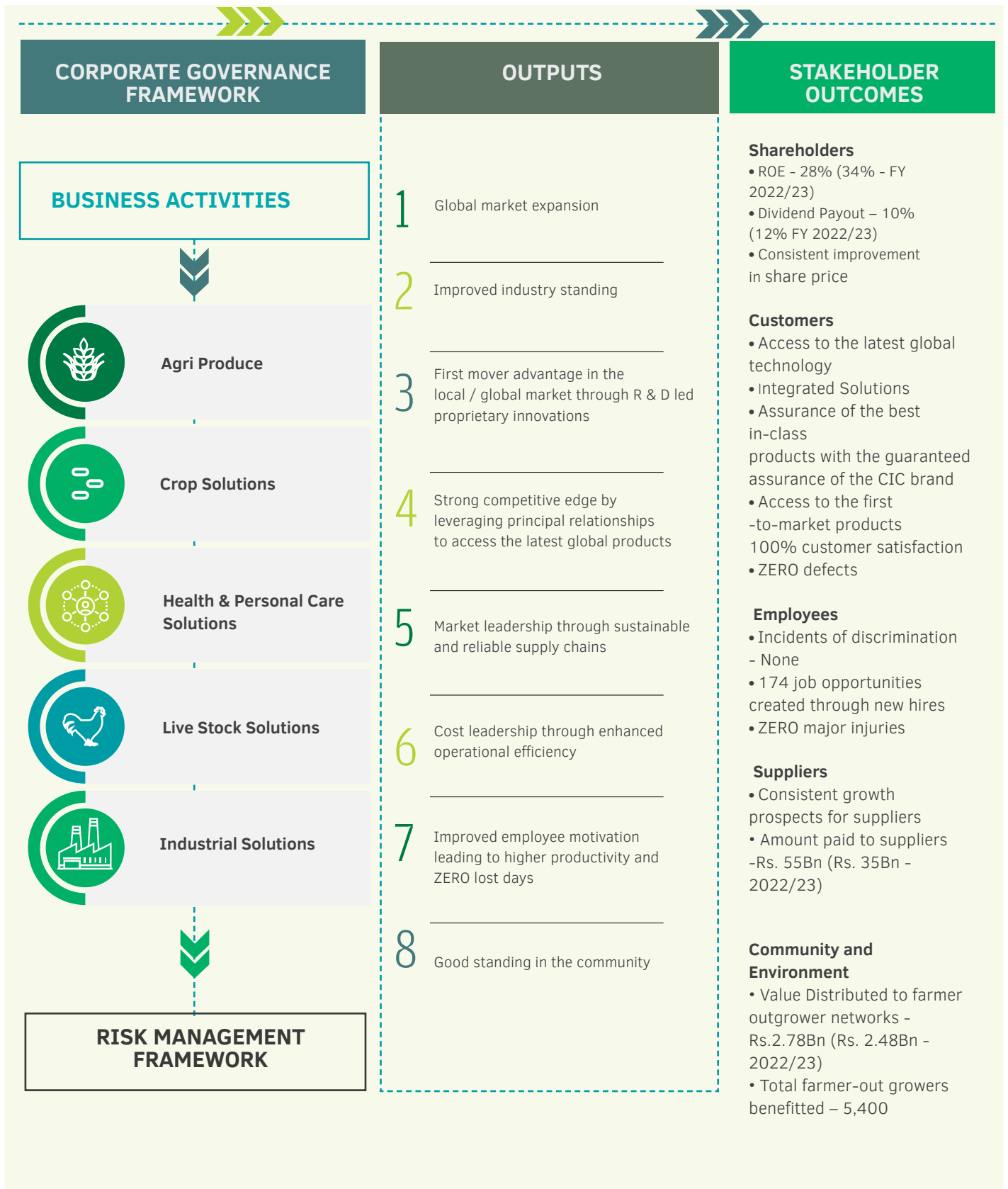
General Manager - RPC & PVA Plant

**MS. DAMODARA WICKRAMANAYAKE**

Chief Financial Officer - CIC Capital /  
Chemanex PLC

# VALUE CREATION MODEL





# STRATEGIC PRIORITIES

## FINANCIAL STRENGTH

The foundation of the CIC Group's strategy is its commitment to financial strength. This pillar emphasises prudent financial management, robust risk mitigation, and strategic investments. The Group maintains a strong balance sheet, ensuring liquidity and capital adequacy to support ongoing operations and future growth initiatives. By leveraging diversified revenue streams and optimising operational efficiencies, the CIC Group enhances its financial stability and resilience against market volatility. Continuous performance monitoring and adherence to stringent governance standards further reinforce the Group's financial discipline and integrity.

- Revenue Growth
- Cost Efficiency
- Reduce cost of funding
- Liquidity Management
- Reduce gearing position

## BUSINESS GROWTH

Driving sustainable business growth is central to the CIC Group's strategic objectives. This pillar focuses on expanding market presence, diversifying product and service offerings, and capitalising on emerging opportunities. The Group adopts a proactive approach to market analysis and consumer insights to identify and respond to evolving market trends and customer needs. Strategic partnerships, acquisitions, and innovations also play a crucial role in accelerating growth and enhancing competitive advantage. As part of this same approach, the Group also prioritises customer-centric strategies, ensuring exceptional service delivery and fostering long-term customer loyalty.

- Improving product island-wide access
- Identify and service market gaps
- Expanding the product range to reflect a wide range of price points
- Emphasis on R & D and new product development
- Strengthen exports
- Build supply chain resilience

## EMPOWERED TEAM

An empowered and motivated team is integral to the CIC Group's success. This pillar underscores the importance of attracting, developing, and retaining top talent across all levels of the operation. By promoting a culture of inclusivity, collaboration, and continuous learning, the Group aims to ensure that employees are well-equipped to drive innovation and excellence. Comprehensive training programmes, leadership development initiatives, and a strong emphasis on employee well-being further contribute to a high-performance work environment. By promoting a culture of empowerment and recognition, the CIC Group aims to empower its workforce to align with the corporate objectives.

- Attract and retain top talent
- Reinforce the performance-driven culture
- Increase the investment in training
- Introduce a structured leadership development initiatives

## SUSTAINABILITY STEWARDSHIP

Sustainability stewardship is a core component of the CIC Group's long-term strategy. This pillar reflects the Group's dedication to responsible business practices that positively impact the environment, society, and economy with key initiatives aimed at reducing carbon footprint, promoting resource efficiency, and supporting community development. The Group also prioritises transparency and accountability in its sustainability efforts, regularly reporting on Environmental, Social, and Governance (ESG) performance. By championing sustainable practices, the CIC Group not only mitigates risks and enhances corporate reputation but also contributes to the broader goal of global sustainability.

- Drive customer education
- Improve understanding on ESG best practices
- Promote waste circularity
- Emphasis on safety training

The CIC Group's strategy revolves around the Group its "Nurturing Life" ethos, which represents the Group's commitment to enhancing the quality of life for its stakeholders and the broader community. This ethos is realised through a comprehensive strategy built on four foundational pillars: Financial Strength, Business Growth, Empowered Team, and Sustainability Stewardship.

**CIC GROUP STRATEGIC PRIORITIES**

**Financial Strength**



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**Priorities for FY 2023/24 Policy**

- Revenue Growth
- Cost Efficiency
- Reduce Cost of Funding
- Liquidity Management
- Reduce Gearing Position

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**Priorities for FY 2023/24**

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- Reinforce the performance-driven culture
- Increase the investment in training
- Introduce a structured leadership development initiatives

**Sustainability Stewardship**



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**Priorities for FY 2023/24**

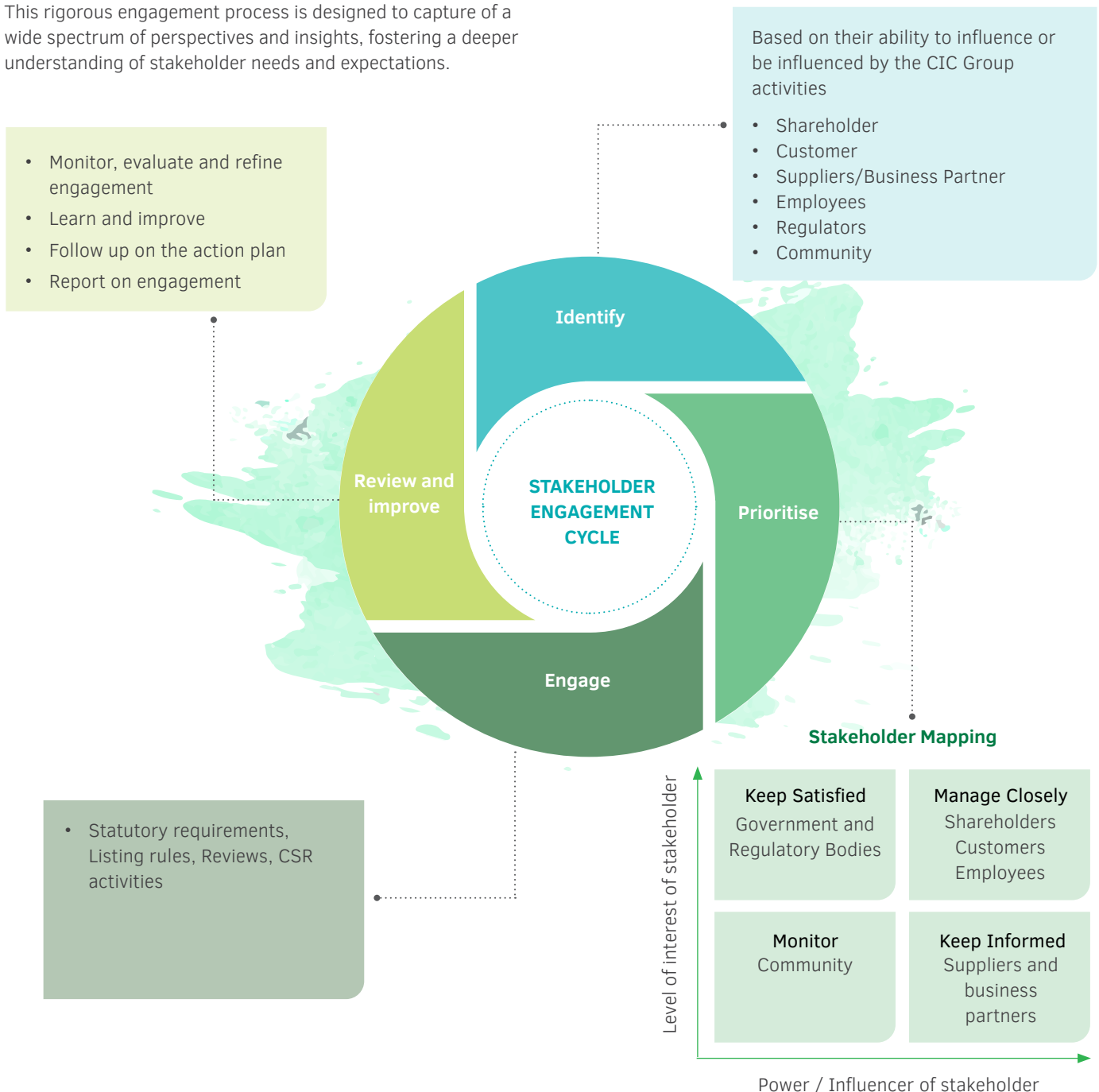
- Drive Customer education
- Improve understanding on ESG best practices
- Promote waste circularity
- Emphasis on safety training

# STAKEHOLDER ENGAGEMENT

Stakeholder engagement is a fundamental pillar of the CIC Group's operational philosophy. By maintaining a continuous and ongoing stakeholder communication, the CIC Group aims to be informed about industry changes, learn about new possibilities, and consistently align with the needs and expectations of its stakeholders.

The Group employs a multifaceted approach to stakeholder engagement, actively seeking input and feedback through a variety of channels including direct conversations, collaborative initiatives, and comprehensive research efforts. This rigorous engagement process is designed to capture a wide spectrum of perspectives and insights, fostering a deeper understanding of stakeholder needs and expectations.

This inclusive approach to stakeholder engagement also ensures that stakeholders develop a thorough comprehension of the Group's core purpose, strategy, and performance. In this way, stakeholder engagements serve an important purpose in providing inputs to enable continuous refinement of the Group's strategic direction and policies. Ultimately, this proactive and inclusive approach to stakeholder engagement reinforces the CIC Group's commitment to excellence, adaptability, and sustained growth in a rapidly changing environment.



CIC Group Stakeholder Engagement Framework				
	Engagement Methodology	Frequency of Engagement	Stakeholder Focus	CIC Group Response For FY 2023/24
<b>Shareholders</b> The CIC Group reiterates its commitment to shareholders by building and sustaining a strong diversified business portfolio with leading market positions  Strength of Relationship - STRONG	Annual Report	Annual	Profitability and business growth	Rs. 76,424Mn Revenue
	Annual General Meeting	Annual		Rs. 78,487Mn Total Assets
	CSE Filings	Monthly/ Quarterly / As needed	Financial stability and resilience	Rs. 947Mn total dividend payment
	Press Releases	As needed	Management of financial and non-financial business Risk	
			Strategy and Prospects	
			Clearly defined strategies to drive brand leadership across customer markets, among suppliers as well as peers	
			Ref - Intellectual Capital - page 65	
<b>Customers</b> The Group strives to provide the best in-class customer experience by ensuring an uninterrupted supply of innovative, safe and high quality products in a convenient and timely manner in order to meet customer requirements  Strength of Relationship - GOOD	One-on-one interaction with sales teams	Ongoing	Product Quality and Safety	Zero complaints regarding product quality and safety
	Customer service forums	Regular	Compliance	Commenced distribution of the herbal healthcare and personal care product range through the CIC's pharmacy networks
	Website and social media	Ongoing	Access and Reach	
	Newsletters, brochures and promotional content	Ongoing		Strengthened Crops Solutions distribution networks in the Northern province

## STAKEHOLDER ENGAGEMENT

CIC Group Stakeholder Engagement Framework				
	Engagement Methodology	Frequency of Engagement	Stakeholder Focus	CIC Group Response For FY 2023/24
<b>Suppliers / Business Partners</b> The Group seeks to work with suppliers / business partners to create an ecosystem to support mutual benefit and shared growth  Strength of Relationship - STRONG	One-on-one interaction with leadership teams	Ongoing	Timely Payments Credit Terms	Rs. 55,490Mn annual procurement spend (56%:44% - Overseas: Local)
	Business Partner forums	As needed	Financial stability and resilience	
	Website and social media	Ongoing		
	Review meetings	As needed		
<b>Employees</b> The Group strives to offer the best in-class employee value proposition to attract and retain talent in the long term  Strength of Relationship - GOOD	On-boarding	As needed		Rs. 3,160Mn paid as monetary benefits to employees
	Performance Evaluation & Feedback	Annually		
	Team meetings / leadership briefings	Ongoing		77 employees promoted
	Notice Boards, emails, intranet	Ongoing		Zero major injuries
	Grievance Handling	As needed		
<b>Regulators</b> The Group is committed to ensure a 100% compliance track record and work towards the early adoption of new regulatory requirements  Strength of Relationship - GOOD	Regulatory filings	Monthly / Quarterly/ Annually	Timely compliance of regulatory requirements Involvement in policy formulation	Rs. 7,480Mn paid as taxes
	Compliance audits	Annually		
	Review meetings	As needed		
<b>Community</b> The CIC Group maintains a structured approach to identify and address community needs in order to earn their trust and respect  Strength of Relationship - HEALTHY	Community projects	Regularly	Investment in community capacity building Local job opportunities	Interconnected with community with CSR work
	Press releases	As needed		
	Website, Social Media	Ongoing		

# ESG FRAMEWORK

The CIC Group ESG Framework is drawn from our broader ambition to align with the United Nations Sustainable Development Goals (SDG's) that form the UN's global agenda to achieve sustainable development by the year 2030.



	Work closely with global and local value chain partners to enhance sustainability		Supporting equitable access to healthcare for all communities
	Cluster-specific climate action themes to ensure sustained long term benefits for the environment		Education support through the CIC Charitable and Educational Trust Fund
	ZERO Waste operations in the livestock business		Promoting women in leadership roles
	Livelihood development of farmer-outgrower networks		Creating employment opportunities across Sri Lanka
	Empowerment of rural farming communities through the agri business farmer-outgrower networks		Investment in R&D to drive innovation
	Integrated crop solutions to promote sustainable agriculture		

# GLOBAL SUSTAINABILITY CHALLENGES AND POTENTIAL IMPACTS TO OUR BUSINESS

Global sustainability challenges, such as climate change, biodiversity loss, poverty, inequality, and conflict, pose serious threats to human rights and human dignity. They affect the availability and accessibility of natural resources, such as water, food, and energy, that are essential for human survival and well-being.

## ACQUISITIONS

Global sustainability challenges pose significant risks and opportunities for businesses. Acquisitions can be a strategic response to these challenges.

## WIDING INEQUALITIES

The world is facing unprecedented challenges and inequalities that pose serious threats to the sustainability of the planet and its people.

## HUMAN RIGHTS

Human rights and global sustainability challenges are closely interconnected and interdependent and require integrated and holistic responses that address their root causes and consequences, and that respect, protect, and fulfill the human rights of all people and communities.

## CLIMATE CHANGE

Climate change is caused by the accumulation of greenhouse gases (GHGs) in the atmosphere, mainly due to the burning of fossil fuels, deforestation, and agriculture. Climate change has significant and diverse impacts on the natural and human systems.

## HEALTH CRISES

Health systems are overwhelmed or disrupted by the sudden or prolonged outbreaks or emergencies, resulting in high morbidity and mortality.

## BIODIVERSITY LOSS

Biodiversity loss is caused by the direct and indirect drivers of human activities. Biodiversity loss has significant and diverse impacts on the natural and human systems.

## POVERTY

When people do not have enough resources or capabilities to meet their basic needs and aspirations.

## WATER SCARCITY

Lack of sufficient and accessible freshwater to meet human and environmental needs. Water scarcity has significant and diverse impacts on the natural and human systems.



## FOOD INSECURITY

Situation when people do not have physical, social, and economic access to sufficient, safe, and nutritious food. Food insecurity has significant and diverse impacts on the natural and human systems.

# ESG APPROACH OF CIC HOLDINGS

Environmental, social, and governance (ESG) factors are increasingly important for businesses to consider in their strategic planning and decision-making. ESG performance can affect the long-term value, reputation, and sustainability of a business, as well as its relationships with stakeholders such as customers, investors, employees, regulators, and communities. ESG performance can also create opportunities for innovation, differentiation, and competitive advantage in the market.

CIC Holdings, a diversified conglomerate with interests in agriculture, healthcare, consumer, livestock and industrial solutions is working closely with ESG Consultants to improve the groups ESG performance and reporting. Steps have already been taken to address ESG issues, such as conducting a materiality assessment, integrating ESG risks into risk management framework, investment in capacity building and training, and fostering a culture of innovation and continuous improvement.

## COMMITMENT FROM LEADERSHIP

The leadership of CIC Holdings has demonstrated a strong commitment to the ESG principles. The senior management and the board of directors have endorsed the ESG vision and strategy and have allocated resources and responsibilities for its implementation. The leadership team has also communicated the ESG goals and expectations to all employees and stakeholders and has fostered a culture of sustainability and responsibility.

## STAKEHOLDER ENGAGEMENT

CIC Holdings has adopted a stakeholder-centric approach to ESG management. The organization has identified and engaged with key stakeholders such as investors, customers, employees, suppliers, and communities to understand their ESG concerns, expectations, and priorities. CIC Holdings is planning to use various channels to solicit feedback and input from all stakeholders.

## MATERIALITY ASSESSMENT

CIC Holdings has conducted a thorough materiality assessment to identify ESG issues that are most relevant and impactful to the organization and its stakeholders. The organization has used a systematic and rigorous process to assess the significance and likelihood of various ESG issues and prioritizing based on materiality. CIC Holdings has focused on issues that are both important to stakeholders and have significant potential risks or opportunities for the business.

## INTEGRATED REPORTING

CIC Holdings is in the process of implementing integrated reporting practices that transparently communicate the

organization's financial performance alongside its ESG initiatives, risks, and impacts. The organization will use frameworks such as the Global Reporting Initiative (GRI) or Sustainability Accounting Standards Board (SASB) for reporting guidance.

## ESG INTEGRATION IN INVESTMENT AND DECISION-MAKING PROCESSES

CIC Holdings has integrated ESG considerations into investment analysis, risk management, and decision-making processes across the organization. The organization has considered ESG factors in project evaluations, supplier selection, and capital allocation.

## CONTINUOUS MONITORING AND MEASUREMENT

CIC Holdings will establish key performance indicators (KPIs) and metrics to track progress on ESG goals and initiatives. The organization will regularly monitor and measure ESG performance and will use data analytics and reporting tools to gain insights and identify areas for improvement.

## ESG PERFORMANCE SUMMARY AND RECOMMENDATIONS

### Current Approach

- **Risk Management and Compliance:** CIC Holdings has integrated ESG risks into their overall risk management frameworks, ensuring compliance with relevant ESG regulations, standards, and industry best practices. CIC Holdings has also proactively addressed ESG-related risks to protect their long-term value and reputation. For example, CIC Holdings has implemented measures to reduce their environmental impact through energy efficiency, efficient use of energy, water conservation, waste management, and carbon footprint reduction. CIC Holdings has also established policies and procedures to ensure ethical conduct, human rights protection, labor standards, health and safety, and anti-corruption practices.
- **Capacity Building and Training:** CIC Holdings has invested in building internal capabilities and expertise on ESG topics across departments. CIC Holdings has provided training programs, workshops, and resources to their employees to enhance their awareness, skills, and engagement related to ESG issues.
- **Innovation and Continuous Improvement:** CIC Holdings has fostered a culture of innovation and continuous improvement in their ESG practices. CIC Holdings has encouraged their employees to generate and implement new ideas and solutions to address ESG challenges and opportunities.

## ESG APPROACH OF CIC HOLDINGS

### Areas for Improvement

While CIC Holdings has demonstrated a commitment to ESG, there are areas which have been identified for improvements.

- **Strengthen ESG Strategy and Governance:** develop a clear and coherent ESG strategy that aligns with the vision, mission, and values, and supports business objectives and stakeholder interests. Enhance ESG governance structure, ensuring clear accountability, oversight, and integration of ESG issues at the board and senior management levels.
- **Expand ESG Reporting and Disclosure:** following the guidelines and frameworks of internationally recognized standards, such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD).
- **Enhance ESG Value Creation and Innovation:** enhance ESG value creation and innovation, leveraging the core competencies and competitive advantages to create positive social and environmental impacts, as well as financial returns. Further explore new opportunities and markets for ESG products and services, such as organic agriculture, renewable energy, circular economy, and social entrepreneurship.

ESG performance is a key factor for the success and sustainability of CIC Holdings, as well as their stakeholders. By implementing the recommendations outlined in this document, CIC Holdings can improve ESG performance and reporting, and enhance reputation, competitiveness, and value creation. ESG Consultants are ready to assist CIC Holdings in their ESG journey, providing them with the expertise, tools, and support they need to achieve their ESG goals and aspirations.

### REGULATORY DIRECTIVES APPLICABLE TO THE GROUP

The Group is committed to maintaining high standards of corporate governance and complying with the relevant laws and regulations such as;

- Code of Best practices on corporate governance issued in year 2017 by the ICASL.
- Directives/regulations of the Securities Exchange Commission of Sri Lanka
- Companies Act No 07 of 2007
- Continues Listing requirements of the Colombo Stocks Exchange

### GLOBAL SUSTAINABILITY BEST PRACTICES

#### Renewable Energy Transition

One of the key aspects of our sustainability strategy is to the transition to renewable energy sources and improve our energy efficiency. CIC has taken the following steps to achieve this goal:

- **Investment in Renewable Sources:** invested in solar power plants and rooftop solar panels to generate clean energy for operations and continue to enhance investments.
- **Energy Efficiency:** implemented energy-efficient technologies and practices across production facilities, such as LED lighting, variable speed drives, and smart meters. We have also conducted energy audits and benchmarking to identify and address the areas of improvement. to be improved.

#### Circular Economy

Another important aspect of our sustainability strategy is to adopt the principles of circular economy, which aims to eliminate waste and keep resources in use for as long as possible. We have taken the following steps to achieve this goal:

- **Waste Reduction:** We have implemented the 3R (reduce, reuse, and recycle) principles across our operations to minimize waste generation and promote resource efficiency. We have also established waste management systems to monitor and reduce our waste disposal. We have especially focused on reducing hazardous waste and ensuring its proper handling and treatment.

#### Corporate Sustainability

Besides our environmental initiatives, we also strive to improve our social performance and contribute to the well-being of our employees, customers, and communities. We have taken the following steps to achieve this goal:

- **Social Responsibility:** We have emphasized fair labor practices, diversity and inclusion, and community engagement in our business operations. We have also supported various social and charitable causes, such as education, health, and disaster relief. We have also adhered to the highest standards of ethics and compliance in our dealings with our stakeholders.

#### Water Management

Water is a vital resource for our business and the planet. We have taken the following steps to ensure its efficient and responsible use:

- **Efficient Usage:** We have implemented water-saving technologies and practices in our factories, and farms such as water recycling, and leak detection.
- **Water Quality:** We have ensured proper wastewater treatment and pollution control measures to protect freshwater resources. We have also complied with the relevant water quality standards and regulations in our operations.

## ESG GOALS OF THE GROUP

### Environmental Goals

- **Reducing greenhouse gas emissions:** The Group is in the process of measuring greenhouse gas emissions and will establish targets to reduce the emission.
- **Increasing renewable energy use:** The Group is committed to sourcing electricity from renewable sources. The Group's renewable energy committee monitors the progress and reports to the board and the stakeholders.
- **Minimizing waste and water consumption:** The Group strives to reduce its environmental footprint by implementing circular economy principles, recycling, and water conservation measures. The Group's operational managers are responsible for ensuring compliance with the environmental policies and standards.



### Social Goals

- **Enhancing employee well-being:** The Group values its human capital and provides a safe, healthy, and an inclusive work environment. The Group offers competitive compensation and benefits, training and development opportunities, and wellness programs. The Group's human resources department ensures employee engagement at all times.



- **Supporting local communities:** The Group contributes to the social and economic development of the communities where it operates. The Group supports various causes such as education, health, and social justice through donations, volunteering, and partnerships. The Group's corporate social responsibility team oversees the community involvement and impact assessment.



- **Ensuring customer satisfaction:** The Group delivers high-quality products and services that meets or exceeds customer expectations. The Group adheres to the highest standards of safety, quality and reliability.

### Governance Goals

- **Ethical business practices:** The Group upholds integrity, transparency, and accountability in its business operations, financial reporting, and decision-making processes. The Group follows the code of conduct and the anti-corruption policy and discloses its performance

## ESG APPROACH OF CIC HOLDINGS

and risks to the stakeholders. The Group's audit committee ensures the compliance and integrity of the Group.

- **Board diversity:** The Group ensures diversity and independence on of its board of directors, with expertise in sustainability and relevant areas. The Group follows the board diversity policy and the nomination and remuneration policy and seeks to achieve a balanced representation of gender, age, ethnicity, and background. The Group's nomination and remuneration committee reviews the board composition and effectiveness.
- **Compliance and risk management:** The Group adheres to the legal and regulatory requirements related to environmental protection, social responsibility, and corporate governance. The Group identifies, assesses, and mitigates the material risks that may affect its reputation, performance and sustainability. The Group's Audit committee oversees the risk management framework and the compliance program.

### ESG POLICIES AND PRACTICES AT CIC

#### Data Collection and Monitoring

CIC will establish a systematic process for collecting and analyzing relevant data and indicators related to its ESG performance. The company will use various sources and methods to gather data. The data will cover the environmental, social, and governance aspects of the company's operations, such as energy consumption, greenhouse gas emissions, waste management, employee engagement, diversity and inclusion, health and safety, ethics and compliance and stakeholder feedback.

#### Reporting and Communication

CIC will be transparent and accountable for its ESG performance and progress. The company intends to provide periodic reports on its ESG performance, progress towards targets, challenges faced, and lessons learned to its senior leadership.

#### Awareness and Training Programs

CIC is dedicated to fostering a culture of sustainability and ESG awareness among its employees and partners. The company conducts training programs, workshops, and awareness campaigns to educate its employees about ESG principles, goals, and their roles in achieving sustainability objectives. The company also provides guidance and support to its employees to implement ESG best practices in their daily work and decision-making.

### ESG PERFORMANCE MONITORING SYSTEM

Environmental, social, and governance (ESG) factors are increasingly important for businesses to manage their risks, opportunities, and impacts on society and the environment. CIC, as a responsible corporate citizen, is committed to integrating ESG considerations into its strategy, operations, and decision-making processes. To ensure that the Group's ESG performance is aligned with its vision, values, and goals, CIC will establish a comprehensive ESG performance monitoring system that covers the following aspects:

- Key Performance Indicators (KPIs)
- Data Collection and Verification
- Performance Tracking and Analysis
- ESG Reporting

### ESG STRATEGIES FOR CIC

CIC is committed to integrating environmental, social, and governance (ESG) factors into its business strategy and operations. We believe that ESG performance is not only a matter of corporate responsibility, but also a source of competitive advantage and long-term value creation.

#### Establishing a Dedicated ESG Committee or Task Force

One of the key actions we propose is to establish a dedicated sustainability or ESG committee or task force that will be responsible for developing, implementing, and monitoring ESG goals and initiatives. The committee or task force will report to the board of directors and the senior management.

#### Implementing ESG Initiatives and Reporting ESG Performance

Another key action we propose is to implement ESG initiatives and report ESG performance in a transparent and consistent manner. We will adopt the following measures:

- **ESG Initiatives:** We CIC will identify and prioritize the material ESG issues that affect our it's business and stakeholders, and design and execute ESG initiatives that address them. We CIC will also allocate sufficient resources and incentives to support the implementation and evaluation of the ESG initiatives.
- **ESG Reporting:** We CIC will disclose our ESG performance and progress on a regular basis, using recognized frameworks and standards, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). We CIC will also seek external assurance and feedback on our ESG reporting and use the results to improve our ESG practices and outcomes of the group.

# MATERIAL TOPICS

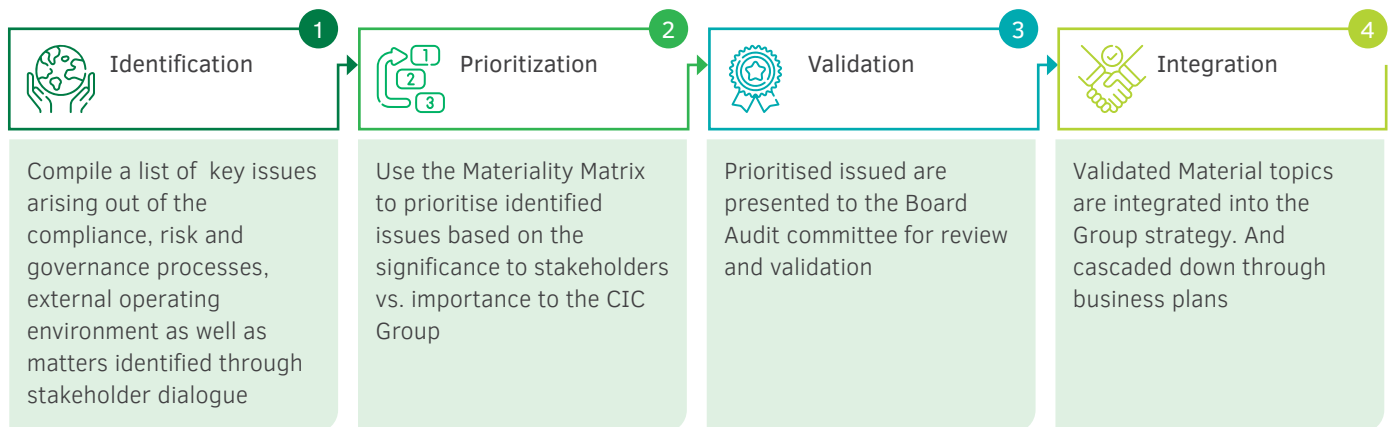
The CIC Group employs the principle of materiality as a cornerstone in its value creation strategy. This approach involves a thorough assessment of internal and external factors, stakeholder expectations, and market dynamics. Identifying and prioritising issues that significantly impact the Group's capacity to generate and sustain value, both in

the short and long term, ensures that all such critical factors are rigorously addressed. By focusing on material issues, the Group not only aligns its strategic objectives with stakeholder needs but also enhances transparency and accountability. This methodical process enables the Group to allocate resources effectively, mitigate risks, and capitalise on opportunities, thereby fostering sustainable growth and reinforcing its commitment to delivering comprehensive value to all stakeholders.

## MATERIALITY DETERMINATION PROCESS



## MATERIALITY MATRIX



## MATERIAL TOPICS

Material Topic	Stakeholders Impact	Topic Boundary (Economic / Social / Environmental Impact)	Management Approach	Strategy Integration			
				Financial Strength	Business Growth	Empowered Team	Sustainability Stewardship
Profitability and Financial Stability	Shareholders Customers Community	Creates a foundation to facilitate business diversification and scalability in order to drive economic activity on an ongoing basis	Board approved strategic plan and detailed business plans and budgets to deepen the penetration in captive markets and pursue new growth opportunities through diversification	X	X	X	X
Brand Leadership	Customers Business Partners / Suppliers Community	Enables customers, suppliers and the community to benefit from the best in-class value propositions	Clearly defined strategies to drive brand leadership across customer markets, among suppliers as well as peers  Ref - Intellectual Capital - page 65		X		X
Regulatory Compliance	Regulators Customers	Boost investor confidence in the economy	Stringent ongoing due diligence in line with the Zero tolerance of non-compliance  Ref - Corporate Governance Report - page 92	X	X	X	X
Culture and Conduct	Shareholders Regulators Customers Employees	Contributes toward enhancing the credibility of the Country's corporate sector	Strong risk management governance frameworks together with high standards of ethics and business integrity  Ref - Intellectual Capital - page 65		X		X
Customer Loyalty	Customers	Provides the impetus for current and future socio economic development	Robust customer value proposition to acquire and retain customers over the long term		X		X
Customer Satisfaction	Customers			X	X		
Supply Chain Reliability	Business Partners / Suppliers	Creates the framework to enable consistent business growth over time	Strong Business Partner Value proposition to build long term relationships with suppliers and business partners  Ref - Social and Relationship Capital - page 80		X		

Material Topic	Stakeholders Impact	Topic Boundary (Economic / Social / Environmental Impact)	Management Approach	Strategy Integration			
				Financial Strength	Business Growth	Empowered Team	Sustainability Stewardship
Product Innovation	Customers	Delivers socio economic benefits for a wider cross section of the population	Continuous and ongoing investment in R & D across all clusters	X	X		
			Ref - Social and Relationship Capital - page 80				
Inclusive Workplace	Employees	Reduces unemployment, eliminates socio economic inequalities and improves national productivity	Fully fledged employee development framework			X	
Employee Empowerment	Employees		Ref - Human Capital - page 72			X	
Career Progression	Employees						
Corporate Stewardship	Community Environment	Creates a healthier environment for the wider community and the environment over the long term	Community value proposition and environmental preservation	X			X
			Ref - Social and Relationship Capital - page 80				
			Ref - Natural Capital - page 88				

# OPERATING ENVIRONMENT

IN 2023, THE SRI LANKAN ECONOMY BEGAN A GRADUAL RECOVERY FROM THE MOST SEVERE ECONOMIC DOWNTURN IN ITS POST-INDEPENDENCE HISTORY, LARGELY ATTRIBUTABLE TO DECISIVE POLICY ADJUSTMENTS AND STRUCTURAL REFORMS IMPLEMENTED BY THE GOVERNMENT AND THE CENTRAL BANK.

## GLOBAL ECONOMIC UPDATE

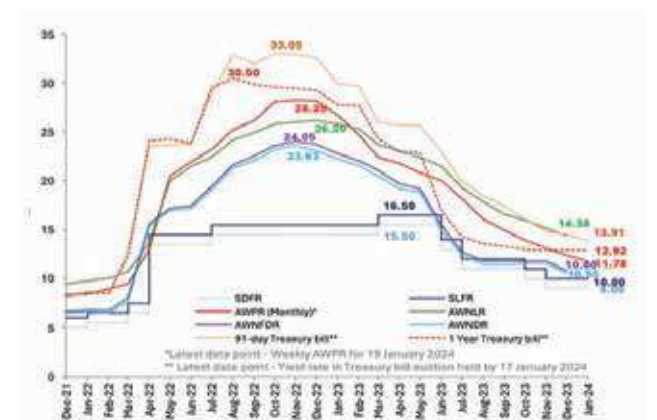
In 2023, global economic activity continued its downward trajectory, driven by several critical factors that collectively hindered growth. The enforcement of stringent monetary policies aimed at curbing inflation, coupled with persistently restrictive financial conditions, significantly constrained economic momentum. Additionally, a marked weakening in global trade further exacerbated the slowdown. As a result, global economic growth is estimated to have decelerated to 2.6% for the year. This figure marks the second consecutive year of reduced growth, underscoring the persistent challenges in achieving robust economic expansion amidst a complex and uncertain global environment.

Global trade experienced minimal growth in 2023, expanding by an estimated 0.2%, marking the slowest rate of trade growth outside of global recessions in the past fifty years. This sluggish pace is attributed to the prolonged impacts of several overlapping shocks over the past four years. Key among these are pandemic-induced supply chain disruptions, the ongoing instability from the Russian invasion of Ukraine—which has destabilised regional economies and contributed to energy price volatility—and the surge in inflation that has prompted significant tightening of global monetary policies. These compounded challenges have severely hindered the recovery and expansion of global trade, reflecting the broader struggles of the world economy to regain robust growth.

Furthermore, the recent conflict in the Middle East has exacerbated the global economic situation by intensifying geopolitical risks and increasing uncertainty in commodity markets. This conflict has particularly disrupted oil prices and supply chains, adding another layer of complexity to an already fragile global trade environment. These cumulative factors have contributed significantly to the slowdown in global trade growth observed in the latter part of the year.

## OUTLOOK AND PROSPECTS FOR THE GLOBAL ECONOMY

Global growth prospects for 2024 forecast a further deceleration, with expectations set at 2.4%. This persistent slowdown reflects the impacts of tight monetary policies, to combat historically high inflation and restrictive credit conditions. Additionally, the weak performance of global trade and investment exacerbates the subdued growth outlook, highlighting the profound and ongoing challenges faced by the global economy in striving for robust recovery and sustained growth



Source - Global Economic Prospects - January 2024 (World Bank Publication)

## SRI LANKA'S ECONOMIC PERFORMANCE

In 2023, the Sri Lankan economy began a gradual recovery from the most severe economic downturn in its post-independence history, largely attributable to decisive policy adjustments and structural reforms implemented by the government and the Central Bank. These measures produced promising outcomes, significantly contributing to the restoration of macroeconomic stability. Consequently, the Sri Lankan economy recorded expansion in the second half of 2023, marking the end of six consecutive quarters of contraction. Sri Lanka's GDP contracted by 2.3% in 2023, a marked improvement compared to the 7.3% GDP decline in 2022, providing clear evidence that the country is on the path to recovery.

## SECTOR PERFORMANCE UPDATE

The agricultural sector showed robust signs of recovery, expanding by 2.6%, a significant turnaround from the 4.2% contraction experienced in 2022. Conversely, the industrial sector remained under considerable stress due to a combination of low domestic consumption and weak export demand amid the global economic slowdown, resulting in a 9.2% contraction. In the services sector, the contraction was limited to 0.2%, buoyed primarily by a resurgence in tourism. However, financial services and real estate activities, adversely affected by the high-interest-rate environment, particularly in the first half of the year, continued to exert a negative impact on the overall growth of the services sector.

## INFLATION

Inflation, which peaked at unprecedented levels in September 2022, underwent a swift disinflation process thereafter, culminating in lower single-digit figures by the close of 2023. Consequently, year-on-year headline inflation, as measured by the Colombo Consumer Price Index, decelerated to a mere 1.3% by September 2023. However, from September 2023 onward, inflation began a trajectory towards the targeted level, driven notably by energy price escalations, particularly stemming from the electricity tariff hike, compounded by weather-induced supply disruptions in the agriculture sector. Accordingly, CCPI-based year-on-year headline inflation stood at 4.0% by the conclusion of 2023, marking a stark contrast to the staggering 57.2% recorded at the close of 2022. The hike in the Value Added Tax (VAT) rate, elevated from 15% to 18%, coupled with the elimination of certain exemptions at the onset of 2024, momentarily triggered a spike in inflation in January 2024, before stabilising once again towards the end of March 2024.

## EXCHANGE RATE

Throughout 2023 and early 2024, the Sri Lankan Rupee exhibited notable strength, bolstered by enhanced market liquidity driven by robust foreign exchange inflows. These inflows primarily stemmed from tourism-related earnings, workers' remittances, and foreign investments in the government securities market. Additionally, reduced import demand played a significant role in bolstering the Rupee's value during 2023. In total, the Sri Lankan Rupee, which had depreciated by 44.8% against the US dollar in 2022, experienced a remarkable turnaround, appreciating by 12.1% in 2023.

## INTEREST RATE

Market interest rates experienced a significant decline from the notably elevated levels observed in 2022, primarily due to the implementation of accommodative monetary policy measures by the authorities starting from June 2023. This decline was further propelled by the rapid disinflation process, a moderation in inflation expectations, and a reduction in risk premia associated with yields on government securities following the Domestic Debt Optimization (DDO) operation. These factors collectively contributed to a widespread reduction in market lending rates. The downward trajectory in market interest rates continued into early 2024, highlighting the potential for further declines in response to the prevailing accommodative monetary conditions.

## EXTERNAL SECTOR

Sri Lanka's external sector exhibited a remarkable rebound, marked by increased stability and positive developments across various fronts, particularly in the latter part of the year. The initiation of the IMF-EFF program in March 2023 and its successful continuation have played a pivotal role in achieving this stability in the external sector. Notably, the country's trade deficit in 2023 reached its lowest level since 2010, highlighting a significant contraction in import expenditure compared to export earnings. While export earnings experienced a notable decline, primarily attributed to a substantial reduction in industrial exports driven by the downturn in garment exports, import expenditure also saw a considerable decrease. This decline can be attributed to subdued economic activity, reduced disposable income, and the implementation of import restrictions. These factors collectively contributed to the enhanced stability and positive trajectory witnessed in Sri Lanka's external sector during 2023.

## OPERATING ENVIRONMENT

### **OUTLOOK AND PROSPECTS FOR THE SRI LANKAN ECONOMY**

In 2024, the Sri Lankan economy is poised for a robust expansion of 3%, propelled by a combination of strategic governmental policies and favourable economic conditions. The proactive monetary policies implemented by the government have created an enabling environment, further bolstered by minimal inflationary pressures.

A notable driver of this growth trajectory would be the resurgence of the tourism sector, with the ripple effect expected to stimulate other industries such as hospitality, transportation, and various service-oriented industries.

Moreover, the industrial landscape is poised for significant gains amidst recent policy interventions, such as the removal of import barriers and the reduction of credit-related expenses, have enhanced the competitiveness of domestic industries. Coupled with the declining prices of essential raw materials, this conducive environment paves the way for sustained growth and innovation within the industrial sector.

In addition, the long-awaited revival of the construction sector is set to materialise, adding further momentum to the economy and creating employment opportunities and fostering infrastructural development critical for long-term sustainable growth.



## FUELING ASPIRATIONS

Over the past years my productivity and yield has improved many folds and I have grown as a farmer, and I have been able to nurture my family and our collective aspirations and dreams. CIC has also provided modern smart classrooms for my children to learn, conducted English classes and always encourages their education for which we as a community are so grateful for.

Chaminda Karunarathna  
*Farmer - Hingukakgoda*

MANAGEMENT  
DISCUSSION & ANALYSIS



# MANAGEMENT DISCUSSION & ANALYSIS

## Sector Review

### CROP SOLUTIONS



CIC's Crop Solutions division has firmly established itself as the premier provider of top tier agri inputs to fortify the growth of Sri Lanka's agriculture sector. The Crop Solution division's fully integrated solutions encompassing plant nutrition, plant protection and seed & planting material along with technical advisory services are designed to deliver efficient and high-quality agricultural outputs to growers to enhance their incomes and to meet the nutrition requirements of the country while supporting the agri export initiatives.

With the normalisation of the Country's economic condition in 2023 providing the impetus for the resumption of business activities across the Country, CIC's Crop Solutions segment experienced a good year with strong performances recorded by all three verticals with demand for all core products growing significantly. Furthermore, the removal of import restrictions on agri inputs paved the way for an open market condition resulting in a healthy competition in the market.

Even though there is a margin pressure due to the emerging competition in the short run, a space is created now for greater innovation and more advanced agri solutions to support the development of the Country's agri sector.

### PLANT NUTRITION



The Plant Nutrition segment leverages its global network of primary partners, to provide an extensive array of cutting-edge soil enrichment solutions tailored to key crop sectors such as paddy, tea, coconut, sugarcane, and vegetables.

As the challenges encountered in the recent past subsided, the demand for plant nutrients gradually increased in the financial year amidst renewed interest in agricultural activities. Spearheaded by aggressive marketing strategies to capitalize on its extensive range of high-quality plant nutrition products including the new generation fertilizers, the Plant Nutrition segment registered a strong volume growth in the current financial year. Nonetheless margin pressure remained a key challenge amidst the high cost of imported raw materials and industry competition.

In a bid to manage narrowing margins, the focus on R & D was further intensified with more emphasis on developing niche market products that command a higher premium. In related development, the company began working with global principals to identify nutritional supplements that could enhance the quality of fertilizer blends supplied to major crops. As an outcome of these efforts, two potential productivity enhancers were identified in the latter part of the financial year.

### PLANT PROTECTION





The Plant Protection sector harnesses its strategic alliances with top global principals, utilizing their expertise to deliver a superior range of crop protection products to meet the needs of the Sri Lankan market.

Benefitting from the growth momentum in the market, CIC's Plant Protection segment also experienced healthy growth in all its core products. Moreover, with the government's decision to lift the glyphosate ban paving the way for organic growth in herbicide market.

Meanwhile, keen to secure a first mover advantage in new markets, the herbicide product range was further expanded with the inclusion of a new product specifically targeting the sugar cane industry.

The government's strong emphasis on national food security provided a further opportunity for the management to expand its farmer outreach programmes. Field level initiatives such as individual farmer visits, farmer awareness sessions, crop clinics etc were significantly increased in the current year.

The "Ran Sarupala" campaign launched in 2023 which was a new initiative aimed at popularizing CIC's integrated solutions among paddy and corn growers. As part of a broader effort towards farmer education, the company partnered with agrarian service centers (ASCs) to promote smart agriculture practices in paddy cultivation.

Further demonstrating its commitment to improving its value proposition, the company entered into an agreement with the Tea Small Holdings Development Authority (TSHDA) to launch a special field program (Dallakin Wenasak) to promote the good agriculture practices (GAP) in tea cultivation targeting the productivity enhancement in tea smallholders in Galle, Matara and Ratnapura districts. The company plans to commission a similar productivity improvement drive that will be initiated in the coconut sector with relevant industry stakeholders in the coming financial year.

Going beyond these conventional approaches for farmer education and awareness, a new technology division was formed in the agri cluster to focus on providing continuous farmer education.

Work commenced on developing a Smart Agriculture App for the purpose of delivering timely technical content to enhance farmer awareness. The app, which was at the testing stage in March 2024 is expected to go live by the end of June 2024. To further support these efforts, steps are being taken to change product labelling to include QR codes that will allow farmers to access technical information in real time through their smartphones.



## THE REMOVAL OF IMPORT RESTRICTIONS ON AGRI INPUTS PAVED THE WAY FOR AN OPEN MARKET CONDITION RESULTING IN A HEALTHY COMPETITION IN THE MARKET.

### SEEDS



With the fast-expanding product portfolio, CIC's Seed division now plays a major role in contributing towards the productivity enhancement effort in the agriculture sector in Sri Lanka.

Aided by the growth appetite and introduction of a few superior products CIC's Seeds segment experienced robust volume expansion this year driven primarily by the demand for seed paddy and Hybrid Vegetable Seeds.

Culminating the R&D efforts carried out in the last couple of years in product development the company was able to identify five new promising hybrid vegetable varieties and obtained the government approval to commercialize them. This being a major milestone for CIC Seeds since this is the first time a private seed company in the country has developed hybrid seeds for local cultivation. The company intends to supply these new hybrid seeds to the market from 2024/25 maha season at competitive prices than the imported hybrid seeds enabling the company to target incremental growth in the vegetable seed business. Considering the increasing demand for high performing

## MANAGEMENT DISCUSSION & ANALYSIS

### Sector Review | **CROP SOLUTIONS**



hybrid seeds adaptable to local climatic conditions, the R & D program of CIC will be further strengthened in the future.

#### **FUTURE PROSPECTS**

Providing integrated solutions to growers to enhance their crop productivity will be the key strategic imperative of the company in the future. While product development and innovation is expected to play a major role in this effort, farmer education and technology transfer will remain the underlying focus. To this end, the Crop Solutions division will aim to capitalize on digital technology to build awareness through the delivery of continuous and updated technical information to growers using digital platforms.

The Smart Agriculture App and the QR system are set to be rolled out in 2024, are both expected to play a crucial role in this regard.

Meanwhile, working to strengthen CIC's market presence as an integrated pest control solutions provider, Board approval was granted to establish a dedicated pest management and environmental service unit to focus on providing customers with fully integrated solutions including advisory services. CIC is looking to tap into its supply chain advantages, including first-hand access to the new product and technical knowhow to strengthen its position as a fully integrated pest management specialist thus going beyond its traditional role as a product supplier to the market.

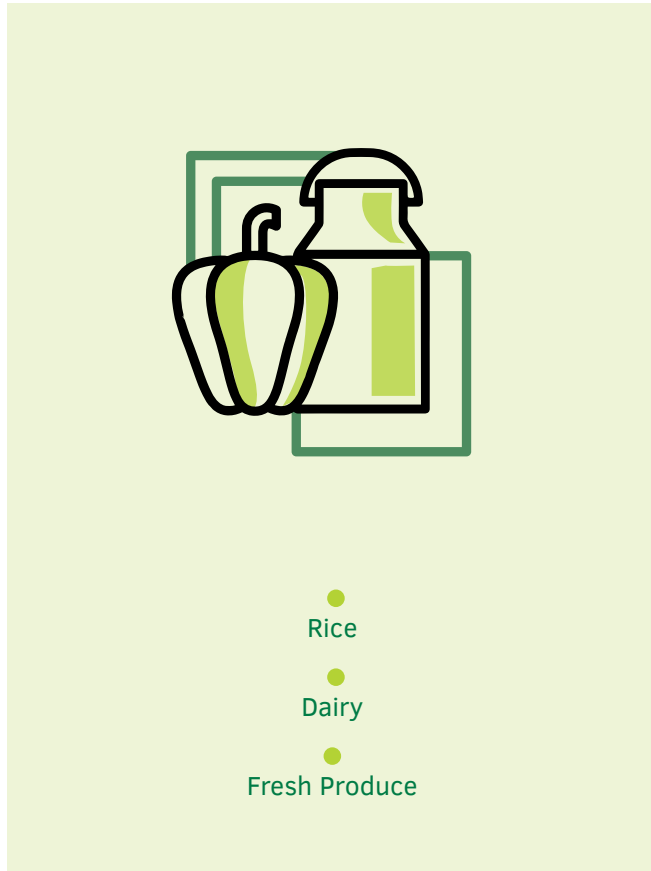
THE COMPANY BEGAN WORKING WITH GLOBAL PRINCIPALS TO IDENTIFY NUTRITIONAL SUPPLEMENTS THAT COULD ENHANCE THE QUALITY OF FERTILIZER BLENDS SUPPLIED TO MAJOR CROPS.

Going forward, CIC's Crop Solution segment will look forward to further consolidating its position in the market by identifying market gaps across all three verticals using the group synergy. In doing so, the focus on new product development will be further intensified with CIC looking to invest in strengthening its R & D as well as building global partnerships to gain an edge in the market.

In keeping with the CIC Group's sustainability commitments, more emphasis will also be given to the environmental impact of Crop production with a stronger skew towards procuring low toxicity formulations in line with the WHO approved class 3 or class 4 toxicity standards.

# Sector Review

## AGRI PRODUCE



The Agri Produce sector of CIC Holdings plays a vital role in fortifying food security in Sri Lanka through its diverse portfolio of rice, dairy, and fresh produce products. Underpinned by 100% locally sourcing, CIC's Agri Produce sector ensures the availability of high-quality staples that are essential to the nation's dietary needs. Moreover, a firm commitment to sustainable farming practices and stringent quality control measures ensures the integrity and nutritional value of products, and steady supply of high quality essential food in the Country.

### RICE



CIC Rice segment holds a distinct position in the market, offering a variety of nutritionally enhanced Healthy Rice, authentic Sri Lankan Traditional Rice, and highly palatable Specialty Rice tailored to the preferences of discerning consumers in Sri Lanka and worldwide.

The Rice business recorded a strong performance in the current financial year aided by conducive macroeconomic conditions with steady growth seen across all channels.

Strong demand was observed in the HORECA channel attributed to the upsurge in the Country's tourism sector. Supported by investments in brand equity building and structured merchandising approaches, the modern trade channel also delivered good results, with a strong uptake registered for all products on the back of the gradual improvement in economic conditions in the latter part of 2023.

Notably, the demand for the Health rice range remained consistent regardless of the economic challenges, a testament to its strong market acceptance. Leveraging these synergies, the health range was further expanded with the addition of "Ceylon Purple" with unique nutritional properties to support healthier lifestyle choices.

Meanwhile, capitalising on the ongoing restrictions on the import of rice, a major campaign was initiated to fuel the demand for the signature Golden Crop range, with new packaging introduced to enhance the visual appeal and improve the look and feel of the packaging on par with international standards.

From an export market perspective, a two-pronged approach saw a stronger emphasis on new market development aimed at making inroads into Europe and Gulf regions. In parallel, the focus on deepening the penetration in existing markets



## MANAGEMENT DISCUSSION & ANALYSIS

### Sector Review | **AGRI PRODUCE**



THE HEALTH RANGE WAS FURTHER EXPANDED WITH THE ADDITION OF “CEYLON PURPLE” WITH UNIQUE NUTRITIONAL PROPERTIES TO SUPPORT HEALTHIER LIFESTYLE CHOICES.

was intensified through targeted efforts to improve product availability and visibility, which led to a tie up with leading distributor in Australia, to secure product distribution rights across all 5 states.

Buttressed by these efforts, the rice segment delivered a strong performance, reflecting significant year on year improvements across all key performance metrics.

#### **DAIRY**

The Dairy segment provides a selection of cultured dairy products and UHT fresh milk sold under the flagship CIC Creamoo brand, which caters to the consumer demand for top-tier dairy products across the island.

The Dairy segment came under considerable pressure in the current year, primarily due to weak consumer demand attributed to inflation-induced cost increases, price increase of dairy products owing to the imposition of VAT and other economic pressure resulting in lower disposable incomes of households.

Amidst this backdrop, a major restructuring exercise was undertaken to streamline business operations, rationalise cost structures and revamp process architecture. Moreover, there was a concerted effort to streamline routes to market, and refine sales management strategies, all with the singular



aim of driving robust growth in its top line. A culmination of these efforts helped to revive the Dairy segment performance in the final quarter of the financial year.

#### **FRESH PRODUCE**

The Fresh Produce segment is positioned as a highly sought-after supplier of fresh vegetables and fruits and fruit juices along with specialty condiments and other essential items to cater specifically to the discerning high-end consumer market

The fresh produce arm continued to retain its position as a trusted retailer of fresh produce for the high-end, niche consumer market. Its loyal customer base continued to be a key strength, enabling the segment to table a satisfactory performance for the current financial year, despite experiencing a drop in demand for its mainstream juice range owing to the combined impact of lower average household disposable incomes and the higher VAT rates.

#### **FUTURE PROSPECTS**

The gradual recovery in economic activity in the Country is expected to create a conducive environment for the Agri produce sector to further strengthen its core market positions. In the Rice segment, R & D-led product innovation will be the priority in growing market share both locally and across export markets.

Meanwhile, the Dairy segment is gearing up to expedite its business transformation, utilising a targeted shopper marketing approach to bolster brand recognition. This will be complemented by comprehensive cost rationalisation efforts and enhanced supply chain efficiencies.

The fresh produce business is set to accelerate its growth trajectory by revitalising and expanding both Fresheez and Juiceez through a broad based brand transformation encompassing an enhanced value proposition coupled with stronger emphasis on service excellence.

# Sector Review

## INDUSTRIAL SOLUTIONS



Industrial Chemicals

Speciality Packaging

CIC's Industrial Solutions sector asserts its market leadership backed by strong positions across its two main verticals: industrial chemicals and speciality packaging.



EFFORTS TO MAKE INROADS INTO NEW MARKETS SAW THE LAUNCH OF A LINE OF AUXILIARY PRODUCTS FOR THE FOOTWEAR MANUFACTURING INDUSTRY.

### INDUSTRIAL SOLUTIONS



The Industrial Chemicals segment with its versatile range of chemical solutions supports the growth and development of Sri Lanka's industrial sector

The contraction in economic activity in the Country had a negative impact on CIC's industrial solutions segment. However tactical business expansion enabled the segment to report a healthy performance for FY 2023/24.

Amidst subdued demand from traditional markets industries, the division moved swiftly to explore new and emerging segments to drive volume growth. Supported by new ties ups with overseas principals, the product range was also strategically expanded with several new products launched in the year under review.

A range of high-end water based binders were launched for the paint manufacturing industry which was well received, enabling the division to record steady volume growth to further solidify its market leading position in this space. Similarly, the range of water based adhesives for the packaging industry launched at the end of the previous financial year also gained good traction to record steady volume growth throughout the current financial year

## MANAGEMENT DISCUSSION & ANALYSIS

### Sector Review | **INDUSTRIAL SOLUTIONS**

Meanwhile efforts to make inroads into new markets saw the launch of a line of auxiliary products for the footwear manufacturing industry. Resources at the lab were also further strengthened to focus on offering colour matching services to the textile manufacturing industry, a move that garnered a strong positive response from local manufacturers.

#### **SPECIALTY PACKAGING**



The specialty packaging division delivers top-tier food-grade packaging solutions tailored specifically for the needs of large-scale food and beverage manufacturers in Sri Lanka

The poor performance of the domestic economy in the first half the year had a direct impact on the performance of the specialty packaging division. Weak demand was observed for packaging solutions across all key market segments during this time. However, with the economic rebound in the second half of the year triggering a revival in industrial activity, the demand for packaging solutions also gradually improved, enabling the division to offset volume contractions recorded in the first few quarters and conclude the year with satisfactory volume growth. Meanwhile the appreciation of the LKR against the USD had a positive impact on the division's operating results for the year.



#### **FUTURE PROSPECTS**

In the industrial chemical segment, product diversification and innovation will remain the key priority in the coming years as the division seeks to consolidate market share in existing strongholds, while making inroads into new segments supported by focused efforts to service market gaps.

The specialty packaging segment will aim to leverage the economic revival in Country to further intensify its marketing strategies with a view to growing captive market share.



*Rainforest Ec lodge (Private) Limited, Associate under Industrial Solutions Sector*

# Sector Review

## HEALTH AND PERSONAL CARE



CIC Holding’s health and personal care cluster stands as a testament to the Group’s commitment to enhancing well-being across diverse facets of life. Comprising three vital verticals – pharmaceuticals, medical devices, and personal care – the cluster embodies a holistic approach towards fostering healthier communities.

CIC PHARMA FOCUSED ON WIDENING ITS PORTFOLIO PRODUCTS WITH MORE EMPHASIS ON PROVIDING A DIVERSE RANGE OF PRICE POINTS, WHILE ENSURING QUALITY STANDARDS.

### PHARMACEUTICALS



The Pharmaceutical division delivers cutting edge, innovative solutions aimed at addressing a spectrum of medical needs, from chronic conditions to acute illnesses.

The pharmaceutical division recorded mixed fortunes in the current financial year as key market segments came under pressure. Demand from the state sector moderated owing to various challenges including funding limitations to the healthcare sector as a consequence of the sub par GDP performance in the recent past. Similarly, the private sector spending patterns also changed, influenced by the sizable erosion in household disposable incomes. Mindful of the cost conscious household mindset, CIC Pharma focused on widening its portfolio products with more emphasis on providing a diverse range of price points, while ensuring quality standards. Despite challenges on the regulatory front in terms of securing approvals for new molecules at the expected speed, a new range of combination drugs was launched to the market in the current financial year, signalling CIC pharma as an early entrant to this space.

On the other hand, trading activities gathered momentum to deliver a good performance. On a related note, CIC pharma’s collaboration with LINK Naturals yielded excellent results. The tie up which was aimed at enabling LINK to expand its distribution saw the pharma division undertaking to promote LINK’s healthcare range and improve availability of such products through the pharmacy networks. This was coupled with a massive island-wide awareness campaign undertaken in partnership with and Key Opinion Leaders (KOLs) to

## MANAGEMENT DISCUSSION & ANALYSIS

### Sector Review | HEALTH AND PERSONAL CARE SECTOR



## NEW MOLECULES DEVELOPED BY THE LOCAL MANUFACTURING ARM CAPTURED A SIGNIFICANT SHARE OF BOTH PRIVATE AND STATE SECTOR MARKETS

educate the pharmacy network on nutrition and herbal health best practices and to emphasise the importance of affordable nutrition and preventive care especially during times of economic stress.

The pharmaceutical manufacturing operation also made steady progress during the year. Operating at full capacity throughout, the manufacturing segment successfully achieved all KPI's enabling the unit to meet all agreed contractual obligations. New molecules developed by the local manufacturing arm captured a significant share of both private and state sector markets, a testament to the strength of technical collaborations developed over time.

Continuing to further strengthen community awareness building activities, CIC pharma launched a series of public awareness programs on combating diabetes, menopause, IVF, general nutrition, mental health and obesity via digital platforms in partnership with leading physicians and with leading financial institutions.

Furthermore, the SBU signed up with Nutrition Society of Sri Lanka, for the second stage of the Formulation of Nutrition

Guidelines for Children, which focuses on disseminating such guidelines island wide in all three languages.

SBU has also worked extensively with respective collages and KOLs to educate on Diabetes, which is increasingly becoming a threat to the wellbeing of Sri Lankan Society.

Internally, phase 1 of the sales force automation was completed with the live roll out of the SAP Hana database management system completed by early 2024.

### MEDICAL DEVICES



CIC's Medical Devices unit continues to hold a strong market position by offering cutting-edge solutions in the orthopedic, maxillofacial and wound care disciplines along with advanced diagnostic tools for improved clinical outcomes

Operating in a broadly similar environment as that of the pharma segment, the medical devices unit also experienced some notable challenges owing to the visible lack of demand, especially from the state sector healthcare system.

However, consistent demand from the private sector saw the division making good headway in driving sales across all key product categories. In particular the premier range of wound care, orthopedic, diagnostics, implants and instruments showed significant growth.

The segment continued to tap into its global partner network with a view to strategically expanding the current product range, specifically in regard to disruptive products that present significantly enhanced patient outcomes. As culmination of these efforts, regulatory approvals were sought for a new advanced wound care range. Preliminary



negotiations also commenced with principals to introduce a new diagnostics range which would give CIC a first mover advantage in this space.

Moreover, keen to explore opportunities to improve product affordability, a new R & D partnership was formed in the current year. Having made good progress and with the prototype at the testing stage by end March 2024, commercialization is set for mid 2024.

## PERSONAL CARE



The Personal Care segment, with its LINK range of herbal products that promote wellness and self-care, continues to dominate the local market. Moreover, a curated selection of LINK products finds its way to prominent international markets, symbolizing the segment's global appeal and commitment to spreading the benefits of natural personal care worldwide

With improving economic conditions in Sri Lanka and the revival of the tourism industry setting the backdrop, all LINK products performed well, showing steady growth throughout the year. Investments in improving island-wide visibility and stronger channel penetration also contributed towards the healthy performance with all key distribution channels recording growth. "Swastha" by Link Natural – the experience centre launched in the previous financial year has helped to further solidify brand visibility in the market resulting in strong acceptance of the wellness range.

In the year under review, the LINK healthcare range was further expanded with the inclusion of LINK Crampguard, underscoring the segment's commitment to ongoing product innovation.

Meanwhile, focused efforts to tap into group synergies for the purpose of strengthening market reach saw the personal care segment tying up with the CIC pharma division to leverage the pharmacy channel to improve island-wide distribution of the LINK health and personal care range.

Exports also grew significantly in the year under review, driven by a two-pronged approach to deepen the penetration in existing markets alongside new market development efforts to further expand the global reach.

