

A Landscape of Care





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Annual Report



Durdans Hospital Annual Report 2022/23

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Purpose

We strive, with passion, to meet the healthcare needs of people and build healthier communities.

Vision

Our Vision is to be acclaimed as the most trusted healthcare provider.

Mission

Our Mission is to integrate advanced technology with empowered healthcare teams to deliver exceptional patient-centric care.

Core Values

Innovation	We search for new and better ways to deliver safe and convenient care.
Compassion	We strive to build a caring environment that's conducive to health and healing.
Good Governance	We enforce transparent and ethical decision making at all levels.
Integrity	We strive to build an environment that fosters accountability and honesty.
Quality	We are committed to maintaining excellent quality standards.
Learning	We believe that continual learning and development is the recipe for long-term success.

78 Years of

Ceylon Hospitals Limited'. The commercial operations of Ceylon Hospitals Limited as a healthcare provider and operator began in January 1946.

unchallenged leadership



1939

With the outbreak of hostilities during the Second World War, the British Government commandeered the premises now known as 'Durdans Hospital' at its current location to provide medical and surgical care for the sick and injured military personnel in the then British colony of Ceylon.

➡ 1945

With the cessation of hostilities, a group of general practitioners in medicine and surgery, realised the need for private healthcare for the people of Ceylon. They took over the former military hospital and incorporated a legal entity known as 'Ceylon Hospitals Limited'. The commercial operations of Ceylon Hospitals Limited as a healthcare provider and operator began in January 1946.



➔ 1997

The infrastructural development of the Heart Station and Heart Command Centre commenced.

➔ 1999

- ➔ Durdans Heart Surgical Centre (Pvt) Ltd (now known as Durdans Heart Centre) was established and the Heart Station became operational.
- ➔ Durdans' islandwide satellite laboratory network commenced operations during the year.

➔ 2000

- ➔ Durdans Heart Surgical Centre commenced cardiac surgeries.
- ➔ The catheterisation laboratory was setup to commence invasive and interventional procedures for the first time at Durdans.

➔ 2001

- ➔ A formal Accidents & Emergency Care Unit was set up.
- ➔ The restructuring of Durdans Hospital commenced.
- ➔ Formulation of strategic road map II.

➔ 2003

Ceylon Hospitals Limited was listed on the Colombo Stock Exchange.

➔ 1968

Special focus was provided to the Maternity care unit when Durdans opened its new maternity ward as well as an outpatient facility.

➔ 1982

The new Paediatric ward, surgical ward and operating theatre complex were set up.

➔ 1984

Radiology services were introduced to the public for the first time.

➔ 1993

The Intensive Care Unit (ICU) was formally established.

➔ 1995

- ➔ Strategic management was introduced together with the establishment of Durdans' 1st Strategic Road Map.
- ➔ The Endoscopy unit was established.

➔ 1996

- ➔ A strategic alliance with the largest free-standing Heart Institute in Asia was established.
- ➔ The Pathological Laboratory and Blood Bank commenced operations.

78 Years of unchallenged leadership



2004

The Neonatal and Dialysis units were established.

2005

Commencement of Ocular surgery and Cochlear implant surgery for the first time in Sri Lanka.

2007

Durdans' 3rd Strategic Road Map was introduced.

2009

Construction of the 6th Lane Hospital wing commenced.

2010

The Orthopedic Unit commenced operations.

2011

- The 6th Lane Hospital wing was unveiled to the public and became fully operational. Operations commenced under Durdans Medical and Surgical Hospital (Pvt) Ltd.
- A brand-new Eye center was setup.
- A Genitourinary unit was setup.

2012

Operations relating to the Diabetes and Endocrinology Centre and Durdans Oral Health Centre commenced.

2013

The Neurology Unit was established.

2014

Durdans became the first hospital in Sri Lanka to be accredited with the Gold Seal of approval by the Joint Commission International (JCI), USA, which is the highest accreditation in healthcare delivery.

2015

- The 4th strategic road map was introduced.
- The Cosmetic centre was setup.

2016

The Dietetic and Nutritional care centre, the 'Enhance' cosmetic care centre and the Physiotherapy and Sports Medicine units were established.

2017

- Re-launch of the Durdans brand under the slogan 'Dedicated to You', enhancing the customer experience with the introduction of sophisticated technology, processes and operations.
- A new 180-slot multi-storeyed split-level car park was opened.
- Durdans Hospital received re-accreditation from the Joint Commission International (JCI).

2018

- Commenced major infrastructural development project on the re-development and remodelling of Durdans (scheduled to be completed by the last quarter of 2022).
- The Biplane Catheterisation laboratory was setup to commence invasive and interventional head to toe procedures.

➡ 2019

A formal ENT Clinic was setup and an advanced ENT Workstation was installed, ensuring comfort and precision in ENT care.

➡ 2020

The 'Amrak Institute of Medical Sciences' was incorporated as a subsidiary of Durdans Hospital while the Nursing Training School was revamped in collaboration with 'Amrak'.

➡ 2021

- ➡ Durdans Hospital embarked on the next phase of its Strategic Road Map in alignment with its Durdans Vision 2022.
- ➡ Durdans commenced the upgrade of its Enterprise Resource Planning platform for better efficiency and to streamline its business processes.
- ➡ The 5th Strategic Road Map was introduced.
- ➡ Refurbishment of the Heart Center, extended Heart Centre Building and the Sixth Lane Hospital wing (Durdans Medical and Surgical Hospital (Pvt) Ltd) will commence shortly and is scheduled to be completed in 2022.

➡ 2022

- ➡ The refurbishment program of the Sixth Lane Wing Hospital that commenced in financial year 2021/22, will be completed during financial year 2022/23.
- ➡ Despite the disruptions activities during the year, Durdans persists against all odds and hopes to unveil its landmark Vision 2022 project in the near future.



➡ 2023

- ➡ The refurbishment programme of the Sixth Lane Wing Hospital that commenced in financial year 2021/22, that was delayed due to COVID -19, will be completed during financial year 2023/24.
- ➡ The landmark Vision 2022 project was substantially completed during the latter part of the financial year and as the first phase, opened its doors to our clients in January 2023 with the relocation of the OPD pharmacy, OPD laboratory facilities, the Sixth Lane Café and the Dental Clinic with an addition of an extended waiting area to the new wing creating an ambience catered towards healing in comfort.
- ➡ The hospital successfully recommenced its kidney transplant program under the guidance and expertise of a renowned specialist in December 2022
- ➡ The hospital's key functions were restructured into key Strategic Business Units in line with 5th Strategic Road Map.

Financial Highlights

Group	2019	2020	2021	2022	2023
Turnover (Rs. Mn)	5,806	5,976	5,546	7,840	7,905
Operating Profit (Rs. Mn)	623	645	640	1,361	940
Profit Before Tax (Rs. Mn)	549	576	696	1,389	1,060
Profit After Tax (Rs. Mn)	376	467	600	1,110	652
Statement of Financial Position					
Fixed Assets - NBV (Rs. Mn)	6,959	7,219	7,083	7,295	7,706
Total Assets (Rs. Mn)	8,797	9,814	10,896	12,802	14,110
Capital Employed (Rs. Mn)	7,265	8,329	8,929	10,869	12,145
Net Assets (Rs. Mn)	5,143	6,493	7,220	8,282	8,501
Ratios					
Earnings Per Share (Rs.)	9.50	11.91	16.54	29.00	16.88
Interest Cover (Times)	5.15	6.31	7.14	18.24	13.06
Net Assets Per Share (Rs.)	151.83	174.35	213.17	244.51	236.22
Return On Asset (%)	4.27	4.76	5.52	8.67	4.62
Return On Capital Employed (%)	9.40	8.60	8.88	13.52	9.45
Return On Equity (%)	7.40	7.19	8.31	13.40	7.67



Rs. 7.9 Bn
Revenue

2022 - Rs. 7.8 Bn



Rs. 940 Mn
Operating profit

2022 - Rs.1,361 Mn



Rs. 652 Mn
Profit after tax

2022 - Rs, 1,110 Mn



Rs. 16.88
Earnings Per Share

2022 - Rs. 29.00



7.67%
Return On Equity

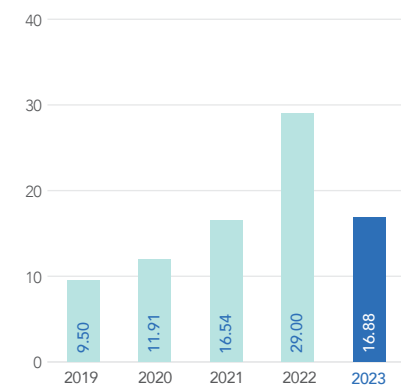
2022 - 13.40%



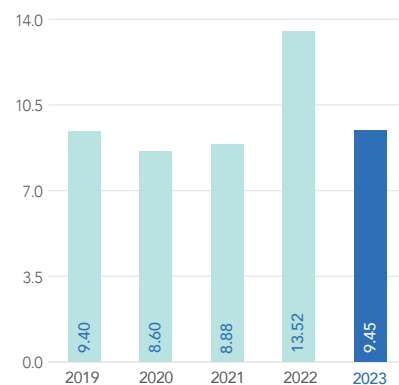
Rs. 236
Net Assets Per Share

2022 - Rs. 245

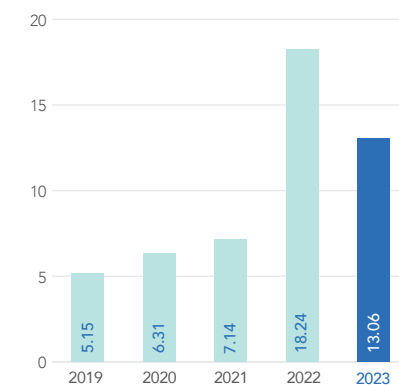
Earnings Per Share
Rs.



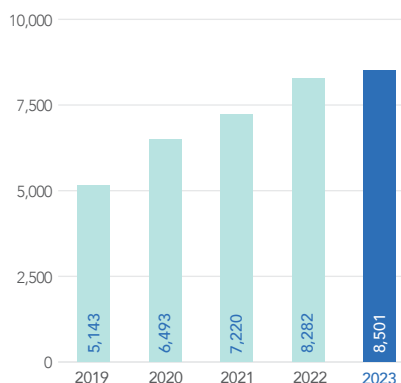
Return on Capital Employed
%



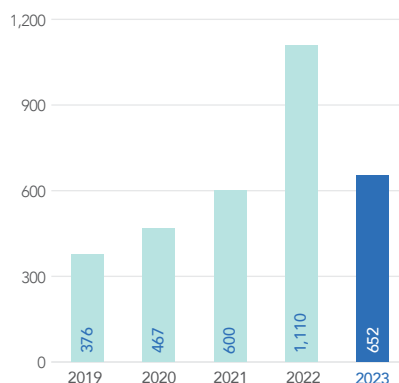
Interest Cover
Times



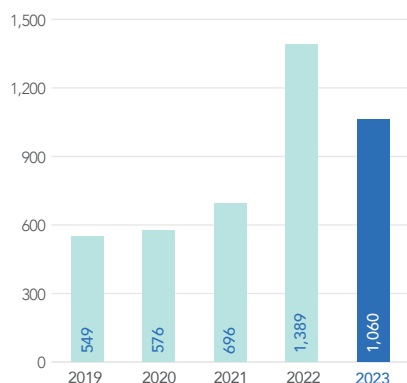
Net Assets
Rs. Mn



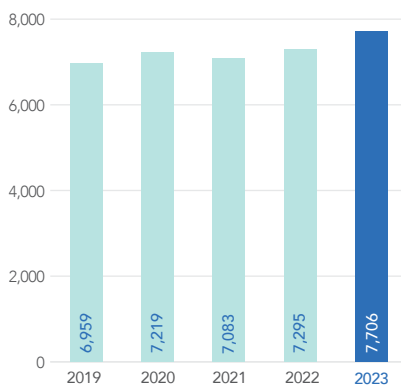
Profit After Tax
Rs. Mn



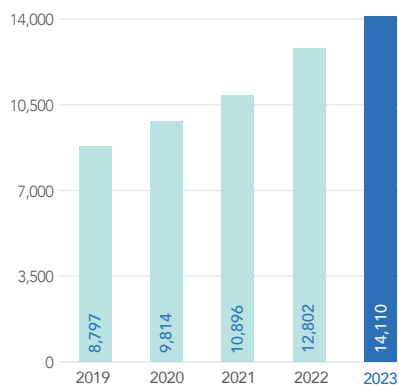
Profit Before Tax
Rs. Mn



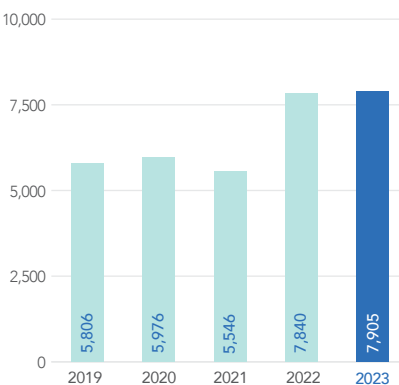
Fixed Assets - NBV
Rs. Mn



Total Assets
Rs. Mn



Turnover
Rs. Mn



Our Leadership



Inspiring Leadership in Healthcare

We believe that true leadership is not merely a title, but an embodiment of a profound commitment to the well-being of our people.



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Chairman's Review

Durdans Hospital continued to deliver exceptional patient-centric care; thereby fulfilling our purpose of meeting the healthcare needs of people and building healthier communities



Dear Shareholder,

While the effect of the COVID-19 pandemic subsided during the year under review, the run-on effect from Sri Lanka's political and economic crisis further exacerbated the challenges faced by individuals, communities, and businesses across the island. The shortage of essential resources, the decline in foreign exchange, rising inflation, mobility restrictions and a declining consumer purchasing power were among the range

of factors that placed a considerable strain on the healthcare sector's operations and performance.

While the sector exhibited growth during the pandemic, a downturn of 8.7% was witnessed during 2022, underpinned by the aforementioned factors, which resulted in procurement delays and the shortage of pharmaceuticals and other medical supplies. The successful containment of the pandemic is heartening; however, the pressures that

a potential resurgence may exert may prove a point of concern in an already constrained environment. It is therefore essential to build the collective resilience of the current healthcare system by investing in the necessary infrastructure and processes to improve emergency preparedness.

Financial Performance

During the period under review, the hospital recorded a revenue of Rs.7.9 Bn which is marginally higher than that

of the previous year and this led a profit after tax of Rs. 652 Mn.

Going forward, we expect the revenue to grow with enhanced facilities offered by the re-development in line with the Vision 2022 strategy.

A Commitment to Care

I am pleased to note, however, that despite being faced with an intensely challenging operating environment, Durdans Hospital continued to deliver exceptional patient-centric care; thereby fulfilling our purpose of meeting the healthcare needs of people and building healthier communities. We continued to balance the needs of the people – seeking opportunities for cost rationalization and cost-efficiencies while ensuring we did not compromise on quality and accessibility of care.

The year under review saw many individuals faced with an unprecedented increase in the cost of healthcare, the impact of which was further intensified by the decline in consumer spending due to inflationary pressures and taxation. The onus of care lay on the healthcare institutions themselves, and Durdans, therefore, offered a range of cost-effective healthcare solutions to support people in their time of need.

Vision 2022

Despite the multiple setbacks faced during the preceding years and the year in question, Durdans Hospital is now nearing the completion of its landmark Vision 2022 project. The new Alfred House Wing will open its doors to the public by June 2023, while the refurbished 6th Lane Wing is slated to be completed by September 2023. The project far surpassed its anticipated investment and timeline, owing to the COVID-19 pandemic and the subsequent economic downturns, which in turn collectively contributed towards escalating costs,

shortage of materials, supply chain disruptions and mobility restrictions that impeded the overall progress. However, despite an additional investment incurred, we forged onwards, remaining undeterred in achieving our vision to further strengthen our proposition and elevate the standards of healthcare in Sri Lanka.

With the launch of Vision 2022, Durdans Hospital will undoubtedly cement its status as a purpose-built tertiary healthcare institution in compliance with the internationally renowned JCI accreditation. We are proud of our journey over the years, wherein we have evolved from a humble 25,000 square feet to reach an extent of 500,000 square feet in a relatively short span of 28 years, to provide our patients with the utmost levels of convenience and care.

Plans for the Future

While rising costs will continue to overshadow the prospects of the healthcare sector, Durdans Hospital remains committed to offering reasonable care to Sri Lankans across the island, while focusing on augmenting shareholder wealth year on year.

We believe the considerable inroads made by Durdans Hospital into strengthening infrastructure; medical equipment and human capital will hold us in good stead in the years to come. Aligned with our Vision 2022 strategy, our product portfolio has now expanded to position us as a key player in the neuroscience and neuro-surgical fields, and the launch of the Wellness and Rehabilitation Centre will drive a well-rounded healthcare solution that focuses on patient aftercare and well-being.

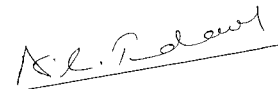
I believe our success and monumental growth over the past few decades are attributable towards strategic

management and periodic planning, which has enabled us to gain an edge over our competition. Our latest strategic roadmap is now in place and will steer our activities for the next four years, even as we seek to reach new heights in the years to come.

Acknowledgements

In closing, I would like to extend my deep appreciation towards Durdans Hospital's key stakeholders, including our patients, employees, consultants, management staff and shareholders for their unwavering support amid challenging times. I would also like to thank my fellow Directors for their continued cooperation to enable the transformation of this hospital into a major tertiary healthcare institution, from its humble beginnings 78 years ago.

I look forward to partnering with our valued stakeholders as we seek out new opportunities and uphold the highest standards of quality and care in the years ahead.



Ajith Tudawe
Executive Chairman

30th May 2023

COO's Message

The unfolding of the Durdans landscape is nearing completion and will be a reality by September 2023. The Vision 2022 plan will make Durdans Hospital a purpose-built hospital that takes care of identified patient needs.



At Durdans Healthcare Group, this financial year was one of the most challenging periods encountered in our history. As the world shifted following the Covid-19 pandemic, Sri Lanka experienced one of its worst economic periods with severe inflation, 80% depreciation of its currency and shortages of fuel and gas. As a significantly import dependent economy, the depletion of foreign reserves immense challenges in global trade, with a sustained scarcity of essentials for many months.

Unlike other sectors, the healthcare sector does not have the luxury of increasing prices due to the social responsibility shouldered as an essential service, and the greater context of the free healthcare provided by the government sector. Even though private healthcare enjoys a larger stake of the outpatient category, the in-patient services provided amount for less than 10% through which all the operational overheads need to be covered. The economic crisis and price controls on certain items have eroded into the performance of all healthcare sector organisations.

Increased taxation for both corporates and individuals impacted both segments significantly. Furthermore, the healthcare sector was hit hard by unusually high levels of brain drain, as healthcare professionals took advantage of employment opportunities in the global healthcare market.

Challenges Faced due to the Economic Crisis

Sri Lanka's healthcare industry is almost completely dependent on imports of pharmaceuticals, surgical consumables and medical devices. The economic crisis meant that the cost of all services drastically increased overnight, resulting in a significant escalation in the burden on our patients and their families. This impact resulted in many patients and families finding it extremely challenging to afford private healthcare. Private healthcare island-wide generally caters to approximately 95% of the outpatient volume; a severe decline of that number was witnessed in the first two quarters of the financial year as patients opted to consult more at public hospitals and cheaper private clinics due to the affordability constraints.

The difficult economic conditions and hardship experienced and the consequent uncertainty resulted in our most valuable resource seeking the means to migrate for a better future. Durdans, like the entire Healthcare sector, faced a crisis in the retention of talent as professionals across the spectrum from clinical specialists and medical officers to nurses and administration staff opted to migrate to greener pastures.

The Company's Vision 2022 plan had to be significantly delayed due to the multiple lockdowns during the CoVid-19 pandemic. The company also faced an overrun of the budgets due to increase in the cost of materials and labour, while the cost of funds was impacted due to the increase in interest rates.

Industry Overview

The industry is facing one of its worst periods as it is affected from multiple aspects. The extremely low levels of insurance penetration (under 10%) has meant that majority of patients have been personally burdened by rising costs. As the affordability of private healthcare shrinks, the pie becomes smaller and topline too become affected. It is not a conducive market for new entrants, as existing players

too struggle to survive. These constraints are exacerbated by the staffing crisis as adequately qualified and trained resources are simply not available in Sri Lanka to take over the vacancies left by migrating professionals.

For the sector, a silver lining comes in the form of the government considering a Public Private Partnership (PPP). Discussions in this respect are underway and the private sector waits in anticipation for the outcome. Investments of any kind in the healthcare sector are discouraged until a reasonable economic environment is on the horizon.

Plans for the Organisation (IT Systems, Human Resources and Total Quality Management)

The plan to migrate the existing home-grown ERP is being reevaluated due to the present environment and the company is instead considering upgrades to the existing system to meet present and future needs. This will reduce the cost burden and will suffice for now. The enterprise level Wi-Fi network infrastructure expansion has been completed to all areas including the existing building and the areas where construction has been completed. This has tremendously improved the customer experience.

Retention of human resources which has always been an enormous challenge has now become a herculean task. To add the problem there is a vacuum in the global market which is affecting manpower required. More resources are required for training and deploying personnel to offset the gap. Meeting human capital needs has become more challenging than ever which will be impacting the bottom-line.

Quality has always been a priority in our agenda and the gold seal of approval received from Joint Commission International (JCI), USA in 2014 has stood the test of time. Whilst we have already embarked on a Total Quality Management (TQM) program for the hospital, we continuously strive to achieve greater heights of quality throughout the entire patient journey.

Operations Review

The unfolding of the Durdans landscape is nearing completion and will be a reality by September 2023. The Vision 2022 plan will make Durdans Hospital a purpose-built hospital that takes care of identified patient needs. Durdans Hospital will be elevated to a Center of Excellence in Neurosciences with the addition of two state-of-the-art theatres, a Neuro Intensive Care unit (ICU), a Hyper-acute stroke unit (HASU) and a neuro recovery unit. The well-designed Wellness and Rehabilitation will provide facilities for pre- and post-treatments for all, including post-surgery patients.

The new wing will have three wards which will comprise of open ward beds to cater to the low-cost segment. A state-of-the-art Day Case centre is being finalised and will be operational by end July 2023.

The Dental unit, EEG, EMG and Sleep lab too have been moved to the new wing with well-equipped chambers and a spacious waiting area to make our customers more comfortable. The courtyard, entrance and exit are being redesigned to cater to a larger flow of traffic.

We are pleased to have been able to perform well despite the many challenges faced throughout the year. I take this opportunity to thank the management team which has tirelessly contributed with their teams to make this a possibility.

On behalf of the Senior Management, I convey our deep gratitude to the Chairman and Board of Directors for supporting us in our decisions to lead the way towards success.



Mahanil Perera
Chief Operating Officer

30th May 2023

Director Medical Services Review

Durdans Hospital adopted a multi-stakeholder approach in order to meet the rapidly evolving needs of its patients, employees, business partners and investors throughout the year.



As in the recent past, the year under review continued to be underscored by a range of challenges, yet, as a tertiary healthcare provider dedicated to excellence, Durdans Hospital continued to maintain the highest levels of medical and surgical care, while delivering enhanced patient-centric outcomes during the year under review.

Care Amid the Crisis

Durdans Hospital adopted a multi-stakeholder approach in order to meet the rapidly evolving needs of its patients, employees, business partners and investors throughout the year. Accordingly, the hospital successfully mitigated the wide-ranging risks and constraints posed by the economic

crisis through the combined strength of the organisation's foresight, continuous communication and strategic planning.

The unprecedented increase in overheads and the rising cost of medical goods and services had a detrimental effect on the affordability and accessibility of quality healthcare across all patient groups, with many elective procedures

being postponed. However, in line with its overarching values, Durdans Hospital did not transfer the entire burden of the escalating cost of healthcare to its customers, thereby mitigating the overall footfall decline during the year. Furthermore, in a bid to maintain affordability of care and safeguard patient needs through every eventuality, the hospital's leadership has decreed that no pricing revisions are to take place for a predetermined period.

Disruptions to supply chain related operations prevailed during the year and were primarily addressed through the maintenance of adequate stocks of medicine and consumables, thereby enabling uninterrupted care. In addition, the Board of Directors and the management team introduced a number of measures to provide vital support to its employees amid the economic crisis, by addressing employee welfare and the increasing cost of living.

Elevating our Proposition

In addition to maintaining and upgrading the range of healthcare services and expertise already on offer, the hospital successfully recommenced its kidney transplant program under the guidance and expertise of a renowned specialist in December 2022. We believe the reintroduction of this program will continue to pose far-reaching benefits to patients well into the years ahead.

Despite the delays experienced since the COVID -19 pandemic, it is heartening to note that the Vision 2022 project is nearing completion and will see the introduction a new standard of neuro-care and neurosurgical services to the industry soon, supported by a well-trained neuro surgical staff and state-of-the-art equipment. The hospital's dedication to the utmost levels of patient safety and care is evidenced by the presence of two dedicated neuro theatres within

the facility, which will serve to minimize the risk of infection, while investing in cutting-edge neuro microscopes and neuro navigators for improved results. Furthermore, separate neuro ICUs and neuro wards have been established to deliver superior levels of after care, thereby enabling patient recovery in a safe and secure environment. Simultaneously, the launch of the project's Wellness and Rehabilitation Centre will undoubtedly usher in a new paradigm in terms of patient aftercare and well-being, thereby enhancing the hospital's overall value proposition as a holistic healthcare solutions provider.

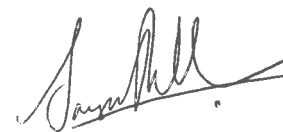
In a bid to expand its services and explore new, more lucrative markets, Durdans Hospital continued to make strides within the international community, reinforced by the globally renowned JCI accreditations obtained by the organisation for nine consecutive years. We are proud to note that the hospital has effectively carved a space within the global healthcare sphere by delivering exceptional services to patients from across the world, hailing from nations including but not limited to the UK, USA and Australia. Additionally, the hospital has embarked on multiple partnerships in serving as a dedicated service provider for international institutions and non-governmental organisations, thereby demonstrating the hospital's commitment to maintain patient care on par with international standards.

In a bid to expand its services and explore new, more lucrative markets, Durdans Hospital continued to make strides within the international community, reinforced by the globally renowned JCI

A comprehensive assessment was conducted across the entirety of the hospital's operations to determine areas to improve efficiency and enable streamlined services. Accordingly, the hospital's key functions were restructured into key Strategic Business Units with dedicated targets, KPIs and budgets in place drive both improved clinical outcomes and business performance in the years to come.

Focused on the Future

As we look towards the future, it is evident that in order to sustain national healthcare services, a collaborative approach between both the state and private sector is essential and discussions in this regard are already in progress, with the aim of improving the availability of cutting-edge healthcare to individuals from all walks of life. We firmly believe that Durdans Hospital's international standards, strong reputation, capacity improvements and commitment to care will position us to serve the global and domestic market with unparalleled healthcare solutions well into the years ahead.



Dr. S. Rathnayake
Director Medical Services

30th May 2023

Board of Directors

Ceylon Hospitals PLC

Ajith Tudawe

Executive Chairman

Ajith Tudawe is the Chairman of Ceylon Hospitals PLC (Durdans Healthcare Group) and a Senior Director at Tudawe Holdings (Pvt) Ltd. His knowledge and skill in Business, Finance, and Strategic Management have been instrumental in leading Durdans Hospital to the forefront of Sri Lanka's healthcare landscape. Ajith Tudawe holds a BA degree in Accounting from the UK. He is a Fellow Member of the following professional institutions namely, The Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants in Australia, the Institute of Chartered Accountants of Sri Lanka and Lifetime fellow of the Association of Chartered Certified Accountants in the UK. He has participated in executive education and professional development programmes from the Business Schools of universities in Australia, Singapore and the UK.

Upul Tudawe

Director/ Executive Vice President

Upul Tudawe, the Director/Executive Vice President of Ceylon Hospitals PLC also serves as Group Director of Tudawe Holdings (Pvt) Ltd, its subsidiary companies and is the Chairman of Commercial Marketing Distributors (Pvt) Ltd. Upul Tudawe holds a Bachelor of Science degree in Microbiology from Texas Tech University and a degree in Medical Technology from the University of Texas Health Science Centre in Houston, USA. Among his many affiliations, he is a Member of the American Society of Clinical Pathology (ASCP) and the Australian Institute of Medical Scientists (AIMS). He also functions as the Director Laboratory Services for over 25 years.

Dr. Preethiraj Wijegoonewardene

Director/ Senior Vice President - Medical

Dr. Preethiraj Wijegoonewardene holds an MBBS from India along with a Postgraduate Diploma in Family Medicine from the Postgraduate Institute of Medicine (PGIM) in Colombo. He is a Fellow of the College of General Practitioners of Sri Lanka and was awarded an Honorary Fellowship from the Royal College of General Practitioners, UK in November 2008. He was elected as Chairman of the South Asia Board of the Royal College of General Practitioners International. Dr. Wijegoonewardene

was the first Sri Lankan to receive a WONCA Fellowship in recognition of his contribution to family medicine in South Asia and World WONCA and was awarded an honorary Fellowship from the Bangladesh Academy of Family Physicians.

Nimal Piyasena

Non-Executive Director

As the Managing Partner of Y. R. Piyasena & Company and Vice-Chairman of Hotel Star Dust in Pottuvil, Nimal Piyasena brings over 40 years of diversified experience to the Board in the fields of Finance, Healthcare and Trade Operations.

Asoka Abeyewardene

Independent, Non-Executive Director

Asoka Abeyewardene is an Independent Director of Ceylon Hospitals PLC and serves as Chairman of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee. He is an Executive Director of Continental Insurance Lanka Ltd, Fellow of The Institute of Chartered Accountants of Sri Lanka, Fellow of the Certified Management Accountants of Sri Lanka, Fellow of the Institute of Directors UK and a former partner of Messrs. KPMG Ford, Rhodes, Thornton & Co. Chartered Accountants.

Asite Talwatte

Independent, Non-Executive Director

Asite Talwatte is the Chairman of Management Systems (Pvt) Ltd, the Chairperson of the Integrated Reporting Council of Sri Lanka and serves as a Non-Executive Director on the boards of several listed and private companies. With over 37 years of experience in the fields of Assurance, Business Risk and Advisory Services, he served as the Country Managing Partner of Ernst & Young for over 10 years prior to his retirement in March 2016. Asite Talwatte holds a Post-Graduate Diploma in Business and Financial Administration from the Chartered Accountants of Sri Lanka and the University of Wageningen, Holland as well as an MBA from the University of Sri Jayewardenepura, Sri Lanka. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants, UK.

Aminda Tudawe

Executive Director

Aminda Tudawe directs the supply chain of the group and the coordination of the corporate strategy of Durdans Hospital. He is also a Director of Durdans Medical and Surgical Hospital (Pvt) Ltd and Durdans Heart Centre (Pvt) Ltd. He is presently involved in the Durdans Vision 2022 project in collaboration with the project consortium. He was also involved in the implementation of JCI accreditation at Durdans Hospital and played a role in completing several key development projects over the years. He holds a Bachelor of Science (Hons) degree in Business Management from the University of Wales, UK as well as a Master of Business Administration degree from the School of Business, University of Leicester, UK.

Ravindra Jayatilleke

Independent, Non-Executive Director

Ravindra Jayatilleke is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Chartered Institute of Management Accountants, UK and possesses over 35 years of experience in the fields of Accounting, Auditing and Finance. As an Independent, Non-Executive Director on the Board of Ceylon Hospitals PLC, he provides guidance in finance related matters pertaining to the Company. At present, Ravindra Jayatilleke functions as the Group Finance Director of Lalan Rubber Group and is a Director of Lalan Rubber Holdings (Pvt) Ltd, Lalan Rubbers (Pvt) Ltd and connected subsidiary companies.

Sivakrishnarajah Renganathan

Independent, Non-Executive Director

Mr. Renganathan was the former Managing Director/ Chief Executive Officer of Commercial Bank of Ceylon PLC and had held several key positions in the Bank. He is a senior banker counting over 41 years and has led Commercial Bank's acquisition of the banking operations of Credit Agricole Indosuez in Bangladesh as the first Country Manager.

In addition, Mr. Renganathan served as the Managing Director and a Board Member of the Commercial Development Company PLC, and Commercial Bank of Maldives Private Limited as the Deputy Chairman. He was also a Director of the Lanka Financial Services Bureau Limited and the Sri Lanka Banks' Association (Guarantee) Limited. Further, he also served as a Council Member of the Employers Federation of Ceylon and Executive member of the Council for Business with Britain. He was also

appointed by the President of the country to a 16-member Advisory Committee to National Economic Council.

Mr. Renganathan has served among others, as a Member of the General Council of the Institute of Bankers of Bangladesh, Founder President of the Sri Lanka Bangladesh Chamber of Commerce and Industry, Executive Member of the Foreign Investors Chamber of Commerce and Industry in Bangladesh.

He is currently a Vice Chairman of the International Chamber of Commerce Sri Lanka, Executive Member of the Ceylon Chamber of Commerce, Member of the Sri Lanka Institute of Directors and the Vice President of the Sri Lanka India Society.

Mr. Renganathan currently serves as an Independent Non-Executive Director at Sunshine Holdings PLC, Sunshine Healthcare Ltd., Sunshine Consumer Lanka Ltd., Agility Innovations (PVT) Ltd, Janashakthi Insurance PLC and Damro Holdings Ltd.

He is a Fellow of the Chartered Institute of Management Accountants, UK (FCMA), Chartered Global Management Accountant (CGMA), Fellow of the London Institute of Banking & Finance, UK (FLIBF) and a Fellow of the Institute of Bankers Sri Lanka (FIB), had received extensive Leadership, Management and Banking training locally and in overseas countries.

Board of Directors

Durdans Medical and Surgical Hospital (Pvt) Ltd

Ajith Tudawe

Executive Chairman

Refer page 18 for the profile.

Upul Tudawe

Director/ Executive Vice President

Refer page 18 for the profile.

Dr. Preethiraj Wijegoonewardene

Director/ Senior Vice President - Medical

Refer page 18 for the profile.

Nimal Piyasena

Non-Executive Director

Refer page 18 for the profile.

Asoka Abeyewardene

Independent, Non-Executive Director

Refer page 18 for the profile.

Merrill Fernando

Non-Executive Director

Merrill Fernando is the Chairman of MJF Holdings Limited and one of Sri Lanka's first tea tasters in the then British-dominated trade. He is the founder of 'Dilmah Tea' brand name which re-launched, redefined and re-established the quality of Ceylon tea. 'Dilmah' is now, a much-respected global name, renowned for its quality and the philosophy of caring and sharing behind the brand. Having established the brand on the unique philosophy of making business a matter of human service, Merrill Fernando's 'MJF Charitable Foundation' and 'Dilmah Conservation' fulfil this pledge by diverting a minimum of 15% of pre-tax profits from the sale of Dilmah Tea towards direct humanitarian and environmental interventions.

Dilhan Fernando

Non-Executive Director

Dilhan Fernando is the CEO of Dilmah Tea. His efforts have focused on bringing tea to a new generation with innovations such as tea gastronomy, tea lounges (branded as t-Lounges) and by enhancing peoples' knowledge in tea through

the Dilmah School of Tea. Dilhan also nurtures his father's pledge to make business a matter of human service through the work of the MJF Charitable Foundation and Dilmah Conservation. Dilhan currently chairs the Biodiversity Sri Lanka Platform which was pioneered by Dilmah Conservation together with the Ceylon Chamber of Commerce and IUCN (International Union for Conservation of Nature). Dilhan is the Chairman of the United Nations Global Compact in Sri Lanka, a corporate sustainability initiative by the UN.