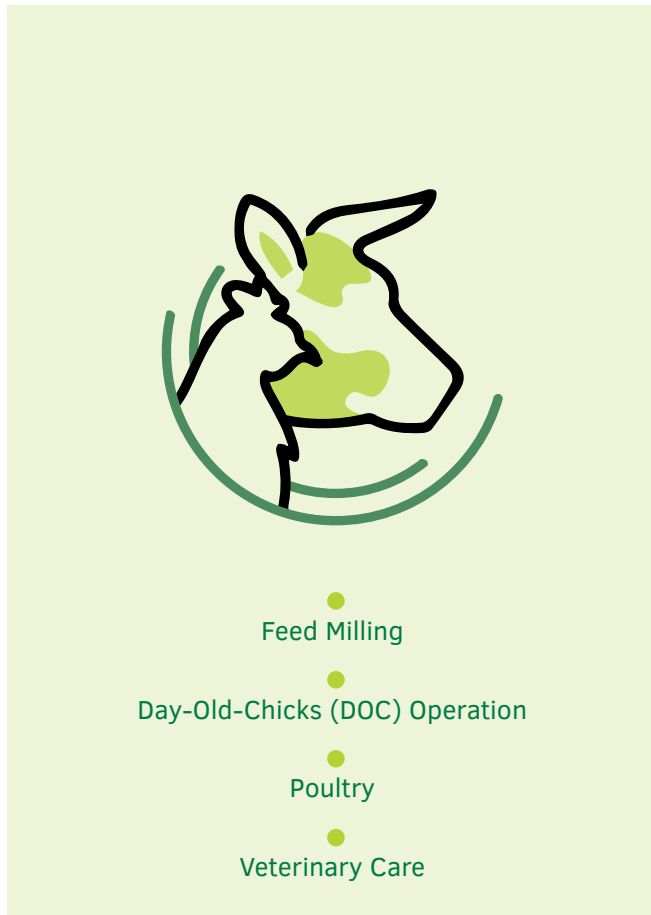
## FUTURE PROSPECTS

The Personal Care segment has also set out ambitious plans to chart its future growth trajectory, both locally and overseas. Consolidating market share across all key product segments will be the key priority in the local market, while global market expansion will centre on strengthening brand visibility for the segment's flagship brand, "Samahan".



# MANAGEMENT DISCUSSION & ANALYSIS

## Sector Review LIVESTOCK SOLUTIONS



CIC's Livestock division is positioned as a premier, fully integrated poultry solutions provider in Sri Lanka. Offering a comprehensive range of services including feed milling, day-old chicks (DOC), poultry, and veterinary care, CIC's Livestock Solutions cluster makes a significant contribution to the nation's food supply chain.

### FEED MILLING



CIC Group's poultry feed milling operation remains a key catalyst in providing high-quality feed for poultry farmers across Sri Lanka. With state-of-the-art facilities and a commitment to stringent quality control, CIC Feeds ensures that its feed meets the exacting standards necessary for optimal poultry health and productivity.

The feed operation faced challenges in the current financial year as demand declined due to changing market dynamics. This decline was a consequence of Poultry manufacturers investing in achieving scale advantages through backward integration to secure their own feed supplies. However, the appreciation of the LKR



against the USD positively impacted key raw material inputs, enhancing CIC's feed segment's price competitiveness.

### DAY OLD CHICK OPERATION



CIC's DOC operation has earned a strong reputation for reliability and excellence in Sri Lanka, ensuring farmers receive top-quality birds to harvest their broiler flocks.

The DOC segment reported strong growth in the current financial year, amidst a severe scarcity of chicks due to the closure of several mid-sized hatcheries in early 2023, precipitated by prolonged economic uncertainty. Quickly seizing this opportunity, CIC's DOC operation immediately ramped up production, significantly improving annual output compared to the previous year.



## POULTRY OPERATION



Leveraging modern farming practices and a strong commitment to excellence, CIC delivers premium-quality poultry products that meet the evolving demands of Sri Lankan consumers.

Despite variations in consumer spending behavior due to economic conditions and high taxes, CIC's poultry operation experienced margin growth in the current financial year. The absence of April/December seasonal peak demand was offset by lower throughput costs due to vertical integration and cost advantages from the LKR appreciation against the USD. Additionally, leveraging inventories to cater to the resurgence in the country's tourism industry boosted volume growth, especially in the second half of FY 2023/24.



## POULTRY FEED ADDITIVES

Asiavet Lifesense a recent acquisition performed better than expected despite the challenges of the poultry industry and is expected to grow with an expanded product offering.

## FUTURE PROSPECTS

The anticipated economic resurgence in the country is expected to create opportunities for robust growth across all key verticals in the coming year. CIC's Livestock cluster, with its integrated value chain and scale advantages, remains ideally positioned to capitalize on this future growth momentum.

## VETERINARY CARE



CIC's vet care business plays a vital role in safeguarding the health of the nation's livestock population and supporting sustainable agricultural practices.

The Vetcare segment delivered satisfactory results despite significant demand contraction for several core products. The dip in the poultry market and global supply chain disruptions, including geopolitical issues, posed challenges. However, the segment managed to navigate these difficulties in the current financial year.

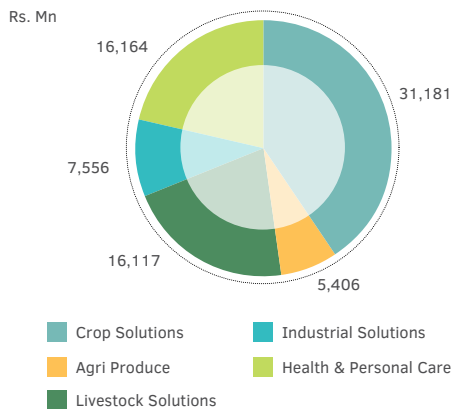


# FINANCIAL CAPITAL

## STRONG FINANCIAL PERFORMANCE DRIVEN BY DIVERSIFICATION AND STRATEGIC AGILITY

CIC achieved significant financial milestones in FY 2023/24, demonstrating the strength of its diversified business model and strategic adaptability.

Segmental Revenue Composition FY 2023/24



- **Record Revenue Growth:** Group revenue reached an all-time high of Rs. 76.42 Bn, reflecting a 12% year-on-year increase. This accomplishment was driven by a

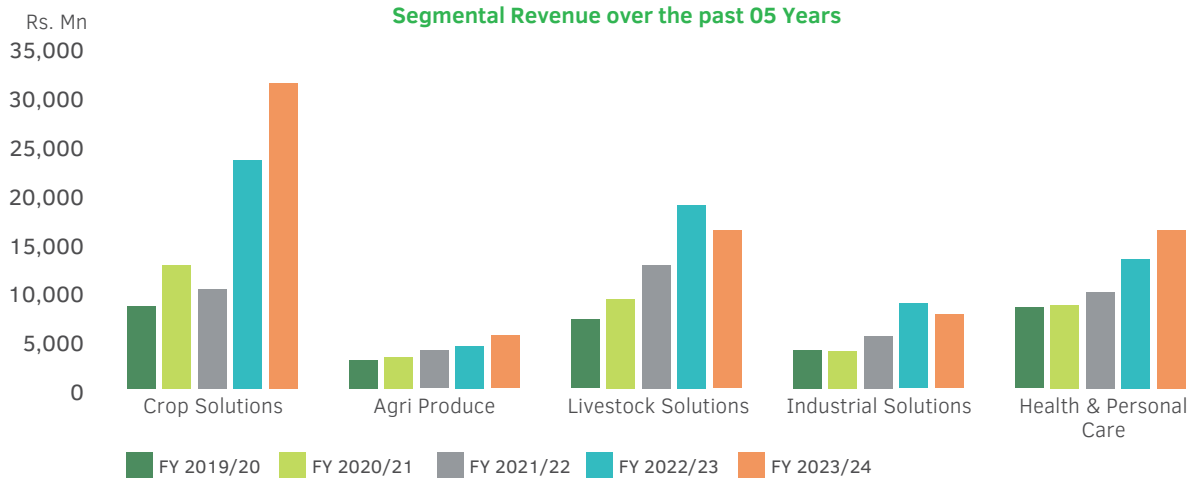
focus on core competencies, enhanced business agility, and resilience in a dynamic operating environment.

- **Key Growth Drivers:** Crop Solutions (+34%), Agri Produce Cluster (+25%), and Health & Personal Care (+22%) emerged as significant contributors to the overall revenue growth. (details provided in the Portfolio Review section on pages 202 of this Report).
- **Adaptability in Challenging Times:** The Group's ability to navigate unprecedented challenges and capitalize on emerging opportunities underscores its strategic agility.

### Key Financial Highlights

- Highest-ever revenue of Rs. 76.42 Bn and profitability of Rs. 11 Bn.
- Increased investment in Link Natural Products (Pvt) Ltd, acquiring up to 86.13% stake.
- CIC has applied equity accounting only in respect of CIC's stake in JKH, currently amounting to approximately 6.72 % of the issued shares or the percentage of shares effectively held in JKH.

Segmental Revenue over the past 05 Years



### Gross Profit

Consolidated gross profit decreased by 15% to Rs. 20.7 Bn in FY 2023/24. The gross profit margin also declined from 36% to 27% due to a confluence of factors:

- Aggressive competition in the market.
- Implementation of additional taxes.

- Surging freight rates.
- Supply chain disruptions.

The Group implemented a defensive strategy to mitigate these challenges. This strategy leveraged the Group's business diversification and focused on achieving a more favorable product mix across sectors.

### Operating Cost Management

The Group's overall expenses increased during the year due to several factors:

- Higher operational activity across most sectors to meet market demands.
- The inflationary environment leading to increased costs.
- Strategic decision to raise employee remuneration to safeguard their financial security amidst macroeconomic challenges.

Administrative and Distribution expenses have increased by 27% and 26% respectively in 2023/24 compared to 2022/23. Despite these cost pressures, the Group remains focused on efficiency. Centralized processes continue to generate cost savings through Group synergies.

### Operating Profitability

Group operating profit decreased by 37% to Rs. 10.7 Bn in FY 2023/24. While margin pressures across most key sectors impacted overall operating profitability compared to the previous year, there were bright spots.

The Agri Produce sector exhibited a remarkable 174% growth in Operating profit, indicating promising prospects for the coming year.

Sector	FY 2023/24 Rs. Mn	FY 2022/23 Rs. Mn
Crop Solutions	4,648	8,826
Agri Produce	328	120
Livestock Solutions	2,302	2,795
Industrial Solutions	1,692	3,006
Health & Personal Care	2,242	2,300
Other	(538)	(204)
<b>Total</b>	<b>10,674</b>	<b>16,843</b>

### Sector Contributions-Strong Sector Performance and Turnaround

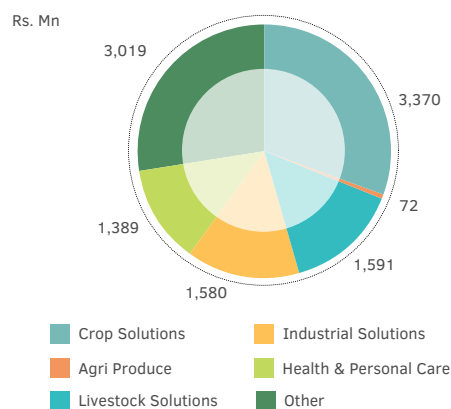
**Sharpened Focus, Stellar Results:** Our unwavering commitment to strategic business initiatives propelled us to record-breaking profitability in FY 2023/24. Consolidated Profit After Tax surged by 10%, reaching a new high of Rs. 11 billion. This accomplishment is even more impressive considering all CIC sectors achieved profitability this year. Crop Solutions led the charge with a significant 31% contribution to Group profit, followed by strong performances from Livestock Solutions and Industrial Solutions, each contributing 14%. Health and Personal Care also delivered a commendable 13% share. We're particularly

proud of the remarkable turnaround in Agri Produce, which transformed from a loss of Rs. 425 Mn in FY 2022/23 to a commendable profit of Rs. 71 Mn in FY 2023/24.

**Beyond Profitability:** Additionally, Total Other Comprehensive Income rose to Rs. 3.5 Bn, driven by the fair valuation of investments prior to the equity accounting of JKH. This, coupled with healthy profitability, contributed to a Total Comprehensive Income of Rs. 14.6 Bn, demonstrating a well-rounded financial performance for the year.

**Company Strength:** Reflecting the success of our business units, CIC Holdings PLC itself delivered a profit-after-tax of Rs.2.5 Bn in 2023/24, a significant 36% increase compared to Rs. 1.8 Bn in 2022/23. This growth underscores the company's strong financial foundation.

### Segmental Net Profit Composition FY 2023/24



### Finance Cost - Improved Financial Management Lowers Costs

The Group's focus on improved financial management resulted in a significant decrease in net finance cost. This cost fell by 32% to Rs. 3.3 Bn in FY 2023/24 compared to Rs. 4.9 Bn in FY 2022/23. This reduction is attributed to a combination of factors, including stabilization of exchange rates, a decline in overall market interest rates, and effective management of borrowing costs due to favorable economic conditions.

### FINANCIAL STABILITY

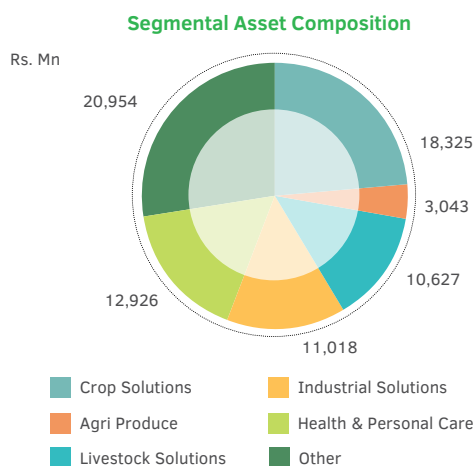
CIC Holdings experienced significant financial progress in FY 2023/24, demonstrating a robust financial foundation.

### Strategic Asset Growth

Consolidated assets witnessed a substantial 40% increase to Rs. 78.4 Bn. This growth reflects the Group's proactive approach, including higher investments in working capital to support operational activities and strategic inventory

## FINANCIAL CAPITAL

build-up to mitigate supply chain disruptions. Key contributor to this growth was Crop Solutions (+60%). The working capital breakdown shows a 19% increase, now accounting for 35% of total assets due to higher volumes and inventory costs. The Group maintained its Property, Plant, and Equipment (PPE) level through strategic replenishment, with capital expenditure reaching Rs. 635 Mn. Additionally, investments in shares increased by Rs. 8.7 Bn, representing 11% of total consolidated assets.



### Sustainable Growth Strategy and Healthy Capital Structure

The Group's robust capital position and funding profile benefited from strong profitability in recent years. Total Equity saw an impressive 44% increase to Rs 39.9 Bn. Despite short-term challenges, CIC Holdings maintained a positive long-term outlook, ensuring working capital availability across all sectors. Their growth strategy, which combines debt financing with reinvested profits, resulted in consistent increases in borrowings and reserves, alongside higher investments in working capital and strategic initiatives. While borrowings increased by 66% to reach Rs. Bn 25 by the end of March 2024 due to inventory building measures, the Group's gearing ratio remained healthy at 0.39.

### Improved Cashflow and Liquidity

The Group's cashflow and liquidity position improved during the year, mirroring the overall progress in operational activities. Group Net Cash Inflow from Operating Activities reached Rs. 2.9 Bn, compared to 2.3 Bn in the previous year. Net Cash Outflow from Investing Activities increased to Rs. 8.4 Bn compared to the previous year's Rs. 6 Bn, primarily due to acquisitions of minority shareholdings in existing

subsidiaries and investments in listed shares. Finally, Net Cash Outflow from Financing Activities amounted to Rs. 1.1 Bn, reflecting repayments of borrowings, interest payments, and dividend distributions.

## SHAREHOLDER INFORMATION

### Share Capital

This section provides information on CIC Holdings PLC's ordinary shares. Details on the different share classes (voting and non-voting) can be found on page 276.

### Stock Market Performance

The Colombo Stock Exchange (CSE) witnessed continuous growth in 2023 and 2024 with a stabilized investor demand towards the second half of the year. Measures taken by the government to stimulate the economy, coupled with increased investor activity, led to positive market performance. The All-Share Price Index (ASPI) and S&P SL20 Index increased 7% and 9% respectively in the first quarter of 2024.

### CIC Share Performance

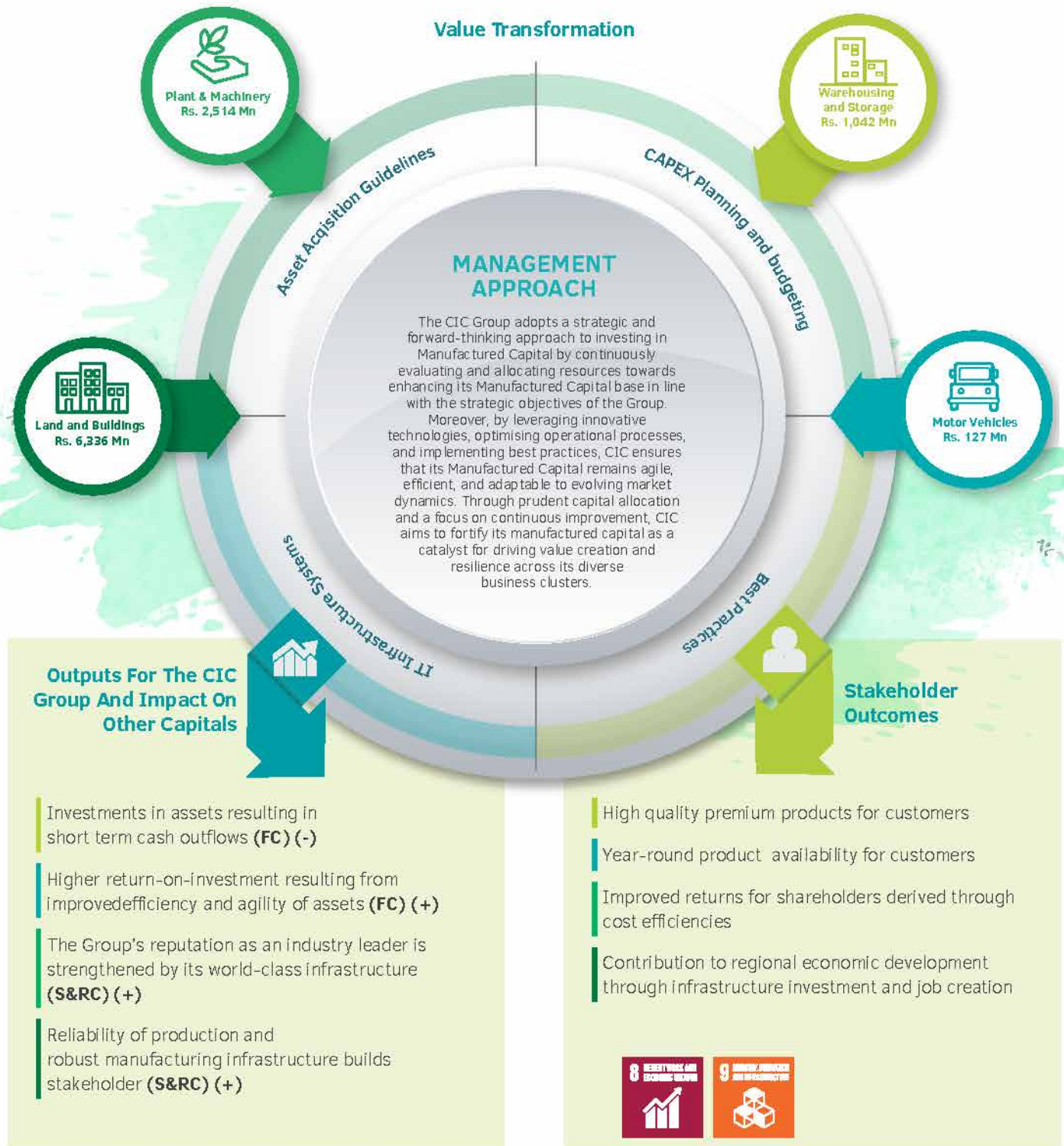
The CIC share price (both ordinary and non-voting) mirrored the overall market trend. The share price reached its peak in September 2023 (ordinary: Rs. 76.90, non-voting: Rs. 59.80). The year ended with the share price at Rs. 70.50 (ordinary) and Rs. 52.50 (non-voting). Average daily trading volume was Rs. 15,699,886 (ordinary) and Rs. 10,561,815 (non-voting). Foreign ownership of ordinary and non-voting shares stood at 3.65% and 3.62%, respectively, at the end of the year.

### Shareholder Returns

CIC Holdings' record-breaking profits and commitment to consistent dividend payouts have resulted in significant returns for shareholders. Earnings per share (EPS) increased from Rs. 20.58 to Rs. 25.70 during the year, reflecting a positive return. Additionally, Net Asset Value (NAV) per share rose to Rs. 92.05 by the end of March 2024, compared to Rs. 60.66 in the previous year. This increase signifies the growing value of the Group's non-monetized capital, including its innovation capabilities, established relationships, brand equity, and talent pool.

# MANUFACTURED CAPITAL

The Manufactured Capital of CIC Group functions as a crucial facilitator for the production and distribution of the Group’s core products across its diverse business clusters to their respective customer markets. Over the span of more than 50 years, the growth and evolution of the CIC Group have resulted in the establishment of a robust Manufactured Capital foundation, encompassing property, plant, equipment and vehicles. Presently, the Group’s Manufactured Capital, valued at a Net Book Value of Rs. 10 Bn as of March 31, 2024, which constitutes 13% of the total assets of the Group.



## MANUFACTURED CAPITAL

### MANUFACTURED CAPITAL COMPOSITION AS AT 31ST MARCH

(Values in '000)

Sector	Land and Building	Plant, Machinery and Equipment	Warehousing and Storage	Motor Vehicles	Total 2024
Crop Solutions	535,476	198,111	521,000	37,450	1,292,037
Livestock Solutions	3,388,960	1,135,144	-	66,157	4,590,261
Health and Personal Care	1,844,625	463,531	163,544	22,147	2,493,847
Industrial Solutions	459,430	460,419	357,000	-	1,276,849
Agri Produce	127,139	256,656	-	1,476	385,271
<b>Total</b>	<b>6,355,631</b>	<b>2,513,860</b>	<b>1,041,544</b>	<b>127,229</b>	<b>10,038,265</b>

### INVESTMENTS MADE IN AS AT 31ST MARCH

(Values in '000)

Investments Made in	Land and Building	Plant, Machinery and Equipment	Motor Vehicles	Total 2024
Crop Solutions	46,950	153,270	33,895	234,115
Livestock Solutions	82,974	223	-	83,197
Health and Personal Care	71,975	95,650	320	167,945
Industrial Solutions	-	22,665	-	22,665
Agri Produce	1,796	14,841	834	17,471
<b>Total</b>	<b>203,696</b>	<b>286,649</b>	<b>35,049</b>	<b>525,394</b>

Sector	Proportion of PPE as a % of Total NBV as at 31st March 2024	Turnover/PPE Ratio
Crop Solutions	13%	24
Livestock Solutions	46%	4
Health and Personal Care	25%	6
Industrial Solutions	13%	6
Agri Produce	4%	14

**CAPEX PLANNING AND BUDGETING**

The purpose of CAPEX planning and budgeting is to strategically allocate resources for capital expenditures to support the Group’s growth, efficiency, and long-term objectives

CAPEX planning is a comprehensive exercise undertaken in advance with business Heads responsible for submitting their CAPEX requirements for the next financial year along with annual budgets and justifications. These submissions are then reviewed by the Group Finance, and compiled into sector-wise CAPEX requirements for initial approval by the Managing Director or CEO. Once approved, sector-wise CAPEX requirements are amalgamated and presented to the Board for final approval along with relevant budgets.

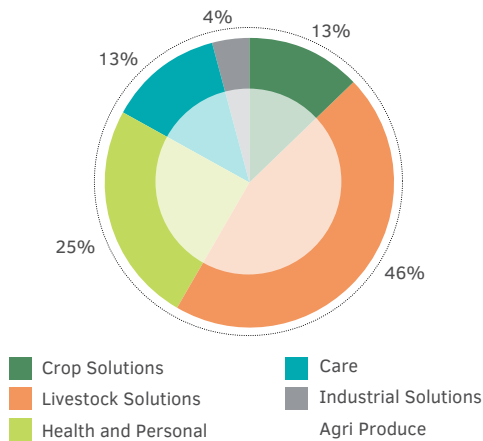
**ASSET ACQUISITION GUIDELINES**

Asset acquisition follows a structured process guided by a set of Standard Operating Procedures (SOPs) that support the Group’s manufactured capital development objectives and ensure clarity and transparency in asset acquisition activities. Accordingly, respective business heads are required to forward asset acquisition requests to the finance department using a duly completed CAPEX Approval Form. These requests must align with the relevant budgetary allocations and have received subsequent board approvals.

This structured approach helps streamline the acquisition process, facilitating efficient decision-making and resource allocation, which in turn contributes to the Group’s overall manufacturing efficiency and effectiveness.

Moreover, the mandate for a minimum of three quotations for all asset acquisitions serves to promote responsible and strategic investment decisions aimed at enhancing

**Proportion of PPE as a % of Total NBV as at 31st March 2024**



operational capabilities and productivity. In a cost effective manner Furthermore, the requirement for collective approval from key stakeholders such as the Business Head, Finance Head, and either the Group CFO adds an additional layer of oversight and accountability to the asset acquisition process, thus ensuring acquisitions are thoroughly evaluated from both financial and operational perspectives in order to mitigating risks and maximise returns on investment.

Meanwhile machinery purchases are handled under the purview of a special “Tech Committee” consisting of three engineers from the Agribusiness Group. This committee is responsible for evaluating the technical aspects of the machinery, including warranty, after-sales services, reliability, and quality standards/certifications

**BEST PRACTICES**

The CIC Group employs a multifaceted approach to ensure the efficacy and resilience of its asset base. In this regard, the Group places a strong emphasis on adopting best-in-class manufacturing practices and standards, such as ISO certifications for quality management, occupational health and safety, energy management, and food safety. By adhering to these globally recognised standards, the Group ensures that its assets meet stringent quality and safety criteria, enhancing their performance and durability.

Secondly, the Group prioritises regular maintenance and upgrades of its assets to mitigate risks and prolong their lifespan. Through proactive maintenance schedules and investments in modernization and technology upgrades, the Group minimises the likelihood of downtime and ensures optimal operational efficiency.

Moreover, the emphasis on risk management and contingency planning aims to safeguard the asset base against potential disruptions. By conducting thorough risk assessments, implementing mitigation measures, and developing contingency plans for various scenarios, the

## MANUFACTURED CAPITAL

Group enhances the resilience of its assets to unforeseen challenges, such as natural disasters or supply chain disruptions.

Equally importantly, the Group fosters a culture of continuous improvement and innovation across its operations, encouraging employees to identify opportunities for optimization and efficiency gains. Through employee training programmes, cross-functional collaboration, and the implementation of lean manufacturing principles, CIC drives ongoing enhancements to its asset management practices, further bolstering their efficacy and resilience.

### IT INFRASTRUCTURE

IT investments contribute significantly towards enhancing the CIC Group's manufactured capital. Advanced manufacturing technologies, including automation, robotics, and data analytics help to streamline production processes and enhance productivity. Further leveraging real-time data insights enables the proactive identification of inefficiencies, to reduce downtime, and optimise resource utilisation, thus maximising the output and value generated by its manufacturing assets.

Through the adoption of enterprise resource planning (ERP) systems, the Group aims to facilitate the integration of digital tools and platforms that enhance collaboration and communication among various stakeholders within the manufacturing ecosystem, thereby minimising delays and disruptions in the manufacturing process.

The CIC Group currently operates on the SAP ERP environment, which integrates major modules across the Group's operational value chain. These systems facilitate efficient and streamlined operations across the entire Group and support collaboration and communication among teams.

The Group's commitment to operational excellence and data security is underscored by its investment in co-located primary and secondary data centres. These facilities, hosted with Dialog in two distinct geographic locations, are designed to ensure robust disaster recovery and business continuity planning. This strategic approach to IT infrastructure not only supports CIC's current needs but also positions the Group for future growth and innovation across all core sectors.

In the year under review, several key initiatives were

undertaken to enhance the Group's security, connectivity, and data analytics capabilities. Key efforts included the firewall revamping project to strengthen the network's defences against cyber threats, while the implementation of an SD-WAN solution was intended to provide a more flexible, secure, and efficient network infrastructure.

The Group also advanced its corporate data analytics capabilities through the development of projects using the Microsoft Power BI platform. This initiative, supported by dedicated internal staff, has enabled more sophisticated data analysis and visualisation, thereby improving decision-making and strategic planning processes.

Notably, the SAP integration for newly acquired entities were also completed ensuring consistency in business processes and information systems across the Group.

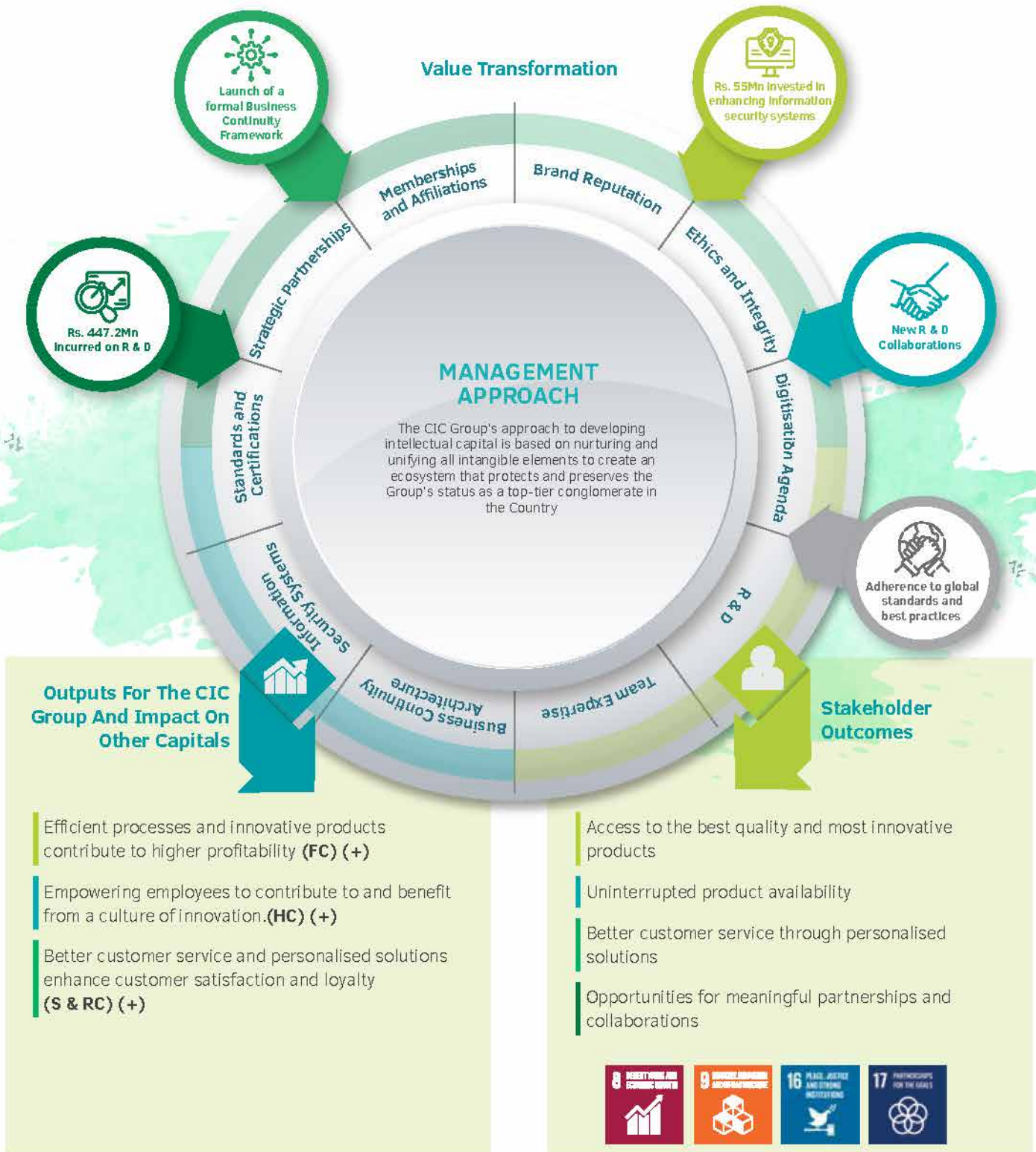
Further reinforcing the commitment to IT security, the Group transitioned to Microsoft Defender widely recognised as a global leader in endpoint security platforms. This upgrade not only enhances the Group's resilience to cybersecurity threats but also integrates seamlessly with the broader IT ecosystem, providing comprehensive protection without compromising performance.

### WAY FORWARD

The Group will focus on strategic infrastructure developments to enhance efficiency and address key risks associated with underperforming assets. To that end, more emphasis will be placed on automation and modernisation to systematically improve the capacity, agility and overall resilience of the manufactured capital base.

# INTELLECTUAL CAPITAL

The CIC Group's intellectual capital encompasses the unique elements that drive competitive advantage and strategic growth. These include, brand reputation, partnerships, the tacit knowledge of teams, proprietary knowledge systems and other intangible assets that together, form the backbone of CIC Group's ability to innovate, adapt, and thrive in a dynamic business environment.



## INTELLECTUAL CAPITAL

### BRAND REPUTATION

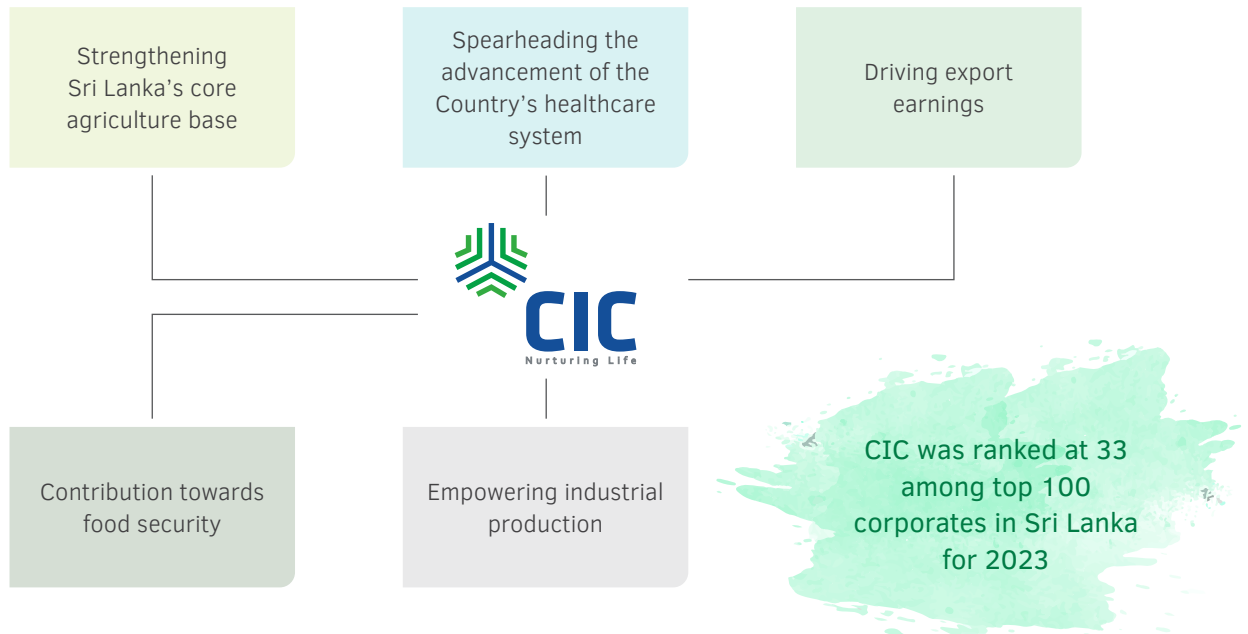
Over the past 60 years, the CIC Group has built its brand reputation firmly anchored to its core purpose of “Nurturing Life.” Deeply rooted to this foundational ethos, CIC has over the years expanded its reach, deliberately diversifying into various sectors and industries that complement the Group’s core purpose. Accordingly, “Nurturing Life.” stands as a common ideology unifying all subsidiaries under the CIC umbrella, ensuring their collective efforts contribute towards socio economic development of the Country and its people. This cohesive approach to nurturing life has solidified CIC’s reputation as a beacon of strength and reliability.

Amidst the challenging socioeconomic environment in the country in 2023, the Group took several strategic steps to reinforce its brand. True to its core values, the Group ensured that quality remained the top priority despite economic pressures. This was coupled with extensive communication efforts including grassroots level customer education about the quality and integrity of products associated with the CIC brand. Strategic pricing adjustments were also made in certain sectors and sub-brands maintained accessibility for consumers facing financial constraints while retaining customer loyalty. Continuing

investment in research and development as well as digital technology facilitated innovation and adaptation to evolving market demands and economic conditions, enabling the development of cost-effective solutions without compromising on quality. At the same time, the Group focused on reinforcing relationships with partners and stakeholders with the aim of fostering mutual growth and stability. These proactive measures have solidified CIC’s brand, maintaining trust and loyalty among consumers and partners despite the challenging socio economic climate.

### ETHICS AND INTEGRITY

Ethics and integrity stands as an overarching mandate outlining all activities across the Group. The CIC Group Board sets the tone from the top emulating the highest standard of ethics and integrity in all Group matters. CIC upholds ethical and behavioural standards which go well beyond the minimum legal requirements and strives to set standards which match the best practice in each area of its diverse activities. To that end, a comprehensive Board approved conduct framework creates the formal structure for embedding ethics and integrity at all levels of operation across the Group.



**CIC GROUP CONDUCT FRAMEWORK**

Code of Conduct and Employee Handbook	Outlines our values and principles to enable every CIC employee of the the Group clearly understands the expectations and the behavioural requirements that guide their actions in dealings for and on behalf of the Group
Gift Policy	Establishes clear guidelines and boundaries regarding the giving and receiving of gifts. The policy serves to prevent conflicts of interest, undue influence, and unethical behaviour by outlining acceptable practices and setting thresholds for the value and frequency of gifts. Additionally, it helps employees understand their responsibilities and obligations regarding gifts in the context of their professional roles, fostering a culture of ethical conduct and integrity.
Anti Bribery and Corruption Policy	The Group's anti-bribery and corruption policy establishes clear guidelines and procedures to prevent, detect, and address bribery and corruption in all aspects of the Group's operations. This policy aims to promote integrity, transparency, and accountability, safeguarding the Group's reputation and fostering trust among stakeholders.
Whistleblower Policy	By establishing clear procedures for reporting and investigating allegations of misconduct, the whistleblower policy aims to identify and address issues such as fraud, corruption, safety violations, harassment, or any other unethical behaviour that may harm the Group or its stakeholders. Whistleblower complaints are investigated by an independent Ombudsman Typically, a Non-Executive Director serving in the capacity of the Chairman of the Audit Committee will act as the Ombudsman

**DIGITISATION AGENDA**

The CIC Group's digitisation agenda plays a pivotal role in supporting its strategic objectives by enhancing operational efficiency, fostering innovation, and driving customer-centricity. The integration of digital technologies across its processes and services enables streamlining of internal workflows and optimising resource allocation, and reducing time-to-market for new products and services. Furthermore, digitisation empowers the Group to harness data-driven insights, enabling informed decision-making and proactive risk management.

Sales Force Automation System (Healthcare Cluster)	HRIS Revamp (Group HR)	Power BI Implementation (Group-wide)
<p>Streamlining sales processes, ensuring accurate order management and timely deliveries to healthcare providers &amp; outlets.</p> <p>Real-time data availability to boost sales team productivity by enabling informed decision-making and strategic planning.</p> <p>Reduces administrative overhead, allowing sales representatives to focus more on customer engagement and less on manual, time consuming tasks.</p>	<p>Automates and streamlines HR processes, from recruitment to retirement, enhancing operational efficiency.</p> <p>Provides actionable insights for better workforce management and strategic decision-making.</p> <p>Facilitates improved employee engagement through accessible communication channels and self-service portals.</p> <p>Compliance with labour laws is simplified, reducing legal risks.</p> <p>Supports talent development through efficient tracking of training and performance, fostering a skilled and motivated workforce aligned with CIC's goals.</p>	<p>Revolutionises data management by providing comprehensive, real-time insights accessible through user-friendly dashboards to facilitates informed decision-making, drive operational efficiency and strategic growth.</p> <p>Analytics-based trend analysis, performance tracking, and predictive analytics, which are crucial for optimising operations across diverse business units.</p> <p>Encourages data-driven culture, enhancing collaboration and productivity across the organization.</p>

## INTELLECTUAL CAPITAL

### RESEARCH AND DEVELOPMENT (R&D)

By investing in R&D, the CIC Group demonstrates its commitment to staying at the forefront of technological advancements and market disruptions, fostering a culture of continuous learning and innovation. Moreover, the emphasis on R&D underscores the dedication to meeting evolving customer needs, addressing emerging challenges, and maintaining a competitive edge in the marketplace. Through strategic R&D investments, the CIC Group not only enhances its capabilities and offerings but also cultivates a dynamic ecosystem that fosters collaboration, creativity, and sustainable growth.

The Group adopts a decentralised approach to research and development (R&D) to support targeted research efforts for each cluster within its diversified portfolio. By decentralising

R&D functions, the Group empowers individual clusters to tailor their research initiatives according to their specific market dynamics, customer needs, and strategic priorities. This approach enables clusters to leverage their domain expertise and deep understanding of local contexts to drive innovation and develop solutions that are relevant and impactful within their respective markets. Furthermore, decentralisation fosters agility and flexibility, allowing clusters to respond swiftly to changing market conditions and emerging opportunities.

Recognizing the value of partnerships in enhancing the quality of its R & D initiatives, the Group often engages in collaborative efforts with global principals, academic institutions, research organisations, and technology providers.

### Investment in R & D

	2023/24 Rs	2022/23 Rs.	2021/22 Rs.	2020/21 Rs.
Link Naturals	408.3Mn	327.9Mn	281.3Mn	193.8Mn
Rice Segment	22.3Mn	14.60Mn	11.3Mn	9.4Mn
Hybrid Seed Production Segment	16.6Mn	56.6Mn	59.5Mn	42.8Mn

### TEAM EXPERTISE

As a large, diversified conglomerate, a competent and highly skilled management team is vital for the CIC Group's long term success. The Group's current management team comprises seasoned professionals with diverse backgrounds and extensive industry experience, who bring a wealth of knowledge, leadership acumen, and strategic foresight to steer the Group forward. Drawing on their collective expertise, the management team is adept at navigating complex market dynamics, identifying growth opportunities, and mitigating risks.

### BUSINESS CONTINUITY PLANNING (BCP) FRAMEWORK

The Group's BCP framework provides the structure to safeguard the Group's systems and ensure restoration of essential functions to support the resumption of normal operations via the DR (Disaster Recovery) site, in the event of unforeseen disruptions at the Group's primary data centre.

In keeping with global best practices, the Group's primary and DR data centres are at different geolocations, providing a robust foundation for resilience and operational continuity. This setup is designed to ensure that, in the event of a disaster affecting the primary site, the DR data centre can take over with minimal disruption. The primary data centre

houses the Group's core IT infrastructure essential for critical business applications and data. Equipped with state-of-the-art computing and storage capacities designed to handle the Group's workload under normal conditions, the primary data centre features a high-availability setup to minimise downtime. High-speed, redundant network connections at the primary data centre ensure reliable access for employees, customers, and partners, with stringent security protocols in place to protect data integrity and confidentiality. Additionally, the data centre is safeguarded by advanced environmental controls, including cooling systems, fire suppression, and power backup solutions, ensuring optimal operation and protection against environmental threats.

The Disaster Recover Data Centre, serving as the DR site, is strategically located in a different geographic area from the primary data centre to mitigate risks from regional disasters like floods and earthquakes. Data and applications are regularly mirrored and replicated from the primary site to ensure that the DR site can quickly assume operations with up-to-date information, minimising data loss and downtime. While operating at a scaled-down capacity, the DR data centre maintains the essential hardware and software to support critical business functions when needed. Secure, high-speed connectivity facilitates seamless transitions

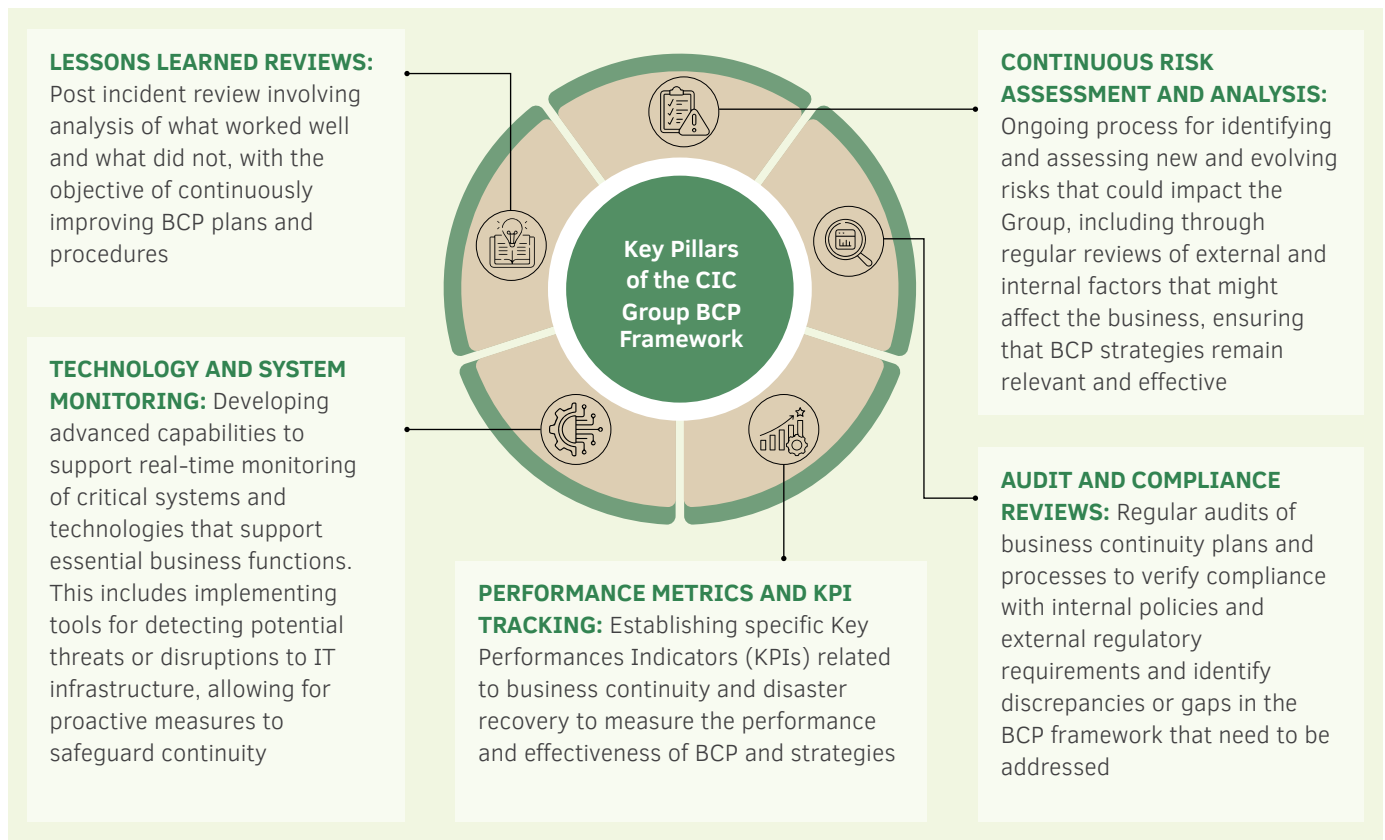
during DR scenarios, with strict access controls in place to safeguard data. Comprehensive disaster recovery protocols detail the procedures for failover and failback, roles and responsibilities during DR events, and communication plans for stakeholders, ensuring the data centre’s readiness and reliability.

In the year under review, the Group undertook a large-scale project to fortify its BCP framework to handle disruptions effectively and maintain operational continuity in order to indemnify the Group against unforeseen breakdowns. The new upgrade was in line with global best practices and included the implementation of robust risk assessment processes to identify potential vulnerabilities at both the primary data centre and the DR site in order to develop comprehensive recovery strategies tailored to critical functions, accompanied with a clear communication plan for all stakeholders. A series of training sessions were conducted to ensure preparedness and reinforce responsibilities.

**INFORMATION SECURITY (IS) SYSTEMS**

The Group’s information security systems are designed to provide robust protection for its critical data and IT infrastructure. These systems encompass a multi-layered approach, incorporating advanced cybersecurity technologies such as firewalls, intrusion detection systems, and encryption protocols to defend against cyber threats. Regular security audits and risk assessments are conducted to identify vulnerabilities and ensure compliance with industry standards and regulations. Employee training to reinforce adherence to access controls further bolster the Group’s security posture, promoting a culture of vigilance and responsibility.

These efforts are underpinned by a comprehensive IS governance framework that creates the foundation for effectively managing information security risks across the Group.



## INTELLECTUAL CAPITAL

### INFORMATION SECURITY GOVERNANCE

#### Policy Framework

- Cybersecurity Policy
- Data Privacy and Protection Policy
- Acceptable Use Policy (AUP)
- Remote Work/Telecommuting Policy
- Change Management Policy
- IT Asset Management Policy
- Email and Communication Policy
- Social Media Policy
- User Access Control Policy

The current year saw the Group's IT teams embarking on a massive project to critically assess the existing IS architecture with a view to determining cybersecurity vulnerabilities and identifying areas for improvement. Following this comprehensive review, a series of targeted risk mitigation activities were initiated to address critical gaps identified. Consequently, the Group's Cybersecurity Policy was significantly strengthened to elevate information security governance and ensure rigorous oversight. Additionally, a new, AI-based information security risk monitoring mechanism was also implemented to enhance the ability to continuously assess the network for any signs of security breaches or vulnerabilities and respond to cyber threats in real-time. Major upgrades were also implemented to enhance its information security architecture, including the transition to Microsoft Defender platform along with significant enhancements to the firewall to safeguard the Group's digital infrastructure against evolving cyber risks.

#### STANDARDS AND CERTIFICATIONS

Obtaining globally recognised standards and certifications adds notable value to various Group entities. By achieving these certifications, businesses signal their commitment to delivering high-quality products and services, meeting regulatory requirements, and continuously improving their

#### Governance Responsibilities

- **Board of Directors / Audit Committee / Executive Management** : Sets the strategic direction for IT investments and initiatives in line with the Group's strategic objectives.
- **IT Steering Committee (ITSC)**: Oversees decisions on IT priorities, budget allocation, and project approval based on the alignment with business goals.
- **Divisional Director – Group IT** - In charge of operational management of IT resources, aligning IT strategy with business goals, and reporting on IT performance to the executive team and the ITSC.
- **IT Risk Management**: Works closely with the Risk Management Department to identify, assess, and manage IT risks, including cybersecurity threats, data breaches, and IT compliance issues.
- **IT Compliance and Security**: Focuses on ensuring IT systems and processes comply with regulatory requirements, industry standards, and internal policies.

processes. Additionally, certifications enhance the entity's reputation, instilling trust and confidence among customers, partners, and stakeholders, thereby opening up new business opportunities.

#### Standards and Certifications obtained by CIC Group entities

ISO 22000:2018 Food Safety Management Systems, including HACCP and GMP

Halal Certificate

ISO 9001:2016 Quality Management Systems

ISO 22000:2018 Food Safety Management Systems including GMP, HACCP

ISO 14000: 2004 Environmental Management Systems

ISO 45001: 2018 Occupational Health and Safety Management Systems

ISO 50001:2018 Energy Management Systems

FSSC 22000 Food Safety System Certification

USFDA

## STRATEGIC PARTNERSHIPS

Several of the Group's verticals including Crop Solutions Pharmaceuticals, Medical Devices, Industrial Solutions and Vet Care all rely on strategic partnerships in their core businesses. These partnerships with globally reputed organisations who are leaders in their respective fields, enable CIC to access cutting-edge technologies, innovative products, and industry expertise, ensuring the Group's customers benefit from the best in-class products and services. These alliances also facilitate the adoption of best practices and the latest industry standards, positioning the CIC Group as a competitive and reliable player in the global market.

	Crop solutions (no. of principals)	Health and Personal Care (no. of principals)	Industrial Solutions (no. of principals)	Livestock Solutions (no. of principals)	Total (no. of principals)
< 5 years	13	6	6	02	27
5 - 10 years	12	0	6	04	22
10 - 20 years	18	9	3	05	35
> 20 years	4	3	7	03	17

## MEMBERSHIPS AND AFFILIATIONS

Memberships with the Ceylon Chamber of Commerce further contribute towards augmenting our knowledge capacities.

- Patron Membership at Ceylon Chamber of Commerce
- The Ceylon National Chamber of Industries
- Sri Lanka – Singapore Business Council
- The Import Section of the Ceylon Chamber of Commerce
- Exporters' Association of Sri Lanka
- Industrial Association of Sri Lanka

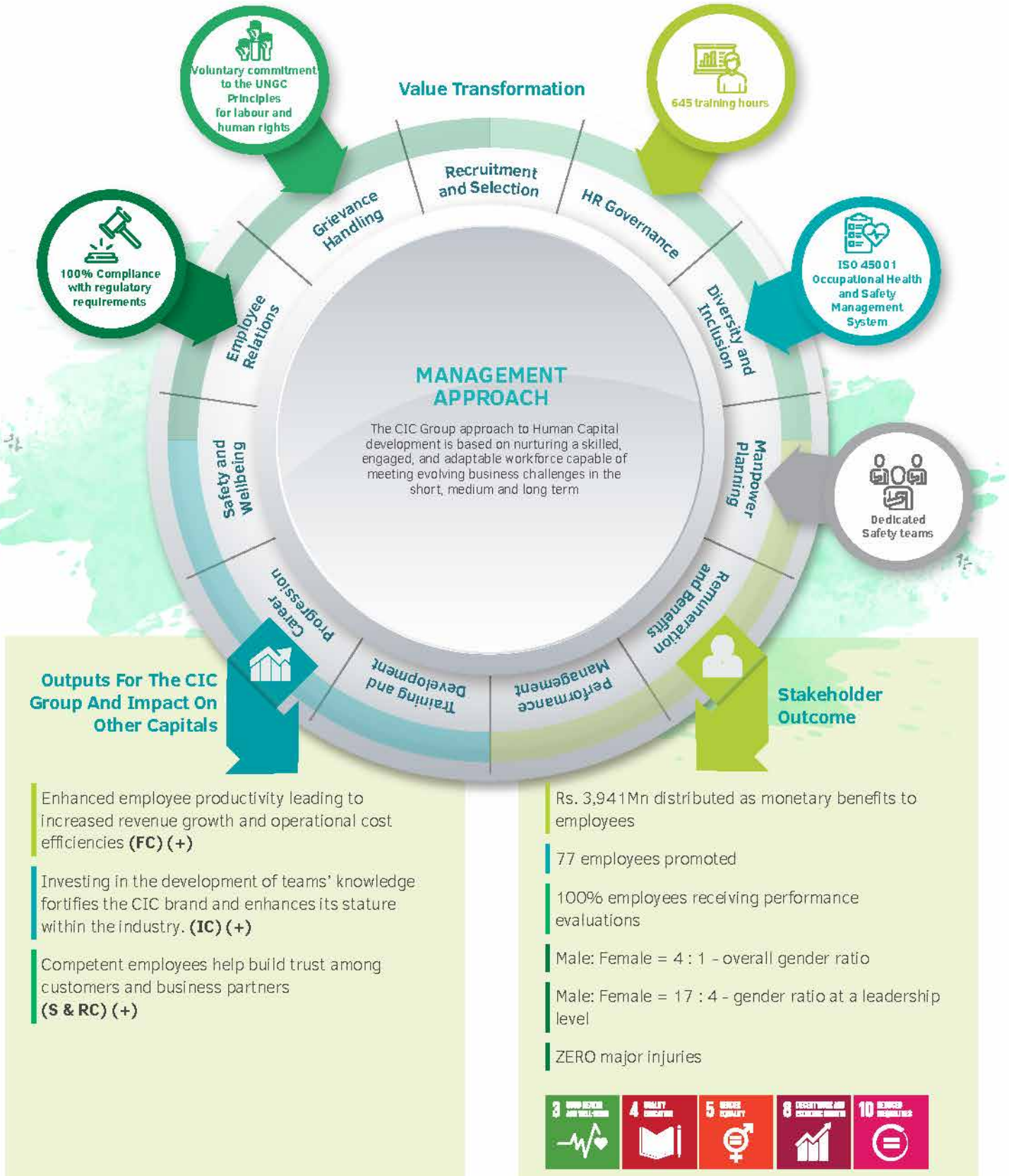
## WAY FORWARD

Based on the findings of the IS evaluation conducted during the year, the CIC Group's strategic focus will pivot significantly towards enhancing IT security in the coming year. A major target in this regard is the adoption of the ISO 27001 Information Security Standard.

Additionally, the CIC Group is set to embark on transformative digital projects to elevate operational capabilities and enhance stakeholder engagement. A key initiative is the implementation of a SharePoint intranet to bolster internal communications and team collaboration. Concurrently, a major revamp of the CIC website is also planned with the aim of introducing cutting-edge features to enrich user experience and accessibility. Internal workflow system automation will also be a key priority going forward.

# HUMAN CAPITAL

The CIC Group Human Capital is represented by employees around the Country whose knowledge, expertise and commitment are instrumental in ensuring the Group's continued success.



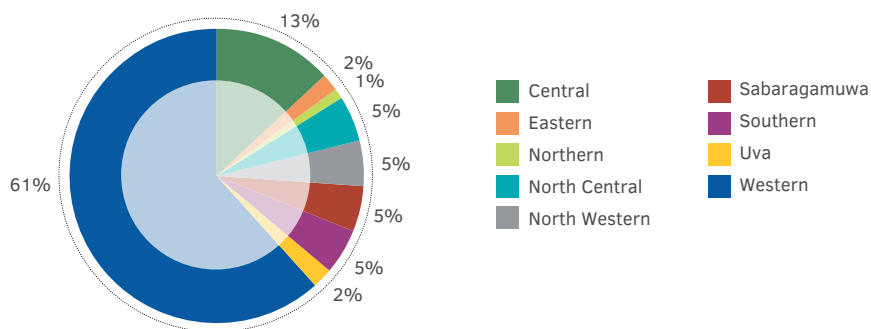
Breakdown of Workforce	2024	2023
<b>Payroll Cadre</b>		
Permanent	1,808	1,865
Probation	262	244
<b>Non-Payroll Cadre</b>		
casual	19	-
Outsourced	1,458	1,487
<b>Total</b>	<b>3,547</b>	<b>3,596</b>

**CADRE AS AT 31ST MARCH 2024**

Employment Type	Male	Female	Total	%
Senior Management	88	11	99	5
Management	296	65	361	17
Executive	540	102	642	31
Others	723	245	968	47
<b>Total</b>	<b>1647</b>	<b>423</b>	<b>2070</b>	

Geographical distribution of Employees FY 2023/24 Province	Number of persons	%
Central	277	13
Eastern	33	2
Northern	28	1
North Central	99	5
North Western	108	5
Sabaragamuwa	106	5
Southern	101	5
Uva	46	2
Western	1,272	61
<b>Total</b>	<b>2,070</b>	<b>100</b>

**Employees by Geography FY 2023/24**

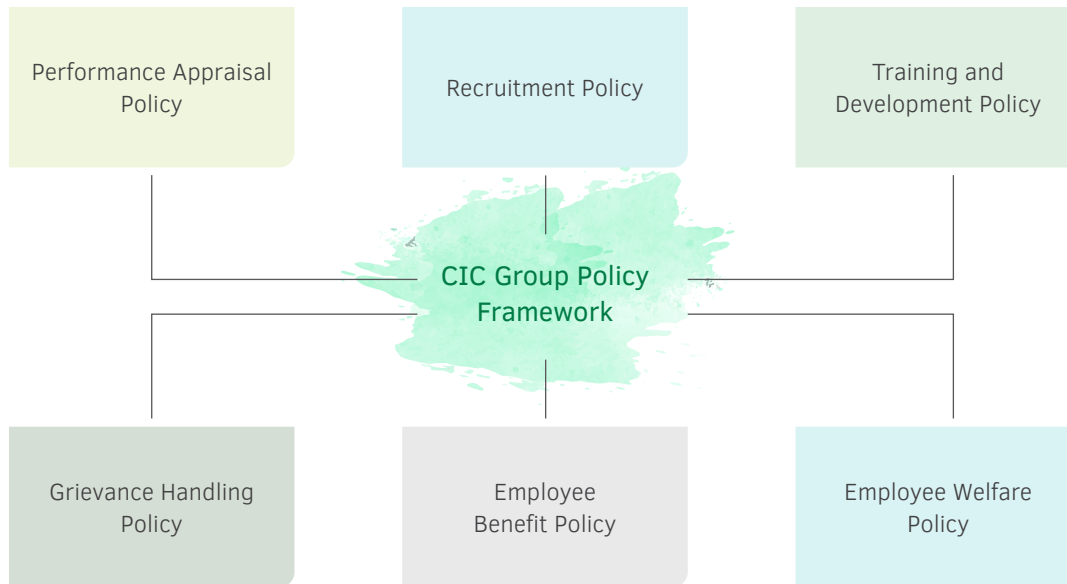


# HUMAN CAPITAL

## HR GOVERNANCE

HR Governance is centralised under the CIC Group HR. This centralised approach is designed to standardise and streamline human resource practices across the Group, thus ensuring consistency in HR policies, procedures, and compliance, aligning with the Group’s strategic objectives and regulatory requirements.

Group HR, headed by the Group HR Head, who oversees HR policy formulation and implementation and ensures compliance with all labour laws applicable to the Group. The Head of Group HR reports to the CEO on operational HR matters and to the Board Human Capital and Compensation Committee and the Board of Directors regarding policy and compliance matters.



**Regulatory Compliance**

- Shop and Office Employees (Regulation of Employment and Remuneration) Act, No. 19 of 1954 and its amendments
- Factories Ordinance No. 45 of 1942 and its amendments
- EPF Act
- ETF Act
- Payment of Gratuity Act of Sri Lanka
- Maternity Benefits Ordinance of 1939

**Governance Responsibilities**

- UNGC Principle 3: freedom of association and the effective recognition of the right to collective bargaining;
- UNGC Principle 4: elimination of all forms of forced and compulsory labour;
- UNGC Principle 5: effective abolition of child labour; and
- UNGC Principle 6: elimination of discrimination in respect of employment and occupation.

Track Record      Zero - incidents of non-compliance of labour regulations

Zero - incidents of reported in regard to violation of the right to freedom of association

Zero - incidents of reported in child labour / forced compulsory labour

Zero - incidents of reported in regard to discrimination or harassment in the work place

**DIVERSITY AND INCLUSION**

As a well established and diversified conglomerate, the CIC Group strives to lead by example in fostering diversity and inclusion across all its operations. Recognising that diversity is not only a source of strength but also essential for innovation and success, the Group champions a culture that celebrates differences and values the unique perspectives and contributions of every individual. This commitment is woven into the fabric of the Group’s HR processes and is evident in recruitment practices, talent development initiatives, and workplace policies that prioritise equal opportunities and fair treatment for all. By embracing diversity in its broadest sense, encompassing not only gender, ethnicity, and cultural backgrounds but also diverse experiences, thoughts, and ideas, the CIC Group aims to cultivate an environment where every member feels respected, included, and empowered to thrive.

**MANPOWER PLANNING**

The manpower planning process is a strategic and systematic tool aimed at ensuring all business verticals across the Group have adequate human resources to meet their current and future needs. Forecasting future staffing requirements and assessing existing workforce skills, in this way helps to identify potential gaps and develop strategies to address them via targeted recruitment, succession planning, and employee development programmes. The manpower planning process is iterative and flexible, allowing the CIC Group to adapt to changes in the business environment and align human resource capabilities with organisational objectives. This proactive approach not only enhances operational efficiency but also supports the Group’s strategic growth and competitiveness in the market. Manpower planning is undertaken annually with cluster heads required to establish their respective manpower requirements for the forthcoming financial year. Cluster-wise manpower requirements are collated and submitted to the approval of Head of Group HR.

**RECRUITMENT AND SELECTION**

Recruitment at the CIC Group is undertaken based on the Group Recruitment Policy designed to attract, select, and retain top talent that aligns with the Group’s strategic objectives and corporate values. In keeping with global best practices, the Recruitment Policy emphasises merit-based hiring, ensuring a fair and transparent recruitment process that promotes diversity and inclusivity. The policy further specifies clear guidelines regarding local hiring, aiming to ensure that a considerable number of the executive and management cadre at the Group’s production plants are from the surrounding area meanwhile, casual labourers at farms are recruited directly from the community, as and when needed.

The Group Recruitment Policy also supports internal mobility by encouraging current employees to apply for open positions, thereby fostering career growth and retention within the Group.

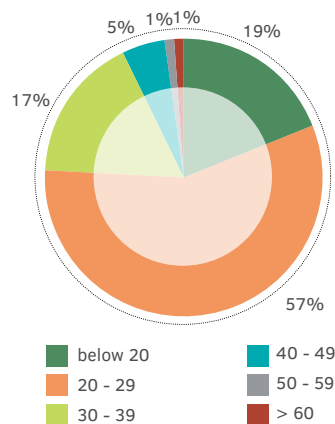
Also in line with global best practices, the Group employs a rigorous selection process, which includes detailed job analysis, competency-based interviews, and psychometric assessments to identify candidates with the right skills, experience, and cultural fit. Meanwhile, re-employment of former team members is also considered based on their performance at the previous tenure, reason for leaving and other related issues, availability of vacancies subject to the discretion of the management.

All new recruits remain on probation for a period of 06 months, whereafter based on the outcome of their post-probationary review, they are either absorbed to the permanent cadre or placed under a mentor to help improve their performance.

New Recruitments by Age wise FY 2023/24		
below 20	95	19%
20 - 29	279	57%
30 - 39	83	17%
40 - 49	26	5%
50 - 59	4	1%
> 60	3	1%
<b>Total</b>	<b>490</b>	

The CIC Group establishes and upholds formal contracts with several labour contractors to fulfil the workforce needs across the Group’s production facilities. These agreements undergo biannual renewal, subject to rigorous assessments of the contractors’ adherence to labour regulations, encompassing statutory remittances.

**New Recruitments by Age wise FY 2023/24**



## HUMAN CAPITAL

### Cadre Details FY 2023/24

Total Staff as at 1st April 2023	Recruits Apr 23 to Mar 24	Resignations Apr 23 to Mar 24	Total Staff as at 31st March 2024
1912	490	338	2,272

### REMUNERATION AND BENEFITS

The Group's commitment to provide competitive remuneration and benefits is driven by the desire to attract and retain top talent while fostering employee satisfaction and well-being. While employee salary structures tend to vary between clusters, regular market research and benchmarking are conducted to ensure the Group's compensation packages remain competitive within the industry. Additionally, to ensure employees are not only rewarded for their contributions but also empowered to thrive both personally and professionally, the Board Human Capital and Compensation Committee regularly reviews the Group salary structures and proposes appropriate changes for the Board approval prior to being operationalised. In the year under review, the Group salary structures were comprehensively reviewed and updated enabling the Group to minimise employee attrition, which was a common challenge for many organisations in Sri Lanka in recent years.

All CIC Group employee across are entitled to the following benefits, in addition to their basic salary;

- Surgical and Hospitalisation cover
- Life Insurance
- Outpatient Claims
- Further studies and professional membership claims
- Funeral Grant Scheme
- Vehicle Loans
- Travel allowance/reimbursement
- Foreign Trainings
- Wellness (Annual Health Checkups)
- Employee discounts

Meanwhile Remuneration for casual (daily) workers is based on the statutory minimum wage stipulated by the National Minimum Wage of Workers (Amendment) Act, No. 16 of 2021. As a policy the Group ensures that the wages paid are significantly above the current stipulated minimum wage for the respective trade.

### PERFORMANCE MANAGEMENT

The Group's performance management process is designed to drive excellence and continuous improvement across all levels of the Group. This process includes clear goal-setting, constructive feedback and a comprehensive performance evaluation.

The goal-setting exercise is a structured and collaborative effort designed to align individual objectives with the Group's strategic priorities. At the beginning of each evaluation cycle, employees and managers work together to establish clear, measurable, and attainable goals. This exercise ensures that each team member understands their specific contributions to the broader organisational goals. Goals are documented and reviewed periodically to track progress and make necessary adjustments. This ongoing dialogue not only clarifies expectations but also fosters a sense of ownership and accountability.

Performance reviews are conducted annually, incorporating both qualitative and quantitative assessments to provide a comprehensive evaluation of each employee's contributions and identify skill gaps. The performance of all permanent employees of the CIC Group (excluding contract labour and casual employees) was comprehensively assessed during the annual performance review process conducted in April 2023.

### TRAINING AND DEVELOPMENT

Training and development plays a vital role in building a competent and agile workforce capable of driving forward a large diversified conglomerate such as the CIC Group. For this reason, the Group's Training and Development policy aims to cultivate a highly skilled, knowledgeable, and adaptable workforce that can effectively contribute to the Group's long-term success and competitive advantage. This policy aims to empower employees by providing them with the necessary tools and opportunities for professional growth and career advancement.

A systematic approach to identifying training needs underpins the Group efforts to ensure that developmental initiatives are closely aligned with both individual and organisational goals. This process begins with regular performance evaluations and feedback sessions, where managers and employees collaboratively discuss skill gaps,

career aspirations, and areas for improvement. Additionally, each cluster conducts periodic skills assessments and surveys to gather insights on emerging training requirements. Industry trends and technological advancements are also monitored to anticipate future competencies needed for maintaining a competitive edge.

Through targeted training programmes, continuous learning initiatives, and professional development resources, the Group seeks to enhance employee competencies, performance, foster innovation, and ensure that the team remains responsive to the evolving demands of industry and regulations. Ultimately, this commitment to development reflects the CIC Group's dedication to employee satisfaction, retention, and overall organisational excellence.

Training program	Target Group
Effective Business Writing Skills	Executive staff
Import & Export Procedures	Executive staff
Sales Territory & Distributor Management	Executive staff
Purchasing Management	Executive staff
Certificate Course in Import & Export Procedures	Executive staff
Stores Management	Executive staff
Certificate course in Intellectual Property Law (Online)	Executive staff
Certificate Course in Forensic Account	Executive staff
Awareness program on ISO 9001:2015 QSM Requirement	Executive staff
Strategic Leadership Development Program @ PIM - 2nd Batch	Senior and middle managers
Emotionally intelligent leadership for senior management	Senior Management
Executive Leadership Development Programme @ CIPM	Executive staff
Logistic and supply chain management	Middle managers and Executive staff
MS 365 User training	All staff
Presentation skills	Executive staff
Business Communication	Executive staff
Developing leaders in finance	Senior Managers
Cyber Security Summit 2023	Senior Managers
CPA Congress 2023	Senior Managers
National HR Conference	Middle Managers
EFC Training	Middle Managers
Speech craft	Middle managers and Executive staff

## CAREER PROGRESSION

The CIC Group adopts a proactive and structured approach to promoting employee career progression, emphasising the importance of personal and professional development. To facilitate this, the Group has established a structured succession planning process setting out clear career pathways and a variety of growth opportunities to support employee career progression.

The succession planning process involves identifying and developing high-potential employees who are capable of filling key positions in the future. Through a combination of performance evaluations, leadership assessments, and career development programs, the CIC Group systematically assesses the readiness of potential successors. Individual development plans are then drawn to address specific skill gaps and prepare identified employees for future responsibilities. This proactive approach not only mitigates the risk of leadership vacuums but also fosters a culture of internal growth and career progression, ensuring that the Group remains resilient and well-prepared for future challenges.

## SAFETY AND WELLBEING

The CIC Group upholds the zero injury principle in its daily operations.

Accordingly, the Group fully complies with safety requirements stipulated under the Factory Ordinance No. 45 of 1942.

Additionally, the Group's comprehensive Occupational Health and Safety (OHS) system is in line with the ISO 45001 Occupational Health and Safety Management System. This system is meticulously designed to ensure the highest standards of safety and wellbeing for all employees across the Group's diverse business clusters. It encompasses rigorous risk assessment procedures, proactive hazard identification, and effective incident response protocols. Continuous improvement is a cornerstone of this system, facilitated by regular audits, employee training programs, and stakeholder engagement.

The implementation of the safety system at each plant is overseen by the plant safety team comprising a cross functional team representing various functional areas and also includes a dedicated safety officer.

Additionally, all employees at production sites are fully insured under the workmen's compensation cover. All Group locations are equipped with mandatory fire safety systems. Annual fire drills and regular safety training sessions are

## HUMAN CAPITAL

conducted to foster a culture of safety awareness among employees. This safety training encompasses all employees, including contracted labour and casual workers.



Plant	Key Risks	Control Procedures	Injury Record
Agri Input Repacking and Formulation Centre	Chemical exposure	Procedure for a hazardous materials identification	Nil
	Chemical accidents	Procedure for hazard identification and risk assessment.	Nil
		Procedure for operational control	Nil
Fertilizer Blending Plant	Injuries due to Vehicle and Forklift movement	Awareness, Safety Instructions, operational controls	Nil
	Fertilizer dust generation due to production and material handling	Dust extraction system, PPE and safety Instructions	Nil
	Falling from fertilizer stacks	Personal Protective Equipment (PPE), safety instructions, operational controls	Nil
	Injuries due to machine operations	Personal Protective Equipment (PPE), safety instructions, safety guards and other operational controls	Nil
Link Naturals Plant	Chemical Handling	Ensuring proper storage conditions, equipment and tools	Nil
		Standard personal protective equipment (respiratory masks, goggles, chemical resistant gloves, safety shoes, overcoats)	Nil
		Standard Operating Procedures (SOPs) are followed	Nil
		First aid equipment, eye washers, emergency showers	Nil
		Spill control kits and trained the staff to manage chemical spillage safely	Nil
	Machinery Handling	Preventive maintenance schedule for all machinery	Nil
	Standard Operating Procedures (SOPs) are followed	Nil	
	Machine guards, earthing are property place	Nil	
	Personal Protective Equipment (PPE) are available	Nil	

Plant	Key Risks	Control Procedures	Injury Record
	Hot Surfaces / Liquids	Insulation maintain Personal Protective Equipment (PPE) are available Standard Operating Procedures (SOPs) are followed	Nil Nil Nil
	Electrocution	Regular electrical panel board servicing Availability of electrical insulated rubber carpets Industrial type extension cord usage Standard Operating Procedures (SOPs) are followed	Nil Nil Nil Nil
	Working at Height	Permit to work system Personal Protective Equipment (PPE) Availability of ladders and scaffoldings Staff Training	Nil Nil Nil Nil
	Slippery surfaces due to oil spillage	Frequent cleaning Personal Protective Equipment (PPE) Availability of spill control kits	Nil Nil Nil

#### Safety Training Areas in FY 2023/24

- Firefighting training and evacuation drill
- Basic First aid program- members of First Aid team
- Advanced fire training
- OHS at work at Height risks
- Executive Certificate in OS&H
- Internal Audit in OH&SMS

#### EMPLOYEE RELATIONS

Embracing an open-door approach, the CIC Group endeavours to cultivate strong relationships with employees based on the principles of mutual respect, trust, and collaboration. Regular communication channels are established to facilitate open dialogue between management and employees, ensuring that concerns are addressed promptly and effectively. Depending on their respective operational models, each cluster has established its own unique employee engagement mechanisms such as sales meetings, departmental team briefings etc. to cultivate employee relations.

Meanwhile, planned interaction with labour contractors include but not limited to the bi-annual contract renewal review

#### GRIEVANCE HANDLING

Based on the premise that effective resolution of grievances is paramount in maintaining a harmonious and productive work environment, the Group encourages employees to reach out to their immediate superiors as a first step towards resolving grievances. A structured grievance process is also in place to enable employees to formally report and receive a resolution to their issues.

The grievance process is managed in line with the Board approved Grievance Policy. The objective of the policy is to identify, appraise and provide appropriate solutions / feedback for grievances of team members in order to enhance employee motivation, commitment and further strengthen employee relations.

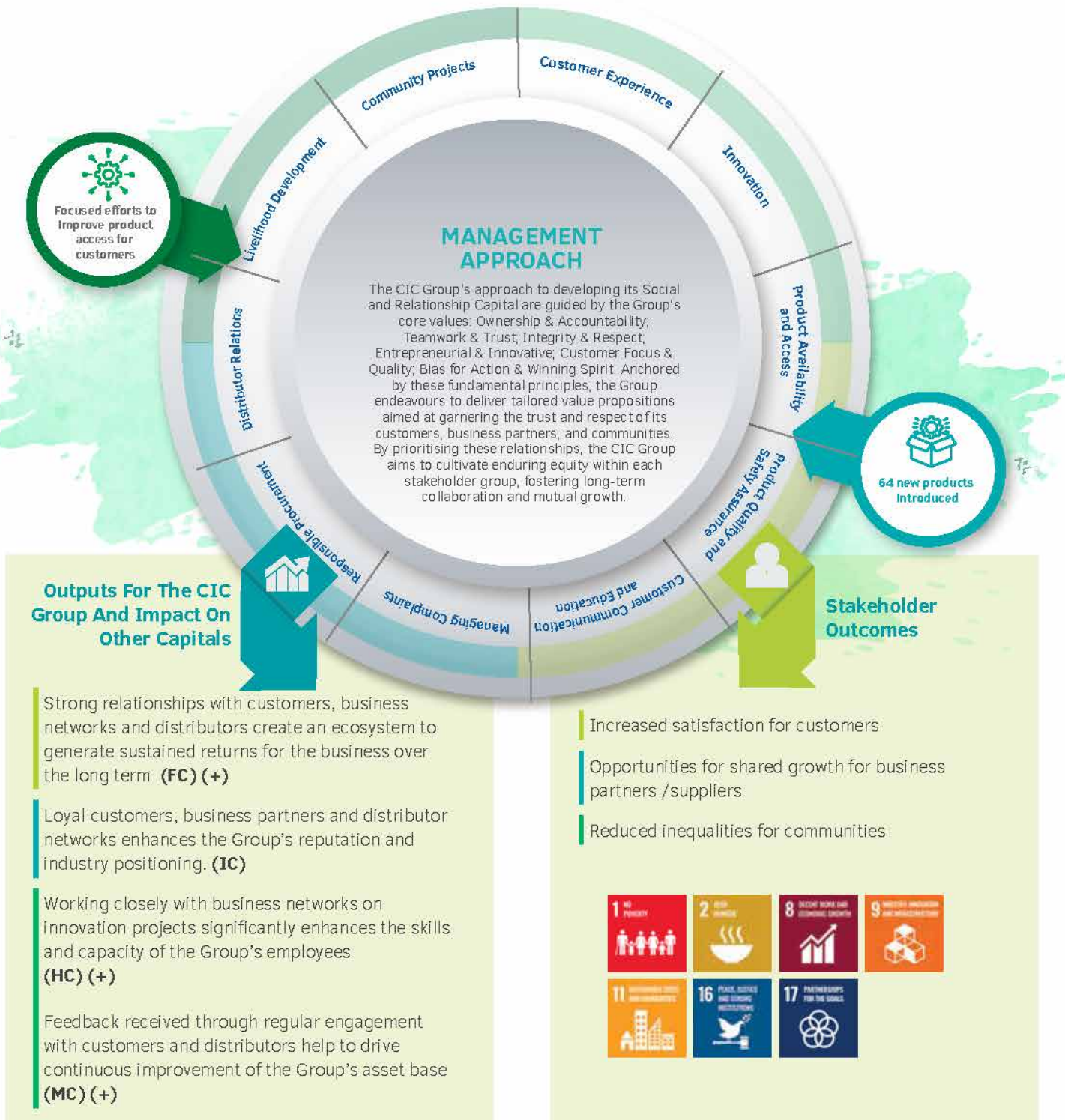
No incidents were reported through the grievance handling mechanism in the current financial year.

#### WAY FORWARD

The immediate priority for the Group would be to build a reliable talent pipeline by investing in the development of emerging leaders. Furthermore, the Group will also focus on enhancing the digital capabilities of teams, specifically to improve their ability to respond to evolving consumer demands in the digital domain. In parallel, the Group will look to enhance employer branding to firmly position the CIC brand as an employer of choice.

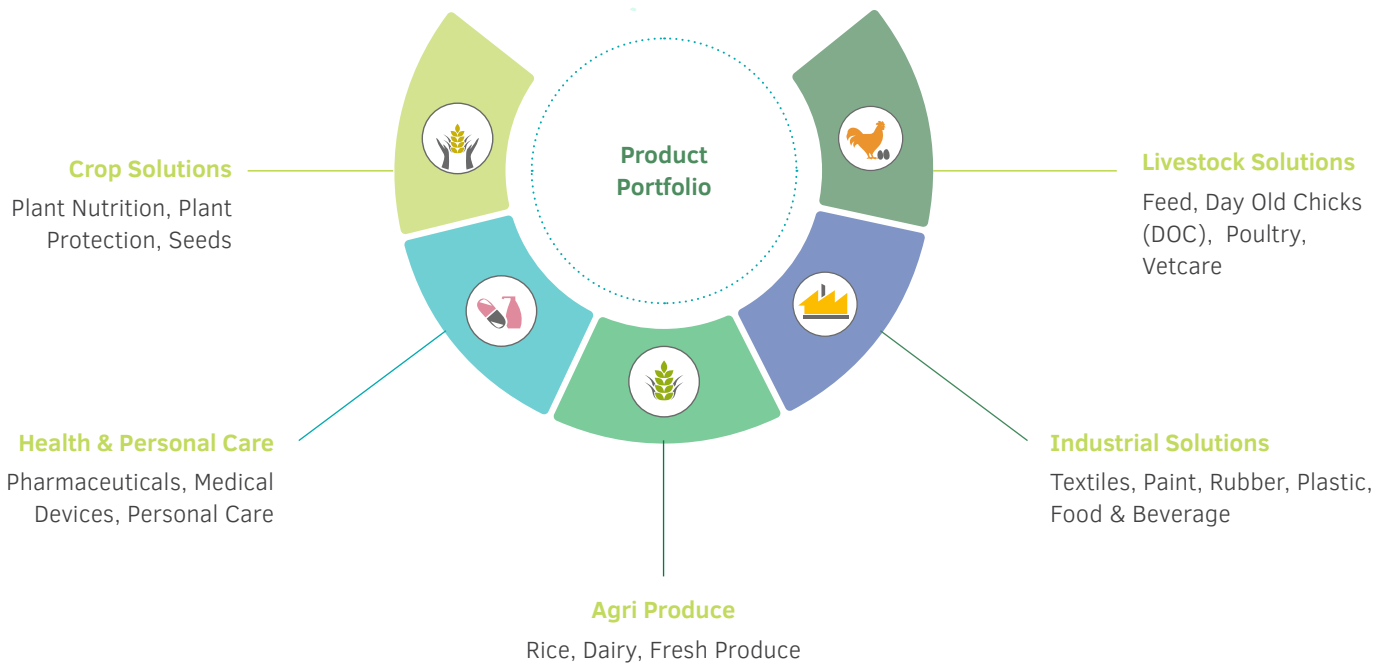
# SOCIAL AND RELATIONSHIP CAPITAL

## Value Transformation



**CUSTOMER CAPITAL**

The CIC Holdings Group caters to a wide range of customers across a diverse range of economic sectors ranging from agriculture and livestock to industry and healthcare.



**CUSTOMER EXPERIENCE**

Grounded by its brand promise of “Nurturing Life”, the CIC Group demonstrates an unwavering commitment to deliver unparalleled customer experiences. Leveraging its partnerships with global principals to gain access to a vast portfolio of world-class products and solutions, alongside its own iconic homegrown brands, CIC ensures that every interaction with each customer is synonymous with excellence. Whether it’s providing farmers with state-of-the-art agricultural technologies, providing healthcare professionals with cutting-edge medical devices, or supplying manufacturers with top-tier industrial chemicals, CIC Group’s offerings are all aimed at offering the best in-class customer experience.

# SOCIAL AND RELATIONSHIP CAPITAL

## OUR BRANDS

### PLANT NUTRITION



Soil enrichment solutions to boost agricultural output.  
We represent the global brands



### PLANT PROTECTION



Solutions for the protection of agricultural crops against insect and pest attacks



### SEEDS



Different seed varieties for paddy, vegetables and fruits



### RICE



A wide range of rice varieties from nutritionally enriched Health Rice and authentic Sri Lankan Traditional Rice to highly palatable Specialty Rice.



### DAIRY



A range of high quality cultured dairy products and fresh milk for the mainstream consumer market marketed under the iconic "CIC Creamoo label"



### FRESH PRODUCE



The Country's premier provider of fresh vegetables and fruits as well as specialty condiments and other essentials delivered to the market through CIC's network of Fresheez outlets

### VETCARE



The premier specialist for the supply of internationally acclaimed vet care products for the poultry industry as well as a line of pet care products



### MEDICAL DEVICES



Import and supply of surgical implants and other medical devices to support the Country's state sector and private sector healthcare systems



PERSONAL CARE



Manufacture and supply of herbal healthcare and personal care products to the local market and selected overseas markets



FEEDS



Manufacture and supply of herbal healthcare and personal care products to the local market and selected overseas markets

POULTRY



Import and supply of surgical implants and other medical devices to support the Country's state sector and private sector healthcare systems

INDUSTRIAL SOLUTIONS



Solutions for a range of industries, including paint manufacture, apparel, beverage and packaging



DOC



The leading poultry hatchery in Sri Lanka catering to needs of poultry farmers around the island

PHARMACEUTICALS



Import and manufacture of pharmaceuticals to meet the needs of the Country's healthcare system



## SOCIAL AND RELATIONSHIP CAPITAL

### PRODUCT AVAILABILITY AND ACCESS

Reliable product access is a vital component of the CIC Group's customer experience, ensuring that customers receive the products they need, when they need them. By maintaining a robust supply chain and efficient distribution network, CIC Group guarantees timely availability of high-quality products across all sectors it serves.

#### Improving Product Access - Key Initiatives for FY 2023/24

- Commenced distribution of the herbal healthcare and personal care product range through the CIC's pharmacy networks
- Strengthened Crops Solutions distribution networks in the Northern region
- Further enhanced the door-step delivery service for Crop Solutions

### PRODUCT QUALITY AND SAFETY ASSURANCE

Product quality and safety assurance are the heart of the CIC Group's customer value proposition. The Group takes immense pride in its multifaceted approach to ensuring the integrity of every product in terms of quality and safety. Central to this commitment is the stringent procurement policy, which involves sourcing only licensed brands from globally reputed, top-tier global manufacturers.

Further underscoring the commitment to ensure that customers receive products that meet the highest standards of quality and safety, the Group's local manufacturing plants adhere to global best practices, including the ISO 9001 Quality Management System Standard and the ISO 22000:2018 Food Safety Management Systems, which encompass HACCP and GMP protocols. Additionally, several facilities have also obtained both Halal certification and the esteemed US FDA approval, while the Group's in-house testing laboratories operate in compliance with national and international standards. For a detailed overview of all our certifications, please refer to the Intellectual Capital Report on page 65.

In the year under review, there were no complaints received regarding the quality or safety of the Group's products.

### INNOVATION

Continuous product innovation serves as the epitome of the CIC Group's commitment to its customers, underpinning its dedication to delivering exceptional value and staying ahead

in dynamic markets. The Group recognises that the evolving needs and aspirations of its diverse customer base necessitates constant evolution and improvement in its offerings and as such, prioritises innovation across product categories.

Strategically leveraging its extensive network of global principals the Group gains access to the latest cutting-edge technologies, groundbreaking research, and market insights from around the world. Collaborating closely with its global principals also allows the Group early visibility into emerging trends, market disruptions, and technological advancements. This proactive engagement has proven instrumental in anticipating shifts in customer preferences and industry dynamics, positioning it strategically to capitalise on new opportunities and stay ahead of the competition. Recognising that innovation is an iterative process, the Group often participates in joint research and development initiatives with its principals, co-creating innovative solutions that address evolving market needs and challenges.

The CIC Group's in-house R&D ecosystem also serves as a vital platform where ideas are incubated, prototypes are tested, and breakthroughs are nurtured.

By staying abreast of the latest advancements and trends, CIC Group ensures that its products remain at the vanguard of innovation, incorporating novel features, materials, and functionalities to meet and exceed customer expectations.

### NEW PRODUCTS INNOVATIONS - FY 2023/24

Cluster	Product
Health and Personal care	<b>Surgical</b> <ul style="list-style-type: none"> <li>• Varimed compression stockings</li> <li>• Betasan – bandagers</li> <li>• Estear Medical – PRP and PRS</li> <li>• Ceyflex – Thera Loop</li> </ul>
	<b>Herbal Healthcare</b> <ul style="list-style-type: none"> <li>• LINK Crampgard</li> </ul>
Agri Produce	<b>Rice</b> <ul style="list-style-type: none"> <li>• Purple Ceylon Rice</li> </ul>
	<b>Seeds</b> <ul style="list-style-type: none"> <li>• YaraMila Complex for pepper – DEA</li> <li>• T Yara 23-7 – TRI</li> <li>• Yara Target – Botanical Garden</li> <li>• Yara Winner – SRI</li> </ul>
Crop Solutions	<b>Plant Nutrition</b> <ul style="list-style-type: none"> <li>• Launched SCU(Sulphur Coated Urea) product to market</li> </ul>

### CUSTOMER COMMUNICATION AND EDUCATION

The CIC Group's approach to customer communication is based on the principle of education for the purpose of informed decision making. At the core of the approach is a commitment to provide clear, accurate, and timely information. The Group focuses on education by offering training sessions, informative content, and expert advice to enable customers to make informed decisions. To that end, the Group embraces new approaches, including technology adoption to continuously improve communication methods.

Equally importantly the Group maintains open lines of communication, ensuring customers can easily reach out for support and receive prompt, helpful responses. Viewing its customers as partners, the Group actively seeks customer input to strengthen relationships and co-create value, ensuring that its products and services continuously meet and exceed expectations.

### MANAGING COMPLAINTS

The CIC Group welcomes complaints as valuable opportunities for learning and continuous improvement, seeing them as crucial feedback for refining their services and operations.

Multiple channels have been provided for customers to lodge complaints, including phone, email, and online platforms. All complaints received are documented and escalated to the relevant authority for resolution. The Group has made a commitment that every complaint be acknowledged within 24 hours, and a resolution is pursued with a target of resolving most issues within five working days. Additionally, regular analysis of complaint data is carried out with the aim of identifying recurring issues and implementing systemic improvements.

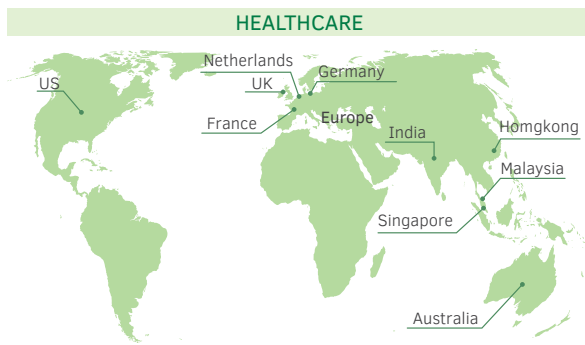
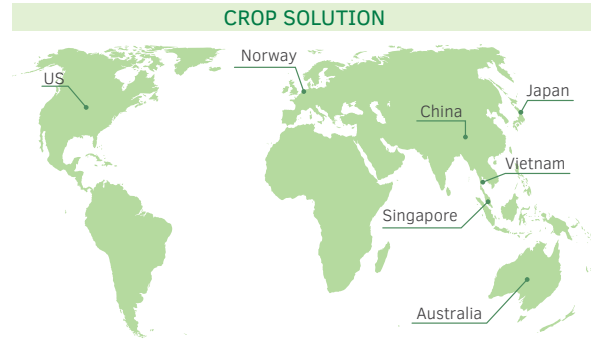
### Customer Communication and Education - Key Initiatives for FY 2023/24

- The “Ran Sarupala” campaign aimed at popularising CIC’s integrated solutions among paddy and corn growers
- Partnered with agrarian service centers (ASCs) to promote smart agriculture practices among paddy farmers
- Entered to an agreement with the tea smallholder authority (TSHDA) to launch a special field program (Dallakin Wenasak) to promote the good agricultural practices (GAP) in tea cultivation
- Formed a new digital marketing division to focus on providing continuous farmer education through digital mediums
- Commenced development of a Smart Agriculture App for the purpose of delivering timely technical contents to enhance farmer awareness.
- Enhance product labelling to include QR codes to allow farmers to access technical information in real time through their smartphones.

### RESPONSIBLE PROCUREMENT

The CIC Group emulates responsible procurement practices by developing long term partnerships with premier global suppliers who supply key raw materials to several clusters. To that end, each cluster has fostered robust and dependable global networks, ensuring seamless business operations even amidst adversity.

## SOCIAL AND RELATIONSHIP CAPITAL



Strength of Relationships with Overseas Principals	
Crop Solutions	55% of overseas principal relationships are more than 10 years
Pharmaceuticals Segment	70% of overseas principal relationships are more than 10 years
Medical Devices Segment	63% of overseas principal relationships are more than 10 years
Industrial Solutions	50% of overseas principal relationships are more than 10 years

### DISTRIBUTOR RELATIONS

Distributor networks serve as the main conduit for delivering the Group’s products and services to customers. Hence, the Group places great importance on building strong relationships with distributors as the basis of shared growth and progress.

The first steps in this effort involve a rigorous selection process to appoint new distributors who share in the Group’s vision for excellence. The Group has made substantial investments in a comprehensive distributor management

system to monitor distributor performance and take appropriate action as needed to help bring them on course to achieve the targeted outcomes.

Acknowledging the indispensable role of distributors in its ecosystem, the CIC Group promotes regular engagement and collaboration with distributors to swiftly address concerns and provide timely support. Moreover, training and other resources are also provided as needed to enhance the capabilities and strengthen distributor resilience against adverse market conditions.

### DISTRIBUTION CAPABILITY

Product Type	Distribution Channel	Network
Fresh fruits and vegetables	Fresheez outlets	6 outlets
Rice	Modern trade partners Hotels/institutions Export partners	770 outlets (Keells, Cargills, Arpico & others leading channels) 300 partners (Leading hotels & restaurant chains) 16 partners
CropGuard products	Dealers and distributors	38 Distributors, 210 Direct Dealers and 1,020 Retailers
Seed varieties	Dealers/ ASC Centers (Government Institutes)	Island wide - 500-550 dealers and 100 ASCs
Link Natural products	Herbal Distributors	12
	Herbal Pharmaceuticals Distributors	75
	Modern trade	12
	Export countries	27
Feed products	Dealers and direct customers	Approximately 65 in total

Product Type	Distribution Channel	Network
Veterinary products	Dealers and direct customers	Approximately 25 dealers Approximately 100 direct customers
Processed chicken	Modern trade partners Hotels & restaurants General Trade	More than 550 supermarket outlets Approximately 100 Approximately 100
Pharma products	General trade Modern trade Private Hospitals and Institutions Government Hospitals and Institutions	25 distributor points 713 Outlets (Keells ,Cargills, Health Guard, Arpico) 25 35
Surgical products	Government Hospitals, Private Hospital and Institutions	50
Agri Businesses products	Dealers and customer network	Approximately 1,250
Crop Solution products	Distributors Dealers Modern Trade	25-30 100-120 6-7
Unipower products	Distributors Dealers Institutions	10 Approximately 530 50

### LIVELIHOOD DEVELOPMENT

Several of the Group's business verticals, including Rice, Dairy, and Seeds, play a pivotal role in fostering livelihood development for micro-entrepreneurs across the country by working closely with farmer-outgrower networks, thereby supporting livelihood development of these micro entrepreneurs. Additionally, by engaging directly with small-scale farmers, the Group aims to foster a collaborative ecosystem to enable knowledge transfer and capacity building to educate farmers regarding advanced agricultural techniques, and provide ongoing support, ensuring they can produce high-quality crops and dairy products.

#### No. of Farmers/ Outgrowers

Amount Paid to them

FY 2022/23		
Dairy	Rice	Seeds
<b>1,900</b>	<b>1,805</b>	<b>1,250</b>
Rs.607Mn	Rs.1,460Mn	Rs.301Mn
FY 2023/24		
Dairy	Rice	Seeds
<b>1,200</b>	<b>3,200</b>	<b>1,000</b>
Rs.469Mn	Rs.2,123Mn	Rs.189Mn

### COMMUNITY PROJECTS

The CIC Group undertakes a range of community projects each year, strategically aligned with its annual CSR budget allocation for the purpose of minimising social economic inequalities. All projects are carried out through the CIC Group Charitable Trust Fund, which is managed by an independent Board of Trustees. As per the trust mandate CSR projects typically focus on vital areas such as education and healthcare.

### WAY FORWARD

Going forward, the Group aims to develop its social and relationship capital by strategically addressing the key priority areas relevant to its customers, business partners, distributors, and the broader community. For customers, the Group will focus on continuous research and development to meet evolving needs while maintaining cost-effectiveness and high availability, while the approach for suppliers and business partners are to build robust networks by deepening relationships with existing partners and forging new ties to enable access to innovative and disruptive technologies that will provide a competitive advantage. Simultaneously, the emphasis on training and capacity building of distributors will be further intensified with a view to enhancing reliability and performance. Lastly, the Group will continue to focus on the socio economic upliftment of communities through its core business activities, integrating community development goals with business operations alongside specific investments in high impact community projects for social economic upliftment of vulnerable communities.

# NATURAL CAPITAL

The CIC Group has deep connections to nature, with many of the Group's businesses claiming strong linkages to the environment.

## Value Transformation

### MANAGEMENT APPROACH

Aligned with its brand promise to "Nurturing Life," the CIC Group is committed to setting a benchmark in environmental stewardship by ensuring its operations work in harmony with nature.

Scheduled Waste Management License for hazardous waste management

ISO 14001:2015 Environmental Management System

Environmental Protection License under the National Environmental Act No. 47 of 1980

ISO 50001:2018 Energy Management System

Regulatory Compliance

Environmental Best Practices

Waste Circularity

Environmentally-Conscious Products

### Outputs For The CIC Group And Impact On Other Capitals

- The commitment to environmental stewardship enhances the Group's reputation **(IC) (+)**
- Compliance with environmental regulations builds stakeholder trust. **(S & RC) (+)**

### Stakeholder Outcomes

- Availability of low toxicity formulations, adhering to the WHO-approved Class 3 and Class 4 toxicity standards
- Reduction in single use plastic



### REGULATORY COMPLIANCE

The CIC Group is firmly committed to managing the environmental impact of its operations in compliance with environmental regulations applicable to various business verticals. Accordingly, the Environmental Protection License under the National Environmental Act No. 47 of 1980 and the Scheduled Waste Management License for hazardous waste management serve as the overarching regulatory frameworks. These mandates with their rigorous environmental protocols, ensure that all operational practices meet stringent regulatory standards.

### BEST PRACTICES

Reinforcing its commitment to the environment, several of the Group's business verticals have adopted best practices based on ISO 14001:2015 Environmental Management System and ISO 50001:2018 Energy Management System standards. These internationally recognized frameworks provide guidance for implementing systematic approaches to enhance environmental performance across operations. By adhering to ISO 14001:2015, CIC Group ensures that their environmental management processes are robust, continuously improving, and effectively mitigating environmental impacts, while the adoption of ISO 50001:2018 enables the Group to establish energy management best practices that optimise energy use, reduce greenhouse gas emissions, and lower operational costs.

### ENVIRONMENTALLY CONSCIOUS PRODUCTS

In recent years, the emphasis on strengthening the crop solutions portfolio has resulted in more focus on introducing low toxicity formulations, aligning with WHO-approved Class 3 and Class 4 toxicity standards. These formulations are designed to be effective in pest control while reducing the ecological impact of agro-chemicals while ensuring the safety of farmers, consumers, and surrounding ecosystems.

### WASTE CIRCULARITY

Keen to showcase leadership in the waste circularity domain, a new PET bottle recycling plant was commissioned adjacent to its specialty packaging facility. By integrating the recycling plant into its production ecosystem, CIC Group not only addresses the challenge of plastic waste but also creates a closed-loop system where discarded PET bottles are transformed into raw materials for its packaging products.



## NATURAL CAPITAL

### WAY FORWARD

In the future, the Group plans to prioritise environmental sustainability by implementing a comprehensive ESG Framework as part of a structured approach aimed at standardising environmental management practices across the Group.

The Group also expects to increase the adoption of low toxicity formulations, particularly adhering to Class 3 and Class 4 toxicity standards. Furthermore, transitioning towards biodegradable packaging is another significant stride towards environmental sustainability, going forward.





## CHAMPIONING HEALTHIER LIVES

I go the extra mile to ensure I get the freshest and best quality of products for my family, and I always choose products with natural ingredients for their health and wellness. My friends and doctor too often recommend CIC products for my family's well being, and it is so assuring to know the company cares so much about me and my family's health.

*Shyamali Fernando,  
Mother - Colombo*



GOVERNANCE  
REPORTS

# CORPORATE GOVERNANCE

The Group/Company ensures to comply with the established best practices in corporate governance and ensure the highest ethical standards in the conduct of its business. The Board adopts core values and standards which set out the conduct of staff in their dealings with shareholders, customers, colleagues, suppliers and other stakeholders. Once the core values are set and communicated to all levels of the Organisation, the Group/ Company is of the belief that the highest standards of integrity will be maintained in business.

## GOVERNANCE POLICY AND FRAMEWORK

Framework covers both corporate governance and the business governance. Corporate governance and business governance are interrelated processes and one process is always linked to and dependent on the other process. Business governance enables us to focus on areas of value creation to the business. The Corporate governance process is to safeguard and ensure that the Group/Company achieves business performance maintaining a balance between accountability and assurance of the business process. Thus, we believe our business governance and corporate governance are interlinked to each other.

In line with the above governance framework, the Group/ Company believes that successfully run business enterprises are founded on a set of fundamental qualities – those that embed transparency, accountability, and responsibility within the core of its business operations. Translated into action, the Group's/Company's strong core qualities and guiding corporate governance functions ensure that we remain "law abiding", strictly adhering to the laws and regulations of the country.

Business integrity and accountability to stakeholders are top of the mind factors that we inculcate right across – from the Board of Directors to the field level.

## STATEMENT OF COMPLIANCE

The CIC Group is fully compliant with the Code of Best Practice of Corporate Governance issued in year 2017 by the Institute of Chartered Accountants of Sri Lanka as well as the Rules on Corporate Governance published by the Colombo Stock Exchange, except which are specifically mentioned in the corporate governance report.

## MINIMUM PUBLIC HOLDING

The Company shares have been traded in the Main Board since 1964 and comply with minimum public holding requirement in terms of Rule 7.13.1 of the CSE Listing Rules. The public holding of the Company as at 31st March 2024 was 46.68% which is above the minimum requirement of 20% as specified by the Listing Rules [Rule 7.13.1 (a)] of the Colombo Stock Exchange (CSE).

## BUSINESS GOVERNANCE

Business governance (performance governance) is linked from Company's Vision Statement to final objective level at grass root level. Business governance process is started at the point of preparing the annual plan and the annual plan is focused on future strategic direction, long-term objectives, medium- term objectives and short-term set targets. Annual plan is initially approved by the Company and subsequently reviewed and approved by the Board. The Group CEO and Executive Committee review the strategic plan and budgets against the actual performance monthly and at more frequent intervals, as needed and the Chairman and the Board of Directors review actual performance at each Board meeting.

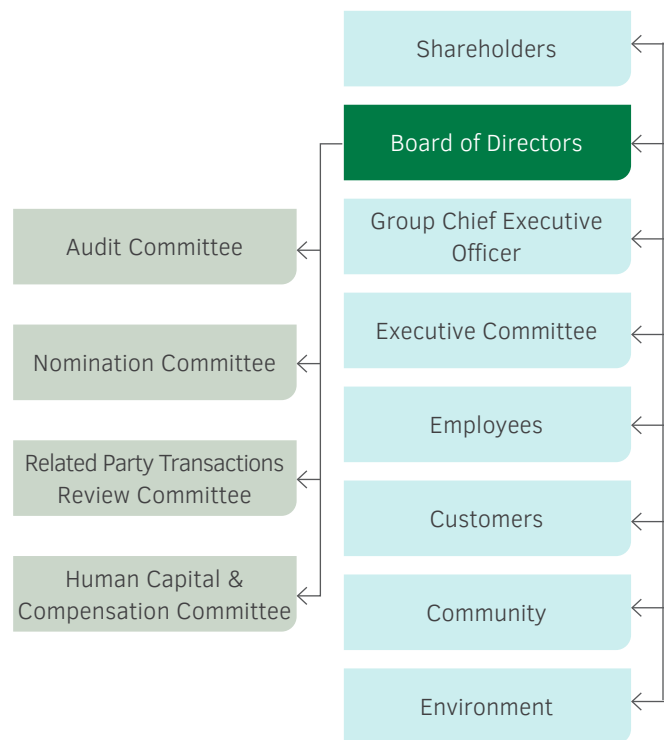
## IT GOVERNANCE

The IT governance process of the Company ensures that IT objectives are aligned with the business objectives that will meet its strategic and operational objectives. IT governance is an integral part of the corporate governance process and deals primarily on optimising the linkage between Strategic Directions and Information Management of the Company. Competent and dedicated resources are deployed to support this need. Company investment in IT resources covers resources operated and managed centrally and resources deployed in various places. IT resources include ERP system, other related business systems, internet, emails and other Company-wide data communication systems. Impact of the IT governance to diverse functional areas of the Company is driven by certain core objectives which are set below.

<b>Compliance</b>
Investing in licensed software deployed in compliance with Intellectual Property Law with a view to educate and mandate compliance to such laws throughout the Company/Group.
<b>Operational efficiencies</b>
Streamlining of inventory management, logistic management and credit management process so that integrity is maintained across the value chain through near real-time processing.
<b>Prudent capital expenditure</b>
All major IT investments are carefully evaluated by the IT team and built into the business plan and carefully scrutinised at the planning level and approval is granted by the board
<b>Customer convenience</b>
Ensuring process efficiencies to increase the contribution to customer convenience.
<b>Green IT</b>
Protecting the environment by reducing print through migration to emails, SMS, social media and soft copies.

**GOVERNANCE STRUCTURE**

<b>External Regulations</b>
Companies Act No. 07 of 2007.
Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
Continuous Listing Requirements of the Colombo Stock Exchange
Code of Best Practice on Corporate Governance issued in year 2017 by The Institute of Chartered Accountants of Sri Lanka.
Directives/Regulations of the Securities and Exchange Commission of Sri Lanka.
Anti Corruption act No 9 of 2023 and Any additional regulatory requirements
<b>Internal Regulations</b>
Articles of Association of the Company
Standard Operating Procedure Manual
Code of Ethics, Human Resources Policies and Procedures
Information Technology and Other Internal Manuals
Standing Instructions, Policy and Procedures (P&P)



## CORPORATE GOVERNANCE

As diagrammatically presented above, Group governance structure is set up to create a distinction between the functions of the Board and Management team but ensuring effective cooperations and communication between two groups. The Group Chief Executive Officer exercises triangular linking role between the Board, Executive Management Committee and other Stakeholders, i.e. shareholders, employees, customers, community and environment. Group's Chief Executive Officer is the main communication link with the Board and Executive Management Committee. He also acts as a de facto officer to maintain a fair role on behalf of shareholders, employees, customers, community and environment.

### BUSINESS ETHICS

The Group enshrines the highest ethical standards in the conduct of its business affairs and its Board of Directors is tasked with ensuring that the resultant regime of exemplary governance across all aspects of business are in the best interests of the stakeholders. Ethically correct conduct comprising integrity, honesty, fair play and loyalty pervade all Group actions. Transparency is fostered in all public disclosures, as well as in the way business and communication take place with all stakeholders. A "whistle-blowing policy" introduced internally in 2018 has increased the level of transparency towards a wider dimension. All employees are bound by the Company's written Code of Ethics that includes the following aspects:

- Exercise honesty, objectivity and diligence when performing one's duties.
- Avoid situations where personal interest might conflict with the interest of the Company; and if so, disclose such interest in advance.
- Maintain confidentiality of commercial and price-sensitive information.
- Work within applicable laws and regulations.
- Safeguard the Company's assets.
- Avoid conduct that will reflect badly on the person concerned or the Company's image.
- Strictly avoid giving or accepting any kind of bribe, either directly or indirectly.
- Strictly avoid making contributions for political funds, either directly or indirectly.
- Strictly avoid any kind of sexual harassment.

The Company has implemented a formal whistle-blowing procedure and encourages any employee who suspect wrongdoing at work, whether by Management, peers or any other employee, to raise their concerns.

### OTHER POLICIES

In addition, the Company implements policies covering:

- Recruitment and selection
- Financial integrity
- Use of Company property including computers
- Non-harassment in the workplace environment, safety and health
- Security of IT system

### RESPONSIBILITY TO CUSTOMERS

As committed through company values "The customer comes first; we will not compromise on the standards of our products and services". The Company maintains an island-wide network of distributors and provides a wide choice of related products to customers, complemented by technical support wherever necessary. What is salient about the widespread nature of our distribution is that in most instances, a consumer living in any part of the country need not travel more to obtain products of the Company.

Products sold by the Company are of the highest quality and are rigorously tested prior to introduction and obtained required regulatory approval wherever necessary. The Company is bound by return policies specially in selling of pharmaceutical products. Customer grievances, if any, are handled promptly and solutions provided with exchange of products in the unlikely event of a manufacturing defect or expiry. Toward serving our differently abled customers, personalised service is provided by specialised trained team with the utmost care of the life of customers. As the market leader in the crop protection industry, CIC Crop Solutions plays a vital role in supporting the country's agriculture sector by providing superior quality crop care products for management of weeds, insect pests and other diseases in crop cultivation. Moreover, aiming of securing the main income stream of farmers by improving yields qualitatively and quantitatively. The wide range of product accompanied with field level agriculture extension services along with technical expertise. CIC Crop Solutions products to provide environment friendly crop protection solutions with low toxicity and low post harvest intervals and green agriculture practices.

Offering technical solutions to customers to develop the final products, technical support is extended from point of formulation, monitoring inventory with them and minimise financial losses throughout the value chain. Quality related issues are addressed on urgent basis and focus on locally developed products for unique customer requirements.

## ENVIRONMENT

Social responsibility is regarded as a fundamental aspect of the Company's strategy and it is one of the core values of the business. As always "we are committed to make every effort to ensure that the environment is protected and conserved for future generations" and in line with this core value, the Company is committed to minimise any adverse impact the activities of the business may have on the environment. Further to that, this core value encourages and ensures our products, processes and business do not unnecessarily damage the environment.

## CODE OF BEST PRACTICES ON CORPORATE GOVERNANCE

We set out below the corporate governance practices adopted and practiced by the Company, the extent of adoption of the Code of Best Practices on Corporate Governance issued in year 2017 by the Institute of Chartered

Accountants of Sri Lanka and the Rules set out in Section 7.9 of the Colombo Stock Exchange Listing Rules on Corporate Governance.

## SECTION A

This section covers Company's extent of adherence to the requirements of the Code of Best Practice on Corporate Governance issued in year 2017 by the Institute of Chartered Accountants of Sri Lanka covering following eight fundamental aspects:

- Directors
- Directors' Remuneration
- Relationship with Shareholders
- Accountability and Audit
- Institutional Investors
- Other Investors
- Internet of things and cyber-security
- Environment, society and governance

Above are discussed in the following sections;

## A. THE DIRECTOR

### A.1- The Board

#### Main Principle

Every public company should be headed by an effective Board, which should direct, lead and control the Company

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Board Meeting	A.1.1	The Board should meet regularly, at least once in every quarter.	The Board meets at least four times a year and additional meetings are held as necessary. The Board sub-committees also met on a regular basis. Circular Resolutions are passed as per the requirements. The Board met four times during the period ended 31st March 2024 Details of the meetings and attendance of the members are set out on page 140  The meetings convened by the Board sub- committees during 2023/24 are also provided on page 140	Complied
		The regularity of the Board meetings and the structure and process of submitting information should be agreed to and documented by the Board.	A board pack containing all relevant information is submitted to the Board of Directors.	Complied

## CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Responsibility of the Board	A.1.2	<p>The Board should be responsible for matters including:</p> <p>Ensuring the formulation and implementation of a sound business strategy.</p>	<p>The Board is responsible for the strategic planning process of the Company. This includes the responsibility for the formulation of the strategic vision and mission of the Company, setting the overall corporate policy and strategy, monitoring performance and reviewing risks and major investments. The Board also takes on the added responsibility of directing Company performance towards achieving the best results possible and increasing shareholder value. The Board sets the broad parameters of the Company's business. The Company's business units are then tasked with their application, in achieving specific targets and objectives.</p>	Complied
		Appointing the Chair and the Senior Independent Director if relevant	Not applicable since Group CEO is the apex executive in charge of the day-to-day management of operations and business of the Company.	Complied
		Ensuring that the CEO and Management Team possess the skill, experience and knowledge to implement strategy.	<p>While the Board of Directors is ultimately responsible for the operations and financial soundness of the Company, the day-to-day management of the Company is entrusted to the Group CEO. There is extensive staff participation in decision-making at all levels, with strategic recommendations on material matters flowing to the Board for final decision.</p> <p>The Group CEO chairs the Executive Committee. The Executive Management Committee, comprising all key senior managers who are divisional heads/subsidiary CEOs and Group CEO meets frequently for performance review and decision making.</p> <p>The Company's Annual Plan addresses the requirements of all business units and divisions. This ensures that the entire Company follows the set plans and objectives as articulated in the Annual Plan. These in turn become the primary objectives of the Management Committee which is represented by all Heads of Divisions, and are shared with Divisional Heads and Heads of all SBUs. The Management Committee together with the Heads of Divisions and SBUs have the autonomy and freedom to translate these objectives to specific goals that are achievable.</p> <p>Key programmes are identified by the Group CEO for each year in line with the Annual Plan after they are discussed at Executive Committee meetings. A review of progress on plan implementation is a key item on the agenda of the monthly Management Review meetings.</p>	Complied
		Ensuring the adoption of an effective CEO and Senior Management succession strategy	<p>Succession planning is given due recognition in the corporate culture. Effective succession planning is a criterion in the performance appraisals of the Senior Management and Key Management.</p> <p>Developing a Group wide succession plan considering 3x3x3 is in progress</p>	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		Approving budgets and major capital expenditure.	Budgets and major capital expenditure are reviewed and approved by the Board	Complied
		Determining the matters expressly reserved to the Board and those delegated to the Management including limits of authority and financial delegation.	<p>The Board has agreed and reserved power to determine matters including approving of major capital expenditure, appointing the Secretary to the Board and seeking professional advice as and when needed</p> <p>Limits of authority and financial delegation are agreed by the Board to manage affairs efficiently.</p>	Complied
		Ensure effective systems to secure integrity of information, internal control and risk management.	<p>The Board has delegated this responsibility to the Audit Committee.</p> <p>The Audit Committee is empowered to review and monitor the financial reporting process of CIC Group to provide additional assurance on the reliability of Financial Statements through a process of independent and objective review.</p> <p>As such, the Audit Committee acts as an effective forum in assisting the Board of Directors in discharging their responsibilities on ensuring the quality of financial reporting and related communication to the shareholders and the public.</p> <p>Audit Committee framework, composition, responsibilities and duties are given in the Audit Committee Report on page 141.</p> <p>Risk Management framework is given in the Risk Management Report appearing from pages 149</p>	Complied
		Ensuring compliance with laws, regulation and ethical standards.	<p>The Board follows a policy of strict compliance with laws and regulatory requirements and ensures that stakeholder interests are considered in key corporate direction.</p> <p>A compliance checklist is provided to The Audit Committee and The Board members in every quarter by the Compliance Officer indicating compliance with applicable laws, regulations etc.</p> <p>The Company has also issued a Code of Ethics and Human Resources Policies and Procedures applicable to all employees.</p>	Complied
		All stakeholders' interests are considered in corporate decisions.	<p>The Board adopted core values and standards which set out the conduct of staff in their dealings with shareholders, customers, community, environment, suppliers and other stakeholders. Once the core values are set and communicated to all levels of the Organisation, there is a belief that the highest standards of integrity are maintained in business.</p> <p>The Board relies on the integrity and due diligence of Key Managers, Senior Managers, Auditors and Advisors to oversee the Group's overall performance objectives, financial plans and annual budgets, investments, financial performance reviews, risk management and corporate governance practices.</p>	Complied

## CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		Recognising sustainable business development in corporate strategy, decisions and activities and consider the need for adopting "integrated reporting".	Development of sustainable value is embedded in the corporate strategies.	Complied
		The Company's values and standards are set with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulations.	The Group enshrines the highest ethical standards in the conduct of its business affairs and its Board of Directors are tasked with ensuring that the resultant regime of exemplary governance across all aspects of business are in the best interests of stakeholders. Ethically correct conduct comprising integrity, honesty, fair play and loyalty pervade all Group actions.	Complied
			Accounting policies are reviewed annually in light of changing business requirements, evolving international and local accounting standards and industry best practice. As mentioned above, significant emphasis is placed on compliance with applicable regulations. The Group continues to adopt same accounting policies adopted in year 2023/24 and which are given as part of the Financial Reports on pages 173 to 275 and the related changes to significant accounting policies are described in Note 1 to 4.	
		Establish a process of monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks.	Performance and progress of strategy implementation, budgets, plans and risks are monitored through a formal reporting process.	Complied
		Ensuring that a process is established for corporate reporting on annual and quarterly basis or more regularly as relevant to the Company	The Board ensures compliance to annual and quarterly corporate reporting requirements.	Complied
		Fulfilling such other Board functions as relevant to the Organisation.	The Board makes every endeavour to ensure a balanced and objective assessment of the Company's position, performance and prospects.  Members from professional accounting bodies are on the Board ensuring financial and economic acumen, knowledge and other Board members from the professional marketing bodies ensure stimulation of marketing knowledge of the Board members.	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Compliance with laws and seeking independent professional advice	A.1.3	The Board collectively, and Directors individually, must act in accordance with the laws of the country and there should be a procedure agreed by the Board of Directors to obtain independent professional advice where necessary, at the Company's expense.	<p>As mentioned above, there is a significant emphasis across the organisation to ensure compliance with applicable laws and regulations.</p> <p>The Board members are permitted to obtain independent professional advice from a third party including the Company's External Auditors and other professional consultants whenever deemed necessary at the expense of the Company</p>	Complied
Company Secretary	A.1.4	All Directors should have access to the advice and service of the Company Secretary, who is responsible to the Board in ensuring, that the Board procedures are followed and that the applicable rules and regulations are complied with. Any question of the removal of the Company Secretary should be a matter for the Board as a whole.	The Company Secretary ensures that all Board Terms of Reference are followed and applicable rules and regulations are adhered to. The Company Secretary advises the Board and ensures that the Company complies with its Articles of Association, Companies Act and such regulatory publication, Board procedures and other applicable rules and regulations are followed. All Directors have access to the Company Secretary. The Secretary possesses the required qualifications as set out in the Companies Act.	Complied
		The Company should obtain appropriate insurance cover as recommended by the Nomination Committee for the Board, Directors and Key Management Personnel.	Insurance cover has been obtained.	Complied
Independent judgement of Directors	A.1.5	All Directors should bring independent judgement to bear on issues of strategy, performance, resource allocation, risk management, compliance and standards of business conduct.	<p>The Chairman conducts Board meetings in a manner which ensures that there is effective participation from all Directors, their individual contribution and concerns are objectively assessed prior to making key decisions and that the balance of power is maintained</p> <p>In advance of every Board meeting, each Director receives a comprehensive set of Board papers and any additional information requested by the Directors. It is the Group CEO's duty to ensure that all members are properly briefed.</p> <p>None of the Independent Directors have held executive responsibilities in the Company, and have submitted a declaration confirming their independence in accordance with Section 7 of the CSE Listing Rules on Corporate Governance as at 31st March 2024.</p>	Complied

## CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Dedication of adequate time and effort by the Directors	A.1.6	Every Director should dedicate adequate time and effort to matters of the Board and the Company, to ensure that the duties and responsibilities owned to the Company are satisfactorily discharged	The Board met on five (05) occasions during the year.  The Board is satisfied that the Chairman and the Non-Executive Directors committed sufficient time during 2023/24 to fulfil their duties.	Complied
	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 to the Company to do so.	As per the Articles of Association, resolutions could be passed with majority voting	Complied
Training for new and existing Directors	A.1.8	Every Director should receive appropriate training when first appointed to the Board of a company, and subsequently as necessary. The training curricular should encompass both general aspects of directorship and matters specific to the particular industry/company concerned.  A Director must recognise that there is a need for continuous training and expansion of the knowledge and skill required to effectively perform his duties as a Director. The Board should regularly review and agree on the training and development needs of the Directors	The Directors are given the opportunities to familiarise and obtain an in-depth understanding of the Company's business, its strategies, risks and processes at their discretion.  Training is provided to Executive Directors to equip themselves to discharge their responsibilities effectively. This includes training provided by principles, external and in-house training. Training and development needs are reviewed on a regular basis.  Directors are briefed on changes in laws and regulations, tax laws and accounting standards from time to time either during the Board meetings or at specially convened sessions.	Complied

## A.2 Chairman and Group Chief Executive Officer (Group CEO)

### Main Principle

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Separation of the roles of Chairman and Group CEO	A.2.1	The positions of Chairman and Group CEO are separated to ensure a balance of power and authority and to prevent any one individual from possessing unfettered decision-making authority	<p>The Chairman acts as Non -Executive Independent Chairman, the Chairman's and Group CEO's functions are separated to ensure a balance of power of authority and this dual panel structure has been continued throughout the year 2023/24</p> <p>The Chairman of the Board of Directors functions in non -executive capacity. The Group Chief Executive Officer functions as an Ex-Officio Director of the Board and is the apex executive in charge of the day-to-day management of operations and business of the Company, while providing the link between the Board of the Parent Company and Divisional Heads (Key Management).</p>	Complied

## A.3 Chairman's role

### Main principle

The Chairman's role in preserving good corporate governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Role of Chairman	A.3.1	The Chairman should conduct Board proceedings in a proper manner and ensure, inter alia, that –		
		<ul style="list-style-type: none"> <li>The agenda for Board meetings is developed in consultation with the CEO, Directors and the Company Secretary taking into consideration matters relating to strategy, performance, resource allocation, risk management and compliance</li> </ul>	<ul style="list-style-type: none"> <li>Agenda for Board meetings are developed in consultation with the Directors, Group CEO, Group CFO and the Company Secretary.</li> </ul>	Complied
		<ul style="list-style-type: none"> <li>Sufficiently detailed information of matters included in the agenda should be provided to Directors in a timely manner.</li> </ul>	<ul style="list-style-type: none"> <li>Required information are provided to Directors in a timely manner.</li> </ul>	Complied
		<ul style="list-style-type: none"> <li>All Directors are made aware of their duties and responsibilities and the Board and Committee structures through which it will operate in discharging its responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>All Directors are aware of their duties and responsibilities and Chairman and Group CEO provide a comprehensive overview of the Company and its operations once a new Director is appointed to the Board.</li> </ul>	Complied

## CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		<ul style="list-style-type: none"> <li>The effective participation of both Executive and Non-Executive Directors is secured.</li> </ul>	<ul style="list-style-type: none"> <li>The Chairman is responsible for leading the Board and for its effectiveness. In practice, this means taking responsibility for the Board's composition, ensuring that the Board focuses on its key tasks and supports the Group CEO in managing the day-to-day running of the Company. The Chairman is also the ultimate point of contact for shareholders, particularly on corporate governance issues.</li> </ul>	Complied
		<ul style="list-style-type: none"> <li>All Directors are encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company.</li> </ul>	<ul style="list-style-type: none"> <li>The Chairman satisfies himself that the information available to the Board is sufficient to make an informed assessment of the Company's affairs as well as to discharge their duties to all stakeholders.</li> </ul>	Complied
		<ul style="list-style-type: none"> <li>All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings and to request inclusion of matters of corporate concern on the agenda.</li> </ul>	<ul style="list-style-type: none"> <li>Necessary information and presentations are done if necessary to the agenda items. All Directors are free to communicate with Divisional Heads and Head of Risk Management to call additional information necessary</li> </ul>	Complied
		<ul style="list-style-type: none"> <li>A balance of power between Executive and Non-Executive Directors is maintained.</li> </ul>	<ul style="list-style-type: none"> <li>The Chairman conducts Board meetings in a manner which ensures that there is effective participation from all Directors, their individual contribution and concerns are objectively assessed prior to making key decisions and that the balance of power is maintained.</li> </ul>	Complied
		<ul style="list-style-type: none"> <li>The views of Directors on issues under consideration are ascertained; and</li> </ul>	<ul style="list-style-type: none"> <li>Chairman ensures that regular meetings are conducted at least once a quarter and the minutes of the meetings are accurately recorded.</li> </ul>	Complied
		<ul style="list-style-type: none"> <li>The Board is in complete control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Chairman approves the agenda prepared by the Company Secretary.</li> </ul>	Complied

#### A.4 Financial acumen

##### Main principle

The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Financial acumen and knowledge.	A.4.1	Availability of sufficient financial acumen and knowledge.	The Board includes a member who is a Fellow Member of the Association of Certified Chartered Accountants, UK, a member who is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and a member of the Institute of Certified Management Accountants of Australia, a member who is an Associate Member of The Institute of Chartered Accountants of Sri Lanka (ACA) and Fellow Member of the Chartered Institute of Management Accountants, UK, (FCMA). Other members of the Board have the ability to offer guidance on matters of finance to the Board.	Complied

#### A.5 Board balance

##### Main principle

It is preferable for the Board to have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Presence of strong team of Non-Executive Directors	A.5.1	The Board should include Non- Executive Directors of sufficient calibre and number for their views to carry significant weight in the Board's decisions.  The Board should include at least three Non-Executive Directors or such number of Non-Executive Directors equivalent to one-third of total number of Directors, whichever is higher. In the event, the Chairman and Group CEO is the same person, Non-Executive Directors should comprise a majority of the Board.	All eight (08) Board Directors are Non- Executive Directors which is well above the minimum prescribed by the Code. This ensures views of Non-Executive Directors carry a significant weight in the decisions made by the Board.	Complied
Independent Non-Executive Directors	A.5.2	Where the constitution of the Board of Directors includes only Non-Executive Directors, at least three Non-Executive Directors should be "independent". In all other instances three or two-third of Non-Executive Directors appointed to the Board of Directors whichever is higher should be "independent".	Six out of eight Non-Executive Directors on the Board are independent based on the criteria set by this Code and the Listing Rules of the Colombo Stock Exchange. However, the Board has determined that Mr. S H Amarasekera, Mr M P Jayawardena and Mr. S M Enderby as Independent Non-Executive Directors notwithstanding that they are Directors for consecutive nineteen years, sixteen years and eleven years respectively, as the objectivity of their role is not compromised by being in the Board.	Complied

## CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Independence of Non-Executive Directors	A.5.3	For a Director to be deemed “independent” such Director should be independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.	The Company maintains the “Interest Register” required by the Companies Act No. 07 of 2007, which also shows details of Directors’ Interest in Contracts/Company or Group.  A disclosure on related party transactions is available on pages 146	Complied
Annual Declaration	A.5.4	Each Non-Executive Director should submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria set out in the Specimen in Schedule K of the Code.	Every Non-Executive Independent Director of the Company has made written submissions as to their independence against the specified criteria set out by the Company, which is in line with the requirements of Schedule K of this Code.	Complied
Determination of Independence of Director	A.5.6	The Board should make a determination annually as to the independence or non-independence of each Non-Executive Director based on such a declaration made of decided criteria and other information available to the Board, and should set out in the Annual Report the names of Directors determined to be “independent”  The Board should specify the criteria not met and the basis for its determination in the Annual Report, if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which indicate the contrary.	The Board has determined the independence of Directors based on the declarations submitted by the Non-Executive Directors, as to their independence, as a fair representation and will continue to evaluate their independence on this basis annually.  No circumstances have arisen for the determination of independence by the Board, beyond the criteria set out in the Code.  Independent Non-Executive Directors are:  1. Mr. S. H. Amarasekera 2. Mr. S. M. Enderby 3. Mr. J. R. Gunaratne 4. Mr. M. P. Jayawardena 5. Mr. D. T. S. H. Mudalige 6. Ms. K. D Senewiratne  The Board has determined Mr. S. H. Amarasekera, Mr. M. P. Jayawardena and Mr. S M Enderby as Independent Non- Executive Directors notwithstanding that they are Director for consecutive nineteen years, sixteen yeas and eleven years respectively, as the objectivity of their role is not compromised by being on the Board .	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Requirement to appoint "Senior Non-Executive Director	A.5.7	In the event the Chairman and Group CEO is the same person, or the Chairman is not an Independent Director or the Chairman is immediately preceding Group CEO, the Board should appoint one of the Independent Non-Executive Directors to be the "Senior Independent Director" (SID) and disclose this appointment in the Annual Report.	Not applicable since Group CEO is the apex Executive in charge of the day-to-day management of operations and business of the Company.	Complied
Confidential discussion with Senior Independent Director	A.5.8	The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board as a whole and which pertain to significant issues that are detrimental to the Company	Not Applicable.	N/A
Chairman's meetings with Non-Executive Directors	A.5.9	The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present, as necessary and at least once each year.	All the Directors are non-Executive Directors	Complied
Recording of concerns in Board Minutes	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.	Concerns raised by the Directors during the period, if any, are recorded in the minutes of Board meetings with adequate details by the Company Secretary	Complied