Prof. Janaka De Silva

Independent, Non-Executive Director

Prof. Janaka de Silva is a Senior Professor and the Chair of Medicine at the University of Kelaniya. He is also a Consultant Physician at the Colombo North Teaching Hospital. Professor de Silva was educated at Royal College, obtained his MBBS and MD degrees from the University of Colombo and has a D.Phil. from the University of Oxford. He was awarded Fellowships from the Royal College of Physicians of London, Ceylon College of Physicians, National Academy of Sciences of Sri Lanka, honorary Fellowships from the Royal Australasian College of Physicians, the Royal College of Physicians of Thailand and the Royal College of Physicians and Surgeons of Glasgow. He is a recipient of the titular national honour 'Vidyajyothi', the highest award for scientific achievement in Sri Lanka.

Su-Ayid Ismail

Non-Executive Director

With over 40 years of experience in the fields of Financial Management, Risk Management, Auditing, Consulting and Business Advisory Services, Su-ayid Ismail is the Founder/ CEO of BAS Consultants (Pvt) Ltd which provides consulting and advisory services to SMEs and family run businesses. Su-ayid Ismail is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Fellow of the Chartered Institute of Management Accountants, UK, Member of the Institute of Internal Auditors and a Former Partner

of Messrs. Ernst & Young Chartered Accountants. He currently functions as the Chief Executive Officer of Tudawe Brothers (Pvt) Ltd.

Arjun Fernando

Independent, Non-Executive Director

Arjun Fernando was appointed to the Board of Durdans Medical and Surgical Hospital (Pvt) Ltd in November 2017. He is currently a Director of Central Finance PLC and Nations Trust Bank PLC. He also serves on the Boards of NDB Capital Holdings, NDB Securities (Pvt) Ltd and NDB Zephyr Partners Ltd for and on behalf of the NDB Capital Group of Companies. He has functioned as the CEO/ Director of DFCC Bank and as Director of several of DFCC Bank's subsidiaries, joint ventures and associates. Prior to joining DFCC Bank, Mr. Fernando had a long and illustrious career overseas and at HSBC Sri Lanka. He holds an M.Sc. (Management) from Clemson University, USA and a B.Sc. (Engineering) from Southern Illinois University, USA. He is also an Associate of the Chartered Institute of Bankers (ACIB), UK.

Aminda Tudawe

Executive Director

Refer page 19 for the profile.

Rakshitha Tudawe

Executive Director

Having joined the company in 2016, Rakshitha Tudawe oversees the development and execution of strategic initiatives for the group. He is also the co-founder of the Amrak Institute of Medical Sciences (Pvt) Ltd. which was incorporated in February 2019. He spearheaded the repositioning of the Durdans Hospital brand in August 2017, revitalising the long-standing brand and is currently overseeing the hospital's digital evolution. He is also involved in the establishment of two key strategic business units for the Durdans Vision 2022 Project. He holds a Bachelor of Science (Hons) degree in Business Economics from the University of East Anglia, UK and a Master of Science degree in

Management from Loughborough University, UK. He has also participated in executive programmes at the INSEAD Business School in Fontainebleau, France and the Ernst and Young head office in La Défense, Paris.

Naveen Sooriyarachchi **Independent, Non-Executive Director**

Naveen Sooriyarachchi is an Independent Non-Executive Director of Durdans Medical and Surgical Hospital (Pvt) Ltd. A renowned banking professional, he holds a Humphrey Fellowship in Investment Banking from the Boston University, USA, a Master's degree in Business Administration from the University of Colombo and is an Associate of the Institute of Bankers, Sri Lanka. His extensive experience of 40 years includes key corporate management positions at Commercial Bank of Ceylon PLC. He was also a consultant to the International Finance Corporation (World Bank Group), Washington. His business acumen and expertise has been reflected in Commercial Bank being awarded 'Best Trade Finance Bank in Sri Lanka' for 2019 and 2020 by the 'Asian Banker' as well as the Best Corporate Bank in Sri Lanka in 2019 by International Finance of the UK under his leadership.

Durdans Heart Centre (Pvt) Ltd

Ajith Tudawe **Executive Chairman**

Refer page 18 for the profile.

Upul Tudawe **Director/ Executive Vice President**

Refer page 18 for the profile.

Dr. Preethiraj Wijegoonewardene **Director/ Senior Vice President - Medical**

Refer page 18 for the profile.

Nimal Piyasena **Non-Executive Director**

Refer page 18 for the profile.

Aminda Tudawe **Executive Director**

Refer page 19 for the profile.

Rakshitha Tudawe **Executive Director**

Refer page 20 for the profile.

Anjali Piyasena **Non-Executive Director**

Dr. Anjali Piyasena holds an MBBS from Tianjin Medical Institute, China, and is currently attached to the Cardiothoracic ICU at Sri Jayawardanapura General Hospital with 08 years of experience.

Indika Wijegoonewardene **Non-Executive Director**

Dr. Indika Wijegoonewardene is an alumnus of the prestigious Manipal University, where he obtained his MBBS degree in 2007. Following internship training in India, he went on to work in the maxillofacial unit at the Colombo Military Hospital where he was involved in facial reconstruction surgery.

He has had extensive training in WA as a senior registrar in General Surgery, and has trained with the Royal Australian College of Surgeons.

Mixing his general and trauma surgical skills with rural and remote medicine, he is now undergoing fellowship training in general practice and rural surgery with the Royal Australian College of General Practitioners.

His interest in surgery, dermatology, and aesthetics strengthen his cosmetic practice. He is a member of the Australian College of Aesthetic Medicine and is working towards a fellowship with ACAM in collaboration with one of Perth's leading cosmetic medical clinics.

Gireesha Nikhila Tudawe **Non-Executive Director**

Gireesha Nikhila Tudawe is a Medical Doctor at the Glan Clwyd Hospital in North Wales, UK. He graduated with an MBChB from the University of Leeds UK Medical School and has research experience, in addition to possessing teaching experience as an examiner in Diana, Princess of Wales Hospital. Gireesha Tudawe has accepted a Training Position in the Thames Valley/ Oxford Deanery for ACCS-IM and is working towards ITU/ Anaesthetics and General Internal Medicine with a specialisation in Cardiology/ Respiratory treatment.

Nethmi Thavisha Tudawe **Non-Executive Director**

Nethmi was appointed as a Board Director of the company with effect from 31st March 2022. Nethmi completed her Primary education at Bishops College Colombo followed by her Secondary education at Colombo International School. She holds a Bachelor of Science, Chemical and Biomolecular Engineering Degree from Rice University in Houston, Texas (2013-2017) and master's degree in Healthcare Administration from Columbia University in the City of New York (2017 – 2019). She began her career at Mount Sinai Hospital in New York initially as Performance Improvement Analysts and later by holding a position as the Project Manager Nursing and Cardiac Services from March 2019 to September 2021. Currently she is working for Oscar Health, Inc. is an American health insurance company, is headquartered in New York City in the capacity of an Associate.

Senior Management Team

Mahanil Perera

Chief Operating Officer

Mahanil Perera joined Durdans in 2011 and is the most long-standing member of the Senior Management Team. With almost three decades of experience in growth and sales, 22 years has been in Senior Management. He is responsible for the overall development and expansion of the laboratory network to over 100 branches island wide. During the period under review, he was able to contribute significant value by making available the COVID-19 RT-PCR testing via the laboratory network. Mahanil was promoted to the position of Chief Operating Officer in February 2021. He holds a Post Graduate Diploma in Marketing from the Sri Lanka Institute of Marketing and has obtained a Master's degree in Business Administration from Cardiff Metropolitan University (UK). He is also a life member of the Sri Lanka Institute of Marketing. He represents Durdans Hospital at the Private Health Services Regulatory Council (PHSRC), Private Hospitals Association (PHA), Tertiary and Vocational Education Commission (TVEC) and the Private Medical Laboratory Association (PMLA) as a founder member.

Dr. Sanjaya Ratnayake

Director Medical Services

w.e f 1st March 2023

Dr. Sanjaya Ratnayake (MD, MSc) is a registered professional in both the General Medical Council of the United Kingdom and the Sri Lanka Medical Council. He possesses over 20 years of extensive experience in Medical Administration and Clinical Medicine in both local & foreign reputed healthcare

institutions. Dr. Ratnayake will work cohesively with the Heads of Medical Services, playing an active role in enhancing cooperation between medical departments and ensuring safety and regulatory compliance.

Thusitha Rubasinghe

Chief Financial Officer

Thusitha Rubasinghe holds membership of both CA Sri Lanka and Institute of Certified Management Accountants of Sri Lanka. He counts well over 25 years of experience in the areas of Treasury Management, Management Accounting, Financial Accounting and Reporting, Auditing and Taxation. He has worked for Hayleys PLC, Tudawe Brothers, Sara Lee, Gateway International School and Ernst and Young. His industry exposure relates to such areas as Plantation, Construction, Shipping and Education.

Chaya Ranaweera

Head of Human Resources

Chaya Ranaweera holds an MSc from the University of Colombo, specialising in Labour Relations and Human Resource Management with over 15 years of extensive hands-on experience in the fields of Industrial Relations, Coaching and Counselling, Training and Development and HR Strategy for Sustainable Growth in the industries of Finance, Hospitality, Renewable Energy and the non-profit sector.

Madhawa Herath

Head of Information and Communications Technology

Madhawa who currently serves as the Head of IT and Communications Technology joined Durdans in 2021.

He counts over 19 years experience in the field of Information and Technology.

He is responsible for the digital transformation of the hospital, enhancing information security, implementation of disaster recovery, business continuity and cloud infrastructure development.

His experience in the field of IT extends to positions he held previously at SANASA Development Bank PLC, Virtusa (Pvt) Ltd, John Keells Holdings PLC, Lanka Clear (Pvt) Ltd and Jung Yoon Textile (Pvt) Ltd. He is a Graduate in the Bachelor of Science from the Metropolitan University in London specialized in Information and Communication Technology.

Further, he holds a Master's Degree in Computer Systems and Networking from the University of Greenwich. He is also a Certified Professional at Microsoft, Cisco, Sun Microsystems etc.

Clifford Martin

Senior Manager Laboratory Operations

Clifford Martin is the Senior Manager, Laboratory Operations and has been with Durdans for more than 05 years. He holds a Diploma in Business Management as well as a certification in Leadership Management from the Post Graduate Institute of Management, University of Sri Jayewardenepura. His experience entails more than 25 years spent in a senior managerial capacity at renowned Richard Pieris Distributors Ltd, Jay Kay Marketing Services constituent of conglomerate John Keells Holdings PLC and at Jacks of Fiji Ltd in the Fiji Islands. Clifford brings to the table experience in Customer Service, Care and Quality Management practices among many other areas.

Rukshan Perera

Head of Operations

Rukshan Perera has been with Durdans Hospital for over 07 years, overseeing many operational areas mainly focusing on Customer Care, Channelling, Food and Beverage, Security, Fire Safety and Transport, and Housekeeping Departments. His exposure spans over 17 years in the Healthcare industry in addition to exposure in Wellness/ Hospitality industry. He has worked in Adaaran Luxury Boutique and Wellness Resort, Maldives (part of Aitken Spence Group of Hotels) to name a few. He holds a Master's degree in Business Administration from the University of West London and certifications in Human Resource Management from the Institute of Personnel Management, Sri Lanka, and Quality Assurance Management from the Sri Lanka Standards Institution, Sri Lanka.

Lasantha Waduge

Senior Manager Growth & Sales

Lasantha Waduge is the Senior Manager Growth and Sales at Durdans Healthcare Group and has been with the organisation for 18 years. A qualified marketer by profession, Lasantha holds an MBA with merit from the University of Wales, a Post Graduate Diploma from the Chartered Institute of Marketing, UK and a Higher Diploma in Computer Software Engineering affiliated to the Institute for Certification of Computing Professionals, USA. He brings to the table significant experience in the fields of Strategic Management, Strategic Marketing and Brand Management. He is also a visiting lecturer in Strategic Management for Lincoln University, Malaysia and in Strategic Marketing for the Chartered Institute of Marketing, UK.

Arun Haridharshan

Head of Strategy

Arun Haridharshan possesses more than nine years of experience in developing and implementing effective business strategies to optimize organizational productivity and performance. He has a proven track record of cultivating a culture that emphasizes a shared vision and fosters collaboration towards achieving common goals. He holds a 1st Class Honours degree in Electronic Engineering from Sheffield Hallam University and a specialized MBA in Project Management from Cardiff Metropolitan University.

Chanekya Liyanage

Senior Supply Chain Manager

Chanekya Liyanage possess over 15 years of experience in multidisciplinary areas of Supply Chain, Logistics & Freight Forwarding.

She has worked in both local and overseas multinational companies related to different industries.

She holds a MSc in Logistics and Supply Chain from Birmingham City University, UK and is an Associated Member of the Chartered Institute of Marketing UK.

She is also an active Chartered Member of the Chartered Institute of Logistics & Transport Sri Lanka.

Rimaz Rizwie

Head of Business Development

As the Head of Business Development, Rimaz oversees the marketing and sales division at the Durdans Hospital. Spanning from CSR initiatives, enhancing the digital footprint and spreading awareness of the facilities are some of the key activities under the marketing division. Ensuring the volume and value growth of the organisation through

corporate sales, international patient care, Agrahara, building the referral structure and growing the lab network plays a significant role in the sales component. Rimaz possesses over 8 years of experience in the FMCG industry working with one of the biggest multinational companies in the world in the areas of sales and marketing. He has a degree in BA Honors- Business Management specializing in Marketing from the University of Westminster, London. Rimaz is a passionate trainer in subjects of personality development and people management skills.

Dr. Prasadika Gunasena

Senior Manager Medical Services

Dr Prasadika Gunasena Senior Manager Medical Services Dr Prasdika graduated with MBBS from the Faculty of Medicine, the University of Kelaniya Sri Lanka in 1998. She holds a Diploma in Prevention and Control of Infection from the University of Colombo and a Diploma in Cosmetology from IIAM Aesthetic Centre Pune, India. She has worked as Medical Officer In charge of surgical and cardiac Intensive Care Units for 15 yrs and then held a managerial position at Nawaloka Premier Care Centre for 4 yrs. Appointed as chief medical officer for 2 yrs where she coordinated clinical work and worked cohesively with all the departments to achieve targets utilizing her 19 yrs of clinical experience and administrative exposure. Currently, she is holding the position of senior manager of medical service at Durdans Hospital managing medical staff, ensuring compliance with regulations and standards, maintaining the quality of care, and ensuring that medical services are delivered efficiently and effectively while following up the MBA of hospital administration at Coventry University 3 London UK.

Our Business



A Catalyst For Unmatched Care

Our unwavering dedication to building strong partnerships has been instrumental in our success. With every achievement, we are emboldened to further our mission to redefine what is possible in the realm of healthcare.



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Capital Reports



FINANCIAL CAPITAL



During the year under review, the Group recorded a turnover of Rs.7.9 Bn as against to Rs.7.8.Bn in the previous financial year.

Our Financial Capital:

Financial Capital is defined as the funds available to an organisation to enable the provision of goods and services, in addition to the capital obtained from debt or equity financing.

Strategy

The following strategies help nurture our financial capital:

- Cost rationalisation
- Sales and marketing
- Prudent investments

Outcomes:

- Revenue growth
- Asset growth
- Improved profitability
- Business continuity

The period under review saw the organisation's financial capital face significant pressures, owing to Sri Lanka's political and economic crisis, which came into effect in the first quarter of the year. All activities were underscored by the combined impact of the decline in foreign exchange reserves, rising inflation, shortage of essential goods, mobility constraints and a downturn in consumer purchasing power – which collectively contributed towards unprecedented increases in operating costs and a decline in demand for non-essential healthcare services.

During the year under review, the Group recorded a turnover of Rs.7.9 Bn in comparison to the Rs.7.8 Bn recorded in the previous financial year. While revenue has exhibited a marginal increase over the preceding year, the Group's operating profit declined to reach Rs. 940Mn during the 2022/23 financial year. The downturn in operating profit is primarily attributable to the rising cost on input resources, owing to the continuous depreciation of the Rupee in the forex market, and the rising inflation the came into play particularly towards the commencement of the fiscal year.

The turnover of Ceylon Hospitals PLC was recorded at Rs. 4.4 Bn during the 2022/23 financial year, against the Rs. 5 Bn achieved in the previous year. Pre-tax profit reduced to Rs. 554 Mn from the Rs. 902 Mn reported in the previous financial year, with the aforementioned factors serving as key contributors towards reducing the company's overall profitability and returns.

FINANCIAL CAPITAL

Description	2019	2020	2021	2022	2023
Revenue (Rs. Mn)	5,806	5,976	5,546	7,841	7,905
Revenue Growth	1%	3%	-7%	41%	1%
Gross Profit (Rs. Mn)	3,625	3,852	3,494	4,961	4,811
Gross Profit Margin	62%	64%	63%	63%	61%
Net Profit (Rs. Mn)	376	467	600	1,110	652
Net Profit Margin	6%	8%	11%	14%	8%
Current Asset Ratio(Times)	1.15	1.24	1.37	1.93	1.65
Quick Asset Ratio(Times)	0.94	0.99	1.10	1.50	1.14
Debt to Equity Ratio	54%	51%	51%	55%	66%
Interest Cover (Times)	5.15	6.31	7.14	18.24	13.06

OTHER OPERATING INCOME

Description	2019	2020	2021	2022	2023
Other Operating Income (Rs. Mn)	56	53	63	26	111
Other Operating Income Growth	60%	-5%	19%	-59%	327%

Capital Reports

Financial Capital

FINANCE COSTS AND FINANCE INCOME

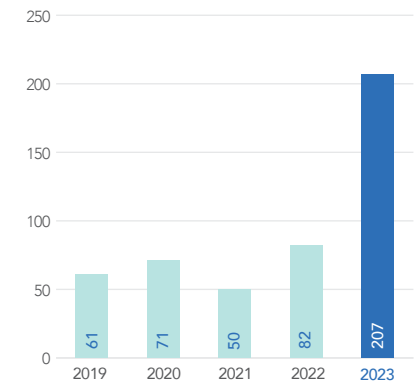
Description	2019	2020	2021	2022	2023
Finance Cost (Rs. Mn)	136	141	97	80	88
Finance Cost Growth	12%	4%	-31%	-18%	10%
Finance Income (Rs. Mn)	61	71	50	82	207
Finance Income Growth	-5%	15%	-29%	64%	153%

Description	2020	2021	2022	2023
Loan and Lease Interest (Rs. Mn)	68	73	76	74
Overdraft Interest (Rs. Mn)	40	20	0	9
Total	108	93	76	83

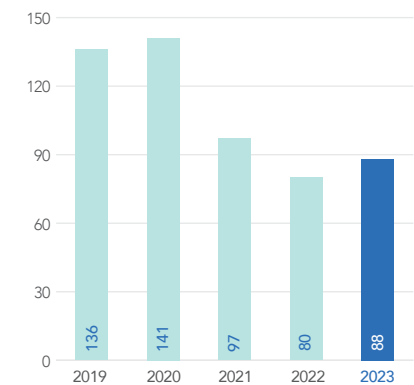
NET PROFIT

Description	2019	2020	2021	2022	2023
PAT (Rs. Mn)	376	467	600	1,110	652
PAT Growth	-23%	24%	29%	81%	-41%

Finance Income
Rs. Mn



Finance Cost
Rs. Mn





MANUFACTURED CAPITAL



Durdans Hospital remains deeply committed towards enabling improved accessibility and convenience for Sri Lankans across the island

Our Manufactured Capital

Manufactured Capital is defined as the tangible infrastructure, technological equipment and materials that enable us to fulfil our daily operations.

Strategy

We rely on a two-pronged strategy to enhance our manufactured capital:

- Infrastructure Development
- Investing in State-of-the-Art Equipment

Outcomes:

- Accessibility and Convenience
- Precision, Safety and Accuracy
- Improved Quality of Life
- Unmatched Customer Experience

Capital Reports

Manufactured Capital

INFRASTRUCTURE DEVELOPMENT

The year under review posed many constraints towards construction and development activities, owing to the rising cost of goods and materials and mobility restrictions. Durdans continued to engage in enhancing and maintaining its infrastructure, comprising the hospital building situated in Colombo and the laboratory network dispersed across the island.

BRANCH NETWORK

Durdans Hospital remains deeply committed towards enabling improved accessibility and convenience for Sri Lankans across the island, and therefore continued to expand its laboratory network during the period under consideration.

Resultantly, the hospital opened 5 new collection centres during the year, in order to reach a total of 117 locations, spanning 80 collection centres, 24 mini labs, 5 medical centres, 9 satellite labs and several mobile labs.

The hospital partners with over 1,500 third party collection centres to facilitate greater reach and convenience for customers. Due to the shortage of fuel and the escalating costs of goods, a number of these centres were compelled to close down operations; however, conditions returned to relative normalcy towards the latter part of the year.

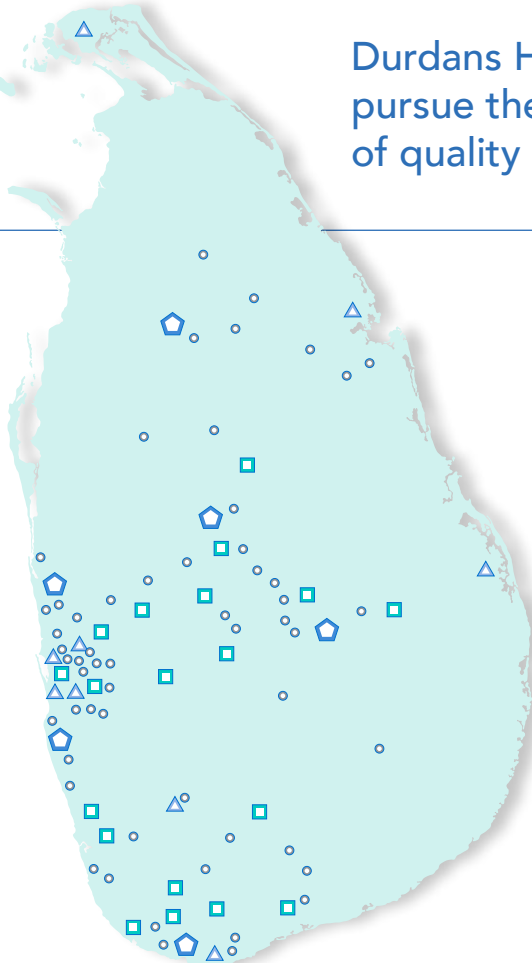


NEW LAB TEST INTRODUCED



1. Lipoprotein -a
2. Glycated Albumin
3. Procalcitonine
4. AMH - Anti mularial hormone
5. M2 PK - Occult Blood
6. Lactoferin
7. Calprotectine

Durdans Hospital made a conscious decision to pursue the project in order to elevate the proposition of quality and care offered by the hospital.



117

LOCATIONS



9

SATELLITE LABS



5

MEDICAL CENTRES



24

MINI LABS



79

COLLECTION CENTRES



5

NEW OPENINGS IN 2022/23



1,500+

+ THIRD PARTY COLLECTION CENTRES



Medical Centres



Mini Laboratories



Satellite Laboratories



Collecting Centres

Vision 2022 Project



APPROXIMATELY
141,000 SQ. FT.

NEW LAND AND
BUILDING EXTENT OF
DURDANS HOSPITAL



Rs. 2.8 Bn

INVESTMENT IN
VISION 2022



60

ROOMS



12

OPEN WARDS



2

THEATRES

Capital Reports

Manufactured Capital

Centre	Type	Operating Hours
Galle	△	24 Hrs
Karapitiya	□	7*7
Udugama	□	7*7
Ambalangoda	□	7*7
Akurassa	○	7*7
Neluwa	○	7*7
Karapitiya Collecting	○	7*7
Baddegama	○	7*7
Ahangama	○	7*7
Kandy - Wadugodapitiya Mw	○	7*7
Kandy - Keppetipola Mw	○	7*7
Kandy Nursing Home	○	7*7
Kegalle	□	7*7
Nawalapitiya	□	7*7
Mahiyanganaya	□	7*7
Katugastota	□	7*7
Gampola	○	7*7
Kandy new	⬠	24Hrs
Akurana new	○	7*7
Matale	□	7*7
Monaragala	□	7*7
Mahiyawa	○	7*7
Mawanella	○	7*7
Hatton	□	7*7
Kurunegala	⬠	24 Hrs
Dambulla	□	7*7
Polgahawela	○	7*7
Nawinna Hospital Branch	□	7*7
Nawinna Medical Center	○	7*7
Paragahadeniya	○	7*7
Galagedara	○	7*7
Malsiripura	○	7*7
Mawathagama	○	7*7
Narammala	○	7*7
Wariyapola	○	7*7
Kuliyapitiya	□	7*7
Negombo	⬠	24Hrs
Wennappuwa	○	7*7
Chilaw	○	7*7
Divulapitiya	○	7*7

Centre	Type	Operating Hours
Kochchikade	○	7*7
Marawila	○	7*7
Kalubowila	△	7*8
Panadura	○	7*7
Nagoda	□	7*7
Homagama	□	7*7
Mount Lavinia	○	7*7
Dharga Town	○	7*7
Kottawa	○	7*7
Piliyandala	○	7*7
Aluthgama	○	7*7
Mathugama	○	7*7
Bandaragama	○	7*7
Maharagama	○	7*7
Panadura 2	○	7*7
Wadduwa	□	7*7
Ratmalana	○	7*7
Wellawatta	○	7*7
Dilma	⬠	24Hrs
Kekirawa	○	7*7
Kahatagasdigiliya	○	7*7
Anuradhapura - Bank Town	○	7*7
Kebatigollawa		7*7
Anuradhapura	⬠	24Hrs
Thambuttegama	□	7*7
Vavuniya	○	7*7
Horawpathana	○	7*7
Galgamuwa	○	7*7
Madawachchiya	○	7*7
Polonnaruwa	□	7*7
Wattala	○	7*7
Hendala	○	7*7
Wathupitiwala	□	7*7
Gampaha	○	7*7
Kiribathgoda	○	7*7
Kandana	○	7*7
Veyangoda	○	7*7
Mawaramandiya	○	7*7
Ragama	△	24 Hrs
Kandana2	○	7*7

Centre	Type	Operating Hours
Kadawatha	○	7*7
Ganemulla	○	7*7
Mahabage	○	7*7
Norris Canal	△	24 Hrs
Castle Street	□	7*7
Sri Jayawardanapura	○	7*7
Kaduwela	○	7*7
Malabe	○	7*7
Maligawatta	○	7*7
Golden key Hospital	○	7*7
Boralla		
Grandpass	○	7*7
Narahrenpita	○	7*7
Kolonnawa	○	7*7
Jaffna	△	7*7
Kilinochchiya	○	7*7
Trincomalee - Dyke Street	○	7*7
Trincomalee	△	7*7
Kantale	○	7*7
Matara	△	7*7
Thangalla	□	24Hrs
Embilipitiya	○	7*7
Debarawewa	○	7*7
Walasmulla	○	7*7
Ambalantota	○	7*7
Matara	○	7*7
Kamburupitiya	○	7*7
Rathnapura	△	7*7
Balangoda	□	7*7
Awissawella	□	7*7
Batticaloa	△	7*7
Kalmunai	□	7*7
Bambalapitiya	○	7*7
Deiyandara	○	7*7
Rilaulla	○	7*7
Boralla	○	7*7
Padukka	○	7*7
Beruwala	○	7*7

THE DURDANS BUILDING AND VISION 2022

The iconic Vision 2022 project faced considerable challenges during the preceding period, commencing from the COVID-19 pandemic that impeded operations in the past two years, to the political and economic crisis that characterised the present year. The volatile environment disrupted worker availability and the shortage of essential materials impeded construction activity. However, despite the drastic increase in investment incurred by the project, Durdans Hospital made a conscious decision to pursue the project in order to elevate the proposition of quality and care offered by the hospital.

Due to the combined efforts of all key stakeholders, the Alfred House Wing is scheduled to be completed in June 2023, while the 6th Lane Wing will open in September of the same year.

Facilitating Neuro Care

The premises will house 2 cutting edge neuro theatres, a neuro ward and a neuro ICU which are to be commissioned in May, thereby enabling Durdans Hospital to gain a status as the foremost authority on neuro care in Sri Lanka.

Wellness and Rehabilitation Centre

Durdans Hospital believes in offering a holistic patient experience, and therefore invested in building a Wellness and Rehabilitation Centre. The facility will be home to a state-of-the-art rehabilitation centre designed to deliver post-surgical rehabilitation facilities for disciplines including paediatrics, orthopaedics, cardiology and neurology. The premises are designed to provide a welcoming and pleasurable ambience to support post-surgical recovery in a non-clinical setting.



The Centre further explores aspects of wellness and mindfulness, and will be equipped with a gym and meditation room, in addition to providing a space for psychological care.

INVESTING IN STATE-OF-THE-ART EQUIPMENT

As in the past, Durdans Hospital continued to invest in leading-edge technology to drive precision and accuracy, thereby achieving improved patient outcomes. While the year under review considerably hampered the purchase of equipment due to the depreciation of the rupee and the shortfall of foreign exchange, Durdans successfully circumvented these concerns by strategically purchasing the equipment well in advance.



RS. 527 MN

INVESTED IN
EQUIPMENT

Accordingly, the following equipment and technologies were purchased during the year. It is worth noting that thanks to these investments, the Hospital now possesses Neuro Microscope Zeiss Kinevo 900 and Neuro Navigator Medtronic S8 Stealth Station, the only one of its kind within the private healthcare sector in Sri Lanka.

Aspect of Care	Equipment	Value Addition/Outcome
Diagnostics and Investigations	Ultrasound System - [Voluson E8 BT20 Radiance]	Handling routine to complex women's health exams with ease and precision.
Eye	Ophthalmic Data Management System [Forum] (Zeiss)	Patient examination data to make confident decisions at a glance.
Eye	Slit Lamp with Video Attachment [SL 800] (Zeiss)	Premium optical quality with a high level of comfort.

Capital Reports



INTELLECTUAL CAPITAL



The Durdans brand has long been synonymous with quality, as evidenced by the achievement of the JCI accreditation for the 6th consecutive years

Our Intellectual Capital:

Intellectual Capital is defined as the intangible processes, systems, knowledge and competencies that are unique to the organisation.

Strategy

The following strategies help nurture our intellectual capital:

- Quality and Care
- Systems and Technology
- Research and Development

Outcomes:

- Accessibility and Convenience
- Productivity and Efficiency
- Safety and Security
- Unmatched Customer Experience

QUALITY AND CARE

The Durdans brand has long been synonymous with quality, as evidenced by the achievement of the JCI accreditation for the 6th consecutive years. The hospital further aligns itself with the ISO 15189:2012 standard, which specifies requirements for quality and competence in medical laboratories in accordance with international standards.



JCI ACCREDITATION
ACHIEVED FOR THE
6TH CONSECUTIVE YEAR



ISO 15189:2012
STANDARD

While aligning ourselves with the aforementioned standards, Durdans believes in pursuing 'Quality Beyond Accreditation'. These efforts are underpinned by 6 key principles that collectively form our holistic approach towards quality and care. In doing so, the Hospital is able to build higher levels of trust among its patients and the general public.

DURDANS
HOSPITAL
The Durdans Brand

THE DURDANS BRAND
WAS REPOSITIONED IN
2017, AND IS CENTRED
AROUND AN OVERARCHING
COMMITMENT TOWARDS
DEDICATION, COMPASSION
AND CARE.



1 Empathy



2 Technology



3 Affordability



4 Human Capital

Quality Beyond Accreditation

Safety

Avoiding injuries to patients from the care that is intended to help them

Timeliness

Reducing wait times and often harmful delays for both those who receive and those who give care

Efficiency

Avoiding waste, including waste of equipment, supplies, ideas, and energy

Efficacy

Providing services based on scientific knowledge to all who could benefit, and refraining from providing services to those not likely to benefit

Equity

Providing care that does not vary in quality because of personal characteristics such as gender, ethnicity, geographic location, and socioeconomic status

Patient-Centricity

Providing care that is respectful of and responsive to individual patient preferences, needs, and values, and ensuring that patient values guide all clinical decisions

Capital Reports

Intellectual Capital

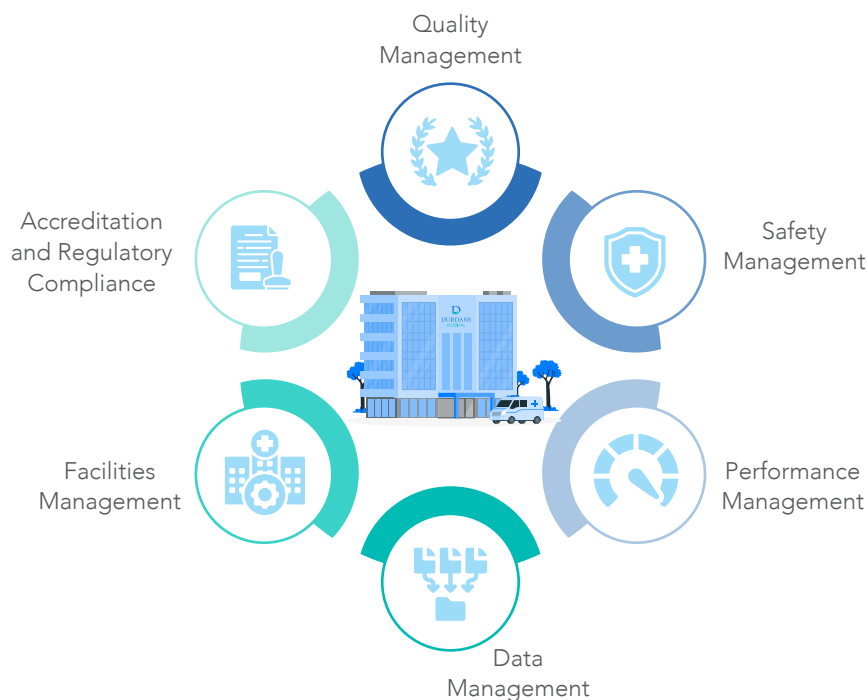
Regular risk assessments are conducted to determine the need for policy revisions and formulation in order to minimise the risk of error and a Quality Assurance Team has also been established

The oversight of quality assurance falls under the purview of the Board of Directors, which in turn cascades down to a dedicated Clinical Governance Committee. The Committee comprises a cross-section of experts from the hospital's higher managerial levels, thereby providing wide-ranging perspectives and inputs that would serve to further enhance and elevate quality standards across the organisation.

The Clinical Governance Committee works in conjunction with the Risk

Management Committee to assess, anticipate and address potential and emerging risks in a timely manner and focuses primarily on ensuring the safety and quality of clinical, managerial and facility-related processes. Regular risk assessments are conducted to determine the need for policy revisions and formulation in order to minimise the risk of error.

A Quality Assurance Team has been established, comprising six individuals dedicated to the oversight of the following topics:



DEFINING PATIENT-CENTRICITY AT DURDANS

Dignity and Respect. We listen to and honour patient and family perspectives and choices. We incorporate patient and family knowledge, values, beliefs, and cultural background into care planning and delivery.

Information Sharing. We communicate and share complete and unbiased information with patients and families in affirming and useful ways. Patients and families receive timely and accurate information so they may effectively participate in care and decision-making.

Participation. We encourage patients and families to participate in care and decision-making at the level they choose.

Collaboration. We invite patients and family members to work with our care providers and hospital leaders on policy and program development, execution, and evaluation; in health care facility design; and in professional education and care delivery.

Access. The care we provide is equitable and flexible, and is delivered as efficiently and timely as possible.

Care Coordination. We focus on the coordination of patient care and patient and family needs. Our healthcare teams are trained, and our systems are designed to support transition, integration, and continuity of care. Emphasis is placed on continuous healing relationships.