## A.6 Supply of information

### Main principle

The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Management obligation to provide appropriate and timely information to the Board	A.6.1	Management has an obligation to provide the Board with appropriate and timely information, but information volunteered by Management may not be enough in all circumstances and Directors should make further inquiries where necessary. The Chairman should ensure all Directors are properly briefed on issues arising at Board meetings	<p>The Company ensures that the Directors receive adequate information in a timely manner. On urgent matters, every effort is made to provide the information, as early as possible</p> <p>The Board receives a standard set of documents, which are timely, accurate, relevant and comprehensive. These papers include a detailed analysis of financial and non-financial information. The Board may call for additional information or clarify issues with any member of the Executive Committee.</p>	Complied

## CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
			If necessary, all Directors are adequately briefed by the Group CEO on matters arising at Board meetings. The Secretary and the Compliance Officer ensure that Board papers are circulated in advance prior to Board meeting.	
			If necessary, members of the Executive Committee, External Auditors and outside Consultancies makes presentations on issues of importance.  The Chairman ensures that all Directors are briefed adequately on issues arising at Board meetings.	
Adequate time for effective conduct of Board meetings	A.6.2	The minutes, agenda and papers required for a Board meeting should ordinarily be provided to Directors at least seven (7) days before the meeting, and the minutes of the meeting should ordinarily be provided to Directors at least two weeks after the meeting date.	The minutes, agenda and papers required for Board meeting are provided in advance to facilitate its effective conduct.	Complied

## A.7 Appointments to the Board

## Main Principle

There should be a formal and transparent procedure for the appointment of new Directors to the Board.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Nomination Committee	A.7.1	A Nomination Committee should be established to make recommendations to the Board on all new Board appointments. Terms of Reference for Nomination Committees are set out in Schedule A.  The Chairman and members of the Nomination Committee should be identified in the Annual Report.	The Committee consists of one Independent Non-Executive Director and two Non- Executive Directors. Chairman is an Independent Non -Executive Director.  Please refer page 145 for new appointments in year 2023/24.	Complied
		A separate section of the Annual Report should describe the work of the Nomination Committee including the process it has used in relation to Board appointments.	Details of work of the Nomination Committee are given on page 145	Complied
Assessment of Board composition by the Nomination Committee	A.7.2	The Nomination Committee should annually assess Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. The findings of such assessment should be taken into account when new Board appointments are considered and when incumbent Directors come up for re-election.	Board as a whole annually assess the composition of the Board to ensure that the combined knowledge and experience of the Board matches the strategic demand facing the Company. The findings of such assessments are taken into account when new Board appointments are considered.	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Disclose of required details of new Directors to shareholders	A.7.3	<p>Upon the appointment of a new Director to the Board, the Company should forthwith disclose to shareholders:</p> <p>a brief resume of the Director;</p> <p>the nature of his expertise in relevant functional areas;</p> <ul style="list-style-type: none"> <li>the names of companies in which the Director holds directorships or memberships in Board committees; and</li> <li>whether such a Director can be considered “independent”.</li> </ul>	<p>All new appointments are communicated to the shareholders via the Colombo Stock Exchange.</p> <p>The details of the current Board of Directors and new appointments are provided on pages 20 to 23 in this Annual Report.</p>	Complied

## A.8 Re-election

### Main principle

All Directors should be required to submit themselves for re-election at regular intervals and at least once in every three years.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Re-election of Non-Executive Directors, Chairman, and CEO	A.8.1	Non-Executive Directors should be appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director, and their reappointment should not be automatic.	In terms of the Articles of Association, one-third of the Directors, except for Managing Director, retire by rotation and may offer themselves for re-election at the AGM. By virtue of being the Managing Director is not required to make themselves available for re-election as per the Articles of Association. The Company's Articles of Association provides that any Director appointed by the Board during the period to hold office until the next Annual General Meeting and seek re-appointment by the shareholders at the said AGM.	Complied
	A.8.2	All Directors including the Chairman of the Board, 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. The names of Directors submitted for election or re-election should be accompanied by a resume minimally as set out in paragraph A.7.3 above, to enable shareholders to make an informed decision on their election.	<p>Based on the Articles of Association and the current composition of the Board, a Director has to come forward for re-election, every three years</p> <p>A resume of the Directors coming up for re-election at the AGM, 2023/24 is available on pages 159</p>	Complied
Resignation	A.8.3	In the event of a resignation of a Director prior to completion of his appointed term, the Director should provide a written communication to the Board of his reasons for resignation.	Written communications are provided to the Board by Directors who resign prior to completion of his appointed term.	Complied

## CORPORATE GOVERNANCE

### A.9 Appraisal of Board performance

#### Main principle

Boards should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Annual performance evaluation of the Board and its Committee	A.9.1	The Board should have in place a formal and rigorous process for annually reviewing the performance of the Board and its committees and should address any matters that may arise from such review, in the discharge of its key responsibilities as set out in A.1.2.	The performance of the Board and the sub- committee is reviewed and evaluated by the Board and Chairman based on a self-appraisal basis.	Complied
	A.9.2	The Board should also undertake an annual self-evaluation of its own performance and that of its committees.  The evaluation should be carried out by each Director individually. The collective outcome should be compiled and made available to Nomination Committee, which should make recommendations to the Board on initiatives and actions required to improve the balance of skills, experience, independence, industry and company knowledge, training of Directors, governance processes, strategy review and other factors relevant to its effectiveness.	Board undertake an annual self-evaluation of its own performance and that of its committees.	Complied
	A.9.3	The Board should have a process to review the participation, contribution and engagement of each Director at the time of re-election.	Not in place	Not Complied
	A.9.4	The Board should state how such performance evaluations have been conducted, in the Annual Report.	Not in place and not disclosed.	Not complied

### A.10 Disclosure of information in respect of Directors

#### Main principle

Shareholders should be kept advised of relevant details in respect of Directors.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Details in respect of Directors	A.10.1	The Annual Report of the Company should set out the following information in relation to each Director:		
		i. Name, qualifications and brief profile;	Available on pages 22 to 23	Complied
		ii. The nature of his/her expertise in relevant functional areas;	Available on pages 22 to 23	Complied
		iii. Immediate family and/or material business relationships with other Directors of the Company;	Not Applicable.	N/A
		iv. Whether Executive, Non- Executive and/or Independent Director	Available on pages 22 to 23	Complied
		v. Names of listed companies in Sri Lanka in which the Director concerned serves as a Director;	Available on pages 22 to 23	Complied
		vi. Names of other companies in which the Director concerned serves as a Director, provided that where he/she holds directorships in companies within a Group of which the Company is a part, their names need not be disclosed; it is sufficient to state that he/ she holds other directorships in such companies;	Disclosed through annual declaration of directors	Complied
		vii. Number/percentage of Board meetings of the Company attended during the year;	Available on page 140	Complied
		viii. The total number of Board seats held by each Director indicating listed and unlisted companies and whether in an executive or non-executive capacity;	Not disclosed in the Annual Report. However these information are available with the Company Secretary.	Complied
		ix. Committees in which the Director serves as Chairman or a member;	Available on page 140	Complied
x. Number/percentage of Committee meetings attended during the year.	Available on page 140	Complied		

### A.11 Appraisal of Group Chief Executive Officer

#### Main principle

The Board should be required, at least annually, to assess the performance of the Group CEO

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Setting annual targets and the appraisal of performance of the CEO	A.11.1	At the commencement of every fiscal year, the Board in consultation with the CEO, should set, in line with the short, medium and long-term objectives of the Company, reasonable financial and non-financial targets that should be met by the Group CEO during the year.	The Annual Business Plan is prepared setting up short-term, medium-term and long-term financial and non-financial goals. The Annual Business Plan is initially approved by the Board.	Complied

## CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	A.11.2	The performance of the Group CEO should be evaluated by the Board at the end of each fiscal year to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances.	Assessment of performance of the Group CEO/ Group Head-Human Resources (GHHR)/Group CFO and Business Heads are carried out by the Board at the end of each year to ensure that pre-agreed targets and objectives have been achieved or if not whether there are acceptable reasons for not achieving them.	Complied

**B. DIRECTORS' REMUNERATION****B.1 Remuneration procedure****Main principle**

Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Establishment of the Remuneration Committee	B.1.1	To avoid potential conflicts of interest, the Board of Directors should set up a Remuneration Committee to make recommendations to the Board, within agreed terms of reference, on the Company's framework of remunerating Executive Directors. (These also include Post-Employment Benefits as well as Terminal Benefits.) Terms of Reference for Remuneration Committees are set out in Schedule C.	The scope of the Committee is to consider and recommend to the Board remuneration and perquisites of Independent Directors, Executive Directors of the Board of the Company including Key Managers and approve recommendations made by the Group CEO.  Remuneration and perquisites of Group CEO is considered.	Complied
Composition of the Remuneration Committee	B.1.2	Remuneration Committees should consist exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom the majority should be Independent. The Chairman should be an independent Non-Executive Director and should be appointed by the Board.	The Committee consists of two non -executive directors and three Independent Non- Executive Directors. The Committee is chaired by a Non -Executive Director. Company Secretary serves as the Secretary to the Committee. Group CEO and Group HHR/ Group CFO assist the Committee by providing the relevant information and participating in its analysis and deliberations.	Complied
Chairman and Members of the Remuneration Committee	B.1.3	The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year.	Please refer page 143 for the Remuneration Committee Report for details of the Chairman and members of the Remuneration Committee.	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Determination of remuneration of Non- Executive Director	B.1.4	The Board as a whole, or where required by the Articles of Association the shareholders, should determine the remuneration of Non-Executive Directors, including members of the Remuneration Committee, within the limits set in the Articles of Association. Where permitted by the Articles, the Board may delegate this responsibility to a subcommittee of the Board, which might include the CEO	After consideration of the recommendation made by the Group Chief Executive Officer, the Committee as a whole decides the remuneration of Non-Executive Directors. The Non-Executive Directors receive a fee for being a Director of the Board and separate fee for either chairing or being a member of a Board sub-committee. They do not receive any performance/incentive payments.	Complied
Consultation of the Chairman and access to professional advice	B.1.5	The Remuneration Committee should consult the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors and have access to professional advice from within and outside the Company, in discharging their responsibilities.	The Committee has the authority to seek internal and external independent professional advice on matters falling within its purview, at the Company's expense. Views of the Chairman and Group CEO are obtained as they too assist and participate in its analysis and deliberations to the said Board sub- committee.	Complied

## B.2 Level and make-up of remuneration

### Main principle

Levels of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to corporate and individual performance.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Executive Directors' remuneration package	B.2.1	The Remuneration Committee should provide the packages needed to attract, retain, and motivate Executive Directors of the quality required but should avoid paying more than is necessary for this purpose.	The Remuneration Committee and the Board ensure that Executive Directors – who are on the Board and Key Management are provided with an attractive remuneration package.	Complied
	B.2.2	Executive Directors' remuneration should be designed to promote the long-term success of the Company.	Executive Directors' and Key Management's remuneration is designed to promote the long-term success of the Company/Group	Complied
Comparison of remuneration with other companies/ Other companies in the Group	B.2.3	The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies. It should be aware what comparable companies are paying and should take account of relative performance, but should use such comparisons with caution, mindful of the risk that they can result in an increase of remuneration levels with no corresponding improvement in performance.	A primary objective of compensation packages is to attract and retain a highly qualified and experienced workforce and reward performances. These compensation packages should provide compensation appropriate for each business within the Group and commensurate with each employee's level of experience and contribution, bearing in mind the business performance and long-term shareholder returns.	Complied

## CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	B.2.4	The Remuneration Committee should be sensitive to remuneration and employment conditions elsewhere in the Company or Group of which it is a part, especially when determining annual salary increases.	Remuneration and annual salary increments are decided considering industry practices, performance of the Company/Group, each employee's level of experience and contribution bearing in mind the business performance and the long-term shareholder returns	Complied
Performance-based remuneration of Executive Directors	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. The performance-related elements should be transparent, stretching and rigorously applied.	Objectives for Group CEO, Executive Directors and Key Management are set at the beginning of the year and the remuneration including the performance bonus is decided based upon the degree of achievement of such pre-set targets subject to the remuneration policy.	Complied
Executive share options	B.2.6	Executive share options should not be offered at a discount (i.e. less than market price prevailing at the time the exercise price is determined), save as permitted by the Listing Rules of the Colombo Stock Exchange. Shares granted under share options schemes should not be exercisable in less than three years and the Remuneration Committee should consider requiring Directors to hold a minimum number of shares and to hold shares for a further period after vesting or exercise.	Employee Share Option Scheme (ESOS) proposed by the Board of Directors was approved by the shareholders at the Extraordinary General Meeting held on 30th June 2016. The shares under the scheme granted to the eligible employees starting from the financial year 2017/18, based on the results achieved in financial year 2016/17. During the year no options were granted /exercised under ESOS.	Complied
Designing the remuneration of Executive Directors	B.2.7	In designing schemes of performance-related remuneration, Remuneration Committees should follow the provisions set out in Schedule. The schemes should include provisions that would enable the Company to recover sums paid or withhold a portion of such performance-related remuneration and specify the circumstances in which a company may not be entitled to do so.	Please refer Remuneration Committee Report on page 143	Complied
Early termination of Executive Director	B.2.8	Remuneration Committee should consider what compensation commitments (including pension contributions) their Directors' contracts of service, if any, entail in the event of early termination. Remuneration Committee should in particular, consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct, in initial contracts.	Not applicable to the Board except for Group CEO and other Executive Directors who are employees of the Company, and their terms of employment are governed by the contract of service/employment.	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	B.2.9	Where the initial contract does not explicitly provide for compensation commitments, Remuneration Committees should, within legal constraints, tailor their approach in early termination cases to the relevant circumstances. The broad aim should be, to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance.	Not applicable.	N/A
Level of remuneration of Non-Executive Directors	B.2.10	Levels of remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of their role, taking into consideration market practices. Remuneration for Non-Executive Directors should not normally include share options. If exceptionally options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the Non-Executive Director leaves the Board.  Holding share options could be relevant to the determination of a Non-Executive Director's independence. (as set out in provision A.5.5).	Non-Executive Directors of the Company are paid nominal fees commensurate with their time and role in the Company and taking into consideration market practices.  Non-Executive Directors are not included in share options as there is no scheme in existence.	Complied

### B.3 Disclosure of remuneration

#### Main principle

The Company's Annual Report should contain a Statement of Remuneration Policy and details of remuneration of the Board as a whole.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Disclosure of remuneration	B.3.1	The Annual Report should set out the names of Directors (or persons in the Parent Company's Committee in the case of a Group Company) comprising the Remuneration Committee, contain a statement of remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors	Please refer Remuneration Committee Report on page 143 for disclosure on the names of Remuneration Committee members and Remuneration Policy of the Company.  Please refer Note 11 to the Financial Statements on page 206 for aggregate remuneration paid to Executive and Non- Executive Directors.	Complied

## CORPORATE GOVERNANCE

### C. RELATIONS WITH SHAREHOLDERS

#### C.1 Constructive use of Annual General Meeting (AGM) and Conduct of General Meetings

##### Main principle

Boards should use the AGM to communicate with shareholders and should encourage their participation.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Adequate Notice of the AGM	C.1.1	Companies should arrange for the Notice of AGM and related papers to be sent to shareholders at least as determined by statute, before the meeting.	A copy of the Annual Report including Financial Statements is posted on corporate website as well as CSE website. The Notice of Meeting, Circular to Shareholders and the Form of the Proxy are sent to shareholders 15 working days prior to the date of the AGM, as required by statute, in order to provide the opportunity to all the shareholders to attend the AGM.	Complied
Separate resolution for all separate issues at the AGM	C.1.2	Companies should propose a separate resolution at the AGM on each substantially separate issue and should in particular propose a resolution at the AGM relating to the adoption of the report and accounts. For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. The Proxy Form and any announcements of the results of a vote should make it clear that a "vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against the resolution	Company proposes a separate resolution at the AGM on each substantially separate issue. Further, adoption of the Annual Report of the Board of Directors on the affairs of the Company and Audited Financial Statements together with the Report of the Auditors thereon are considered as a separate resolution.	Complied
	C.1.3	The Company should ensure that all valid proxy appointments received for General Meetings are properly recorded and counted. For each resolution where a vote has been taken on a show of hands, the Company should ensure that the following information is given at the Meeting and made available as soon as reasonably practicable on a website which is maintained by or on behalf of the Company:  - The number of shares in respect of which proxy appointments have been validly made;	The Company ensures that all valid proxy appointments received for General Meetings are properly recorded and counted	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		<p>The number of votes for the resolution;</p> <p>The number of votes against the resolution; and</p> <p>The number of shares in respect of which the vote was directed to be withheld;</p> <p>When, in the opinion of the Board a significant proportion of votes have been cast against a resolution at any General Meeting, the Board should take steps to understand the reasons behind the vote results and determine if any actions are required.</p>		
Availability of all Subcommittee Chairmen	C.1.4	The Chairman of the Board should arrange for the Chairmen of the Audit, Remuneration, Nomination and Related Parties Transactions Review Committees and the Senior Independent Director where such appointment has been made, to be available to answer questions at the AGM if so requested by the Chairman.	The Chairman of the Company ensures that Chairmen of all Board Subcommittees namely, Audit, Remuneration, Nomination and Related Party Transactions Review Committee are present at the AGM to answer the questions under their purview.	Complied
Procedures of Voting at AGM	C.1.5	Companies should circulate with every Notice of General Meeting, a summary of the procedures governing voting at General Meetings.	A summary of the procedures governing voting at General Meeting is circulated to shareholders with every Notice of General Meeting	Complied

## C.2 Communication with shareholders

### Main principle

The Board should implement effective communication with shareholders.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Channel to reach all shareholders of the Company	C.2.1	There should be a channel to reach all shareholders of the Company in order to disseminate timely information.	<p>The primary modes of communication between Company and the shareholders are the CSE announcements, Interim Financial Statements, Shareholders Circulars/Notices, Annual Report and AGM. Information are provided to the shareholders prior to the AGM to give them an opportunity to exercise the prerogative to raise any issues relating to the business of Company, either verbally or in writing prior to the AGM.</p> <p>The Company used the following channels to disseminate timely information;</p> <ul style="list-style-type: none"> <li>• Shareholders meetings</li> <li>• Financial and other notices as and when required through the Colombo Stock Exchange</li> <li>• Corporate website</li> <li>• Corporate Facebook and LinkedIn pages</li> <li>• Press notices</li> <li>• Investor webinar</li> </ul>	Complied

## CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Policy and methodology for communication with shareholders	C.2.2	The Company should disclose the policy and methodology for communication with shareholders.	The Company will focus on open communication and fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. The Company will ensure information are communicated accurately at all times.	Complied
Implementation of the Policy and methodology for communication with shareholders	C.2.3	The Company should disclose how they implement the above policy and methodology.	Printed copies of Annual Report are provided to all shareholders on request without charge and soft copies are available in corporate website.  All other announcements are posted on the CSE website.	Complied
Contact person for the communication	C.2.4	The Company should disclose the contact person for such communication.	Details of Company Secretary are disclosed in Corporate Information Section. Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or Management of the Company. In addition, Head of Investor Relations is assigned to handle communications related to investor relations. Such questions, requests and comments should be addressed to the Head of Investor Relations and in the absence of him the Group Chief Executive Officer.	Complied
Process to make Directors aware of major issues and concerns of shareholders	C.2.5	The Company should have a process to make all Directors aware of major issues and concerns of shareholders and this process should be disclosed by the Company.	The Company Secretary shall maintain a record of all correspondence received and will deliver as soon as practicable such correspondence to the Board or individual Director/s as applicable. The Board or individual Director/s, as applicable, will generate an appropriate response to all validly received shareholder correspondence and will direct the Company Secretary to send the response to the particular shareholder.	Complied
	C.2.6	The Company should decide the person to contact in relation to shareholders' matters.	Company Secretary or Head of Investor Relations can be contacted in relation to shareholders' matters.	Complied
	C.2.7	The process for responding to shareholders matters should be formulated by the Board and disclosed.	Company Secretary is assigned to respond to shareholders by the Board and update the Board on such matters.	Complied

### C.3 Major transactions

#### Main Principle

Further to compliance with the requirements under the Companies Act No. 7 of 2007, Directors should disclose to shareholders all proposed corporate transactions, which if entered into, would materially alter/vary the Company's net assets base or in the case of a company with subsidiaries, the consolidated Group net asset base.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Disclosure on "Major Transaction"	C.3.1	Prior to a company engaging in or committing to a "Major Related Party Transaction", with a related party, involving the acquisition, sale or disposition of greater than one third value of the Company's assets or that of a subsidiary which has a material bearing on the Company and for consolidated net assets of the Company, or a transaction which has or is likely to have the effect of the Company acquiring obligations and liabilities, of greater than one third of the value of the Company's assets, the Directors should disclose to shareholders the purpose and all material facts of such transaction and obtain shareholders' approval by ordinary resolution at an EGM. It also applies to transactions or series of related transactions which have the purpose or effect of substantially altering nature of the business carried on by the Company.	During the year, there were no major transactions as defined by Section 185 of the Company's Act No. 07 of 2007 which materially affect the Net Assets Base of the Company or Consolidated Group Net Asset Base. Transactions which materially affect the net assets base of the Company will be disclosed in the Quarterly/ Annual Financial Statements, if any.	Complied
	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 Regulations of the Securities and Exchange Commission and by the Colombo Stock Exchange.	Not applicable since no such transactions were carried out during the period.	Complied

## D. ACCOUNTABILITY AND AUDIT

### D.1 Financial reporting

#### Main principle

The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Board's responsibility for Statutory and Regulatory Reporting	D.1.1	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.	An annual report is presented including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations.	Complied

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Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	D.1.2	The Board's responsibility to present a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements.	<p>The Board is well aware of its responsibility to present interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements in a balanced and understandable manner and a statement to this effect is given in the Statement of Directors' Responsibility on page 150 confirming this position.</p> <p>The Company had strictly complied with the requirements of the Companies Act No. 07 of 2007 in the preparation of Quarterly and Annual Financial Statements which are prepared and presented in conformity with Sri Lanka Accounting Standards. Further, Company has complied with the reporting requirements prescribed by the regulatory authority such as the Colombo Stock Exchange.</p>	Complied
	D.1.3	The Board should, before it approves the Company's Financial Statements for a financial period, obtain from its Group Chief Executive Officer and Chief Financial Officer 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 of the Company and that the system of risk management and internal control was operating effectively.	<p>It is assigned to Group Chief Financial Officer, Compliance Officers of the respective subsidiary companies.</p> <p>Group Chief Financial Officer, and Compliance Officers review quarterly and year end Financial Statements before submitting to the Audit Committee and Board and ensure that, 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</p>	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Directors' Report in the Annual Report	D.1.4	<p>The Directors' Report, which forms part of the Annual Report, should contain declarations by the Directors to the effect that:</p> <ul style="list-style-type: none"> <li>the Company has not engaged in any activity which contravenes laws and regulations;</li> <li>the Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested;</li> <li>the Company has made all endeavours to ensure the equitable treatment of shareholders;</li> <li>the Directors have complied with best practices of corporate governance</li> </ul> <p>Property, plant and equipment is reflected at fair value, where it is different from fair value adequate disclosures are made the business is a going concern, with supporting assumptions or qualifications as necessary; and they have conducted a review of the internal controls, covering financial, operational and compliance controls and risk management, and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if it is unable to make any of these declarations, to explain why it is unable to do so.</p>	<p>The Annual Report of the Board of Directors on the Affairs of the Company given on page 159 covers all of these requirements.</p> <p>In addition to that Company has established procedures to ensure compliance with all applicable statutory and regulatory requirements. The Accountants of respective companies within the Group act as Compliance Officers and are responsible for ensuring proper compliance with applicable laws and regulations</p> <p>A compliance statement is tabled at each Board meeting by the Compliance Officer</p> <p>The Company's compliance with Section 7.10 of the Colombo Stock Exchange Listing Rules on Corporate Governance and details of such compliance are discussed on page 92 of this Report.</p>	
Statements of Directors' and Auditors' Responsibility for the Financial Statements	D.1.5	<p>The Annual Report should contain a statement setting out the responsibilities of the Board for the preparation and presentation of Financial Statements, together with a statement by the Auditors about their reporting responsibilities. Further the Annual Report should contain a report/statement on internal control.</p>	<p>The "Statement of Directors' Responsibility on Financial Reporting" is given on page 168</p> <p>Statement of the Auditor's responsibility is given in the "Independent Auditors' Report" on page 170</p> <p>The Statement on Internal Control is given on page 148 in the Statement of Director's Responsibilities.</p>	Complied

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Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Management Discussion and Analysis	D.1.6	<p>The Annual Report should contain a “Management Discussion and Analysis”, discussing, among other issues:</p> <ul style="list-style-type: none"> <li>business model;</li> <li>industry structure and developments;</li> <li>opportunities and threats;</li> <li>risk management;</li> <li>internal control systems and their adequacy;</li> <li>governance;</li> <li>stakeholder relationships;</li> <li>social and environmental protection activities carried out by the Company;</li> <li>financial performance;</li> <li>investment in physical and intellectual capital;</li> <li>human resource/industrial relations activities carried out by the company; and prospects for the future.</li> </ul> <p>The Management Discussion and Analysis may be structured based on the integrated reporting framework issued by International Integrated Reporting Council and “a preparer’s guide to integrated Corporate Reporting” issued by CA Sri Lanka.</p>	<p>Please refer Chairman’s Statement on page 12 Group Chief Executive Officer’s Review on page 15 and Management Discussion and Analysis on page 46 of this Annual Report.</p> <p>Management Discussion and Analysis is structured based on the Integrated Reporting Framework in this Annual Report.</p>	Complied
Summon EGM to notify serious loss of capital	D.1.7	<p>In the event the net assets of the Company falling below 50% of the value of the Company’s shareholders’ funds, the Directors shall forthwith summon an Extraordinary General Meeting of the Company to notify shareholders of the position and of remedial action being taken. The Directors should report periodically to the shareholders progress on these remedial actions.</p>	<p>Likelihood of such occurrence is remote. However, should the situation arises, an EGM will be called for and shareholders will be notified.</p>	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Disclosure of related party transactions	D.1.8	<p>The Board should adequately and accurately disclose the Related Party Transactions in its Annual Report:</p> <p>There should be a process to capture related parties and related party transactions. This process needs to be operationalised and related party transactions should be properly documented:</p> <p>A record/register either in hard or soft form on related party;</p> <p>The Company Secretary keeps a record on related party transactions and make necessary disclosures accordingly;</p> <p>transaction should be maintained by the Company;</p> <p>This record should ensure that the company captures information to comply with the respective related party disclosure requirements imposed by CSE/SEC/Accounting Standards/Auditing Standards</p>	<p>Each Company within the Group to submit signed and dated quarterly declarations mentioning whether they have related party transactions with the Company as defined in this Code;</p> <p>Standards and similar regulations.</p> <p>Related party transactions review committee reviewed related party transactions of the CIC Group which is described in this Annual Report in page 146</p> <p>Related parties and related party transactions are captured and documented by the Company.</p>	Complied

## D.2 Risk management and internal control

### Main principle

The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets. Broadly, risk management and internal control is a process, effected by a company's Board of Directors and Management, designed to provide reasonable assurance regarding the achievement of Company's objectives.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Annual Review of the effectiveness of Group's system of internal control	D.2.1	<p>The Board should monitor the Company's risk management and internal control systems and, at least annually, carry out a review of their effectiveness, and report on that review in the Annual Report. The monitoring and review should cover all material controls, including financial, operational and compliance controls.</p>	<p>The Company's Directors are responsible for instituting a system of internal controls to ensure the effective implementation of all policies and decisions of the Board. This framework is designed to provide reasonable but not absolute assurance that all aspects are safeguarded.</p> <p>The Company has outsourced internal audit processes which are implemented to ensure that effective controls are in place. These processes extend across all Group Company operations.</p>	Complied

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Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
			The Company does have a partially functioning separate internal audit function. Coordination will be handled internally by respective finance heads and reporting to Group CFO.	
			In relation to the subsidiary companies , the internal audit function includes an individual risk assessment for every business unit directly operated by the company , based on five criteria: <ul style="list-style-type: none"> <li>• Receivables management</li> <li>• Inventory management</li> <li>• Cash management</li> <li>• Internal checks and balances</li> <li>• Effectiveness of internal controls</li> </ul> Each subsidiary is graded by the Internal Auditors based on its adherence to controls and its administrative performance on the management of the five criteria mentioned above	Complied
Review the need for internal audit function	D.2.2	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. The Directors should describe those risks and explain how they are being managed or mitigated.	Please refer page 149 for the Risk Management report.	Complied
	D.2.3	Companies should have an internal audit function	Finance Heads and Internal Auditors are responsible for internal audit functions.	Complied
Review of the process and effectiveness of risk management and internal controls	D.2.4	The Board should require the Audit Committee to carry out reviews of the process and effectiveness of risk management and internal controls, and to document to the Board and Board takes the responsibility for the disclosures on risk management and internal controls.	The Internal Auditors who are appointed by the Audit Committee of the Company carries out regular reviews on the risk management function and internal control system including internal control over financial reporting.  The Audit Committee monitors, reviews and evaluates the effectiveness of internal control system including the internal controls over financial reporting. In the reporting period ended 31st March 2024, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company.  Refer the Directors' Statement on Internal Control on page 148 for details.	Complied

### D.3 Audit committee

#### Main principle

The Board should establish formal and transparent arrangements for considering how they should select and apply accounting policies, financial reporting, determine the structure and content of corporate reporting, implement internal control and risk management principles and for maintaining an appropriate relationship with the Company's Auditors.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Composition of the Audit Committee	D.3.1	The Board should establish an Audit Committee 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. The Board should satisfy itself that at least one member of the Audit Committee has recent and relevant experience in financial reporting and control.	All members of the Audit Committee are Non-Executive Directors. Out of total four members, three members are Independent Non- Executive Directors. Chairman of the Audit Committee is a Non-Executive Director.  Details of the members, invitees and Secretary of the Committee are in the Audit Committee Report under the heading "Composition of the Committee" in page 141.	Complied

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Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Terms of Reference of the Audit Committee	D.3.2	<p>The Audit Committee should have a written Terms of Reference, dealing clearly with its authority and duties. The Audit Committee's written Terms of Reference must address:</p> <p>The Committee's purpose – which, at minimum, must be to – Assist Board oversight of the:</p> <ul style="list-style-type: none"> <li>• Preparation, presentation and adequacy of disclosures in the Financial Statements, in accordance with the Sri Lanka's Accounting Standards;</li> <li>• Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements;</li> <li>• Process to ensure that the Company's internal controls and risk management procedures are adequate to meet the requirements of the Sri Lanka Auditing Standards;</li> <li>• Assessing the Company's ability to continue as a going concern in the foreseeable future;</li> <li>• Performance of the Company's internal audit function;</li> <li>• Process to the identification, monitoring and management of significant business/financial risk; and</li> <li>• Independence and performance of the Company's external audit.</li> <li>• The duties and responsibilities of the Audit Committee should at a minimum include those set out below:</li> <li>• Making recommendations to the Board, pertaining to appointment, reappointment and removal of External Auditors and to approve the External Auditors;</li> </ul>	Audit Committee of the Company has a written Terms of Reference. Details are disclosed in Audit committee report on page 141 of this Annual Report.	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		<p>To review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Sri Lankan professional and regulatory requirements;</p> <p>Discussion of the audit plan, key audit issues, their resolution and management responses;</p> <p>Review the Company's annual Audited Financial Statements and Quarterly Financial Statements with management and the Auditor to ensure compliance with the Sri Lanka Accounting Standards and other relevant laws and regulations;</p> <p>To review significant financial reporting judgements;</p> <p>Review the Company's earnings press releases and financial information and earnings guidance provided to analysts and rating agencies;</p> <p>Discussion of policies and practices with respect to risk assessment and risk management;</p> <p>Ensuring that a process of sound system of internal control is in place;</p> <p>Ensuring that at least once in every three years a review of the Board's risk management, internal controls, business continuity, planning and information security systems are carried out and appropriate remedial action recommended to the Board;</p> <p>Ensuring that an effective internal audit function is in place and monitor and review the internal audit activities;</p> <p>Meeting separately, periodically, with Management, Auditors and Internal Auditors;</p> <p>Ensuring that there is a mechanism for the confidential receipt, retention and treatment of complaints alleging fraud, received from internal/ external sources and pertaining to accounting, internal control or other such matters;</p> <p>Assuring confidentiality to whistle-blowing employees;</p> <p>Setting clear hiring policies for employees or former employees of the Auditors; and</p> <p>Reporting regularly to the Board of Directors</p>		

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Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Disclosure of names of the members of the Audit Committee	D.3.3	A separate section of the Annual Report should describe the work of the Committee in discharging its responsibilities. The report should include –	Names of the members of the Audit Committee are given on page 141	Complied
		The names of the Directors (persons in the Parent Company's Committee in the case of a Group Company) comprising the Audit Committee should be disclosed in the Annual Report.	under "Composition of the Committee" and disclosure on the independence of the Auditors is found on page 159 under the Auditors' in the Annual Report of the Board of Directors on the Affairs of the Company.	
		The number of meetings held and attendance of each Director;		
		- The scope of work and how its roles and responsibilities were discharged;		
		- An explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external audit, and information on the length;		
		If the External Auditor provides non-audit services, an explanation of how audit objectivity and independence are safeguarded; and the Committee should also make a determination of the independence of the Auditors and should disclose the basis of such determination in the Annual Report.	Report by the Audit Committee is given on page 141	Complied
		The Annual Report should contain a Report by the Audit Committee, setting out the manner of compliance by the Company, in relation to the above, during the period to which the Annual Report relates	Report by the Audit Committee is given on page 141	Complied

**D.4 Related party transactions review committee****Main principle**

The Board should establish a procedure to ensure that the Company does not engage in transactions with "related parties" in a manner that would grant such parties "more favourable treatment" than that accorded to third parties in the normal course of business.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Disclosure of Related Party Transactions Review Committee	D.4.1	A related party and related party transactions will be as defined in LKAS 24	Related party and related party transactions are defined as per LKAS 24.	Complied
	D.4.2	The Board should establish a Related Party Transactions (RPT) Review Committee consisting exclusively of Non-Executive Directors with a minimum of three Non-Executive Directors of whom the majority should be independent. Executive Directors may attend by invitation. The Chairman should be an Independent Non- Executive Director appointed by the Board.	In compliance with Section 9 of the Listing Rules of the CSE, the Committee comprises three Independent Non- Executive Directors.  The Committee is chaired by an Independent Non-Executive Director.	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	D.4.3	<p>RPT Review Committee should have written terms of reference dealing clearly with its authority and duties which should be approved by the Board of Directors. The RPT Review Committee's written terms of reference must address –</p> <ul style="list-style-type: none"> <li>- A procedure for documenting related parties in accordance with the definitions in LKAS 24 and the CSE Listing Rules.</li> <li>- A procedure to obtain a statement of related party interest from each such related party at least once in each quarter, when there's a change in the status and in any event prior to entering into any transaction between such related parties and the Company, its parent or any of subsidiaries, sub-subsidiaries, fellow subsidiaries, associates, joint ventures and any other entities which are considered related parties as defined in LKAS 24 unless they are exempted related party transactions as defined in CSE Listing Rules.</li> </ul> <p>Key Management Personnel of the Company responsible for contracting, procurement, payments, and any other channel through which an inflow or outflow of resources can result, should have a list of all related parties and have a process in place to capture and report any related party transaction within their area of responsibility.</p> <p>A procedure to inform all related parties of what constitutes exempted related party transactions.</p> <p>A procedure and guideline to delegate to Key Management Personnel to deal with recurrent related party transactions as defined in the CSE Listing Rules.</p> <p>A procedure for the RPT Review Committee to review and recommend to the Board matters relating to such transactions.</p> <p>Any interested Directors should not participate at the meeting at which the transaction relating to him/her is discussed unless invited to seek clarification/information.</p> <p>A procedure and definition of disclosure required to be made by the Company on an annual basis, those requiring immediate disclosure and those requiring shareholder approval.</p> <p>A procedure to identify related party transactions which require immediate disclosure as per the CSE Listing Rules and to ensure that required disclosures are made by the Company to the Colombo Stock Exchange in accordance with the CSE Listing Rules.</p>	The Related Party Transactions Review Committee Report sets out the functions of the Committee which is given on page 146	Complied

## CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		<p>A procedure to identify related party transactions which require shareholder approval by special resolution at an Extraordinary General Meeting.</p> <p>The Company Secretary should maintain a permanent record in manual or electronic form of such statements, submissions, approvals, and minutes.</p> <p>Review and recommend to the Board the related party disclosures to be made in the Annual Report of the Company</p>		

### D.5 Code of business conduct and ethics

Companies must adopt a Code of Business Conduct and Ethics for Directors, Key Management Personnel and all other employees including but not limited to; dealing with shares of the Company; compliance with listing rules; bribery and corruption; confidentiality; encouraging that any illegal, fraudulent and unethical behaviour be promptly reported to those charged with governance. The Company must disclose waivers of the code for Directors, if any –

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Disclosure of Code of Business Conduct and Ethics	D.5.1	<p>All companies must disclose whether they have a Code of Business Conduct and Ethics for Directors and Key Management Personnel and if they have such a code, make an affirmative declaration in the Annual Report that all Directors and Key Management Personnel have declared compliance with such code, and if unable to make that declaration, state why they are unable to do so.</p> <p>Each company may determine its own policies in the formulation of such a code, but all companies should address the following important topics in their respective codes:</p> <ul style="list-style-type: none"> <li>• Conflict of interest;</li> <li>Bribery and corruption;</li> <li>Entertainment and gift;</li> <li>Accurate accounting and record- keeping;</li> <li>Fair and transparent procurement practices;</li> <li>Corporate opportunities;</li> <li>Confidentiality;</li> <li>• Protection and proper use of company assets including information assets;</li> </ul>	<p>Company has an internally-developed Code of Conduct. All employees including Directors, Key Managers, Senior Managers and employees are bound by the Company's written Code of Ethics that includes the following aspects:</p> <ul style="list-style-type: none"> <li>• Exercise honesty, objectivity and diligence when performing one's duties.</li> </ul> <p>Avoid situations where personal interest might conflict with the interest of the Company; and if so, disclose such interest in advance.</p> <p>Maintain confidentiality of commercial and price sensitive information.</p> <ul style="list-style-type: none"> <li>• Work within applicable laws and regulations.</li> </ul> <p>Safeguard the Company's assets.</p> <p>Avoid conduct that will reflect badly on the person concerned or the Company's image.</p> <ul style="list-style-type: none"> <li>• Strictly avoid giving or accepting any kind of bribe, either directly or indirectly.</li> <li>• Strictly avoid making contributions for political funds, either directly or indirectly.</li> <li>• Strictly avoid any kind of sexual harassment.</li> </ul> <p>The Company has implemented a formal whistle-blowing procedure and encourages any employee who suspects wrong doing at work, whether by Management, peers or any other employee, to raise their concerns</p>	Complied

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
		Compliance with laws, rules and regulations (including insider trading laws); and encouraging the reporting of any illegal, fraudulent or unethical behaviour.	<p>Other Policies</p> <p>In addition, the Company implements policies covering:</p> <p>Recruitment and selection</p> <p>Financial integrity/Financial Manual</p> <p>Use of Company property including computers</p> <p>Non-harassment in the workplace</p> <p>Environment, safety and health</p> <p>Security of IT system</p>	
	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	Company has and established policy and process to ensure that material and price sensitive information are immediately disclosed to the shareholders via Colombo Stock Exchange immediately after relevant decisions are made by the Board of Directors. This task is assigned to the Company Secretary and it is a prime responsibility of the Company Secretary	Complied
	D.5.3	The Company should establish a policy, process for monitoring and disclosure of shares purchased by any Director, Key Management Personnel or any other employee involved in financial reporting	The policy is in place and any share transaction done by Board Director need to be immediately disclosed to the Company Secretary and Company Secretary inform such transactions to the shareholders through Colombo Stock Exchange. Any share transaction done by Key Management Personnel other than Board Directors should inform such transactions to Compliance Officer of the Company.	Complied
Affirmative Statement by the Chairman	D.5.4	The Chairman must affirm in the Company's Annual Report that a code of conduct and ethics has been introduced company-wide and the procedure for disseminating, monitoring and compliance with that code. He must also disclose that he is not aware of any violation of any of the provisions of the code of business conduct and ethic	Please refer Chairman's statement on page 12 in this Report.	Complied

## CORPORATE GOVERNANCE

### D.6 Corporate governance disclosures

Directors should be required to disclose the extent to which the Company adheres to established principles and practices of good corporate governance.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Disclosure of Corporate Governance	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 this Code.	This Report from pages 92 to 140 sets out the manner and extent to which the Company has complied with the principles and provisions of the Code.	Complied

## SHAREHOLDERS

### E. INSTITUTIONAL INVESTORS

#### E.1 Shareholder voting Main principle

Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Communication with Shareholders	E.1.1	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.	In order to avoid conflict of interest by nurturing the mutual understanding, the Board carries out dialogues with its shareholders at General Meetings. In this regards, the Annual General Meeting (AGM) and Extraordinary General Meetings (EGM) of the Company plays a critical role. Voting of the shareholders is crucial in carrying a resolution at the AGM/EGM. The Chairman who plays the role of the agent and communicates the views and queries of the shareholders to the Board and the Key and Senior Management in order to ensure that the views are properly communicated to the Board and the Management.	Complied
			Head of Investor Relations is a dedicated position to communicate with shareholders if necessary. Investors and shareholders can directly communicate and share their views and it will be communicated to the Board for necessary actions	
			Shareholders are provided with Quarterly Financial Statements and the Annual Report, which the Company considers as its principle communication with them and other stakeholders. These reports are also available on the Company's website – <a href="http://www.cic.lk">www.cic.lk</a> and are provided to the Colombo Stock Exchange.	
			Any information that the Board considers as price sensitive is disseminated to the shareholders as necessary.	

**E.2 Evaluation of Governance Disclosures**

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Due weight by Institutional Investors	E.2.1	When evaluating Companies' 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.	The Institutional Investors are at liberty to give due weight to matters relating to the Board structure and composition, when they consider resolutions relating to Board structure and composition.	Complied

**F. OTHER INVESTORS****F.1 Investing/Divesting decision**

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
Individual Shareholders	F.1	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.	Individual investors are encouraged to carry out adequate analysis or seek independent advice when reaching investing or divesting decisions.	Complied
Individual Shareholder Voting	F.2	Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	Individual shareholders are encouraged to participate in General Meetings of the Company and exercise their voting rights.	Complied

**G. INTERNET OF THINGS AND CYBER-SECURITY**

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	G.1	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 cyber-security risks that may affect the business. Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the Company's network to send and receive data. Such access could be authorised or unauthorised.	The Board assigned this responsibility to the Information Technology Division and Divisional Director- IT is mainly assigned to complete this task.  IT policy and Cyber-security policies have been developed required approvals have been obtained	Complied

## CORPORATE GOVERNANCE

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	G.2	<p>The Board should appoint a Chief Information Security Officer (CISO) with sufficient expertise, authority and budgetary allocation to introduce and implement a cybersecurity risk management policy which should be approved by the Board.</p> <p>The policy should include a robust cyber security risk management process, incident response system, vendor management system, disaster recovery plan and a governance structure to monitor effective implementation, reporting and the need for cyber security insurance.</p>	<p>Divisional Director - Group IT functions as the Chief Information Security Officer.</p> <p>IT policy and cyber security policy have been developed.</p>	Complied
	G.3	<p>The Board should allocate regular and adequate time on the Board meeting agenda for discussions about cyber risk management:</p> <p>The matters taken up for the discussion on the Board meeting agenda may include; Potential cyber security risks in the Company's business model.</p> <p>CISO's security strategy and status of the current projects.</p> <p>Compliance with the cyber security risk management process and incident report.</p> <p>Findings and recommendations from independent reviewers.</p>	IT policies and Cyber security policies are presented to the Board and obtained approved	Complied
	G.4	<p>The Board should ensure the effectiveness of the cyber security risk management through independent periodic review and assurance.</p> <p>The scope and the frequency of the independent periodic reviews could be determined based on the industry vulnerability, Company's business model and incident findings.</p>	Security assessments have been carried out and corrective actions are taken.	Complied
	G.5	The Board should disclose in the Annual Report, the process to identify and manage cyber-security risks.	The Board of Directors shall be updated regarding the controls in place to mitigate cyber risks, and on possible cyber risks that the company is exposed to.	Not Complied

### H. ENVIRONMENT SOCIETY AND GOVERNANCE (ESG)

#### H.1 ESG reporting Main principle

The Company's Annual Report should contain sufficient information to enable investors and other stakeholders to assess how ESG risks and opportunities are recognised, managed, measured and reported.

Environmental, social and governance considerations can affect a company's ability to execute its business strategy and create value. While many ESG factors are "non-financial", their management and likely impact have financial consequences. Hence, they are important factors to be built into a company's business model, strategy, governance and risk management framework. ESG

factors relevant to the Company could impact the followings:

- Access to financial capital
- Cost savings and productivity
- Brand value and reputation
- Employee recruitment
- Employee retention
- Access to markets
- License to operate
- Market capitalisation

Integrating ESG policies and practices into a company's strategy, business model, governance and risk management and reporting its likely impact and implications are increasingly seen by investors as material to their investment decisions. Further, investors want to understand how well companies are managing the risk associated with ESG issues, as this is seen as a key test of the long-term sustainability of the Company. They are also increasing interested in the opportunities presented by the low carbon economy and are allocating capital to companies that are well equipped to benefit from this.

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	H.1.1	Companies should provide information in relation to – The relevance of environmental, social and governance factors to their business models and strategy. How ESG issues may affect their business. How risks and opportunities pertaining to ESG are recognised managed, measured and reported.	Sustainability principles related to ESG factors are embedded in the operations of the Company and initiatives implemented to ensure the adherence of the Company.	Complied

### H.1.2 Environmental factors

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	H.1.2	Environmental governance of an organisation should adopt an integrated approach that takes into consideration the direct and indirect economic, social, health and environmental implications of their decisions and activities, including: pollution prevention. sustainable resource use (e.g. water, energy). climate change. protection of environment. biodiversity. restoration of natural resources.	Sustainability principles related to environmental factors are embedded in the operations of the Company and initiatives implemented to ensure adherence to environmental governance by the Company are discussed in the Management Discussion and Analysis and Compliance section of this report.	Complied

## CORPORATE GOVERNANCE

### H.1.3 Social factors

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	H.1.3.1	<p>Social governance of an organisation should include its relationship with the community, customers, employees, suppliers, outsourced providers, and any other party that can influence or be influenced by the organisation's business model.</p> <ul style="list-style-type: none"> <li>The organisation should adopt an integrated approach to building a relationship with the community and striving for sustainable development including responsible community engagement, fair competition, thereby demonstrating corporate social responsibility</li> <li>The organisation should adopt an integrated approach to building a relationship with customers. This includes establishing a process for customer engagement, product responsibility and product recall and other matters relevant to the organisation's business model.</li> </ul>	<p>Sustainability principles related to social factors are embedded in the operations of the Company and initiatives implemented to ensure adherence to social governance by the Company are discussed in the Management Discussion and Analysis and Compliance section of this report.</p>	Complied
		<ul style="list-style-type: none"> <li>The labour practice related governance of an organisation should encompass all policies and practices in relation to work performed by or on behalf of the organisation in accordance with its business model, and should also include policies and practices such as equal opportunity, career development and training, reward and recognition, conditions of work, work-life balance and industrial relations.</li> </ul>		
		<ul style="list-style-type: none"> <li>The organisation should have policies and procedures to ensure that suppliers and outsourced providers comply with social governance norms of the Company</li> </ul>		

#### H.1.4 Governance

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	H.1.4.1	<p>Companies should establish a governance structure to support its ability to create value and manage risks in the short, medium and long-term, recognising managing and reporting on all pertinent aspects of ESG.</p> <p>The Company should recognise the key resources/ capitals deployed in its business and establish financial and non-financial measures for resource/capital management and related outputs and outcomes.</p> <p>The Company should have a process to ascertain, assess and manage risks which have an impact on the sustainability of the Company</p> <p>The Company should have a process to recognise material matters relating to significant stakeholders and a method of engagement relevant to their level of interest and influence.</p> <p>The disclosures should deal with how the Company has complied with the mandatory and voluntary codes of corporate governance and how its leadership structure, organisational culture, code of conduct and business model supports sustainability of the Company in the short, medium and long term.</p>	Process of managing risks in line with ESG aspects is discussed in the Risk Management Report.	Complied

#### H.1.5 Board's role on ESG factors

Corporate governance principle	CA Sri Lanka Code reference	Requirement of the code	Compliant with the code	Compliance
	H.1.5.1	<p>ESG reporting is a Board's responsibility and it is designed to add value by providing a credible account of the Company's economic, social and environmental impact. ESG reporting and disclosure should be formalised as part of the Company's reporting process and take place on a regular basis. ESG reporting should link sustainable issues more closely with strategy.</p> <p>ESG reporting may be built on a number of different guidelines, such as –</p> <ul style="list-style-type: none"> <li>• Integrated Reporting Framework</li> <li>• The Global Reporting Initiative Guidelines</li> </ul>	The Company initiated implementing ESG reporting in line with Global Reporting Initiatives (GRI) guidelines.	Complied

## SECTION B

This section covers the Company's extent of adherence to the requirements of the Continuous Listing Requirements Section 7.10 on Corporate Governance Rules for Listed Companies issued by the Colombo Stock Exchange. This reflects the Company's level of conformity to CSE's Listing Rules which comprise the following fundamental principles:

- Non-Executive Directors
- Independent Directors
- Disclosures Relating to Directors
- Remuneration Committee
- Audit Committee

## CORPORATE GOVERNANCE

The following table presents the details of the Company's compliance with Section 7.10 and Section 9 of the CSE Listing Rules on Corporate Governance as at 31st March 2024:

Section	Rule No.	Corporate Governance Rule	Details of Compliance	Compliance
<b>Board of Directors</b>				
Non-Executive Directors	7.10.1	Number of Non-Executive Directors • One-third of the total number of Directors, subject to a minimum of two.	The Board of Directors comprises eight Directors, all are Non-Executive Directors.	Complied
Independent Directors	7.10.2 (a)	Number of Independent Directors - One- third of Non-Executive Directors, subject to a minimum of two.	Six of the Non-Executive Directors are independent.	Complied
	7.10.2 (b)	Each Non-Executive Director should submit a declaration of independence/ non-independence.	All Non-Executive Directors have submitted declarations.  Independent Non-Executive Directors have submitted declarations confirming their independence.	Complied
Disclosures relating to Directors	7.10.3 (a)	Names of Independent Directors should be disclosed in the Annual Report.	Please refer page 140	Complied
	7.10.3 (b)	The Board shall make a determination annually as to the independence or non- independence of each Non-Executive Director.	The Board has determined Mr. S. H. Amarasekera, Mr. M. P. Jayawardena and Mr. S. M. Enderby as Independent Non-Executive Directors notwithstanding that they are serving the Board Nineteen , sixteen and eleven years respectively.	Complied
	7.10.3 (c)	A brief resume of each Director should be included in the Annual Report including the area of experience.	Please refer pages 22 to 23	Complied
	7.10.3 (d)	Provide brief resume of any new Director appointed to the Board.	Please refer Board of Directors section of this Report on pages 22 to 23	Complied
<b>Human Capital and Compensation Committee</b>				
Composition	7.10.5 (a)	Number of Independent Non-Executive Directors in the Committee to be –		
		a minimum of two (where a company has only two Directors on the Board), or	The Committee comprises Five (5) Non- Executive Directors.	Complied
	in all other instances majority of whom to be independent.	Three (3) out of five (05) of them are independent Non -Executive Directors		
		Separate committee to be formed for the Company	A separate Human Capital and Compensation Committee was formed for the Company.	Complied
		Chairman of the Committee to be a Non- Executive Director.	The Committee is chaired by a Non- Executive Director.	Complied
Function	7.10.5 (b)	Function of the Committee.	The Human Capital and Compensation Committee Report sets out the functions of the Committee.	Complied

Section	Rule No.	Corporate Governance Rule	Details of Compliance	Compliance
Disclosure in the Annual Report	7.10.5 (c)	The Annual Report should set out –		
		Names of Directors comprising the Remuneration Committee	Please refer page 143	Complied
		Statement of Remuneration policy	Please refer Human Capital and Compensation Committee report on page 143	Complied
		Aggregate remuneration paid to Executive and Non-Executive Directors	Please refer page 206	Complied
<b>Audit Committee</b>				
Composition	7.10.6 (a)	Number of Independent Non-Executive Directors in the Committee to be –		
		a minimum of two (where a company has only two Directors on the Board), or	The Committee comprises Four (04) Non-Executive Directors. Three (03) of them are independent non executive directors	Complied
		in all other instances of Non-Executive Directors a majority of whom to be independent.		
		Separate committee to be formed for the Company or the Listed Parent's Committee to be used.	A separate Audit Committee was formed for the Company and the CIC Group.	Complied
		Chairman of the Committee to be a Non- Executive Director.	The Committee is chaired by a Non- Executive Director.	Complied
		Chairman or one member of the Committee to be a member of a recognised professional accounting body.	The Chairman of the Committee is a member of a recognised professional accounting body	Complied
		CEO and CFO to attend Committee meetings, unless otherwise determined by the Audit Committee.	Group CEO/Group CFO attend Committee meetings by invitation.	Complied
Function	7.10.6 (b)	Function of the Committee.	The Audit Committee report sets out the functions of the Committee.	Complied
Disclosure in the Annual Report	7.10.6 (c)	Names of Directors comprising the Audit Committee	Please refer page 141	Complied
		The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	Please refer Audit committee report on page 141	Complied
		The Annual report shall contain a Report of the Audit Committee in the prescribed manner.	Please refer Audit committee report on page 141	Complied
<b>Related party transactions review committee</b>				
Composition	9.2.2	Combination of Non-Executive Directors and Independent Non-Executive Directors and may include Executive Directors at the option of the Company	The Committee comprises of three (03) Independent Non-Executive Directors,	Complied
	9.2.3	Separate committee to be formed for the Company or the Listed Parent's Committee to be used.	A separate Related Party Transactions Review Committee was formed for the Company	Complied
		Function of the Committee.	The Related party transactions review committee Report sets out the functions of the Committee.	Complied
Disclosure in the Annual Report	9.3.2 (c)	The Annual Report shall contain a Related Party Transactions Review Committee Report in the prescribed manner.	Please refer Related Party Transactions Review Committee Report on page 146	Complied

## CORPORATE GOVERNANCE

The following table presents the details of the Company's compliance with Section 7.6 of the CSE Listing Rules on Annual Report Disclosure as at 31st March 2024;

Rule No.	Applicable Requirement	Details of Compliance	Compliance
7.6 (i)	Names of persons who were Directors of the Entity.	Share Information on page 276	Complied
7.6 (ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Management Discussion and Analysis on page 46 and Notes to the Financial Statements on pages 180 to 275	Complied
7.6 (iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held.	Share Information on page 276	Complied
7.6 (iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	Share Information on page 276	Complied
7.6 (v)	A statement of each Director's holding and Group Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year.	Annual Report of the Board of Directors on the Affairs of the Company on page 159	Complied
7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity	Risk Management on page 149	Complied
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	Management Discussion and Analysis on page 46	Complied
7.6 (viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties.	Information on the Freehold Land and Buildings of the Group/Company on page 216	Complied
7.6 (ix)	Number of shares representing the Entity's stated capital.	Share Information on page 276	Complied
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	Share Information on page 276	Complied
7.6 (xi)	Financial ratios and market price information	Financial Highlights on page 5 and Share Information on page 276	Complied
7.6 (xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year.	Notes to the Financial Statements on pages 180 to 275	Complied
7.6 (xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year.	Not Applicable	N/A
7.6 (xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes.	Not Applicable for the year under review	N/A
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules.	Corporate Governance on pages 92 to 146	Complied
7.6 (xvi)	Related Party transactions exceeding 10% of the equity or 5% of the total assets of the Entity as per audited financial statements, whichever is lower.	Notes to the Financial Statements on pages 180 to 275	Complied

**SECTION C**

This section covers the adherence to the requirements of the Companies Act No. 07 of 2007 on Annual Report disclosure.

The following table presents the details of the Company's compliance pertaining to Companies Act No. 7 of 2007 on Annual Report Disclosure as at 31st March 2024:

Rule No.	Applicable Requirement	Details of Compliance	Compliance
168 (1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period.	Notes to the Financial Statements on pages 180 to 275	Complied
168 (1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed.	Financial Statements on pages 180 to 275	Complied
168 (1) (c)	Auditors' Report on Financial Statements of the Group and the Company.	Independent Auditors' Report on page 170	Complied
168 (1) (d)	Accounting Policies and any changes therein	Notes to the Financial Statements on pages 180 to 275	Complied
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Annual Report of the Board of Directors on the Affairs of the Company on pages 159	Complied
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period.	Notes to the Financial Statements on pages 180 to 275	Complied
168 (1) (g)	Corporate donations made by the Company during the accounting period.	Notes to the Financial Statements on pages 180 to 275	Complied
168 (1) (h)	Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period.	Annual Report of the Board of Directors on the State of Affairs of the Company on pages 159 and Steering the ship on pages 140	Complied
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period.	Notes to the Financial Statements on pages 180 to 275	Complied
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries.	Annual Report of the Board of Directors on the Affairs of the Company on page 159	Complied
168 (1) (k)	Acknowledgement of the contents of this Report and Signatures on behalf of the Board.	Annual Report of the Board of Directors on the State of Affairs of the Company on page 159	Complied

## CORPORATE GOVERNANCE

### BOARD, AUDIT COMMITTEE, REMUNERATION COMMITTEE, NOMINATION COMMITTEE & RELATED PARTY TRANSACTIONS REVIEW COMMITTEE ATTENDANCE

The number of meetings of the Board, Audit Committee, Remuneration Committee and Related Party Transactions Review Committee and individual attendance by members are as follows:

#### NUMBER OF MEETINGS AND DATES

Board Meetings	5
Audit Committee Meetings	11
Remuneration Committee Meetings	2
Nomination Committee Meetings	–
Related Party Transactions Review Committee Meetings	4

Board	Audit Committee	Related Party Transaction Review Committee	Nomination Committee	Human Capital & Compensation Committee
24th May 2023	06th April 2023	24th May 2023		2nd February 2024
21st July 2023	19th May 2023	21st July 2023		19th March 2024
6th October 2023	24th May 2023	23rd October 2023		
23rd October 2023	21st July 2023	02nd February 2024		
02nd February 2024	28th August 2023			
	26th September 2023			
	6th October 2023			
	23rd October 2023			
	5th December 2023			
	2nd February 2024			
	12th March 2024			
5 Meetings	11 Meetings	4 Meetings		2 Meetings

#### INDIVIDUAL ATTENDANCE

Name of Director	Directorship status	Board	Audit Committee	Related Party Transaction Review Committee	Nomination Committee	Human Capital & Compensation Committee
Mr. S. H. Amarasekera	Chairman, Independent, Non-Executive Director	5/5			0/0*	2/2
Mr. R. S. Captain	Non Independent, Non-Executive Director	5/5			0/0	2/2
Mr. S. M. Enderby	Independent, Non-Executive Director	5/5	10/11	4/4		2/2
Mr. J. R. Gunaratne	Independent, Non-Executive Director	5/5		4/4		
Mr. M. P. Jayawardena	Independent, Non-Executive Director	5/5	11/11	4/4*		2/2
Mr. D. T. S. H. Mudalige	Independent, Non-Executive Director	5/5	10/11			
Mr. P. R. Saldin	Non Independent, Non - Executive Director	5/5	11/11*		0/0	2/2*
Mr. K. D. Senewiratne	Independent, Non-Executive Director	5/5				

\*Chairman of the Committee

# AUDIT COMMITTEE REPORT

## PREAMBLE

The Committee is empowered to review and monitor the financial reporting process of CIC Holdings PLC and its group so as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective review. As such, the Audit Committee acts as an effective forum in assisting the Board of Directors in discharging its responsibilities on ensuring the quality of financial reporting and related communications to the shareholders and the public.

## COMPOSITION OF THE COMMITTEE

The Audit Committee consists of four Non-Executive Directors and out of four three members are Independent Non-Executive Directors and is chaired by a Non-Executive Director.

### Audit Committee Members

**P. R. Saldin** – Committee Chairman  
Non-Independent, Non-Executive Director

**S. M. Enderby**  
Independent, Non-Executive Director

**D. T. S. H. Mudalige**  
Independent, Non-Executive Director

**M. P. Jayawardena**  
Independent, Non-Executive Director

Brief profiles of the Directors are given on pages 22 to 23 of this Annual Report. P W Corporate Secretarial (Pvt) Ltd functioned as the Secretary to the Committee and Ms. Thilini Wegodapola, General Manager Legal was appointed as the secretary w e f January 2024. Chairman, Group Chief Executive Officer, Group Chief Financial Officer, Internal Auditors and relevant Operational Directors and Managers attend the meetings by invitation.

## RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

The Audit Committee's authority, responsibilities and specific duties have been formalised through an Audit Committee Charter. By this, the Audit Committee is empowered among other things, to examine any matters relating to the financial affairs of the CIC Group and to review the adequacy of the internal control procedures, coverage of internal and external audit programmes, disclosure of accounting policies and compliance with statutory and corporate governance requirements.

## ACTIVITIES IN 2023/24

### Financial reporting

The Committee along with the Board, internal audit and external audit reviewed the Interim Financial Statements and the Annual Financial Statements to ensure compliance with mandatory, statutory and other regulatory requirements laid down by the authorities, prior to publication.

### Internal audit, risk and control

The Committee also provides a forum for the impartial review of the reports of internal and external audits and to take into consideration findings and recommendations stated therein relating to significant business risks and control issues. The Committee reviewed the Group audit plan for the year and agreed its budget and resource requirements. It reviewed interim and year-end summary reports and management's responses. The Committee carried out an evaluation of the performance of the internal audit function and was satisfied with the effectiveness of the function. The Committee reviewed the Compliance Officer's Report on the CIC Group's compliance with the applicable laws and regulations, including internal policy codes of conduct of its employees.

### Meetings of the committee

During the reporting period, eleven (11) Audit Committee meetings were held to discuss the Reports of the Internal and External Auditors and Interim Financial Statements. The Financial Statements for the 12 months period ended 31st March 2024 were also discussed at the meeting held on the 31st May 2024. The minutes of the meetings were tabled at the meetings of the Board of Directors for information and necessary action. The attendance of the Audit Committee meetings held during the reporting period ended 31st March 2024 under review is given on page 140 of this Annual Report.

### External Audit

The external audit approach and scope was reviewed and discussed by the Committee with the External Auditors and Management prior to the commencement of the audit. The External Auditors informed the Committee on an ongoing basis regarding matters of significance that were pending resolution. Before the conclusion of the audit, the Committee met with the External Auditors without Management being present. External Auditors discussed the audit issues with the Audit Committee and the Management to agree on audit issues. The Audit Committee has reviewed the other services provided by the External Auditors to the Group to ensure that their independence as Auditors has not compromised. The Audit Committee recommended to the Board of Directors that Messrs KPMG, Chartered Accountants be reappointed as

## AUDIT COMMITTEE REPORT

the External Auditors for the financial year 2024/25, subject to the approval of the shareholders at the Annual General Meeting (AGM) and the required resolution will be put to the shareholders at the AGM.

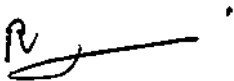
### **Sri Lanka accounting standards**

Committee reviewed the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Group companies and made recommendations to the Board of Directors

The Committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals.

The Committee has pursued the support of Messrs KPMG to assess and review the existing SLFRS policies and procedures adopted by the Group.

I wish to thank all members who served in the Committee during the period and for their contribution to the deliberations of the Committee.



P. R. Saldin  
Chairman  
Audit Committee

31st May 2024

# REPORT OF THE HUMAN CAPITAL & COMPENSATION COMMITTEE

## COMPOSITION

The Human Capital & Compensation Committee consists of Non-Executive Directors majority of whom are Independent. The Human Capital & Compensation Committee as of 31st March 2024 consisted of the following.

**P. R. Saldin** - Committee Chairman  
Non-Executive Director

**S. H. Amarasekera**  
Independent Non-Executive Director/ Chairman

**R. S. Captain**  
Non-Executive Director

**S. M. Enderby**  
Independent Non-Executive Director

**M. P. Jayawardena**  
Independent Non-Executive Director

The Group Chief Executive Officer and Group Head of HR attend the meetings by invitation.

## FUNCTIONS

The Human Capital & Compensation Committee is responsible for developing the Group's remuneration policy and determining the remuneration packages of executive employees of the Group. The Committee recommends to the Board and its subsidiaries the remuneration to be paid to Key Management Personnel. The Committee reviews HR policies and the policies pertaining to remuneration and perquisites of the Executives of the Company annually. The Committee will also review the Human Resource Strategies of the Company.

## MEETINGS

The Committee will have meetings on need basis. The Committee met two (02) times during the year. The Chairman of the Committee can convene a special meeting in the event a requirement arises, provided all members are given sufficient notice of such special meeting. The quorum for a meeting is two members. The GCEO/CEOs/ GCFO/ GHHR is invited to participate at the sittings of the Committee meetings as and when required by the Chairman considering the topics for deliberation at such meetings. The proceedings of the Committee meetings were regularly reported to the Board of Directors.

## REMUNERATION

The Committee believes that the Company's remuneration strategy is paramount to differentiate us from the competitors and to retain our top performers. Therefore, our remuneration philosophy is anchored on a total rewards approach. The remuneration strategy has been designed to enable the company to develop, motivate and retain our internal talent pipeline; and when necessary to attract key talent externally to sustain the performance of the Group. With the re-strategising process the Company carefully evaluated the various jobs and positions, rationalised the structure and reviewed the Company's Remuneration Policy.

The Committee also dedicated adequate time to ensure that the Remuneration Policy of the Group remains fair, transparent, and competitive, and that remuneration is linked to business strategy and drives sustainable performance and entrepreneurship.

The Committee also reviewed the compensation benefit packages and salary structures of Key Management Personnel and did recommend appropriate changes to kept abreast of the dynamic challenges and changes that were required during the year.

The committee also decided that with effect from April 2023 annual bonus and increments will be paid in the month of April.

## PERFORMANCE CULTURE

The performance appraisals of the GCEO and Key Management Personnel were completed after reviewing the targets in compliance with the Action Plan.

The Committee also undertook to review and revise the HR Strategic Plan in line with the Group's strategic ambitions for the next 3-5-year time frame. To further support this, the Committee reviewed and evaluated the new Performance-based bonus scheme implemented in 2022/23 to reward the exceptional performers who have achieved their stretched targets. Further, the Committee deliberated on the process and guidelines on performance goal setting applied across the Group in driving performance.

The Key Performance Indicators of the GCEO and Key Management Personnel were agreed at the beginning of the financial year in line with the Strategic Plan and their performance assessed at the end of the year. Based on this, remuneration and salary structures were reviewed and finalized.

## REPORT OF THE HUMAN CAPITAL & COMPENSATION COMMITTEE

### CAPABILITY DEVELOPMENT

CIC Group HR Objective is to create a conducive environment to ensure availability of future ready leadership pipeline to achieve strategic objectives and enhance the employer brand of CIC.

The committee approached capability development to be an ongoing investment to create a robust work environment that will equally challenge and motivate employees to align their personal career pathway in line with the company's growth strategies.

To enhance the CIC group's team capabilities, the second Executive Leadership Development Programme was launched for the senior management with the collaboration of Post Graduate Institute of Management (PIM). At the end of the first program the successful participants did present their projects / case studies to the management and the Board of Directors. These projects are to contribute to the bottom line of the company, and the approval was obtained to proceed to implement these projects. Further continued with the second Leadership program with the Chartered Institute of Personnel Management (CIPM) to develop the second tier of leaders in the executive cadre. The speech craft program was conducted by the Toastmaster international to enhance communication skills of CIC team. The CIC group entered a MOU with Sri Lanka Institute of Marketing (SLIM) to upgrade the consumer marketing, selling and distribution skills. The Microsoft was our training partner to ensure the digital readiness of the CIC group's team.

The selected Key Management Personnel (KMP's) successfully completed individual Executive coaching program under a renowned coach with local and international experience conducting such programs. After identifying the training needs individual development programs (IDP's) were developed for the KMP's and steps have been taken to implement the IDP's for these KMP's.

To ensure continuous leadership pipeline the Board approved to launch to recruit Management Trainees for the CIC Group and steps are being taken to finalize the selection of the Management Trainees.

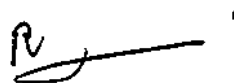
### SUCCESSION PLANNING

Succession planning continued to be a key area of focus in the deliberations of the Committee during the year under review. The Committee conducted in depth talent reviews covering critical roles of the Group, the incumbents in such roles and the potential successors.

Succession planning within our Group is an ongoing process for responding to change, so that our Group operations would go on with as little disruption as possible. The Committee review the succession planning process in place to ensure that our best talent is in line for future leadership and critical roles and to mitigate the risk of future talent shortages and to retain and develop critical knowledge capital.

The aggregate remuneration paid to Executive & Non-Executive Directors is given in Note 11 to the Financial Statements in page 206.

Finally, I would like to thank my colleagues in the Committee for their valuable contribution towards the progress of the Committee.



P. R. Saldin  
Chairman  
Human Capital & Compensation Committee

31st May 2024

# NOMINATION COMMITTEE REPORT

## COMPOSITION OF THE COMMITTEE

Nomination Committee consists of one Independent Non-Executive Director, two Non-Executive Directors as at the end of the reporting period, 31st March 2024. Nomination Committee Members

**S.H. Amarasekera**

Independent, Non-Executive Director/Committee Chairman

**R.S. Captain**

Non-Independent, Non-Executive Director

**P. R. Saldin**

Non-Independent, Non-Executive Director

## RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

- Consideration of making any appointment of new Directors or re-electing current Directors.
- Provide advice and recommendations to the Board on any such appointment.
- Review criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment to the Board and Key Management Personnel in the Company.
- Consider if a Director is able to and has been adequately carrying out his or her duties as a Director taking into consideration the Director's number of listed Company Boards on which the Director is represented and other principal commitments.
- Review the structure, size, compensation and competencies of the Board and make recommendations to the Board with regard to any changes.
- Recommend the requirements of new expertise and succession arrangements for retiring Directors.
- Recommend on any other matter referred to it by the Board of Directors.

## MEETINGS OF THE COMMITTEE

There are no new Board appointments during the period and no meeting were convened.

## RE-ELECTION OF DIRECTORS AT THE ANNUAL GENERAL MEETING

The Committee recommended that Messrs. J R Gunaratna and D T S H Mudalige who retire in terms of Article 25(6) of the Articles of Association of the Company be re-elected to the Board at the Annual General Meeting to be held on 28th June 2024.

The Committee further recommended to re-appoint Mr. M P Jayawardena a Director, who attained the age of 70 years on 2nd August 2022, in terms of the Resolution passed by the Directors pursuant to Section 211 of the Companies Act No.7 of 2007 that the age limit referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to Mr. M P Jayawardena.

I wish to take this opportunity to thank all members who served in the Committee and for their contribution to the deliberations of the Committee during the period



S.H. Amarasekera  
Chairman  
Nomination Committee

31st May 2024

# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

## PREAMBLE

The Board established the Related Party Transactions Review Committee (RPTRC) in terms of the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (the “Code”) and Section 9 of the Listing Rules of the Colombo Stock Exchange (the “Rules”).

## COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee consists of three Independent Non-Executive Directors, and is chaired by an Independent Non-Executive Director.

The following Directors serve on the Committee:

**M. P. Jayawardena** - Committee Chairman  
Independent, Non-Executive Director

**S. M. Enderby**  
Independent, Non-Executive Director

**J. R. Gunaratne**  
Independent, Non-Executive Director

Brief profiles of the members are given on pages 22 to 23 of this Annual Report.

The above composition is in compliance with the provisions of the Code regarding the composition of the Related Party Transactions Review Committee.

P W Corporate Secretarial (Private) Limited functions as the Secretary to the Related Party Transactions Review Committee.

## MEETINGS OF THE COMMITTEE

During the year ended 31st March 2024, the Committee met four times. Attendance by the Committee Members at these meetings is given in the table on page 140 of the Annual Report.

## ROLE AND RESPONSIBILITIES

The mandate of the Committee is derived from the Code and the Rules are as follows:

- To review in advance all proposed related party transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
  - Seek any information the Committee requires from Management, employees or external parties with regard to any transaction entered into with a related party.
  - Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.
  - To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
  - To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
  - To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
  - To review the economic and commercial substance of both recurrent/non-recurrent related party transactions
  - To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining “competent independent advice” from independent professional experts with regard to the value of the substantial assets of the related party transaction.
- Policies and procedures adopted by the RPTRC for reviewing Related Party Transactions (RPTs)
1. Relevant information to capture RPTs are fed into the Company Data Collection System.
  2. All officers concerned are informed of the applicable regulatory requirements relating to the reporting of RPTs.
  3. Key Management Personnel (KMPs) and their Close Family Members (CFMs) are identified half yearly together with their NIC numbers and business registration numbers. This information is in the system.
  4. Systems are updated with KMP and their CFM details on a half yearly basis or as and when the need arises in the event of a material change.
  5. Data is extracted from the system, verified and validated
  6. All Managers are advised to report RPTs to the Finance Director who has been identified as the Focal Point, for this purpose
  7. Data is shared with the Finance Director and the Company Secretaries to meet the regulatory requirements if required.

**TASK OF THE COMMITTEE**

The Committee reviewed the related party transactions and their compliance and communicated to the Board.

The Committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the Management and in compliance with Section 9 of the CSE Listing Rules.

Related Party Transactions are disclosed in the Note 43 to the Financial Statements.

**REPORTING TO THE BOARD**

The minutes of the RPTRC meetings are tabled at the Board meetings enabling all Board members to have access to same.

I wish to take this opportunity to thank all members who served in the Committee and for their contribution to the deliberations of the Committee during the period.



M. P. Jayawardena  
Chairman  
Related Party Transactions Review Committee

31st May 2024

# BOARD OF DIRECTORS STATEMENT ON INTERNAL CONTROLS

## REQUIREMENT

The Code of Best Practice on Corporate Governance 2017 issued jointly by the Securities and Exchange Commission and the Institute of Chartered Accountants, Sri Lanka, recommends Board to present a statement on internal controls.

## RESPONSIBILITY

The Board of Directors is responsible for the adequacy and effectiveness of the Group's system of internal controls. However, such a system is designed to manage the Group's key exposure areas within an acceptable risk profile rather than eliminating the risk of failure to achieve the Group's objectives. Accordingly, the system of internal controls can only provide a reasonable assurance but not absolute against the material misstatement of management and financial information and records or against financial losses or fraud. The Board has established an ongoing process for identifying, evaluating and managing the significant exposures faced by the Company and this process includes enhancing the system of internal controls as and when there are changes for the business environment or regulatory framework.

The Board has assessed the internal control system taking into account principles for the assessment of internal control systems as given in that guidance. The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The management assists the Board in implementation of the Board policies and procedures.

## KEY INTERNAL CONTROL PROCESSES

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls with respect to financial reporting includes the following:

The Board sub-committees are established to assist the Board in ensuring the effectiveness of the Group's operations and that they are in accordance with corporate objectives, strategy, annual budget, policies and business environment.

The Group's internal audit functions provide comfort on the efficiency and effectiveness of the internal control system. It monitors compliance on policies and procedures and highlights significant findings in respect of non-compliance.

Audits are carried out on all subsidiaries and frequency of which is determined by the level of risk assessed. The annual audit plan is reviewed and approved by the Audit Committee.

The Audit Committee reviews internal control issues identified by the Group's internal auditors/external auditors, regulatory authorities and the management and evaluates the adequacy of internal controls.

In assessing the internal control systems, the management of the Company continued to review and update all procedures and controls that are connected with significant accounts and disclosures of the Financial Statements of the Company/ Group.

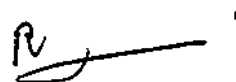
## CONFIRMATION STATEMENT

The Board of Directors of CIC Holdings PLC (Group) confirm that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting system and the preparation of Financial Statements for external purposes has been done in accordance with Sri Lanka Accounting Standards, Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange, requirements of Security and Exchange Commission of Sri Lanka and other regulatory requirements.

By order of the Board;



S. H. Amarasekera  
Chairman



P. R. Saldin  
Chairman - Audit Committee

31st May 2024

# RISK MANAGEMENT REPORT

CIC GROUP EMPHASISES THAT RISK MANAGEMENT IS A SHARED RESPONSIBILITY. THE GROUP RISK MANAGEMENT POLICY INTEGRATES RISK MANAGEMENT INTO ALL FACETS OF BUSINESS AND DECISION-MAKING PROCESSES.

CIC Holdings PLC (Group) recognises that achieving long-term growth and sustainability hinges upon a proactive approach to risk management. To this end, the Group has implemented a comprehensive ERM framework designed to continuously identify, assess, and mitigate potential threats.

## A Framework for Success:

This ERM framework commences with a clear understanding of the Group strategic goals and vision. A well-defined vision allows for the effective identification of internal and external factors that could potentially hinder progress. These risks can encompass a wide spectrum of issues, including financial uncertainties, operational disruptions, and compliance challenges.

## Risk Assessment and Treatment:

Following identification, each risk undergoes a thorough assessment. This evaluation considers the likelihood of the risk occurring and the potential impact it could have on Group operations. Through this analysis, risks are prioritised, and effective treatment strategies are developed. Depending on the specific risk, the Group may choose to avoid it entirely, mitigate its potential impact, transfer the risk to a third party, or accept it while implementing controls to minimise the consequences.

## Ownership and Integration:

CIC Group emphasises that risk management is a shared responsibility. The Group Risk Management Policy integrates risk management into all facets of business and decision-making processes. This includes strategy formulation, business development, business planning, capital allocation, investment decisions, internal controls, and day-to-day operations.

## Resilience and Stakeholder Value:

Risk management is a core principle in the CIC Group's management philosophy. As a listed entity the CIC Group is obligated to safeguard the interest of all stakeholders at all times, including during periods of economic turmoil and market volatility.

## Governance and Control Environment:

The CIC Group Board of Directors, as the highest governing body, establishes a robust control environment to support effective risk management. This environment includes clear risk management policies, robust internal control procedures, well-defined risk mitigation strategies, and comprehensive monitoring and reporting protocols. The Board provides oversight for the entire risk management process, with the Board Audit Committee specifically assisting in assessing the suitability and effectiveness of the risk control environment.

## The Risk Management Framework:

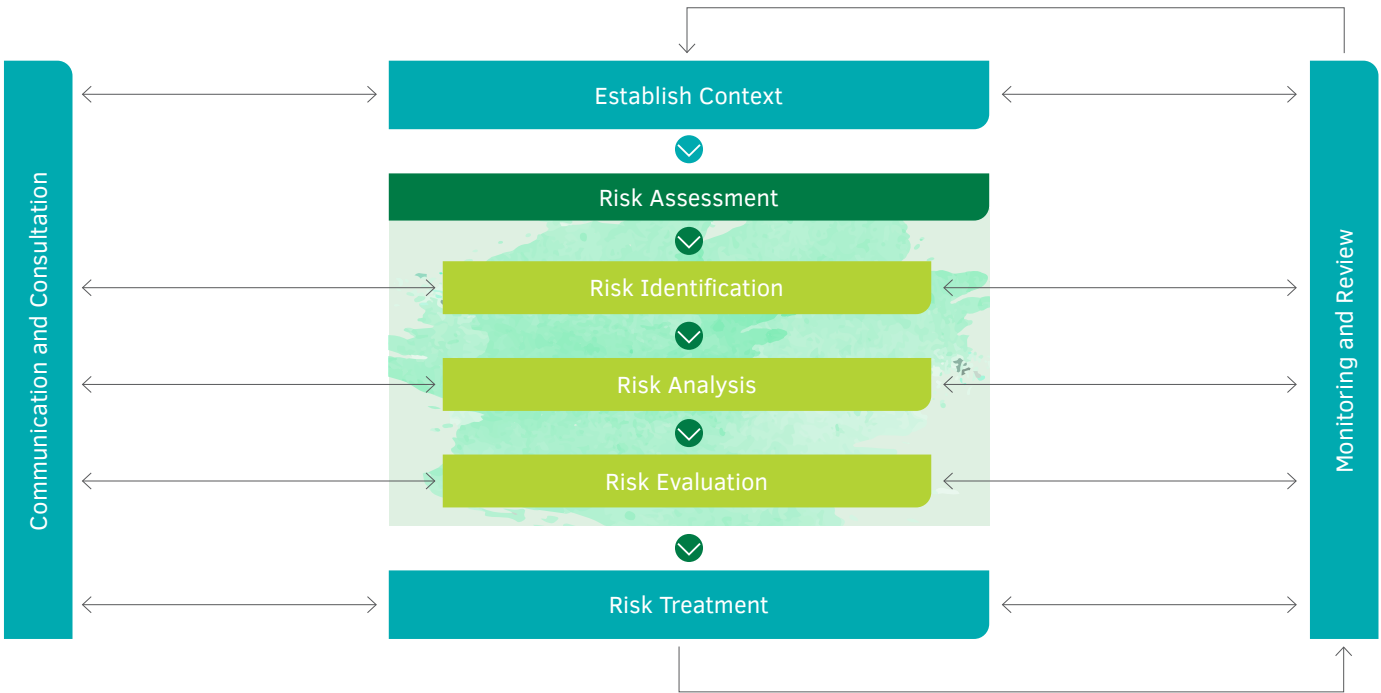
The Board has established a robust Risk Management Framework aligned with the Group Risk Management Policy. This policy ensures sound management of all key risks within Board-approved risk appetite limits. The Framework outlines clear principles and minimum process requirements for identifying, measuring, managing, controlling, and reporting current and emerging risks across all CIC Group activities. The Framework revolves around the following key processes:

**Risk Identification:** This stage involves systematically identifying both internal and external factors that could potentially hinder the achievement of strategic objectives.

**Risk Analysis and Evaluation:** Following identification, each risk undergoes a thorough assessment. This evaluation considers the likelihood of the risk occurring and the potential impact it could have on the company's operations.

**Risk Monitoring and Reporting:** The CIC Group is committed to continuous improvement of the ERM framework through regular monitoring and timely identification of emerging or evolving risks. Reporting keeps stakeholders informed, allowing for informed decision-making and swift adaptation when necessary.

# RISK MANAGEMENT REPORT



## EMERGING RISKS

The domestic and global economic climate continues to undergo significant change, characterised by high inflation and rising interest rates, in turn imposing constraints on consumer purchasing power, investment, and potentially increasing import costs, all contributing towards narrowing profit margins of organisations

The political landscape adds another layer of uncertainty. Recent political uncertainty raises concerns about unforeseen policy changes that could disrupt long-term business strategies. Such disruptions can have a cascading effect, impacting supply chains, transportation networks, and employee morale, all of which can significantly hinder business operations.

Beyond Sri Lanka's borders, the ongoing global supply chain disruptions continue to pose challenges. Shortages of raw materials and finished goods remain a threat, while rising transportation costs add complexity and expense. Furthermore, global geopolitical instability, amplified by the Russia-Ukraine war and the recent escalation of tensions in the Middle east can further exacerbate supply chain issues and disrupt energy markets. Fluctuations in global energy

prices also have a ripple effect, impacting production costs and transportation logistics for Sri Lankan businesses.

Additionally, the regulatory environment presents potential hurdles. New government regulations, particularly import/export restrictions, labour laws, environmental standards could necessitate adjustments. Import/export restrictions could disrupt established supply chains and force companies to identify new sources of materials or markets for their products. Stricter labour laws might translate to higher employee costs, while environmental regulations could require investments in cleaner technologies or waste management practices.

The ever-present threat of cyberattacks looms large. A successful cyberattack could lead to a data breach, resulting in significant financial losses and potentially irreparable damage to a company's reputation.

### GROUP RISK REGISTER & RISK GRID

Group Risk register outlines potential key risks for CIC Holdings, categorised by political, economic, social, legal and environmental (PESTLE) factors for the purpose of ensuring proactive management. By anticipating challenges and crafting mitigation strategies, the Group aims navigate uncertainties and ensure continued success.

Related Risk	Index	Risk	Implication/ consequences of not addressing the identified related risk	Main Risk Strategy	Risk Control Measure/Mitigation Action	Risk Rating
Political	1	Impact of Political Instability	Loss of business and growth potential. Impact on Profitability of the Group	Accept	<ul style="list-style-type: none"> <li>Difficult to mitigate / Strong rapport with GoSL</li> <li>Expansions in overseas operations</li> <li>Senior management involvement in managing stakeholder expectations (engage with stakeholders e.g. The Governments Officers etc.)</li> </ul>	●●●●●
	2	Current Economic Crisis	Loss of business and growth potential. Impact on Profitability of the Group	Accept	<ul style="list-style-type: none"> <li>Closely monitoring commitments &amp; costs aligning to the situation</li> <li>Monitoring exchange rates fluctuations</li> </ul>	●●●●●
Ad hoc Regulations, regulatory changes	3	Inability to set long term strategies	Financial Implication to Group businesses, eventually reducing profits and damage to the business relationships.	Accept and reduce	<ul style="list-style-type: none"> <li>Building Strong rapport with officials of GoSL (Periodic discussions, visits etc.)</li> <li>Industry lobbying to maintain policy consistency</li> <li>Participation in Advisory Committees of related Government Authorities to engage in discussions relating to policy changes etc.</li> </ul>	●●●●
Weather and Climate changes	4	Inability to accurately forecast sales	Product shortages, Stocks build up, Working capital tide up, loss/ damage of assets	Accept/ Transfer	<ul style="list-style-type: none"> <li>Implement Insurance cover as much as possible</li> <li>Invest in R&amp;D on climate/ drought resistant crops</li> <li>Pre-pone Harvesting and look for crop storage mechanisms</li> </ul>	●●●
Foreign Exchange	5	Foreign Currency Shortage	Shortage of foreign currency, which will hamper access to raw material imports. Exchange rate volatility also necessitates ongoing price revisions, leading to revenue loss and ultimately to reduction in profits.	Accept and reduce	<ul style="list-style-type: none"> <li>Explore local sourcing and R &amp; D to drive local production</li> <li>Focus on foreign exchange earning business opportunities</li> </ul>	●●●

## RISK MANAGEMENT REPORT

Related Risk	Index	Risk	Implication/ consequences of not addressing the identified related risk	Main Risk Strategy	Risk Control Measure/Mitigation Action	Risk Rating
Competition	6	Intense competitive pressure due to low entry barriers	Loss of market share owing to the consumers shifting to low-cost brands influenced by the competitor strategies and weak purchasing power of the customers	Reduce	<ul style="list-style-type: none"> <li>• Improve brand awareness and visibility through focused ATL and BTL activities</li> <li>• More investment in “CIC” brand equity building activities.</li> <li>• Move back to Brand identity which CIC had and re-establish (Eg - “CIC Pohora”)</li> <li>• Concentration on penetration strategies to maintain market leadership</li> <li>• Create demand pull from farmers for CIC Products (least toxic, class 3, class 4) through principals</li> </ul>	●●●
Competition	7	Intensive competitor strategies while having high entry barriers	Loss of market share owing to the consumers shifting to low-cost brands	Reduce	<ul style="list-style-type: none"> <li>• Increase awareness among customers</li> <li>• Continuous dialogue with regulatory decision making bodies</li> <li>• Look for possible relief through legal channels (to mitigate illegal products)</li> <li>• Work closely with Regulators such as ROP, NMRA, Health Ministry</li> </ul>	●●●
Vulnerability to Natural calamities	8	Poultry and Agri sectors being hit by diseases and pests attacks will have severe impact on the Group	Reduction of revenue and direct impact on profitability	Avoid	<ul style="list-style-type: none"> <li>• Strict adherence to protocols and implement stringent processes to avoid contamination via external sources</li> <li>• Identify diseases and pest attacks early as possible through field staff and data collection mechanisms</li> </ul>	●●●

Related Risk	Index	Risk	Implication/ consequences of not addressing the identified related risk	Main Risk Strategy	Risk Control Measure/Mitigation Action	Risk Rating
Macro Economics (GDP, Inflation, Economic Growth, unemployment, customer expectations)	9	<ul style="list-style-type: none"> <li>Erosion of disposable income of households</li> <li>Impact on Group profitability due to economic crisis</li> <li>Impact on food security of the country</li> </ul>	Reduction in margins / Customer dissatisfaction/ reduced employee morale/ reduce market share	Accept	<ul style="list-style-type: none"> <li>Frequent price changes</li> <li>Temporary stoppage of recruitment/reduce credit terms,</li> <li>Closely monitor demand trends and build up strategic discussions with global principles to explore alternative strategies.</li> <li>Product diversification (quality wise) across a wider range of price points (so that consumers will have a choice during adverse economic conditions and at the same time CIC has more sale opportunities)</li> </ul>	●●●
Interest Rates	10	Interest rate volatility due to monetary policy decisions of the Central Bank	Difficult to forecast long term plans and profitability is highly vulnerable	Accept and reduce	<ul style="list-style-type: none"> <li>Need to have proper long term financing strategies of strategic investments</li> <li>Encourage cash sales and Infusion/re-invest new capital to businesses (re-capitalization)</li> <li>Mitigation through proper working capital management,</li> </ul>	●●
Supply disruption of global logistical arrangements due to geopolitical issues	11	<ul style="list-style-type: none"> <li>Supply chain disruptions</li> <li>Significant increase of world market prices</li> </ul>	<p>Non-availability of a continuous supply of raw material</p> <p>Significant increase in material cost lead to decline of demand.</p>	Accept and reduce	<ul style="list-style-type: none"> <li>Effective negotiation with available pool of suppliers</li> <li>Critically evaluating requirement and maintaining adequate buffer stock levels.</li> <li>Pursue alternate supplier sources and develop supplier networks</li> <li>Look for new entrepreneurs with innovative supply models and materials (Options to source locally)</li> </ul>	●

## RISK MANAGEMENT REPORT

Related Risk	Index	Risk	Implication/ consequences of not addressing the identified related risk	Main Risk Strategy	Risk Control Measure/Mitigation Action	Risk Rating
Social/ Community	12	Riots, Civil Wars, Violence, Curfews	Discontinuation of operational activities	Accept	<ul style="list-style-type: none"> <li>Building &amp; maintaining high quality relationship with the community</li> <li>Maintaining a high reputation as a socially responsible Group of Companies</li> <li>Moving away from sensitive markets (in order to reduce the sensitivity to Gov. policy changes, interferences etc.)</li> </ul>	●
Damage to environment - due to non compliance	13	Risk of Loosing GMP approval and possibility of shut down by the regulator	<ul style="list-style-type: none"> <li>Very high risk of complaints from surrounding communities based on the current condition.</li> <li>Possible closure of factories by regulator based on social/ environmental welfare factors</li> </ul>	Avoid	<ul style="list-style-type: none"> <li>Immediately re-locate the factory</li> <li>Strictly adhering to environmental regulations applicable to the Chemical factory and continue to monitor the process</li> <li>Complying with applicable laws and regulations</li> <li>Increased vigilance on changes that will come into effect in near future with the management actively involved in setting up policy framework</li> <li>Brand Diversification</li> </ul>	●●●●●
Operating in highly regulated industries	14	Regulator decisions aligned with their own agenda (National / Global) will have a major impact on business operations	The regulator will dictate terms that a major part of the Group needs to follow and will have a major impact on group revenue and profitability.	Reduce	<ul style="list-style-type: none"> <li>Concentrate on developing strategies to diversify in to non regulated open market industries</li> <li>Tie up with suppliers using modern technology</li> <li>Follow and align strategies accordingly (High toxic materials / chemicals / Nitrogen usage / classes of molecules )</li> <li>Moving into businesses; <ul style="list-style-type: none"> <li>(a) Which are Non-regulated</li> <li>(b) Which have less social impact</li> </ul> </li> </ul>	●●●●●

Related Risk	Index	Risk	Implication/ consequences of not addressing the identified related risk	Main Risk Strategy	Risk Control Measure/Mitigation Action	Risk Rating
Import centric Business Model	15	Major dependency only on imports and less concentration on manufacturing and exports	Impact on all business segments  Potential capture of an already developed market by a competitor in an event of the loss of these suppliers.	Avoid	<ul style="list-style-type: none"> <li>Develop strategies to have strong export portfolio</li> <li>Investment on research and development, technology &amp; innovation to expand local production (Import Substitution)</li> <li>Investment in more essential sectors</li> </ul>	●●●
Losing specialized domain knowledge	16	Risk of losing key employees due to retirement / brain drain will create capability shortage	Due to current economic situation, there is risk of losing key employees with domain knowledge to competitor / migration. This will impact on the whole value chain of the group and unavailability of capable people in the market will hinder the future growth	Reduce	<ul style="list-style-type: none"> <li>Leadership development to ensure continuous pipeline of leaders in line with the succession plan</li> <li>Plan out strong capability development process</li> <li>Investment in training and development and having a performance driven culture</li> <li>Focus on employee motivation</li> </ul>	●●●
Acquiring right talent	17	<ul style="list-style-type: none"> <li>Risk of unavailability of right and valuable talent to acquire / replace from the market</li> <li>Organizational culture being not attractive to recruit young and talented generation</li> </ul>	<ul style="list-style-type: none"> <li>Reduced talent pool will have a direct impact on the performance of the Group across all the sectors</li> <li>The younger generation possesses a distinct talent pool that represents the future of the workforce, leaving CIC at a disadvantage in attracting and retaining young talent</li> </ul>	Reduce	<ul style="list-style-type: none"> <li>Having a proper succession plan in place</li> <li>More investment in training and development</li> <li>Be attractive to the market with tangible and intangible benefits</li> <li>Corporate culture shift to attract young talent</li> <li>Clear identification of top talent and retaining them</li> <li>Corporate branding to enhance attractiveness and reinforcement of corporate culture</li> <li>Invest in CSR activities</li> </ul>	●

# RISK MANAGEMENT REPORT

Related Risk	Index	Risk	Implication/ consequences of not addressing the identified related risk	Main Risk Strategy	Risk Control Measure/Mitigation Action	Risk Rating
Data Security	18	Risk of sensitive Data being exposed to unintended parties	Exposure of sensitive data to unintended parties can have a wide range of negative implications such as financial losses, reputational damage, identity theft, etc.	Avoid	<ul style="list-style-type: none"> <li>Have strong security mechanisms to prevent unintended uses of data and information</li> <li>Use data encryption mechanisms to safeguard of data and information</li> <li>Conduct security audits periodically to identify vulnerabilities</li> </ul>	●●●●
Security breaches, Cybersecurity threats, hacking and ransomware attacks	19	Risk of shut down to entire operation of the Group	Though there are protocols in place to make sure the system is secured, IT systems in general are highly vulnerable to security breaches , ransomware attacks and cyber security threats	Avoid	<ul style="list-style-type: none"> <li>More investments on security upgrades</li> <li>Periodic security audits to identify areas that needs improvement.</li> <li>Obtain insurance coverage</li> <li>Leverage IT to improve business capability with entire businesses to be looked from an IT perspective for development progress</li> <li>Essential training and development of CIO/IT -team on better understanding developments on technology ecosystem(domestic/ International)</li> </ul>	●●●

## RISK GRID

### CIC Group Risk Matrix

Impact/Severity	5	Catastrophic/ Extreme Impact	5	10	15	19	15	3	14	18	20	1	2	13	25	
	4	Major/ Very High Impact	4	8	5	8	12	4			16				20	
	3	Moderate/ High Impact	12	3	11	17	6	10	9	6	7	16	12			15
	2	Minor Impact	2	2	4		4	6				8		9		10
	1	Low/ Insignificant Impact	1	1	2		2	3				4				5
		Rare/Remote to Occur	1	2	3	4	5									
		Unlikely to Occur	2													
		Possible to Occur	3													
		Likely to Occur	4													
		Almost certain to Occur	5													
			1	2	3	4	5									

Impact/Severity

The Colour Matrix Implies the Following:

- 15-25 Ultra High
- 9-14 High
- 4-8 Medium
- 1-3 Low



## PIONEERING R&D AND INDUSTRIAL SOLUTIONS

I am proud to have worked at CIC for many decades. It gives me great joy and pride to see the commitment to R&D and numerous testing the company undertakes to give the end user a quality product at an affordable cost. Many scientists and professionals work tirelessly to create innovative solutions and support industries across Sri Lanka, because as a company we care and are rooted in lives.

*Alexander Mark Cantlay*  
*Assistant General Manager - Logistics & Administration*  
*CIC RPC*

FINANCIAL &  
STATUTORY REPORTS



## FINANCIAL CALENDAR

1st Quarter Financial Results	Released on 21st July 2023
2nd Quarter Financial Results	Released on 23rd October 2023
3rd Quarter Financial Results	Released on 02nd February 2024
4th Quarter Financial Results	Released on 29th May 2024
<hr/>	
2023/24 Final Dividend Payment Date if approved at AGM	18th July 2024
61st Annual General Meeting	28th June 2024

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# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors of CIC Holdings PLC has pleasure in presenting their Report on the Affairs of the Company together with the Audited Financial Statements of CIC Holdings PLC and the Audited Consolidated Financial Statements of the Group for the 12 months ended 31st March 2024.

## REVIEW OF THE YEAR

Chairman's Statement, (page 12), and the Group Chief Executive Officer's Review, (page 15) describe the Company's affairs and the Group's business. Financial results of the Company/Group are elaborated on pages 173 to 275. These reports together with the Audited Financial Statements reflect the state of affairs of the Company/Group.

## PRINCIPAL ACTIVITIES

The Company carries the business of merchandising and manufacturing as its principal activities. There were no significant changes in the activities of the Company during the year under review. The Group is engaged in Agri Produce, Crop Solutions, Live Stock Solutions and Health & Personal Care market segments. During the year under review there were no changes in the activities of subsidiary companies except acquiring 6.72% of issued share capital of John Keells Holdings PLC.

## INDEPENDENT AUDITORS' REPORT

The Independent Auditors' report on the Financial Statements is given on pages 170 to 172 in this Annual Report.

## FINANCIAL STATEMENTS

The Financial Statements for the 12 months ended 31st March 2024 are in accordance with the Sri Lanka Accounting Standards, SLFRSs/LKASs, issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of Section 151 (and Section 153 for consolidated entity) of the Companies Act No. 07 of 2007. The Financial Statements duly signed by the Directors are provided on pages 173 to 275 in this Annual Report.

## ACCOUNTING POLICIES

The accounting policies adopted in preparation of the Financial Statements are provided in detail in the Notes to the Financial Statements on pages 180 to 201. The Company/Group has consistently applied the accounting policies as set out in Note 1-4 to all periods presented in these Consolidated Financial Statements.

As at 31st March	Company		Group	
	2024 Rs. 000	2023 Rs. 000	2024 Rs. 000	2023 Rs. 000
Profit for the year after depreciation	2,476,309	2,152,773	13,517,422	13,068,538
From which a deduction is made for taxation and For discontinued operations	1,262 (236)	(328,275) (427)	(2,543,225) 47,197	(3,070,914) 54,934
	2,477,335	1,824,071	11,021,394	10,052,558
From which a deduction is made for non- controlling Interest	-	-	(1,278,136)	(2,251,109)
	2,477,335	1,824,071	9,743,258	7,801,449
To which must be added/(deducted) other comprehensive income	(41,463)	(21,206)	(190,447)	3,725
Total comprehensive income	2,435,872	1,802,865	9,552,811	7,805,174
To which must be added the unappropriated profit brought forward from the previous years and	3,992,674	2,568,889	18,327,732	11,637,265
De-recognition of financial assets due to disposal	-	-	-	(2,937)
Derecognition of fair value reserve due to change in ownership of investments	2,904,312	-	3,228,750	-
Realisation of capital reserve on account of disposal of assets	765,822	-	765,822	13,630
Adjustment to non-controlling interest of a subsidiary	-	-	(141,756)	(746,320)
Transfer of general reserve	-	-	-	-
Making available for appropriation amount of	10,098,680	4,371,754	31,733,359	18,706,812
Out of which a dividend was paid Rs.Nil (2023 - Rs 1.00)	(947,700)	(379,080)	(947,700)	(379,080)
so that the unappropriated profit carried forward will be	9,150,980	3,992,674	30,785,659	18,327,732

## ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

### PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Company and the Group invested a sum of Rs. 127.44 Mn (2022/23 – Rs. 85.11Mn) and Rs 635.64 Mn - (2022/23 – Rs. 542.26 Mn) in property, plant and equipment. Details of property, plant and equipment and intangible assets and their movements are given in Notes 16 to the Financial Statements respectively. Details of freehold land and buildings are given in Note 16 to the Financial Statements.

### MARKET VALUE OF PROPERTIES

The freehold property of the Company/Group is revalued by an Independent Qualified Valuer when there is a substantial difference between the fair value and the carrying amount of the freehold property. Company/ Group reviews its assets once in each reporting date.

The most recent valuation was carried out as at 31st March 2022. The details of the valuation are given in Note 16 to the Financial Statements on page 220 in this Annual Report.

### DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Statement of the Directors' Responsibilities is given on page 168.

### COMPLIANCE WITH CSE LISTING RULES

The Board of Directors confirms that the Company has complied with Section 7.10 of the Listing Rules (effective from 1st October 2023, Section 9 of the Listing Rules as applicable), subject to the transitional provisions contained therein.

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

### CORPORATE GOVERNANCE

The Company has complied with Corporate Governance Rules laid down by the Institute of Chartered Accountants of Sri Lanka, and Listing Rules of the Colombo Stock Exchange. The Corporate Governance Section on pages 92 to 140 describes the good Corporate Governance Principles adopted by the Company.

### DIVIDENDS

Further, in terms of Article 7 of the Articles of Association of the Company, final dividend of Rs. 2.50 per share has been proposed by the Directors for the financial year ended 31st March 2024,. The Board has reasonable grounds for believing that the Company would satisfy the Solvency Test

immediately after the distribution is made and accordingly, The Board of Directors has signed the Certificate of Solvency in accordance with Section 57 of the Companies Act No. 07 of 2007.

The Board of Directors will obtain a Certificate of Solvency from the Auditors prior to the date of dispatch of the dividend payment.

### RESERVES (EXCLUDING NON-CONTROLLING INTEREST)

Group reserves and retained equity as at 31st March 2024 amounted to Rs. 33,884.69 million vs Rs. 21,987.57 million as at 31st March 2023. The break-up and movement are shown in the Statement of Changes in Equity in the Financial Statements.

### STATED CAPITAL

As per the terms of the Companies Act No. 07 of 2007, the Stated Capital of the Company was Rs. 1,008.45 Mn as at 31st March 2024 and was unchanged during the year. Details are given in Note 30 to the Financial Statements on page 249.

Earnings per share, dividends per share, dividend payout and net assets value per share are given in the Highlights on page 5 of this Annual Report and prior year figures are adjusted in line with the subdivision.

### COMMITMENTS AND CONTINGENCIES

Commitments and Contingent Liabilities of the Group are disclosed in the Note 39 & 40 to the Financial.

### DIRECTORS

The following were the Directors of the Company as at 31st March 2024 and their brief profiles are set out in page 22 to 23.

Mr S H Amarsekara- Chairman  
 Mr R S Captain  
 Mr S M Enderby  
 Mr J R Gunaratne  
 Mr D T S H Mudalige  
 Mr P R Saldin  
 Ms K D Senewiratne  
 Mr M P Jayawardena

### APPOINTMENTS & RESIGNATIONS

There are no any new appointments or resignations during the year to the Board of Directors

## Retirement by Rotation & Re-election

- Retirement by Rotation

- (i) Mr. J R Gunaratne retires pursuant to Article 25(6) of the Articles of Association of the Company and being eligible offers himself for re-election as recommended by the Board.
- (ii) Mr. D T S H Mudalige retires pursuant to Article 25(6) of the Articles of Association of the Company and being eligible offers himself for re-election the Board.
- (iii) Mr. M P Jayawardena who attained this age of 70 years on 2nd August 2022 vacates office at the conclusion of the forthcoming Annual General Meeting pursuant to Section 210 of the Companies Act No.7 of 2007. As recommended by the Board, a resolution will be placed before the shareholders for the re-appointment of Mr. M P Jayawardena pursuant to Section 211 of the Companies Act No.7 of 2007.

## INDEPENDENCE OF DIRECTORS

### S.H. Amarasekera

Independent, Non-Executive Director/Chairman

### S.M. Enderby

Independent, Non-Executive Director

### M.P. Jayawardena

Independent, Non-Executive Director

### D.T.S.H. Mudalige

Independent, Non-Executive Director

### J.R. Gunaratne

Independent, Non-Executive Director

### K.D. Senewiratne

Independent, Non-Executive Director

In accordance with Rule 7.10.2 (b) of the Colombo Stock Exchange (CSE) listing Rules, Independent Directors have submitted a signed and dated declaration as per the specimen given in Appendix 7A of Continuing Listing Rules of CSE.

Although, Mr. S H Amarsekara, Mr. M P Jayawardena and Mr. S M Enderby have served of the Board over 9 years as at 31st March 2024, the Board of Directors of the Company has determined that Mr. S H Amarasekara, Mr. M P Jayawardena and Mr. S M Enderby shall nevertheless be considered as independent as objectivity of their roles are not compromised by serving a long period on the board

## BOARD COMMITTEES

### Audit committee

Following are the names of the Directors comprising the Audit Committee of the Board:

#### P. R. Saldin

Non-Independent, Non-Executive Director- Chairman of the Committee

#### S.M. Enderby

Independent, Non-Executive Director

#### D.T.S.H. Mudalige

Independent, Non-Executive Director

#### M.P. Jayawardena

Independent, Non-Executive Director

The Report of the Audit Committee on page 141 sets out the manner of compliance by the Company in accordance with the requirements of the Rule 7.10 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

### Human Capital and Compensation Committee

Following are the names of the Directors comprising the Remuneration Committee of the Board:

#### P. R. Saldin

Non-Independent, Non-Executive Director- Chairman of the Committee

#### S.H. Amarasekera

Independent, Non-Executive Director

#### S.M. Enderby

Independent, Non-Executive Director

#### R.S. Captain

Non-Independent, Non-Executive Director

#### M.P. Jayawardena

Independent, Non-Executive Director

The Report of the Remuneration Committee on page 143 contains a statement of the remuneration policy. The details of the aggregate remuneration paid to the Executive and Non-Executive Directors during the year under review are given in Note 11 to the Financial Statements on page 206.

### Nomination Committee

Following are the names of the Directors comprising the Nomination Committee of the Board:

#### S.H. Amarasekera

Independent, Non-Executive Director/Chairman of the Committee

## ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

### R.S. Captain

Non-Independent, Non-Executive Director

### P. R. Saldin

Non-Independent, Non-Executive Director

The Report of the Nomination Committee on page 145 sets out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

### Related Party Transactions Review Committee

Following are the names of the Directors comprising the Related Party Transactions Review Committee:

#### M.P. Jayawardena

Independent, Non-Executive Director- Chairman of the Committee

#### S.M. Enderby

Independent, Non-Executive Director

#### J R Gunaratne

Independent, Non-Executive Director

The Board of Directors has given the following statement in respect of the related party transactions. The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee of the Company and are in compliance with Section 9.14 of CSE Listing Rules.

The Report of the Related Party Transactions Review Committee on page 146 sets out the manner of compliance by the Company.

### Directors' Interests and Interest Register

The Company, in compliance with the Companies Act No. 07 of 2007, maintains an Interests Register.

All Directors have made declarations as provided for in Section 192(2) of the said Act. As per the particulars of entries in the Interests Register there are no share purchases during the financial year under review.

### Directors' Remuneration

Executive Directors remuneration is structured within an established framework by the Board's Remuneration Committee to whom this task has been entrusted. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company. The total remuneration of the Executive Directors for the year ended 31st March 2024 is given in Note 11 includes the value of perquisites granted to them as part of their terms of service.

The total Directors fees of Non-Executive Directors for the reporting year ended 31st March 2024 is given in Note 11 is determined according to the scales of payment decided upon by the Board. The Board is satisfied that the payment of remuneration is fair to the Company.

### Directors' Interest in Shares

The following transactions of shares of the Directors were reported during the reporting period.

## CIC HOLDINGS PLC

As at	Ordinary shares		Non-Voting (Class X)	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Mr. S.H. Amarasekera - Chairman	-	-	-	-
Mr. R.S. Captain	320	320	556	556
Mr. S.M. Enderby	-	-	-	-
Mr. J.R. Gunaratne	-	-	-	-
Mr. D.T.S.H. Mudalige	-	-	-	-
Mr. M.P. Jayawardena	-	-	5000	5,000
Mr. P.R. Saldin	-	-	2,000	2,000
Ms K D Senewiratne	-	-	-	-
	320	320	7,556	7,556

### DIRECTORS' INDEMNITY AND INSURANCE

The Company has obtained a Directors' and Officers' Liability Insurance from a reputed insurance company in Sri Lanka providing worldwide cover to indemnify all past, present and future Directors and Officers of the Group.

### SHARE INFORMATION AND SUBSTANTIAL SHAREHOLDINGS

The distribution of shareholdings, public holding percentage, market value of shares, 20 largest shareholders and record of scrip issues are given on page 276 to 279.

### DIRECTORATES IN SUBSIDIARIES

The names of the Directors holding office at the end of the year ended 31st March 2024 in subsidiary companies are given below:

Company	Directors	Shareholding 31st March 2024 Number of shares	Shareholding 31st March 2023 Number of shares
Chemanex PLC	P R Saldin	NIL	NIL
	S A B Ekanayake	NIL	NIL
	E M M Boyagoda	NIL	NIL
	P A Seresinhe	NIL	NIL
Chemanex Exports (Private) Limited	M P Jayawardena	NIL	NIL
	S A B Ekanayake	NIL	NIL
Chemcel (Private) Limited	B R L Fernando	NIL	NIL
	S A B Ekanayake	NIL	NIL
Link Natural Products (Private) Limited	S H Amarasekera	NIL	NIL
	D Nugawela	NIL	NIL
	P R Saldin	NIL	NIL
	S A B Ekanayake	NIL	NIL
	R S Captain	NIL	NIL
	D T S H Mudalige	NIL	NIL
	J R Gunaratne	NIL	NIL
	S M Enderby	NIL	NIL
	T M S G Tennakoon	NIL	NIL
CISCO Speciality Packaging (Private) Limited	P R Saldin	NIL	NIL
	R S Captain	1	1
	D P G C P Wegiriya	NIL	NIL
	L A Captain	13,000	13,000
CIC CropGuard (Private) Limited	P R Saldin (resigned w.e.f 15/01/2024)	NIL	NIL
	V L R Gamage	NIL	NIL
	R Ganesalingam	NIL	NIL
	W P Madawanarachchi	NIL	NIL
	P A Seresinhe (appointed w.e.f 15/01/2024)	NIL	NIL
Crop Management Services (Private) Limited	W P Madawanarachchi	NIL	NIL
	H A C K Leelarathna	NIL	NIL

## ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Company	Directors	Shareholding 31st March 2024 Number of shares	Shareholding 31st March 2023 Number of shares
Colombo Industrial Agencies Limited	L I Fernando	45,076	45,076
	K A V Manatunga	NIL	NIL
	H C Ahangama	NIL	NIL
CIC LifeSciences Limited	H C Ahangama	NIL	NIL
	K A V Manatunga	NIL	NIL
Cropwiz (Private) Limited	H A C K Leelarathna	NIL	NIL
	K A V Manatunga	NIL	NIL
	E Shaked	NIL	NIL
CIC Properties (Private) Limited	H A C K Leelarathna	NIL	NIL
	K A V Manatunga	NIL	NIL
	W P Madawanarachchi	NIL	NIL
Ciron Medtech (Private) Limited	P A Seresinhe (appointed on 01/05/2024)	NIL	NIL
	K A V Manatunga	NIL	NIL
	H C Ahangama (resigned w.e.f 01/05/2024)	NIL	NIL
CIC Precision Agricultural Technologies (Private) Limited	S P S Ranatunga	NIL	NIL
	P W M B B Marambe	NIL	NIL
	M S Gunawardana	1	1
	A Hettiarachchi	NIL	NIL
	K A Rutnam	NIL	NIL
Akzo Nobel Paints Lanka (Private) Limited	P R Saldin	NIL	NIL
	W Heenetigala	NIL	NIL
	O Wizenbeek	NIL	NIL
	Sen Fatt Teng	NIL	NIL
	S M Enderby	NIL	NIL
CIC Feeds (Private) Limited	D A Cabraal	NIL	NIL
	D T S H Mudalige	NIL	NIL
	J R Gunaratne	NIL	NIL
	L D A Weerasinghe	NIL	NIL
CIC Vetcare (Private) Limited	D A Cabraal	NIL	NIL
	L D A Weerasinghe	NIL	NIL
	M P Jayawardena	NIL	NIL
	D T S H Mudalige	NIL	NIL
CIC Poultry Farms Limited	D A Cabraal	NIL	NIL
	M P Jayawardena	NIL	NIL
	D T S H Mudalige	NIL	NIL
	L D A Weerasinghe	NIL	NIL
	R R Anthony	NIL	NIL
	J R Gunaratne	NIL	NIL

Company	Directors	Shareholding 31st March 2024 Number of shares	Shareholding 31st March 2023 Number of shares
CIC Bio Security Breeder Farms Limited	D A Cabraal	NIL	NIL
	D T S H Mudalige	NIL	NIL
	M P Jayawardena	NIL	NIL
CIC Agri Businesses (Private) Limited	S H Amarasekera	NIL	NIL
	P R Saldin	NIL	NIL
	W P Madawanarachchi	NIL	NIL
	J D Peiris	NIL	NIL
	J M Swaminathan	NIL	NIL
	K J M De A Rajapakse	NIL	NIL
	CIC Dairies (Private) Limited	P A Seresinhe (appointed w.e.f 15/01/2024)	NIL
P R Saldin (resigned w.e.f 15/01/2024)		NIL	NIL
W P Madawanarachchi		NIL	NIL
P. Wegiriya		NIL	NIL
H A C K Leelarathna		NIL	NIL
CIC Grains (Private) Limited	P A Seresinhe (appointed w.e.f 15/01/2024)	NIL	NIL
	P R Saldin (resigned w.e.f 15/01/2024)	NIL	NIL
	W P Madawanarachchi	NIL	NIL
	H A C K Leelaratne		
CIC Seeds (Private) Limited	P A Seresinhe (appointed w.e.f 15/01/2024)	NIL	NIL
	P R Saldin (resigned w.e.f 15/01/2024)	NIL	NIL
	W P Madawanarachchi	NIL	NIL
	H A C K Leelarathna	NIL	NIL
CIC Dairy Breeding & Management (Private) Limited	W P Madawanarachchi	NIL	NIL
CIC Agri Produce Marketing (Private) Limited	W P Madawanarachchi	NIL	NIL
	M Fernandopulle	NIL	NIL
CIC Agri Produce Export (Private) Limited	W P Madawanarachchi	NIL	NIL
	S S Wijeweera	NIL	NIL
Wayamba Agro Fertilizer Limited	W P Madawanarachchi	NIL	NIL
	S S Wijeweera	NIL	NIL
CIC Agri Biotech (Private) Limited	W P Madawanarachchi	NIL	NIL
	S S Wijeweera	NIL	NIL

## ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Company	Directors	Shareholding 31st March 2024 Number of shares	Shareholding 31st March 2023 Number of shares
Biosystems Technologies Limited	W P Madawanrachchi	NIL	NIL
	H A C K Leelarathna	NIL	NIL
	S A D N Senevirathne	6,512,132	6,512,132
Unipower (Private) Limited	K J M De A Rajapakse	NIL	NIL
	P A Seresinhe (appointed w.e.f 15/01/2024)	NIL	NIL
	M Wanninayake	NIL	NIL
	H M R Bandara	NIL	NIL
	W P Madawanarachchi	NIL	NIL
	P R Saldin (resigned w.e.f 15/01/2024)		
Asiavet Lifesence (Private) Limited	D A Cabraal	NIL	NIL
	L D A Weerasinghe	NIL	NIL
	P A Serasinghe	NIL	NIL
	H C Ahangama	NIL	NIL

### HUMAN RESOURCES

The number of persons employed by the Group and the Company as at 31st March 2024 was 2,272 (2023– 2,109) and 531 (2023– 476), respectively.

### MATERIAL ISSUES PERTAINING TO EMPLOYEES AND INDUSTRIAL RELATIONS OF THE COMPANY

No material issues pertaining to employees and industrial relations of the Company occurred during the year under review which require disclosure under Rule 7.6 (vii) of the Listing Rules

### EMPLOYEE SHARE OPTION SCHEME (ESOS)

ESOS of the Company was approved by the shareholders of the Company on 30th June 2016. Under this plan the Company was authorized to issue up to 20% of Non-Voting shares and offered to eligible employees. The option granted under this plan has to be exercised within 10 years of such grant. No employees have been provided with any financial assistance to exercise the option.

### MATERIAL FORESEEABLE RISK FACTORS

Financial Risks Management objectives and policies are set out in note 44 on page 263.

Risks that Company and its subsidiaries are exposed to are set out in Risk Management on page 149.

### DONATIONS (FOR APPROVED AND NON-APPROVED CHARITIES/ ORGANISATIONS)

During the year, donations amounting to Rs. 3.11 Mn/- (2022/23 – Rs.2.89 Mn/-) were made by the Group and donations made by the Company were Rs. 1Mn (2022/23 – Rs.1 Mn). Donations made by the Group and Company are given in Note 11.

At the last Annual General Meeting shareholders approved a sum not exceeding Rs 1 Mn in respect of donations.

### AUDITORS

The Financial Statements for the period under review were audited by Messrs KPMG, Chartered Accountants who offer themselves for reappointment for the ensuing year. The Directors propose the reappointment of Messrs KPMG, Chartered Accountants as Auditors of the Company for the year 2024/25 subject to the approval of the shareholders at the Annual General Meeting.

The Audit Committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit and non-audit fees paid to the Auditors. Details on the work of the Audit Committee are set out in the Audit Committee Report.

The audit and non-audit fees paid to the Auditors by the Company and Group are disclosed in Note 11 on page 206 in this Annual Report.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company or its subsidiaries. The Auditors have confirmed that they do not have any relationship (other than that of Auditors) with or interest in the Company or any of its subsidiaries other than those disclosed above.

### CORPORATE GOVERNANCE

The Company has complied with Best Practices on Corporate Governance laid down by the Institute of Chartered Accountants of Sri Lanka, and Listing Rules of Colombo Stock Exchange. The Corporate Governance Section on page 92 to 140 describes the good Corporate Governance Principles adopted by the Company .

The Corporate Governance Report is given under the Governance Section of the Annual Report .

### Directors' Declarations

The Directors declare that having considered all information and explanations made available to them that –

- (a) the Company complied with all applicable laws and regulations in conducting its business;
- (b) they have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested;
- (c) the Company has made all endeavors to ensure the equitable treatment of shareholders;
- (d) the business is a going concern with supporting assumptions or qualifications as necessary: and
- (e) they have conducted a review of internal controls covering financial, operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence herewith.
- (f) they have made arrangements to make themselves aware of applicable laws, rules & regulations and are aware of changes particularly to listing rules & applicable capital make provisions.
- (g) there are no relevant areas of any materials non compliance with law or regulation and any fines which are material, imposed by the government or regulatory authority in the Country.

### EVENTS AFTER THE REPORTING PERIOD

At the Board Meeting held on 24th May 2024, the Directors have proposed a final dividend of Rs. 2.50 per share to be paid to the shareholders on 18th July 2024.

No circumstances have arisen since the reporting date, which would require adjustment or disclosure except for the details given in Note 41 to the Financial Statements on page 256.

### STATUTORY PAYMENTS

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page 168.

### NOTICE OF MEETING

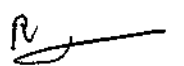
The 61st Annual General Meeting will be held on 28th June 2024 at 9th Floor, Commercial Bank Building, No.1, Union Place, Colombo 02 at 9.00 a.m

The Notice of the Annual General Meeting to the shareholders is given on page 285.

For and on behalf of the Board,



S.H. Amarasekera  
Chairman



P. R. Saldin  
Director



P W Corporate Secretarial (Private) Limited  
Company Secretary

31st May 2024

# DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors' responsibility in relation to the Financial Statements is detailed below. The Report of the Auditors sets out their responsibility in relation to the Financial Statements.

The Companies Act No. 07 of 2007 requires that the Directors prepare the Financial Statements for each financial year, which reflect a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and the profit/ loss for that financial year. In preparation of these statements, the Directors are required to ensure that,

1. Appropriate accounting policies have been selected and applied based on the new financial reporting framework on a consistent basis while reasonable and prudent judgements have been made so that the form and substance of transactions are properly reflected. Material departures, if any, are disclosed and explained. The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.
2. Financial Statements prepared and presented in this Annual Report have been prepared based on new Sri Lanka Accounting Standards (SLFRS/LKAS) which came to effect from 1st January 2012 and are in agreement with the underlying books of account and in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No.15 of 1995, the Listing Rules of the Colombo Stock Exchange and the Code on Corporate Governance issued by the Securities and Exchange Commission (SEC) of Sri Lanka.
3. The Company keeps sufficient accounting records to disclose, with reasonable accuracy, the financial position of the Company and that of the Group and to enable them to ensure that the Financial Statements comply with the Companies Act No. 07 of 2007. Also, reasonable steps are taken to safeguard the assets of the Company and to establish appropriate systems of internal controls, which provide reasonable though not absolute assurance to the Directors that assets are safeguarded and internal controls are in place with a view to the prevention and detection of frauds and errors.
4. The Directors are required to prepare the Financial Statements and the Company's External Auditors, Messrs. KPMG who were appointed in terms of Section 158 of the Companies Act No. 7 of 2007 and in accordance with a resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the

inspections they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors of the Company together with all the financial records, related data and Minutes of shareholders' and Directors' meetings and expressed their opinion which appears as reported by them on page 170 to 172.

5. As required by Sections 166 (1) and 167 (1) of the Companies Act, they have prepared this Annual Report in time and ensured that, it is made available to the shareholders by hosting the Annual Report and related documents on the websites of the Company and the Colombo Stock Exchange whilst acting in accordance with Circular No. 04/2022 of the Colombo Stock Exchange with regard to circulation of the Annual Report in printed form. The Directors also wish to confirm that all shareholders in each category have been treated equitably in accordance with the terms of issue of the said shares.
6. The Company and its quoted subsidiaries, have met all the requirements under Section 7 on the Continuing Listing Requirements of the Listing Rules of the Colombo Stock Exchange, wherever applicable.

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

## COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its Group companies, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its Group companies, and all other known statutory dues as were due and payable by the Company and its Group companies as at the reporting date have been paid or where relevant provided for.

By Order of the Board,



P W Corporate Services  
Company Secretary

31st May 2024

# CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

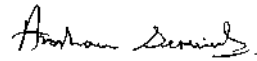
The Financial Statements of CIC Holdings PLC and the Consolidated Financial Statements of the Group are prepared in conformity with requirements of the

- Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka,
- Companies Act No. 07 of 2007,
- Sri Lanka Accounting & Auditing Standards Act No 15 of 1995,
- Listing Rules of the Colombo Stock Exchange and
- Code of Corporate Governance issued by Securities and Exchange Commission of Sri Lanka.

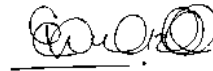
The Board of Directors and the management of our Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgements relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs. To ensure this, the Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets, and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. Our Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Financial Statements were audited by Messrs. KPMG, Chartered Accountants, the Independent Auditors.

The Audit Committee of our Company meets periodically with the Internal Auditors and the Independent Auditors to review the manner in which these auditors are performing their responsibilities, and to discuss auditing, internal control and reporting issues. To ensure complete independence, the Independent Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.



P A Serasinge  
Group Chief Executive Officer



Erandi Wickramaarachchi  
Group Chief Financial Officer

31st May 2024

# 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](http://www.kpmg.com/lk)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of CIC Holdings 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 31st March 2024, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 173 to 275 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 at 31st March 2024, and of their financial performance and its 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 judgment, were of most significance in our audit of the Company financial statements and the consolidated financial

statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### 1. Impairment assessment of goodwill and investments in subsidiaries

Refer to the significant accounting policy in Notes 3.1.3 and 3.13 and explanatory Notes 20 and 22 to the financial statements.

### Risk Description

The Company have recorded Rs. 3.73 Bn as investments in subsidiaries and the Group have recorded intangible asset pertaining to Goodwill amounting to Rs. 533 Mn as at 31st March 2024. The carrying amount of each investment in Subsidiaries and related Goodwill have been tested for impairment as individual Cash Generating Units. The carrying amount of these investments and goodwill could be materially misstated if inappropriate judgments and estimates were used by the management in calculating the recoverable amount for each cash generating unit ('CGU') as part of their impairment assessment.

We identified assessment of impairment of investment in subsidiaries and Goodwill as a key audit matter due to significant degree of management judgment involved in making this assessment and in forecasting the future cash flows of the companies which could have significant impact on the financial statements. Further, impact prevailing volatile macro-economic environment on the business operations resulted in increased estimates and judgements involved in the assessment of impairment of investment in subsidiaries and Goodwill.

### Our audit procedures included:

- Obtaining an understanding of management's impairment assessment process.
- Evaluating the indications of possible impairment of

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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. Abeyaratne 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. Alshakoon ACA

Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law; H.S. Goonewardene ACA, Ms. FR Ziyad FCMA (UK), FCIT  
K. Somasundaram ACMA(UK)

investments in subsidiaries and Goodwill.

- Obtaining the forecasted cash flow projections of the subsidiaries and assessing the reasonableness of the forecasts and challenging the assumptions used in the valuation.
- Reviewing the robustness of management's budgeting process by comparing the actual financial results against previous projections.
- Assessing the adequacy of disclosures made in the financial statements with the relevant accounting standards.

## 2. Allowance for impairment of Trade Receivables

Refer to the significant accounting policy in Note 3.14.4 and explanatory Note 26 to the financial statements.

### Risk Description

The Group has recognized trade receivable balance of Rs. 9.237 Bn as at 31st March 2024, after provision for impairment of Rs. 930 Mn.

As described in Note 3.14.4 to the financial statements, management's provisioning methodology is based on an expected credit loss model as required under SLFRS 9 'Financial Instruments'. The Group's customers operate in number of sectors, having different credit profiles. The determination of provision for impairment using expected credit loss model is subject to number of key judgments and assumptions such as forward-looking probability of default (PD), loss given default (LGD), macroeconomic scenarios including their weighting and judgments over the use of data inputs required.

Impairment of trade receivables remains one of the significant judgements made by management particularly in light of the prevailing volatile macro-economic environment in Sri Lanka on each sectors the Group operates.

We identified impairment of trade receivables as a key audit matter for our audit, as it requires management to exercise subjective judgment in making assumptions and estimates for the assessment of allowance for impairment of trade receivables.

### Our audit procedures included:

- Evaluating the appropriateness of the impairment methodology adopted by the Group in accordance with SLFRS 9 and challenging the key assumptions and evaluating the reasonableness of the key judgments and methodology used by the management.
- Assessing the appropriateness of impairment allowance by considering the estimation uncertainties by management

pursuant to the current economic situation in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions used in the expected credit loss model.

- Evaluating the completeness, accuracy, and relevance of data used in preparation of the impairment provision.
- Comparing the economic factors used in the models to market information to assess whether they are aligned with the market and economic development.
- Evaluating the adequacy of the disclosures in the financial statements in accordance with the relevant accounting standards.

### 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 will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 3272.