Position Durdans as the most person-centered health care provider in SL [65% Patient Centered survey rating of 4 and above by Q4 2024]

- KRA B6.1: Ensure that more than 50% of Durdans registered patients have read and understood their rights and responsibilities as patients
- KRA B6.2 / B7.3: Ensure that more than 50% of frontline staff understand expected behaviours and treat patients with respect and dignity
- KRA B6.3: Ensure that more than 50% frontline staff understand, can explain and show how patient's right for confidentiality, privacy and security can be maintained.
- KRA B6.4: Ensure more than 80% clinical staff can explain what measures can be taken to provide patients with restful and healing environment during care the process.
- KRA B6.5: Ensure 100% patients are daily updated about their clinical status and are encouraged to ask questions in relation to their care and give voice to their preferences.
- KRA B6.6: More than 80% frontline staff attend & pass a person centered care training when tested for knowledge.
- KRA B6.7: Organisation identifies and implements 5 initiatives that will help patients to conduct practices related to their culture and belief systems.
- KRA B6.8: Create campaign on public awareness of patient rights and responsibilities as part of Durdans as a trusted health care provider



RS. 63 MN

INVESTED IN
TECHNOLOGY

SYSTEMS AND TECHNOLOGY

Durdans Hospital continued to pursue improved process efficiencies and system upgrades to uplift the overall patient experience, while minimising operational costs and thereby generating shareholder value. The Hospital values the security and privacy of its patient data, and therefore implements stringent strategies, protocols and software to enforce the highest levels of cybersecurity. In view of this commitment, at present, Durdans has aligned itself with the ISO 27001 standards.



Capital Reports

Intellectual Capital

Initiative	Cost-Efficiency	Accuracy	Productivity	Convenience	Accessibility	Data Security and Privacy	Business Continuity	Accountability and Trust	Health and Safety
Completed the evaluation phase of purchasing a full-fledged hospital system with consultation from the Ernst & Young team.	✓		✓	✓	✓	✓			
Implemented a smart car park solution with card payments to increase convenience for patients.				✓					
Moved some critical applications to the cloud environment to increase availability and efficiency.	✓				✓	✓			
Implemented a chatbot system with AI capability to respond to patients and obtain lab reports digitally.				✓	✓				
Implemented a brand-new firewall cluster to protect patient data from external parties.							✓		
Implemented a WiFi solution to provide better internet access for patients during their stay and efficient access to the system for staff.	✓		✓	✓	✓				
Implemented a Microsoft face application to avoid duplication of UHIDs and recognize patients without asking for their information.		✓				✓		✓	
Developed an outpatient EMR for channelling to provide digital prescriptions and maintain a digital record of the patient.	✓		✓	✓	✓	✓			
Established a connection with Union Assurance to transfer patient records digitally.	✓		✓	✓	✓	✓			
Implemented a channelling running number system to allow patients to see their ongoing number online before consultation, saving them time.			✓	✓	✓				
Implemented a system for the Dialysis unit to automatically and accurately track consumption.	✓	✓	✓					✓	✓
Automated the Lab reagent to detect consumption automatically and in real-time to avoid wastage and increase efficiency.			✓					✓	✓
Implemented a digital room number system to update consultant and patient details via the system.			✓						
Implemented a booking system to reserve slots for services such as radiology, physiotherapy, ECG, echo, etc.			✓		✓				
Implemented Zeiss EMR to the ophthalmology section to keep patient records digitally and allow doctors to access them remotely.					✓		✓		

Future Outlook

- The Hospital hopes to implement digitalization initiatives to minimise its paper consumption in the future.
- Durdans Hospital is taking steps to ensure adherence to the new Personal Data Protection Act No. 9 of 2022.

CAPACITY BUILDING

Durdans continues to enhance knowledge and skills through training and development activities. Further information in this regard can be found on pages 44-45 of this report.

Additionally, the Amrak Institute of Medical Sciences, which is a subsidiary of Durdans Hospital, continued to enhance and nurture skills and competencies within the healthcare sector. Specialising in Biomedical, Biotech and Nursing fields, the institution supports the future generations by fast-tracking their path to progress and providing opportunities for employment.

The Amrak Institute seeks to provide an open environment for learning, utilising technology, research and expertise to hone the skills of youth from across the island.

- AMRAK institute of Medical Sciences is approved by Tertiary and vocational education commission Sri Lanka (TVEC) comes under the governance of Ministry of Education
- Public Health Services regulatory council Sri Lanka comes under the governance of Ministry of Health
- AMRAK is one of the Approved higher education institute to deliver NCUK – International Foundation Year -Science in Sri Lanka.

NCUK qualifications are specially designed with NCUK consortium universities to give international students the skills they need to succeed at university.

As a university consortium, NCUK also offer our students a guaranteed place on thousands of degree courses at leading universities.

- AMRAK is the Strategic Partner/ Franchised education partner to deliver BSc (hons) Professional Practice degree from Birmingham City University, UK to offer degree in Sri Lanka.
- AMRAK Also closely working with University of Technology Sydney to offer transnational programme which open Sri Lankan students to complete one year of Study in Sri Lanka and Complete 2 years in UTS Australia.
- AMRAK is Transnational Education partner to Flinders University, South Australia which opens Sri Lankan Students to complete Two years of Higher Diploma in Biomedical Science and complete final two years in Australia.
- AMRAK Institute of Medical sciences is partnering to UK WOLVERHAMPTON NHS Trust to facilitate Nurses for International Placements.
- We are a strategic Partner to SLEC College, Vancouver, Canada to facilitate Nursing Graduates for Postgraduate Studies and for their Work placements in Canada.



OVER 350

STUDENTS



Capital Reports



HUMAN CAPITAL



We promote diversity and equal opportunity within the workforce and therefore do not discriminate based on gender, race, sexual orientation, ethnicity, religion or disability

Our Human Capital:

Human Capital comprises employees' skills and experience and their ability to innovate, implement strategy, and remain aligned with the organisation's goals.

Strategy

The following strategies help nurture our human capital:

- Employee Diversity and Equal Opportunity
- Recruiting the Right Talent
- Training and Development
- Remuneration and Benefits
- Engagement and Communication

Outcomes:

- Employee Well-being and Welfare
- Loyalty and Trust
- A Skilled Workforce
- Quality of Care
- Ethical and Fair Practices

The stalwart dedication and commitment of the workforce is a key enabler of Durdans Hospital's excellence in outcomes and quality of care. The year under review placed significant pressure on the welfare of the workforce owing to the far-reaching impacts of the economic crisis; however, the hospital continued to support its employees, while enabling uninterrupted during the year.

The hospital's human capital comprises individuals skilled in a range of disciplines and roles, including medical officers, nurses, medical support staff, administrative staff and expert resident and visiting consultants.

Employee Diversity - FY 2022/23	Male	Female	Total
Executive	150	139	289
Non Executive	491	1252	1743



2,032

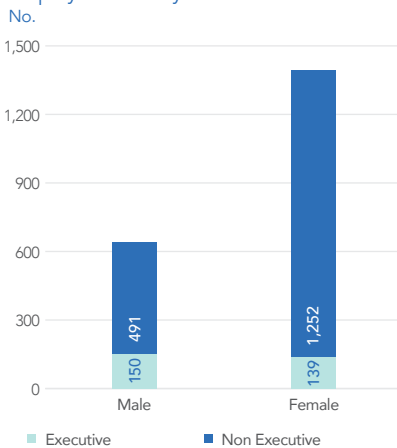
TOTAL
EMPLOYEES



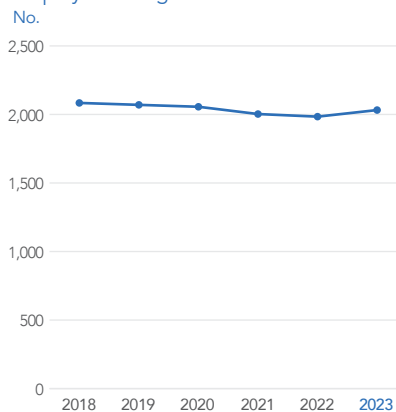
1,391

FEMALE
EMPLOYEES

Employee Diversity



Employee Strength



	2018	2019	2020	2021	2022	2023
Employee Strength (No.)	2,084	2,070	2,056	2,003	1,984	2,032
Female Employees as a % of Total Employees	69	68	69	69	70	68
Employees Below the Age of 30 (No.)	832	763	988	1,067	992	973

Capital Reports

Human Capital

Ours is a culture that values and recognises each employee for their contribution towards the organisation’s growth and success. Also there are clearly defined channels are in place to address any employee grievances.

- The following policies support Durdans Hospital’s culture of diversity and equal opportunity:
- Workforce Diversity Policy
 - Gender Diversity Policy
 - Boardroom Diversity Policy

EMPLOYEE DIVERSITY AND EQUAL OPPORTUNITY

We promote diversity and equal opportunity within the workforce and therefore do not discriminate based on gender, race, sexual orientation, ethnicity, religion or disability.

Ours is a culture that values and recognises each employee for their contribution towards the organisation’s growth and success. Clearly defined channels are in place to address any grievances and the hospital ensures the staff remain aware of the underlying policies and values that govern the hospital’s operations through ongoing communication.

EMPLOYEE RECRUITMENT

Durdans Hospital’s recruitment policy is formulated around the premise of aligning the right individual and the right skills for the right role. All roles and responsibilities within the organisation are classified according to pre-defined job specifications, competencies and qualifications.

Due to the critical nature of the healthcare industry, each candidate undergoes a stringent vetting process before recruitment. All medical professionals, resident doctors and consultants are assessed by the ‘Credentialling and Privileging Committee’ prior to being onboarded onto the team.

The hospital relies on internal and external recruitment to source the right talent. The hospital seeks to fill vacancies from within the existing workforce, based on their capabilities and skills. However, in the event roles cannot be fulfilled from within the organisation, recruitment takes place via external channels including social media channels and newspaper advertisements.

An end-to-end recruitment portal enables greater accessibility to the existing employees and the general public, while supporting a major component of the recruitment function to be conducted virtually. The portal allows vacancies to be uploaded through the hospital’s official website and the internal HRIS system.

New recruits are onboarded via a buddy system, through which they are allocated a co-worker/mentor for a period of six months. This process enables them to become familiarised with the organisation’s culture, policies and systems and supports their full integration into the workplace.

Despite the overwhelming challenges experienced during the year with respect to macroeconomic conditions, the hospital recruited substantial number of new employees, thereby resulting in 2,032 employees within the workforce.

In order to offer an attractive employee proposition that would help attract, motivate and retain a dedicated



workforce, we strive towards being a preferred employer within the healthcare industry.

REWARDS, BENEFITS AND REMUNERATION

Durdans adheres to a performance-based culture and relies on annual appraisals to determine employee remuneration. All remuneration is conducted with an unbiased and non-discriminatory approach and follows industry standards and regulatory requirements.

The remuneration offered to employees is structured in line with guaranteed fixed salaries, with variable allowances and/or bonuses disseminated in accordance with the respective employee’s performance, contribution towards KPIs and the organisation’s performance.

A performance management framework has been established to ensure employees are rewarded in line with the feedback obtained from their relevant line managers and the achievement of their respective KPIs.



TRAINING AND DEVELOPMENT

Employee training needs are determined through the various gaps identified through performance appraisals. The HR department utilises the results of the performance appraisals to build a training calendar. All programmes are formulated in collaboration with each respective line manager, which ensures that employees receive a solid foundation that enables their progress along the career ladder.

- A total of 1,596 training hours were covered

EMPLOYEE ENGAGEMENT AND COMMUNICATION

Durdans firmly believes that effective communication and engagement drive employee motivation and commitment – thereby contributing towards improving the overall customer experience.

In line with this principle, the hospital engages with its employees via a range of communication platforms such as circulars, posters and the intranet. All material is developed in a trilingual format to ensure all employees are aware of any developments to the hospital's policies, processes and systems.

The Reach HR function on the HRIS enables employees to contact the Human Resources Department to voice their concerns and any potential gaps in operations as and when they arise. The senior management are accessible to employees to raise any grievances



The following benefits are offered to full-time employees:

Insurance Benefits

Staff Discounts on Medical test

A fund of Rs.5000/- was given to each employee during the crisis period.

Employees job security was stable.

Minimum Salary slab brought to Rs. 20,000

Increments and Bonus during the annual cycles

Capital Reports

Human Capital



Enabling Emergency Preparedness

- Regular fire safety training programmes are conducted
- Mock drills are conducted for emergency evacuations
- All employees are apprised of routine fire safety training procedures and protocols
- Fire wardens are appointed to each unit to oversee and direct any evacuations when required



HEALTH AND SAFETY

Due to the nature of the hospital's operations, the health and safety of employees is an integral aspect of managing risks within the organisation. The hospital nurtures a safe environment through stringent Standard Operating Procedures, which have been developed in accordance with internationally accepted standards and best practices.

This commitment extends to every level of the hospital's operations and therefore several committees across the organisation are responsible for the oversight of health and safety conditions for both patients and staff. The committees remain accountable for minimising and mitigating any occupational hazards and safety-related risks.

All safety policies and emergency response mechanisms are continuously assessed and upgraded with the support of the Quality Assurance Division to maintain the highest standards of health and safety. The staff are regularly trained in aspects related to occupational health and safety, in order to mitigate the hospital's high-risk environment.

and share their ideas. These channels serve to nurture a culture of innovation, collaboration and continuous improvement.

A whistle-blowing policy has been established to ensure employees can report any potential incidents of fraud, malpractice or any other illegal or unethical activities that are witnessed within the organisation. Any employee is provided the freedom to report such incidents in complete anonymity, without fear of retaliation.

The hospital conducts a range of welfare programmes, including festivals and new year celebrations, listed below:

- Sinhala and Tamil New Year Celebrations
- Townhall Meetings
- Team Building Activities
- Karoke Night
- Poson Dansal and Bhakthii Ghee
- Employee of the Quarter Programme



Future Outlook

HR to be in a position towards creating Equity and a diversified work environment to all staff, we reinvest on employees performance, upskilling and planning ways of rewarding and recognizing the top talent.

Capital Reports



SOCIAL AND RELATIONSHIP CAPITAL



Our role as a purpose-built tertiary healthcare facility drives us to pursue excellence across the entirety of our operations



Our Social and Relationship Capital:

Social and Relationship Capital comprises external partnerships spanning customers, business partners and the surrounding community.

Strategy

The following strategies help nurture our social and relationship capital:

Customer Relationship Management

- Healthcare Excellence
- Customer Convenience and Accessibility
- Customer Engagement and Communication

Business Partner Management

- Procurement and Onboarding
- Supplier Engagement

Community Relationship Management

- Community Programmes

Outcomes:

- Quality of Care
- Loyalty and Trust
- Convenience and Accessibility
- Business Continuity
- Community Health

Our customers, business partners, and the local community constitute our external partnerships, which together serve as our social and relationship capital. These relationships are approached with the same degree of commitment and consideration that characterises every aspect of our operations. Throughout the year, we maintained our engagement with the people and organisations who comprise our social and relationship capital in an effort to generate significant, mutually beneficial outcomes designed to improve and elevate the lives of the people around us.

Customer Relationship Management

Customers continue to be our topmost priority at Durdans Hospital. With cutting-edge technology and outstanding competencies in a wide range of fields, the hospital engages in the continuous pursuit of improving and enhancing its services, even as we strive towards advancing healthcare across every discipline in which we serve.

HEALTHCARE EXCELLENCE

Our role as a purpose-built tertiary healthcare facility drives us to pursue excellence across the entirety of our operations. We currently provide unrivalled capabilities as Centres of Excellence in eye, orthopedic, and cardiac care while making major strides toward achieving excellence in genitourinary and neurological care. The Manufactured Capital section on page 29 of this report contains a list of the equipment acquired to support this commitment, and enable the hospital to offer minimally invasive procedures, drive precision and achieve improved patient outcomes across the board.



436,251
PATIENTS TREATED
IN 2022/23



7,250
CHATBOT
INQUIRIES



36,590
SURGICAL
PROCEDURES
PERFORMED



696
USERS OF THE
MOBILE APP



2,468,515
TESTS CONDUCTED



Our skills and expertise in nursing care continue to enhance our overall value proposition. All staff members are fully equipped to contribute to the entire client experience by undergoing comprehensive training in the areas of care and quality management.

The landmark Vision 2022 project, which is further discussed in page 13 of this report, is designed to take healthcare in Sri Lanka to new heights. In order to ensure that our patients have a higher quality of life, we place a strong emphasis on offering a comprehensive and balanced healthcare solution that focuses on aftercare and well-being, encompassing facilities and services for geriatric care, preventive care, and rehabilitation through our leading-edge Wellness Centre. Furthermore, the project will serve as the location for our state-of-the-art neuro care centre, offering full spectrum of neuro-services spanning neurology, neurosurgery, and neurorehabilitation.

Durdans Hospital executed all its operations in an uninterrupted and seamless manner to serve our customers despite the numerous setbacks and mobility restrictions we encountered

throughout the year. All outstation locations continued to conduct routine investigations while our hospital and laboratory network remained fully operational.

The affordability of healthcare came under severe pressure throughout the year as a result of the rising prices brought on by the effects of the economic crisis. Durdans Hospital ensured that the patients did not bear a substantial share of the burden, thereby providing continued access to healthcare to individuals from all walks of life.

Our island-wide network and mobile investigation units promote accessibility to a variety of diagnostic services and medical care and in this regard, Durdans Hospital continues to take the lead in terms of market share. Pages 31 through 32 of this report includes more information on our laboratory network.

The Hospital continues to utilise a running number system, which notifies the patient of the arrival of their consultant and the status of their scheduled appointment via the e-channelling app, in order to increase convenience for our patients and reduce waiting times.

Capital Reports

Social and Relationship Capital

Due to mobility restrictions that were in effect during the year, the Hospital relied on the digitalisation of a range of processes to offer uninterrupted care and convenience:

- Implementation of a chatbot system armed with AI capabilities to respond to patients and obtain lab reports digitally.
- Developing an outpatient EMR for channelling to provide digital prescriptions and maintain a digital record of the patient.
- Establishing a partnership with Union Assurance to transfer patient records digitally.
- Implementing a booking system to reserve slots for services including Radiology, Physiotherapy, ECG, Echo.
- Implementing Zeiss EMR technology to the ophthalmology section to maintain digital patient records and enable doctors to access them remotely.
- Implementing a SQL 2019 database cluster to securely store clinical and non-clinical data.
- Implementing a remote consultation system to consult microbiology bacterial plates remotely.

A few success stories are outlined below, illustrating Durdans Hospital's commitment to excellence and unmatched patient care:



“ My name is R. A Rangi. I live in Colombo. I work as a businessman.

I was finding it difficult to urinate and had regular stomach pain. When I first went to another hospital, I was told I had a kidney stone. They told me that they wouldn't be able to remove the stone as they didn't have the necessary equipment. It was then that I came to Durdans Hospital.

When I was at the other hospital, they said there was no way for them to remove these stones, and so I was wondering what I should do. It was then that I channelled Dr. Kalana Palliyaguruge. He told me that it was possible to perform the procedure. That night when I went home, I was in a lot of pain. I came back and was admitted at Durdans Hospital. The next day, I spoke to the doctor over the phone. Despite this taking place during the COVID-19 pandemic the doctor assured me that the procedure could be performed within the day. Dr. Kalana went on to perform the operation that very night.

When I went to other hospitals, they all told me that due to the position of the kidney stone they do not have the necessary equipment to remove it. It was then that a friend recommended I come to Durdans Hospital and meet Dr Kalana Palliyaguruge as he will most likely have a solution. The doctor reassured me that Durdans Hospital has the equipment needed to perform the procedure and that we will do the procedure. I was scared at first, but the next day after the procedure I was able to be discharged and even drove myself home. Even though it was a significant operation it felt very minor to me.

Before the operation, I had to take medication every day and go for numerous hospital visits. It has been a year since I had the surgery, and I am perfectly healthy now; I don't even have to be on medication. I just make sure I drink some extra water.

6 months after the operation I was surprised that Dr. Kalana called me personally. I was shocked because doctors don't usually personally follow up with patients. I really appreciated the gesture a lot. ”



Neurology

I am Derrick Hepponstall, a musician by profession. I played with the Gypsies for 20 years. I live with my wife, Anoma, and I have two sons who are working abroad. I have been diagnosed with Parkinson's Disease. As I grew older, my wife noticed I began to slow down my stride and she was concerned for me. Then I caught COVID-19 and underwent treatment, recovering slowly. But the doctor examining me saw that I was shivering and informed my wife about it. During that time, I had a bad fall and hit the back of my head, so the doctor suggested that we do a scan for it.

The scan showed fluids filled in my head cavities, so I had to undergo an operation to clear and remove the fluids by installing a shunt. Dr. Stravinsky Perera performed a very successful VP Shunt surgery, and I felt no pain.

I stayed at Durdans Hospital for three days to recover, and the staff and nurses all treated me well. I am happy and grateful that I chose Durdans Hospital for my Shunt Insertion.

My name is Prashan. I am studying in the UK, doing a Civil Engineering degree. I had back pain and I tried to get medicine through the British Government (NHS) but because it takes a long time, I came to Sri Lanka.

When I was in Sri Lanka, I was lifting a heavy box. The box slipped from the other person's hand, so all the weight fell on me. I felt something change in my body. But it became better gradually. Then afterwards, I had a thigh pain which gradually became worse. I went to the UK and did physiotherapy there, which helped a lot. But on Christmas, I caught COVID-19 so this caused me to stop all exercises I was doing before. Then, when I tried to exercise again, I felt a lot of pain. But the pain became worse with the exercise; I couldn't sit or stand, and I couldn't bear the pain.

Then from the NHS, I was called in to do an MRI. The MRI showed that there was a disc bulge and my L4-L5 spine roots were compressed, that I could go into Cauda Equina Syndrome.

Then last Thursday, the NHS told me I would have to go into surgery but it would take me a year because the waiting list was long. So, we took the decision to come to Sri Lanka for this surgery.

The doctor said this was a surgery that would normally be done on people who played sports a lot. The disc bulged and we had to fix it. I couldn't feel any pain, and when the surgery was finished, I couldn't feel the pain I had before. I am doing well now, there is no pain.

I am grateful for everyone in the hospital for taking care of me and helping me throughout everything. I need to thank Sister Dagma for recommending me to the doctor to do the surgery. With Sister Dagma's help as well as the help of the doctor and my parents, I was able to do the surgery as quickly as possible. I am thankful for everyone including the doctors and nurses and my parents.

Capital Reports

Social and Relationship Capital



Cardiology

“ **My name is Cyril Perera**, I’m a UN staff member, I was involved in the automobile field. I got malaria. With malaria I got pneumonia twice, which affected me a lot. After surgery you have to stay another 2-3 months over there until you are completely recovered. And since there is no proper resident in Singapore it was suggested that I approach Dr. Kesava Dev at Durdans Hospital. I was so lucky in that way. In the meantime I tried to find Dr. Dev on Google. I learned that he already conducted more than 9,000 surgeries in Sri Lanka and I requested assistance from the cardiac office and they helped me a lot. And finally, as the last person the doctor checked me. At that moment I didn’t have words to explain how happy I was. Doctor told me to start the investigation as soon as possible, and I did the investigations and prepared for the surgery.

The procedure I had to face was called a CABG (Coronary Artery Bypass Graft), which is a bypass high-risk operation with pump. And I had 3 or 4 blocks. He cleared all of them, and my mitral valve was replaced.

He didn’t want to scare me, but I knew very well that he was going to handle a very critical case because my doctor from the other hospital, last minute insisted, “Perera, don’t go to surgery because your lungs are very weak. You’ll be in trouble.” When I told this to Dr. Dev, he laughed and said, “Yes yes, Perera, you’re not in trouble. I’m in trouble. Let me handle it.”

So, all the weight vanished from my head, and I came to the hospital for surgery with great confidence.

I have to thank your staff. I never thought Durdans will fail in any case. Actually, I didn’t want to ask the doctor what the procedure is, because I have read about my heart condition on Google so many times. I knew what kind of treatment I needed, so I did not ask a lot of questions. Even when I asked questions, the doctor made me laugh. I was laughing with him and I trusted him a lot. So, I never questioned him. I was really really confident.

I found more love, more care in Durdans and everything was different. The nurses were like my daughters. Some of them called me dad because I got used to calling them daughter. Also, in the ICU there are two guys called masters. They were remarkable. The first two days, I was too scared to call them in the hospital. In the hospital, even before I could call them, the ICU staff would just hear my hum and they would come and check up on me. Some of the time I was a little shy because I was thought I was unnecessarily disturbing them, but they are not like that. I think I was in the ICU for more than 18 days, and for all days they treated me well. When I was recovering, they were very close to me.

If we start from the ICU, I support the staff and they did everything. At the ward, my wife and I were in the room, and they taught my wife how to dress my wounds and how to do the physical exercises with Mr. Sameera and Mr. Prabath.

Mr. Sameera, I give him big credit because on the first day he asked me to climb 5 steps, second day 10 steps, and all the time he asks me about the world, my family and I know he wants to keep me talking while walking. I am doing exercises every day. I am sending my glucose and blood pressure reports and they are encouraging me to increase my walking time to recover very soon. And now I’m walking around 3 minutes. So, I feel like I’m getting better very quickly.

If I had the time, I would write a book about my experience at Durdans Hospital. That is very important to other people who need your service. All my questions were answered without any delay and all personal requests were attend to so fast. That is what a patient needs. If something was delayed, we get even more sick, but I never experienced this. Your place is great. Very much appreciated. I pray hard to keep your place up and running with more sophisticated equipment, new technology and more kind staff. Thank you, thank you very much.”



relevant to medical services and staff engagement in order to further improve our understanding of our customers and pinpoint any gaps in our service proposition. The survey additionally provides the hospital with the opportunity to calculate its Net Promoter Score, which indicates the likelihood of a patient to recommend Durdans Hospital's services to others.

All complaints are handled through the hospital's Customer Relationship Management (CRM) System, and the senior management assesses and monitors any such complaints to undertake any corrective measures. In addition, frequent meetings with management are held to expedite decision-making and decrease response times.

CUSTOMER ENGAGEMENT AND COMMUNICATION

To make sure we continue to fulfil their needs, we monitor on patient feedback on a regular basis. Patients are visited

daily to understand their needs and requirements and ensure they are satisfied with our service throughout the duration of their stay. The customer survey is designed to collect information

The hospital continued to provide a range of channels for customers to ensure seamless connectivity amid the economic crisis:



Chatbot

The chatbot was available via the website around-the-clock, allowing users to ask simple questions online. In addition, a live agent was assigned to address any issues that the chatbot was unable to resolve.



Social Media and Online Channels

The hospital was contactable via Whatsapp, Facebook, Instagram and the hospital website.



Medical helpline

In order to connect patients with the appropriate consultants based on their symptoms, a doctor was assigned to the call center to offer a free initial consultation.



Audio and video channelling

The hospital's contact center used audio channelling to link the consultant with the appropriate patient and manage prescription details accordingly. E-channelling was used to conduct video consultations.



The Durdans Hospital mobile app

The mobile app offered a variety of features, such as the ability to schedule consultations and check lab locations and reports.

Capital Reports

Social and Relationship Capital

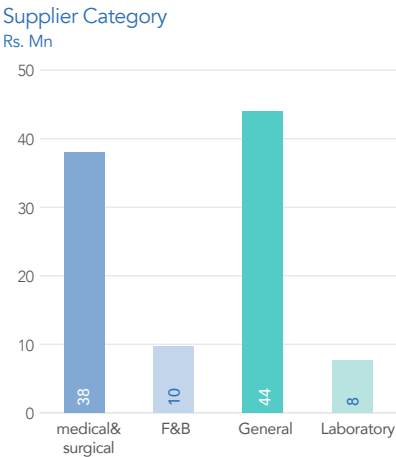
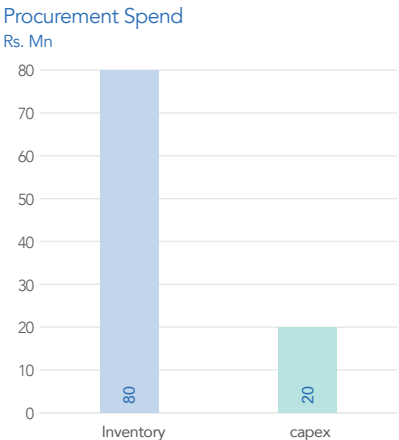
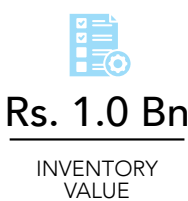
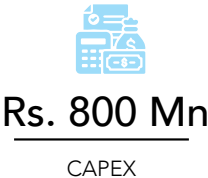
Our long-term partnerships are based on producing results that are advantageous to all the parties and add value by boosting the hospital experience at every level, benefiting all the stakeholders.

Business Partner Management

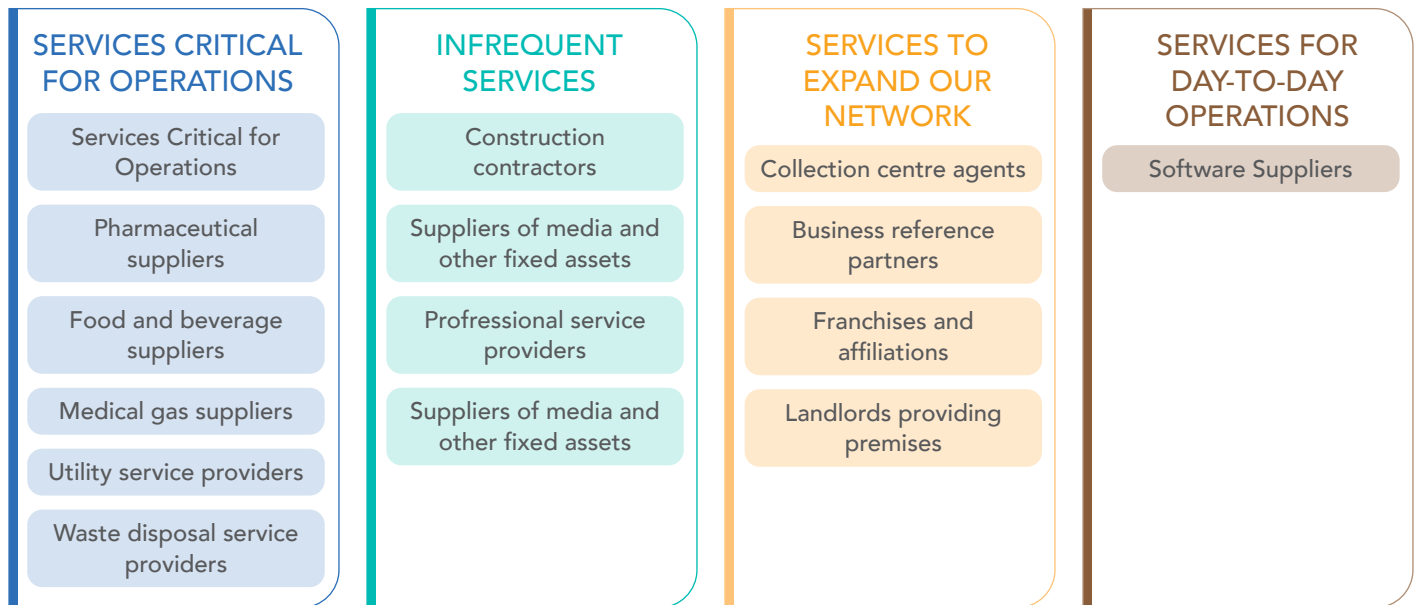
Our business partners represent a variety of people and organisations dedicated to providing products and services of the highest calibre, in keeping with our goals of providing patient care that is best-in-class. Our long-term partnerships are based on producing results that are advantageous to both parties and add value by boosting the hospital experience at every level, benefiting the local economy, and reducing costs. A systematic method is in place to maintain constant contact with our business partners due to the vast scale of the organisation’s supply chain, owing to the variety of services and clients we offer.

Our business partners comprise a diverse group of specialists from a range of fields, including reputable healthcare advisors, general and pharmaceutical suppliers both locally and internationally, and manufacturers of high-quality medical

equipment. With a continuous supply of medicine, expertise, and cutting-edge medical equipment made possible by these longstanding collaborations, the hospital can provide patients with exceptional care.



SUPPLIER COMPOSITION



SUPPLIER ENGAGEMENT

We undertake a transparent, accountable approach to all supplier relationships and employ a well-organised system that strikes a balance between cost-effectiveness, quality, and grievance handling. Durdans Hospital works hard to develop strong business ties that advance sustainability and accountability throughout the supply chain. Therefore, all onboarded suppliers are required to sign an agreement which at minimum entails adherence to local laws and regulations. A Code of Ethics and Business Conduct additionally defines the level of integrity that Directors, Management, and staff are required to uphold.

We make sure that any complaints and issues from our suppliers, particularly those related to the procurement process, can be brought up with the relevant Group sectors in accordance with our commitment to transparency and equality. A Supplier Round Table encourages discussion, while a structured

feedback mechanism has been put in place to make sure that customer and partner expectations are met.

In order to address and effectively resolve any complaints, suppliers also have the chance to speak with top-level management directly. Additionally, Durdans Hospital regularly meets with pharmaceutical suppliers to stay updated on any market developments. To learn the proper techniques and practises for using surgical and medical equipment, our employees attend training sessions run by the relevant supplier.

PROCUREMENT AND ONBOARDING

By maintaining 2-3 vendors in the system, Durdans Hospital ensures risk mitigation in terms of procurement. Ongoing access to resources and services and preventing disruptions to our unsurpassed standards of care. In order to provide each vendor with an equal chance to work with us, the hospital must also obtain a minimum of three quotations during the process. To

guarantee that the final product offers optimised results to both the patient and the carer, all end users are included in the quality assurance process. To evaluate and keep track of all required procurement activities, a specialised quality assurance division has been established. The aforementioned team conducts routine audits to make sure the suppliers are aligned with hospital requirements, and the Durdans Hospital Risk and Compliance team conducts quarterly audits and random checks to minimise any stock discrepancies and make sure that quality standards are fulfilled. The hospital also makes sure that every surgical and medical equipment is NMRA-approved.

Capital Reports

Social and Relationship Capital

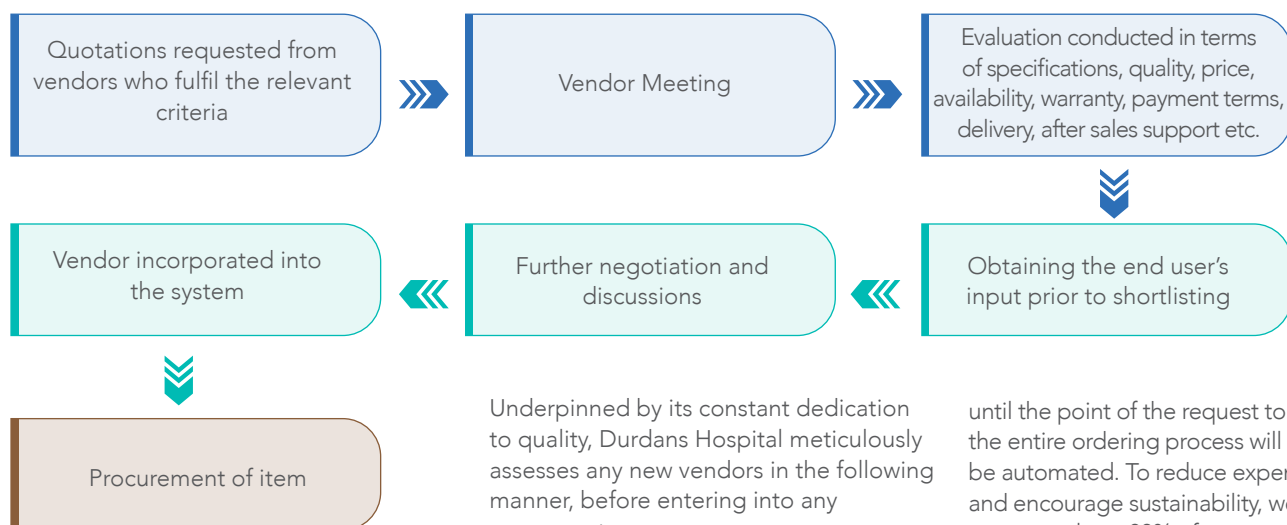


IMPACT OF THE ECONOMIC CRISIS

In the past year, Sri Lanka faced a challenging period due to the economic crisis, and its resultant impact on the restriction of imports and the availability of fuel. While these circumstances impacted the healthcare industry in more ways than one, the limitation of stocks for certain items, delivery delays, shorter credit periods and scarcity of available items were critical areas of concern.