Chartered Accountants  
Colombo

31st May 2024

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March		COMPANY		GROUP	
	Notes	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Continuing operations</b>					
Revenue	6	18,860,317	15,435,671	76,424,242	68,274,718
Cost of sales		(13,364,686)	(9,816,953)	(55,706,039)	(43,781,973)
<b>Gross profit</b>		<b>5,495,631</b>	<b>5,618,718</b>	<b>20,718,203</b>	<b>24,492,745</b>
Other income	7	2,637,426	869,880	296,035	601,428
Distribution expenses		(2,327,995)	(1,879,817)	(6,219,413)	(4,938,863)
Impairment loss on trade receivables		(87,459)	(54,613)	(11,952)	(112,042)
Administrative expenses		(1,001,377)	(755,151)	(3,987,189)	(3,133,090)
Other expenses	8	(153,742)	(55,000)	(122,031)	(67,092)
<b>Results from operating activities</b>		<b>4,562,484</b>	<b>3,744,017</b>	<b>10,673,653</b>	<b>16,843,086</b>
Finance income		208,086	241,389	737,328	577,315
Finance cost		(2,294,261)	(1,832,633)	(3,337,784)	(4,893,844)
Finance cost (net)	9	(2,086,175)	(1,591,244)	(2,600,456)	(4,316,529)
Gain on bargain purchase	23.1	-	-	5,355,562	-
Loss on dilution of investment in associate	23.1	-	-	(1,080,557)	-
Share of profit of equity accounted investees (net of tax)	10	-	-	1,169,220	541,981
<b>Profit before tax</b>	11	<b>2,476,309</b>	<b>2,152,773</b>	<b>13,517,422</b>	<b>13,068,538</b>
Income tax expense	12	1,262	(328,275)	(2,543,225)	(3,070,914)
<b>Profit from continuing operations</b>		<b>2,477,571</b>	<b>1,824,498</b>	<b>10,974,197</b>	<b>9,997,624</b>
<b>Discontinued operations</b>					
Profit/(loss) from discontinued operations(net of tax)	13	(236)	(427)	47,197	54,934
<b>Profit for the year</b>		<b>2,477,335</b>	<b>1,824,071</b>	<b>11,021,394</b>	<b>10,052,558</b>
<b>Other comprehensive income</b>					
<b>Items that will never be reclassified to profit or loss</b>					
Actuarial gains/(losses) on retirement benefit obligations		(59,233)	(30,294)	(211,508)	14,999
Deferred tax impact on revaluation reserve due to rate change		-	(76,612)	-	(306,342)
Realisation of deferred tax due to disposal		-	-	-	3,314
Income tax on other comprehensive income		17,770	9,088	62,419	(3,790)
Net gain/(loss) from fair value change in financial assets		3,004,870	15,345	3,794,574	(22,519)
Equity-accounted investees- share of OCI		-	-	(67,957)	418
<b>Other comprehensive income for the year</b>		<b>2,963,407</b>	<b>(82,473)</b>	<b>3,577,528</b>	<b>(313,920)</b>
<b>Total comprehensive income for the year</b>		<b>5,440,742</b>	<b>1,741,598</b>	<b>14,598,922</b>	<b>9,738,638</b>
<b>Profit attributable to :</b>					
Equity holders of the Company		2,477,335	1,824,071	9,743,258	7,801,449
Non- Controlling interests		-	-	1,278,136	2,251,109
<b>Profit for the year</b>		<b>2,477,335</b>	<b>1,824,071</b>	<b>11,021,394</b>	<b>10,052,558</b>
<b>Total comprehensive income attributable to :</b>					
Equity holders of the Company		5,440,742	1,741,598	12,973,399	7,542,967
Non- Controlling interests		-	-	1,625,523	2,195,671
<b>Total comprehensive income for the year</b>		<b>5,440,742</b>	<b>1,741,598</b>	<b>14,598,922</b>	<b>9,738,638</b>
<b>Earnings per share</b>					
Basic/diluted earnings per share (Rs.)	14	6.54	4.81	25.70	20.58
<b>Earnings per share -continuing operations</b>					
Basic/diluted earnings per share (Rs.)		6.54	4.81	25.63	20.50

Notes from pages 180 to 275 form an integral part of the Financial Statements

Figures in brackets indicate deductions

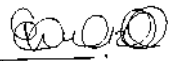
# STATEMENT OF FINANCIAL POSITION

As at 31st March	Notes	COMPANY		GROUP	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>ASSETS</b>					
<b>Non- current assets</b>					
Property, plant & equipment	16	2,337,740	2,367,125	12,608,280	12,676,995
Investment property	17	-	-	2,400	2,400
Capital work-in-progress	18	-	-	94,555	56,185
Biological assets	19.1	-	-	504,362	393,305
Intangible assets	20	31,677	39,577	625,211	646,488
Deferred tax assets	21	-	-	251,312	7,956
Investment in subsidiaries	22	3,734,955	3,393,208	-	-
Equity accounted investees	23	16,312,019	36,000	25,206,123	1,264,307
Equity investments at fair value through OCI	24	-	5,145,507	150	5,153,595
Deposits with banks		-	-	291	-
		22,416,391	10,981,417	39,292,684	20,201,231
<b>Current assets</b>					
Inventories	25	5,184,716	4,634,122	18,449,041	17,894,323
Biological assets	19.7	-	-	299,770	320,841
Income tax receivables	37	-	-	712	8,482
Trade receivables	26	3,422,280	2,347,063	9,237,533	6,018,871
Contract assets		104,484	89,243	156,929	130,875
Other receivables	27	1,010,589	1,151,933	3,318,297	3,675,132
Equity investments at fair value through OCI	28	40,059	27,922	287,267	2,033,291
Deposits with banks		1,611,244	1,639,788	1,618,710	2,272,588
Cash in hand and at bank	29	590,361	120,245	5,416,036	1,941,537
		11,963,733	10,010,316	38,784,295	34,295,940
Assets classified as held for sale	13.2	146,266	1,050,060	350,964	1,247,981
Assets classified as held for distribution	13.5	197	197	59,315	57,615
		12,110,196	11,060,573	39,194,574	35,601,536
<b>Total assets</b>		<b>34,526,587</b>	<b>22,041,990</b>	<b>78,487,258</b>	<b>55,802,767</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the company</b>					
Stated capital	30	1,008,450	1,008,450	1,008,450	1,008,450
Capital reserves	31	950,240	1,716,062	2,412,465	3,165,113
Revenue reserves	32	9,930,442	4,671,578	31,472,225	18,822,460
		11,889,132	7,396,090	34,893,140	22,996,023
<b>Non controlling Interests</b>		<b>-</b>	<b>-</b>	<b>5,101,736</b>	<b>4,832,992</b>
<b>Total Equity</b>		<b>11,889,132</b>	<b>7,396,090</b>	<b>39,994,876</b>	<b>27,829,015</b>
<b>Non-current liabilities</b>					
Loans and borrowings	33.1	70,132	73,260	399,988	306,980
Retirement benefit obligations	34	339,731	226,615	1,300,694	897,355
Grants	35	-	-	1,372	1,548
Deferred tax liabilities	21	91,436	235,624	1,850,252	1,866,353
		501,299	535,499	3,552,306	3,072,236

As at 31st March	Notes	COMPANY		GROUP	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Current Liabilities</b>					
Trade payables	36	2,318,959	2,629,624	4,763,848	4,600,864
Contract liabilities		148,409	130,994	246,533	219,625
Income tax payable	37	82,174	293,879	1,020,457	1,265,269
Accruals and other payables	38	1,241,316	1,278,969	3,332,722	3,153,331
Contingent consideration payable		138,052	215,970	138,052	215,970
Loans and borrowings	33.4	18,207,246	9,560,965	25,025,619	14,982,952
		22,136,156	14,110,401	34,527,231	24,438,011
Liabilities classified as held for sale	13.2	-	-	411,012	461,633
Liabilities classified as held for distribution	13.5	-	-	1,833	1,872
		22,136,156	14,110,401	34,940,076	24,901,516
<b>Total Liabilities</b>		<b>22,637,455</b>	<b>14,645,900</b>	<b>38,492,382</b>	<b>27,973,752</b>
<b>Total equity and liabilities</b>		<b>34,526,587</b>	<b>22,041,990</b>	<b>78,487,258</b>	<b>55,802,767</b>
Net assets per share Rs.		31.36	19.51	92.05	60.66

Notes from pages 180 to 275 form an integral part of the Financial Statements.

It is certified that the Financial Statements have been prepared in accordance with the requirements of the Companies Act No 07 of 2007.



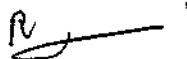
Erandi Wickramaarachchi  
Group Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board.



S. H. Amarasekera  
Chairman



P. R. Saldin  
Director

31st May 2024  
Colombo

# STATEMENT OF CHANGES IN EQUITY

## Company

(In Rs.'000)	Stated Capital	Revaluation Reserve	General Reserves	Fair Value Reserve	Retained Earnings	Total
<b>Balance as at 1 April 2022</b>	1,008,450	1,792,674	782,604	(119,045)	2,568,889	6,033,572
Profit for the year	-	-	-	-	1,824,071	1,824,071
Other comprehensive income	-	-	-	15,345	(21,206)	(5,861)
Deferred tax on tax rate change	-	(76,612)	-	-	-	(76,612)
<b>Total comprehensive income</b>	-	(76,612)	-	15,345	1,802,865	1,741,598
Dividends (Note 15)	-	-	-	-	(379,080)	(379,080)
<b>Total contributions by and distribution to the owners of the Company</b>	-	-	-	-	(379,080)	(379,080)
<b>As at 31st March 2023</b>	1,008,450	1,716,062	782,604	(103,700)	3,992,674	7,396,090
<b>Balance as at 1 April 2023</b>	1,008,450	1,716,062	782,604	(103,700)	3,992,674	7,396,090
Profit for the year	-	-	-	-	2,477,335	2,477,335
Derecognition of fair value reserve due to change in ownership of investments	-	-	-	(2,904,312)	2,904,312	-
Other comprehensive income	-	-	-	3,004,870	(41,463)	2,963,407
Realisation of capital reserve	-	(765,822)	-	-	765,822	-
<b>Total comprehensive income</b>	-	(765,822)	-	100,558	6,106,006	5,440,742
Dividends (Note 15)	-	-	-	-	(947,700)	(947,700)
<b>Total contributions by and distribution to the owners of the Company</b>	-	-	-	-	(947,700)	(947,700)
<b>As at 31st March 2024</b>	1,008,450	950,240	782,604	(3,142)	9,150,980	11,889,132

Notes from pages 180 to 275 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

## Group

(In Rs.'000)	Attributable to the equity holders of the company					Total	Non-controlling interest	Total Equity
	Stated Capital	Revaluation Reserve	Fair Value Reserve	General Reserves	Retained Earnings			
<b>Balance as at 1 April 2022</b>	1,008,450	3,368,499	(223,858)	720,306	11,637,265	16,510,662	3,603,439	20,114,101
Profit for the year	-	-	-	-	7,801,449	7,801,449	2,251,109	10,052,558
Other comprehensive income	-	-	(4,657)	-	3,725	(932)	(9,960)	(10,892)
Deferred tax on impact on revaluation reserve due to tax rate change	-	(260,863)	-	-	-	(260,863)	(45,479)	(306,342)
Realisation of capital reserve on account of disposal of assets	-	(13,630)	-	-	13,630	-	-	-
Realisation of deferred tax on account of disposal of assets	-	3,314	-	-	-	3,314	-	3,314
De- recognition financial assets due to disposal	-	-	2,937	-	(2,937)	-	-	-
<b>Total comprehensive income for the year</b>	-	(271,179)	(1,720)	-	7,815,867	7,542,968	2,195,670	9,738,638
<b>Transactions with shareholders</b>								
Dividend paid to equity holders of the parent (Note 15)	-	-	-	-	(379,080)	(379,080)	-	(379,080)
Adjustment due to change in holding	-	67,793	-	-	(746,320)	(678,527)	(736,186)	(1,414,713)
Subsidiary dividend to non controlling-interest	-	-	-	-	-	-	(229,932)	(229,932)
<b>Transaction with owners of the Company</b>	-	67,793	-	-	(1,125,400)	(1,057,607)	(966,118)	(2,023,725)
<b>As at 31st March 2023</b>	1,008,450	3,165,113	(225,578)	720,306	18,327,732	22,996,023	4,832,992	27,829,015
<b>Balance as at 1 April 2023</b>	1,008,450	3,165,113	(225,578)	720,306	18,327,732	22,996,023	4,832,992	27,829,015
Profit for the year	-	-	-	-	9,743,258	9,743,258	1,278,136	11,021,394
Derecognition of fair value reserve due to change in ownership of investments	-	-	(3,228,750)	-	3,228,750	-	-	-
Other comprehensive income	-	-	3,420,588	-	(190,447)	3,230,141	347,387	3,577,528
Adjustment due to change in holding	-	13,174	-	-	(177,998)	(164,824)	(146,423)	(311,247)
Adjustment on non-controlling interest	-	-	-	-	36,242	36,242	(36,242)	-
Transfer due to disposal of assets	-	(765,822)	-	-	765,822	-	-	-
<b>Total comprehensive income for the year</b>	-	(752,648)	191,838	-	13,405,627	12,844,817	1,442,858	14,287,675
<b>Transactions with shareholders</b>								
Dividend paid to equity holders of the parent (Note 15)	-	-	-	-	(947,700)	(947,700)	-	(947,700)
Subsidiary dividend to non controlling-interest	-	-	-	-	-	-	(1,174,114)	(1,174,114)
<b>Transaction with owners of the Company</b>	-	-	-	-	(947,700)	(947,700)	(1,174,114)	(2,121,814)
<b>As at 31st March 2024</b>	1,008,450	2,412,465	(33,740)	720,306	30,785,659	34,893,140	5,101,736	39,994,876

Notes from pages 180 to 275 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

# STATEMENT OF CASH FLOW

For the year ended 31st March		COMPANY		GROUP	
		2024	2023	2024	2023
	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cash flow from operating activities</b>					
Cash generated from operations (Note A)		410,444	1,182,809	9,166,003	9,525,270
Interest paid		(2,286,133)	(1,699,390)	(3,285,281)	(4,859,194)
Retirement benefits paid	34	(15,980)	(4,896)	(57,730)	(102,490)
Income tax paid	37	(336,861)	(472,205)	(2,903,165)	(2,185,800)
Net cash inflow/(outflow) from operating activities		(2,228,530)	(993,682)	2,919,827	2,377,786
<b>Cash flow from investing activities</b>					
Additions to property, plant & equipment	16	(127,442)	(85,105)	(635,643)	(542,258)
Additions to capital work-in-progress	18	-	-	(143,520)	(189,480)
Additions to intangible assets	20	-	(2,307)	(5,481)	(10,099)
Additions to biological assets	19	-	-	(433,595)	(488,625)
Proceeds from disposal of property, plant & equipment		1,018	193	7,611	15,683
Proceeds from disposal of assets held for sale		800,052	-	800,052	67,013
Proceeds from disposal of Investments		-	-	-	3,152
Proceeds from sale of biological assets		-	-	4,521	732
Further investment in subsidiary	22	(311,247)	(1,414,719)	(311,247)	(1,414,713)
Addition to other long-term investments	24	(6,474,514)	(3,905,850)	(6,474,514)	(3,905,850)
Further investment in associate		(1,662,356)	-	(1,748,904)	-
Short term investments	28	(904)	(554)	(242,001)	(74,121)
Investment in subsidiary, net of cash acquired	20.4	-	(142,976)	-	(142,167)
Investment in bank deposits		28,544	(473,692)	653,587	(269,039)
Dividend received from subsidiaries	7	2,025,450	215,879	-	-
Dividend received from equity accounted investees	7	502,978	441,900	517,763	441,900
Dividend received from other financial assets	7	21,656	39,084	34,188	76,466
Subsidiary dividends to non-controlling interest		-	-	(1,174,114)	(229,931)
Interest income received		208,086	241,389	737,328	592,188
Net cash outflow from investing activities		(4,988,679)	(5,086,758)	(8,413,360)	(6,069,149)
Net cash outflow before financing activities		(7,217,209)	(6,080,440)	(5,493,533)	(3,691,363)
<b>Cash flow from financing activities</b>					
Dividends paid to equity holders of the parent		(947,700)	(379,080)	(947,700)	(379,080)
Lease rental payments	33.3	(10,931)	(10,931)	(124,213)	(65,820)
Repayment of long-term borrowings	33.2	-	-	(57,058)	(117,938)
Net cash outflow from financing activities		(958,631)	(390,011)	(1,128,971)	(562,838)
Net decrease in cash & cash equivalents during the Period		(8,175,840)	(6,470,451)	(6,622,504)	(4,254,201)
Cash & cash equivalents at the beginning of the Period		(9,437,917)	(2,967,466)	(12,875,977)	(8,621,776)
Cash & cash equivalents at the end of the period (Note B)		(17,613,757)	(9,437,917)	(19,498,481)	(12,875,977)

For the year ended 31st March		COMPANY		GROUP		
		Notes	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>Note A - Cash generated from operations</b>						
			2,476,309	2,152,773	13,517,422	13,068,538
			(236)	(427)	47,299	55,065
<b>Adjustments for:</b>						
	16		151,060	149,198	891,576	866,113
	8		-	-	40	499
	8		50,000	-	-	-
			-	-	-	196
			-	-	102	-
	7,8		(773)	(193)	(568)	(4,752)
	8, 13.1		103,742	-	103,742	115,200
	34		69,863	45,601	249,561	194,770
	20		7,900	7,746	26,758	26,031
			5,522	5,522	77,668	62,847
			-	-	300,819	405,088
	7		-	(14,173)	-	-
	26.2		87,459	54,613	11,952	112,042
	25.1		128,131	142,467	473,107	464,490
	8		-	-	17,198	(43,517)
	7		-	-	(176)	(5,695)
	10		-	-	(1,169,220)	(541,981)
			-	-	(5,355,562)	-
			-	-	1,080,557	-
			-	124,824	-	124,824
	9		(208,086)	(241,389)	(737,328)	(592,188)
			2,294,261	1,707,809	3,289,973	4,946,598
	7		(2,550,084)	(696,863)	(34,188)	(76,466)
			2,615,068	3,437,508	12,790,732	19,177,702
			(1,117,078)	(211,742)	(2,899,758)	2,594,798
			(678,725)	(2,809,482)	(1,006,754)	(8,752,331)
			(408,821)	766,525	281,783	(3,494,899)
			410,444	1,182,809	9,166,003	9,525,270
<b>Note B - Analysis of cash &amp; cash equivalents at the end of the year</b>						
	29.1		590,361	120,245	5,479,820	1,998,070
	29.2		(18,204,118)	(9,558,162)	(24,978,301)	(14,874,047)
	29.2		(17,613,757)	(9,437,917)	(19,498,481)	(12,875,977)

Notes from pages 180 to 275 form an integral part of the Financial Statements.

Figures in brackets indicate deductions.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

CIC Holdings PLC (formerly known as Chemical Industries (Colombo) PLC) is a limited liability Company incorporated and domiciled in Sri Lanka. The address of the Company's registered office and the principal place of business is 199, Kew Road, Colombo 2.

The Consolidated Financial Statements of CIC Holdings PLC, as at and for the year ended 31st March 2024 comprise of Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in equity accounted investees. Descriptions of the nature of the operations and principal activities of the Company, its subsidiaries and equity accounted investees are given on page 163 to 166.

Ultimate Parent Company of CIC is Paints & General Industries Limited, a Company domiciled in Sri Lanka.

The Financial Statements of all Companies in the Group as mentioned in Notes 22 and 23 to the Financial Statements are prepared for a common financial year, which ends on 31st March.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Consolidated Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (Hereinafter referred to as SLFRS/LKAS), issued by The Chartered Accountants of Sri Lanka (CASL) and the requirements of the Companies Act No. 7 of 2007.

The Board of Directors of the Company is responsible for the preparation and presentation of the Financial Statements. The Consolidated Financial Statements were authorized for issue by the Directors on 31st May 2024.

### 2.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis, except that land and biological assets, assets held for sale and distribution and short-term & long term investments are measured at fair value and the retirement benefit obligations are measured at the present value of the defined benefit plans as explained in the respective Notes to the Financial Statements.

### 2.3 Functional and Presentation Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand, unless stated otherwise.

### 2.4 Use of Estimates and Judgments and Assumptions.

The preparation of Consolidated Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS/LKAS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting 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 accounting estimates are recognized in the period in which the estimates are revised in any future periods effected.

#### 2.4.1 Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Consolidated Financial Statements is included in the following notes.

- Note 07 – commission income: whether the Group acts as an agent in the transaction rather as a principal;
- Note 23 – equity accounted investees: whether the Group has significant influence over an investee;
- Note 22 – consolidation: whether the group has control over an investee; and
- Note 33 – lease term; whether the Group is reasonably certain to exercise extension options.

#### 2.4.2 Assumptions and estimation uncertainties

Information about the assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustments in the year ended 31st March 2024 is included in the following notes.

- Note 34 – measuring of defined benefit obligations: key actuarial assumptions;
- Note 21 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;

- Note 19 – determining the fair value of biological assets on the basis of significant unobservable inputs;
- Note 13.2 – determining the fair value less cost to sell of the disposal group on the basis of significant unobservable input data;
- Note 20- impairment test of the intangible assets and goodwill: key assumptions underlying recoverable amounts , including recoverability of development costs;
- Note 40 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude;
- Note 44 - measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted- average loss rate:
- Note 22 – acquisition of subsidiary: fair value measured on a provisional basis .;
- Note 3.9- leases (incremental borrowing rate) – the basis used when determining the incremental borrowing rate used to measure the lease liability is described in the Note 3.9 to these Financial Statements.
- Note 06 – revenue recognition: estimate of expected return

### 2.4.3 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based

on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Group Chief Financial Officer.

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

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

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

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

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

Further information about the assumptions made in measuring fair values included in the following notes;

- Note 19- Biological Assets
- Note 13- Disposable Group Held for Sale and Distribution
- Note 24 – Financial Instruments.
- Note 16 – Revaluation of Lands

## NOTES TO THE FINANCIAL STATEMENTS

### 2.4.4 Retirement Benefits

The cost of defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the long term bond rate. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases are based on expected future inflation rates for the respective country.

### 2.4.5 Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from the active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in the assumptions about these factors could affect the reported fair value of financial instruments.

### 2.4.6 Development Costs

Development costs are capitalized in accordance with the accounting policy. Initial capitalization of cost is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

### 2.4.7 Recognition of Deferred Tax Assets

Management applies significant judgement on the extent to which deferred tax assets can be recognised based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition,

significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various future tax jurisdictions.

### 2.5 Comparative information

Comparative information including quantitative, narrative, and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements.

### 2.6 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are treated immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on “Presentation of Financial Statements”.

Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different nature or functions. Notes to the Financial Statements are presented in a systematic manner that ensures the understandability and the comparability of Financial Statements.

### 2.7 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern in the foreseeable future, and they do not intend either to liquidate or cease trading.

In determining the basis of preparing of the Financial Statements for the year ended 31 March 2024, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Company and the appropriateness of the use of the going concern basis.

The management has formed judgement that the Group, has adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalisation of risk mitigation initiatives and monitoring of business continuity and response plans at each business unit level along with the financial strength of the Group.

## 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all periods presented in these Consolidated Financial Statements and have

been applied consistently by Group entities, unless otherwise indicated.

### Changes in Material Accounting policies

#### Disclosure of accounting policies – Amendments to LKAS 1 and SLFRS Practice Statement 2 The amendments to LKAS 1 and SLFRS Practice Statement 2

The group has adopted to Amendments to LKAS 1 with effect from 1 January 2023. Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

“The amendments have had an impact on the Group’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group’s Financial Statements.

#### Deferred tax related to assets and liabilities arising from a Single Transaction – Amendments to LKAS 12

The group has adopted to Amendments to LKAS 1 with effect from 1 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.

Set out below is an index reference of material accounting policies,

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### 3.1. Basis of Consolidation

#### 3.1.1 Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meet 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 asset.

## NOTES TO THE FINANCIAL STATEMENTS

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; less
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market based value of the replacement awards compared with the market based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

### 3.1.2 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 their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

The acquisition of an additional ownership interest or a disposal of ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the non-controlling interests is recognised in equity of the parent. No adjustment is made to goodwill as a result of such transactions.

### 3.1.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases.

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee which includes; the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Summarised financial information in respect of subsidiaries that have non-controlling interests that are material to the reporting entity (i.e., the group) are disclosed separately when applicable.

### 3.1.4 Loss of Control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value as at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an FVOCI depending on the level of influence retained.

### 3.1.5 Associates and Joint Venture

An associate is an entity in which the Group has significant influence, but no control over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not have the control or joint control over those policies.

Joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group determines significant influence or joint control by taking into account similar considerations necessary to determine control over subsidiaries.

The Group's investment in associate and joint venture are accounted for using the equity method and are recognised initially at cost which includes the transaction cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable,

in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

At each reporting date, the Group determines whether there is objective evidence that the investment in associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the Income Statement.

When the Group's share of losses exceeds its interest in the associate, the carrying amount of that interest, including any long term investments, is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Group discontinues the use of the equity method from the date that it ceases to have significant influence over an associate or joint control over the joint venture and accounts for the investment in accordance with the Group's accounting policy for financial instruments. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

There are no significant restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

Details of the associates within the Group are provided in Note 23 to the Financial Statements and the details of the joint venture are provided in Note 23 to the Financial Statements.

### 3.1.6 Intra-Group transactions

Pricing policies of all intra-group sales are identical to those adopted for normal trading transactions, which are at market prices.

### 3.1.7 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. 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.

## 3.2 Foreign Currency

### 3.2.1 Foreign Currency Transactions

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to the Income Statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured

at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

## 3.3 Revenue

### A. Revenue streams

The Group generates revenue primarily from sale of goods under revenue from contracts with customers. The rental income and repair income are the other sources of income included under revenue.

### B. Disaggregation of revenue from contract with customers

Revenue from contract with customers (including revenue related to a discontinuing operation) is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition under Note 06.

### C. Contract balances

#### Contract Assets

#### Cost to obtain contract

The Group capitalizes incremental costs to obtain a contract with a customer for the assets with more than one year amortization period and if it expects to recover those costs. The costs that will be incurred regardless of whether the contract is obtained – including costs that are incremental to trying to obtain a contract, are expensed as they are incurred. The cost to obtain contract will be amortized over the contract period on a systematic basis.

#### Cost of fulfilling a contract

The Group capitalizes the costs incurred in fulfilling a contract with a customer for which are not in the scope of other guidance and only if the fulfillment costs meet the following criteria:

- relate directly to an existing contract or specific anticipated contract;
- generate or enhance resources that will be used to satisfy performance obligations in the future; and
- are expected to be recovered.

The cost of fulfilling a contract will be amortized over the contract period on a systematic basis.

### Contract Liabilities

The Group recognizes a contract liability for the deferred revenue on the extended warranty provided for the customers.

The contract liability shall be realized to revenue on the basis of utilizing the warranty by the customers or on a systematic basis accordingly.

### D. Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or services to a contract.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product / service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Sale of goods & services	The Group operates in different divisions and engaged in varieties of sale of goods under each divisions / clusters.	The revenue is recognized based on the identified performance obligation. The transaction price is determined taking into account of variable considerations. The transaction price is allocated to performance obligations and recognized the revenue point in time upon analysis of each sale of goods under separate divisions.
Distributor & dealer volume rebates	Distributors and dealers are entitled to volume rebates.  Volume rebates are given based on the yearly and daily sales quantities over different slabs.	The Group estimates the amount of variable consideration to which it expects to be entitled, giving consideration to the risk of revenue reversal in making the estimate for volume rebates.  The transaction price under revenue is adjusted for the provision of volume rebates and recognized as revenue.
Issue of free goods	The Group offers free goods to their dealers as a promotion.	The free goods granted to customer is a material right of the customer and is accounted as a separate performance obligation.  The revenue is allocated for the performance obligation on their relative stand-alone selling price and the revenue is recognized at the point in time when the performance obligation is met.
Distributor allowance on transportation	The Group pays an agreed daily distribution allowance to its distributors on an agreed distribution value.  This allowance is paid for the transportation cost incurred from the point of distributor to end consumer location.	The transport cost paid to the dealer / distributor is not in exchange for a distinct goods or services and it is recognized as a reduction to transaction price under revenue recognition.
Slotting Fees	The Group pays slotting fees to identified supermarket chains for use of shelf spaces.  The Slotting fees are either incurred by the Company or reimbursed by the principal.	The slotting fees are identified as a variable consideration payable to customer and recognized as a reduction to the transaction price for the slotting fees incurred by the Company.  A receivable from principal is recognized for the slotting fees which are reimbursed by the principal.

## NOTES TO THE FINANCIAL STATEMENTS

### Other Income Sources

#### 3.3.1 Interest Income

Interest income is recognised in profit or loss as it accrues and is calculated by using the effective interest rate method.

#### 3.3.2 Dividend Income

Dividend Income is recognised when the Group's right to receive the payment is established.

#### 3.3.3 Rental Income

Rental income arising from operating leases on investment properties or renting out of premises are recognised as revenue on a straight-line basis over the term of the lease or agreement.

#### 3.3.4 Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

#### 3.3.5 Others

Other income is recognised on an accrual basis.

Net gains and losses on the disposal of property, plant & equipment and other non-current assets including investments have been accounted for in profit or loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

### 3.4 Grants

Grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss as other income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the profit or loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments.

### 3.5 Finance income and finance costs

The Group's finance income and finance costs include

- Interest income,
- Interest expenses
- Foreign currency gain or loss on financial assets and liabilities,

Interest income or expense is recognized using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- The gross carrying amount of the financial assets: or
- The amortized cost of the financial liability.

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

### 3.6 Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI

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

#### 3.6.1 Current Income Tax

Current tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends, if applicable.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### 3.6.2 Deferred Tax

Deferred tax is recognised in respect of the temporary differences between the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is recognised for all taxable temporary differences, except for:

- Temporarily differences on the initial recognition of asset or liability in a transaction that is not a business combination and, at the time of the transaction, that affects neither the accounting profit nor taxable profit or loss;
- Temporary differences associated with investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

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 profits will allow the deferred tax asset to be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates (and tax laws) enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

A deferred tax asset is recognised for unused tax losses, tax credits 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.

## 3.7 Discontinued Operations and Assets Held for Sale/Distribution

### 3.7.1 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

### 3.7.2 Assets held for sale

Before the classification as held for sale non current assets and liabilities in the disposal group are measured in accordance with relevant SLFRSS.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

## NOTES TO THE FINANCIAL STATEMENTS

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets are classified as held for distribution when the Company/Group committed to distribute the assets or disposal group to its owners.

Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Property, plant & equipment and intangible assets once classified as held for sale are not depreciated or amortised.

### 3.7.3 Cease to be classified as assets held for sale and distribution

When an operation is ceased to classify as held for sale, the results of the operations of the component previously presented in discontinued operations shall be reclassified and included in income from continuing operations for all presented periods. The amounts for prior periods shall be described as having been re-presented.

The amounts presented for the assets and liabilities of the disposal group classified as held for sale in the comparative Statements of Financial Position shall not be reclassified or re-presented.

## 3.8 Property, Plant & Equipment

### 3.8.1 Initial Recognition and Measurement

Items of property, plant & equipment are measured at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the asset and includes the cost of replacing part of the property, plant & equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;

- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When significant parts of property, plant & equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

### 3.8.2 Subsequent Costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Significant accounting judgements, estimates and assumptions (Note 2.4) and Provisions (Note 3.17) for further information about the recorded decommissioning provision.

### 3.8.3 Revaluation

Land are measured at fair value. Valuations are performed frequently (maximum of every three years) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any revaluation surplus is recorded in other comprehensive income and hence, credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss, in which case, the increase is recognised in the profit or loss. A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

### 3.8.4 Depreciation

Items of property, plant & equipment are depreciated on a straight-line basis over the estimated useful lives of the each component.

Items of property, plant & equipment are depreciated from the month that they are installed and are ready for use, or in respect of internally constructed assets, from the month that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years of significant items of property, plant & equipment are as follows:

- Buildings 10 - 40 years
- Plant and equipment 5 - 50 years
- Computers and allied equipment 3-8 years
- Motor Vehicles 3-30 years
- Furniture & Fittings 5-20 years

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

### 3.8.5 De-recognition

An item of property, plant & equipment is de-recognized upon disposal of or when no future economic benefits are expected from its use or disposal. Gains and losses arising on de-recognition of assets are determined by comparing the proceeds from the disposal with the carrying amount of property, plant & equipment and are recognized net within "Other Income" in profit or loss.

### 3.8.6 Capital work-in-progress

These are expenses of a capital nature directly incurred in the constructions, awaiting capitalisation. These are stated in the Statement of Financial Position at cost less any accumulated impairment losses. Capital work-in-progress is transferred to the relevant asset when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management (i.e. available for use).

## 3.9 Leases

At inception of contract, the Group assesses 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 identifiable asset for a period of time in the exchange of for consideration. This policy is applied to contracts entered into on or after 01 April 2019.

### 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 recognizes 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 in 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 premeasurements 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 rate from various external financial sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

## NOTES TO THE FINANCIAL STATEMENTS

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

- Fixed payments, including in-substances fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or the rate as at the commencement date;
- Amounts expected to be payable under a residential value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an option 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 the residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is 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.

The Group presents right-of-use assets that do not meet the definition of net investment in sublease in "property, plant & equipment" and lease liabilities in "loans and borrowings" in the Statement of Financial Position.

Short term leases and leases of low value assets  
The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on 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 risks 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 life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a 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 the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews the estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SLFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

### 3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 3.11 Investment properties

Investment property is property held either to earn rental income or 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.

The Group adopts cost model to measure investment. Investment properties are measured initially at cost. Subsequently to initial recognition investment property is measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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 disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. When an investment property that was previously classified as property, plant & equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant & equipment up to the date of change in use.

### 3.12 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 carried at cost less any accumulated amortisation and accumulated impairment losses. Expenditure on internally generated intangible assets, excluding capitalised development costs, is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Except for goodwill, intangible assets with finite lives are amortised on a straight-line basis in profit or loss over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period, residual value and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period and adjusted accordingly. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and 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 assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### 3.12.1 ERP Implementation cost

The initial cost incurred for ERP implementation has been capitalized and amortised over a period of 10 years.

#### 3.12.2 Research and development costs

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

## NOTES TO THE FINANCIAL STATEMENTS

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete and the ability to use or sell the asset
- Probability of generating future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is completed and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

### 3.13. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of such assets are estimated.

An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. (A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets)

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognized in respect of cash generating units on

acquisition of subsidiaries are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued and the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An impairment loss in respect of goodwill is not reserved. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such

reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

#### a) Goodwill

Goodwill is tested for impairment annually (as at 31 March) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

#### b) Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

#### C ) Biological assets

Biological assets are measured at fair value less cost to sell, with any changes there in recognized in profit or loss.

### 3.14. Financial instruments

#### 3.14.1. Initial recognition and measurement

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

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

#### 3.14.2. Classification and Subsequent Measurement

On initial recognition a financial asset is classified as measured at amortized cost, FVOCI - debt investment; FVOCI - equity investments; 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 changes in the business model.

Financial asset is measured at amortized cost if it meets both of the following conditions and it not designated as at FVTPL:

- It is held within the business model whose objective is to hold asset 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.

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

#### 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 include;

- 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 income, maintain a particular interest rate profile, matching the duration of the financial asset to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the asset;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risk 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 business are compensated – eg: whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

## NOTES TO THE FINANCIAL STATEMENTS

- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sales are expectations about future sales activity.

Transfers of financial assets to third parties in transaction that do not qualify for de- recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

### Financial assets – 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 the 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 cost (example 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 include assessing whether the financial assets contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition in making assessment, the Group considers:

- Contingent events that would change the amount and the timing if 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 (example non resource features)

A prepayment feature is consistent with the solely payments of principles and interests criterion if the prepayment amounts 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 paramount, a feature that permits or requires prepayments 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 asset – Subsequent measurement and gain and losses

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss de- recognition is recognized in profit or loss.
Equity investment at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized 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 recognized 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 amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expenses and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

### 3.14.3. De-recognition

#### Financial asset

The Group de recognizes a financial asset when the contractual rights to the cash flow from the financial assets 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 assets are transferred or 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 assets.

The Group enters into transaction whereby it transfers assets recognized in its statements 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 derecognized.

#### Financial liabilities

The Group de-recognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also de recognizes 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 recognized at fair value.

On de-recognition 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 recognized in profit or loss.

### 3.14.4. Impairment of financial assets

#### a) Financial instruments and contract assets

The Group recognizes a loss allowance for ECLs on:

- Financial assets measured at amortized cos;
- Contract assets.

The Group measures loss allowances at an amount equal to life time ECLs, except for the following which are measured at 12 months ECLs:

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since the initial recognition.

Loss allowance for trade receivables measured at an amount equal to life time ECLs.

When determining whether a credit risk of 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 of effort. This includes both quantitative and qualitative information and analysis, based on Group's historical experience and informed credit assessment and including forward – looking information.

The Group assumes that a credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers financial asset to be in default when:

- The borrower unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security “ if any is held”; or
- The financial asset is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible events over the expected life of a financial instrument.

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

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

#### b) Measurement of ECLs

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

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

#### c) Credit-impaired financial assets

At each reporting date, the Group assess whether the financial assets carried at amortized cost credit-impaired. A financial asset is “credit impaired” when

## NOTES TO THE FINANCIAL STATEMENTS

one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

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

- Significant financial difficulty of the borrower or the issuer
- A breach of contract such as default or being more than 365 being past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower enter bankruptcy or other financial reorganization or
- The disappearance of the active market for a security because of financial difficulty

### d) Presentation of allowance for ECL in the statement of financial position

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

### e) Write off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovery of financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group procedures for recovery of amounts due.

### 3.15 Biological assets

The Group's biological assets consist of poultry, teak and livestock. Biological assets are measured at fair value less cost to sell, with any change therein recognized in profit or loss

### 3.16 INVENTORIES

Inventories are measured at the lower of cost or net realisable value. The cost of finished goods is computed, based on the weighted average cost method and includes material, labour and appropriate

share of production overheads, based on normal operating capacity. In the case of purchased inventories, cost includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. The cost of raw material is computed at weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provision for obsolete and slow moving inventory Specific provision are made giving considerations to the condition of inventory held by the Company/ Group.

### 3.17 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that an outflow of economic benefits will be required to settle the obligations.

### 3.18 Employment benefits Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan, other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

The Group recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

Provision has been made for retirement gratuities from the first year of service of all employees, in conformity with LKAS 19 "Employee Benefit". However, under the Payment of Gratuity Act No.12 of 1983, the liability to an employee arise only on completion of five 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 Profit or Loss. The Group recognises gains or losses on settlement of a defined benefit plan when a settlement occurs.

Gratuity was calculated based on the below basis.

Period of service (Years)	Basis
5-9 inclusive	½ month salary for each completed year
10-14 inclusive	¾ months salary for each completed year
15-16 inclusive	15 months salary in total
17-18 inclusive	16 months salary in total
19-20 inclusive	17 months salary in total
21-22 inclusive	18 months salary in total
23-24 inclusive	19 months salary in total
25-40 inclusive	20 months salary in total
41 years and over	½ month salary for each completed year

Defined Contribution Plan - Employees' Provident Fund/ Mercantile Services Provident Society and Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no further legal or constructive obligation to pay further amounts. The Group contributes 12%, 12% and 3% of gross emoluments of employees to the Employees' Provident Fund, Mercantile Services Provident Society and the Employees' Trust Fund respectively. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

### Short-Term Benefits

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

### 3.19 Share-based payment transactions - ESOS

Shareholders of the Company resolved on 30th June 2016 the issue of Four Million Three Hundred Seventy Four Thousand Non-Voting (Class X), Ordinary Shares (constituting approximately 20% of the issued Non-Voting (Class X) shares as at 24th May 2016) to all executive officers in the level premier managers and above in CIC Group under and Employee Share Option Scheme (ESOS). Options were granted for no consideration. The shares would be issued to employees during a period of 5 years commencing from 2017. The shares under ESOS were priced at average of volume weighted average market price of the Company's shares for thirty (30) market days immediately preceding the grant date.

There will be no financial assistance granted to employees with regard to the ESOS.

"Group" for the purpose of ESOS will consist of CIC Holdings PLC, CIC Agri businesses Group, CIC CropGuard (Private) Limited and CIC Feeds (Private) Limited and its subsidiaries.

The cost of equity – settled transactions is recognized, together with a corresponding increase in other capital reserves in equity if management intends that the eligible employees will exercise the option right in foreseeable future.

During the year no options were granted/exercised under ESOS.

### 3.20 Fair Value

"Fair Value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has the access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financials and non-financials assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

## NOTES TO THE FINANCIAL STATEMENTS

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimize the use of the unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing transactions.

The best evidence of the fair value of financial instrument on initial recognition is normally the transaction price- ie. The fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

### 3.21 Expenditure Recognition

Expenses are recognized in profit and loss on the basis of direct association between the cost incurred and the earning of specific item of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income arriving at the profit for the year.

For the purpose of presentation of the profit or loss, the Directors are of the opinion that “function of expense method” presents fairly the elements of the Group’s performance and hence such presentation method is adopted.

### 3.22 Earnings Per Share

The Group presents basic Earnings Per Share (EPS) for its Ordinary Shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted number of ordinary shares outstanding during the period.

### 3.23 Cash Flow Statement

The Cash Flow Statement has been prepared using the indirect method. Cash and cash equivalents comprise 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.

### 3.24 Operating Segments

#### A. Basis for segmentation

The Group has five strategic business segments, which are its reportable segments. These business segments offer different products and services and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

Segment	Product and services
Crop Solutions	Lawn and garden, Plant nutrition , Seeds
Agri Produce	Agri Produce retail chain, Agri resort, Dairy, Farms, Fruit and Vegetables, Grains, Rice
Livestock Solutions	Feeds, Poultry, Vet care, Dairy breeding
Industrial Solutions	Construction Materials, Industrial Raw Material, Packaging
Health & Personal care	Herbal Care, Medical Devices, Personal Care, pharmaceuticals

Segment results that are reported to the Group’s CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated expenses comprise mainly corporate assets (primarily the Company’s head office), head office expenses and tax assets and liabilities.

#### B. Information about reportable segments

A summary describing the operations of each reportable segment is given in page 202.

### 3.25 Events Occurring after the Reporting Date

All material events occurring after the reporting date have been considered and where appropriate adjustment or disclosures have been made in these Financial Statements.

### 3.26 Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with LKAS 12.

### 3.27 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

## 4. NEW ACCOUNTING STANDARDS AMENDMENTS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### 4.1. Standards issued but not yet effective

There are no new accounting standards or amendments which are issued but not yet effective as at 31 March 2024 that are expected to have a material impact on the Group's Financial Statements.

- Amendments to LKAS 7 and SLFRS 7: Supplier Finance Arrangements
- Amendments to SLFRS 16: Lease Liability in a Sale and Leaseback
- Amendment to LKAS 21: Lack of Exchangeability
- General Requirements for Disclosure of Sustainability related Financial Information (SLFRS S1)
- Climate-related Disclosures (SLFRS S2)
- Amendments to LKAS 1: Classification of liabilities as current or non-current



## 6 REVENUE

For the year ended 31st March	COMPANY		GROUP	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	18,860,317	15,435,671	76,424,242	68,274,718
Net Revenue	18,860,317	15,435,671	76,424,242	68,274,718
Local	18,860,317	15,435,671	75,057,344	67,024,285
Exports	-	-	1,366,898	1,250,433
Total	18,860,317	15,435,671	76,424,242	68,274,718

### 6.1 Disaggregation of Revenue from Contracts with Customers

For the year ended 31st March	Crop Solutions		Agri Produce		Live Stock Solutions		Industrial Solutions		Health & Personal Care		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Primary geographical markets</b>												
Local	31,181,313	23,342,376	5,244,075	4,191,366	16,116,967	18,708,564	7,556,051	8,676,679	14,958,938	12,105,300	75,057,344	67,024,285
Export	-	-	162,018	140,853	-	-	-	-	1,204,880	1,109,580	1,366,898	1,250,433
	31,181,313	23,342,376	5,406,093	4,332,219	16,116,967	18,708,564	7,556,051	8,676,679	16,163,818	13,214,880	76,424,242	68,274,718
<b>Major product lines</b>												
Agro chemicals	10,882,561	6,534,716	-	-	-	-	-	-	-	-	10,882,561	6,534,716
Fertilizer	17,030,208	14,334,680	-	-	-	-	-	-	-	-	17,030,208	14,334,680
Grains	-	-	3,719,654	2,169,177	-	-	-	-	-	-	3,719,654	2,169,177
Feeds	-	-	-	-	12,312,578	15,396,236	-	-	-	-	12,312,578	15,396,236
Pharmaceuticals and medical devices	-	-	-	-	-	-	-	-	10,525,477	8,356,043	10,525,477	8,356,043
Herbal health and personal care	-	-	-	-	-	-	-	-	5,638,341	4,858,837	5,638,341	4,858,837
Industrial chemicals	-	-	-	-	-	-	3,704,574	4,315,236	-	-	3,704,574	4,315,236
Consumer & packaging	-	-	-	-	-	-	3,851,477	4,361,443	-	-	3,851,477	4,361,443
Others	3,268,544	2,472,980	1,686,439	2,163,042	3,804,389	3,312,328	-	-	-	-	8,759,372	7,948,350
	31,181,313	23,342,376	5,406,093	4,332,219	16,116,967	18,708,564	7,556,051	8,676,679	16,163,818	13,214,880	76,424,242	68,274,718
<b>Timing of revenue recognition</b>												
Products transferred at a point in time	31,181,313	23,342,376	5,406,093	4,332,219	16,116,967	18,708,564	7,556,051	8,676,679	16,163,818	13,214,880	76,424,242	68,274,718

## NOTES TO THE FINANCIAL STATEMENTS

### 6.2 Disaggregation of Export Revenue from Contracts with Customers

For the year ended 31st March	GROUP	
	2024 Rs. '000	2023 Rs. '000
Asia	558,390	590,960
Europe	487,481	372,674
Middle East	68,381	16,036
USA/Canada	161,452	120,387
Australia	86,738	87,219
Others	4,456	63,157
	1,366,898	1,250,433

### 7 OTHER INCOME

For the year ended 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Rent	25,337	24,947	9,209	7,967
Dividend Income				
Quoted	123,433	54,963	34,188	76,466
Unquoted	2,426,651	641,900	-	-
Net gain on disposal of property, plant & equipment	773	193	1,619	5,291
Changes in fair value of biological assets	-	-	-	43,517
Grants amortised	-	-	176	5,695
Inter company provision reversal	-	14,173	-	-
Direct sales commission	60,764	84,624	73,988	161,323
Fertilizer handling income	-	-	6,083	19,958
Sundry income	468	49,080	170,772	281,211
Total	2,637,426	869,880	296,035	601,428

### 8 OTHER EXPENSES

For the year ended 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Impairment loss on property, plant & equipment	-	-	40	499
Loss on disposal of property, plant & equipment	-	-	1,051	539
Loss on disposal of assets classified as held for sale (Note 13.6)	103,742	-	103,742	66,054
Provision for impairment of inter company receivables	-	55,000	-	-
Changes in fair value of biological assets	-	-	17,198	-
Impairment of investment in CIC Dairies (Private) Limited	50,000	-	-	-
Total	153,742	55,000	122,031	67,092

**9 FINANCE COST (NET)**

For the year ended 31st March	COMPANY		GROUP	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>9.1 Total interest income arising from financial assets</b>				
Staff loans	-	21	1,426	13,388
Foreign exchange gain	51,505	-	346,964	254,920
Interest on repo investments	-	-	152,028	97,261
Inter company loan interest	35,656	123,420	-	-
Deposits	120,925	117,948	236,910	211,746
	<b>208,086</b>	<b>241,389</b>	<b>737,328</b>	<b>577,315</b>
<b>9.2 Finance cost-Other</b>				
Long-term loans	-	-	12,693	20,749
Lease Interest	8,128	8,419	45,771	34,650
Short-term loans and overdrafts	2,048,248	1,564,247	3,279,320	3,508,165
Inter company loan interest	237,885	222,557	-	-
Staff loans	-	-	-	1,318
Foreign exchange loss	-	37,410	-	1,328,626
	<b>2,294,261</b>	<b>1,832,633</b>	<b>3,337,784</b>	<b>4,893,844</b>
	<b>(2,086,175)</b>	<b>(1,591,244)</b>	<b>(2,600,456)</b>	<b>(4,316,529)</b>

**10. SHARE OF PROFIT OF EQUITY ACCOUNTED INVESTEEES (NET OF TAX)**

For the year ended 31st March	COMPANY		GROUP	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Akzo Nobel Paints Lanka (Private) Limited	-	-	477,081	582,441
Rainforest Ecolodge (Private) Limited	-	-	-	(40,460)
John Keells Holdings PLC	-	-	692,139	-
Total	-	-	<b>1,169,220</b>	<b>541,981</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 11 PROFIT BEFORE TAX

For the year ended 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Stated after charging all expenses including the following:				
Directors' emoluments and retirement benefits	-	-	35,247	143,247
Depreciation on property, plant & equipment and amortisation of right of use asset	156,582	154,720	969,244	928,960
Directors' fees	46,562	31,892	81,526	65,673
Donations	1,000	1,000	3,113	2,888
Legal fees	6,539	2,590	11,643	6,484
Auditors' remuneration				
Statutory audit fees	3,800	3,215	22,116	17,150
Audit related fees	113	279	8,093	8,630
Non- audit fees	5,833	3,802	10,383	7,185
Professional fees	6,182	5,349	25,919	25,235
Provision for obsolete and slow moving inventories	128,131	142,467	473,107	464,490
Personnel Costs * (Note 11.1)	974,631	693,959	3,940,725	3,047,126

\*Includes Director' emoluments and retirement benefits

#### 11.1 Personnel Costs

For the year ended 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Salaries	589,798	411,812	2,572,176	1,937,021
EPF/MSPS - Defined contribution plan	75,192	52,248	267,464	193,515
ETF - Defined contribution plan	18,825	13,093	70,501	49,571
Bonus	220,953	171,205	770,871	671,797
Provision for retirement benefits (Note 34)	69,863	45,601	249,561	194,770
Voluntary retirement scheme	-	-	500	452
<b>Total</b>	<b>974,631</b>	<b>693,959</b>	<b>3,940,725</b>	<b>3,047,126</b>
Number of employees as at the end of the year	531	476	2,272	2,109

## 11.2 Reconciliation of adjusted EBITDA to profit from continuing operation

For the year ended 31st March	COMPANY		GROUP	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Profit from continuing operations</b>	2,477,571	1,824,498	10,974,197	9,997,624
Income tax expense	(1,262)	328,275	2,543,225	3,070,914
<b>Profit before tax</b>	<b>2,476,309</b>	<b>2,152,773</b>	<b>13,517,422</b>	<b>13,068,538</b>
Adjustment for:				
Net Finance cost	2,086,175	1,591,244	2,600,456	4,316,529
Depreciation	151,060	149,198	891,576	866,113
Amortization	13,422	13,268	422,443	493,966
Impairment losses on PPE	-	-	40	-
Share of profit of equity accounted investees	-	-	1,169,220	541,981
Gain on bargain purchase	-	-	5,355,562	-
Loss on dilution of investment in associate	-	-	(1,080,557)	-
<b>Adjusted EBITDA</b>	<b>4,726,966</b>	<b>3,906,483</b>	<b>22,876,162</b>	<b>19,287,127</b>

## 12 INCOME TAX EXPENSE

For the year ended 31st March	COMPANY		GROUP	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Current tax expenses on ordinary activities for the year</b>				
Current tax expenses on profit for the year ( Note 12.2)				
Continued Operations	178,666	553,661	2,400,641	2,977,991
Under / (over) provision in respect of previous years	(53,510)	14,368	(69,691)	15,412
Irrecoverable ESC written off	-	-	-	8,843
Tax on dividend income	-	-	409,313	36,600
	125,156	568,029	2,740,263	3,038,846
Deferred Tax expense/(reversals)				
Origination of temporary differences (Note 12.1)				
Continued Operations	(126,418)	(239,754)	(197,038)	32,068
	(126,418)	(239,754)	(197,038)	32,068
<b>Total</b>	<b>(1,262)</b>	<b>328,275</b>	<b>2,543,225</b>	<b>3,070,914</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 12.1 Deferred Tax Expense/(Reversal)

For the year ended 31st March	COMPANY		GROUP	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Income Statements</b>				
Deferred tax expense/(reversal) arising from :				
Property, plant & equipment	(42,684)	48,661	(92,279)	431,475
Intangible assets	-	-	(2,924)	(726)
Biological assets	-	-	2,542	76,748
Provision for impairment of trade receivables	(7,594)	(78,820)	13,280	(148,187)
Provision for obsolete and slow moving inventories	(34,965)	(115,002)	(66,350)	(159,907)
Provision for others	(24,195)	(71,267)	(31,223)	(74,856)
Accumulated tax losses	-	-	-	16,784
Contract assets	-	-	3,245	6,995
Right-of-use assets	(1,656)	2,181	33,910	3,936
Lease liability	841	(3,960)	(6,219)	(6,238)
Contract liability	-	-	(2,848)	(15,764)
Employee benefits	(16,165)	(21,547)	(48,172)	(98,192)
	(126,418)	(239,754)	(197,038)	32,068
<b>Other Comprehensive Income</b>				
Deferred tax expense/ (reversal) arising from :				
Actuarial losses/(gain) on defined benefit Obligations	(17,770)	(9,088)	(62,419)	3,790
Deferred tax impact on revaluation reserve due to rate change	-	76,612	-	306,342
Realisation of deferred tax on revaluation reserve through sale of property	-	-	-	(3,314)
	(17,770)	67,524	(62,419)	306,818
Total	(144,188)	(172,230)	(259,457)	338,886

#### 12.1.1 Deferred Tax Charge/ (Reversal) recognised Through

For the year ended 31st March	COMPANY		GROUP	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Statement of Profit or Loss</b>				
Charge arising on during the year movement	(126,418)	(212,085)	(197,038)	(202,239)
Charge due to change in tax rates	-	(27,669)	-	234,307
Total	(126,418)	(239,754)	(197,038)	32,068
<b>Other Comprehensive Income</b>				
Charge arising on during the year movement	(17,770)	(7,270)	(62,419)	(1,932)
Charge due to change in tax rates	-	74,794	-	308,750
	(17,770)	67,524	(62,419)	306,818



## NOTES TO THE FINANCIAL STATEMENTS

- 12.3** As per the Inland Revenue Act No.24 of 2017 and amendments thereto, all Group companies which are resident in Sri Lanka are liable to Income Tax at 30% w.e.f 01 October 2022, upto 30 September 2022 liability was at 24%. Tax have been provided as per the Inland Revenue Act No. 24 of 2017 and any subsequent amendments thereto, including any amendments legislated by Inland Revenue (Amendment) Act No. 45 of 2022.
- 12.4** Group's tax expense is based on the taxable profit of each Company in the Group. At the present the tax laws of Sri Lanka do not provide for Group Taxation.
- 12.5** Irrecoverable Economic Service Charge (ESC) has been charged to the Profit or Loss.

### 12.6 Details of the Current Tax Computation

CIC Agri Produce Marketing (Private) Limited, a BOI Company engaged in Cultivation of Banana, is exempted from Income Tax under Agro – farming and only investment income is liable for Income Tax.

CIC Agri Produce Export (Private) Limited, a BOI Company engaged in Rice Milling business was taxed at the rate of 14% up to first half of 2022/23 under Argo- processing. From the second half of 2022/23 the Company was liable for Income Tax at the rate of 30%.

CIC Dairies (Private) Limited a BOI Company, engaged in the production of Yogurt, which was exempt from Income tax up to 31 March 2021, became liable for Income tax at the rate of 18% after expiration of the exemption period. From the second half of 2022/23 the Company was liable for Income Tax at the rate of 30%. However, due to Tax losses it was not Taxed for the current year.

The profits of CIC Poultry Farms Limited were taxable at a concessionary rate of 15% in terms of the agreement entered into with the Board of Investment and other income was liable for income tax at the standard rate. CIC Vetcare (Private) Limited and CIC Bio Security Breeder Farms Limited were liable for income tax at the rate of 24% up to 30th September 2022 and starting from 01st October 2022 the rate increased to 30%. CIC Feeds (Private) Limited was taxable under dual tax rates i.e., feed division at 18% and day-old chicks' division at 0% up to 30th September 2022. Subsequently, starting from 1st October 2022 the feed division rate increased to 30% and the day-old chick's division tax rate remained the same at 0%.

### 13 DISCONTINUED OPERATIONS

Discontinued operations include CIC Agri Biotech (Private) Limited, Chemenex Export (Private) Limited, Chemcel (Private) Limited, and consumer product lines of CIC Holdings PLC. Previously these businesses were categorised under "Agri Produce", "Industrial Solutions", and "Health and Personal Care" segments.

Further in 2019/20, Board of Directors of Cropwiz (Private) Limited had resolved to discontinue its operations and accordingly it is classified as held for sale. Previously this business was classified under "Agri Produce" segment.

**13.1 The results of aforesaid operations for the year are presented below:**

For the year ended 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Profit/(loss)after tax from discontinued operations				
Revenue	-	-	-	-
Overhead charges	(54)	(36)	(54)	(11,796)
Gross loss	(54)	(36)	(54)	(11,796)
Other income	-	-	147	406
Administrative expenses	(169)	(386)	(584)	(1,062)
Gain on write back of bank loans and overdrafts	-	-	-	154,550
Distribution expenses	(13)	(5)	(13)	(5)
Loss on disposal of assets held for sale	-	-	-	(49,146)
Finance cost (net)	-	-	47,811	(37,882)
Profit/(loss) before tax from a discontinued operations	(236)	(427)	47,307	55,065
Tax expense	-	-	(110)	(131)
Profit/(loss) for the year from a discontinued operations	(236)	(427)	47,197	54,934

**13.2 Major Classes of Assets and Liabilities Classified as held for sale:**

As at 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>Assets</b>				
Property, plant & equipment	146,266	1,050,060	187,950	1,091,744
Trade receivables	-	-	92,996	93,074
Investment in equity accounted investees*	-	-	-	-
Cash in hand and cash at bank**	-	-	70,018	63,163
Assets classified as held for sale	146,266	1,050,060	350,964	1,247,981
<b>Liabilities</b>				
Trade and other payables	-	-	411,012	461,633
Liabilities directly associated with assets classified as held for sale	-	-	411,012	461,633
<b>Net assets directly associated with disposal group</b>	<b>146,266</b>	<b>1,050,060</b>	<b>(60,048)</b>	<b>786,348</b>

\*Investment in Cropwiz (Private) Limited amounting to Rs.125.11Mn is fully impaired in the Company financials.

\*\* Restricted cash at bank amounts to Rs.60Mn.

Property, plant & equipment include a land belonging to CIC Holdings PLC and the last valuation was performed on 31st March 2022 out of which part is disposed during the current financial year. No decrease in fair value was identified. Further, the land belonging to CIC Properties (Private) Limited has been classified as held for sale during the year 2021/22 at a value of Rs. 174.75 Mn and a part of it was disposed during the financial year 2022/23.

## NOTES TO THE FINANCIAL STATEMENTS

In 2022/23 CIC Properties (Private) Limited transferred free of charge its right title and interest in (20) acres from and out of the land and premises located at Katuwahenawatta, Agalededara, Walpita. And accordingly, on 21st October 2022, Hatton National Bank PLC issued a letter stating that unconditionally and irrevocably acknowledge and agree that: the recovery of Rs.275Mn by the sale of assets shall be considered as full and final settlement against the total liability of loans, together with interests accrued up to that date, granted to Cropwiz (Private) Limited. Accordingly, Cropwiz (Private) Limited wrote back its loans together with the interest and recognised the disposal loss of assets which were transferred amounting to Rs.49.15Mn.

In 2022/23 CIC Properties (Private) Limited further disposed 38 acres and 5 perches for a consideration of Rs.67Mn which generated a total disposal loss of Rs.66Mn included in other expenses. Below are the details of the remaining land.

Location	Land extent in Acres/Perches/Roods	Date of revaluation	Significant unobservable inputs- Estimated price	Revalued Amount Rs.Mn	Sensitivity fair value to unobservable inputs
Katuwahenawatte, Walpita, Waradala	13 acres and 39.5 perches	30th November 2021	Per acer Rs.1,200,000- Rs.3,600,000	46.25	Positively correlated sensitivity

### 13.3 Cash Flows Used in Discontinued Operations

For the year ended 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Net cash generated from operating activities	-	-	(100)	(52,277)
Net cash from investing activities	-	-	(299)	-
Net cash outflow	-	-	(399)	(52,277)

### 13.4 Earnings/(Deficit) per Share:

For the year ended 31st March	COMPANY		GROUP	
	2024	2023	2024	2023
Basic/diluted earnings/(loss) per share for the year, from discontinued operations (Rs.)	-	-	0.07	0.08

### 13.5 Assets classified as held for distribution

As at 31st March	COMPANY		GROUP	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Major classes of assets and liabilities classified as held for distribution Assets				
Investments	197	197	5,549	4,245
Cash in hand and at bank	-	-	53,766	53,370
Asset Classified as held for distribution	197	197	59,315	57,615
<b>Liabilities</b>				
Trade and other payables	-	-	1,833	1,872
Liabilities directly associated with assets classified as held for distribution	-	-	1,833	1,872

Assets and liabilities which belong to CIC Agri Biotech (Private) Limited, Chemanex Exports (Private) Limited and Chemcel (Private) Limited have been categorised under “assets and liabilities held for distribution”.

### 13.6 Disposal of Assets Held for Sale

Group disposed a part of property, plant & equipment which was classified as “held for sale”. Following table summarises the effect of the said disposal on the financial position of the Company and the Group. Details are given in Note 13.5.

For the year ended 31st March	GROUP	
	2024	2023
	Rs. '000	Rs. '000
Property, plant & equipment	903,794	182,213
Consideration received (net of tax)	(800,052)	(67,013)
Loss on disposal	103,742	115,200
<b>Classified under</b>		
Other expenses	103,742	66,054
Discontinued operations	-	49,146

## NOTES TO THE FINANCIAL STATEMENTS

### 14. EARNINGS PER SHARE

For the year ended 31st March	COMPANY		GROUP	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit attributable to equity holders of the Company	2,477,335	1,824,071	9,743,258	7,801,449
Profit continuing operation	2,477,571	1,824,498	9,717,462	7,746,515
Profit/(loss) - discontinued operation	(236)	(427)	25,796	54,934
Total	2,477,335	1,824,071	9,743,258	7,801,449
The share capital is as follows :				
<b>Ordinary Shares</b>				
Weighted average number of shares	291,600,000	291,600,000	291,600,000	291,600,000
<b>Non-Voting (Class X) Shares</b>				
Weighted average number of shares	87,480,000	87,480,000	87,480,000	87,480,000
Total weighted average number of shares	379,080,000	379,080,000	379,080,000	379,080,000
<b>Basic / Diluted earnings per share (Rs.)</b>	<b>6.54</b>	<b>4.81</b>	<b>25.70</b>	<b>20.58</b>

#### Basic Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of shares outstanding during the year.

#### Diluted Earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shares outstanding after adjustment for the effect of all potentially dilutive ordinary shares.

There were no potentially dilutive ordinary shares at any time during the year/previous year

There is no material impact on diluted earnings per share arising from Employee Share Option Scheme

**15 GROSS DIVIDEND**

For the year ended 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>Interim Dividend</b>				
<b>Ordinary Shares</b>				
Interim dividend paid per share Nil(2023/24),Rs.Nil (2022/23)	-	-	-	-
<b>Non-Voting (Class X) Shares</b>				
Interim dividend paid per share Nil(2023/24),Rs.Nil (2022/23)	-	-	-	-
<b>Final Dividends</b>				
Final dividend proposed and paid Rs.2.50 (2022/23) Rs. 1.00 (2021/22)				
Ordinary Shares	729,000	291,600	729,000	291,600
Non-Voting (Class X ) Shares	218,700	87,480	218,700	87,480
	947,700	379,080	947,700	379,080
<b>Total</b>	<b>947,700</b>	<b>379,080</b>	<b>947,700</b>	<b>379,080</b>
<b>Post sub-division no. of shares</b>				
Ordinary Shares	291,600,000	291,600,000	291,600,000	291,600,000
Non-Voting ( Class X) Shares	87,480,000	87,480,000	87,480,000	87,480,000
	379,080,000	379,080,000	379,080,000	379,080,000
Dividend per share	2.50	1.00	2.50	1.00

During the year, Rs.2.50 dividend was paid to the shareholders (2022/23 - Rs.1.00).

Directors have recommended the payment of a final dividend of Rs.2.50 per share on Ordinary and Non-Voting (class x) shares for the year ended 31st March 2024. This proposed dividend has not yet been recognised as a liability as at 31st March 2024.

This would result in a total dividend per share of Rs.2.50 (2022/23 - Rs.2.50) once it is approved at the Annual General Meeting.

## NOTES TO THE FINANCIAL STATEMENTS

### 16 PROPERTY, PLANT & EQUIPMENT

#### A. Company

As at 31st March	Land Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	Equipment Rs.'000	Computers Rs.'000	Furniture & Fittings Rs.'000	Motor Vehicles Rs.'000	Total 2024 Rs.'000	Total 2023 Rs.'000
<b>Freehold</b>									
<b>Cost/Valuation</b>									
At the beginning of the year	1,415,593	1,078,613	180,129	706,047	283,866	46,853	16,120	3,727,221	3,644,543
Additions	-	4,974	70,593	20,055	28,377	3,443	-	127,442	85,105
Disposals	-	-	-	(767)	(444)	(39)	-	(1,250)	(2,427)
At the end of the year	1,415,593	1,083,587	250,722	725,335	311,799	50,257	16,120	3,853,413	3,727,221
<b>(b) Depreciation/Impairment</b>									
At the beginning of the year	-	435,604	133,293	597,397	194,356	41,771	16,120	1,418,541	1,271,770
Depreciation	-	50,991	16,319	43,818	37,794	2,138	-	151,060	149,198
On disposals	-	-	-	(528)	(440)	(37)	-	(1,005)	(2,427)
At the end of the year	-	486,595	149,612	640,687	231,710	43,872	16,120	1,568,596	1,418,541
<b>Leasehold</b>									
At the beginning of the year	-	94,164	-	-	-	-	-	94,164	94,164
At the end of the year	-	94,164	-	-	-	-	-	94,164	94,164
<b>Depreciation/Impairment</b>									
At the beginning of the year	-	35,719	-	-	-	-	-	35,719	30,197
Amortisation	-	5,522	-	-	-	-	-	5,522	5,522
At the end of the year	-	41,241	-	-	-	-	-	41,241	35,719
<b>Carrying value as at</b>									
31st March 2024	1,415,593	649,915	101,110	84,648	80,089	6,385	-	2,337,740	
<b>Carrying value as at</b>									
31st March 2023	1,415,593	701,454	46,836	108,650	89,510	5,082	-		2,367,125

- i Carrying amount of property, plant & equipment is not pledged as securities for bank facilities obtained.
- ii Property, plant & equipment includes right-of-use assets of Rs.52.92Mn (2023- Rs.58.45Mn ) related to leased properties that do not meet the definition of the investment property.