Furthermore, the escalation of prices in the market resulted in unprecedented high in operating costs and the temporary suspension of certain imported items which affected the day-to-day operations of the hospital.

Through it all, Durdans Hospital successfully navigated through the constraints through timely strategies and a strong, previously established policy framework. The hospital partnered with long-standing suppliers to advise on product availability to purchase anticipated stock-out items in advance. Additionally, prudent measures were implemented, by ensuring vendor payments were conducted in a timely manner to maintain credit periods, while the hospital increased the buffer stock for essential medical and laboratory SKUs which were anticipated to go out of stock.



Underpinned by its constant dedication to quality, Durdans Hospital meticulously assesses any new vendors in the following manner, before entering into any agreements:

Future Outlook

Through increased efficiencies, the hospital intends to strengthen its relationships with its suppliers even further. From the end user

until the point of the request to the vendor, the entire ordering process will hopefully be automated. To reduce expenses and encourage sustainability, we aim to convert at least 80% of our procedures to a paperless system. Our planned transition to an industry-standard ERP will also be crucial for improving decision-making in the long run.



NATURAL CAPITAL



All staff members are required to adhere to safe and responsible waste disposal practices, thereby minimising the occurrence of adverse impacts towards the environment and surroundings communities

Our Natural Capital:

Natural Capital are the renewable and non-renewable resources utilised to provide services and products, and the ecosystem services that support life and well-being.

Strategy

The following strategies help nurture our natural capital:

- Responsible Waste Disposal
- Responsible Resource Consumption

Outcomes:

- Health and Safety
- Responsible Stewardship
- Cost Savings and Efficiencies
- Preserving the Planet

Capital Reports

Natural Capital

Durdans Hospital is built on the premise of providing healthcare in a sustainable manner, ensuring that all services are carried out with minimal impact on the environment. The organisation primarily deals with resources such as energy, water, paper, and waste, with underlying processes and policies to manage the same in a responsible and efficient manner, in line with their respective regulatory guidelines.

RESPONSIBLE WASTE DISPOSAL

	General Waste (Black)
	Infected Waste (Yellow)
	Food Waste (Green)
	Plastic/Polythene (Orange)
	Glass (Red)
	Paper/Recyclable (Brown)

As a healthcare institution, Durdans frequently engages with both hazardous and non-hazardous materials. All staff members are required to adhere to safe and responsible waste disposal practices, thereby minimising the occurrence of adverse impacts towards the environment and surroundings communities.

All waste is therefore clearly segregated and differentiated using colour coded bins. These are then gathered and stored in clearly defined zones within the hospital to avoid the risk of cross-contamination. All waste is disposed via third-party recyclers approved by the Central Environment Authority (CEA).

In line with the directive from the aforementioned regulatory body, all infected waste is submitted to a licensed third-party contractor equipped with an incinerator facility, to mitigate the likelihood of infection. In line with the municipality’s regulations, all food waste is collected by the Colombo Municipal Council, and all electronic and mercurial waste is handed over to CEA approved contractors to ensure the responsible disposal thereof.

RESPONSIBLE RESOURCE CONSUMPTION

During the year, the shortage of essential resources including fuel and electricity posed significant constraints to the sector. The hospital’s energy requirements are met through the National Grid; however, owing to regular power outages, the hospital relied on diesel generators to fulfil the shortfall experienced during the year. This measure was vital towards ensuring the hospital’s continuity as an essential service provider during the period under review.

The hospital further adopts a range of energy saving mechanisms to drive responsible usage of scarce resources.

Due to the need for the highest levels of hygiene and maintenance requirements, water consumption is a significant aspect of the hospital’s daily operations. Water is used for a range of activities including sanitation, heating, ventilation, meal preparation and washing, to name a few.

The hospital ensures that employees remain aware of the importance of responsible resource management through continuous communication, while encouraging the workforce to inculcate practices related to conserving essential resources such as energy and water.

Digitalisation has continued to play a key role in minimising paper consumption, while circumventing the need for travel through increased accessibility of information. The hospital continues to pursue initiatives that improve accessibility for our customers as described in page 48-54 of this report.

Enterprise Risk Management

In healthcare, Enterprise Risk Management ("ERM") encompasses both clinical and administrative systems, processes and reports that are in place to detect, monitor, assess, mitigate and prevent risks. An effective ERM system above all allows healthcare organisations to proactively and systematically safeguard patient safety. It is also a critical aspect to ensure the protection of the organisation's assets, market share, accreditation, brand value and community standing.

Traditionally, healthcare risk management deployments focused on patient safety and minimising medical errors. However ERM has now evolved to encompass the modern threats that face the healthcare Industry, including technology risks and cyber security concerns, fast-paced scientific advancements, the changing regulatory and legal frameworks and the dynamic variations arising from the economic and political climate. Today, Industry ERM takes a complex approach that addresses both the traditional and emerging risks and challenges.

Risk Management Process at

Durdans

At Durdans, the Management holds responsibility for formalising an effective risk management strategy within the Company. The Process is overseen at Board level by the Audit Committee, which ensures the adequacy and efficiency of internal controls across the Group, through internal audit reports and compliance statements.

Durdans approaches risk management along four policy pillars vis a vis mitigating, minimising, accepting and/or transferring risk. To this end, Durdans has established operational and management controls, as well as Mitigation plans that are under the regular verification of the in-house Quality Assurance Division (QAD) and an independent Internal Audit Team.

Each unit within the company, in collaboration with the Quality Assurance Department (QAD), maintains a "Department Risk Register" designed to enable the effective handling of identified risks. This register serves as a comprehensive record of potential risks and is assessed on a quarterly basis by QAD to verify the implementation of the mitigation plans and control measures and to evaluate the awareness of employees of the risks, with a view to reducing the

possibility of such risks becoming reality. Additional mitigation mechanisms in place within the company include business continuity plans, disaster recovery plans, and insurance coverage to address residual non-systematic risks. These measures ensure that the organization is adequately prepared to handle any potential disruptions and provide a safeguard against unforeseen events.

When determining the potential impact of an event, we evaluate the loss in the event the risk. The potential impact of an event is determined by evaluating the loss we may potentially suffer should the risk materialise. Each risk is assigned a gravity rating from a five point scale, namely 'Catastrophic', 'Major', 'Moderate', 'Minor' and 'Insignificant'. Similarly, risks are also assessed in terms of the likelihood of their occurrence and categorised as Rare, Unlikely, Possible, Likely or Almost Certain. In determining the probability of occurrence, we call upon the extensive field of our team. Furthermore, the risks are also classified into Low, Moderate, High and Extreme based on two factors: the likelihood of occurrence and the overall impact on the business.

The comprehensive risk management process benefits the company in many

Likelihood		Consequence				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Rare	1	Low	Low	Low	Moderate	Moderate
Unlikely	2	Low	Moderate	Moderate	High	High
Possible	3	Low	Moderate	High	High	Extreme
Likely	4	Moderate	High	High	Extreme	Extreme
Almost Certain	5	Moderate	High	Extreme	Extreme	Extreme

Enterprise Risk Management

ways, including;

1. Improving service delivery and reducing risk in clinical activities
2. Reducing the financial result variability and the potential for adverse impacts on operations.
3. Improving the identification, management and communication of key risks
4. Efficiently allocating resources and management time
5. Leverage on industry opportunities with a view to becoming more sustainable.
6. Improving and preserving market reputation
7. Aligning with governance, regulatory and accreditations requirement.
8. Sustaining organisational value
9. Managing regulatory and legislative changes

Key Risk Factors Evaluated During the Year

The Company

While the year under review saw the discontinuation of many of the Covid-19 related measures and initiatives such as the intermediate care centres, Durdans continued to retain some degree of remote service provision, which was of use to patients during the fuel crisis and political crisis during the year. In cognisance of the ongoing economic crisis and the rising cost of living and subsequent fall in disposable incomes, we have acknowledged and responded to the increased sensitivity to price.

The Durdans ERM focuses on eight risk

domains, which are continuously reviewed and monitored for the likelihood of occurrence and potential consequences. They are:

1. Patient safety/ clinical risks including physician alignment, integration and relationships
2. Strategic risks covering competitor action, failure to effectively develop or execute strategy
3. Financial risk including access to capital and funding, payment reform and revenue cycle management
4. Operational risks emphasising patient satisfaction, patient complaints and performance scores
5. Employee related risks focusing on loss or departure of key individuals, inability to attract and retain employees
6. Hazards covering catastrophic events and pandemics
7. Technological risks including cyber risks and non-privacy IT risks
8. Regulatory/ legal compliance and economic risks

Each department serves as risk owners and are given the responsibility to manage such risks while the Board has mechanisms in place to ensure that this process is followed effectively.

During the year, the following key risk areas were identified within the corporate risk profile;

Patient Safety and Clinical Risks

The company places great importance on the safety of both patients and staff, and therefore conducts routine, in-depth evaluations of potential risks in this area, which allows for the mapping out of all potential areas of risk and clearly defining

the actions that should be in place.

The international accreditations held by the 'Durdans' Brand necessitate the continuous monitoring of a series of measurable elements connected to such accreditations. Thus ensuring patient care is monitored at all times. In terms of Patient Safety and Clinical Risk, we have identified the following internal elements of risk:

- Procedures performed that are not aligned with medical protocols
- Occurrences of cross-contamination
- Incorrect and/ or improper surgeries and procedures
- Incorrect dispensing and/ or administration of medicine
- Allergies and Food contamination

Given the challenges posed by the contemporary healthcare landscape in terms of exposure to environmental hazards, we have in place preventative measures such as the, vaccinations of staff who may be exposed to diseases such as COVID-19 and Hepatitis B. Additionally, routine screening tests are carried out for staff working in critical care units to minimise the occurrence of infections originating within hospitals. Awareness programmes are also initiated for clinical staff and healthcare professionals to mitigate such issues.

The comprehensive Clinical Risk Management ("CRM") is critical to how Durdans approaches the identification, containment, and effective management of risks pertaining to patient care. Hospitals are by nature high-risk organisations; this necessitates the management of the unexpected every day. The advancements in modern medicine have enabled complex forms of treatment and care, which on the one

hand provide better care and outcomes but on the other, may potentially carry risks of adverse events and patient harm. We recognize therefore that while it is impossible to completely eliminate risks associated with patient care, an effective CRM empowers Durdans to enhance assumes a vital function in empowering hospitals to bolster patient safety.

At the core of Durdans' business philosophy lies a commitment to providing exceptional medical, clinical, and aftercare services to its patients. Thus, in addition to the above, the CRM processes adopted by Durdans include

- Credentialing and privileging medical staff
- Incident monitoring and tracking
- Complaints monitoring and tracking
- Infection control
- Medical record documentation/ medical secrecy
- Preparedness for pandemics

Strategic Risks

Durdans has established a Strategic Review Committee which is tasked with identifying business opportunities that will help achieve short and long-term strategic objectives. The committee has created an organisational structure-, with clearly defined roles and responsibilities for every member of the Durdans team. This structure aims to leverage existing functions and teams without creating unnecessary bureaucracy or burdening the leadership with decisions and tasks that can be effectively handled by other team members. Furthermore, transparent, repeatable processes have been implemented and where possible, existing processes are used to ensure minimal disruption and provide clear direction and well-defined deliverables. In cases where new approaches are required, Durdans has implemented

robust change management practices to optimize workforce involvement and acceptance. . In addition, risk metrics are applied as appropriate to facilitate meaningful reporting formats that are relevant, reliable and regular. To standardize and sustain the risk management process efficiently, Durdans has developed and implemented tools and templates. This standardization effort emphasizes practicality and optimizes cost-effectiveness and benefits for the company. Financial Risks

To support the continuous pursuit of advanced technology, the Company must have access to financing for such Investments. When seeking and securing financing, Durdans is mindful of gearing levels The company manages its borrowings with due care and has always prioritised the timely settlement of financial obligations. The management demonstrates utmost diligence in closely monitoring market fluctuations, particularly in relation to interest rates, with the goal of maximizing returns for the Company. The liquidity position and cash flows are meticulously managed while investment opportunities are evaluated on the basis of comprehensive feasibility studies, to ensure a satisfactory Return on Investment ("ROI").

With corporate customers and insurance companies comprising a significant portion of the business debt portfolio, receivables are closely monitored to reduce the risk arising from the grant of credit.

The company keeps close watch on the rising cost of services. It is also mindful of the potential risk arising from shortage of drugs, consumables and allied medical care facilities, and have therefore taken measures to maintain adequate stocks of regularly used items to meet any future demand.

In ensuring the company's financial stability, Durdans has taken multiple measures Including cost reduction and expense management, while also addressing factors such as employee productivity through efficient staff deployment and optimising the use of facilities. Additionally, proactive efforts have been made to strengthen funding lines in advance, ensuring readiness for any future financial requirements. These strategic actions collectively contribute to the Company's overall financial stability and resilience.

The company has established a strong Internal controls and set up Internal audit process to ensure a total compliance with respect to SOPs, internal and external regulatory aspects and to minimise the likelihood of fraud risk.

Operational Risk

Operational risks may arise from the inherent errors and inefficiencies of the people and processes within organisations. To address these risks effectively, practical and corrective measures are necessary to minimize exposure and ensure appropriate responses. Durdans thus develops an annual risk-based internal audit plan, which is presented to the Audit Committee for approval before implementation.

Listed below are several operational risk mitigation measures carried out by Durdans.

- Risk based internal audits.
- Backup arrangements for utility services and critical medical equipment.
- Periodic review and calibrations of medical equipment by the Bio-Medical engineering team to ensure expected performance.

Enterprise Risk Management

- Backup arrangements for data and IT system security.
- Effective supply chain management coupled with rigorous stock management procedures to avoid stock outs, eliminate wastage and pilferage as well as to minimise the value of expired stocks.
- An HRM framework with clear policies and procedures for selection, recruitment, training and development.

Any damage to our reputation can cause irreparable loss to the Durdans brand and brand image. Therefore, preserving our reputation by adhering to guidelines for handling consumer grievances has consistently been a key priority. The Durdans team places significant emphasis on ensuring that every interaction with customers at every touchpoint is a memorable one. The management continually strives for enhancements, building upon an already well-established operational system. This is achieved through continuous assessments and incorporating feedback received from all stakeholders, with a view to improving service levels.

Employee Related Risks

At Durdans, we know that our people are our most important asset. It is our employees that bring our corporate vision to life by delivering high levels of care to our patrons and they embody our values both at work and outside of work.

The private healthcare landscape is a dynamic one, where companies must always prioritize the People agenda for the mutual benefit of employees and the Company. Durdans is committed to addressing employee needs and fostering employee engagement through a performance-driven culture. Every

team member is given clarity on the significance of their role and how it adds value to the organisation's performance, thereby strengthening their commitment and motivation to keep delivering a high standard of service.

At Durdans, we prioritise the creation of a cohesive team environment and to this end, undertake many measures to positively transform our organisation culture. Steps are also taken to enhance communication channels among management, staff, team leaders, and various units to facilitate the efficient dissemination of information throughout the organization.

To promote more effective and streamlined communication within the company, we have also upgraded and realigned the Information Technology and communication facilities while adding enhanced security features to allow employees to remotely access the core business systems on 24x7 basis. .

Hazards covering catastrophic events and pandemics Risks

As a hospital, we are cognisant of possible risks that may arise from external forces such as catastrophic events and pandemics. We carry out in depth evaluation of such risks on a routine basis. Operating through the Covid-19 pandemic gave us an opportunity to test our safety protocols with great success.

Information Technology and Information Management Related Risk

The company has in place an internally-developed ERP system which comprehensively manages daily operations. Great emphasis is placed on information security and the uninterrupted functionality of systems

to sustain our operations. Potential risks arising out of these operations are potential data loss due to technical failures, system downtimes, virus threats, and data security breaches. Consequently, proactive steps have been taken to minimize risks arising from these threats.

To ensure uninterrupted operations, the system is currently supported by a high availability solution based on the VMware platform, effectively eliminating any downtime. Server security has been enhanced through the implementation of VLAN and firewalls. Additionally, real-time monitoring and alerting systems have been put in place to swiftly respond to and detect intrusions and suspicious activities. In order to minimize the risk of data loss, a cloud backup solution has been implemented. Furthermore, measures have been taken to establish an off-site Disaster Recovery Site (DRS), which significantly enhances the operational efficiency of the ERP system for day-to-day operations

The confidentiality of patient data is ensured by establishing high security zones within the network accessible only to authorised personnel. Firewalls are in force to protect data against unauthorised access, while measures are in place for Data Leakage Prevention ("DLP") and real-time threat monitoring alerts. All external laboratories are connected to the main hospital using a state-of-the-art IP-VPN with enhanced security and redundancy.

The Company maintains a robust Information Technology governance framework. However, with increasing prevalence of remote working arrangements, IT governance and cybersecurity have been further strengthened .

Regulatory and Legal Compliance Risks

Durdans is dedicated to aligning itself with the ever-evolving regulatory and legal compliance requirements of the health care Industry. The company actively participates at Industry forums to stay informed on evolving changes within the industry and to engage with decision makers. This proactive approach allows Durdans to gain greater clarity and maintain increased consistency in line with government policies and initiatives.

Economic Risks

As an essential service, healthcare tends to remain better insulated against economic shocks compared to other industries. While acknowledging this, Durdans has ensured that it has identified potential economic risks that may impact our business plan and has taken proactive mitigation actions. Durdans employs a comprehensive management review process that enables the team to swiftly respond to negative impacts. Leveraging the collective experience of the team, potential changes are anticipated effectively, and steps are taken to minimize adverse effects.

Sri Lanka's macroeconomic landscape has been rife with challenges during the year, and the uncertainty of dynamics such as Inflation, depreciation, availability of foreign exchange, and borrowing costs, is expected to continue and will impact the scale of operations. Patient footfalls will also be impacted given the decline in purchasing power of individuals. Procurement of medical supplies has

also been challenging while we also face rising operational costs and high capital expenditure. Furthermore, retaining skilled clinical and professional staff has become extremely challenging given the rising numbers of professional migrants seeking employment overseas. Durdans diligently monitors these multiple aspects with a view to taking measures necessary to minimise risks.

Given below is a risk rating as per the risk review done during the year.

Risk	Risk Rating
Patient Safety and Clinical Risks	High
Strategic Risks	Moderate
Financial Risks	Moderate
Operational Risks	Moderate
Employee Related Risks	Moderate
Hazards covering catastrophic events and pandemics	High
Information Technology and Information Management Related Risks	High
Regulatory, Legal Risks and Economic Risk	High

Corporate Governance

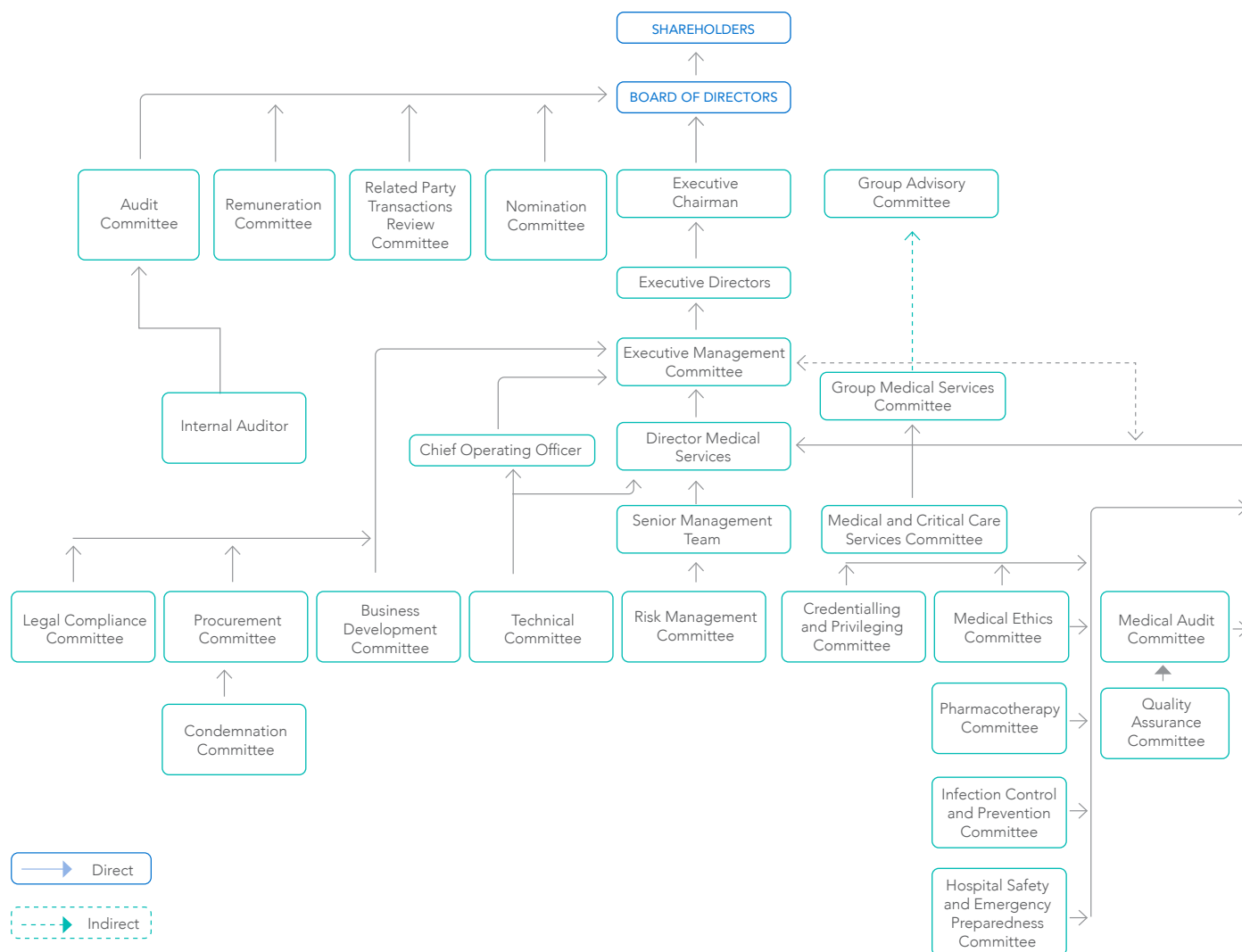
1. Executive Summary

The Company has in place a structured corporate governance framework which serves to maintain and enhance sustainable shareholder value. In addition to compliance with mandatory requirements, the Company follows its own internal benchmarks and processes in order to meet best practices in

governance. Below details are the compliance rules and standards adhered to by the Company in terms of mandatory provisions included under the Companies Act, Listing Rules of the Colombo Stock Exchange ("CSE") and the Securities and Exchange Commission of Sri Lanka ("SEC") in addition to all other rules and regulations and legislations relevant to the business of the Company. Further,

where relevant and appropriate the Company has ensured that it practices the Revised Code of Best Practices on Corporate Governance issued in 2017, jointly advocated by the SEC and the Institute of Chartered Accountants of Sri Lanka ("CASL").

2. Governance Structure



2.1 The Board of Directors

2.1.1 Board Responsibilities

The key responsibilities of the Board include the following.

- Appointing and reviewing the performance of the Executive Chairman
- Reviewing and approving annual plans and long-term business plans
- Providing direction and guidance to formulate medium and long-term strategies aimed at promoting the long-term success of the Company
- Overseeing systems of internal control and risk management functions
- Reviewing and approving strategic investments and capital expenditure
- Ensuring all related party transactions are in compliance with statutory obligations
- Monitoring systems of governance and compliance
- Approving any amendments to constitutional documents

2.1.2 Board Composition

As at the date of reporting the Board comprised nine Directors of whom four served in the capacity of Non-Executive, Independent Directors. In keeping with the applicable rules and codes the Company continues to maintain the right balance between Executive, Non-Executive and Independent Directors. The composition of Executive and Non-Executive, Independent Directors brings the right mix of knowledge required to operate the business sustainably. The Executive Directors bring in extensive knowledge of the business through experience while the Non-Executive, Independent Directors bring in the required experience, objectivity and independent oversight to the business.

During the year under review there were no changes to the Board composition.

Current composition of the Board is as follows

	1	2	3	4	5	6	7	8	9
Age Group	< 40	40-70				> 70			
Board Tenure	> 5 years			Over 5 years					
Designation	Executive			Non-Executive, Non-Independent		Non-Executive, Independent			
Gender	Male								

2.1.3 Board Appointments

Board appointments follow a formal and structured process under the purview of the Nominations Committee.

New Director appointments are made known to shareholders via public announcements and are declared in the quarterly interim releases as well as in the Annual Report.

Prior to appointment, prospective candidates for Directorship are required to report their business affiliations and any changes in their professional responsibilities and business associations to the Nominations Committee which will examine such facts and make recommendations to the Board accordingly.

2.1.4 Board Skills

The Board brings in diverse exposure from the fields of Management, Medical Administration, Banking, Finance, Economics, Marketing and Human Resources. All Directors possess skills, expertise and knowledge complemented with integrity and independent professional judgment.

Details of their qualifications and experience are provided under the Board profile section of this Annual Report.

The Board, through a regular review of its composition ensures that the skill

representation is in place with current and future needs of the Company.

Individual Directors are also encouraged to seek expert opinion and professional advice on subject matters of which they do not possess full knowledge or expertise, which enables better decision making.

2.1.5 Re-Election

All Directors are subject to election by shareholders at the first Annual General Meeting after their appointments. One-third of the Non-Executive Directors come-up for re-election at every Annual General Meeting. The Board discusses the possibility of any impairment of its Directors' independence due to extended Board tenures and collectively evaluates the re-election of such Board members. The Executive Directors other than the Executive Chairman are re-elected in a manner that is similar to the re-election of Non-Executive Directors.

2.1.6 Board Meetings

2.1.6.1 Regularity of Meetings

During the year four Board meetings were held. All Board meetings were pre-scheduled. Details of the Board meeting dates and the Director participation at each meeting is provided below.

Corporate Governance

	Board Meeting Date				Eligible to Attend
	19th May 2022	25th August 2022	11th November 2022	23rd February 2023	
Executive					
Mr. A. E. Tudawe	✓	✓	✓	✓	4
Mr. U. D. Tudawe	✓	✓	✓	✓	4
Mr. A. S. Tudawe	✓	✓	✓	✓	4
Non-Executive, Non-Independent					
Dr. A. D. P. A. Wijegoonewardene	✓	✓	✓	✓	4
Mr. Y. N. R. Piyasena	✓	✓	✓	✓	4
Non-Executive, Independent					
Mr. A. S. Abeyewardene	✓	✓	✓	✓	4
Mr. A. D. B. Talwatte	✓	✓	✓	✓	4
Mr. A. V. R. De S. Jayatilleke	✓	✓	✓	✓	4
Mr. S. Renganathan Appointed with effect from 01st November 2022			✓	✓	2

2.1.6.2 Timely Information to Board

Directors were provided with necessary information well in advance by way of board papers and proposals for all four Board meetings held during the year to help extensive discussion, informed deliberations and effective decision making.

Members of the Senior Management team made presentations to the Board on important issues relating to strategy, risk management, investment proposals, re-structuring and system procedures where necessary.

2.1.6.3 Board Agenda

The Executive Chairman ensures that all Board proceedings are conducted smoothly and effectively approving the agenda for each meeting prepared by the Board Secretary. The typical Board

Agenda in 2022/23 took the following form.

- Confirmation of previous meeting minutes
- Ratification of circular resolutions
- Matters arising from previous meeting minutes
- Board sub-committee reports and other matters exclusive to the Board
- Status updates on major projects
- Review of performance – in summary and in detail
- Approval of quarterly and annual financial statements
- New resolutions
- Tabling of compliance reports

2.1.6.4 Company Secretary

A representative from the Company Secretaries Nexia Corporate Consultants (Pvt) Ltd functions as the Secretary to the Company. In addition to maintaining board minutes and board records, the Board Secretary provides support to ensure the Board receives timely and accurate information. The Board Secretary also provide advice relating to Corporate Governance matters, board procedures and applicable rules and regulations.

2.1.6.5 Non-Executive Directors' Time Dedication

In addition to attending Board Meetings, the Directors have attended respective sub-committee meetings and have contributed to decision making via circular resolutions and one-on-one meetings with key management personnel where necessary.

2.1.6.6 Ensuring Independence and Managing Conflict of Interest

Directors make general disclosures of interest every financial year as required. Potential conflicts if any are reviewed by the Board from time to time to ensure the integrity of the Board's independence.

During the Board Meetings, Directors who have an interest in a matter under discussion excuse themselves and abstain from voting on the subject matter.

All Directors once appointed to the Board will obtain Board clearance prior to;

- Engaging in any transaction that could create or potentially create a conflict
- Accepting a new position
- Any changes to their current Board representation or interest

The criteria on which independence of Non-Executive Directors was reviewed is as given below;

Criteria	Status of Non-Executive Independent Directors
1. Employed by the Company during the period of two years immediately preceding appointment as Director	None of the Independent, Non-Executive Directors are employed or have been employed by the Company previously
2. Currently has/had during the two years preceding appointment as a Director has directly or indirectly engaged in material business relationships with the Company	None of the Independent, Non-Executive Directors has/had a material business relationship with the Company
3. Has a close family member who is a Director, CEO (and/ or equivalent) position in the Company	No family member of the Independent, Non-Executive Directors, is a Director, CEO of the Company
4. Has a Significant Shareholding (carrying not less than 10% of the voting rights) in the Company	None of the Independent, Non-Executive Directors shareholding exceeds 1% of voting rights
5. Has served on the Board continuously for a period exceeding nine years from the date of first appointment	Mr. A. S. Abeyewardene a Non-Executive Director of the Company has served on the Board continuously for a period exceeding ten years from the date of first appointment. However, based on the annual declaration made and other information available to the Board, the Board believes that Mr. A. S. Abeyewardene is nevertheless an independent director (Refer sub-section (a) of this section for the criteria for determining the independence)
6. Has a relationship resulting in income/ non-cash benefits equivalent to 20% of the Director's annual income	Independent, Non-Executive Directors' income/ non cash benefits are less than 20% of individual Director's income
7. Is a director or an employee of another company in which a majority of other directors of the Company are employed or are Directors or have a significant shareholding or have a material business relationship	None of the Independent, Non-Executive Directors are Directors of another company as defined

(a) **Criteria for Determination of Independence of Non-Executive Director Mr. A. S. Abeyewardene**

- He has never been an employee of the Company
- He does not have a close family member who is a Director, Chief Executive Officer and/ or holding any equivalent position in the Company
- He has no significant shareholding in the Company
- He is not employed in another company or business in which a majority of the other directors of the Company are employed or are directors having

significant shareholding or material business relationship or business connection with

- He is not a director of another company in which a majority of the other directors of the Company are employed or are directors or has a business connection in the Company or a significant shareholding

2.1.6.7 Director Remuneration

(a) **Executive Director Remuneration**
The Remuneration Committee is responsible for determining the compensation of the Executive Chairman and the Executive Directors of the Company.

Refer Page 79 of this Annual Report for the detailed Remunerations Committee Report.

Executive Director Remuneration is a combination of fixed and variable components. The variable component is linked to the Business Value Growth based on the Group's bottom line and expected returns on shareholder funds. Further, the Remuneration Committee consults the Executive Chairman about any proposal relating to the Executive Director Remuneration other than that of the Executive Chairman.

Corporate Governance

(b) Non-Executive Director Remuneration

The compensation of Non-Executive Directors is determined in reference to the fees paid to Non-Executive Directors of comparable companies. Non-Executive Directors were paid additional fees for either chairing or being a member of a sub-committee. Non-Executive Directors are not paid any performance incentive payments.

2.2 Board Sub Committees

The Board has delegated some of its functions to Board Sub-Committees while retaining final decision rights.

The four Board Sub-Committees set up in view of delegating Board functions are listed below.

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

The Board Sub-Committee comprise of principally Independent Non-Executive Directors. The membership of the four Board Sub Committees for the year under consideration was as follows.

Considering the above, the Company confirms that it has complied with the mandatory disclosure requirements of Section 7.6 of the Listing Rules of the Colombo Stock Exchange ("CSE") in relation to the contents of the Annual Report and Accounts of a listed entity.

Committee Membership	Board Sub-Committees			
	AC	RC	NC	RPTRC
Executive				
Mr. A. E. Tudawe - Executive Chairman	-	-	•	-
Mr. U. D. Tudawe - Executive Vice President	-	-	•	-
Mr. A. S. Tudawe	-	-	-	-
Non-Independent, Non-Executive				
Dr. A. D. P. A. Wijegoonewardene	-	-	-	-
Mr. Y. N. R. Piyasena	•	•	-	•
Independent, Non-Executive				
Mr. A. S. Abeyewardene	•	•	•	•
Mr. A. D. B. Talwatte	•	•	•	•
Mr. A. V. R. De S. Jayatilleke	•	•	•	•
Mr. S. Renganathan <i>Appointed with effect from 01st November 2022</i>	•	-	•	•

• Committee Chairman

• Committee Member

The table on this page provides reference to the relevant sections of this Annual Report where specified information is disclosed together with page references for the convenience of the reader.

Rule No.	Disclosure Requirements	Section/ Reference	Page(s)
7.6 (i)	Names of persons who held the position of Director during the financial year	Our Leadership section to this Annual Report	18-21
7.6 (ii)	Principal activities of the Company and its subsidiaries during the financial year and any changes thereon	Note 1.3 to the Financial Statements	94
		Group Structure	94
7.6 (iii)	The names and the number of shares held by the 20 largest shareholders of voting and non-voting shares and the percentage of such shares held as at financial year end	Share Information	153
7.6 (iv)	The public holding percentage	Share Information	152
7.6 (v)	Directors' and Chief Executive Officer's holding in shares at the beginning and end of the financial year	Annual Report of the Board of Directors	74
7.6 (vi)	Information pertaining to material and foreseeable risk factors	Enterprise Risk	57
7.6 (vii)	Details of material issues pertaining to employees and industrial relations	Note 30 to the Financial Statements	138
7.6 (viii)	Extents, locations, valuations and the number of buildings on the Company's land holdings and investment properties as at the end of the financial year	Note 10.5 to the Financial Statements	112
7.6 (ix)	Number of shares representing the stated capital as at the financial year end	Financial Statements	151
7.6 (x)	A distribution schedule stipulating the number of shareholders in each class of equity and the percentage of their total holdings as at the financial year end	Share Information	151
7.6 (xi)	Ratios and market price information (Equity, dividend per share, dividend payout ratio, net assets value per share, market value per share)	Share Information	151
7.6 (xii)	Significant changes in the entity or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value	Note 10 to the Financial Statements on 'Property, Plant and Equipment'	112
7.6 (xiii)	Details of funds raised through public issues, rights issues and private placements during the financial year	Rights Issue	129
7.6 (xiv)	Information in respect of Employee Share Option Schemes	Not applicable	-
7.6 (xv)	Disclosures pertaining to Corporate Governance Practices in terms of Rules 7.10.3, 7.10.5 (c), 7.10.6 (c), of Section 7 of the Listing Rules	Corporate Governance	62
7.6 (xvi)	Disclosures on 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	Related Party Transaction Review Committee Report	78

Corporate Governance

The Company also confirms that it is in compliance with the Corporate Governance requirements of Section 7.10 of the Listing Rules of the CSE and disclosure of compliance with the said rules as given below

Rule No.	Area Covered	Requirement	Compliance Status	Details
7.10.1	Non-Executive Directors	Two or one-third of the total number of Directors whichever is higher should be Non-Executive	Compliant	6 out of 9 Directors are Non-Executive Directors
7.10.2(a)	Independent Directors	Two or one-third of Non-Executive Directors, whichever is higher should be Independent	Compliant	4 out of 6 Non-Executive Directors are Independent
7.10.2(b)	Non-Executive Directors	Each Non-Executive Director should submit a declaration of independence/non-independence	Compliant	All Non-Executive Directors have submitted the declaration in the prescribed format
7.10.3(a)	Disclosures relating to Directors	The names of the Directors determined to be Independent will be set out in the Annual Report	Compliant	Corporate Governance section to the Annual Report
7.10.3(b)	Disclosures relating to Directors	A determination has to be made by the Board as to the independence or the non-independence of Non-Executive Directors	Compliant	Corporate Governance section 2.1.6.6 to this Annual Report
7.10.3(c)	Disclosures relating to Directors	Brief resume of each Independent Director should be disclosed in the Annual Report	Compliant	Our Leadership section in this Annual Report
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Board Sub-Committees under Corporate Governance report in this Annual Report
7.10.5(a)	Remuneration Committee Composition	i) Remuneration committee shall comprise of a minimum of two Independent Non-Executive Directors or a majority of independent Non-Executive Directors whichever is higher	Compliant	The Remuneration Committee report under Board Sub Committees
		ii) A Non-Executive Director shall be appointed as Chairman of the Committee by the Board	Compliant	
7.10.5(b)	Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and the Executive Directors	Compliant	Corporate Governance report section 2.1.6.7 in this Annual Report

Rule No.	Area Covered	Requirement	Compliance Status	Details
7.10.5(c)	Remuneration Committee	The Annual Report shall set out:	Compliant	The Remuneration Committee report under Board Sub-Committees page 79
		i) Names of Directors comprising the Remuneration Committee	Compliant	
		ii) Statement of the Remuneration Policy	Compliant	
		iii) Aggregate remuneration paid to Executive and Non-Executive Directors	Compliant	
7.10.6	Audit Committee	A listed company shall have an Audit Committee	Compliant	Audit Committee Report under Board Sub-Committees
7.10.6(a)	Audit Committee	The Audit Committee shall comprise two Independent Non-Executive Directors or a majority of Independent Non-Executive Directors whichever is higher	Compliant	Audit Committee Report under Board Sub
		The Chief Executive Officer and Chief Financial Officer shall attend Audit Committee meetings	Compliant	
		One Non-Executive Director who is a member of a professional accounting body shall be appointed as Chairman of the Audit Committee by the Board	Compliant	
7.10.6(b)	Audit Committee	Audit Committee shall have functions as set out in section 7.10.6 of the listing rules	Compliant	Audit Committee Report under Board Sub Committees
7.10.6(c)	Audit Committee	The Annual Report shall:	Compliant	Audit Committee Report under Board Sub-Committees
		i) set out the names of Directors that comprises the Audit Committee	Compliant	
		ii) determine the independence of the Auditors and disclose the basis for such determination	Compliant	
		iii) contain a report of the Audit Committee setting out the manner of its functional compliance	Compliant	

Financial Analysis



A Pledge of Value

Our financial achievements stand as a testament to our unwavering commitment to excellence. Through diligent stewardship, we have fostered a solid financial foundation, empowering us to expand our healing reach, thus enriching the lives of countless individuals.



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

GENERAL

The Directors have pleasure in presenting their report and the audited financial statements of the Company and the Group for the year ended 31st March 2023 and the auditor's report on the Consolidated Financial Statements.

This report provides the information as required by the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and recommended best practices on Corporate Governance. This report was approved by the Board of Directors on 30 May 2023.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Ceylon Hospitals PLC is the holding company of Durdans Heart Centre (Pvt) Ltd, Durdans Medical and Surgical Hospital (Pvt) Ltd, Amrak Institute of Medical Sciences (Pvt) Ltd and Ceygen Biotech (Pvt) Ltd constituting the Durdans Healthcare Group.

The Chairman's Review and Management Discussion and Analysis sections are incorporated into this report by reference. They contain details of development and performance of the Group's businesses during the year, an indication of the key performance indicators and information regarding principal risks and uncertainties together with information equivalent to that required for a business review.

The measures taken by the Company to manage its risks are detailed in the report titled Enterprise Risk Management on Pages from 57 to 61 of this report.

2. FUTURE DEVELOPMENTS

The landmark Vision 2022 project was substantially completed during the latter part of the financial year and as the first phase, opened its doors to our clients in January 2023 with the relocation of the OPD pharmacy, OPD laboratory facilities, the Dental Clinic with an addition of an extended waiting area.

In order to strengthen its competitive position in the industry, the hospital's key functions were restructured into key Strategic Business Units in line with 5th Strategic Road Map. In addition to the said relocations, the company also relocated its operating functions initially in 20 rooms ward in the new state-of-the-art new facility building that comprises 60 rooms in 3 wards and 12 open beds. This new development is expected to bring additional revenue and strong organic cashflows resulting in profitability on the investment in FY 2023/24 and thereafter.

3. FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP

The Financial Statements of both the Company and the Group duly certified by the Chief Financial Officer and approved by two directors in compliance with sections 152, 153 and 168 of the Companies Act No. 07 of 2007 are given on Page 88 of the Annual Report.

4. AUDITORS REPORT

The Company's external auditors, Messrs. B. R. De Silva & Co. Chartered Accountants performed the audit on the financial statements for the year ended 31st March 2023. The Auditor's report on the Financial Statements is given on Pages from 83 to 85 of the Annual Report as required by Section 168 (l) (c) of the Statutes.

5. ACCOUNTING POLICIES

A summary of the significant accounting policies adopted in the preparation of the Financial Statements is given on Pages from 94 to 105 of the Annual Report as required by Section 168 (l) (d) of the Companies Act No. 07 of 2007. The policies adopted are consistent with those adopted in the previous financial year.

6. RESULTS AND DIVIDENDS

6.1 Gross Revenue

The total revenue of the Group for the year ended 31st March 2023 was Rs. 7.9 Bn (2021/22 - Rs. 7.8 Bn). An analysis of the income is given in Note 03 to the Financial Statements on Page 106 to this Annual Report.

6.2 Profit and Appropriations

The profit before income tax of the Group for the year ended 31st March 2023 was Rs. 1,060 Mn (2021/22 - Rs. 1,389 Mn) and the profit after tax for the year ended 2023 was Rs. 652 Mn (2021/22 - Rs. 1,110 Mn). The details of the Group profits are given on Page 86 to this report.

6.3 Dividend on Ordinary Shares

The Board recommended an interim of Rs. 2.30 per share for the year ended 31st March 2023 to be paid on 09th June 2023. Prior to recommending the dividend, in accordance with Section 56 (2) and (3) of the Companies Act No. 07 of 2007, the Board of Directors signed a certificate stating that, in their opinion and based on the available information, the Company will satisfy the solvency test immediately after the distribution is made. The Company has obtained a certificate from the Auditors for the said solvency statement in terms of Section 57 of the Companies Act.

6.4 Provision for Taxation

Income tax for 2022/23 has been provided on taxable income arising from the operations of the Group and has been disclosed in accordance with Sri Lanka Accounting Standards. The Group has also provided deferred tax on all known temporary differences using the liability method as permitted by the Sri Lanka Accounting Standard (LKAS 12) on Income Tax.

Information on income tax expenses and deferred taxes is given in the Notes to the Financial Statements on Page 108 of this Annual Report.

6.5 Reserves

The Group's total reserves as at 31st March 2023 amounted to Rs.6.6 Bn (2021/22 - Rs.6.6 Bn). The movement of the reserves are given on Page 90 under 'Statement of Changes in Equity' and in the Notes to the Financial Statements of this Annual Report.

6.6 Property, Plant and Equipment, Investments Properties, Leasehold Properties and Intangible Assets

Details of capital expenditure incurred on property plant and equipment are given in the Notes to the Financial Statements from Pages from 110 to 113.

7. CREDITOR PAYMENT

For all trade creditors, it is the Group policy to:

- Agree and confirm the terms of payment at the commencement of business with the supplier.
- Pay in accordance with any contract agreed upon with the supplier or as required by law.
- Continuously review payment procedures and liaise with suppliers as a means of eliminating difficulties and maintaining good working relationships.

8. DIRECTORS

8.1 List of Directors

The Board of Directors of the Company as at the date of this report comprise of nine members having extensive Medical, Financial and Commercial knowledge and expertise. The qualifications and experience of the Directors are given in the 'Board of Directors' section from Pages 18 to 21 of this Annual Report.

Names of the persons who held office as Directors of the Company as at 31st March 2023 and the names of the persons who ceased to hold office as Directors (if any) of the Company at any time

during the year 2022/23, as required by Section 168 (l) (h) of the Companies Act No. 07 of 2007 are given below.

Mr. A. E. Tudawe
Executive Chairman

Mr. U. D. Tudawe
Executive Director

Dr. A. D. P. A. Wijegoonewardene
Non-Executive Director

Mr. Y. N. R. Piyasena
Non-Executive Director

Mr. A. S. Abeyewardene
Independent, Non-Executive Director

Mr. A. D. B. Talwatte
Independent, Non-Executive Director

Mr. A. S. Tudawe
Executive Director

Mr. A. V. R. De S. Jayatilleke
Independent, Non-Executive Director

Mr. S. Renganathan
Independent, Non-Executive Director
Appointed with effect from 01st November 2022

8.2 Independence of Directors

The Board has decided as to the independence of each non-executive director and confirms that three of the non-executive directors meet the criteria of independence in terms of Rule 7.10.4 of Listing Rules.

Each of the independent directors have submitted a signed and dated declaration of his independence against the specified criteria.

Dr. A. D. P. A. Wijegoonewardene plays a consultative role in the Group Advisory Committee.

8.3 Re-appointment of Directors

In Accordance with the Article No. 58 of the Articles of Association of the Company and the Corporate Governance Code Mr. A. E. Tudawe, Dr. A. D. P. A. Wijegoonewardene, Mr. Y. N. R. Piyasena and Mr. A. S. Abeyewardene shall vacate their office as per requirements of Section 210 of the Companies Act No. 07 of 2007 and four separate resolutions will be tabled at the forthcoming Annual General Meeting to obtain the sanctions of the Shareholders to re-appoint them as Directors to the Board in terms of Section 211 of the Companies Act No. 07 of 2007.

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

8.4 Disclosure of Directors Dealings in Shares

Directors' Interest in Ordinary Shares of the Company are depicted in the table below;

	31st March 2023 No. of Shares		31st March 2022 No. of Shares	
	Voting	Non-Voting	Voting	Non-Voting
Mr. A. E. Tudawe	235,152	-	215,052	-
Dr. A. D. P. A. Wijegoonewardene	234,368	-	220,582	-
Mr. U. D. Tudawe	181,279	-	170,616	-
Mr. Y. N. R. Piyasena	532,312	-	501,000	-
Mr. A. S. Abeyewardene	1,530	1,275	1,440	1,200
Mr. S. Renganathan	-	-	-	-
Mr. A. D. B. Talwatte	1,062	-	1,000	-
Mr. A. S. Tudawe	51	1,062	48	1,000
Mr. A. V. R. De. S. Jayathilake	106	-	100	-

8.5 Remuneration and Other Benefits

Directors' remuneration and other benefits, in respect of the Company for the financial year ended 31st March 2023 is given in Note 07 to the Financial Statements on Page 107 of this Annual Report as required by Section 168 (I) (f) of the Companies Act No. 07 of 2007.

8.6 Directors' Interests in Contracts or Proposed Contracts

Directors have no direct or indirect interest in any contract or proposed contract with the Company for the year ended 31st March 2023 other than those disclosed on Page 140 of this Annual Report.

The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested. They have also disclosed their interest in other companies to ensure that they refrain from voting on a matter in which they have an interest.

8.7 Related Party Transaction

The Company's transactions with Related Parties given in Notes 15 and 32 to the Financial Statements, have complied with Colombo Stock Exchange Listing Rule 9.3.2 and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

9. ARTICLES OF ASSOCIATION

The Articles of Association of the Company may be amended by passing of a special resolution.

10. STATED CAPITAL

The stated capital of the Company as at 31st March 2023 was Rs.1,143 Mn comprising 27,122,726 voting shares and 8,867,044 non-voting shares (2021/22 - Rs. 916 Mn) comprising 25,527,272 voting shares and 8,345,454 non-voting shares. Details of the stated capital are given in Note 18 to the Financial Statements on Page 128 of this Annual Report. The rights and obligations attached to the ordinary shares are set out in the Articles of Association of the Company, a copy of which can be obtained from the Secretaries upon request.

11. SHARE INFORMATION

Details of share-related information are given on Page 151 to this Annual Report and information relating to earnings, dividends and net assets per share is given in the Financial Highlights on Page 08 of this Annual Report.

12. PUBLIC HOLDING OF SHARES IN THE COMPANY

The public shareholding as at 31st March 2023 for voting and non-voting shares was 21.91% and 51.22% respectively.

13. SUBSTANTIAL SHAREHOLDING

Substantial shareholders are required to notify their interests in accordance with Section 200 of the Companies Act and oblige shareholders to comply with the notification obligations to the Company contained in the rules of the Colombo Stock Exchange.

The Twenty Largest Shareholders of the Company as at 31st March 2023 are indicated on Page 153 of this Annual Report.

14. EQUITABLE TREATMENT TO SHAREHOLDERS

The Company has always ensured that all Shareholders are treated equitably.

15. CORPORATE DONATIONS

During the year, the Company made donations to charity amounting to Rs. 415,500 (2021/22 - Rs. 250,000). The information given above on donations form an integral part of the Report of the Board of Directors as required by the Section 168 (l) (g) of the Companies Act No. 07 of 2007

16. ENVIRONMENTAL PROTECTION

The Group and the Company have not, to the best of their knowledge engaged in any activity, which was detrimental to the environment.

17. STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government and in relation to employees have been made to date.

18. COMPLIANCE WITH LAWS AND REGULATIONS

To the best of knowledge and belief of the Directors the Company and the Group have not engaged in any activity, which contravenes laws and regulations of the country.

19. EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the Balance Sheet date that would require adjustments to or disclosure in the Financial Statements other than as disclosed in Note 29 to the Financial Statements on Page 138 to this Annual Report.

20. GOING CONCERN

The Board of Directors has reviewed the Company's business plans and is satisfied that the Company has adequate resources to continue its operation in the foreseeable future. After considering the financial position, operating conditions, regulatory and other factors and such other matters required to be addressed in the

Corporate Governance code, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, the Group of Companies continues to adopt the Going Concern basis in preparing the financial statements.

Details of the adoption by the Group and the Company of the going concern basis in preparing the financial statements are set out in the financial review within the business review section and are incorporated into this report by reference.

21. RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROL

21.1 Risk Management

Specific steps that have been taken by the Company are detailed on Pages from 57 to 61 this Annual Report.

21.2 System of Internal Control

The Board of Directors has established an effective and comprehensive system of internal controls to ensure that proper controls are in place to safeguard the assets of the Company, to detect and prevent fraud and irregularities, to ensure that proper records are maintained and Financial Statements presented are reliable. Monthly Management Accounts are prepared, giving the management relevant, reliable and up-to-date Financial Statements and key performance indicators.

The Audit Committee reviews the reports, policies and procedures on a regular basis, to ensure that a comprehensive internal control framework is in place. More detail in this regard can be seen on Page 81 of this Annual Report.

The Board has 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 for the period up to the date of signing the Financial Statements.

21.3 Audit Committee

The composition of the Audit Committee and their Report is given on Page 81 of this Annual Report.

22. CORPORATE GOVERNANCE

The Corporate Governance practices of the Company are set out from Pages from 62 to 69 of this Annual Report. The Directors acknowledge their responsibility for the Group's corporate governance and the system of internal control.

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

23. OPERATIONAL EXCELLENCE

To increase efficiency and reduce operating cost the Company has ongoing initiatives to drive policy and process standardisation and to optimise the use of existing technology platforms.

24. APPOINTMENT OF AUDITORS

The Financial Statements for the year have been audited by Messrs. B. R. De Silva & Co. Chartered Accountants, who offer themselves for re-appointment. A resolution to re-appoint them as Auditors and authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

25. AUDITOR'S REMUNERATION AND INTEREST IN CONTRACTS WITH THE COMPANY

The Company audit fees paid for the year 2022/23 amounted to Rs. 1.15 Mn. Apart from that, the Company has engaged Messrs. B. R. De Silva & Co. Chartered Accountants, the external auditors to advice on accounting matters arising from the introduction of new Accounting Standards for the year under consideration. As far as the Directors are aware, the Auditors do not have any other relationship or interest in contracts with the Company.

26. ANNUAL GENERAL MEETING

The 77th Annual General Meeting of the Company will be held as a hybrid meeting via at 4.00 p.m. on 27th July 2023.

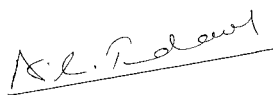
27. NOTICE OF MEETING

Details of the Annual General Meeting are given in the Notice of Meeting.

28. ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by Section 168 (1) (k) of the Companies Act No. 07 of 2007 the Board of Directors hereby acknowledge the contents of this Report.

For and on behalf of the Board,



A. E. Tudawe
Executive Chairman



U. D. Tudawe
Executive Director

30th May 2023

Statement of Directors' Responsibility

The following statement which should be read in conjunction with the Auditor's statement of responsibilities has been made with a view to distinguish between the respective responsibilities of the Directors and the Auditors in relation to the financial statements.

Section 150, 152 (1) and 153 (1) of the Companies Act No. 07 of 2007 require that the Directors prepare the financial statements and circulate it among the shareholders. These financial statements comprise a Statement of Comprehensive Income, which presents a true and fair view of the profit or loss of the Company for its financial year as well as a Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of its financial year.

As the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future, the financial statements continue to be prepared on a 'going concern' basis.

In preparing the Financial Statements as disclosed on Pages from 86 to 93, the Directors consider that the Company and its subsidiaries have used appropriate accounting policies that have been applied consistently and supported by reasonable and prudent judgment and estimates, while all accounting standards considered to be applicable and relevant have been followed.

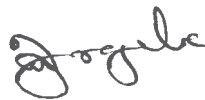
The Directors are responsible for ensuring that the Company and its subsidiaries maintain accounting records which disclose with reasonable accuracy, the financial position of the Company and its subsidiaries while complying with the provisions of the Companies Act No. 07 of 2007.

The Directors have a general responsibility to take reasonable steps in safeguarding the assets of the Company and its subsidiaries, provide proper consideration towards the establishment of appropriate internal control systems with a view to detecting and preventing frauds and other irregularities.

COMPLIANCE REPORT

The Directors confirm to the best of their knowledge that all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, all other known statutory dues which were due and payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant provided for in arriving at the financial results for the year under review.

By order of the Board



Nexia Corporate Consultants (Private) Limited
Secretaries

30th May 2023

Report of the Related Party Transactions Review Committee

OBJECTIVE

The objective of the Committee is to exercise oversight on behalf of the Board of Ceylon Hospitals PLC and its subsidiaries that all Related Party Transactions ("RPTs") are in compliance with Section 9 of the listing rules of the Colombo Stock Exchange ("CSE"), the Code as issued by the Securities Exchange Commission of Sri Lanka and also the best practices as recommended by CA Sri Lanka.

RESPONSIBILITY

The responsibility of the Committee is to ensure that the interests of the shareholders are collectively considered by the Company when entering into a RPT and fairness and transparency is maintained at all times.

Considering the foregoing the Committee conducts its meetings in compliance with the policy guidelines developed for the Company in this respect which is in line with Section 9 of the listing rules of CSE.

As per the policy the RPTRC has identified the RPTs' in terms of institutions as well as individuals. Under individuals, in addition to Directors, all Senior Management personnel of the Company have been identified as Key Management Personnel ("KMPs") to increase transparency and enhance good governance.

COMPOSITION OF THE COMMITTEE

The Committee comprise of the following Directors;

Mr. A.S. Abeyewardene

Chairman (Independent, Non-Executive Director)

Mr. A. D. B. Talwatte

Member (Independent, Non-Executive Director)

Mr. A.V.R. De S. Jayatilleke

Member (Independent, Non-Executive Director)

Mr. S. Renganathan

Appointed with effect from 01st November 2022
Independent, Non-Executive Director

CONDUCT OF MEETINGS

The Committee meets at least once every quarter.

During the financial year ended 31st March 2023 the Committee held four meetings. The meeting attendance was as follows

Name	Attended/ Eligibility to Attend
Mr. A. S. Abeyewardene - Chairman	4/4
Mr. A. D. B. Talwatte - Member	4/4
Mr. A.V.R. De S. Jayatilleke	4/4
Mr. S. Renganathan	2/4

At the quarterly RPTRC meeting, all recurrent transactions carried out with subsidiaries and associates are reported. The Committee reviewed and pre approved all proposed non current Related Party Transactions (RPTs) of the parent Ceylon Hospitals PLC and related parties. At quarterly RPTRC meetings, all recurrent transactions carried out with subsidiaries and other affiliates are reviewed and reported.

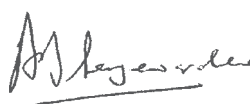
Mechanisms are in place for the KMPs' to declare RPTs, if any, that they are connected with as per the Company RPT policy guidelines.

ACTIVITIES DURING THE YEAR

The activities and the views of the committee has been communicated to the Board on a quarterly basis through verbal briefings and by tabling minutes of the Committees' meetings along with the detail reports of RPTs' carried out with subsidiaries and associates of the Company.

There were no RPTs' where KMPs' were involved requiring declaration to the RPTRC during the year under concern.

The RPT Review Committee was satisfied that there were no other transactions to be reported in the Annual Report for the year ended 31st March 2023 other than those disclosed in the report under the Financial Statements Note 31. RPT disclosures are made in the Financial Statements as required by the Sri Lanka Accounting Standard (LKAS 24) on Related Party Disclosures.



A. S. Abeyewardene

Chairman - Related Party Transactions Review Committee

30th May 2023

Report of the Remuneration Committee

SCOPE OF THE COMMITTEE

Scope of the Committee is to review and recommend overall remuneration policy and performance-based pay plans for the Company and agree with the Board a framework to remunerate the Executive Chairman and Executive Director(s) based on performance targets, benchmark principles, performance related pay schemes, industry trends and past remuneration and succession planning of Key Management Personnel.

Determining compensation of Non-Executive Directors is not under the scope of this Committee.

REMUNERATION POLICY

The remuneration policy is designed to reward, motivate and retain the Company's Key Management Personnel and the executive team with market competitive remuneration and benefits to support the creation of shareholder value. Accordingly, salaries and other benefits are reviewed periodically taking into account the performance of the individuals and industry standards.

The Responsibilities of the Remuneration Committee

- to make recommendations to the Board on the Company's policy and structure for all executive directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing a remuneration policy.
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.
- to make recommendations to the Board on the remuneration packages of all executive directors and senior management, including benefits in kind and compensation payments, including any compensation payable for loss or termination of their office or appointment.
- to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.
- to ensure that no executive director or any of his associates is involved in deciding his own remuneration.
- to seek advice from the Executive Chairman about remuneration proposals for other executive directors and senior management team.

The Remuneration Committee will seek the assistance of external agencies/ independent professionals to carry out salary surveys and other remuneration related advice, if and when necessary,

to consider salaries paid by comparable companies, time commitment, responsibilities and employment conditions in the Group.

COMPOSITION OF THE COMMITTEE

The Committee comprise of the following Directors;

Mr. A. S. Abeyewardene

Chairman (Independent, Non-Executive Director)

Mr. A. D. B. Talwatte

Member (Independent, Non-Executive Director)

Mr. A. V. R. De S. Jayatilleke

Member (Independent, Non-Executive Director)

The quorum of the committee shall be two. The Committee held a meetings during the year under review.

ATTENDANCE AT MEETINGS

Name	Attended/ Eligibility to Attend
Mr. A. S. Abeyewardene	1/1
Mr. A. D. B. Talwatte	1/1
Mr. A. V. R. De S. Jayatilleke	1/1

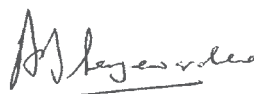
Activities of the Committee for the year 2022/23

- The Committee reviewed the succession plan prepared by the Management for the key Corporate Management positions.
- The Committee reviewed and determined the bonus payable for 2022/23 performance according to the 'Business Value Growth' index for the Executive Directors and senior management staff and recommended same to the Board for approval prior to payment.

The Committee continued to report on its activities and recommended to the Board for approval the matters discussed at its meetings. The annual management performance appraisal scheme, the calculation of short-term incentives was executed in accordance with the approvals given by the Board, based on discussions conducted by the Committee.

The Aggregate remuneration paid to Executive and Non-Executive Directors as required by Section 7.10.5 (c) to the Listing Rules of the Colombo Stock Exchange is given in Note 07 to the Financial Statements.

The Committee wishes to report that the Company has complied with the provisions of the Companies Act No. 07 of 2007 in relation to remuneration of Executive Directors.



A. S. Abeyewardene

Chairman - Remuneration Committee

30th May 2023

Report of the Nominations Committee

TERMS OF REFERENCE

The Terms of Reference clearly states the purpose of establishing the Committee, its composition, authority and conduct and scheduling of meetings.

The Board Nominations Committee was established by the Board to ensure Board's oversight and control over "Selection of Directors including Chairman, Chief Executive Officer"

AUTHORITY OF THE COMMITTEE

The Committee has the authority to discuss issues under its purview and report back to the Board with recommendations, enabling the Board to take a final decision on the matter. The Members of the Committee have the authority to express their independent views when making decisions. The Committee regularly reviews the structure, size, composition and competencies of the Board and makes recommendations to the Board with regard to any changes. If a need arises, professionals from outside may be invited for advice on specific issues.

DUTIES OF THE COMMITTEE

The duties of the Committee include inter-alia the following:

- To implement a procedure to select/ appoint new Directors including Executive Chairman.
- Evaluate the independence of the Non-Executive Directors and effectiveness of the Board of Directors.
- Review the process for succession planning to ensure that the Board has the correct balance of individuals to discharge its duties effectively.
- To consider and recommend from time-to-time, the requirements of additional/ new expertise and the succession arrangements for retiring Directors.
- To make recommendations on any other matters referred to the Committee by the Board of Directors.

COMPOSITION OF THE COMMITTEE

The Committee comprise of the following Directors;

Mr. A. S. Abeyewardene

Chairman (Independent, Non-Executive Director)

Mr. A. D. B. Talwatte

Member (Independent, Non-Executive Director)

Mr. A. V. R. De S. Jayatilleke

Member (Independent, Non-Executive Director)

Mr. A. E. Tudawe

Member (Executive Chairman)

Mr. U. D. Tudawe

Member (Executive Vice President, Director)

Mr. S. Renganathan

Appointed with effect from 01st November 2022

Independent, Non-Executive Director

The Committee is chaired by an Independent Director who has experience in the relevant subject and constitutes Executive and Non-Executive, Independent Directors from the Board to ensure that the responsibilities of the Committee are discharged effectively.

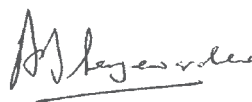
To hold a meeting there shall be a quorum of three members of the Committee who are Non-Executive Directors of whom at least one should be independent.

ACTIVITIES OF THE COMMITTEE IN 2022/23

The Committee has acted within the parameters set by its terms of reference. The Committee continued to work closely with the Board of Directors on matters assigned to the Committee and reported back to the Board of Directors with its recommendations.

MEETINGS AND ATTENDANCE

During the year, the Committee met once and all six members were present for same. All proceedings of the Committee meetings were reported to the Board of Directors.



A. S. Abeyewardene

Chairman - Nominations Committee

30th May 2023

Report of the Audit Committee

ROLE OF THE COMMITTEE

The Audit Committee assist the Board in fulfilling its responsibilities in relation to the integrity of the financial statements of the Company and the Group, the internal control and risk management systems of the Group and its compliance with legal and regulatory requirements, the External Auditors' performance, qualifications and independence, the adequacy and performance of the Internal Audit function.

The scope and responsibilities of the Committee are set out in the terms of reference of the Committee, which is approved by the Board and reviewed annually. The Committee's responsibilities relate to the Group as a whole, and in discharging its responsibilities the Committee places reliance on the work carried out by internal and external auditors to the Company and its subsidiaries. An interactive forum with the participation of members of the Audit Committee and the Senior Management team is also held to discuss ways and means of improvement and exchange information on best practices in effective internal controls.

The effectiveness of the Committee is evaluated annually by its members and feedback on same communicated to the Board of Directors at each year end.

COMPOSITION OF THE COMMITTEE

The Committee comprise of the following Directors;

Mr. A. S. Abeyewardene

Chairman (Independent, Non-Executive Director)

Mr. A. D. B. Talwatte

Member (Independent, Non-Executive Director)

Mr. A.V.R. De S. Jayatilleke

Member (Independent, Non-Executive Director)

Mr. S. Renganathan

Appointed with effect from 01st November 2022 Independent, Non-Executive Director

Profiles of the Committee Chairman and the Members are given on Pages 18 and 21 of this report.

The Committee held four meetings during the financial year ended 31st March 2023. Attendance of the Committee members is given below;

Name	Attended/ Eligibility to Attend
Mr. A. S. Abeyewardene - Chairman	4/4
Mr. A. D. B. Talwatte - Member	4/4
Mr. A.V.R. De S. Jayatilleke	4/4
Mr. S. Renganathan	2/4

The Executive Chairman, the Chief Financial Officer, the External Auditors and Internal Auditors attended meetings by invitation as required. Other Senior Management team members of the Company also attended the meetings on a need basis. The Committee engaged with the management to review the key risks faced by the Group with a view to obtaining assurance that appropriate and effective risk mitigation strategies were in place. The activities and views of the Committee was communicated to the Board of Directors quarterly through verbal briefings.

FINANCIAL REPORTING

The Audit Committee has reviewed and discussed the Group's quarterly and annual financial statements prior to publication, with the support of the management and External Auditors. The review included ascertaining compliance of the statements and disclosures with the Sri Lanka Accounting Standards, the appropriateness and changes in accounting policies and material judgemental matters.

The Committee also discussed with the External Auditors and management any matters communicated to the Committee by the External Auditors in their reports to the Committee on the audit for the year.

The Committee obtained independent input from the External Auditors on the impact of several new Sri Lanka Accounting Standards that would come into effect in the current financial year and in the future and satisfied themselves that the necessary preparatory work was being undertaken to enable the Company and the Group to adopt them.

Report of the Audit Committee

INTERNAL AUDIT, RISKS AND CONTROLS

The Committee reviewed the adequacy of the Internal Audit coverage for the Group and the Internal Audit Plans for the Group with the Executive Chairman and the Senior Management team. The Internal Auditors regularly reported to the Committee on the adequacy and effectiveness of internal controls in the Group and compliance with laws and regulations and established policies and procedures of the Group. Reports from the Internal Auditors on the operations of the Company and its subsidiaries were also reviewed by the Committee. Follow-up action taken on the recommendations of the Internal Auditors and any other significant follow-up matters are documented and presented to the Committee as an update to the matters arising from previous meeting minutes every quarter.

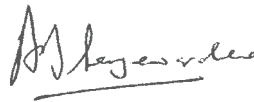
EXTERNAL AUDIT

The External Auditors' Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and the management prior to the commencement of the audit.

The External Auditors kept the Committee advised regarding matters of significance that were pending resolution. Prior to the conclusion of the Audit, the Committee met with the External Auditors and Management to discuss all audit issues and to agree on their treatment. This included the discussion of formal reports from the External Auditors to the Committee. The Committee also met the External Auditors before finalisation of the financial statements in order to obtain their input on specific issues and to ascertain whether they had any areas of concern relating to their work. The External Auditors' final management reports on the audit of the Company and Group financial statements for the year 2022/23 were discussed with the management and the auditors.

The Committee was satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration was given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors from the Group. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation was obtained from the Auditors on their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The performance of the External Auditors has been evaluated and the Committee has recommended to the Board that Messrs. B. R. De Silva & Co. Chartered Accountants be re-appointed as the Auditors of the Company for the financial year ending 31st March 2024, subject to approval by the shareholders at the Annual General Meeting.



A. S. Abeyewardene
Chairman - Audit Committee

30th May 2023

Independent Auditor's Report



Private & Confidential

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CEYLON HOSPITALS PLC Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ceylon Hospitals PLC ("the Company") and the consolidated financial statement of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2023, and the statement of profit or loss and other comprehensive Income, statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

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 2023, and of their financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis of 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 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 financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Partners - N.S.C.De Silva FCA, FCMA (UK),CGMA, L.C.Piyasena FCA, L.L.S.Wickremasinghe FCA,
F.S.N.Marikkar FCA, S.M.S.S.Bandara MBA, FCA, D.S.De Silva LL.B., Attorney-at-Law
ACA, ACMA (UK),CGMA
Partner (Kandy) W.L.L. Perera FCA.

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Independent Auditor's Report

Key Audit Matter	How the matter was Addressed
1. RECOGNITION OF REVENUE The company and the group have recognized revenue of Rs. 4,369,878,070 and Rs. 7,905,209,686 respectively for the year ended 31st March 2023. Revenue is a key performance indicator used to evaluate the performance of the Group and the Company. Given the significance of the total value, the number of transactions, judgment involved in the timing of recognition and the Reliance on IT systems for revenue recognition, the recognition of revenue was considered as a key area of focus.	• Our audit procedures in relation to revenue recognition included both tests of controls as well as substantive procedures. • Our testing of the company's manual and automated controls focused on controls around the timely & accurate recording of sales transactions. • We reviewed the group's accounting policies in respect of revenue recognition and found them to be in compliance with Sri Lanka Accounting Standards. • We performed analytical review procedures to assess whether the recognized revenue was in line with the expected level. • Checked a sample of invoices raised to patients, to ensure revenue is recognized and measured in accordance with the contractual terms of the contracts and the Group's accounting policies. • Discussed with management regarding the contractual arrangements where consultant medical personnel are involved, and tested the appropriateness of the recognition of revenue on a gross or net basis. • Performed substantive test in respect of cut off at the end of the year. • Assessed the adequacy of the disclosures in the financial statements.
2. TRANSACTIONS HELD WITH RELATED PARTIES Related party balances and disclosure of the group are disclosed in notes (15) and (32) to the financial statements. The group is engaged in related Party transactions during the Ordinary course of business. A considerable part of revenue, recurring expenditure and capital expenditure of the company have taken place through related Companies.	• Evaluated the process established by the management in identifying and reporting related party transactions. • Reviewed the reports of related party transaction review committee. • Reviewed a sample of transactions and ensured that transactions are taken place on arm's length basis. • Critically examined the accuracy of intercompany reconciliations carried out by the management on a quarterly basis. • Checked the adequacy of disclosures made in the financial statements in accordance with Sri Lanka 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 do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our Objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and 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, related safeguards.

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 year 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 the independent auditor's report is FCA 2122.



B. R. DE SILVA & CO.

Chartered Accountants Colombo 05.