**B. Group**

As at 31st March	Land	Buildings	Plant & Machinery	Equipment	Computers	Furniture & Fittings	Motor Vehicles	Total 2024	Total 2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>(a) Cost/Valuation</b>									
At the beginning of the year	4,657,296	5,827,428	5,370,684	2,480,671	554,730	319,909	634,059	19,844,777	19,095,836
Additions	72,290	15,920	178,028	173,812	87,040	31,918	34,310	593,318	521,666
On acquisition of subsidiary	-	-	-	-	-	-	-	-	18,037
On disposals	-	(4,926)	(40,118)	(83,713)	(12,782)	(7,734)	(65,183)	(214,456)	(25,321)
Transferred from capital work in progress (Note 18)	-	66,373	5,012	17,085	2,575	14,003	-	105,048	241,047
Impairment	-	-	-	-	(264)	(54)	-	(318)	(6,488)
At the end of the year	4,729,586	5,904,795	5,513,606	2,587,855	631,299	358,042	603,186	20,328,369	19,844,777
<b>(B) Depreciation/Impairment</b>									
At the beginning of the year	-	1,847,768	3,139,895	1,865,195	368,585	224,183	508,720	7,954,346	7,120,013
Depreciation	-	204,672	325,162	205,094	75,997	21,841	30,137	862,903	838,834
Impairment	-	-	-	-	(264)	(14)	-	(278)	(5,989)
On acquisition of subsidiary	-	-	-	-	-	-	-	-	15,878
On disposals	-	(2,527)	(38,502)	(82,678)	(11,704)	(7,545)	(64,524)	(207,480)	(14,390)
At the end of the year	-	2,049,913	3,426,555	1,987,611	432,614	238,465	474,333	8,609,491	7,954,346
<b>Leasehold</b>									
<b>Cost/Valuation</b>									
At the beginning of the year	383,498	1,095,206	-	-	-	-	31,911	1,510,615	1,407,876
Additions to right-of-use assets	17,560	149,361	-	-	-	-	-	166,921	82,147
Additions	-	42,325	-	-	-	-	-	42,325	20,592
On disposals	-	(3,970)	-	-	-	-	-	(3,970)	-
At the end of the year	401,058	1,282,922	-	-	-	-	31,911	1,715,891	1,510,615
<b>Depreciation/Impairment</b>									
At the beginning of the year	92,647	606,562	-	-	-	-	24,842	724,051	633,925
Depreciation	2,570	26,103	-	-	-	-	-	28,673	27,279
Amortisation	7,597	68,608	-	-	-	-	1,463	77,668	62,847
On disposals	-	(3,903)	-	-	-	-	-	(3,903)	-
At the end of the year	102,814	697,370	-	-	-	-	26,305	826,489	724,051
Carrying value as at 31st March 2024	5,027,830	4,440,435	2,087,051	600,244	198,684	119,577	134,459	12,608,280	
Carrying value as at 31st March 2023	4,948,147	4,468,304	2,230,789	615,476	186,145	95,726	132,408		12,676,995

## NOTES TO THE FINANCIAL STATEMENTS

- i Carrying amount of property, plant & equipment pledged as securities for bank facilities obtained amounted to Rs.474.35 Mn.(2023 Rs.445.09 Mn).
- ii During the year Group has not capitalised the borrowing cost.(2023 - Nil).
- iii Unexpired lease period of land belonging to CIC Agri Businesses (Private) Limited is 67 years
- iv Property, plant & equipment includes right-of-use assets of Rs.481.92Mn (2023- Rs.392.67Mn) related to leased properties that do not meet the definition of the investment property.

### C. Carrying value for the property, plant & equipment

As at 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
At Cost	874,944	898,807	7,061,582	7,238,853
At Valuation	1,409,873	1,409,873	4,657,296	4,651,578
On Finance Lease	52,923	58,445	889,402	786,564
Total	2,337,740	2,367,125	12,608,280	12,676,995

### D. The values of the lands if it had been carried under cost model

As at 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Land	138.72	138.72	1,009.29	937.00
Total	138.72	138.72	1,009.29	937.00

**E. Value of land and ownership**

Company	Location	Land Extent in Acres/Perches/Roods	Number of buildings	Carrying Value Rs. Mn
CIC Holdings PLC	Kew Road, Colombo 02	1 rood and 30.25 perches	1	1,054.00
	Lenagala Estate, Dedigamuwa	13 acres, 3 roods and 33.5 perches	20	355.88
	Lenagala Estate, Dedigamuwa	1 rood and 25 perches	-	5.72
CIC Agri Businesses (Private) Limited	Mahiella, Kurunegala	2 acres, 3 roods and 31.25 perches	4	198.00
Wayamba Agro Fertilizer Company Limited	Maho	16 acres and 30.8 perches	15	203.70
CISCO Speciality Packaging (Private) Limited	Pellanwatta, Pannipitiya	4 acres, 3 roods and 28.80 perches	14	303.70
CIC Vetcare (Private) Limited	Madampalle Estate, Madampalle	15 acres	-	56.25
	Galla Estate, Ekala	3 roods and 1.00 perch	3	48.50
CIC Poultry Farms Limited	Molahena Estate, Badalgama	25 acres and 29.95 perches	31	94.50
	Iswetiya Elies, Horakandawila, Dunagaha	17 acres and 16.8 perches	17	208.30
	Amunuwela Estate, Kuliyaipitiya	48 acres 1 roods and 19.63 perches	25	187.70
CIC Bio Security Breeder Farms Limited	Molahena Estate, Badalgama	28 acres and 39.49 perches	-	106.00
CIC Feeds (Private) Limited	Galla Estate, Ekala	6 acres and 32.9 perches	17	348.90
	Heeralugedara, Kotadeniyawa	18 acres and 2 roods	17	69.40
	Madampalle Estate, Madampalle	25 acres	25	93.75
	Madampalle Estate, Madampalle	3 acres	-	4.96
	Nabirithankadawara, Welipennagahamulla, Pannala	50 acres and 32.5 perches	18	196.75
Colombo Industrial Agencies Limited	Temple Lane, Ekala	3 acres, 2 roods, 7.62 perches	4	352.00
Link Natural Products (Private) Limited	Malinda, Kapugoda	13 acres, 3 roods and 10.95 perches	39	717.25
	Kapugoda, Giridara	39.1 perches	-	15.60
	Dambukanda	20 acres, 5 roods and 64 perches	2	84.80
	Kahatagahawatta	22.1 perches	-	13.33
	Parakaduwa	23 acres, 2 roods and 5.8 perches	-	10.60
				<b>4,729.59</b>

## NOTES TO THE FINANCIAL STATEMENTS

Last valuation of lands has been as follows.

Company	Date of Revaluation	Significant unobservable inputs estimated price	Revalued Amount Rs. Mn	Sensitivity of fair value to unobservable inputs
CIC Holdings PLC	31st March 2022	Per perch Rs.15,000,000	1,054.00	Positively correlated sensitivity
	31st March 2022	Per perch Rs.27,500 - Rs.227,500	355.88	Positively correlated sensitivity
CIC Agri Businesses (Private) Limited	31st March 2022	Per perch Rs.350,000	198.00	Positively correlated sensitivity
Wayamba Agro Fertilizer Company Limited	31st March 2022	Per perch Rs.80,000	203.70	Positively correlated sensitivity
CISCO Speciality Packaging (Private) Limited	31st March 2022	Per perch Rs.420,000	303.70	Positively correlated sensitivity
CIC Vetcare (Private) Limited	31st March 2022	Per perch Rs.400,000 - Rs.425,000	48.50	Positively correlated sensitivity
	31st March 2022	Per perch Rs. 23,438	56.25	Positively correlated sensitivity
CIC Poultry Farms Limited	31st March 2022	Per perch Rs. 23,438 - Rs.111,500	490.50	Positively correlated sensitivity
CIC Bio Security Breeder Farms Limited	31st March 2022	Per perch Rs. 23,438	106.00	Positively correlated sensitivity
CIC Feeds (Private) Limited	31st March 2022	Per perch Rs.275,000 - Rs.325,000	348.90	Positively correlated sensitivity
	31st March 2022	Per perch Rs. 21,875 - Rs.60,000	359.90	Positively correlated sensitivity
Colombo Industrial Agencies Limited	31st March 2022	Per perch Rs.550,000 - Rs.625,000	352.00	Positively correlated sensitivity
Link Natural Products (Private) Limited	31st March 2022	Per perch Rs.2,815	10.60	Positively correlated sensitivity
	31st March 2022	Per perch Rs.21,867 - Rs.26,118	84.80	Positively correlated sensitivity
	31st March 2022	Per perch Rs.310,000 - Rs. 400,000	678.85	Positively correlated sensitivity

All above revaluations are based on market value and were carried out by Perera Sivaskantha & Company, an incorporated valuer.

The revalued figures were incorporated in these Financial Statements.

### Market Comparable Method

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued.

This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property.

In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.

**F Depreciation has been provided on a straight-line basis at the following rates:**

Company	Buildings Years	Plant & Machinery Years	Equipment Years	Computers Years	Furniture & Fittings Years	Motor Vehicles Years
CIC Holdings PLC	20	8,15,30,40	4,5,8,10,15,30	3	5,10	5
Chemanax PLC	10-20	20	3	3	4	4
CISCO Speciality Packaging (Private) Limited	20	20,12,10,5	20,5,3	3	20,10	5
CIC Agri Businesses (Private) Limited and Subsidiaries*	20,30	5,15	3,8	3,8	5,10	3,5
Colombo Industrial Agencies Limited	20	-	-	-	-	-
CIC Feeds (Private) Limited and Subsidiaries	10,20,40	10,15,20	5,8,10,12,5	5	5,8	4,5
Link Natural Products (Private) Limited	40,25	10,15,20,40	10,8,5	3	10	4,8,10,20,25
CIC CropGuard (Private) Limited	-	-	5	5	10	5
CIC Lifesciences Limited	-	8	4	4	4	-
Unipower (Private) Limited	20	-	5	4	5	7
Asiavet Lifesence (Private) Limited	-	-	-	-	5,8	5
CIC Precision Agricultural Technologies (Private) Limited	-	-	3-8	3-8	-	-

\* Land development cost is depreciated over 30 years.

**G Cost of fully depreciated property, plant & equipment still in use at the reporting date as follows:**

As at 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Buildings	50,382	32,688	240,583	237,538
Plant & Machinery	91,933	65,291	1,009,953	903,154
Equipment	565,685	431,206	1,278,875	1,126,322
Computers	142,979	136,401	307,964	275,662
Furniture & Fittings	36,217	30,952	139,555	128,558
Motor Vehicles	16,115	16,115	416,251	462,549
Leased hold land improvements	-	-	11,745	11,745
<b>Total</b>	<b>903,311</b>	<b>712,653</b>	<b>3,404,926</b>	<b>3,145,528</b>

## NOTES TO THE FINANCIAL STATEMENTS

### H. Lands transferred to held for sale

Company	Location	Land extent in Acres/Perches/Roods	Date of revaluation	Significant unobservable inputs- Estimated price	Revalued amount Rs. Mn	Sensitivity of fair value to unobservable inputs
CIC Holdings PLC	Sri Sarana Jothi Mawatha, Rathmalana	4 acres, 2 roods and 18.30 perches	30th September 2017	Per perch Rs.1,100,000	812.00	Positively correlated sensitivity
	Pellanwatta, Piliyandala	1 acres, 2 roods and 9.83 perches	30th September 2017	Per perch Rs.227,500 - Rs.450,000	71.95	Positively correlated sensitivity
CIC Properties (Private) Limited	Katuwahanawatta, Walpita, Waradala	51 acres, 1 rood	30th November 2021	Per acre Rs.1,200,000- Rs.3,600,000	174.75	Positively correlated sensitivity

During the year 2021/22, the land belongs to CIC Properties (Private) Limited was transferred to “asset held for sale” at a value of Rs.174.75Mn. Previously, this had been rented out to Cropwiz (Private) Limited which is a subsidiary company of the Group.

Immediately before the initial classification of the above three lands as “assets held for sale”, a revaluation was carried out by Messrs. S Sivaskantha, Chartered Valuer. Details are given above.

### I Plant & equipment transferred to assets held for sale

Hatton National Bank PLC, issued a Parate Notice to Cropwiz (Private) Limited on 13 June 2019 and Auction Sale Gazette Notifications were issued on 09 August 2019 and 25 October 2019 (Under the Section 4 of the Recovery of Loans by Banks [Special Provisions] Act, No. 04 of 1990). However the auction did not take place on the said date. Based on this, charging depreciation was discontinued and on 31 March 2020 the total value of the assets under non - current assets were transferred to “assets held for sale” after determining the lower of its carrying amount and fair values less cost to sell.

The fair value of the property, plant & equipment as at 31st March 2020, was determined by Messrs. Perera Sivaskantha & Company, an accredited independent valuer. Fair value is determined by reference to market-based evidence. Valuations are based on active market prices, adjusted for any differences in the nature, location or condition of the specific property.

### 17 INVESTMENT PROPERTY

As at 31st March	GROUP	
	2024 Rs. '000	2023 Rs. '000
Cost	2,400	2,400
Carrying value	2,400	2,400

**A Details of investment property**

Ownership	Location	Land extent	Number of buildings	Market Value		Carrying value	
				2024 Rs.'000	2024 Rs.'000	2023 Rs.'000	2023 Rs.'000
As at 31st March							
CIC Agri Businesses (Private) Limited	Bogahapitiya estate, Kengalle	12.0 perches and 2 roods	-	6,000	2,400		2,400
Total				6,000	2,400		2,400

**B. During the year, no income was generated or expenses were incurred with relating to the above investment property.****C Fair Value**

The fair value of the investment property determined by external valuer M/s Sivaskantha and Company, an incorporated external valuer.

Valuation Technique	Significant unobservable inputs estimated price	Inter-relationship between key unobservable inputs and fair value measurements
Market comparable method	Per perch Rs. 500,000	Positively correlated

**18 CAPITAL WORK-IN-PROGRESS**

As at 31st March	GROUP	
	2024 Rs. '000	2023 Rs. '000
At the beginning of the year	56,185	107,948
Amount capitalised in property, plant & equipment	(105,048)	(241,047)
Transferred to expenditure	(102)	-
Additions during the year	143,520	189,480
Write off of capital work-in-progress	-	(196)
As at the end of the year	94,555	56,185

Capital work-in-progress comprised of the expenditure incurred relating to building, machinery and furniture

During the year Group has not capitalised borrowing cost (2023-Nil).

## NOTES TO THE FINANCIAL STATEMENTS

### 19 BIOLOGICAL ASSETS

#### 19.1 Non-current biological assets

	GROUP	
	2024	2023
As at 31st March	Rs. '000	Rs. '000
At the beginning of the year	393,305	311,612
Additions	433,595	488,625
Gain/(loss) from changes in fair value		
Due to Price change	(595)	(12,369)
Due to physical change	8,423	11,257
Disposals/amortisation	(330,366)	(405,820)
At the end of the year (Note 19.3)	504,362	393,305

#### 19.2 Measurement of Fair Values

##### a) Fair Value Hierarchy

The fair value measurements of the standing biological assets have been categorized as under Level 3 fair value hierarchy.

##### b) Level 3 Fair Values

The break down of the total gains (losses) in respect of Level 3 fair values is shown below

	GROUP	
	2024	2023
For the year ended 31st March	Rs. '000	Rs. '000
<b>Gains included in other income</b>		
Change in fair value (realised)	-	(12,369)
Change in fair value (Unrealised)	8,423	11,257
<b>Loss included in other operating expense</b>		
Change in fair value (realised)	(595)	-

#### 19.3 Biological Assets

As at 31st March	Buffaloes	Poultry Breeder	Highland Crops	Teaks	Total	Total (2023)
Matured (Rs.'000)	12,314	200,957	24,612	6,084	243,967	166,982
Immature (Rs.'000)	8,511	237,861	-	14,023	260,395	226,323
Total	20,825	438,818	24,612	20,107	504,362	393,305

#### 19.4 Nature of Group's Biological Assets

The Group has biological assets comprising poultry breeder for producing Day Old Chicks (DOC), cattle for raw milk and teak for timber.

### 19.5 Non-Financial Measures of Biological Assets

Quantities At the end of the period	Buffaloes No. of animals	Poultry No. of birds	Teak cubic meters
2024	151	91,148	4.08
2023	163	51,047	4.08

Quantities Produced during the year	Buffaloes No. of animals	Breeder No. of birds	Breeder No. of Eggs
2024	31	5,137,523	16,965,022
2023	35	5,165,470	14,941,619

### 19.6 Valuation of biological assets

CIC Group uses the following valuation techniques to measure their biological assets.

Description	Valuation Technique	Valuation Input	Discount Rate	Inter-relationship between key unobservable inputs and fair value measurements
Cattle	weight in relation to category	weight and rate published by NLDB		positively correlated with weight and negative correlation with rate
Teak	Discounted cashflow	Annual marginal increase of timber content (0.55-1.5cm per year for a tree of diameter girth over 10cm)	14%	positively correlated with diameter and negative correlation with interest
Poultry breeder bird	Present value of future cash flows	No. of birds	25.35%	positively correlated
		No. of eggs per bird		positively correlated
		Weight of cull birds		positively correlated
		Selling price per DOC		positively correlated
		Cost per DOC		positively correlated
		Hatchability		positively correlated

### 19.7 Current biological assets

As at 31st March	GROUP	
	2024 Rs. '000	2023 Rs. '000
At the beginning of the year	320,841	266,972
Additions during the year	5,452,055	6,072,405
Expensed during the year	(6,654)	(7,582)
Disposals	(5,441,446)	(6,055,583)
Gain from change in fair value	(25,026)	44,629
	299,770	320,841

## NOTES TO THE FINANCIAL STATEMENTS

Part of these consumables biological assets represent growing birds (Broilers) which are usually processed and sold within 40 to 42 days. Age group of 1 to 28 days are valued at cost. Birds aging from 29 to 42 days are valued based on fair value which is determined based on the market value prevailing as at the reporting date. The valuation basis and the significant unobservable data used for the valuations are given below.

Type	Valuation Techniques	Significant Unobservable Data	Inter-relationship between key unobservable inputs and fair value measurements
Consumable biological assets	The Company has identified six aging categories such as 1-7, 8-14, 15-21, 22-28, 29-35, 36-42 and depending on the aging, the standard weight per bird is identified. Average cost is calculated for each category according to the age by analysing the Feed, DOC, Drug Vaccine and other overhead usages. Fair Value is calculated by using the prevailing market price per bird and Cost to sell includes commission expenditure made for marketing representatives. However, the market prices for the first four age categories are not available and therefore those age categories are measured at cost. Further, a positive yield can be determined only for the last two categories that is 29-35 and 36-42 and therefore those age categories are measured at fair value	Selling price (Rs. 635/Kg)	Increase when selling price increases Decrease when selling price decreases
Growing birds (broilers)		Average bird weight (1.90Kg)	Increase when average weight increases Decrease when average weight decreases

### 19.8 Sensitivity Analysis

Sensitivity variation on selling price values as appearing in the Statement of Financial Position are sensitive to sales price changes with regard to the average price applied. Simulations made for livestock show that an increase or a decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets.

	GROUP	
	2024	
As at 31st March	-10%	10%
	Rs.'000	Rs.'000
Biological assets	18,743	17,782

Sensitivity Variation on average animal weight values as appearing in the statement of Financial Position are sensitive to average animal weight changes. Simulations made for livestock show that an increase or a decrease by 10kg of average animal weight has the following effect on the net present value of biological assets.

	GROUP	
	2024	
As at 31st March	-10%	10%
	Rs.'000	Rs.'000
Biological assets	19,982	18,919

## 20 INTANGIBLE ASSETS

As at 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>Goodwill</b>				
Gross amount	-	-	383,850	383,850
On acquisition of subsidiary (Note 20.4)	-	-	289,238	289,238
Less: provision for impairment	-	-	(139,610)	(139,610)
<b>Net Goodwill (20.1)</b>	-	-	533,478	533,478
Software cost capitalised	39,577	45,016	113,010	128,942
During the year additions	-	2,307	5,481	10,099
Amortisation for the year	(7,900)	(7,746)	(26,758)	(26,031)
Net ERP cost capitalised	31,677	39,577	91,733	113,010
Total	31,677	39,577	625,211	646,488

### 20.1 Aggregate carrying amounts of goodwill allocated to each unit are as follows:

As at 31st March	GROUP	
	2024 Rs.Mn	2023 Rs.Mn
Unipower (Private) Limited	208.08	208.08
Chemanex PLC	11.06	11.06
CIC Feeds (Private) Limited	16.62	16.62
BioSystems Technologies Limited	8.48	8.48
Asiavet Lifesence (Private) Limited	289.24	289.24
	533.48	533.48

The recoverable amounts of all cash generating units have been determined based on the fair value, less cost to sell or the value in use (VIU) calculation.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use (VIU). The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows;

## NOTES TO THE FINANCIAL STATEMENTS

### Gross margins

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

### Discount rates

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium.

### Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic condition.

### Volume growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the industry growth rates of one to four years immediately subsequent to the budgeted year. Cash flows beyond the five year period are extrapolated using 1% growth rate.

### Recoverable values measured with reference to the value in use

Investee	Significant unobservable inputs	Value of the inputs
Unipower (Private) Limited	Average growth rate	10%-15%
	Discount rate	12%
	Term	5 years (terminal value thereafter)
	Terminal growth rate	1%
CIC Feeds (Private) Limited	Average growth rate	10%-15%
	Discount rate	19%
	Term	5 years (terminal value thereafter)
	Terminal growth rate	3%
Chemanax PLC	Average growth rate	10%-15%
	Discount rate	12%
	Term	5 years (terminal value thereafter)
	Terminal growth rate	1%
BioSystems Technologies Limited	Average growth rate	7.5%-10%
	Discount rate	12%
	Term	5 years (terminal value thereafter)
	Terminal growth rate	1%
Asiavet Life Science (Private) Limited	Average growth rate	5%-10%
	Discount rate	14%
	Term	5 years (terminal value thereafter)
	Terminal growth rate	3%

**20.2** The Company/Group capitalised the ERP implementation cost as at the year-end. This will be depreciated over 10 years.

**20.3** There has been no permanent impairment of intangible assets that requires provision.

## 20.4 Goodwill generated from acquisition of subsidiary

### Acquisition of Asiavet Lifesence (Private) Limited

On 31st August 2022, Company acquired 2,750,100 shares representing 100% of the issued shares of Asiavet Lifesence (Private) Limited a company engaged in the importing veterinary products, at a total consideration as set out below:

- (i) The first tranche of the consideration of Rs.148,280,069/- representing 7 times profit after tax (as audited) for the financial year 1st April 2021 to 31st March 2022 (Financial Year 1), less retention in a sum of Rs.30,297,901/- was settled on 31st August 2022 and the sum retained is to be released upon realisation of stocks and debtors held by Asiavet Lifesence (Private) Limited as at 31st August 2022.
- (ii) The second and third tranches of the consideration for the said acquisition will be calculated and paid in the following manner:
  - (a) a sum equal to half the profit after tax (as audited) for the financial year 1st April 2022 to 31st March 2023, which exceeds the profit of Financial Year 1 multiplied by 7, which sum shall be paid within 14 days of the finalisation of the audit: and
  - (b) a sum equal to half the profit after tax (as audited) for the financial year 1st April 2023 to 31st March 2024, which exceeds the profit of Financial Year 2 multiplied by 7, which sum shall be paid within 14 days of the finalisation of the audit.

When calculating the goodwill, Company recognised the fair value of the contingent consideration as part of the consideration transferred in exchange for the acquiree and classified as a financial liability. Accordingly, Company recorded a goodwill of Rs.289.24Mn from the said acquisition.

### Acquisition of BioSystems Technologies Limited

In 2021/22, CIC Agri Businesses (Private) Limited acquired 70% of BioSystems Technologies Limited for a consideration of Rs. 20Mn. Excess consideration paid over the fair value of the net assets acquired of the subsidiary is recognised as Goodwill. Subsequent to the acquisition, there was no impairment made in respect of the Goodwill. The Group acquired this company to booster organic fertilizer operation.

The Group has elected to measure the non-controlling interests in the acquiree at fair value.

As at 31st March	Fair value recognised on acquisition of Asiavet Lifesence (Private) Limited	
	2023 Rs.'000	Rs.'000
<b>Assets</b>		
Property, plant & equipment	2,159	-
Inventories	73,705	-
Other receivables	70,672	-
Cash in hand and at bank	815	147,351
<b>Liabilities</b>		
Other payables	(77,638)	(77,638)
Total identifiable net assets at fair value		69,713
Non-controlling interest measured at fair value		-
Net assets applicable to the parent		69,713
Purchase consideration transferred		142,982
Contingent consideration payable		215,969
Goodwill arising on acquisition		289,238

## NOTES TO THE FINANCIAL STATEMENTS

## 21 DEFERRED TAX

As at 31st March	COMPANY		GROUP	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	235,624	407,854	1,858,397	1,519,511
Amount origination / (reversal) of temporary differences				
Recognised in profit or loss	(126,418)	(239,754)	(197,038)	32,068
Recognised in other comprehensive income	(17,770)	67,524	(62,419)	306,818
At the end of the year	91,436	235,624	1,598,940	1,858,397
Deferred tax asset	-	-	251,312	7,956
Deferred tax liabilities	91,436	235,624	1,850,252	1,866,353
Net liability	91,436	235,624	1,598,940	1,858,397

## B Movement in Deferred Tax Balances

Company	Net			Balance at 31 March		
	balances	Recognised	Recognised	Net	Deferred	Deferred
	as at 01st	in Profit	in OCI	Net	tax assets	tax
2024	April	or loss			liabilities	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Property plant & equipment	239,316	(42,684)	-	196,632	-	196,632
Revaluation reserves	383,059	-	-	383,059	-	383,059
Right-of-use assets	17,534	(1,656)	-	15,878	-	15,878
Lease liability	(22,818)	841	-	(21,977)	(21,977)	-
Provision for obsolete and slow moving inventories	(121,138)	(34,965)	-	(156,103)	(156,103)	-
Provision for impairment of trade receivables	(96,422)	(7,594)	-	(104,016)	(104,016)	-
Other provisions	(95,925)	(24,195)	-	(120,120)	(120,120)	-
Retirement benefit obligations	(67,982)	(16,165)	(17,770)	(101,917)	(101,917)	-
<b>Net liabilities/(assets)</b>	<b>235,624</b>	<b>(126,418)</b>	<b>(17,770)</b>	<b>91,436</b>	<b>(504,133)</b>	<b>595,569</b>

Company	Net			Balance at 31 March		
	balances	Recognised	Recognised	Net	Deferred	Deferred
	as at 01st	in Profit	in OCI		tax assets	tax
2023	April	or loss			liabilities	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Property plant & equipment	190,655	48,661	-	239,316	-	239,316
Revaluation reserves	306,447	-	76,612	383,059	-	383,059
Right-of-use assets	15,353	2,181	-	17,534	-	17,534
Lease liability	(18,858)	(3,960)	-	(22,818)	(22,818)	-
Provision for obsolete and slow moving inventories	(6,136)	(115,002)	-	(121,138)	(121,138)	-
Provision for impairment of trade receivables	(17,602)	(78,820)	-	(96,422)	(96,422)	-
Other provisions	(24,658)	(71,267)	-	(95,925)	(95,925)	-
Retirement benefit obligations	(37,347)	(21,547)	(9,088)	(67,982)	(67,982)	-
Net liabilities/(assets)	407,854	(239,754)	67,524	235,624	(404,285)	639,909

#### Movement in deferred tax balances

Group	Net			Balance at 31 March		
	balances	Recognised	Recognised	Net	Deferred	Deferred
	as at 01st	in Profit	in OCI		tax assets	tax
2024	April	or loss			liabilities	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Property plant & equipment	1,414,394	(92,279)	-	1,322,115	-	1,322,115
Revaluation reserves	1,145,224	-	-	1,145,224	-	1,145,224
Intangible assets	6,436	(2,924)	-	3,512	-	3,512
Right-of-use assets	17,032	33,910	-	50,942	-	50,942
Lease liability	(10,017)	(6,219)	-	(16,236)	(16,236)	-
Biological assets	128,771	2,542	-	131,313	-	131,313
Provision for impairment of trade receivables	(223,872)	13,280	-	(210,592)	(210,592)	-
Provision for obsolete and slow moving inventories	(242,550)	(66,350)	-	(308,900)	(308,900)	-
Other provision	(101,072)	(31,223)	-	(132,295)	(132,295)	-
Contract assets	12,489	3,245	-	15,734	-	15,734
Contract liability	(26,589)	(2,848)	-	(29,437)	(29,437)	-
Retirement benefit obligation	(261,849)	(48,172)	(62,419)	(372,440)	(372,440)	-
Net liabilities/(assets)	1,858,397	(197,038)	(62,419)	1,598,940	(1,069,900)	2,668,840

## NOTES TO THE FINANCIAL STATEMENTS

Group	Net		Balance at 31 March			
	balances	Recognised	Recognised	Net	Deferred	Deferred
	as at 01st	in Profit	in OCI	Net	tax assets	tax
2023	April	or loss				liabilities
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Property plant & equipment	982,919	431,475	-	1,414,394	-	1,414,394
Revaluation reserves	842,196	-	303,028	1,145,224	-	1,145,224
Intangible assets	7,162	(726)	-	6,436	-	6,436
Right-of-use assets	13,096	3,936	-	17,032	-	17,032
Lease liability	(3,779)	(6,238)	-	(10,017)	(10,017)	-
Biological assets	52,023	76,748	-	128,771	-	128,771
Provision for impairment of trade receivables	(75,685)	(148,187)	-	(223,872)	(223,872)	-
Provision for obsolete and slow moving inventories	(82,643)	(159,907)	-	(242,550)	(242,550)	-
Accumulated tax losses	(16,784)	16,784	-	-	-	-
Other provision	(26,216)	(74,856)	-	(101,072)	(101,072)	-
Contract assets	5,494	6,995	-	12,489	-	12,489
Contract liability	(10,825)	(15,764)	-	(26,589)	(26,589)	-
Retirement benefit obligation	(167,447)	(98,192)	3,790	(261,849)	(261,849)	-
<b>Net liabilities/(assets)</b>	<b>1,519,511</b>	<b>32,068</b>	<b>306,818</b>	<b>1,858,397</b>	<b>(865,949)</b>	<b>2,724,346</b>

## Deferred Tax Effect of Temporary Differences

Company	2024		2023	
	Temporary	Tax	Temporary	Tax
	Difference	Effect	Difference	Effect
	Rs'000	Rs'000	Rs'000	Rs'000
Property plant & equipment	655,444	196,632	797,722	239,317
Revaluation reserves	1,276,866	383,059	1,276,866	383,060
Right-of-use assets	52,923	15,878	58,445	17,534
Provision for obsolete and slow moving inventories	(520,340)	(156,103)	(403,791)	(121,138)
Provision for impairment of trade receivables	(346,722)	(104,016)	(321,407)	(96,422)
Other provisions	(400,394)	(120,120)	(319,747)	(95,925)
Retirement benefit obligation	(339,729)	(101,917)	(226,615)	(67,982)
Net tax assets/(liabilities)	378,047	113,413	861,475	258,442
Lease liability	(73,260)	(21,977)	(76,063)	(22,818)
<b>Net liabilities</b>		<b>91,436</b>		<b>235,624</b>

**Deferred Tax Effect of Temporary Differences**

Group	2024		2023	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs'000	Rs'000	Rs'000	Rs'000
Property plant & equipment	5,045,710	1,322,115	5,423,711	1,414,394
Revaluation reserves	3,919,983	1,145,224	3,919,983	1,145,224
Intangible assets	24,175	3,512	30,406	6,436
Biological assets	551,200	131,313	465,168	128,771
Other provision	(440,987)	(132,295)	(336,897)	(101,072)
Right-of-use assets	204,811	50,942	73,858	17,032
Lease liability	(73,587)	(16,236)	(20,190)	(10,017)
Contract liability	(98,123)	(29,437)	(88,631)	(26,589)
Contract assets	52,444	15,734	41,632	12,489
Provision for impairment of trade receivables	(682,431)	(210,592)	(695,070)	(223,872)
Provision for obsolete and slow moving inventories	(1,176,390)	(308,900)	(669,393)	(242,550)
Retirement benefit obligations	(1,300,694)	(372,440)	(897,355)	(261,849)
<b>Net liabilities</b>		<b>1,598,940</b>		<b>1,858,397</b>

Deferred tax has been computed using respective income tax rates of the companies within the group.

**D. Unrecognised Deferred Tax Assets**

As at 31st March	2024		2023	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs'000	Rs'000	Rs'000	Rs'000
Company/Group				
Accumulated tax losses	875,189	262,557	957,234	554,978

Deferred tax asset has not been recognised in respect of the Group's brought forward tax losses as at 31st March 2024 amounting to Rs.875.19Mn (2023-Rs.957.23Mn) since it is not probable that the future taxable profit will be available against which the Group can use the benefit therein.

Recognised deferred tax asset on accumulated tax losses has been recognised only upto the extent of forecasted future taxable profit.

**E. Unremitted income from subsidiaries and associates**

The Group has determined that the undistributed profits of its subsidiaries or associate will not be distributed in the foreseeable future. The Group has an agreement with its associate that the profit of the associate will not be distributed until it obtains the consent of the Group. The Group does not anticipate giving such consent at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

### 22 INVESTMENT IN SUBSIDIARIES

#### A

As at 31st March	Market Value Rs. Mn	Holding %	2024		2023	
			No. of Shares	Cost Rs. '000	No. of Shares	Cost Rs. '000
<b>Company</b>						
<b>Quoted</b>						
ChemaneX PLC	571.63	50.55	7,939,373	136,683	7,939,373	136,683
	571.63		7,939,373	136,683	7,939,373	136,683
<b>Unquoted - Subsidiaries</b>						
Crop Management Services (Private) Limited.		100.00	780,000	202,144	780,000	202,144
CISCO Speciality Packaging (Private) Limited.		50.00	5,525,005	55,250	5,525,005	55,250
CIC Agri Businesses (Private) Limited		67.68	10,720,001	263,135	10,720,001	263,135
Colombo Industrial Agencies Limited.		85.56	855,598	15,505	830,598	9,130
CIC Feeds (Private) Limited		82.44	3,710,000	217,434	3,710,000	217,434
Link Natural Products (Private) Limited.		86.13	6,833,834	1,937,600	6,633,583	1,737,600
CIC CropGuard (Private) Limited		100.00	500,000	5,000	500,000	5,000
CIC Lifesciences Limited		99.89	132,625,435	191,205	132,625,435	191,205
Unipower (Private) Limited		100.00	538,000	427,675	538,000	427,675
CIC Properties (Private) Limited		100.00	4,500,000	45,000	4,500,000	45,000
Asiavet Lifescence (Private) Limited		100.00	2,750,100	463,824	2,750,100	358,952
CIC Dairies (Private) Limited		14.15	8,050,000	80,500	-	-
Precision Agricultural Technologies (Private) Limited		60.00	840,000	8,400	840,000	8,400
				4,049,355		3,657,608
Provision for impairment of subsidiaries				(314,400)		(264,400)
<b>Total</b>				<b>3,734,955</b>		<b>3,393,208</b>

i) During the current financial year company capitalised its advance given to CIC Dairies (Private) Limited amounting to Rs.80.5Mn. Accordingly, CIC acquired 14.15% of CIC Dairies (Private) Limited. Further, Company impaired the said investment by Rs.50Mn due to the negative net assets position.

ii) In 2020/21, the Company has made an additional provision of Rs.37.0Mn against its investment in CIC Properties (Private) Limited. This has increased the total provision against the said investment to Rs.45.0 Mn.

Further, other investments were also tested for impairment and no provision was required. Moreover, based on the evaluation performed by the management, no additional impairment is required due to the effect of macro economic changes.

iii) In 2018/19, the Company impaired its investment in CIC Agri Businesses (Private) Limited amounting to Rs.62.8Mn due to negative net assets position. Even though the net assets have become positive, based on the current macro economic situation of the country, the management intends to carry forward the said provision. Further, the Company has made a provision of Rs.8Mn and Rs.148.2Mn on the investment in CIC Properties (Private) Limited and Crop Management Services (Private) Limited due to reduction of net assets.

- iv) In 2017/18, the Company has made a provision of Rs.8.4Mn on the investment of CIC Precision Agricultural Technologies (Private) Limited due to the re-assignment of promotion of latest agricultural technologies to the respective entities of CIC Agri Businesses Group
- v) Company has made a provision of Rs.8Mn and Rs.148.2Mn on the investment in CIC Properties (Private) Limited and Crop Management Services (Private) Limited due to reduction of net assets.
- vi) Breakup of the provision for impairment of subsidiaries is as follows

As at 31st March	Rs.'000	Rs.'000
Crop Management Services (Private) Limited	148,200	148,200
Precision Agriculture Technologies (Private) Limited	8,400	8,400
CIC Properties (Private) Limited	45,000	45,000
CIC Agri Businesses (Private) Limited	62,800	62,800
CIC Dairies (Private) Limited	50,000	-
Total	314,400	264,400

- v) The subsidiaries of the Company are incorporated in Sri Lanka.
- vi) The Company has neither contingent liabilities nor capital commitment in respect of subsidiaries
- vii) The main activities of the subsidiary companies are given in page 163 to 166.

## B. Inter Company Shareholdings

Investor	Investee	2024		2023	
		% Holding	Number of Shares	% Holding	Number of Shares
Chemanex PLC	CIC Feeds (Private) Limited	11.11	500,000	11.11	500,000
CIC Agri Businesses (Private) Limited	Chemanex PLC	2.84	444,604	2.84	444,604
Crop Management Services (Private) Limited	CIC Feeds (Private) Limited	6.44	290,100	6.44	290,100

## NOTES TO THE FINANCIAL STATEMENTS

### C. Material Non Controlling Interest

The group has assessed each subsidiary that has non-controlling interest based on contributions made to the group revenue, profit, total assets and net assets. Following table summarises the information relating to the subsidiary which has a material non-controlling interest.

As at 31st March	CIC Agri Businesses (Private) Limited GROUP	
	2024 Rs.'000	2023 Rs.'000
NCI percentage	32.30%	32.30%
Non-current assets	2,164,423	2,035,406
Current assets	10,551,832	8,048,542
Non - current liabilities	611,054	529,480
Current liabilities	5,866,194	4,742,861
Profit after tax	1,549,521	3,725,367
Net cash flows generated from/(used in) operating activities	(796,440)	3,943,461
Net cash flows used in investing activities	(254,757)	(110,649)
Net cash flows used in financing activities	(216,771)	(115,812)
Net assets attributable to non-Controlling interest	2,016,447	1,554,149

### D Other individually immaterial subsidiaries

Following table summarises the information relating to the subsidiary which do not have a material non-controlling interest.

As at 31st March	2024 Rs.'000	2023 Rs.'000
Non-current assets	8,461,867	8,521,197
Current assets	10,398,670	12,694,925
Non-current liabilities	2,171,889	1,614,670
Current liabilities	4,669,773	6,796,861
Profit after tax	3,009,111	3,360,359
Net cash flows generated from/(used in) operating activities	6,773,249	(923,013)
Net cash flows used in investing activities	(826,567)	(855,340)
Net cash flows (used in)/ generated financing activities	(860,408)	460,922
Net assets attributable to non-Controlling interest	3,085,289	3,278,843

### E. Acquisition of NCI

During the current financial year, Group acquired 2.5% of Colombo Industries Agencies Limited and 2.52% of Link Natural Products (Private) Limited.

	Colombo Industrial Agencies Limited Rs.000	Link Natural Products (Private) Limited Rs.000	Total Rs.000
Net assets on the date of acquisition	303,173	5,501,110	5,804,283
Carrying amount of NCI acquired	7,579	138,844	146,423
Consideration paid to NCI	6,375	200,000	206,375
A (decrease)/increase in equity attributable to owners of the Company	1,204	(61,156)	(59,952)
The decrease in equity attributable to owners of the Company comprised;			
a decrease in retained earnings			(73,126)
an increase in revaluation reserve			13,174
			(59,952)

### F Debt capitalisation of a subsidiary

On 31st March 2024, CIC Dairies (Private) Limited, 50.5% of its shares owned by CIC Agri Businesses (Private) Limited and 49.5% owned by CIC Crop Management Services (Private) Limited capitalised its existing inter company loans and advances amounting to Rs.369Mn. Accordingly, new ownership structure is as follows and it generated a gain of Rs.36.24Mn to the retained earnings. CIC Dairies (Private) Limited issued additional shares and the below table provides the new shareholding structure.

Shareholder	Number of shares after the debt capitalisation	Shareholding % after the debt capitalisation
CIC Agri Businesses (Private) Limited	30,100,000	52.90%
CIC Seeds (Private) Limited	8,850,000	15.55%
CIC Holdings PLC	8,050,001	14.15%
Crop Management Services (Private) Limited	9,899,999	17.40%
	56,900,000	
		Rs.000
Gain allocated to NCI in CIC Agri Businesses (Private) Limited		192,623
Amount capitalised by CIC Holdings PLC		(80,500)
Net gain allocated to NCI		112,123
Effective NCI of CIC Agri Businesses (Private) Limited		32.32%
Gain to the Group		36,242

## NOTES TO THE FINANCIAL STATEMENTS

Below table summaries the financial position of CIC Dairies (Private) Limited as at 31st March 2024

	Rs.000
Non-current assets	305,588
Current assets	203,163
<b>Total assets</b>	<b>508,751</b>
Equity	(55,528)
Non-current liabilities	52,020
Current liabilities	512,259
<b>Total Equity &amp; liabilities</b>	<b>508,751</b>

### 23 EQUITY ACCOUNTED INVESTEEES

As at 31st March	Holding %	2024		2023	
		No. of Shares	Cost Rs.'000	No. of Shares	Cost Rs.'000
<b>Company</b>					
<b>Unquoted</b>					
Akzo Nobel Paints Lanka (Private) Limited					
Ordinary Shares	49.37	2,340,000	23,400	2,340,000	23,400
Non-Voting Shares	100.00	1,260,000	12,600	1,260,000	12,600
CIC Grains (Private) Limited	49.00	26,313,000	263,131	26,313,000	263,131
JKH Holdings PLC	5.70	85,400,926	16,276,019	-	-
Provision for impairment of equity accounted investees			(263,131)		(263,131)
<b>Total</b>			<b>16,312,019</b>		<b>36,000</b>
<b>Group</b>					
<b>Unquoted</b>					
Akzo Nobel Paints Lanka (Private) Limited					
Ordinary Shares		2,340,000	23,400	2,340,000	23,400
Non-Voting Shares		1,260,000	12,600	1,260,000	12,600
Group share of net assets on deemed disposal		-	280,922	-	280,922
Rainforest Ecolodge (Private) Limited.		9,950,868	99,510	9,950,868	99,510
Rahimafrooz CIC Agro Limited		212,928	32,573	212,928	32,573
John Keells Holdings PLC		100,527,141	19,157,561	-	-
			19,606,566		449,005
Share of equity accounted investees retained earnings			1,342,250		833,000
Share of equity accounted investees other reserves			14,875		14,875
Share of losses absorbed -Rahimafrooz CIC Agro Limited			(32,573)		(32,573)
Gain on bargain purchase of John Keells Holdings PLC			5,355,562		-
Loss on dilution of investment in John Keells Holdings PLC			(1,080,557)		-
<b>Total</b>			<b>25,206,123</b>		<b>1,264,307</b>

### 23.1 Investment in John Keells Holdings PLC (JKH)

CIC Holdings PLC has entered into an agreement on the 06th October 2023 with Paints & General Industries Limited and its major shareholder Mr. Sohli Captain and several companies held by him and Mr.Rusi Captain whereby they have granted CIC an irrevocable unconditional proxy over their voting rights from their shareholdings in JKH to CIC for a period of ten (10) years. The shares which are the subject matter of this agreement aggregate at present to approximately 18.7% of the issues shares of JKH.

Accordingly with the said agreement CIC approximately holds 25.3% of the voting rights in JKH As at 31st March 2024, this amounts to 24.0%.

As per paragraph 5 of LKAS 28 - Investments in Associates and Joint Ventures, Significant Influence is presumed to exist when an investor holds, directly or indirectly (e.g. through subsidiaries), 20 percent or more of the voting power of another entity. As described in the proceeding paragraph, CIC now holds approximately 25.3% of the voting rights in JKH through the contractual agreement. Accordingly, CIC has determined that CIC exercises significant influence on JKH and therefore, permitted to treat JKH as an associate company in terms of Sri Lanka Accounting Standards, only to the extent of the percentage of shares effectively held by CIC in JKH.

Thus, CIC applied equity accounting only in respect of CIC and its subsidiaries' holding in JKH, from the quarter ending 31st December 2023 resulting in a gain on bargain purchase amounting to Rs.5.3Bn as given below.

Rs'000	Stated capital	Revenue reserves	Other components of equity	Net assets
As at 30 September 2023	73,521,643	121,977,628	142,400,974	337,900,245
Net assets attributable to CIC Group - 30 September 2023	4,845,076	8,038,326	9,381,195	22,264,597
As at 31 December 2023	73,717,457	124,264,042	141,247,129	339,228,628
Change in net assets attributable to CIC group (as at 31st December 2023)	278,652	469,718	533,914	1,282,284
As at 31 March 2024	90,602,453	130,812,080	136,452,778	357,867,311
Change in net assets attributable to CIC group (01/01/2024 to 31/03/2024)	244,627	353,193	368,423	966,242
Net assets attributable				24,513,123
Cost of the investment				19,157,561
Gain on bargain purchase				5,355,562

### 23.2 Loss on dilution of investment in John Keells Holdings PLC

According to the announcement issued by John Keells Holdings PLC on partial conversion of convertible debentures held by HWIC Asia Fund and listing of new ordinary shares of 110,000,000, CIC Holdings Group share holding percentage got diluted. Accordingly a loss of dilution of Rs.1.08Bn was charged to the Income Statement.

As at 31st March	Rs.,000
Net assets applicable to CIC Group before dilution	24,925,694
Net assets applicable to CIC Group after dilution	23,845,137
Loss on dilution of investment in John Keells Holdings PLC	(1,080,557)

## NOTES TO THE FINANCIAL STATEMENTS

**23.3** Except for Rahimafrooz CIC Agro Limited incorporated in Bangladesh, all the other equity accounted investees are incorporated in Sri Lanka.

**23.4** Though the Group continues to hold 49% of Rahimafrooz CIC Agro Limited, management has decided to withdraw from the operations carried out by the investee. In having withdrawn from the joint venture, the Group has been unable to obtain the information pertaining to the losses incurred by Rahimafrooz CIC Agro Limited as well as information pertaining to assets/ liabilities as at the reporting date and for the previous year, amounts relating to the year 2015 have been disclosed herein.

As at 31st March	2015 Rs. '000
Current assets	356,699
Non current assets	10,920
Current liabilities	(473,943)
Non current liabilities	(124,089)
Net assets	(230,413)

**23.5** The main activities of the equity accounted investees are given in pages 163 to 166. Registered business place of Rainforest Ecolodge (Private) Limited is No 50, Nawam Mawatha, Colombo 02 and AkzoNobel Paints Lanka (Private) Limited is located at Level 10, Maga one,200, Nawala Road, Narahenpita, Colombo 05.

**23.6** The Group has neither contingent liabilities nor capital commitments in respect of equity accounted investees.

**23.7** In 2018/19 Directors of CIC Holdings PLC and CIC Agri Businesses (Private) Limited decided to impair its investment in Cropwiz (Private) Limited amounting to Rs.125.11Mn and Rs.78.19Mn due to the reduction of net assets.

**23.8** CIC Grains (Private) Limited made losses which reduced its net assets to negative Rs.170.85Mn. Therefore in 2017/18 the Directors of CIC Holdings PLC and CIC Agri Businesses (Private) Limited decided to fully impair the investment made in the respective entities i.e. Rs. 263.13Mn and Rs. 273.87Mn respectively.

**23.9** Summarised financial information of equity accounted investees.

As at 31st March	GROUP	
	2024 Rs. '000	2023 Rs. '000
Revenue	270,395,588	7,646,500
Expenses	(257,480,371)	(6,704,200)
Profit after tax	12,915,217	942,300
Non- current assets	597,901,074	741,343
Current assets	178,125,350	4,223,291
Total assets	776,026,424	4,964,634
Non- current liabilities	261,907,906	203,745
Current liabilities	134,615,786	2,602,850
Total liabilities	396,523,692	2,806,595
Net assets	379,502,732	2,158,039

**23.10** The below table reconciles the summarised financial information to the carrying amount of the Groups's interest in Associates.

As at 31st March	GROUP	
	2024 Rs. '000	2023 Rs. '000
At the beginning of the year	1,264,307	1,185,399
Transferred from fair value through OCI	17,408,652	-
Addition	1,748,909	-
Gain on bargain purchase	5,355,562	-
Loss on dilution of investment	(1,080,557)	-
Share of profit of equity accounted investees	1,169,220	541,981
Share of other comprehensive income	(67,957)	418
Dividend received	(592,013)	(463,491)
At the end of the year	25,206,123	1,264,307

## NOTES TO THE FINANCIAL STATEMENTS

### 24 EQUITY INVESTMENT AT FAIR VALUE THROUGH OCI

The Company designated the investments shown below as equity investments at FVOCI because these equity investments represent investments that the Company intends to hold for strategic purpose. No strategic investments were disposed during 2023/24 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

As at 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Carrying value at the beginning of the year	5,145,507	1,228,127	5,153,595	1,236,497
Additions	6,474,514	3,905,850	6,474,514	3,905,850
Fair value gain/ (loss)	2,993,637	11,530	2,996,501	11,248
Transfer to equity accounted investee	(14,613,658)	-	(14,624,460)	-
Carrying value at the end of the year	-	5,145,507	150	5,153,595

As at 31st March	2024			2023		
	No of shares	Share Price (Rs)	Fair Value Rs. '000	No of shares	Share Price (Rs)	Fair Value Rs. '000
<b>Company Quoted</b>						
John Keells Holdings PLC	-	-	-	36,752,907	140.00	5,145,507

As at 31st March	2024			2023		
	No of shares	Share Price (Rs)	Fair Value Rs. '000	No of shares	Share Price (Rs)	Fair Value Rs. '000
<b>Group Quoted</b>						
Muller & Phipps (Ceylon) PLC	300	1	-	300	1	-
John Keells Holdings PLC	-	-	-	36,809,607	140.00	5,153,445
						5,153,445
<b>Unquoted</b>						
Equity Investments (Lanka) Limited	15,000	10	150	15,000	10	150
			150			150
Total			150			5,153,595

The fair value of financial instruments traded in active market is based on quoted market prices as at the reporting date. The disclosures relating to fair value measurement are given in Note 3.20 to the Financial Statements.

## 25 INVENTORIES

	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
Raw materials and consumables	1,257,482	1,184,867	8,075,674	9,163,197
packing Materials	-	-	2,498,721	935,888
Work-in-progress	106,479	57,476	862,624	655,949
Finished goods	3,855,183	3,536,474	7,701,014	7,457,962
Goods-in-transit	485,911	259,096	675,572	797,575
	5,705,055	5,037,913	19,813,605	19,010,571
Provision for obsolete and slow moving inventories (Note 25.1)	(520,339)	(403,791)	(1,364,564)	(1,116,248)
Total	5,184,716	4,634,122	18,449,041	17,894,323

Inventories are stated at cost or net realisable value, whichever is lower. The breakup of the carrying value of inventories is as follows:

	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
At cost	5,184,716	4,634,122	18,449,041	17,894,323
At net realisable value	-	-	-	-
Total	5,184,716	4,634,122	18,449,041	17,894,323

### 25.1 Provision for obsolete and slow moving inventories

	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
At the beginning of the year	403,791	390,200	1,116,248	898,664
Provision made during the year	128,131	142,467	473,107	464,490
Write off during the year	(11,583)	(128,876)	(224,791)	(246,906)
At the end of the year	520,339	403,791	1,364,564	1,116,248

**25.2** The Group has obtained bank facilities on the negative pledge on inventories.

## NOTES TO THE FINANCIAL STATEMENTS

### 26 TRADE RECEIVABLES

	COMPANY		GROUP	
	2024	2023	2024	2023
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade receivables from Group Companies (Note 26.1)	3,032	668	-	-
Other trade receivables	3,989,800	2,859,074	9,921,451	6,848,694
Bills receivable	-	-	246,464	159,456
Total	3,992,832	2,859,742	10,167,915	7,008,150
Less : Provision for impairment for trade receivables (Note 26.2)	(570,552)	(512,679)	(930,382)	(989,279)
Total	3,422,280	2,347,063	9,237,533	6,018,871

\* Bank facilities have been obtained on negative pledge on trade receivables.

\*\* Trade receivables have increased mainly due to the increase in turnover and it does not have a material impact on the loss allowance as the debtors are within the average credit period.

#### 26.1 Trade Receivables from Group Companies

	COMPANY	
	2024	2023
As at 31st March	Rs. '000	Rs. '000
Chemanex PLC	-	38
CIC CropGuard (Private) Limited	-	38
CIC Feeds (Private)Limited	542	120
CIC Dairies (Private)Limited	887	-
CIC Poultry Farms Limited	1,401	472
CISCO Specialty Packaging (Private) Limited	202	-
Total	3,032	668

#### 26.2 Provision for impairment for trade receivables

	COMPANY		GROUP	
	2024	2023	2024	2023
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	512,679	462,459	989,279	1,014,856
Provision made during the year	87,459	54,613	11,952	112,042
Written off during the year	(29,586)	(4,393)	(70,849)	(137,619)
At the end of the year	570,552	512,679	930,382	989,279

#### 26.3 Trade Receivables Currency-wise

	COMPANY		GROUP	
	2024	2023	2024	2023
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sri Lankan Rupees	3,827,757	2,783,350	9,975,624	6,776,371
US Dollars	165,075	76,392	192,173	231,589
Euro	-	-	118	190
Total	3,992,832	2,859,742	10,167,915	7,008,150

## 27 OTHER RECEIVABLES

As at 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Non trade receivables from Group companies (Note 27.1)	121,875	48,695	-	-
Other non trade receivables (Net)	1,009,776	734,186	2,075,338	2,548,906
Short term loans granted to Subsidiaries ( Note A)	-	549,700	-	-
Subsidy receivable	-	-	1,294,029	1,294,029
VAT Receivable	17,534	-	71,591	15,945
Loans to employees	10,478	4,097	29,954	23,338
Pre-paid staff cost	-	-	8,344	4,899
	1,159,663	1,336,678	3,479,256	3,887,117
Less : Provision for impairment of other receivables (note 27.3)	(149,074)	(184,745)	(160,959)	(211,985)
<b>Total</b>	<b>1,010,589</b>	<b>1,151,933</b>	<b>3,318,297</b>	<b>3,675,132</b>

**27.1** Short term loans granted to subsidiaries include Rs. 55Mn of CIC Properties (Private) Limited at an interest rate of 12.26%.which is payable on demand This is loan has been fully impaired.

### 27.2 Non Trade Receivable from Group Companies

As at 31st March	COMPANY	
	2024 Rs. '000	2023 Rs. '000
Chemanex PLC	19,614	10,970
CIC Agri Businesses (Private) Limited	15,687	2,308
CISCO Speciality Packaging (Private) Limited	4,630	-
CIC Feeds (Private)Limited	23,031	7,272
CIC CropGuard (Private) Limited	32,970	-
Crop Management Services (Private) Limited	218	3,811
CIC Lifescineces Limited	-	1,304
CIC Agri Produce Export (Private) Limited	1,808	58
CIC Agri Produce Marketing (Private) Limited	155	-
CIC Grains (Private) Limited	1,898	1,284
CIC Seeds (Private) Limited	996	-
CIC Dairies (Private) Limited	86	15,992
CIC Dairy Breeding & Management (Private) Limited	2,238	2,238
Cropwiz (Private) Limited	10	-
CIC Poultry Farms (Private) Limited	-	3,307
Link Natural Products (Private) Limited	17,845	-
Bio System Technologies Limited	164	164
Unipower (Private) Limited	3,459	1,622
<b>Total</b>	<b>124,809</b>	<b>50,330</b>
Less: Provision for impairment	(2,934)	(1,635)
<b>Total</b>	<b>121,875</b>	<b>48,695</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 27.3 Provision for impairment of other receivables

As at 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
At the beginning of the year	184,745	104,891	211,985	132,131
Provision made during the year	69,220	79,854	69,220	79,854
Write-off during the year	(104,891)	-	(120,246)	-
At the end of the year	149,074	184,745	160,959	211,985

### 27.4 Inter company loan

As at 31st March	COMPANY	
	2024 Rs. '000	2023 Rs. '000
CIC Properties (Private) Limited	55,000	55,000
CIC Feeds (private)Limited	-	200,000
CIC Poultry Farms (private) Limited	-	200,000
CIC Agri Produce Export (Private )Limited	-	115,000
CIC Dairies (Private) limited	-	34,700
	55,000	604,700
Less: Provision for impairment	(55,000)	(55,000)
Total	-	549,700

Company has lended its funds at opportunity interest rate plus additional 1% to its group companies.

A. As at 31st March	COMPANY	
	2024 Rs. '000	2023 Rs. '000
<b>CIC Properties inter company receivables</b>		
Balance as at	-	55,732
Settlement During the year	-	(70,600)
Payment	499	695
Provision (charge)/ reversal	(499)	14,173
Closing Balance	-	-

## 28 EQUITY INVESTMENT AT FAIR VALUE THROUGH OCI

As at 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Carrying value at the beginning of the year	27,922	23,553	2,033,291	1,996,814
Additions	904	554	242,001	74,042
Fair value gain/(loss)	11,233	3,815	796,167	(34,413)
Disposal	-	-	-	(3,152)
Transfer to investment in equity accounted investees	-	-	(2,784,192)	-
Carrying value at the end of the year	40,059	27,922	287,267	2,033,291

As at 31st March	2024			2023		
	Share Price (Rs.)	No of shares 'Rs. '000	Fair value 'Rs. '000	Share Price (Rs.)	No of shares 'Rs. '000	Fair value 'Rs. '000
<b>Company</b>						
<b>Quoted</b>						
Ceylon Hospitals PLC	119.75	5,979	716	132.25	5,979	791
Renuka Agri Foods PLC	3.70	155,611	576	5.20	153,200	797
Hatton National Bank PLC- Voting	180.00	197,992	35,639	129.50	189,921	24,595
Hatton National Bank PLC - Non-Voting	150.25	20,821	3,128	88.20	19,722	1,739
Total			40,059			27,922

As at 31st March	2024			2023		
	Share Price (Rs.)	No of shares	Fair value Rs.'000	Share Price (Rs.)	No of shares	Fair value Rs.'000
<b>Group</b>						
<b>Quoted</b>						
Ceylon Hospitals PLC	119.75	5,979	716	132.25	5,979	791
Renuka Agri Foods PLC	3.70	155,611	576	5.20	153,200	797
Hatton National Bank PLC- Voting	180.00	1,571,373	282,847	129.50	1,507,313	195,197
Hatton National Bank PLC - Non-Voting	150.25	20,821	3,128	88.20	19,722	1,739
John Keells Holdings PLC	-	-	-	140.00	13,105,475	1,834,767
Total			287,267			2,033,291

All fair value through OCI financial assets are designated as level 1 in the fair value hierarchy as the mentioned short term investments are all quoted and actively traded in the Colombo Stock Exchange. There have been no transfers between level 1 and level 2 during the year.

During the year 2022/23 there have been disposals of strategic investments and the cumulative gain or loss has been transferred within equity.

## NOTES TO THE FINANCIAL STATEMENTS

### 29 CASH AND CASH EQUIVALENTS

#### 29.1 Favourable cash and cash equivalents

	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
Cash and bank balances	590,361	120,245	2,105,017	1,319,001
Short term deposits	-	-	3,311,019	622,536
	590,361	120,245	5,416,036	1,941,537
Cash and cash equivalents classified as assets held for sale	-	-	10,018	3,163
Cash and cash equivalents classified as assets held for distribution	-	-	53,766	53,370
	590,361	120,245	5,479,820	1,998,070

#### 29.2 Unfavourable cash and cash equivalents

	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
Bank overdraft	(409,924)	(1,301,659)	(923,883)	(2,776,936)
Short term bank loans	(17,794,194)	(8,256,503)	(24,054,418)	(12,097,111)
	(18,204,118)	(9,558,162)	(24,978,301)	(14,874,047)
Interest bearing short-term borrowings for the purpose of cash flow statement	-	-	-	(14,874,047)
Cash and cash equivalents for the purpose of cash flow statements	(17,613,757)	(9,437,917)	(19,498,481)	(12,875,977)

**30 STATED CAPITAL**

As at 31st March	COMPANY			
	2024		2023	
	No.of shares	Rs.	No.of shares	Rs.
Ordinary Shares				
As at the beginning of the year	291,600,000	789,750,000	291,600,000	789,750,000
As at the end of the year	291,600,000	789,750,000	291,600,000	789,750,000
Non-Voting (Class X ) Shares				
As at the beginning of the year	87,480,000	218,700,000	87,480,000	218,700,000
As at the end of the year	87,480,000	218,700,000	87,480,000	218,700,000
<b>Total</b>	<b>379,080,000</b>	<b>1,008,450,000</b>	<b>379,080,000</b>	<b>1,008,450,000</b>

The holders of Ordinary shares (Voting) are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company.

On 05th January 2021, a special resolution stating sub-division of shares has been duly passed by the shareholders unanimously at the Extra Ordinary General Meeting of the Company held on the said date. Accordingly, number of shares of the Company, after the subdivision is as follows:

	Ordinary shares	Non-Voting (Class-X) Shares	Total Shares
No of shares prior to the sub-division	72,900,000	21,870,000	94,770,000
No of shares after the sub-division	291,600,000	87,480,000	379,080,000

**31 CAPITAL RESERVES**

As at 31st March	COMPANY		GROUP	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	1,716,062	1,792,674	3,165,113	3,368,499
Realization of capital reserve on account of disposal of Asset Held for sale	(765,822)	-	(765,822)	3,314
Deferred tax on revaluation of land	-	(76,612)	-	(13,630)
Deferred tax on tax rate change	-	-	-	(260,863)
Adjustment due to change in holding	-	-	13,174	67,793
<b>At the end of the year</b>	<b>950,240</b>	<b>1,716,062</b>	<b>2,412,465</b>	<b>3,165,113</b>

Capital reserves consist of revaluation reserve and reserve on scrip issue.

Revaluation reserve relates to revaluation of lands and represents the increase in the fair value of the lands.

Reserve on scrip issue is originated from post-acquisition scrip issues made by the subsidiaries

## NOTES TO THE FINANCIAL STATEMENTS

### 32 REVENUE RESERVES

	COMPANY		GROUP	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Summary				
General reserves	782,604	782,604	720,306	720,306
Retained earnings	9,150,978	3,992,674	30,785,659	18,327,732
Fair value reserves	(3,142)	(103,700)	(33,740)	(225,578)
	9,930,442	4,671,578	31,472,225	18,822,460

Revenue reserves comprises of retained earnings, general reserves and fair value reserves.

General reserve is the amount appropriated by the Board of Directors.

The fair value reserve arises on the fair value change of financial assets recognised in the other comprehensive income.

### 33 LOANS AND BORROWINGS

#### 33.1 Loans and borrowings repayable after one year

	COMPANY		GROUP	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March				
Bank loans (Note 33.2)	-	-	-	2,700
Lease liabilities relating to right of use asset (Note 33.3)	70,132	73,260	399,988	304,280
	70,132	73,260	399,988	306,980

#### 33.2 Bank Loans

	COMPANY		GROUP	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March				
At the beginning of the year	-	-	59,758	175,950
Obtained during the year	-	-	100,000	-
Acquisition of subsidiary	-	-	-	1,746
Repayments during the year	-	-	(157,058)	(117,938)
At the end of year	-	-	2,700	59,758
Less: Repayable within one year	-	-	(2,700)	(57,058)
Repayable after one year	-	-	-	2,700

There are no bank loans payable after five years in the Company or Group.