30th May 2023
LW/ST/ca (22/71)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31st March,	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue	3	7,905,209,686	7,840,800,948	4,369,878,070	5,075,574,545
Cost of Services		(3,094,516,902)	(2,880,148,105)	(1,768,561,316)	(1,889,251,316)
Gross Profit		4,810,692,784	4,960,652,843	2,601,316,754	3,186,323,229
Other Operating Income	4	111,098,228	25,570,448	47,366,275	39,984,171
Less: Expenses					
Administration Expenses		(2,877,829,578)	(2,853,962,393)	(1,803,782,709)	(2,016,681,413)
Other Operating Expenses		(1,102,986,692)	(770,782,598)	(523,773,877)	(489,776,446)
Operating Profit		940,974,742	1,361,478,300	321,126,443	719,849,541
Finance Costs	5	(87,898,046)	(80,566,415)	(61,998,645)	(70,785,930)
Finance Income	5.1	207,246,952	81,821,811	294,804,295	253,212,867
		(3,861,467,364)	(3,623,489,595)	(2,094,750,936)	(2,324,030,922)
Share of Profit of an Equity Accounted Investee	6	-	11,724,076	-	-
Gain on Bargain Purchase	11.2.1	-	14,453,228	-	-
Profit Before Taxation	7	1,060,323,648	1,388,910,990	553,932,093	902,276,478
Less: Income Tax Expense	8	(408,654,531)	(279,384,498)	(254,694,392)	(131,726,125)
Net Profit after Taxation		651,669,117	1,109,526,501	299,237,701	770,550,353
Other Comprehensive Income					
Items that will not be reclassified to Profit or Loss					
Net Change in Fair Value on Equity Investments at Fair Value through Other Comprehensive Income		12,197,815	(2,351,104)	5,711,959	472,000
Actuarial Gain/(Loss) on Gratuity valuation		(17,930,694)	56,265,109	(15,640,404)	54,509,633
Deferred Tax (Charge)/ reversal on revaluation Gain		(403,508,818)	-	(391,880,325)	-
Deferred Tax Charge on actuarial Gain /(Loss) on Gratuity valuation		5,140,600	(6,010,409)	4,692,121	(7,631,349)
Other Comprehensive Income for the Year		(404,101,097)	47,903,596	(397,116,649)	47,350,284
Total Comprehensive Income for the Year		247,568,020	1,157,430,097	(97,878,948)	817,900,637

For the Year Ended 31st March,	Note	Group	2022	Company	2022
		2023		2023	
		Rs.	Rs.	Rs.	Rs.
Profit Attributable to:					
Equity Holders of the Parent		571,831,033	982,324,234	299,237,701	770,550,353
Non-Controlling Interest		79,838,084	127,202,269	-	-
		651,669,117	1,109,526,500	299,237,701	770,550,353
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		168,991,710	1,029,378,311	(97,878,948)	817,900,637
Non-Controlling Interest		78,576,310	128,051,785	-	-
		247,568,020	1,157,430,097	(97,878,948)	817,900,637
Earnings Per Share - Basic	9	16.88	29.00	8.83	22.75

The Significant Accounting Policies and the Notes from Pages 94 to 147 form an integral part of these Financial Statements.

Figures in bracket indicate deductions.

Consolidated Statement of Financial Position

As at 31st March,	Note	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	10	7,705,991,718	7,295,179,446	4,639,970,371	4,452,017,627
Capital Work in Progress	10.3	2,604,471,397	1,186,023,288	2,592,873,347	1,140,109,908
Right of Use Assets	10.6	261,135,015	288,954,105	261,135,015	288,954,105
Investments in Subsidiaries	11	-	-	1,457,821,384	1,457,821,384
Other Financial Assets	12.2.3	286,004,935	272,923,055	79,180,666	71,415,787
Prepaid Rent		-	889,953	-	-
		10,857,603,065	9,043,969,847	9,030,980,783	7,410,318,811
Current Assets					
Inventories	13	1,020,132,071	835,149,431	807,593,297	693,571,319
Trade and Other Receivables	14	277,120,922	306,454,190	154,800,432	214,955,620
Advances and Prepayments	14.1	726,558,549	252,440,452	378,560,340	195,052,981
Amounts due from Related Parties	15.1	5,329,214	1,934,171	37,698,772	75,920,638
Other Financial Assets	12.2.3	789,484,488	1,451,388,256	40,685,815	659,286,775
Tax Refund Due	16.1	13,606,620	13,277,775	13,261,880	13,259,585
Cash and Cash Equivalents	17	420,519,411	898,188,816	275,220,591	129,294,626
		3,252,751,275	3,758,833,091	1,707,821,127	1,981,341,544
Total Assets		14,110,354,340	12,802,802,938	10,738,801,910	9,391,660,355
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Parent					
Stated Capital	18	1,142,797,779	916,366,104	1,142,797,779	916,366,104
Revaluation Reserve	19	2,290,344,615	2,691,662,322	1,742,663,471	2,134,543,796
Fair Value Reserve	20	76,843,290	65,867,579	6,311,959	600,000
Accumulated Profit	21	4,261,863,861	3,873,949,764	2,812,305,464	2,695,435,656
		7,771,849,545	7,547,845,769	5,704,078,673	5,746,945,556
Non-Controlling Interests	22.3	729,500,387	734,253,847	-	-
		8,501,349,932	8,282,099,617	5,704,078,673	5,746,945,556

As at 31st March,	Note	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	12.3	2,135,971,906	1,701,500,729	2,468,281,439	1,606,246,925
Deferred Revenue	23	-	-	30,470,124	31,470,457
Retirement Benefit Obligations	24	205,414,218	177,997,736	182,727,178	156,789,659
Deferred Tax Liabilities	25	1,301,996,674	707,793,471	1,004,120,031	452,599,177
		3,643,382,798	2,587,291,936	3,685,598,772	2,247,106,218
Current Liabilities					
Bank Overdraft		483,403,417	246,765,452	387,320,920	94,526,628
Interest Bearing Loans and Borrowings	12.3	520,601,707	306,059,947	478,038,371	248,829,947
Trade and Other Payables	26	879,179,585	1,247,893,058	436,695,008	862,449,226
Taxation Payable	16	82,436,901	127,894,198	35,163,756	73,281,567
Amounts Due to Related Parties	15.2	-	4,798,731	11,906,410	118,521,213
		1,965,621,610	1,933,411,386	1,349,124,465	1,397,608,581
Total Equity and Liabilities		14,110,354,340	12,802,802,938	10,738,801,910	9,391,660,355

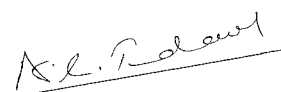
I certify that the Financial Statements comply with the requirements of the Companies Act No. 07 of 2007.



Thusitha Rubasinghe
Chief Financial Officer

The Board of Directors are responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board by,



A. E. Tudawe
Executive Chairman



U. D. Tudawe
Executive Director

The Significant Accounting Policies and the Notes from Pages 94 to 147 form an integral part of these Financial Statements.

30th May 2023

Statement of Changes in Equity - Group

For the Year Ended 31st March,	Stated	Revaluation	Fair Value	Accumulated	Total	Non-Controlling Interest	Total
	Capital	Reserve	Reserve	Profit			
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 31st March 2021	916,366,104	2,691,662,322	68,435,952	2,951,438,752	6,627,903,130	592,626,434	7,220,529,564
Net Profit for the Year	-	-	-	982,324,231	982,324,231	127,202,269	1,109,526,500
Other Comprehensive Income							
Actuarial Gain/ (Loss) on Gratuity valuation	-	-	-	55,964,913	55,964,913	300,196	56,265,109
Deferred Tax Effect on Gratuity valuation	-	-	-	(6,342,459)	(6,342,459)	332,050	(6,010,409)
Prior Year Adjustments- Inventory written-off	-	-	-	(988,950)	(988,950)	(229,608)	(1,218,558)
Net Change in Fair Value on Equity Investments at FVOCI	-	-	(2,568,373)	-	(2,568,373)	217,270	(2,351,103)
Share Buy-back	-	-	-	(54,000)	(54,000)	-	(54,000)
Total Comprehensive Income for the Year	-	-	(2,568,373)	48,579,504	1,028,335,362	127,822,177	1,156,157,539
Transactions held with Owners in their capacity as Owners							
Non-Controlling Interest on Acquisition of Subsidiary	-	-	-	-	-	127,300,806	127,300,806
Dividend Paid - Ordinary Shares	-	-	-	(108,392,722)	(108,392,722)	(113,495,569)	(221,888,291)
	-	-	-	(108,392,722)	(108,392,722)	13,805,237	(94,587,485)
Balance as at 31st March 2022	916,366,104	2,691,662,322	65,867,579	3,873,949,764	7,547,845,769	734,253,847	8,282,099,616
Net Profit for the Year	-	-	-	571,831,033	571,831,033	79,838,084	651,669,117
Other Comprehensive Income							
Deferred Tax Effect on Revaluation Gain	-	(401,317,707)	-	-	(401,317,707)	(2,191,111)	(403,508,818)
Actuarial Gain/ (Loss) on Gratuity valuation	-	-	-	(17,562,258)	(17,562,258)	(368,436)	(17,930,694)
Deferred Tax effect on actuarial Gain / (Loss) on Gratuity valuation	-	-	-	5,064,931	5,064,931	75,669	5,140,600
Net Change in Fair Value on Equity Investments at FVOCI	-	-	10,975,711	-	10,975,711	1,222,104	12,197,815
Total Comprehensive Income for the Year	-	(401,317,707)	10,975,711	559,333,706	168,991,710	78,576,310	247,568,020
Transactions held with Owners in their capacity as Owners							
Shares issued at Rights Issue	226,431,675	-	-	-	226,431,675	-	226,431,675
Right Issue Expenses	-	-	-	(2,055,980)	(2,055,980)	-	(2,055,980)
Shares issued by the Subsidiary at Rights Issue	-	-	-	-	-	5,860,000	5,860,000
Dividend Paid - Ordinary Shares	-	-	-	(169,363,629)	(169,363,629)	(89,189,771)	(258,553,400)
	226,431,675	-	-	(171,419,609)	55,012,066	(83,329,771)	(28,317,706)
Balance as at 31st March 2023	1,142,797,779	2,290,344,615	76,843,290	4,261,863,861	7,771,849,545	729,500,387	8,501,349,932

The Significant Accounting Policies and the Notes from Pages 94 to 147 form an integral part of these Financial Statements.

Statement of Changes in Equity - Company

For the Year Ended 31st March,	Stated Capital Rs.	Revaluation Reserves Rs.	Fair Value Reserve Rs.	Accumulated Profit Rs.	Total Rs.
Balance as at 31st March 2021	916,366,104	2,134,543,796	128,000	1,986,399,741	5,037,437,641
Net Profit for the Year	-	-	-	770,550,353	770,550,353
Other Comprehensive Income					
Actuarial Gain/ (Loss) on Gratuity valuation	-	-	-	54,509,633	54,509,633
Deferred Tax Effect on Gratuity valuation	-	-	-	(7,631,349)	(7,631,349)
Net Change in Fair Value on Equity Investments at FVOCI	-	-	472,000	-	472,000
Total Comprehensive Income for the Year	-	-	472,000	817,428,637	817,900,637
Transactions held with Owners in their capacity as Owners					
Dividend Paid - Ordinary Shares	-	-	-	(108,392,723)	(108,392,723)
	-	-	-	(108,392,723)	(108,392,723)
Balance as at 31st March 2022	916,366,104	2,134,543,796	600,000	2,695,435,655	5,746,945,555
Net Profit for the Year	-	-	-	299,237,701	299,237,701
Other Comprehensive Income					
Impairment of Building	-	-	-	-	-
Net Revaluation Gain on Land and Building	-	-	-	-	-
Deferred Tax Effect on Revaluation Gain	-	(391,880,325)	-	-	(391,880,325)
Actuarial Gain/ (Loss) on Gratuity valuation	-	-	-	(15,640,404)	(15,640,404)
Deferred Tax Effect on Gratuity valuation	-	-	-	4,692,121	4,692,121
Net Change in Fair Value on Equity Investments at FVOCI	-	-	5,711,959	-	5,711,959
Total Comprehensive Income for the Year	-	(391,880,325)	5,711,959	288,289,418	(97,878,948)
Transactions held with Owners in their capacity as Owners					
Shares issued at Rights Issue	226,431,675	-	-	-	226,431,675
Right Issue Expenses	-	-	-	(2,055,980)	(2,055,980)
Dividend Paid - Ordinary Shares	-	-	-	(169,363,629)	(169,363,629)
	226,431,675	-	-	(171,419,610)	55,012,065
Balance as at 31st March 2023	1,142,797,779	1,742,663,471	6,311,959	2,812,305,463	5,704,078,672

The Significant Accounting Policies and the Notes from Pages 94 to 147 form an integral part of these Financial Statements.

Statement of Cash Flows

For the Year Ended 31st March,	Note	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Cash Flows from/ (used in) Operating Activities					
Net Profit before Income Tax Expenses		1,060,323,648	1,388,910,998	553,932,093	902,276,478
Adjustments for					
Inventory Written-off/ (Write-in)		7,018,041	25,387,993	3,920,342	21,790,434
Bad Debts Written-off		68,789,269	19,489,460	(7,416,058)	12,010,309
Depreciation Charge for the Year	10	389,264,474	339,848,310	212,151,427	185,026,571
Amortisation of Right to use assets	10.6	116,248,333	108,031,074	116,248,333	108,031,074
Finance Income	5.1	(207,246,952)	(81,821,811)	(294,804,295)	(253,212,867)
Finance Costs	5	87,898,046	80,566,415	61,998,645	70,785,930
Amortisation of Deferred Rent	23	-	100,000	(1,000,333)	(1,790,286)
Profit/ (Loss) on Disposal of Property, Plant and Equipment		-	(5,202,084)	-	(5,202,084)
Fair Value(Gain)/Loss on Financial Instruments		(29,970,349)	(32,916,519)	(3,546,131)	472,000
Impairment on Receivables		2,170,585	-	-	-
Provision written back		(24,816,444)	-	-	-
Share of Profit of an Equity Accounted Investee	6	-	(11,724,076)	-	-
Provision for Defined Benefit Plans	24.2	41,211,838	28,948,254	36,051,596	25,088,722
Operating Profit before Working Capital Changes		1,510,890,489	1,859,618,014	677,535,618	1,065,276,281
(Increase)/ Decrease in Inventories	13	(192,000,680)	(324,660,076)	(117,942,319)	(264,887,049)
(Increase)/ Decrease in Trade and Other Receivables	14	(509,974,264)	(184,977,835)	(115,936,113)	(143,615,582)
Increase/ (Decrease) in Trade and Other Payables	26	(340,724,201)	576,763,042	(425,754,218)	477,733,206
Increase/ (Decrease) in Dues from Related Parties	15.1	(8,193,774)	(171,712,198)	(68,392,937)	(51,356,862)
Cash Generated from Operations		459,997,569	1,755,030,947	(50,489,969)	1,083,149,994
Finance Costs Paid		(55,682,894)	(51,361,096)	(29,783,493)	(41,580,611)
Defined Benefit Plan Costs Paid	24.1	(31,726,050)	(37,566,916)	(25,754,481)	(30,867,588)
Tax Paid	16	(264,362,399)	(160,869,359)	(129,869,293)	(109,439,280)
Net Cash from/ (used in) Operating Activities		108,226,226	1,505,233,576	(235,897,236)	901,262,515

For the Year Ended 31st March,		Group		Company	
		2023	2022	2023	2022
Note		Rs.	Rs.	Rs.	Rs.
Cash Flows from/ (used in) Investing Activities					
Acquisition of Property, Plant and Equipment		(2,218,524,859)	(1,109,961,109)	(1,852,867,615)	(697,335,249)
Proceeds from sale of Property Plant and Equipment		-	8,750,000	-	8,750,000
(Acquisition)/ Disposal of Other Investments		691,748,665	(422,850,842)	624,536,810	(540,616,354)
Income from Investments	5.1	207,246,952	81,821,811	294,804,295	253,212,867
Net Cash Flows from/ (used in) Investing Activities		(1,319,529,242)	(1,442,240,140)	(933,526,510)	(975,988,736)
Cash Flows from/ (used in) Financing Activities					
Receipts from Interest bearing Loans and Borrowings	12.3.1	875,000,000	1,019,152,614	1,260,000,000	900,908,810
Repayments of Interest bearing Loans and Borrowings	12.3.1	(206,770,594)	(740,021,784)	(149,540,593)	(699,801,784)
Lease Rent Payment	12.3	(142,916,053)	(135,536,839)	(142,916,053)	(135,536,839)
Proceeds from the Issue of Shares at Rights Issue		226,431,675	-	226,431,675	-
Right Issue Expenses		(2,055,981)	-	(2,055,981)	-
Share Buy-back		-	(54,000)	-	-
Changes in Non-Controlling Interest on Issue of shares by Subsidiary		5,860,000	248,399,362	-	-
Dividends Paid		(258,553,400)	(221,888,291)	(169,363,629)	(108,392,723)
Net Cash Flows from/ (used in) Financing Activities		496,995,647	170,051,062	1,022,555,419	(42,822,536)
Net Increase/ (Decrease) in Cash and Cash Equivalents		(714,307,370)	233,044,496	(146,868,327)	(117,548,757)
Cash and Cash Equivalents at the beginning of the Year		651,423,364	418,378,868	34,767,998	152,316,755
Cash and Cash Equivalents at the end of the Year		(62,884,006)	651,423,364	(112,100,329)	34,767,998
Analysis of Cash & Cash Equivalents					
Bank Overdraft		(483,403,417)	(246,765,452)	(387,320,920)	(94,526,628)
Cash in Hand and at Bank	17	420,519,411	898,188,816	275,220,591	129,294,626
		(62,884,006)	651,423,364	(112,100,329)	34,767,998

The Significant Accounting Policies and the Notes from Pages 94 to 147 form an integral part of these Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Ceylon Hospitals PLC ("the Company") is a Public Limited Liability Company, incorporated and domiciled in Sri Lanka under the provisions of companies Act No. 07 of 2007 and listed on the Colombo Stock Exchange. The registered office and the principal place of business are located at No. 03, Alfred Place, Colombo 03.

1.2 Parent Enterprise and Ultimate Parent Enterprise

The Consolidated Financial Statements of the Company for the year ended 31st March 2023 comprise the Company (Parent company) and its Subsidiaries. (together referred to as the "Group" and individually as "Group entities")

The Company's parent undertaking is Durdans Management Services Ltd which is incorporated and domiciled in Sri Lanka.

1.3 Principal business activities and Nature of Operations

During the year the principal business activities of the group were as follows:

Name of the Company	Nature of the Business
Ceylon Hospitals PLC	Providing Healthcare Services and Laboratory Services
Durdans Heart Centre (Pvt) Ltd	Providing Preventive Cardiac Care Services and Cardiac Surgical Care
Durdans Medical and Surgical Hospital (Pvt) Ltd	Providing Healthcare Services
Amrak Institute of Medical Sciences (Pvt) Ltd	Providing allied Medical Science Courses
Ceygen Biotech (Pvt) Ltd	Supplying of Molecular Biological, Biochemical, Biotechnological, Test kits, Equipment and Accessories for Molecular diagnostics and research

1.4 Date of Authorization for issue

The financial statements of Ceylon Hospitals PLC and its subsidiaries for the year ended 31st March 2023 was authorized for issue in accordance with a resolution of the Board of Directors on 30th May 2023.

1.5 Number of Employees

The Staff strength of the Group as at 31st March 2023 was 2032 (As at 31st March 2022 -1973)

1.6 Companies in the Group

Subsidiaries

The Group Financial Statements include the results of the Durdans Heart Centre (Pvt) Limited, Durdans Medical and Surgical Hospital (Pvt) Limited, Amrak Institute of Medical Sciences (Pvt) Ltd and Ceygen Biotech (Pvt) Ltd which are subsidiaries of the company. The details of subsidiaries are as follows:

Company Name	Year of Incorporation	Ownership Percentage
Subsidiary Companies		
Durdans Heart Centre (Pvt) Ltd	1999/00	81.16%
Durdans Medical and Surgical Hospital (Pvt) Ltd	2007/08	85.39%
Amrak Institute of Medical Sciences (Pvt) Ltd	2017/18	52.51%
Ceygen Biotech (Pvt) Ltd	2009/10	51.57%

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

2.1.1 Basis of Preparation

The Consolidated Financial Statements of the Group and separate Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka ("CASL") and in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the CSE.

These Financial Statements presented in Sri Lanka Rupees have been prepared on a historical cost basis except for the revaluation of certain property, plant and equipment, financial instruments at fair value and derivative financial instruments that have been measured at fair value. The retirement benefit obligations are measured at the present value of the defined benefit obligation. All these measures are explained in the respective notes to the financial statements. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

2.1.2 Statement of Compliance

The Consolidated Financial Statements of Ceylon Hospitals PLC and its subsidiary companies have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS) as laid down by the Institute of Chartered Accountants of Sri Lanka ("CASL") and the requirements of the Companies Act No. 07 of 2007.

2.1.3 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of the Financial Statements of the Group and the Company as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

The Board of Directors acknowledges their responsibility for Financial Statements as set out in the Annual Report of the Board of Directors, Statement of Directors' Responsibility, and the certification on the Statement of Financial Position.

These Financial Statements include the following components:

- i. A Statement of Profit or Loss and Other Comprehensive income.
- ii. A Statement of Financial Position.
- iii. A Statement of Changes in Equity.
- iv. A Statement of Cash Flows.
- v. Notes to the Financial Statements comprising significant Accounting Policies and other explanatory information.

2.1.4 Going Concern

The management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

The Directors having assessed the existing and probable impact of COVID-19 on the Company and the Group's business on a range of factors such as normalisation of revenue streams, cost management efforts implemented, ability to defer capital expenses and debt repayments, availability of cash reserves and the confidence to source financing to continue the operations with least possible impact was satisfied that the Company and its subsidiaries and associates have adequate resources to continue in operation for the foreseeable future.

Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, financial statements of the Group continue to be prepared on a going concern basis.

2.1.5 Functional Currency and Presentation Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency. All financial information presented in Rupees has been rounded to the nearest Rupee.

2.1.6 Use of Estimates and Judgements.

The preparation of the financial statements in conformity with SLFRSs and LKASs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, judgements and estimates based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from those estimates and judgemental decisions.

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

2.1.6.1. Judgement

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included in the note Right of Use Assets, whether an arrangement contains a Lease and Lease Classification.

2.1.6.2. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ended 31st March 2023 is included in the following notes:

Note 24 – Measurement of defined benefit obligations: Key actuarial assumptions;

Note 25 – Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used:

Note 10 – Measurement of useful lifetime of Property, Plant and Equipment

Note 28 – Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and

Note 12 – Fair Valuation of Investments classified as FVTOCI

2.1.7 Comparative Information

The Financial Statements for the comparative periods comprise results for the 12 months' periods from 1st April 2021 to 31st March 2022.

In this circumstance, the comparative information for the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows and related notes are comparable with the current period.

Notes to the Financial Statements

Comparative Information has been reclassified, wherever necessary, to conform to the current year's presentation and classification. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or equity.

2.1.8 Measurement of Fair Value

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. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised 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 is not based on observable market data (unobservable inputs).

2.2. Significant Accounting Policies

2.2.1 Basis of Consolidation

2.2.1.1. Business Combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

2.2.1.2. Subsidiaries

Subsidiaries are those enterprises controlled by the Group. Control is achieved when the Group is exposed or has right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group controls an investee if, and only if the Group has:

- Power over the investee (i.e.; Existing rights that give it the current ability to direct the relevant activities of the investee.)
- Exposure, or right to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its return.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which the control commences until the date that on which control ceases.

A listing of the Group's significant subsidiaries is set out in Note 1.3 to the financial statements. Investments in subsidiaries are measured at Cost.

2.2.1.3. Non-Controlling Interests

The interest of the outside shareholders of the Group is disclosed separately under the heading of Non-Controlling Interest ("NCI"). NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.2.1.4. Investment in Equity Accounted Investee

The Group's investment in its equity accounted investee is accounted for using the equity method. Equity accounted investee is an entity in which the Group has a significant influence.

Under the equity method, the investment in the equity accounted investee is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the equity accounted investee. Goodwill relating to the equity accounted investee is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Statement of Comprehensive Income reflects the share of the results of operations of the equity accounted investee. Where there has been a change recognised directly in the equity of the equity accounted investee, the Group recognises its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the equity accounted investee.

The share of profit of an equity accounted investee is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its equity accounted investee. The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity accounted investee and its carrying value and recognises the amount in the 'share of profit from equity accounted investee' in the income statement.

Upon loss of significant influence over the equity accounted investee, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the equity accounted investee upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

2.2.1.5. Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.2.1.6. Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

2.2.1.7. Reporting date

Group's subsidiaries have the same reporting period as the parent company, which ends on 31st March.

2.2.2 Foreign Currency Transactions

The Group's consolidated financial statements are presented in Sri Lanka Rupees ("Rupees"), which is also the parent company's functional currency. Transactions in foreign currencies are translated into Sri Lanka Rupees ("Rs.") at the foreign exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated in to rupees at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translations are recognised in the Statement of 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 translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

2.3 Valuation of Assets and their Measurement Bases

2.3.1 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. The cost of inventories is based on Weighted Average Cost. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated price at which inventories can be sold in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.3.2 Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used more than one period.

Notes to the Financial Statements

2.3.2.1. Recognition

Property, plant & equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

2.3.2.2. Measurement

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located.

All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

2.3.2.3. Subsequent Expenditure

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

The cost of replacing part of an item of Property, Plant and Equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

2.3.2.4. Revaluation of Land and Buildings

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the statement of income. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Any balance remaining

in the revaluation surplus in respect of an asset is transferred directly to Accumulated Profit on retirement or disposal of the assets.

The Company policy is to revalue the Company land and building between 3-5 years.

2.3.2.5. Depreciation

The provision for depreciation is calculated by using straight line basis on the cost or valuation of all property, plant and equipment other than freehold land, in order to write off such amounts over the following estimated useful lives. The principal annual rates used are:

Ceylon Hospitals PLC

Buildings	- 2.5%
Plant & Machinery	- 10%
Electrical Equipment	- 10%
Furniture & Fittings	- 10%
Sundry Equipment	- 10%
Telephones	- 20%
Electrical Power Plant & Transformer	- 10%
Air Conditioners	- 10%
Motor Vehicles	- 10%
Linen	- 50%
Computer Equipment	- 20%

Durdans Heart Centre (Pvt) Ltd

Cardiac Catheterisation Laboratory	- 10%
Theatre & SICU Equipment	- 10%
Furniture & Fittings	- 20%
Computer Equipment	- 25%
Electrical & Other Equipment	- 20%
Motor Vehicles	- 20%

Durdans Medical and Surgical Hospital (Pvt) Ltd

Buildings	- 2.5%
Computer Equipment	- 20%
Medical Equipment	- 10%
Furniture & Fittings	- 5%
Curtaining & Linen	- 50%
Other Equipment	- 10%

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

2.3.2.6. Borrowing Cost

Borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets, until such time the assets are substantially ready for their intended use.

2.3.2.7. Restoration Cost

Expenditure incurred on repairs and maintenance of property, plant & equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance, is recognised as an expense when incurred.

2.3.2.8. Capital Work-in-Progress

The cost of self-constructed assets includes the cost of materials, direct labour, and direct overheads including any other costs directly attributable to bring the assets to a workable condition of their intended use and capitalised borrowing cost. Capital Work-In-Progress is transferred to the respective asset accounts when the asset is available for use and all work connected to construction is completed.

2.3.2.9 Impairment of Property, Plant and Equipment

The carrying value of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the Profit or Loss unless it reverses a previous revaluation surplus for the same asset.

2.3.2.10 De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount. Gains or losses on de-recognition are recognised in profit or loss and gains are not classified as revenue.

2.3.3 Intangible Assets

An intangible asset is initially recognised at cost, if it is probable that future economic benefit will flow to the enterprise, and the cost of the asset can be measured reliably. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The

amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

The estimated useful life for intangible assets with finite useful life is as follows;

Software Licenses – Over four years

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the Cash Generating Unit ("CGU") level.

An Intangible Asset is de-recognised on disposal or when no future economic benefits are expected from it. The gain or loss arising from de-recognition of such intangible assets is included in the profit or loss when the item is derecognised.

2.3.4 Right of Use Assets

(a) Basis of recognition

The Group applies Sri Lanka Accounting Standard (SLFRS 16) on Leases in accounting for all lease hold rights except for short term leases, which are held for use in the provision for services.

(b) Basis of Measurement

The Group recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-Use assets are measured at cost less any accumulated amortisation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred and lease payments made at or before the commencement date less any lease incentives received. Right of Use Assets are amortised on the straight-line basis over the lease term.

(c) Lease Liability

At the commencement date of the lease, the bank recognises lease liabilities, measured at present value of future lease payments to be made over the lease term.

The present value of lease commitments has been calculated using weighted average incremental borrowing rate. The Group applied modified retrospective approach in accordance with SLFRS 16 when accounting for right-of-use assets and operating lease liabilities.

2.3.5 Financial Instruments - Recognition and measurement

2.3.5.1. Recognition and Initial Measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with through the Income Statement.

2.3.5.2 Classification and Subsequent Measurement of Financial Assets

From 01st April 2018 as per Sri Lanka Accounting Standard on Financial Instruments (SLFRS 9) the Group classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms measured at either;

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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 an 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.

All financial assets are not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(a) Financial assets – Business Model Assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

(b) Assessment of whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI test)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limits the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual 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.

(c) Financial assets – Subsequent Measurement and Gains and Losses

i. Financial Assets at Fair Value through Profit or Loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

ii. Financial Assets at Amortised Cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

iii. Debt Investments at Fair Value through Other Comprehensive Income

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

iv. Equity Investments at Fair Value through Other Comprehensive Income

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(d) De-recognition - Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

i. The rights to receive cash flows from the asset have expired

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- 1) the Group has transferred substantially all the risks and rewards of the asset, or
 - 2) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
- ii. When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.3.5.3. Classification and Subsequent Measurement of Financial Liabilities

As per SLFRS 9, the Group classifies financial liabilities, other than financial guarantees and loan commitments into one of the following categories:

- i. Financial liabilities at fair value through profit or loss, and within this category as
 - Held-for-trading; or
 - Designated at fair value through profit or loss;
- ii. Financial liabilities measured at amortised cost

Notes to the Financial Statements

a) *Financial Liabilities at Fair Value through Profit or Loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

b) *Financial Liabilities Designated at Fair Value through Profit or Loss*

Financial liabilities designated at fair value through profit or loss are recorded in the SOFP at fair value when

- i. The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis, or
- ii. A group of financial liabilities are managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided on that basis to entity's key management personnel, or
- iii. The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

c) *Financial Liabilities Measured at Amortised Cost*

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

d) *De-recognition - Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

2.3.5.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.3.5.5 Fair value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 12.5.

a) *Impairment of Non-Derivative Financial Assets*

The Group recognises loss allowances for Expected Credit Losses ("ECLs") on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

Debt securities that are determined to have low credit risk at the reporting date; and 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 initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month 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 losses. Credit losses are measured as the present value of all cash shortfalls (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 rate of the financial asset.

c) *Credit-Impaired Financial Assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

d) *Presentation of Allowance for ECLs in the Statement of Financial Position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

e) *Written-off*

The gross carrying amount of a financial asset is written-off when the Group has no reasonable expectations of recovering a 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 written-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

f) *Impairment of Non-Financial Assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, if asset could not be tested for impairment on an individual basis, then assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

2.4 Liabilities and Provisions

Liabilities classified as current liabilities on the reporting date are those, which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All known liabilities have been accounted for in preparing the financial statement.

2.4.1 Retirement Benefit Obligations

2.4.1.1. Defined Benefit Plan – Gratuity

Employees are eligible to receive a gratuity payment of half month's salary per year of service at the end of service, provided the employee has provided 5 years of service. Defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The present value of the defined benefit obligation is

Notes to the Financial Statements

calculated annually by independent actuaries using Projected Unit Credit Method ("PUC") as recommended by Sri Lanka Accounting Standard (LKAS 19) on Employees benefits. The defined benefit liability is recognised in the reporting date.

The actuarial gains and losses are charged or credited to Other Comprehensive Income in the period in which they arise. The assumptions based on which the results of the actuarial valuation were determined as at 31st March 2023 are given below. However, according to the Payment of Gratuities Act No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

- a. Average Rate of Interest - 18% (Per annum)
- b. Average Rate of Salary Increase - 12%
- c. Average Retirement Age - 60 years
- d. Employee Turnover rate - 23%-30% across the board up to age 54 and zero thereafter
- e. The company will continue in business as a going concern

The liability is not externally funded.

2.4.1.2. Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in accordance with the respective Statutes and Regulations.

2.4.2 Capital Commitments and Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitment and contingent liabilities of the Group are disclosed in the respective notes to the Financial Statements.

2.4.3 Events Subsequent to the Reporting Period

The materiality of the events after the reporting period has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

2.5 Statement of Profit or Loss and other Comprehensive Income

2.5.1 Revenue from Contracts with Customer

Revenue is recognised when the obligation to provide goods and services is satisfied in accordance with Sri Lanka Accounting Standards (SLFRS 15) on Revenue from Contracts with Customers. The consideration is determined with reference to the amount the group expects to be entitled in exchange for transferring the promised goods or services to the customer.

i. Rendering of Services

Revenue from rendering of Healthcare services is recognised over time.

ii. Sale of Medicine and Related Products

Revenue from the sale of medicine and related products is recognised at the point of sale.

iii. Interest

Interest Income is recognised on an accrual basis. Interest on financial instruments measured at amortised cost is recognised using effective interest rate.

iv. Dividends

Dividend income is recognised when the Group's right to receive the payment is established.

v. Rental Income

Rental income is recognised on an accrual basis.

vi. Other Income

Other Income is recognised on an accrual basis.

vii. Gains or Losses on the disposal of Property, Plant and Equipment

Net gains and losses on the disposal of Property, Plant and Equipment and other non-current assets including investments have been accounted for in the Statement of Comprehensive Income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

2.5.2 Expenditure Recognition

Expenses are recognised in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the purpose of presentation of the Statement of Comprehensive Income, the Directors are of the opinion that the function of expenses method, presents fairly the elements of the Group's performance and hence, such presentation method is adopted.

2.5.3 Taxation

2.5.3.1. Current Taxes

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, as amended ('IRA').

2.5.3.2. Taxation

Deferred Tax is provided in full, using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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 assets to be recovered.

2.5.4 Earnings per Share

The Financial Statements present basic earnings per share ("EPS") data for its ordinary shareholders. The EPS is calculated by dividing the Profit or Loss attributable to ordinary shareholders of the Company by the number of ordinary shares in issue.

2.5.5 Dividend on Ordinary Shares

Dividend on ordinary shares are recognised as a liability and deducted from equity when they are approved by the company's shareholders. Interim dividends are deducted from equity when they are declared and are no longer the discretion of the Company.

2.6 The Statements of Cash Flows

2.6.1 Cash and Cash Equivalents

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

For the purpose of cash flow statement, cash and cash equivalent consists of cash in hand and deposits in banks net of outstanding bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Investment with short term maturities i.e. three months or less from the date of acquisitions is also treated as cash equivalents.

The cash flow statements are prepared using the "Indirect Method" in accordance with the Sri Lanka Accounting Standard (LKAS 7) on Statement of Cash Flows, whereby gross cash receipts and gross cash payments on operating activities, investing activities and financial activities are recognised.

Standards Issued but not yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, to the date of issuance of the financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The following amendments and improvements are not expected to have a significant impact on the Group's financial statements.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2023.

- Amendments to LKAS 01: Non-current Liabilities with Covenants
- Amendments to LKAS 08: Definition of Accounting Estimate
- Amendments to LKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to SLFRS 16: Subsequent measurement requirement for sale and leaseback transactions.

Notes to the Financial Statements

For the Year Ended 31st March,		Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
3	REVENUE				
	Healthcare Services	7,905,209,686	7,840,800,948	4,369,878,070	5,075,574,545
4	OTHER OPERATING INCOME				
	Deferred Income of Residential Fees	-	-	1,000,333	1,790,286
	Sundry Income	46,530,915	53,284,883	30,864,811	32,991,801
	Fair Value Gain on Financial Assets at Fair Value through Profit or Loss	27,795,869	(32,916,519)	3,546,131	-
	Rent Income	11,955,000	-	11,955,000	-
	Write Back of Provision	24,816,444	-	-	-
	Profit on Disposal of Property, Plant and Equipment	-	5,202,084	-	5,202,084
		111,098,228	25,570,448	47,366,275	39,984,171
5	FINANCE COSTS				
	Loan Interest	42,203,474	47,017,691	18,188,167	38,796,495
	Interest Expenses on Overdrafts	8,934,936	337,330	8,843,607	196,578
	Interest on Leases	32,215,154	29,205,319	32,215,154	29,205,319
	Bank Charges	4,544,482	4,006,075	2,751,717	2,587,537
		87,898,046	80,566,415	61,998,645	70,785,930
5.1	Finance Income				
	Interest Income	193,617,056	78,584,644	58,127,490	11,877,497
	Dividend Income	13,629,896	3,237,167	236,676,805	241,335,371
		207,246,952	81,821,811	294,804,295	253,212,867

6 INVESTMENT IN EQUITY ACCOUNTED INVESTEE

Ceygen Biotech (Pvt) Ltd, which is engaged in the production and supply of Test kit for Molecular Biology, Biochemistry and Biotechnology for Molecular Diagnostic and Research purposes.

Ceygen Biotech (Pvt) Ltd is a private limited liability company. The following table illustrates summarised financial information of Ceygen Biotech (Pvt) Ltd :

For the Year Ended 31st March,	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
6.1 Carrying Amount of Equity Accounted Investee as at the End of Year is Made up as follows;				
Balance at the beginning of the Year	-	109,374,480	-	229,960
Share of Profit from Equity Accounted Investee	-	11,724,076	-	-
Acquisition of Investee (Note 11.2)	-	(121,098,556)	-	(229,960)
Balance at the end of the Year	-	-	-	-

7 PROFIT/ (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit / (Loss) from ordinary activities before taxation is stated after charging all expenses including the following.

For the Year Ended 31st March,	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Directors' Fees and Remuneration	79,011,242	74,242,058	52,191,315	70,669,908
Auditors Remuneration - Internal	3,314,477	602,100	3,161,770	367,400
Auditors Remuneration - External	2,317,245	2,020,000	1,150,000	1,050,000
Depreciation	389,264,474	339,848,311	212,151,427	185,026,571
Defined Benefit Plan Costs - Gratuity	41,211,836	28,948,254	36,051,595	25,088,722
Legal Fees	3,173,844	5,504,814	1,484,332	2,524,264
Salaries	1,336,172,943	1,222,200,960	758,909,260	783,950,740
Employee's Provident Fund	98,993,485	95,110,648	84,029,591	80,498,260
Employee's Trust Fund	28,288,382	22,973,170	23,927,954	18,711,017

Notes to the Financial Statements

For the Year Ended 31st March,	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
8 INCOME TAX EXPENSE				
Income Tax (Note 8.1)	218,905,102	220,295,000	91,751,482	127,567,176
Under/(Over) Provision of Current taxes in respect of prior years	540,866	-	-	-
Deferred Tax				
Decrease/ (Increase) in Deferred Tax Assets	(129,456,390)	11,476,759	(124,827,632)	11,802,198
(Decrease)/ Increase in Deferred Tax Liabilities	314,142,274	51,965,285	289,160,281	(3,290,700)
Adjustment to Deferred Tax	4,522,679	(4,352,548)	(1,389,739)	(4,352,548)
Deferred Taxation Charge/ (Reversal)	189,208,563	59,089,497	162,942,910	4,158,950
Income Tax Expense	408,654,531	279,384,498	254,694,392	131,726,125
8.1 Reconciliation between Current Tax expense and the Accounting profit				
Accounting Profit before Taxation	1,060,323,648	1,388,910,998	553,932,093	902,276,478
Consolidation Adjustments	-	213,193,449	-	-
Income not Subject to Taxation	(37,938,825)	(98,520,424)	-	(23,797,834)
Less: Investment Income	(450,331,231)	-	(304,568,952)	-
Other Income Subject to Taxation	454,650,331	-	295,723,763	-
Aggregated Disallowed expenses	625,221,177	594,060,856	426,315,371	386,367,801
Aggregated Allowed expenses	(768,799,435)	(898,880,298)	(479,498,137)	(654,919,722)
Less: Tax Loss Brought Forward	(16,914,457)	-	-	-
Taxable Profit	866,211,208	1,198,764,581	491,904,138	609,926,723
Statutory Tax - Business Income	127,992,736	191,469,888	45,344,496	85,139,907
Statutory Tax - Other Income	90,912,366	53,137,829	46,406,986	38,065,977
Adjustment of Provision for Income Tax	-	(24,312,717)	-	4,361,292
Income Tax Provision	218,905,102	220,295,000	91,751,482	127,567,176

Parent Company - Ceylon Hospitals PLC

The Company is liable for Income Tax for the year of assessment 2022/23 at the rate of 24% for the 01st Six months & at 30% for the 02nd Six months on business profits.

Durdans Heart Centre (Pvt) Ltd.

The Company is liable for Income Tax for the year of assessment 2022/23 at the rate of 24% for the 01st Six months & at 30% for the 02nd Six months on business profits.

Durdans Medical & Surgical Hospitals (Pvt) Ltd

The Company is liable for Income Tax for the year of assessment 2022/23 at the rate of 15% as per BOI agreement.

Amrak Institute of Medical Sciences (Pvt) Ltd

The Company is liable for Income Tax for the year of assessment 2022/23 at the rate of 24% for the 01st Six months & at 30% for the 02nd Six months on business profits.

Ceygen Biotech (Pvt) Ltd

The Company is liable for Income Tax for the year of assessment 2022/23 at the rate of 24% for the 01st Six months & at 30% for the 02nd Six months on business profits.

9 EARNINGS PER SHARE

Basic Earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders over the weighted average number of ordinary shares outstanding during the year.

For the Year Ended 31st March,	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Profit Attributable to Equity Holders of the Parent (Rs.)	571,831,033	982,324,231	299,237,701	770,550,353
Weighted Average Number of Shares Outstanding during the Year	33,878,526	33,872,726	33,878,526	33,872,726
Earnings Per Share (Rs.)	16.88	29.00	8.83	22.75

Notes to the Financial Statements

10 PROPERTY, PLANT AND EQUIPMENT

10.1 Group

For the Year Ended 31st March,	Freehold Land	Buildings and Fittings	Medical and Other Equipment	Furniture and Fittings	Computer Equipment	Motor Vehicles	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/ Valuation							
Balance as at 01st April 2021	3,745,540,000	2,238,155,684	3,525,563,550	274,230,522	269,427,226	122,313,495	10,175,230,477
Additions	-	81,475,577	409,106,274	7,359,031	44,285,231	11,685,000	553,911,114
Disposals/ Transfers	-	-	(1,498,675)	-	59,000	(6,550,000)	(7,989,675)
Balance as at 31st March 2022	3,745,540,000	2,319,631,261	3,933,171,149	281,589,553	313,771,457	127,448,495	10,721,151,916
Additions	-	130,108,780	527,527,827	32,008,005	62,955,133	47,477,000	800,076,746
Disposals/ Transfers	-	-	(989,189)	-	-	-	(989,189)
Balance as at 31st March 2023	3,745,540,000	2,449,740,041	4,459,709,787	313,597,558	376,726,590	174,925,495	11,520,239,473
Accumulated Depreciation							
Balance as at 01st April 2021	-	176,411,830	2,429,837,209	195,652,067	226,822,026	63,378,771	3,092,101,902
Depreciation Charge for the Year	-	93,436,477	197,277,567	11,237,578	26,037,593	11,859,096	339,848,311
Disposals/ Transfers	-	-	(3,009,022)	-	33,363	(3,002,083)	(5,977,743)
Balance as at 31st March 2022	-	269,848,307	2,624,105,753	206,889,645	252,892,982	72,235,783	3,425,972,470
Depreciation Charge for the Year	-	107,170,754	224,538,813	10,592,918	32,813,635	14,148,353	389,264,474
Disposals/ Transfers	-	-	(989,189)	-	-	-	(989,189)
Balance as at 31st March 2023	-	377,019,061	2,847,655,377	217,482,563	285,706,617	86,384,136	3,814,247,755
Net Book Value							
At 31st March 2022	3,745,540,000	2,049,782,954	1,309,065,396	74,699,909	60,878,476	55,212,712	7,295,179,446
At 31st March 2023	3,745,540,000	2,072,720,980	1,612,054,410	96,114,995	91,019,973	88,541,359	7,705,991,718

10.2 Company

For the Year Ended 31st March,	Freehold Land	Buildings and Fittings	Medical and Other Equipment	Furniture and Fittings	Computer Equipment	Motor Vehicles	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/ Valuation							
Balance as at 01st April 2021	2,814,040,000	1,050,215,514	1,762,925,123	184,209,970	254,829,769	65,808,885	6,132,029,260
Additions	-	3,343,664	125,135,855	4,097,759	42,401,832	11,685,000	186,664,110
Disposals/ Transfers	-	-	(5,381,348)	-	-	(6,550,000)	(11,931,348)
Balance as at 31st March 2022	2,814,040,000	1,053,559,178	1,882,679,630	188,307,739	297,231,601	70,943,885	6,306,762,022
Additions	-	1,702,000	320,151,674	13,658,242	35,897,255	28,695,000	400,104,171
Disposals/ Transfers	-	-	(989,189)	-	-	-	(989,189)
Balance as at 31st March 2023	2,814,040,000	1,055,261,178	2,201,842,115	201,965,981	333,128,856	99,638,885	6,705,877,004
Accumulated Depreciation							
Balance as at 31st March 2021	-	132,074,079	1,168,481,374	150,254,490	206,261,443	21,029,871	1,678,101,255
Depreciation Charge for the Year	-	50,959,483	95,063,970	6,717,031	25,023,574	7,262,513	185,026,571
Disposals/ Transfers	-	-	(5,381,348)	-	-	(3,002,083)	(8,383,430)
Balance as at 31st March 2022	-	183,033,562	1,258,163,996	156,971,521	231,285,017	25,290,301	1,854,744,395
Depreciation Charge for the Year	-	48,930,992	115,591,267	7,367,343	30,257,770	10,004,055	212,151,427
Disposals/ Transfers	-	-	(989,189)	-	-	-	(989,189)
Balance as at 31st March 2023	-	231,964,554	1,372,766,084	164,338,864	261,542,787	35,294,356	2,065,906,633
Net Book Value							
At 31st March 2022	2,814,040,000	870,525,617	624,515,634	31,336,209	65,946,585	45,653,585	4,452,017,627
At 31st March 2023	2,814,040,000	823,296,624	829,076,030	37,627,117	71,586,069	64,344,529	4,639,970,371

10.3 Capital Work in Progress

	As at 31st March, 2023	
	Group Rs.	Company Rs.
Cost/ Valuation		
Balance as at 31st March 2021	631,509,278	629,438,768
Additions	554,514,010	510,671,140
Balance as at 31st March 2022	1,186,023,288	1,140,109,908
Additions	1,418,448,109	1,452,763,439
Balance as at 31st March 2023	2,604,471,397	2,592,873,347

Notes to the Financial Statements

10 PROPERTY, PLANT AND EQUIPMENT CONTD.

10.4 Revaluation of Land and Buildings

The Company uses the revaluation model of measurement to account for land and buildings. In this regard the Company engaged Mr. P. B. Kalugalgedera, an independent, Chartered Valuer and Surveyor to determine the fair value of its land and buildings.

Valuation is done as defined in the Sri Lanka Accounting Standards (SLFRS 13) on Fair Value Measurement. The valuation is based on 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 market or in the most advantages market at the measurement date under current market conditions.

The Carrying Value of the Assets if revaluation has not been carried out would be as follows.

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Description				
Land	1,029,843,737	1,029,843,737	613,150,237	613,150,237
Building	2,104,359,018	2,097,966,032	823,296,625	870,525,616
Total	3,134,202,755	3,127,809,769	1,436,446,862	1,483,675,853

10.5 The following properties are fair valued and recorded under freehold land and buildings. Fair Value measurement disclosure for revalued land and buildings based on unobservable inputs are as follows,

Company	Property	Location	Number of Buildings per Land	Extent	Independent Valuer	Valuation Input	Significant unobservable Input	Effective date of Revaluation	Range Rs.	Fair Value Rs.
Ceylon Hospitals PLC	Land	No 03, Alfred Place, Colombo 03	01	0A-3R-30.24P	Mr. P. B. Kalugalgedera	Open market based evidence	Land value per perch	31st March 2020	15,000,000 - 18,000,000	2,323,840,000
		No 05, Alfred Place, Colombo 03	01	0A-0R-32.68P	Mr. P. B. Kalugalgedera	Open market based evidence	Land value per perch	31st March 2020	14,000,000 - 16,000,000	490,200,000
	Building	No 03, Alfred Place, Colombo 03		71,714 sq.ft.	Mr. P. B. Kalugalgedera	Direct Capital Comparison method adopting the depreciated value of building	Rate per sq.ft.	31st March 2020	2,550 - 5,750	315,387,000
		No 05, Alfred Place, Colombo 03		68,280 sq.ft.	Mr. P. B. Kalugalgedera	Direct Capital Comparison method adopting the depreciated value of building	Rate per sq.ft.	31st March 2020	8,000	546,240,000
Durdans Medical and Surgical Hospital (Pvt) Ltd	Land	No 03, Alfred Place, Colombo 03	01	0A-1R-26.54 - No 04, 6th Lane	Mr. P. B. Kalugalgedera	Open market based evidence	Land value per perch	31st March 2020	14,000,000 - 15,000,000	931,560,000
	Building	No 03, Alfred Place, Colombo 03		211,552 sq.ft.	Mr. P. B. Kalugalgedera	Direct Capital Comparison method adopting the depreciated value of building	Rate per sq.ft.	31st March 2020	5,850	1,237,579,200

The surplus arising from the revaluation net of deferred tax is recognised in the Other Comprehensive Income and transferred to Revaluation Reserve in Equity.

10.6 Right of Use Assets

10.6.1 Group

As at 31st March	Balance	Cost	Balance	Balance	Amortisation	Balance	WDV	
	As At 31.03.2022	Additions	As At 31.03.2023	As At 31.03.2022	for the Year	As At 31.03.2023	As At 31.03.2023	As At 31.03.2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Leasehold Assets								
Right of Use Assets	581,485,267	88,429,243	669,914,510	292,531,162	116,248,333	408,779,495	261,135,015	288,954,105
Total	581,485,267	88,429,243	669,914,510	292,531,162	116,248,333	408,779,495	261,135,015	288,954,105

10.6.1 Company

As at 31st March	Balance	Cost	Balance	Balance	Amortisation	Balance	WDV	
	As At 31.03.2022	Additions	As At 31.03.2023	As At 31.03.2022	for the Year	As At 31.03.2023	As At 31.03.2023	As At 31.03.2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Leasehold Assets								
Right of Use Assets	581,485,267	88,429,243	669,914,510	292,531,162	116,248,333	408,779,495	261,135,015	288,954,105
Total	581,485,267	88,429,243	669,914,510	292,531,162	116,248,333	408,779,495	261,135,015	288,954,105

Leased assets

Basis of Recognition

The Group applies Sri Lanka Accounting Standard (SLFRS 16) on Leases in accounting for all lease hold rights except for short term leases, which are held for use in the provision of services.

Basis of Measurement

The Group recognises right of use assets at the date of commencement of the leases, which is the present value of future lease payments to be made over the lease term. Right of Use assets are measured at cost less any accumulated amortization and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right to use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right of use assets are amortised on the straight line basis over the lease term.

Notes to the Financial Statements

11 INVESTMENTS IN SUBSIDIARIES

11.1 Company

As at 31st March	2023				2022			
	Number of Shares	Holding	Carrying Value	Directors Valuation	Number of Shares	Holding	Carrying Value	Directors Valuation
		%	Rs.	Rs.		%	Rs.	Rs.
Durdans Heart Centre (Pvt) Ltd	11,362,035	81.16	130,091,410	130,091,410	11,362,035	81.16	130,091,410	130,091,410
Durdans Medical and Surgical Hospital (Pvt) Ltd	120,896,033	83.30	1,327,500,014	1,327,500,014	120,896,033	83.30	1,327,500,014	1,327,500,014
Ceygen Biotech (Pvt) Ltd	23,000	51.57	229,960	229,960	23,000	51.57	229,960	229,960
	132,281,068		1,457,821,384	1,457,821,384	132,281,068		1,457,821,384	1,457,821,384

11.2 Obtaining Control Of Subsidiaries

The group's investment in associate is accounted for using the equity method until 21st May 2021. The group management re-assessed the control and operating structure of Ceygen Biotech (Pvt) Ltd following which it was determined a subsidiary of Ceylon Hospitals PLC group (with 51.57% Direct shareholding) effective 21st May 2021.

Assets and Liabilities of Ceygen Biotech (Pvt) Ltd at the Acquisition,

	Rs.
Total Assets	
Property Plant & Equipment	1,535,985
Fixed Deposits	1,200,000
Other Investments	847,190
Inventories	8,468,297
Debtors & Receivables	58,114,870
Amounts Due from Related Parties	162,963,756
Cash & Cash Equivalents	83,212,990
	316,343,088
Total Liabilities	
Deferred Tax Liability	308,145
Trade & Other Payables	24,571,952
Taxation Payable	28,610,402
	53,490,499
Net Identifiable Assets	262,852,589

11.2.1 Investment in Associate

	Rs.
Retaining Earnings of associate as at 1st April 2021	109,374,480
Profit share of Associate from 01st April 2021 to 21st May 2021	11,724,076
Non-Controlling Interest at Net Asset	127,300,805
	248,399,361
Net Assets as at 1st May 2021	(262,852,589)
(Gain) / Loss on Bargaining Purchase	(14,453,228)

11.3 Ceygen Biotech (Pvt) Ltd.

During the current reporting period, the Company has experienced a significant reduction in revenue by Rs. 239,070,468 and it has reduced to Rs.5,338,008. As a result of this, the Company has ended up a net loss from its operations amounting to Rs. 77,078,763.

The high revenue growth of the Company in the last two years continued to be supported by COVID-19 pandemic-related business of sales of molecular kits.

Due to easing of COVID-19, the revenue from the sale of molecular kits is expected to decrease in the future. In response, the Company has taken several steps to reduce its existing cost structure to overcome these challenges.

12 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

12.1 Summary of Financial Assets and Liabilities

As at 31st March,		Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Note					
Financial Assets					
Financial Assets at Amortised Cost					
Trade and Other Receivables	14	277,120,922	306,454,190	154,800,432	214,955,620
Financial Assets at Amortised Cost	12.2.1	847,236,400	1,508,919,233	97,590,537	715,970,562
Cash and Cash Equivalents	17	420,519,411	898,188,816	275,220,591	129,294,626
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	12.2.2	228,553,022	215,392,078	22,275,944	14,732,000
		1,773,429,755	2,928,954,317	549,887,504	1,074,952,808
Financial Liabilities					
Financial Liabilities at Amortised Cost					
Interest Bearing Loans and Borrowings	12.3	2,656,573,613	2,007,560,676	2,946,319,810	1,855,076,872
Trade Creditors	26	463,847,071	445,099,373	257,517,915	257,663,223
Accrued Expenses and Sundry Payables	26	415,332,514	802,793,684	179,177,093	604,786,003
		3,535,753,198	3,255,453,733	3,383,014,818	2,717,526,098

The Group's exposure to various risks associated with the financial instruments is discussed in note 34. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Notes to the Financial Statements

12 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

12.2 Financial Assets

12.2.1 Financial Assets at Amortised Cost

Classification of Financial Assets at Amortised Cost

The Group classifies its Financial Assets at Amortised Cost only if both of the following criteria are met:

1. The asset is held within a business model whose objective is to collect the contractual cash flows, and
2. The contractual terms give rise to cash flows that are solely payments of principals and interest on the principal amount outstanding.

After initial measurement, these are subsequently measured at amortised cost (gross carrying amount using the Effective Interest Rate, less provision for impairment). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the Effective Interest Rate ("EIR"). The amortisation is included in "Interest Income" while the losses arising from impairment are recognised in "impairment charges for loans and other losses" in the Income Statement.

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Financial Assets at Amortised Cost				
Refundable Deposits	57,751,912	57,530,977	56,904,722	56,683,787
Deposits in Financial Institutions	789,484,488	1,451,388,256	40,685,815	659,286,775
Total Financial Assets at Amortised Cost	847,236,400	1,508,919,233	97,590,537	715,970,562

12.2.2 Financial Assets at Fair Value through Other Comprehensive Income

Classification of Financial Assets at Fair Value through Other Comprehensive Income

Upon initial recognition, the Group elects to classify irrevocably some of its equity investments held for strategic purpose, as equity instruments at FVOCI when they meet the definition of Equity under Sri Lanka Accounting Standard (LKAS 32) on Financial Instruments: Presentation and are not held for trading. These are strategic investments and the Group considers this classification to be more relevant. Gains and losses on these equity instruments are never recycled to profit or loss instead directly transferred to retained earnings at the time of derecognition. Dividends are recognised in profit or loss as Finance Income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

These instruments comprise quoted and unquoted shares that had been previously classified as Available-for-sale under LKAS 39.

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Financial Assets at FVOCI				
Equity Shares in Listed Companies	24,416,817	16,633,335	7,275,944	1,232,000
Equity Shares in Non-Listed Companies	15,864,972	14,364,972	15,000,000	13,500,000
Investment in Debentures	188,271,233	184,393,771	-	-
Total Financial Assets at FVOCI	228,553,022	215,392,078	22,275,944	14,732,000

12.2.3 Other Financial Assets

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Current Financial Assets				
Deposits in Financial Institutions	789,484,488	1,451,388,256	40,685,815	659,286,775
Total Current Financial Assets	789,484,488	1,451,388,256	40,685,815	659,286,775
Non-Current Financial Assets				
Refundable Deposits	57,751,912	57,530,977	56,904,722	56,683,787
Equity Shares in Listed Companies	24,416,817	16,633,335	7,275,944	1,232,000
Investments in Unit Trust	864,972	-	-	-
Equity Shares in Non-Listed Companies	13,500,000	14,364,972	15,000,000	13,500,000
Investment in Fixed Deposits	1,200,000	-	-	-
Investment in Debentures	188,271,233	184,393,771	-	-
Total Non-Current Financial Assets	286,004,934	272,923,055	79,180,666	71,415,787
Total Other Financial Assets	1,075,489,422	1,724,311,311	119,866,481	730,702,562

Risk exposure and fair value measurements

Information about the group's exposure to price risk is provided in note 34.5.3.

12.3 Interest Bearing Loans and Borrowings
Group

As at 31st March		2023			2022		
Note		Repayable within One Year Rs.	Repayable after One Year Rs.	Total Rs.	Repayable within One Year Rs.	Repayable after One Year Rs.	Total Rs.
Bank Loans	12.3.1	420,952,651	1,935,851,688	2,356,804,339	206,410,891	1,482,164,042	1,688,574,933
Lease Liability	12.3.2	99,649,056	200,120,218	299,769,274	99,649,056	219,336,687	318,985,743
		520,601,707	2,135,971,906	2,656,573,613	306,059,947	1,701,500,729	2,007,560,676

Notes to the Financial Statements

12 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

12.3 Interest Bearing Loans and Borrowings

12.3.1 Bank Loans - Group

As at 31st March	Balance at the beginning of the Year Rs.	Loans Obtained Rs.	Repayment Rs.	Balance at the end of the Year Rs.
DFCC Bank	596,356,178	150,000,000	(98,744,594)	647,611,584
Commercial Bank	1,092,218,755	300,000,000	(108,026,000)	1,284,192,755
HNB	-	425,000,000	-	425,000,000
	1,688,574,933	875,000,000	(206,770,594)	2,356,804,339

12.3.2 Lease Liability - Group

As at 31st March	Balance at the beginning of the Year Rs.	Loans Obtained Rs.	Lease Interest Rs.	Repayment Rs.	Balance at the end of the Year Rs.
Lease Creditors	318,985,743	91,484,430	32,215,154	(142,916,053)	299,769,274
	318,985,743	91,484,430	32,215,154	(142,916,053)	299,769,274

Lease Liability

At the commencement date of the lease, the Group recognises lease liabilities, measured at present value of future lease payments to be made over the lease term.

The present value of lease commitments as at 31st March 2023 has been calculated using weighted average incremental borrowing rate of 10%.

The Group applied modified retrospective approach in accordance with SLFRS 16 when accounting for right of use assets and operating leases liabilities.

12.4 Interest Bearing Loans and Borrowings Company

As at 31st March	Note	2023			2022		
		Repayable within One Year Rs.	Repayable after One Year Rs.	Total Rs.	Repayable within One Year Rs.	Repayable after One Year Rs.	Total Rs.
Bank Loans	12.3.3	335,889,315	1,800,661,220	2,136,550,535	149,180,891	1,386,910,238	1,536,091,129
Inter group company Loan	12.3.4	42,500,000	467,500,000	510,000,000	-	-	-
Lease Liability	12.3.5	99,649,056	200,120,218	299,769,274	99,649,056	219,336,687	318,985,743
		478,038,371	2,468,281,438	2,946,319,809	248,829,947	1,606,246,925	1,855,076,872

12.4.1 Bank Loans - Company

As at 31st March	Balance at the beginning of the Year Rs.	Loans Obtained Rs.	Repayment Rs.	Balance at the end of the Year Rs.
DFCC Bank	561,956,178	150,000,000	(79,544,593)	632,411,584
Commercial Bank	974,134,951	300,000,000	(69,996,000)	1,204,138,951
HNB	-	300,000,000	-	300,000,000
	1,536,091,129	750,000,000	(149,540,593)	2,136,550,535

12.4.2 The Company has entered into an agreement with its subsidiary "Durdans Medical & Surgical Hospital (Pvt) Ltd to borrow Rs. 510 million for a period of 12 years subject to following terms & conditions. Hence the company reclassified its amount payable of Rs. 510Mn to Durdans Medical & surgical Hospital (Pvt) Ltd to Interest bearing borrowings.

1. Long Term Loan of Rs. 510 Mn.
2. Repayment period over 12 years.
3. Grace period -There is an interest grace period for 06 months and a capital grace period for 12 months.
4. Interest rate at 11% p.a -The interest shall be calculated on the outstanding principal balance.
5. Monthly installment of Rs. 3,541,667/- where further the Borrower reserves the right to make prepayments, in whole or in part, of the outstanding loan balance at any time, without incurring any penalties or additional charges.

Notes to the Financial Statements

12 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

12.4 Interest Bearing Loans and Borrowings Contd.

12.4.3 Lease Liability - Company

As at 31st March	Balance at the beginning of the Year Rs.	Loans Obtained Rs.	Lease Interest Rs.	Repayment Rs.	Balance at the end of the Year Rs.
Lease Creditors	318,985,743	91,484,430	32,215,154	(142,916,053)	299,769,274
	318,985,743	91,484,430	32,215,154	(142,916,053)	299,769,274

Lease Liability

At the commencement date of the lease, the Company recognises lease liabilities, measured at present value of future lease payments to be made over the lease term.

The present value of lease commitments as at 31st March 2023 has been calculated using weighted average incremental borrowing rate of 10%.

The Company applied modified retrospective approach in accordance with SLFRS 16 when accounting for right of use assets and operating lease liabilities.

12.5 Bank Loans - Group

Lender	Total Outstanding Rs.	Date Obtained	Repayment Terms	Security
DFCC Bank PLC				
- 36 Mn	4,200,000	09th April 2018	In 60 equal monthly capital instalments of Rs. 600,000 commencing after a grace period of 6 months	Mortgage over Equipment financed by the Loan
- 60 Mn	11,000,000	09th April 2018	In 60 equal monthly capital instalments of Rs. 1,000,000 commencing after a grace period of 6 months	Loan Agreement for Rs. 60 Mn
- 75 Mn	4,345,112	19th July 2018	In 48 equal monthly instalments of Rs. 1,563,000 from the date of first disbursement	Loan Agreement for Rs. 75 Mn
- 750 Mn	478,066,472	10th April 2018	In 72 equal monthly instalments of Rs.5,555,556 commencing after a grace period of 24 months from the date of first disbursement	Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 750 Mn
- 150 Mn	150,000,000	28th February 2023	In 66 equal monthly installments of Rs.2,727,727 commencing after a grace period of 24 months from the date of first disbursement	Loan Agreement for Rs. 150 Mn
Commercial Bank of Ceylon PLC				
- 1000 Mn	999,963,951	15th Jan 2021	In 71 equal monthly instalments of Rs. 13,890,000/- & a final instalment of Rs. 13,810,000/- commencing after a grace period of 24 months from the date of first disbursement	Loan agreement for Rs. 1000 Mn
- 350 Mn	204,175,000	15th Mar 2021	In 59 equal monthly instalments of Rs. 5,833,000/- & a final instalment of Rs. 5,853,000/- commencing after a grace period of 06 months from the date of first disbursement	Loan agreement for Rs. 350 Mn
- 85 Mn	64,903,250	12th Nov 2021	In 45 equal monthly instalments of Rs. 1,850,000/- & a final instalment of Rs. 2,003,250/- commencing after a grace period of 06 months from the date of first disbursement	Loan agreement for Rs. 85 Mn
- 60 Mn	15,150,553	30th June 2021	Rs.1,115,000/-x 53 months + Rs.905,000/- (Final) with interest including a grace period of 6 months, interest to be serviced during the grace period	Loan agreement for Rs. 60 Mn

Lender	Total Outstanding Rs.	Date Obtained	Repayment Terms	Security
Hatton National Bank PLC				
- 300 Mn	300,000,000	27th December 2022	In 71 equal monthly instalments of Rs. 4,190,000/- and a final instalment of Rs. 2,510,000/- commencing after a grace period of 18 months from the date of first disbursement.	Loan agreement for Rs. 300 Mn
- 100 Mn	100,000,000	31st October 2022	In 71 equal monthly instalments of Rs. 1,380,000/- and a final instalment of Rs. 2,020,000/- commencing after a grace period of 12 months from the date of first disbursement.	Loan agreement for Rs. 100 Mn
- 25 Mn	25,000,000	31st October 2022	In 71 equal monthly instalments of Rs. 347,223/- and a final instalment of Rs. 347,167/- commencing after a grace period of 12 months from the date of first disbursement.	Loan agreement for Rs. 25 Mn
Total	2,356,804,339			

12.6 Bank Loans - Company

Lender	Total Outstanding Rs.	Date Obtained	Repayment Terms	Security
DFCC Bank PLC				
- 75 Mn	4,345,112	19th July 2018	In 48 equal monthly instalments of Rs. 1,563,000 from the date of first disbursement	Loan Agreement for Rs. 75 Mn
- 750 Mn	478,066,472	10th April 2018	In 72 equal monthly instalments of Rs. 5,555,556 commencing after a grace period of 24 months from the date of first disbursement	Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 750 Mn
- 150 Mn	150,000,000	28th February 2023	In 66 equal monthly instalments of Rs. 2,727,727 commencing after a grace period of 24 months from the date of first disbursement	Loan Agreement for Rs. 150 Mn
Commercial Bank of Ceylon PLC				
- 1000 Mn	999,963,951	15th Jan 2021	In 71 equal monthly instalments of Rs. 13,890,000/- & a final instalment of Rs. 13,810,000/- commencing after a grace period of 24 months from the date of first disbursement	Loan agreement for Rs. 1000 Mn
- 350 Mn	204,175,000	15th Mar 2021	In 59 equal monthly instalments of Rs. 5,833,000/- & a final instalment of Rs. 5,853,000/- commencing after a grace period of 06 months from the date of first disbursement	Loan agreement for Rs. 350 Mn
Hatton National Bank PLC				
- 300 Mn	300,000,000	27th December 2022	In 71 equal monthly instalments of Rs. 4,190,000/- & a final instalment of Rs. 2,510,000/- commencing after a grace period of 18 months from the date of first disbursement	Loan agreement for Rs. 300 Mn
Total	2,136,550,535			

Notes to the Financial Statements

12 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

12.7 Fair Value - Group

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements.

As at 31st March	Notes	Carrying Amount 2023			Fair Value
		Amortised Cost	Fair Value through Other Comprehensive Income	Total	Total
		Rs.	Rs.	Rs.	Rs.
As at 31st March 2023					
Financial Assets					
Trade and Other Receivables	14	277,120,922	-	277,120,922	277,120,922
Advance and Prepayments	14.1	726,558,549	-	726,558,549	726,558,549
Other Financial Assets	12.2.1)	847,236,400	228,553,022	1,075,789,422	1,075,789,422
Cash and Cash Equivalents	17	420,519,411	-	420,519,411	420,519,411
		2,271,435,282	228,553,022	2,499,988,304	2,499,988,304
Financial Liabilities					
Interest Bearing Loans and Borrowings	12.3.1	2,656,573,613	-	2,656,573,613	2,656,573,613
Trade and Other Payables	26	879,179,585	-	879,179,585	879,179,585
Bank Overdraft		483,403,417	-	483,403,417	483,403,417
		4,019,156,615	-	4,019,156,615	4,019,156,615

As at 31st March	Notes	Carrying Amount 2022			Fair Value
		Amortised Cost	Fair Value through Other Comprehensive Income	Total	Total
		Rs.	Rs.	Rs.	Rs.
As at 31st March 2022					
Financial Assets					
Trade and Other Receivables	14	306,454,190	-	306,454,190	306,454,190
Prepayments	14.1	252,440,452	-	252,440,452	252,440,452
Other Financial Assets	12.2.1	1,508,919,233	215,392,078	1,724,311,311	1,724,311,311
Cash and Cash Equivalents	17	898,188,816	-	898,188,816	898,188,816
		2,966,002,691	215,392,078	3,181,394,769	3,181,394,769
Financial Liabilities					
Interest Bearing Loans and Borrowings	12.3.1	2,007,560,676	-	2,007,560,676	2,007,560,676
Trade and Other Payables	26	1,247,893,058	-	1,247,893,058	1,247,893,058
Bank Overdraft		246,765,452	-	246,765,452	246,765,452
		3,502,219,186	-	3,502,219,186	3,502,219,186

12.8 Fair Value - Company

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements.