**33.3 Lease liability relating to ROU asset**

	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
At the beginning of the year	76,063	78,575	356,127	305,150
New lease additions	-	-	166,921	82,147
Interest charge	8,128	8,419	45,771	34,650
Payments	(10,931)	(10,931)	(124,213)	(65,820)
At the end of the year	73,260	76,063	444,606	356,127
Less: Repayable within one year	(3,128)	(2,803)	(44,618)	(51,847)
Repayable after one year	70,132	73,260	399,988	304,280

**33.4 Loans and borrowings repayable within one year from the year end**

	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
Bank loans	-	-	2,700	57,058
Lease liabilities relating to right-of-use asset	3,128	2,803	44,618	51,847
Bank overdrafts	409,924	1,301,659	923,883	2,776,936
Short term loans	17,794,194	8,256,503	24,054,418	12,097,111
Total	18,207,246	9,560,965	25,025,619	14,982,952

**33.5 Analysis of loans and borrowings payable after one year**

Company	Lender	Interest Rate	Repayment Term	2024 Rs.Mn	2023 Rs.Mn	Security
CIC Dairies (Private) Limited	Seylan Bank	AWPLR + 1.50%	Monthly	-	2.70	-
				-	2.70	

**34 RETIREMENT BENEFIT OBLIGATIONS**

	COMPANY		GROUP	
	2024 'Rs. '000	2023 'Rs. '000	2024 'Rs. '000	2023 'Rs. '000
As at 31st March				
Present value of the gratuity				
At the beginning of the year	226,615	155,616	897,355	820,074
Current service cost	29,073	22,259	94,119	72,288
Benefits paid by the plan	(15,980)	(4,896)	(57,730)	(102,490)
Interest cost	40,790	23,342	155,442	122,482
Actuarial (gains)/losses	59,233	30,294	211,508	(14,999)
As at the end of the year	339,731	226,615	1,300,694	897,355

## NOTES TO THE FINANCIAL STATEMENTS

- A** Retirement benefit cost is recognised in the following line items in the Statements of Profit or Loss and Other Comprehensive Income

As at 31st March	COMPANY		GROUP	
	2024 'Rs. '000	2023 'Rs. '000	2024 'Rs. '000	2023 'Rs. '000
Cost of Sales	971	1,046	47,105	17,861
Distribution expenses	24,467	27,085	48,180	47,680
Administrative expenses	44,425	17,470	154,276	129,229
	69,863	45,601	249,561	194,770
Other comprehensive income	59,233	30,294	211,508	(14,999)
Total	129,096	75,895	461,069	179,771

The gratuity liability of the Company, and the Group is based on the actuarial valuation carried out by Actuarial and Management Consultants (Private) Limited, a firm of defined benefit plan professional actuaries. The liability is not externally funded and it is a non-contributory defined benefit plan.

- B** LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefits that employees have earned in return for their service in the current and prior periods and discount that benefit using projected unit credit method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

	GROUP	
	2024 Rs. '000	2023 Rs. '000
Rate of discount	13%	18%
Salary increase	12%	13%
Retirement age	60 Years	60 Years
Staff turnover rate-up to age 54+	13%	2%
Staff turnover rate-after age 54+	0%	0%

Weighted average retirement age of the company is 11.79 Years

Assumptions regarding future mortality are based on a 67/70 mortality table, issued by Institute of Actuaries, London.

A long-term Treasury Bond rate of 13 % p.a. (2023 – 18% p.a.) has been used to discount future liabilities taking into consideration remaining working life of eligible employees. Further, the salary increment rate of 12% is considered appropriate to be in line with the Company's targeted future salary increments when taking into account the current market conditions and inflation rate. The demographic assumptions underlying the valuation with respect to retirement age, early withdrawals from the services and retirement on medical grounds.

**C. Sensitivity of Assumptions Used**

A change in discount rate and in salary increase would change in the present value of the retirement benefit obligations as follows:

As at 31st March 2024	Increase by 1%		Decrease by 1%	
	Discount Rate	Future Salary Growth	Discount Rate	Future Salary Growth
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Company - The present value change in retirement benefit obligation	(16,906)	20,142	18,630	(18,568)
Group - The present value change in retirement benefit obligation	(69,007)	79,233	75,929	(47,006)

As at 31st March 2023	Increase by 1%		Decrease by 1%	
	Discount Rate	Future Salary Growth	Discount Rate	Future Salary Growth
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Company - the present value change in retirement benefit obligations	(11,167)	13,482	12,286	(12,422)
Group - the present value change in retirement benefit obligations	(41,800)	49,256	46,116	(23,544)

**D. Below table summarises the maturity profile of the defined benefit obligation**

As at 31st March	COMPANY		GROUP	
	2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
Within the next 12 months	42,945	-	224,261	196,121
Between 1-2years	-	34,800	74,812	36,956
Between 2-5 years	127,644	75,205	340,161	242,150
Between 5-10 years	110,435	74,518	356,210	247,866
Beyond 10 years	58,707	42,092	305,250	174,262
Total	339,731	226,615	1,300,694	897,355

## NOTES TO THE FINANCIAL STATEMENTS

### E. Employee benefit expenses

As at 31st March	COMPANY		GROUP	
	2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
Wages & Salaries	589,798	411,812	2,572,176	1,937,021
Contributions to defined contributions plan	94,017	65,341	337,965	243,086
Termination benefits	69,863	45,601	249,561	194,770
	753,678	522,754	3,159,702	2,374,877

### 35 GRANTS

As at 31st March	GROUP	
	2024 Rs'000	2023 Rs'000
At the beginning of the year	1,548	7,243
Amortised during the year	(176)	(5,695)
At the end of the year	1,372	1,548

Grants are amortised over the useful life of the asset. Details of grants are as follows;

Beneficiary	Purpose	Grantor	Carrying Value	Carrying Value
			2024 Rs'000	2023 Rs'000
CIC Agri Business (Private) Limited	Dairy development in the Eastern Province	Land O'Lakes, Inc	1,372	1,548
			1,372	1,548

### 36 TRADE PAYABLES

As at 31st March	COMPANY		GROUP	
	2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
Trade payables to Group Companies ( Note 36.1)	65,675	88,558	-	-
Bills payable	2,248,227	2,534,207	3,470,871	3,361,000
Other trade payables	5,057	6,859	1,293,007	1,239,864
Total	2,318,959	2,629,624	4,763,878	4,600,864

**36.1 Trade Payables to Group Companies**

As at 31st March	COMPANY	
	2024 Rs'000	2023 Rs'000
CISCO Speciality Packaging (Private) Limited	10,322	1,779
CIC Feeds (Private) Limited	-	2,494
Link Natural Products (Private) Limited	2,633	-
CIC Lifesciences Limited	52,720	84,285
	65,675	88,558

**36.2 Currency-wise Trade Payable**

As at 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
US Dollars	1,669,756	2,080,654	2,671,209	2,844,131
Euros	42,168	153,970	41,978	153,970
Singapore Dollars	-	48,695	-	48,695
Sri Lankan Rupees	607,035	346,305	2,050,691	1,554,068
	2,318,959	2,629,624	4,763,878	4,600,864

**37. INCOME TAX PAYABLE/ (RECEIVABLE)**

As at 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at the beginning of the year	293,879	198,055	1,256,787	417,747
Provision made during the year				
- continuing operations	178,666	553,661	2,809,954	3,014,591
- discontinued operations	-	-	110	131
Under provisions in respect of previous year	(53,510)	14,368	(69,691)	15,412
Irrecoverable ESC written off	-	-	-	8,843
Tax on dividend Income	-	-	(74,250)	-
Acquisition of subsidiary	-	-	-	7,463
Payments made during the year	(336,861)	(472,205)	(2,903,165)	(2,185,800)
Tax on dividends received from associates	-	-	-	(21,600)
As at the end of the year	82,174	293,879	1,019,745	1,256,787
Income tax payable	82,174	293,879	1,020,457	1,265,269
Income tax receivable	-	-	(712)	(8,482)
Total	82,174	293,879	1,019,745	1,256,787

## NOTES TO THE FINANCIAL STATEMENTS

### 38 ACCRUALS AND OTHER PAYABLES

As at 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Other payables to Group Companies (Note 38.1)	46,422	58,114	-	-
Other payables	341,908	507,103	1,909,513	2,151,907
Accruals	852,986	513,752	1,423,209	801,424
Paints & General Industries advance payable	-	200,000	-	200,000
<b>Total</b>	<b>1,241,316</b>	<b>1,278,969</b>	<b>3,332,722</b>	<b>3,153,331</b>

#### 38.1 Other payables to Group Companies

As at 31st March	COMPANY	
	2024 Rs. '000	2023 Rs. '000
Colombo Industrial Agencies Limited	41,547	37,066
CIC CropGuard (Private) Limited	-	2,903
CISCO Speciality Packaging (Private)Limited	-	4,197
Link Natural Products (Private) Limited	-	9,019
CIC Lifescineces Limited	4,875	-
CIC Seeds (Private) Limited	-	4,929
	<b>46,422</b>	<b>58,114</b>

### 39 CAPITAL COMMITMENT

There were no capital commitments, which have been approved or contracted as for the reporting date.

### 40 CONTINGENT LIABILITIES

CIC Feeds (Private) Limited provided Corporate Guarantee of Rs.600Mn to Bank of Ceylon on behalf of its subsidiary CIC Poultry Farms Limited.

There are no material contingent liabilities as at the reporting date, which require adjustment and/or disclosure in the Financial Statements

### 41 EVENTS AFTER THE REPORTING DATE

#### Final dividend deceleration

The Board of Directors has recommended a final dividend of Rs.2.50 per share amounting to Rs.947.70Mn on the issued capital of both Ordinary and Non-Voting (Class X) shares which is payable on 18th July 2024, if approved by the Shareholders at the Annual General Meeting.

There are no other material events have taken place as at the reporting date, which require adjustment and/or disclosure in the Financial Statements.

## 42 LEASES

See accounting policy in Note 3.9.

### 42.1 Leases as lessee (SLFRS 16)

Group has entered in to lease agreements with several parties to use their lands, buildings. A subsidiary has rented out its leased premises to outsiders for a shorter period.

Lessee	Location	Nature	Period
CIC Agri Businesses (Private) Limited	Rathanapura	Office Premises	01/04/2012 -31/03/2027
CIC Agri Businesses (Private) Limited	Midigama	Office Premises	01/07/2019 -30/06/2024
CIC Agri Businesses (Private) Limited	Kandy	Office Premises	01/07/2020 -30/06/2025
CIC Agri Businesses (Private) Limited	PB- 7995 CAB	Motor Vehicle	01/02/2023 -01/01/2028
CIC Agri Produce Marketing (Private) Limited	Pelwehera	Land (100 acres)	02/07/2008 - 02/07/2038
CIC Seeds (Private) Limited	Hingurakgoda	Land/Farm	8/17/1998 - 8/16/2048
CIC Seeds (Private) Limited	Pelwehera	Land/Farm	8/31/2001 - 8/30/2051
CIC Seeds (Private) Limited	Talawa	Land/Farm	11/13/2002 - 11/12/2032
CIC Seeds (Private) Limited	Jawatta	Sales Outlet	5/1/2021 - 4/30/2026
CIC Seeds (Private) Limited	NCC	Sales Outlet	7/1/2022 - 6/30/2027
CIC Seeds (Private) Limited	Ex way Side A	Sales Outlet	4/1/2022 - 3/31/2027
CIC Seeds (Private) Limited	Ex way Side B	Sales Outlet	4/1/2022 - 3/31/2027
CIC Seeds (Private) Limited	Embilipitiya	Store	7/1/2022 - 6/30/2025
CIC Dairies (Private) Limited	Dambulla	Factory Land	9/9/2011 - 8/9/2041
Chemane PLC	Galle Face Court -2	Office Premises	01/01/2019-31/12/2024
Link Natural Products (Private) Limited	Palugama	Agricultural Land	17/05/2019 - 16/05/2024
Link Natural Products (Private) Limited	Jaffna	Agricultural Land	28/03/2023 - 28/03/2026
Link Natural Products (Private) Limited	Malinda - Kapugoda	Bicycle Parking land	01/12/2021 - 30/11/2026
Link Natural Products (Private) Limited	Mahawalawatta	Agricultural Land	01/06/2022 - 31/05/2027
Link Natural Products (Private) Limited	Colombo 07	Experience Centre	30/11/2022 - 30/11/2027
Link Natural Products (Private) Limited	Malinda - Kapugoda	IP Stores	15/12/2022 - 15/12/2024
Link Natural Products (Private) Limited	Malinda - Kapugoda	Record Room	08/09/2023 - 09/25/2025
CIC Poultry Farms Limited	Mundel, Madurankuliya	Broiler Farm Cages	31/01/2021- 30/01/2028
CIC Poultry Farms Limited	Haira Farms - Matale	Broiler Farm Cages	01/12/2023- 30/11/2028
CIC CropGuard ( Private ) Limited	Colombo 10	Office Premises	01/01/2024 - 31/12/2034

#### 42.1.1 Right-of-use-assets

Right-of-use-assets related to leased properties that do not meet the definition if investment property are presented as property, plant and equipment. (See Note 16) .

## NOTES TO THE FINANCIAL STATEMENTS

Company 2024	Buildings Rs.'000	Total Rs.'000
Balance as at 01 April 2023	58,445	58,445
Depreciation charge for the year	(5,522)	(5,522)
Balance as at 31 March 2024	52,923	52,923

Company 2023	Buildings Rs.'000	Total Rs.'000
Balance as at 01 April 2022	63,967	63,967
Depreciation charge for the year	(5,522)	(5,522)
Balance as at 31 March 2023	58,445	58,445

Group 2024	Lands Rs.'000	Buildings Rs.'000	Motor Vehicle Rs.'000	Total Rs.'000
Balance as at 01 April 2023	124,139	261,463	7,068	392,670
Addition to right-of-use assets	17,560	149,361	-	166,921
Depreciation charge for the year	(7,597)	(68,608)	(1,463)	(77,668)
Balance as at 31 March 2024	134,102	342,216	5,605	481,923

Group 2023	Lands Rs.'000	Buildings Rs.'000	Motor Vehicle Rs.'000	Total Rs.'000
Balance as at 01 April 2022	129,701	243,669	-	373,370
Addition to right-of-use assets	1,184	73,651	7,312	82,147
Depreciation charge for the year	(6,746)	(55,857)	(244)	(62,847)
Balance as at 31 March 2023	124,139	261,463	7,068	392,670

### 42.1.2 Amounts recognised in profit or loss

	COMPANY Rs.'000	GROUP Rs.'000
2024-Leases under SLFRS 16		
Interest on lease liabilities	(8,128)	(45,771)
Expenses relating to short-term leases	(8,520)	(17,040)
Amortisation of right-of-use asset	(5,522)	(77,668)

	COMPANY	GROUP
	Rs.'000	Rs.'000
2023-Leases under SLFRS 16		
Interest on lease liabilities	(8,419)	(34,986)
Expenses relating to short-term leases	(8,520)	(17,040)
Amortisation of right-of-use asset	(5,522)	(77,668)

Expense relating to short term lease includes rental payment for stores premises located at Sapugaskanda.

#### 42.1.3 Amounts recognised in statement of cash flows

	COMPANY		GROUP	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Payment of lease rentals	(10,931)	(10,931)	(124,213)	(65,820)
Expenses relating to short term leases	(8,520)	(8,520)	(17,040)	(17,040)

#### 42.1.4 Extension options

Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within the control.

#### 42.1.5 Maturity analysis - Contractual undiscounted cash flows

	COMPANY	GROUP
	Rs.'000	Rs.'000
Less than one year	10,931	116,458
Later than one year and not later than five years	49,006	412,442
More than five years	60,119	415,694
Total undiscounted lease liability	120,056	944,594

#### 42.2 Leases as lessor

The Group leases out its leased properties. All leases are classified as operating leases from a lessor perspective with the exception of a sub-lease, which the Group has classified as a finance sub-lease.

##### 42.2.1 Lease

During 2020, the Group has sub-leased a building that has been presented as part of right-of-use asset, property, plant & equipment. In mid 2021, Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets and the lease period is also for a shorter term.

Rental income recognised by the Group during 2024 was Rs9.21Mn (2023-Rs. 7.97Mn)

Undiscounted lease payments to be received within less than nine months after the year end is Rs.5.87Mn. (2023-Rs. 5.34Mn)

## NOTES TO THE FINANCIAL STATEMENTS

### 43 RELATED PARTY DISCLOSURE

The Company carried out transactions in the ordinary course of the business on an arm's length basis at commercial rates with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures', except for the transactions that the Key Management Personnel (KMP) have availed under schemes uniformly applicable to all staff at concessionary rates.

#### 43.1 Parent and Ultimate Controlling Party - Paints & General Industries Limited

Nature of transaction	COMPANY		GROUP	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Statement of Profit or Loss and Other Comprehensive Income				
Sale of goods	428,868	383,619	434,314	389,419
Purchase of goods	1,216	1,145	1,216	1,145
Interest expense on short term loan	132,102	-	132,102	-
Statement of Changes in Equity				
Dividend paid	395,867	158,347	395,867	158,347
Statement of Financial Position				
Trade receivables	163,615	20,167	164,782	20,167
Advance received	-	200,000	-	200,000

In 2022/23 advance received of Rs.200Mn is for the purpose of importing and reserving of raw materials for Paints and General Industries Limited, to ensure an uninterrupted supply of Binders as CIC Holdings PLC is the exclusive supplier of their main raw material.

Company/ Group neither obtained nor granted any corporate guarantees to Paints and General Industries Limited.

#### 43.2 Key Management Personnel (KMP)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

##### KMP of the Company

The Board of Directors of the Company have been classified as KMP of the Company.

##### KMP of the Group

The Board of Directors (including Executive and Non-Executive) of the Company and the Board of Directors of the holding company have been classified as KMP of the Group. The officers who are only Directors of subsidiaries and not of the company have been classified as KMP for that subsidiary.

### 43.2.1 Transactions with KMP

#### Loans to Directors

No loans have been granted to the Directors of the Company/ Group

#### Key Management Personnel Compensation

The details of compensation are given in note 11 to the Financial Statements.

#### Other Transactions with Key Management Personnel

The names of Directors of CIC Holdings PLC, who are also Directors of subsidiaries, sub-subsidiaries and the equity accounted investees, are as follows:

Mr. S.H. Amarasekera  
 Mr. R.S. Captain  
 Mr. M.P. Jayawardena  
 Mr. P.R. Saldin  
 Mr. J.R. Gunaratne  
 Mr. D.T.S.H. Mudalige  
 Mr. S.M. Enderby  
 Ms. K.D. Senewiratne

Details of Directors and their spouses' shareholdings are given in the Annual Report of the Directors' on the Affairs of the Company on page 162.

### 43.3 Transactions with Subsidiaries

Nature of transaction	COMPANY	
	2024 Rs. '000	2023 Rs. '000
Statement of Profit or Loss and Other Comprehensive Income		
Handling commission	118,972	92,365
Interest expense on short term loan	105,154	222,557
Interest income on short term loan	35,026	123,420
Purchase of goods	603,545	336,416
Rent paid	10,931	10,931
Rent received	24,446	24,093
Sale of goods	25,803	17,632
Service Charge	220,215	149,318
Staff cost paid	89,607	67,235
Staff cost received	85,377	36,694
Statement of Changes in Equity		
Dividend received	2,025,749	230,879

## NOTES TO THE FINANCIAL STATEMENTS

Nature of transaction	COMPANY	
	2024 Rs. '000	2023 Rs. '000
Statement of Financial Position		
Payables - Non Trade	46,422	58,114
Payables - Short term loan	-	845,000
Payables -Trade	65,675	88,558
Receivable - Non Trade	121,875	48,695
Receivables - Trade	3,032	668
Receivables - Short term loan	-	549,700

Transactions relating to Corporate Guarantees have been disclosed under Contingent Liabilities Note 40.

- (i) Companies within the Group engage in trading transactions under normal commercial terms and conditions.
- (ii) Company provides office space to some of its subsidiaries and charge rent. In addition, the Company provides certain shared services such as data processing and administration functions. The related costs are allocated to subsidiaries and equity accounted investees.

### 43.4 Transactions with Other Related Companies

	COMPANY		GROUP	
	2024 Rs.'000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Statement of Profit or Loss and Other Comprehensive Income				
Purchases of goods	105,184	45,008	385,721	340,260
Sale of Goods	185,173	10,420	1,922,757	10,420
Interest income	2,094	-	2,094	-
Rent received	157	157	157	157
Statement of Changes in Equity				
Dividend received (Gross)	577,225	377,100	577,225	377,100
Dividend paid (Gross)	-	-	7,309	1,770
Statement of Financial Position				
Receivables - Non Trade	233	92	233	92
Receivables - Trade	76,135	-	732,883	-
Payables -Trade	9,039	5,358	46,136	21,205

(i) Transactions relating to Corporate Guarantees have been disclosed in Contingent Liabilities Note 40.

(ii) During the year, there were no recurring related party transactions of the Company which require disclosure in Annual Report as per the requirements of section 9.3.2(b) of the CSE Listing Rules.

### 43.5 Non recurring related party transactions

There were no non-recurring related party transactions which in aggregate value exceeds 10% of the equity (Rs. 2.78Bn.) or 5% of the total assets,(Rs.2.79Bn.) whichever is lower, of the Company as at 31st March 2023 audited Financial Statements, which require additional disclosure in the 2023/24 Annual report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

## 44 FINANCIAL INSTRUMENTS

### Risk Management

The Group's principal financial liabilities comprise of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade and other receivables and cash and cash equivalents that derive directly from its operations. The Group also holds equity instruments as investments. Therefore, the Group is exposed to market risk, credit risk and liquidity risk.

### Risk Management Framework

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Board of Directors that advise on financial risks and appropriate financial risk governance framework for the Group. The Board of Directors review and agree policies for managing each of these risks which are summarised below.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

As at 31st March	COMPANY	
	2024	2023
	Rs. '000	Rs. '000
<b>Exposure to credit risk</b>		
Trade receivables	3,992,832	2,859,742
Contract assets	104,484	89,243
Other receivables	1,142,129	1,336,677
Equity investments at fair value through OCI	40,059	5,173,429
Deposits with banks	1,611,244	1,639,788
Cash at bank	590,361	120,245
<b>Total</b>	<b>7,481,109</b>	<b>11,219,124</b>

As at 31st March	GROUP	
	2024	2023
	Rs. '000	Rs. '000
Trade receivables	10,167,915	7,008,150
Contract assets	156,929	130,875
Other receivables	2,113,636	2,577,143
Equity investments at fair value through OCI	287,417	7,186,886
Deposits with banks	1,619,001	2,272,588
Cash at bank	5,416,036	1,941,537
<b>Total</b>	<b>19,760,934</b>	<b>21,117,179</b>

### Equity securities

The Group limits its exposure to credit risk by investing only in liquid equity securities.

The Group has recognised its equity securities at its fair value.

### Cash and cash equivalents

The Company held cash and cash equivalents of Rs.0.59Bn at 31 March 2024, (2023: Rs. 0.12Bn), Group held Rs.5.42Bn as at 31st March 2024 (2023 - Rs.1.94Bn) which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are being rates as stable based on rating agency ratings.

## NOTES TO THE FINANCIAL STATEMENTS

Following table depicts the credit ratings of the banks where the Group holds deposits.

Bank	Rating
Commercial Bank of Ceylon PLC	A
Nation Trust Bank PLC	A-
Sampath Bank PLC	A
Nation Development Bank PLC	A-

### Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and area in which customers operate, as these factors may have an influence on credit risk.

The senior management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the senior management. Customers that fail to meet the Group's benchmark credit worthiness may transact with the company only on a prepayment basis.

A significant percentage of the Group's customers are transacting with the Group for more than four years. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are institutes, government or non-government, whether they are wholesale, retail or end-customer, their geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Customers that are graded as 'high risk' are placed on a restricted customer list and monitored by the management, and future sales are made on a prepayment basis.

The Group is closely monitoring the economic environment in the country and is taking actions to limit its exposure to customers in the country experiencing particular economic volatility.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Group of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics of those receivables and future macro economic conditions.

The Group is closely monitoring the economic environment in the country and is taking necessary measures to limit its exposure to customers experiencing particular economic volatility.

As at 31st March	GROUP	
	2024 Rs. '000	2023 Rs. '000
Domestic	9,975,624	6,776,371
Foreign	192,291	231,779
Total	10,167,915	7,008,150

### Impairment losses

All trade receivables that are past due, have been considered for impairment as at 31 March 2024

The movement in the allowance for impairment of trade receivables is disclosed in Note No. 26.2.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contracts assets for customers as at 31 March 2024.

The Group uses a provision matrix to calculate ECLs for loans and trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the relevant sectors, weightage on the worst case will be increased. At every reporting date, the weightages are updated and changes in the forward-looking estimates are analysed the assessment of the correlation between historical observed default rates, forecast economic conditions. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

As at 31st March	2024			2023		
	Gross Rs'000	Impairment Rs'000	Net receivable Rs'000	Gross Rs'000	Impairment Rs'000	Net receivable Rs'000
<b>Company</b>						
Corporate and Government	2,100,401	(273,598)	1,826,803	1,680,290	(197,438)	1,482,852
Distributors	1,756,174	(296,954)	1,459,220	1,146,744	(315,241)	831,503
Foreign customers/Exporters	136,257	-	136,257	32,708	-	32,708
	3,992,832	(570,552)	3,422,280	2,859,742	(512,679)	2,347,063

As at 31st March	2024			2023		
	Gross Rs'000	Impairment Rs'000	Net receivable Rs'000	Gross Rs'000	Impairment Rs'000	Net receivable Rs'000
<b>Group</b>						
Corporate and Government	5,864,010	(384,748)	5,479,262	4,288,164	(493,894)	3,794,270
Distributors	3,597,109	(496,460)	3,100,649	2,290,118	(353,144)	1,936,974
Foreign customers/Exporters	389,792	(17,134)	372,658	192,164	(55,616)	136,548
Others	317,004	(32,040)	284,964	237,704	(86,625)	151,079
	10,167,915	(930,382)	9,237,533	7,008,150	(989,279)	6,018,871

## NOTES TO THE FINANCIAL STATEMENTS

As at 31st March	2024			2023		
	Gross Rs'000	Impairment Rs'000	Net receivable Rs'000	Gross Rs'000	Impairment Rs'000	Net receivable Rs'000
<b>Company</b>						
Not past due	3,388,684	(59,284)	3,329,400	2,242,115	(35,806)	2,206,309
Past due 0-30 days	19,378	(945)	18,433	53,855	(305)	53,550
Past due 31-120 days	69,233	(1,126)	68,107	47,273	(331)	46,942
Past due more than 120 days	515,537	(509,197)	6,340	516,499	(476,237)	40,262
	3,992,832	(570,552)	3,422,280	2,859,742	(512,679)	2,347,063

As at 31st March	2024			2023		
	Gross Rs'000	Impairment Rs'000	Net receivable Rs'000	Gross Rs'000	Impairment Rs'000	Net receivable Rs'000
<b>Group</b>						
Not past due	5,908,963	(75,036)	5,833,927	4,427,573	(79,890)	4,347,682
Past due 0-30 days	2,115,361	(99,882)	2,015,479	1,142,440	(39,005)	1,103,435
Past due 31-120 days	980,309	(98,306)	882,003	637,570	(118,884)	518,686
Past due more than 120 days	1,163,282	(657,158)	506,124	800,567	(751,499)	49,068
	10,167,915	(930,382)	9,237,533	7,008,150	(989,279)	6,018,871

A Risk Management policy is set so as to limit the net financial liabilities to a pre-approved amount. The Group maintains the net financial liabilities to these specified upper limits and any deviation to these upper limits require prior approval.

As at 31st March 2024	COMPANY				
	Carrying Value Rs'000	Contractual cash flow Rs'000	On Demand Rs'000	Less than 90 days Rs'000	90-365 days Rs'000
Trade payables	2,318,959	2,318,959	-	2,318,959	-
Lease liabilities relating to right-of-use asset	3,128	10,931	-	-	3,128
Short term loans	17,794,194	17,794,194	-	17,794,194	-
Bank overdraft	409,924	409,924	409,924	-	-
Contingent consideration payable	138,052	138,052	-	138,052	-

As at 31st March 2023	COMPANY				
	Carrying Value	Contractual cash flow	On Demand	Less than 90 days	90-365 days
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	2,629,624	2,629,624	-	2,629,624	-
Lease liabilities relating to right- of- use asset	2,803	10,931	-	-	2,803
Short term loans	8,256,503	8,256,503	8,256,503	-	-
Bank overdraft	1,301,659	1,301,659	-	1,301,659	-
Contingent consideration payable	215,970	215,970	-	215,970	-

As at 31st March 2024	GROUP				
	Carrying Value	Contractual cash flow	On Demand	Less than 90 days	90-365 days
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	4,763,848	4,763,848	-	4,763,848	-
Lease liabilities relating to right- of- use asset	44,618	109,016	-	-	44,618
Bank overdraft	923,883	923,883	-	923,883	-
Short term loans	24,054,418	24,054,418	24,054,418	-	-
Contingent consideration payable	138,052	138,052	-	138,052	-

As at 31st March 2023	GROUP				
	Carrying Value	Contractual cash flow	On Demand	Less than 90 days	90-365 days
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	4,600,864	4,600,864	-	4,600,864	-
Lease liabilities relating to right- of- use asset	51,847	292,891	-	-	51,847
Bank overdraft	2,776,936	2,776,936	-	2,776,936	-
Short term loans	12,097,111	12,097,111	12,097,111	-	-
Contingent consideration payable	215,970	215,970	-	215,970	-

### 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.

As at 31st March 2024, Company's current liabilities exceeded its current assets by Rs.10.02Bn. This is primarily due to the Company's short-term loans and borrowings, which are within the Company's banking facility limits. Further, as a corrective measure on the advice of the Board of Directors we are in the process of negotiating the best possible interest rate to obtain a long-term loan to refinance our existing long-term investments, taking advantage of the current lower market interest rates.

## NOTES TO THE FINANCIAL STATEMENTS

### 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.

Summary of the Company and Group's investment in equity market is as follows

As at 31st March		2024	2023
		Rs.'000	Rs.'000
Equity Securities - FVOCI	Company	40,059	5,173,429
Equity Securities - FVOCI	Group	287,267	7,186,886

### Currency risk

The Group is exposed to currency risk on sales, purchases that are denominated in a currency other than the respective functional currencies of entities. The currencies in which these transactions primarily are denominated are Euro, USD and Sterling Pound.

Effects of currency rate fluctuations of imported materials and finished goods are transferred in a reasonable manner keeping in line with the prices in the market.

Subsidiary companies of the Group settle majority of their import bills and the financial liabilities denominated in a currency other than functional currency.

### Exposure to currency risk

The summary quantitative data about the Company and Groups' exposure to currency risk as reported to the management of the Company and Group is as follows:

#### Company

As at 31st March	2024		2023	
	EUR	USD	EUR	USD
Rs.'000				
Trade receivables	-	559	-	247
Foreign currency deposits	-	5,292	-	4,952
Trade payables	(127)	(5,469)	(433)	(6,448)

#### Group

As at 31st March	2024		2023	
	EUR	USD	EUR	USD
Rs.'000				
Trade receivables	-	650	1	750
Foreign currency deposits	-	5,317	-	6,978
Trade payables	(128)	(8,792)	(433)	(8,813)

Followings are the exchange rate used for the translation of transaction denominated in foreign currencies.

As at 31st March	Year end average (Rs.)		Period end spot rate- Buying(Rs.)		Period end spot rate- Selling (Rs.)	
	2024	2023	2024	2023	2024	2023
US Dollar	301.18	327.29	295.54	318.27	305.33	336.01
Euro	326.03	357.10	318.32	346.72	332.11	366.71
GBP	380.52	405.97	371.85	393.83	387.24	416.44

### Sensitivity Analysis

A reasonably possible strengthening (weakening) of the USD, Euro or Sterling Pound against all other currencies at reporting date would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	COMPANY			
	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs'000	Rs'000	Rs'000	Rs'000
2024				
US Dollar (5% movement)	(2,966)	2,966	(2,076)	2,076
Euro (5% movement)	2,108	(2,108)	1,476	(1,476)
2023				
US Dollar (5% movement)	23,788	(23,788)	16,651	(16,651)
Euro (5% movement)	7,699	(7,699)	5,389	(5,389)
	GROUP			
	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs'000	Rs'000	Rs'000	Rs'000
2024				
US Dollar (5% movement)	46,047	(46,047)	32,233	(32,233)
Euro (5% movement)	2,112	(2,112)	1,478	(1,478)
2023				
US Dollar (5% movement)	22,941	(22,941)	16,059	(16,059)
Euro (5% movement)	7,689	(7,689)	5,383	(5,383)

### Interest rate risk

#### Profile

At the reporting date, the interest rate profile of the Company's and Group's interest bearing financial instruments was as follows:

As at 31st March	COMPANY		GROUP	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>Fixed rate instruments</b>				
Financial assets	1,611,244	1,639,788	4,929,729	2,895,124
	1,611,244	1,639,788	4,929,729	2,895,124
<b>Variable rate instruments</b>				
Financial assets	590,361	120,245	2,105,017	1,319,001
Financial liabilities	(18,204,118)	(9,558,162)	(24,978,301)	(14,874,046)
	(17,613,757)	(9,437,917)	(22,873,284)	(13,555,045)

## NOTES TO THE FINANCIAL STATEMENTS

### Cash flow sensitivity for variable rate instruments

Since the policy interest rates have significantly decreased after the reporting date, there will be a material impact to the Company/Group Financial Statements

A reasonably change of 100 basis points in interest rate as at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant:

	COMPANY			
	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs'000	Rs'000	Rs'000	Rs'000
<b>2024</b>				
Variable rate instrument				
Cash flow sensitivity (Net)	176,138	(176,138)	123,296	(123,296)
<b>2023</b>				
Variable rate instrument				
Cash flow sensitivity (Net)	94,379	(94,379)	66,065	(66,065)
	GROUP			
	Profit or loss		Equity net of tax	
	Strengthening	Weakening	Strengthening	Weakening
	Rs'000	Rs'000	Rs'000	Rs'000
<b>2024</b>				
Variable rate instrument				
Cash flow sensitivity (Net)	228,733	(228,733)	160,113	(160,113)
<b>2023</b>				
Variable rate instrument				
Cash flow sensitivity (Net)	135,550	(135,550)	94,885	(94,885)

### Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of total equity. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels borrowings and the advantages and security afforded by a sound capital position.

The Group monitors capital using an adjusted net debt to equity ratio, which is adjusted net debt divided by adjusted equity. For this purpose, adjusted net debt is defined as total liabilities (which includes interest bearing borrowings and obligations under finance leases excluding lease liability under SLFRS 16) plus unaccrued proposed dividends, less cash and equivalents and deposits with banks. Adjusted equity comprises all components of equity other than amounts recognised in equity relating to cash flow hedges, less unaccrued proposed dividends.

The Company's and Group's adjusted net debt to equity ratio at the end of the reporting period was as follows;

As at 31st March	COMPANY		GROUP	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Total Debts	18,277,378	9,634,225	25,928,701	15,289,932
Less: Cash and cash equivalents and deposit with banks	(2,201,605)	(1,760,033)	(7,034,746)	(4,214,125)
Net debt	16,075,773	7,874,192	18,893,955	11,075,807
Adjusted net debt	16,950,213	8,745,829	19,397,049	11,667,380
Total equity	11,889,132	7,396,090	39,994,876	27,829,015
Adjusted equity	10,941,432	6,448,390	39,047,176	26,881,315
Net debt to adjusted equity ratio (Times)	1.35	1.06	0.50	0.43

### Accounting classifications and fair value

The value of financial assets and liabilities, together with carrying amounts shown in the statement of financial position as follows:

Company	Fair value through OCI	Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
As at 31st March 2024	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalent	-	590,361	-	590,361	590,361
Deposits with banks	-	1,611,244	-	1,611,244	1,611,244
Trade receivable	-	3,422,280	-	3,422,280	3,422,280
Other receivable	-	1,010,589	-	1,010,589	1,010,589
Equity investments at fair value through OCI	40,059	-	-	40,059	40,059
	40,059	6,634,474	-	6,674,533	6,674,533
Trade payables	-	-	(2,318,959)	(2,318,959)	(2,318,959)
Other payables	-	-	(1,241,316)	(1,241,316)	(1,241,316)
Loans and borrowings	-	-	(18,277,378)	(18,277,378)	(18,277,378)
	-	-	(21,837,653)	(21,837,653)	(21,837,653)

## NOTES TO THE FINANCIAL STATEMENTS

Company	Fair value through OCI	Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
As at 31st March 2023	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalent	-	120,245	-	120,245	120,245
Deposits with banks	-	1,639,788	-	1,639,788	1,639,788
Trade receivable	-	2,347,063	-	2,347,063	2,347,063
Other receivable	-	1,151,933	-	1,151,933	1,151,933
Equity investments at fair value through OCI	5,173,429	-	-	5,173,429	5,173,429
	5,173,429	5,259,029	-	10,432,458	10,432,458
Trade payables	-	-	(2,629,624)	(2,629,624)	(2,629,624)
Other payables	-	-	(1,278,969)	(1,278,969)	(1,278,969)
Loans and borrowings	-	-	(9,634,225)	(9,634,225)	(9,634,225)
Contingent consideration payable	-	-	(215,970)	(215,970)	(215,970)
	-	-	(13,758,788)	(13,758,788)	(13,758,788)
<b>Group</b>					
As at 31st March 2024	Fair value through OCI	Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalent	-	5,416,036	-	5,416,036	5,416,036
Deposits with banks	-	1,618,710	-	1,618,710	1,618,710
Trade receivables	-	9,237,533	-	9,237,533	9,237,533
Other receivables	-	3,318,297	-	3,318,297	3,318,297
Equity investments at fair value through OCI	287,417	-	-	287,417	287,417
	287,417	19,590,576	-	19,877,993	19,877,993
Trade payables	-	-	(4,763,848)	(4,763,848)	(4,763,848)
Other payables	-	-	(3,332,722)	(3,332,722)	(3,332,722)
Loans and borrowings	-	-	(25,425,607)	(25,425,607)	(25,425,607)
	-	-	(33,522,177)	(33,522,177)	(33,522,177)

Group	Fair value through OCI	Financial assets at amortised cost	Other financial liabilities	Carrying amount	Fair Value					
						Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
As at 31st March 2023										
Cash and cash equivalent	-	1,941,537	-	1,941,537	1,941,537					
Deposits with banks	-	2,272,588	-	2,272,588	2,272,588					
Trade receivables	-	6,018,871	-	6,018,871	6,018,871					
Other receivables	-	3,675,132	-	3,675,132	3,675,132					
Equity investments at fair value through OCI	7,186,886	-	-	7,186,886	7,186,886					
	7,186,886	13,908,128	-	21,095,014	21,095,014					
Trade payables	-	-	(4,600,864)	(4,600,864)	(4,600,864)					
Other payables	-	-	(3,153,331)	(3,153,331)	(3,153,331)					
Loans and borrowings	-	-	(15,289,932)	(15,289,932)	(15,289,932)					
Contingent consideration payable	-	-	(215,970)	(215,970)	(215,970)					
	-	-	(23,260,097)	(23,260,097)	(23,260,097)					

### Fair value measurement hierarchy

As at 31st March	Level 01		Level 02		Level 03	
	2024	2023	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>Company</b>						
<b>Recurring fair value measurements-</b>						
Assets measured at fair value						
Freehold land	-	-	-	-	1,415,593	1,415,592
Equity Investment	40,059	5,173,429	-	-	-	-
	40,059	5,173,429	-	-	1,415,593	1,415,592
<b>Non - recurring fair value measurements-</b>						
Net asset classified as held for sale and distribution					146,463	1,050,257

## NOTES TO THE FINANCIAL STATEMENTS

As at 31st March	Level 01		Level 02		Level 03	
	2024	2023	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<b>Group</b>						
<b>Recurring fair value measurements-</b>						
<b>Assets measured at fair value</b>						
<b>Non-Financial</b>						
Freehold land	-	-	-	-	4,729,586	4,657,295
Biological Assets	-	-	-	-	804,132	714,146
<b>Financial</b>						
Equity Investment	287,417	7,186,886	-	-	-	-
	287,417	7,186,886	-	-	5,371,441	5,371,441
<b>Assets for which fair values are disclosed:</b>						
Investment property					6,000	4,200
<b>Non-recurring fair value measurements</b>						
Net asset classified as held for sale and distribution					(2,566)	842,091

**Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. Impact of current economic condition is disclosed in the separate note to the Financial Statements.

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# SHAREHOLDERS & INVESTORS INFORMATION

## 1 STOCK EXCHANGE LISTING

CIC Holdings PLC is a Public Quoted Company. The issued share capital of the Company consists of 291,600,000 (2023 - 291,600,000) Ordinary Shares and 87,480,000 (2023 - 87,480,000) Non-Voting (Class X) Shares listed in the Colombo Stock Exchange.

## 2 SHAREHOLDERS

There were 4,135 (2023 - 3,822) Ordinary shareholders and 4,161 (2023 - 4,006) Non-Voting (Class X) shareholders as at 31st March 2024, distributed into different categories as follows:

### Ordinary Shares

Shares held	2024			2023		
	No. of Shareholders	Total Shareholding	%	No. of Shareholders	Total Shareholding	%
1 - 1000	2,396	594,962	0.20	2,146	556,071	0.19
1001 - 10000	1,129	4,424,172	1.52	1,068	4,291,363	1.47
10001 - 100000	471	15,258,016	5.23	465	15,648,893	5.37
100001 - 1000000	121	34,849,210	11.95	124	34,041,140	11.67
Over 1000000	18	236,473,640	81.10	19	237,062,533	81.30
	4,135	291,600,000	100.00	3,822	291,600,000	100.00

Shares held	2024			2023		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resident	4,103	280,968,178	95.35	3,786	278,417,448	95.48
Non-Resident	32	10,631,822	3.65	36	13,182,552	4.52
	4,135	291,600,000	100.00	3,822	291,600,000	100.00

The below information of distribution of shares as at 31st March 2024, has been furnished to Colombo Stock Exchange (CSE) and Securities Exchange Commission (SEC) in accordance with CSE Listing Rule 7.3.

Percentage of shares held by public - 46.68%

Percentage of shares held by the Directors together with the members of their families - 0.0001%

Percentage of shares held by the Parent Company - 53.31%

Percentage of shares held by the Employees - 0.01%

Percentage of shares held by Employees' Provident Fund - 9.06%

### Non-Voting (Class X) Shares

Shares held	2024			2023		
	No. of Shareholders	Total Shareholding	%	No. of Shareholders	Total Shareholding	%
1 - 1000	1,860	607,746	0.69	1,708	577,444	0.66
1001 - 10000	1,516	6,135,237	7.01	1,483	5,995,373	6.85
10001 - 100000	646	19,890,280	22.74	672	21,130,669	24.15
100001 - 1000000	131	32,463,108	37.11	136	33,073,373	37.81
Over 1000000	8	28,383,629	32.45	7	26,703,141	30.52
	4,161	87,480,000	100.00	4,006	87,480,000	100.00

### Shareholders & Investors Information

Shares held	2024			2023		
	No. of Shareholders	Total Shareholding	%	No. of Shareholders	Total Shareholding	%
Resident	4,099	84,311,504	96.38	3,944	84,088,533	96.12
Non-Resident	62	3,168,496	3.62	62	3,391,467	3.88
	4,161	87,480,000	100.00	4,006	87,480,000	100.00

Percentage of shares held by public - 96.50%

Percentage of shares held by the Directors together with the members of their families - 0.01%

Percentage of shares held by the Parent Company - 3.32%

Percentage of shares held by the Employees - 0.17%

Percentage of shares held by Employees' Provident Fund - 12.70%

### 3 TWENTY LARGEST SHAREHOLDERS - ORDINARY SHARES

	Name	2024		2023	
		No. of shares	%	No. of shares	%
1	Paints & General Industries Limited	155,441,396	53.31	155,441,396	53.31
2	Employee's Provident Fund	26,417,892	9.06	26,417,892	9.06
3	Sampath Bank PLC/ Chacra Capital Holdings (Private) Limited	13,104,960	4.49	13,104,960	4.49
4	Citibank Newyork S/A Norges Bank Account 2	9,975,561	3.42	9,875,561	3.39
5	Employees Trust Fund Board	5,320,236	1.82	2,333,038	0.80
6	Finco Holdings (Private) Limited	4,013,235	1.38	-	-
7	Sri Lanka Insurance Corporation Limited - Life Fund	3,104,855	1.06	9,245,423	3.17
8	Mr. E.D. Pieris	3,000,022	1.03	-	-
9	Deutsche Bank AG as Trustee to Assetline Income Plus Growth Fund	3,000,000	1.03	-	-
10	Sri Lanka Insurance Corporation Limited - General Fund	2,205,898	0.76	2,345,898	0.80
11	Mrs. J.N. Ambani	2,122,966	0.73	1,983,000	0.68
12	Dr. H.R. Wickremesinghe & Mr. V.K. Wickremasinghe	1,752,242	0.60	1,767,316	0.61
13	S.K. Wickremesinghe Trust (Gurantee) Limited	1,360,000	0.47	1,360,000	0.47
14	Colombo Fort Investments PLC	1,220,000	0.42	1,220,000	0.42
15	Mrs. L.K. Goonewardena	1,205,120	0.41	1,205,120	0.41
16	Miss. N.K.R.H. De Silva	1,135,700	0.39	1,135,700	0.39
17	Seylan Bank PLC/ Andaradeniya Estate (Private) Limited	1,088,300	0.37	1,088,300	0.37
18	National Savings Bank	1,005,257	0.34	1,005,257	0.34
19	Mr. R.K. Modder	862,500	0.30	-	-
20	Mrs. A.K. Wikramanayake	850,000	0.29	850,000	0.29
		238,186,140	81.68	230,378,861	79.01

## SHAREHOLDERS & INVESTORS INFORMATION

### 4 TWENTY LARGEST SHAREHOLDERS - NON VOTING (X CLASS) SHARES

Name	2024		2023	
	No. of shares	%	No. of shares	%
1 Employee's Provident Fund	11,113,696	12.70	11,113,696	12.70
2 Sampath Bank PLC/ Chacra Capital Holdings (Private) Limited	6,184,280	7.07	6,184,280	7.07
3 Paints & General Industries Limited	2,905,204	3.32	2,905,204	3.32
4 Mrs. J.N. Ambani	2,890,000	3.30	2,625,000	3.00
5 DFCC Bank A/C No.01	1,630,000	1.86	630,000	0.72
6 Employee's Trust Fund Board	1,245,721	1.42	-	-
7 Mrs. M.S.E.V.E.A.U. Von Stumm	1,236,224	1.41	1,236,224	1.41
8 Mrs. T.T.A. De Silva Weerasooria	1,178,504	1.35	-	-
9 Mr. E.D. Pieris	1,000,000	1.14	-	-
10 Hotel International (Private) Limited	891,942	1.02	1,613,873	1.84
11 Mr. M.Z.H. Hashim & Mr. N.R.M. Hashim	725,000	0.83	750,000	0.86
12 Seylan Bank PLC/ Mr. A.C. Senanka	725,000	0.83	750,000	0.86
13 Finco Holdings (Private) Limited	719,260	0.82	-	-
14 Citizens Development Business Finance PLC	647,759	0.74	-	-
15 Sampath Bank PLC/ Mr. G.S.N. Peiris & Mrs. I.R. Peiris	582,118	0.67	600,000	0.69
16 Malship Ceylon Limited	548,271	0.63	665,000	0.76
17 Mr. S.C. Weerasooria	500,000	0.57	-	-
18 Mrs. S. Vasudevan & Mr. S. Vasudevan	500,000	0.57	384,550	0.44
19 Mr. R.C.D. De Silva	500,000	0.57	-	-
20 Sakuvi Investment Trust (Private) Limited	484,200	0.55	40,000	0.05
	36,207,179	41.39	29,497,827	33.72

### 5 MARKET VALUE OF SHARE

	Ordinary Shares		Non-voting Shares	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Share price (Rs.)				
As at the end of the year	70.50	71.20	52.50	49.50
Highest price traded	76.90	108.00	59.80	76.00
Lowest price traded	57.80	27.00	39.20	17.00

### 6 SHARE TRADING

	Ordinary Shares		Non-voting Shares	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
No. of shares traded	53,311,192	85,988,194	46,967,448	114,793,429
No. of transactions	14,494	26,322	18,901	41,376
Value of shares traded (Rs.)	3,673,773,455	6,692,960,603	2,471,464,783	6,334,207,846

**7 MARKET CAPITALISATION**

Type	No of shares	Share price Rs.	Capitalisation Rs.
Ordinary Shares	291,600,000	70.50	20,557,800,000
Non voting (Class - X) Shares	87,480,000	52.50	4,592,700,000
			25,150,500,000

**8 FLOAT ADJUSTED MARKET CAPITALISATION**

Type	No of shares	Share price Rs.	Capitalisation Rs.
Ordinary Shares	136,113,581	70.50	9,596,007,461
Non voting (Class - X) Shares	84,420,173	52.50	4,432,059,083
			14,028,066,543

The float adjusted market capitalisation of the Company falls under option 02 of Rule 7.13.1(a) of Colombo Stock Exchange and Company has complied with minimum public holding requirement applicable under said option.

**9 PUBLIC SHAREHOLDERS**

Public Shareholder as at March	2024		2023	
	No. of public shareholders	Public shareholding (%)	No. of public shareholders	Public shareholding (%)
Ordinary Shares	4,130	46.68	3,833	46.65
Non Voting (Class - X) Shares	4,152	96.50	3,996	96.49

# MOVEMENT IN ISSUED CAPITAL AND DIVIDEND DISTRIBUTION

Year to 31st March	Proportion	Sub division (No. of Shares)		Bonus Issue (No. of Shares)		Share Capital (No. of Shares)		Dividend Rs.
		Voting	Non-Voting	Voting	Non-Voting	Voting	Non-Voting	
1965 (Initial issue)						50,000		
1966						50,000		2.00
1967						50,000		2.00
1968	1:1			50,000		100,000		2.00
1969						100,000		2.00
1970	1:2			50,000		150,000		2.00
1971						150,000		1.75
1972						150,000		2.00
1973						150,000		2.00
1974						150,000		2.00
1975	1:3			50,000		200,000		2.00
1976	1:2			100,000		300,000		2.00
1977						300,000		2.00
1978						300,000		2.00
1979	1:2			150,000		450,000		2.00
1980	7:9			350,000		800,000		2.00
1981						800,000		2.00
1982						800,000		2.00
1983						800,000		2.00
1984						800,000		2.00
1985	1:2			400,000		1,200,000		2.00
1986	1:2			600,000		1,800,000		2.50
1987	1:1			1,800,000		3,600,000		2.50
1988						3,600,000		2.75
1989						3,600,000		2.50
1990	1:2			1,800,000		5,400,000		3.00
1991						5,400,000		3.25
1992						5,400,000		4.00
1993	3 N-V:10 V (Rights)				1,620,000	5,400,000	1,620,000	3.50
1994						5,400,000	1,620,000	4.00
1995						5,400,000	1,620,000	4.00
1996						5,400,000	1,620,000	4.00
1997						5,400,000	1,620,000	4.00
1998						5,400,000	1,620,000	2.50
1999						5,400,000	1,620,000	3.50
2000	1:6			900,000	270,000	6,300,000	1,890,000	3.75
2001						6,300,000	1,890,000	4.00
2002						6,300,000	1,890,000	4.00
2003	1:7			900,000	270,000	7,200,000	2,160,000	4.25
2004						7,200,000	2,160,000	4.75

Year to 31st March	Proportion	Sub division (No. of Shares)		Bonus Issue (No. of Shares)		Share Capital (No. of Shares)		Dividend Rs.
		Voting	Non-Voting	Voting	Non-Voting	Voting	Non-Voting	
2005	1:8			900,000	270,000	8,100,000	2,430,000	4.75
2006						8,100,000	2,430,000	4.75
2007	1:1 (Rights)			8,100,000	2,430,000	16,200,000	4,860,000	1.44*
	3:2 (Bonus)			24,300,000	7,290,000	40,500,000	12,150,000	
2008	4:5 (Bonus)			32,400,000	9,720,000	72,900,000	21,870,000	1.50
2009						72,900,000	21,870,000	1.50
2010						72,900,000	21,870,000	1.85
2011						72,900,000	21,870,000	2.75
2012						72,900,000	21,870,000	3.20
2013						72,900,000	21,870,000	1.63
2014						72,900,000	21,870,000	-
2015						72,900,000	21,870,000	3.00
2016						72,900,000	21,870,000	4.00
2017						72,900,000	21,870,000	2.00
2018						72,900,000	21,870,000	1.00
2019						72,900,000	21,870,000	1.00
2020						72,900,000	21,870,000	2.00
2021	1:4	218,700,000	65,610,000			291,600,000	87,480,000	2.25
2022						291,600,000	87,480,000	2.00
2023						291,600,000	87,480,000	2.50
2024						291,600,000	87,480,000	2.50

\*Effective rate (Rs. 1.44 Per Share)

# TEN YEAR GROUP PERFORMANCE

	2024 SLFRS Rs'000	2023 SLFRS Rs'000	2022 SLFRS Rs'000
Turnover	76,424,242	68,274,718	41,759,591
Operating profit after interest	12,043,744	11,925,129	4,531,251
Other income	304,458	601,428	308,814
Share of profit of equity accounted investees	1,169,220	541,981	643,440
Profit before tax	13,517,422	13,068,538	5,483,505
Taxation	(2,543,225)	(3,070,914)	(910,619)
Profit for the year from continuing operations	10,974,197	9,997,624	4,572,886
Profit/(loss) for the year from discontinued operations	47,197	54,934	(227,113)
Non-controlling interest	1,278,136	2,251,109	661,620
Profit attributable to equity holders of the company	9,743,258	7,801,449	3,684,153
<b>Balance Sheet</b>			
Stated capital	1,008,450	1,008,450	1,008,450
Capital reserves	2,412,465	3,165,113	3,368,499
Revenue reserves	31,472,225	18,822,460	12,133,713
Non-controlling interest	5,101,736	4,832,992	3,603,439
Total equity	39,994,876	27,829,015	20,114,101
Property, plant & equipment	12,608,280	12,676,995	12,749,774
Investment property	2,400	2,400	2,400
Biological assets	504,362	393,305	311,612
Capital work-in-progress	94,555	56,185	107,948
Intangible assets	625,211	646,488	373,182
Investments	25,206,273	6,417,902	2,738,087
Net current assets	4,254,789	10,700,020	6,515,992
	43,295,870	30,893,295	22,798,995
Deferred liabilities	(1,598,940)	(1,858,397)	(1,519,511)
Long-term liabilities	(1,702,054)	(1,205,883)	1,165,383
	39,994,876	27,829,015	22,444,867
<b>Cash Flow Statement</b>			
Net cash inflow/(outflow) from operating activities	2,919,827	2,377,786	2,573,654
Net cash inflow/(outflow) from investing activities	(8,413,360)	(6,069,149)	(1,968,921)
Net cash inflow/(outflow) from financing activities	(1,128,971)	(562,838)	(1,249,263)
<b>Other Information</b>			
Earning per share(Rs.)	25.70	20.58	9.72
Dividend per share(Rs.)	2.50	1.00	2.25
Net assets per share(Rs.)	92.05	60.66	43.55
Market capitalisation(Rs.Mn)	25,150.50	25,092.18	13,296.96
Interest cover(No.of times)	4.55	4.03	3.51
Current Ratio(No.of times)	1.12	1.43	1.28
Dividend cover(No.of times)	10.28	20.58	4.32
Price earnings ratio(No.of times)			
Ordinary	2.74	3.46	3.92
Non-voting(Class X)	2.04	2.41	2.57

2021 SLFRS Rs'000	2020 SLFRS Rs'000	2019 SLFRS Rs'000	Re-classified				2015 SLFRS Rs'000
			2018	2017	2016		
			SLFRS Rs'000	SLFRS Rs'000	SLFRS Rs'000	SLFRS Rs'000	
37,233,343	30,535,563	30,701,977	33,148,257	32,210,546	26,666,284	23,496,259	
4,140,439	1,120,813	303,337	(251,921)	852,073	1,117,701	1,005,508	
305,125	360,906	202,417	673,963	311,298	534,705	209,971	
466,488	390,013	394,788	267,053	334,728	362,478	207,636	
4,912,052	1,871,732	900,542	689,095	1,498,099	2,014,884	1,423,115	
(975,188)	(535,597)	(40,428)	(491,865)	(384,066)	(366,777)	(397,697)	
3,936,864	1,336,135	860,114	197,230	1,114,033	1,648,107	1,025,418	
(90,771)	(256,735)	(402,784)	(575,123)	(227,116)	(14,273)	15,425	
713,682	246,816	(25,909)	35,182	333,419	279,542	278,916	
3,132,411	832,584	483,239	(413,075)	553,498	1,354,292	761,927	
1,008,450	1,008,450	1,008,450	1,008,450	1,008,450	1,008,450	1,008,450	
2,818,526	2,360,463	2,360,463	1,917,975	1,815,568	2,281,833	1,711,501	
9,397,491	6,206,615	5,848,483	5,611,505	6,237,214	5,564,815	4,400,987	
3,078,520	2,136,220	2,061,339	2,174,725	2,354,316	2,029,199	1,722,310	
16,302,987	11,711,748	11,278,735	10,712,655	11,415,548	10,884,297	8,843,248	
12,193,664	12,359,815	13,279,431	12,275,229	12,645,808	12,275,004	10,610,666	
2,400	2,400	2,400	13,900	54,147	51,400	51,400	
221,125	179,610	208,082	181,028	248,508	226,382	307,728	
21,614	21,260	353,024	382,247	301,036	72,153	353,518	
390,480	366,982	384,362	391,938	168,809	137,140	27,683	
1,399,139	1,155,031	1,298,570	1,376,659	1,339,958	945,217	1,457,106	
4,514,714	713,772	(1,004,411)	(785,319)	(1,124,166)	(1,929,784)	(2,084,183)	
18,743,136	14,798,870	14,521,458	13,835,683	13,634,100	11,777,512	10,723,918	
(1,333,857)	(1,411,812)	(1,274,866)	(1,280,408)	(431,580)	105,275	(773,775)	
(1,106,292)	(1,675,310)	(1,967,857)	(1,842,620)	(1,786,972)	(998,490)	(1,106,895)	
16,302,987	11,711,748	11,278,735	10,712,655	11,415,548	10,884,297	8,843,248	
8,117,296	749,221	(1,713,963)	2,236,464	(132,541)	(451,359)	1,998,599	
(1,166,628)	10,456	(1,315,568)	(2,368,100)	(353,331)	(1,436,441)	(1,420,071)	
(1,135,340)	(618,235)	227,624	(297,636)	(246,839)	(2,473,931)	1,261,253	
8.26	8.79	5.10	(4.36)	5.84	14.29	8.04	
1.25	2.00	-	1.00	2.00	4.00	3.00	
34.89	101.04	97.26	90.09	95.61	93.44	75.14	
18,551.59	3,183.54	3,367.00	5,180.00	7,203.98	8,525.66	6,800.11	
6.18	2.10	1.50	1.47	1.73	3.73	3.04	
1.21	1.03	0.96	0.96	0.94	0.90	0.86	
6.61	4.39	-	-	2.92	3.57	2.68	
6.16	3.98	7.55	-	13.71	6.68	9.46	
5.13	3.29	5.02	-	10.68	5.00	7.17	







# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 61st Annual General Meeting of CIC Holdings PLC will be held on Friday the 28th day of June 2024 at 9.00 a.m. at the Auditorium of Commercial Bank of Ceylon PLC, Union Place Branch, Colombo 02 for the following purposes.

## AGENDA

1. To receive and adopt the Statements of Accounts of the Company and of the Group for the year ended 31st March 2024 together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend as recommended by the Directors.
3. To re-elect as a Director, Mr. J. R. Gunaratne, who retires in terms of Article 25(6) of the Articles of Association of the Company.
4. To re-elect as a Director, Mr. D. T. S. H. Mudalige, who retires in terms of Article 25(6) of the Articles of Association of the Company.
5. To re-appoint Mr. M. P. Jayawardena, who attained the age of 70 years on 02nd August 2022 by passing the following Resolution of a Director in terms of Section 211 of the Companies Act No. 7 of 2007  
"IT IS HEREBY RESOLVED that Mr. Mahinda Preethiraj Jayawardena, who reached the age of 70 years on 02nd August 2022 be re-appointed a Director in terms of Section 211 of the Companies Act No. 7 of 2007 and it is specially declared that the age limit referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Mr. M. P. Jayawardena."
6. To re-appoint Messers KPMG, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.
7. To vote a sum as donations.

By order of the Board of,

CIC HOLDINGS PLC



P W Corporate Secretarial (Private) Ltd  
Secretaries

31st May 2024

**Notes:**

- A shareholder is entitled to attend and/or vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to participate and/or vote on his/her behalf (as applicable) and Forms of Proxy are enclosed for this purpose.
- A proxy need not be a shareholder of the Company.
- Shareholders who wish to appoint a member of the Board of Directors as his/ her proxy to represent them at the AGM may do so by completing the Form of Proxy.
- The instrument appointing a proxy should be deposited at the Registered Office of the Company at 199, Kew Road, Colombo 02 or scanned and emailed to [agm@cic.lk](mailto:agm@cic.lk) not less than 48 hours before the time appointed for the holding of the meeting.
- Any Shareholder or Proxy holder attending the meeting is kindly requested to bring this report along with his/her National Identity Card or Passport for identification purposes.

# FORM OF PROXY

## ORDINARY SHARES ANNUAL GENERAL MEETING

I/We.....of  
.....

shareholder/shareholders of CIC Holdings PLC hereby appoint:

Shiran Harsha Amarasekera	or failing him
Rusi Sohli Captain	or failing him
Steven Mark Enderby	or failing him
Jitendra Romesh Gunaratne	or failing him
Mahinda Preethiraj Jayawardena	or failing him
Don Tibertius Sujeewa Handapangoda Mudalige	or failing him
Prawira Rimoe Saldin	or failing him
Kshenuka Dhireni Senewiratne	or failing her

as my/our Proxy to represent me/us and speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 9.00. a.m on 28th June 2024 and at any adjournment thereof.

Signed this ..... day of ..... Two Thousand and Twenty Four.

.....  
Signature

### Instructions as to Completion

1. Perfect the Form of Proxy, after filling in legibly your full name and address, by signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at the Registered Office of the Company at the undermentioned address or scanned and emailed to agm@cic.lk by 9.00 a.m. on 26th June 2024.

CIC House  
199, Kew Road  
Colombo 2



# FORM OF PROXY

## Non-Voting (Class X) Shares ANNUAL GENERAL MEETING

I/We.....of  
.....

shareholder/shareholders of CIC Holdings PLC hereby appoint:

- |   |                |
|---|----------------|
| Shiran Harsha Amarasekera                   | or failing him |
| Rusi Sohli Captain                          | or failing him |
| Steven Mark Enderby                         | or failing him |
| Jitendra Romesh Gunaratne                   | or failing him |
| Mahinda Preethiraj Jayawardena              | or failing him |
| Don Tibertius Sujeewa Handapangoda Mudalige | or failing him |
| Prawira Rimoe Saldin                        | or failing him |
| Kshenuka Dhireni Senewiratne                | or failing her |

as my/our Proxy to represent me/us and speak on my/our behalf at the Annual General Meeting of the Company to be held at 9.00 a.m on 28th June 2024 and at any adjournment thereof.

Signed this ..... day of ..... Two Thousand and Twenty Four.

.....  
Signature

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2. The completed Form of Proxy should be deposited at the Registered Office of the Company at the undermentioned address or scanned and emailed to agm@cic.lk by 9.00 a.m. on 26th June 2024.

CIC House  
199, Kew Road  
Colombo 2



# CORPORATE INFORMATION

## NAME OF THE COMPANY

CIC Holdings PLC

## COMPANY REGISTRATION NUMBER

PQ 88

## LEGAL FORM

A Public Quoted Company with limited liability incorporated in Sri Lanka on 12th May 1964

Re-registered under the Companies Act. No. 7 of 2007 on 21st November 2007

## REGISTERED ADDRESS

No.199, Kew Road, Colombo 02

## BOARD OF DIRECTORS

S H Amarasekera (Chairman)  
R S Captain  
S M Enderby  
J R Gunaratne  
M P Jayawardena  
D T S H Mudalige  
P R Saldin  
K D Senewiratne

## COMPANY SECRETARY

P W Corporate Secretarial (Private) Limited

## AUDITORS

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

## BANKERS

Bank of Ceylon  
Commercial bank of Ceylon PLC  
DFCC Bank PLC  
Standard Chartered Bank PLC  
Hatton National Bank PLC  
NDB Bank PLC  
Nations Trust Bank PLC  
Peoples Bank  
Sampath Bank PLC  
Seylan Bank PLC

## LEGAL ADVISERS

Nithya Partners  
Attorneys-at-Law  
97A, Galle Road, Colombo 03

Heritage Partners  
Attorneys-at-Law  
04, Malalasekara Pedesa  
Colombo 07

Julius & Creasy  
Attorneys-at-Law  
371, R A De Mel Mawatha, Colombo 03

## NON-EXECUTIVE DIRECTORS

S H Amarasekera (Chairman)  
R S Captain  
S M Enderby  
J R Gunaratne  
M P Jayawardena  
D T S H Mudalige  
P R Saldin  
K D Senewiratne

## AUDIT COMMITTEE

P R Saldin (Chairman)  
S M Enderby  
M P Jayawardena  
D T S H Mudalige

## HUMAN CAPITAL & COMPENSATION COMMITTEE

P R Saldin (Chairman)  
S H Amarasekera  
R S Captain  
S M Enderby  
M P Jayawardena

## NOMINATIONS COMMITTEE

S H Amarasekera (Chairman)  
R S Captain  
P R Saldin

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

M P Jayawardena (Chairman)  
S M Enderby  
J R Gunaratne



CIC Holdings PLC  
"CIC House" 199, Kew Road, Colombo 02. Sri Lanka  
[www.cic.lk](http://www.cic.lk)