As at 31st March	Notes	Carrying Amount 2023			Fair Value
		Amortised Cost	Fair Value through Other Comprehensive Income	Total	Total
		Rs.	Rs.	Rs.	Rs.
As at 31st March 2023					
Financial Assets					
Trade and Other Receivables	14	154,800,432	-	154,800,432	154,800,432
Prepayments	14.1	378,560,340	-	378,560,340	378,560,340
Other Financial Assets	12.2.1	97,590,537	22,275,944	119,866,481	119,866,481
Cash and Cash Equivalents	17	275,220,591	-	275,220,591	275,220,591
		906,171,900	22,275,944	928,447,844	928,447,844
Financial Liabilities					
Interest Bearing Loans and Borrowings	12.4	2,946,319,810	-	2,946,319,810	2,946,319,810
Trade and Other Payables	26	436,695,008	-	436,695,008	436,695,008
Bank Overdraft		387,320,919	-	387,320,919	387,320,919
		3,770,335,737	-	3,770,335,737	3,770,335,737

As at 31st March	Notes	Carrying Amount 2022			Fair Value
		Amortised Cost	Fair Value through Other Comprehensive Income	Total	Total
		Rs.	Rs.	Rs.	Rs.
As at 31st March 2022					
Financial Assets					
Trade and Other Receivables	14	214,955,620	-	214,955,620	214,955,620
Prepayments	14.1	195,052,981	-	195,052,981	195,052,981
Other Financial Assets	12.2.1	715,970,562	14,732,000	730,702,562	730,702,562
Cash and Cash Equivalents	17	129,294,626	-	129,294,626	129,294,626
		1,255,273,789	14,732,000	1,270,005,789	1,270,005,789
Financial Liabilities					
Interest Bearing Loans and Borrowings	12.4	1,855,076,872	-	1,855,076,872	1,855,076,872
Trade and Other Payables	26	862,449,226	-	862,449,226	862,449,226
Bank Overdraft		94,526,628	-	94,526,628	94,526,628
		2,812,052,724	-	2,812,052,724	2,812,052,724

Notes to the Financial Statements

12 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

Fair Value of Financial Assets and Liabilities

The Fair values of the Financial Assets and Liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Due to short-term nature carrying amount of Cash and Cash Equivalents, Trade Receivables and Payables and Other Current Liabilities approximate as their Fair Value Amount.

The Fair Value of Loans from banks and Other Financial Liabilities, obligations under Leases, as well as other Non-Current Financial Liabilities is estimated by discounting future Cash Flows using rates currently available for Debt on similar terms, Credit Risk and remaining maturities

Fair value of Financial Assets at Fair Value through Other Comprehensive Income is derived from quoted market prices in active markets, if available.

12.9 Fair Value Hierarchy

The Judgments and Estimates made in determining the Fair Values of the Financial Instruments that are recognised and measured at Fair Value in the Financial Statements explained below. To provide an indication about the reliability of the inputs used in determining Fair Value, the Group has classified its Financial Instruments into the three levels prescribed under the Accounting Standards. An explanation of each level follows underneath the table.

Recurring Fair Value Measurement	Group				Company			
	Level 01	Level 02	Level 03	Total	Level 01	Level 02	Level 03	Total
As at 31st March 2023	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Fair Value through Other Comprehensive Income								
Equity Shares in Listed Companies	24,416,817	-	-	24,416,817	7,275,944	-	-	7,275,944
Equity Shares in Non-Listed Companies	-	-	15,864,972	15,864,972	-	-	15,000,000	15,000,000
Investment in Debentures	-	188,271,233	-	188,271,233	-	-	-	-
	24,416,817	188,271,233	15,864,972	228,553,022	7,275,944	-	15,000,000	22,275,944

Recurring Fair Value Measurement	Group				Company			
	Level 01	Level 02	Level 03	Total	Level 01	Level 02	Level 03	Total
As at 31st March 2022	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Fair Value through Other Comprehensive Income								
Equity Shares in Listed Companies	16,633,335	-	-	16,633,335	1,232,000	-	-	1,232,000
Equity Shares in Non-Listed Companies	-	-	14,364,972	14,364,972	-	-	13,500,000	13,500,000
Investment in Debentures	-	184,393,771	-	184,393,771	-	-	-	-
	16,633,335	184,393,771	14,364,972	215,392,078	1,232,000	-	13,500,000	14,732,000

12.10 Recognised Fair Value Measurement

The Group uses the following hierarchy for determining and disclosing the Fair Value of Financial Instruments by valuation techniques :

- Level 1:** The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market Price used for Financial Assets held by the Group is the current bid price. These instruments are included in level 1.
- Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The Group has not disclosed the fair values for financial instruments such as Cash and Short-Term Deposits, Trade Receivables, Trade Payables because their carrying amounts are a reasonable approximation of fair value.

12.11 Transfers between Levels of Fair Value Hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the Year.

12.12 Valuation Techniques used to Determine Fair Values

Specific valuation techniques used to value financial instruments include:

- The use of Quoted Market Prices or dealer quotes for similar instruments
- For Other Financial Instruments - Discounted Cash Flow Analysis

All of the resulting Fair Value estimates are included in level 1 except for unlisted equity securities, where the Fair Values have been determined based on Present Values and the Discount Rates used were adjusted for Counterparty or own Credit Risk.

12.13 Fair Value measurement using Significant Unobservable Input

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance at the Beginning of the Year	14,364,972	14,309,690	13,500,000	13,500,000
Acquisitions	1,500,000	55,282	1,500,000	-
Balance at the End of the Year	15,864,972	14,364,972	15,000,000	13,500,000

Notes to the Financial Statements

12 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

12.14 Valuation Inputs and Relationships to Fair Value

The following table summarises the quantitative information about the Significant Unobservable Inputs used in level 3 Fair Value measurements.

As at 31st March	Fair Value		Un- Observable Input	Relationship of Unobservable Input to Fair Value
	2023 Rs.	2022 Rs.		
Unlisted Equity Security	15,864,972	14,364,972	Earing Growth Rate Risk adjusted Discount Factor	Estimated Fair value would increase/ (decrease) if net cash inflow and discount rate increase/ decrease

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
13 INVENTORIES				
Drugs and Dressings	270,993,272	138,504,105	83,010,165	39,704,172
Lab Reagents and Consumables	654,401,357	647,890,614	635,791,689	620,607,614
Pantry Stocks	10,687,702	16,278,842	4,817,009	4,162,688
General Stocks	85,753,750	51,333,323	83,974,434	45,417,220
Less: Provision for slow moving and obsolete stock	(1,704,010)	(18,857,453)	-	(16,320,375)
	1,020,132,071	835,149,431	807,593,297	693,571,319
14 TRADE AND OTHER RECEIVABLES				
Trade Debtors	269,645,119	296,927,354	134,368,148	197,254,885
Other Receivables	27,617,864	30,157,193	24,576,564	29,257,113
Less : Impairment Allowance for Trade debtors	(20,142,061)	(20,630,357)	(4,144,280)	(11,556,378)
	277,120,922	306,454,190	154,800,432	214,955,620
14.1 Advances and Prepayments				
Advances	628,227,357	193,926,569	318,296,429	158,503,035
Prepayments	98,331,192	58,513,883	60,263,911	36,549,946
	726,558,549	252,440,452	378,560,340	195,052,981

14.2 Classification of Trade and Other Receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 34.3.1.

14.3 Fair Value of Trade and Other Receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

14.4 Impairment and Risk Exposure

Information about the impairment of trade receivables and the group's exposure to credit risk can be found in note 34.3.1.

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
15 RELATED PARTY TRANSACTIONS				
15.1 Amounts Due from Related Parties				
Durdans Management Services Ltd	5,329,214	1,934,171	1,017,105	-
Durdans Heart Centre (Pvt) Ltd	-	-	18,033,478	65,962,043
Durdans Medical and Surgical Hospital (Pvt) Ltd	-	-	419,379	1,290,027
Amrak Institute of Medical Sciences (Pvt) Ltd	-	-	17,579,478	3,176,996
Ceygen Biotech (Pvt) Ltd	-	-	649,332	5,491,572
	5,329,214	1,934,171	37,698,772	75,920,638
15.2 Amounts Due to Related Parties				
Durdans Management Services Ltd	-	4,798,731	3,823,059	4,171,661
Durdans Heart Centre (Pvt) Ltd	-	-	179,999	15,803,318
Durdans Medical and Surgical Hospital (Pvt) Ltd	-	-	7,903,352	98,545,734
Amrak Institute of Medical Sciences (Pvt) Ltd	-	-	-	500
	-	4,798,731	11,906,410	118,521,213

Notes to the Financial Statements

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
16 TAXATION PAYABLE				
Balance at the beginning of the Year	127,894,198	68,450,366	73,281,567	55,153,671
Provision for the Year	218,905,102	182,229,024	91,751,482	89,501,199
Dividend Tax	-	38,065,977	-	38,065,977
Payments during the Year	(264,362,399)	(160,851,169)	(129,869,293)	(109,439,280)
Balance at the end of the Year	82,436,901	127,894,198	35,163,756	73,281,567
16.1 Taxation Receivable	13,606,620	13,277,775	13,261,880	13,259,585
17 CASH AND CASH EQUIVALENTS				
Favorable Cash and Cash Equivalent Balances	420,519,411	898,188,816	275,220,591	129,294,626
18 STATED CAPITAL				
Balance at the beginning of the Year	916,366,104	916,366,104	916,366,104	916,366,104
Shares issued at Rights Issue	226,431,675	-	226,431,675	-
	1,142,797,779	916,366,104	1,142,797,779	916,366,104
Number of shares	35,989,770	33,872,726	35,989,770	33,872,726

The Company issued 1,595,454 new voting ordinary shares at Rs. 112.50 per share and 521,590 new non-voting ordinary shares at Rs.90/- per share by way of Rights Issue of Shares, in the proportion of 01 new ordinary share for every 16 existing shares & the total consideration received at Rights Issue was Rs. 226,431,675/-.

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
19 REVALUATION RESERVE				
Revaluation Reserve	2,691,662,322	2,691,662,322	2,134,543,796	2,134,543,796
Deferred Tax impact on Revaluation Reserve	(401,317,707)	-	(391,880,325)	-
	2,290,344,615	2,691,662,322	1,742,663,471	2,134,543,796

The revaluation reserve relates to revaluation of freehold land and buildings and represents the fair value changes of the freehold lands and buildings as at the date of revaluation.

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
20 FAIR VALUE RESERVE				
Balance at the beginning of the Year	65,867,579	68,435,952	600,000	128,000
Fair value gain on Financial Assets designated at FVTOCI	10,975,711	(2,568,373)	5,711,959	472,000
	76,843,290	65,867,579	6,311,959	600,000

Fair Value Reserve represents the changes in fair value of financial investments designated as Financial Assets at Fair Value through Other Comprehensive Income.

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
21 ACCUMULATED PROFIT				
21.1 Accumulated Profits				
Balance at the beginning of the Year	3,873,949,764	2,951,438,752	2,695,435,656	1,986,399,741
Profit for the Year	571,831,033	982,324,231	299,237,701	770,550,353
Dividend Paid				
- Ordinary Shares	(169,363,629)	(108,392,722)	(169,363,630)	(108,392,723)
Other Comprehensive Income				
- Net Change in Fair Value on Equity Investments at FVOCI	-	(988,951)	-	-
- Actuarial Gain/ (Loss) from Gratuity Valuation	(12,497,327)	49,622,454	(10,948,283)	46,878,285
Rights Issue Expenses	(2,055,980)	-	(2,055,980)	-
-Share Buy-back	-	(54,000)	-	-
Balance at the end of the Year	4,261,863,861	3,873,949,764	2,812,305,464	2,695,435,656
Balance at the end of the Year	4,261,863,861	3,873,949,764	2,812,305,464	2,695,435,656

Notes to the Financial Statements

		Group	
As at 31st March		2023	2022
		%	%
22	NON-CONTROLLING INTEREST		
22.1	Proportion of Equity Interest held by Non-Controlling Interest		
	Company Name		
	Durdans Heart Centre (Pvt) Ltd	18.84	18.84
	Durdans Medical and Surgical Hospital (Pvt) Ltd	14.61	14.61
	Amrak Institute of Medical Sciences (Pvt) Ltd	47.49	47.49
	Ceygen Biotech (Pvt) Ltd	48.43	48.43

		Company	
As at 31st March		2023	2022
		%	%
22.2	Proportion of Equity Interest held by Non-Controlling Interest		
	Company Name		
	Durdans Heart Centre (Pvt) Ltd	18.84	18.84
	Durdans Medical and Surgical Hospital (Pvt) Ltd	16.70	16.70
	Amrak Institute of Medical Sciences (Pvt) Ltd	47.49	47.49
	Ceygen Biotech (Pvt) Ltd	48.43	48.43

As at 31st March	Group	
	2023 Rs.	2022 Rs.
22.3 Accumulated Balances of Material Non-Controlling Interest		
Balance at the beginning of the Year	734,253,847	592,626,433
Profit for the year	79,838,084	127,202,269
Increase/ (Decrease) in the Share of Non-Controlling Interest	5,860,000	127,300,806
Other Comprehensive Income		
- Prior Year Adjustments	-	(229,608)
- Net Gain/ (Loss) on Land and Building valuation	-	-
- Deferred Tax Effect on Revaluation Gain	(2,191,111)	-
- Actuarial Gain/ (Loss) from Gratuity valuation	(292,766)	632,246
- Net Gain/ (Loss) on Financial Assets at FVOCI	1,222,104	217,270
Dividend Paid	(89,189,771)	(113,495,569)
Balance at the end of the Year	729,500,387	734,253,847

22.4 Material Non Controlling Interest

The Group has assessed each subsidiary that has non controlling interest based on contributions made to group revenue, profit, total assets, net assets,

	Durdans Medical & Surgical Hospital (Pvt) Ltd		Durdans Heart Centre (Pvt) Ltd	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
NCI Percentage	14.61%	14.61%	18.84%	18.84%

Notes to the Financial Statements

22 NON-CONTROLLING INTEREST

22.4 Material Non Controlling Interest

As at March	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Total Assets	4,816,563,499	4,296,361,358	777,500,039	767,445,719
Total Liabilities	811,094,844	681,856,617	306,436,489	405,673,074
Net Assets	4,005,468,655	3,614,504,741	392,638,855	361,772,645
Net Assets attributable to NCI	585,217,592	528,095,947	73,983,397	68,167,398

For the year ended 31st March	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue	2,497,425,431	1,915,722,090	932,066,125	645,034,358
Profit after tax	580,817,920	416,054,394	57,568,190	7,542,508
Other comprehensive income/(loss)	(1,282,517)	93,531	(5,701,931)	4,435,961
Total comprehensive income/(loss)	579,535,403	416,147,925	51,866,259	11,978,469
Profit/(loss) attributable to NCI	84,860,198	60,787,481	10,847,348	1,421,205
Total comprehensive income/(loss) attributable to NCI	84,670,122	60,801,147	9,772,955	2,257,056
Dividend paid to NCI	26,651,181	20,500,906	3,956,797	6,594,662
Net cash flows generated from/(used in) operating activities	405,548,312	525,183,006	85,504,673	16,065,569
Net cash flows generated from/(used in) investing activities	(886,655,516)	(338,037,680)	(15,792,622)	22,654,212
Net cash flows generated from/(used in) financing activities (including dividends paid to NCI)	67,650,000	(71,873,280)	(20,880,001)	(30,229,446)
Net increase/(decrease) in cash & cash equivalents	(413,457,204)	115,272,046	48,832,050	8,490,335

	Group		Company	
As at 31st March	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
23 DEFERRED REVENUE				
Balance at the beginning of the Year	-	-	31,470,457	33,260,743
Transfer of Deferred Revenue	-	-	-	-
Less: Amortised during the Year	-	-	(1,000,333)	(1,790,286)
Balance at the end of the Year	-	-	30,470,124	31,470,457

24 RETIREMENT BENEFIT OBLIGATIONS

24.1 Retirement Benefit Obligations - Provision for the Year

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance at the beginning of the Year	177,997,736	242,881,507	156,789,659	217,078,158
Provision for the Year	41,211,838	28,948,254	36,051,596	25,088,722
Actuarial (Gain)/Loss	17,930,694	(56,265,109)	15,640,404	(54,509,633)
	237,140,268	215,564,652	208,481,659	187,657,247
Payments made during the Year	(31,726,050)	(37,566,916)	(25,754,481)	(30,867,588)
Balance at the end of the Year	205,414,218	177,997,736	182,727,178	156,789,659

24.2 Movement in Net Defined Benefit Obligation

The following table shows a reconciliation from the balance from the beginning of the Year to the end of the Year for Net Defined Benefit Obligations and its components.

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance at the beginning of the Year	177,997,736	242,881,507	156,789,659	217,078,158
Expenses Recognised in Profit or Loss				
Current Service Cost	18,072,130	11,946,549	15,668,939	9,893,251
Interest Cost	23,139,708	17,001,705	20,382,657	15,195,471
	41,211,838	28,948,254	36,051,596	25,088,722
Expenses Recognised in Other Comprehensive Income				
Actuarial (Gain) / Loss	17,930,694	(56,265,109)	15,640,404	(54,509,633)
Other				
Benefits paid during the Year	(31,726,050)	(37,566,916)	(25,754,481)	(30,867,588)
Balance at the end of the Year	205,414,218	177,997,736	182,727,178	156,789,659

Messers Actuarial and Management Consultant (Pvt) Ltd, Actuary, carried out an actuarial valuation of defined benefit obligation for Ceylon Hospitals PLC, Durdans Medical and Surgical Hospital (Pvt) Ltd and Durdans Heart Center (Pvt) Ltd as at 31st March 2023. The Liability is not externally funded. The Actuarial valuation is performed annually.

Notes to the Financial Statements

24 RETIREMENT BENEFIT OBLIGATIONS CONTD.

24.3 Actuarial Assumptions

The following were the principal actuarial assumptions at the reporting date.

As at 31st March	Group		Company	
	2023	2022	2023	2022
Discount Rate	18%	13%	18%	13%
Salary Increase Rate	12%	5%	12%	5%
Staff Turnover Rate - Up to 54 years	23% - 30%	30% - 37%	30%	37%
Disability Rate	10%	10%	10%	10%
Retirement Age	60 years	55 years	60 years	55 years

24.4 Sensitivity Analysis

The following table demonstrates the sensitivity to reasonably possible changes at the reporting date in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the employment benefit obligations for the year.

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Discount Rate				
1% Increase	(4,855,952)	(3,399,614)	(4,246,748)	(2,931,283)
1% Decrease	5,124,858	3,564,807	4,477,701	3,070,925
Salary Increments				
1% Increase	6,290,972	4,669,587	5,515,047	4,042,421
1% Decrease	(6,044,408)	(4,518,284)	(5,303,828)	(3,914,963)

24.5 Maturity Analysis of the Payments

The following payments are expected on employee benefit plan - gratuity in future years.

As at 31st March	Group 2023 Rs.	Company 2023 Rs.
Within the next 12 months	62,026,235	55,553,764
Between 1 and 2 years	41,453,199	37,496,450
Between 2 and 5 years	63,540,825	56,467,274
Between 5 and 10 years	33,813,996	29,560,919
Beyond 10 years	4,579,963	3,648,771
Total expected payments	205,414,218	182,727,178
Weighted average duration (years) of defined benefit obligations	3.07	2.80

25 DEFERRED TAXATION

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
25.1 Deferred Tax Provision				
Balance at the beginning of the Year	707,793,471	642,693,565	452,599,177	440,808,879
Provision/ Reversal for the Year	594,203,203	65,099,906	551,520,854	11,790,298
Balance at the end of the Year	1,301,996,674	707,793,471	1,004,120,031	452,599,177
Deferred Tax Provision as at the end of Year is made up as follows;				
Deferred Tax Provision from:				
Temporary Difference of Property, Plant and Equipment	543,739,864	297,269,967	323,198,712	112,378,935
Temporary Difference of fair value gain on financial assets	13,308,946	-	-	-
Temporary Difference of Right of Use Assets	78,340,504	-	78,340,504	-
Temporary Difference of Retirement Benefit Obligations	(59,580,097)	(18,341,353)	(54,818,153)	(16,571,704)
Temporary Difference of Impairment on Trade Receivables	(1,802,872)	-	(1,342,522)	-
Temporary Difference of Impairment on Accounting Provisions	(2,824,074)	-	-	-
Temporary Difference of Lease Creditors	(89,930,782)	-	(89,930,782)	-
Temporary Difference of Revaluation of Property, Plant and Equipment	820,745,185	428,864,857	748,672,272	356,791,946
	1,301,996,674	707,793,471	1,004,120,031	452,599,177

Notes to the Financial Statements

25 DEFERRED TAXATION CONTD.

25.2 Movement in Tax Effect of Temporary Differences - Group

As at 31st March	Balance at the Beginning of the Year	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Balance at the End of the Year
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Assets				
Defined benefit obligations	(18,341,353)	(35,359,012)	(5,140,599)	(58,840,964)
Impairment on Trade Receivables	-	(1,342,522)	-	(1,342,522)
Lease Creditors	-	(89,930,781)	-	(89,930,781)
Accounting Provisions	-	(2,824,074)	-	(2,824,074)
	(18,341,353)	(129,456,389)	(5,140,599)	(152,938,341)
Deferred Tax Liability				
Property, Plant and Equipment	297,269,967	174,396,988	-	471,666,955
Right of use Asset	-	78,340,504	-	78,340,504
Fair value gain on financial assets	-	1,589,432	11,149,100	12,738,532
Revaluation Gain on Land and Building	428,864,856	59,815,350	403,508,818	892,189,024
	726,134,823	314,142,274	414,657,918	1,454,935,015
Net Deferred Tax Liability	707,793,470	184,685,884	409,517,319	1,301,996,674

25.3 Movement in Tax Effect of Temporary Differences - Company

As at 31st March	Balance at the Beginning of the Year	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Balance at the End of the Year
	Rs.	Rs.	Rs.	Rs.
Deferred Tax Assets				
Defined Benefit Obligations	(16,571,704)	(33,554,328)	(4,692,121)	(54,818,153)
Impairment on Trade Receivables	-	(1,342,522)	-	(1,342,522)
Lease Creditors	-	(89,930,782)	-	(89,930,782)
	(16,571,704)	(124,827,632)	(4,692,121)	(146,091,457)
Deferred Tax Liability				
Property, Plant and Equipment	112,378,935	210,819,777	-	323,198,712
Right of use Asset	-	78,340,504	-	78,340,504
Revaluation Gain on Land and Building	356,791,946	-	391,880,325	748,672,272
	469,170,881	289,160,281	391,880,325	1,150,211,488
Net Deferred Tax Liability	452,599,177	164,332,649	387,188,204	1,004,120,031

26 TRADE AND OTHER PAYABLES

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade Creditors	463,847,071	445,099,374	257,517,915	257,663,224
Accrued Expenses and Sundry Payables	415,332,514	802,793,684	179,177,093	604,786,002
	879,179,585	1,247,893,058	436,695,008	862,449,226

27 CAPITAL COMMITMENTS

The Project 2022 undertaken in FY 2018/19 is now nearing completion and the total construction cost is expected to be Rs. 2.51 Bn excluding VAT. The Main Constructor for the Project 2022 is M/s Tudawe Brothers (Pvt) Ltd that is a Related Party to the Group.

28 CONTINGENT LIABILITIES

Contingent Liabilities are possible obligations that may arise only on the occurrence of uncertain future events or present obligations where the transfer of economic benefit is not probable or can't be readily measured as defined in the Sri Lanka Accounting Standard -37 on " Provisions, Contingent Liabilities & Contingent Assets". Contingent Liabilities are not recognised in the Statement of Financial Position but are disclosed as a note to the financial statements unless its occurrence is remote.

There are two cases that have been filed in the District Court of Colombo against the Company namely Case Nos DMR 2262/2021 and 223/2023. Based on the available information, the Management is of the view that there are no material litigation or claims other than those disclosed above that could have material impact on the financial position of the Group. The Board of Directors of the Company having consulted legal counsel have determined that no provision is required in this regard as at 31st March 2023. Accordingly, no provision has been made for the above legal claims in the Financial Statements.

Notes to the Financial Statements

29 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no material events occurring after the balance sheet date that require adjustments or disclosure in the Financial Statements except for the following.

Interim Dividend Declaration

The Board of Directors has recommended an interim dividend of Rs. 2.30 per share amounting to Rs. 82,776,474/- on the issued capital of both Ordinary and Non-Voting (Class X) shares for the year ended 31st March, 2023, which is payable on 09th June 2023 once it is approved by the Shareholders at the Annual General Meeting.

As required by section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with section 57, prior to declaring the final dividend.

The interim dividend has not been recognized as a liability in the financial statements as at 31st March, 2023.

Other than the above, no events have occurred after the reporting date, which would require adjustments to or disclosure in the Financial Statements.

30 EMPLOYEE AND INDUSTRIAL RELATIONS

There were no material issues pertaining to employees and industrial relations that require disclosure in Financial Statements.

31 DIVIDENDS

This represents the interim dividends paid at the rate of Rs.5/- per share for the year 2021/22.

32 RELATED PARTY DISCLOSURES

A Related Party Transaction is transfer of Resources, Services or Obligations between Related Parties, regardless of whether a price is charged.

The Group carries out transactions in the ordinary course of its business on an arm's length basis with parties who are defined as Related Parties in Sri Lanka Accounting Standard (LKAS 24) on Related Party Transactions.

32.1 Substantial Shareholding, Immediate and Ultimate Parent Company

The Company's immediate parent company is Durdans Management Services Ltd, which holds 68.68% of the issued Ordinary Shares (Voting) of the Company as at the reporting date.

32.2 Recurrent Related Party Transactions

There were recurrent related party transactions which in aggregation exceeded 10% of gross revenue of the Company as per 31st March 2023 audited Financial Statements, which are disclosed in Note 32.7 as required by CSE rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission directive issued Section 13 (C) of Securities and Exchange Commission Act.

32.3 Non-Recurrent Related Party Transactions

There were non-recurrent related party transactions which in aggregation exceeded 10% of equity or 5% of the total asset of the Company as per 31st March 2023 audited Financial Statements, which required disclosed in 2022/23 annual report under CSE rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission directive issued Section 13 (C) of Securities and Exchange Commission Act.

32.4 Key Management Personnel Information

According to Sri Lanka Accounting Standard (LKAS 24) on Related Party Disclosures, Key management Personnel are those having authority and responsibility for planning, directing and controlling activities of the entity. Accordingly, the Board of Directors (including Executive and Non executive Directors) have been classified as Key Management Personnel of the Company.

32.5 Transactions held with Key Management Personnel (KMP)

32.5.1 Compensation for Key Management Personnel

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Short-term Employee Benefits	51,773,019	74,242,058	47,973,019	70,669,908
	51,773,019	74,242,058	47,973,019	70,669,908

The short term employee benefits include emoluments paid to the Executive Directors and director fees paid for Board attendance to all Directors.

Emoluments to the Directors' of the Company and Group are disclosed in Note 7 to the Financial Statements.

32.5.2 Loans to Directors

No loans have been given to Directors of the Company and its Parent Company.

Other than those disclosed above, there are no material transactions held with the Key Management Personnel of the Company and its parent company.

Notes to the Financial Statements

32 RELATED PARTY DISCLOSURES CONTD.

32.6 Transactions held with Related Entities

The Directors/ Key Management Personnel of the Company as at 31st March 2023 were Directors of following Companies as set out below and transactions included in Note 32.7.1 carried out with such companies During the Year.

Name of the Director	Durdans Management Services Ltd	Commercial Marketing and Distributors (Pvt) Ltd	Tudawe Brothers (Pvt) Ltd.	Tudawe Engineering Services (Pvt) Ltd.	Durdans Medical and Surgical Hospital (Pvt) Ltd	Durdans Heart Centre (Pvt) Ltd	Amrak Institute of Medical Sciences (Pvt) Ltd	Ceygen Biotech (Pvt) Ltd
Mr. A. E. Tudawe	✓		✓	✓	✓	✓		
Mr. U. D. Tudawe	✓	✓	✓	✓	✓	✓		✓
Dr. A. D. P. A. Wijegoonewardena	✓				✓	✓		✓
Mr. Y. N. R. Piyasena	✓				✓	✓		✓
Dr. A. N. Dharmawansa	✓							
Mr. A. S. Abeywardene					✓			
Mr. A D B Talwatte								
Mr. A R Fernando					✓			
Mr. A S Tudawe	✓				✓	✓	✓	✓
Mr. R N Tudawe	✓				✓	✓	✓	

Name of the Company	Relationship
Durdans Management Services Ltd	Immediate/ Ultimate Parent Company
Ceylon Hospital PLC	Company
Durdans Medical and Surgical Hospital (Pvt) Ltd	Subsidiary
Durdans Heart Centre (Pvt) Ltd	Subsidiary
Amrak Institute of Medical Sciences (Pvt) Ltd	Subsidiary
Ceygen Biotech (Pvt) Ltd	Subsidiary
Tudawe Brothers (Pvt) Ltd	Affiliate
Tudawe Engineering Services (Pvt) Ltd	Affiliate
Commercial Marketing Distributors (Pvt) Ltd	Affiliate

32.7 Transactions held with Companies in which Directors of the Company hold Other Directorships

The Company has carried out transactions with entities where the Chairman or a Director of the Company is the Chairman or a Director of such entities as detailed below.

32.7.1 Transactions held between Ceylon Hospitals PLC and Related Companies

Name of the Related Party	Relationship	Transactions	Nature	Aggregate Value of Related Party Transactions Rs.
Durdans Management Services Ltd	Ultimate Parent	Management fee	Recurrent	42,937,382
		Providing of utilities and other cost	Recurrent	1,017,105
		Total		43,954,487
Durdans Medical and Surgical Hospital (Pvt) Ltd	Subsidiary	Sales of Drugs and consumables	Recurrent	37,268,008
		Rendering of medical services	Recurrent	512,958,385
		Providing of utilities and other costs	Recurrent	625,727,937
		Purchases of Drugs and consumables	Recurrent	37,185,654
		Receiving of medical services	Recurrent	218,099,733
		Receiving of utilities and other costs	Recurrent	100,163,081
		Loan Granted	Non Recurrent	510,000,000
		Total		2,041,402,798
Durdans Heart Centre (Pvt) Ltd	Subsidiary	Sales of Drugs and consumables	Recurrent	5,094,650
		Rendering of medical services	Recurrent	118,005,467
		Providing of utilities and other costs	Recurrent	133,721,970
		Purchases of Drugs and consumables	Recurrent	13,651,197
		Receiving of medical services	Recurrent	54,988,731
		Receiving of utilities and other costs	Recurrent	1,385,291
		Total		326,847,306
Amrak Institute of Medical Sciences (Pvt) Ltd	Subsidiary	Receiving of utilities and other cost	Recurrent	16,568,089
		Total		16,568,089
Ceygen Biotech (Pvt) Ltd	Subsidiary	Purchases of Drugs and consumables	Recurrent	2,499,344
		Receiving of utilities and other costs	Recurrent	-
		Total		2,499,344
Commercial Marketing Distributors (Pvt) Ltd Affiliate		Purchases of Drugs and consumables	Recurrent	204,666,323
		Sales of Drugs and consumables	Recurrent	2,012,228
		Total		206,678,551
Tudawe Brothers (Pvt) Ltd	Affiliate	Rendering of medical services	Recurrent	101,926
		Total		101,926

Notes to the Financial Statements

32 RELATED PARTY DISCLOSURES CONTD.

32.7.1 Transactions held between Ceylon Hospitals PLC and Related Companies Contd.

Name of the Related Party	Relationship	Transactions	Nature	Aggregate Value of Related Party Transactions
				Rs.
Tudawe Brothers (Pvt) Ltd	Affiliate	Project 2022 Construction Cost	Non Recurrent	542,066,125
		Total		542,066,125
Tudawe Engineering Services (Pvt) Ltd	Affiliate	Project 2022 Construction Cost	Non Recurrent	50,734,862
		Total		50,734,862

33 ASSETS PLEDGED AS COLLATERALS

Following assets of the Group have been pledged as collaterals for overdraft facilities and loans obtained by the Group to the respective financial institutions concerned.

Durdans Heart Centre (Pvt) Ltd

DFCC Bank	Term Loan	36 Mn	Mortgage over equipment financed
-----------	-----------	-------	----------------------------------

34 FINANCIAL RISK MANAGEMENT

34.1 Overview

This note explains the Group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group has exposure mainly to following risks from its use of Financial Instruments.

- Credit Risk
- Liquidity Risk
- Market Risk

34.2 Risk Management framework

The Board of Directors have the overall responsibility for establishment and oversight of the Group Risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial acumen team that advises on financial risks and the appropriate financial risk governance framework for the Group. The finance team provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and group activities. The Group through its training and management standards and procedures, aim to develop a discipline and constructive environment in which all employee understand their roles and obligations.

34.3 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is being exposed to the credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

34.3.1 Credit Risk exposure

The Group maximum exposure to credit risk as at the end of the year based on the carrying value of Financial Assets in the statement of Financial Position is given below. There were no off Balance Sheet exposure as at the year end date.

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade and Other Receivables	277,120,922	306,454,190	154,800,432	214,955,620
Other Financial Assets at Amortised Cost	847,236,400	1,508,919,233	97,590,537	715,970,562
Cash and Cash Equivalents	420,519,411	898,188,816	275,220,591	129,294,626
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)	228,553,022	215,392,078	22,275,944	14,732,000
	1,773,429,755	2,928,954,317	549,887,504	1,074,952,808

Credit Risk exposure on Trade Receivables

The Group's maximum exposure to credit risk on trade receivables as at the end of year based on the carrying value in the Statement of Financial Position.

As at 31st March,	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade Receivables	14	269,645,119	296,927,354	134,368,148	197,254,885

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers various statistics of the Group's customer base including default risk, business relationship with due attention given to past performances, stability of industry and credit worthiness.

Customer credit risk managed by each business unit subjects to the Group's established policies, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit evaluation format and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and obtaining the Letter of Guarantees from patients who are admitted to the hospital through corporate customers.

Notes to the Financial Statements

34 FINANCIAL RISK MANAGEMENT CONTD.

Impairment Losses

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. The Group applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31st March 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the inflation rate of healthcare sector to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factor.

On that basis, the loss allowance as at 31st March 2023 (on adoption of SLFRS 9) was determined as follows for trade receivables.

Company	31 - 60	61 - 90	91 - 120	121-180	Over 180
Expected loss rate	2% - 20%	5% - 36%	10% - 74%	15% - 100%	24% - 100%
Loss Allowance	676,338	305,214	353,257	515,880	2,624,382
Group	31 - 60	61 - 90	91 - 120	121-180	Over 180
Expected loss rate	1% - 2%	2% - 5%	6% - 11%	12% - 18%	19% - 35%
Loss Allowance	1,632,549	1,002,757	680,672	1,152,946	3,294,356

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to make repayment after long due period.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

34.4 Liquidity Risk

Liquidity risk is the risk that the group will encounter difficulty in meeting its obligations with its liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure that, it will have sufficient liquid assets to settle liabilities when it is due, without breaching any loan covenant and incurring undesirable losses.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, finance leases and hire purchase contracts. The Group assesses the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	On Demand Rs. 31 - 60	Less than 03 Months Rs. 61 - 90	03 to 12 Months Rs. 91 - 120	01 to 05 Years Rs. 121-180	More than 05 Years Rs. Over 180	Total Rs.
Year ended 31st March 2023						
Interest Bearing Loans and Borrowings	-	-	4,345,112	677,240,355	1,675,218,871	2,356,804,339
Trade and other Payables	-	463,473,946	415,705,639	-	-	879,179,585
Amounts Due to Related Parties	-	-	-	-	-	-
Bank Overdrafts	483,403,416	-	-	-	-	483,403,416
	483,403,416	463,473,946	420,050,750	677,240,355	1,675,218,871	3,719,387,340
Year ended 31st March 2022						
Interest Bearing Loans and Borrowings	-	-	17,380,508	426,654,804	1,244,539,621	1,688,574,933
Trade and other Payables	-	420,494,421	827,398,637	-	-	1,247,893,058
Amounts Due to Related Parties	-	4,798,731	-	-	-	4,798,731
Bank Overdrafts	246,765,452	-	-	-	-	246,765,452
	246,765,452	425,293,152	844,779,144	426,654,804	1,244,539,621	3,188,032,175

34.5 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument which will fluctuate because of changes in market prices. Market prices comprise two types of risk: interest rate risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, Other Financial Assets measure at fair value in Profit or Loss or Other Comprehensive Income and derivative financial instruments.

34.5.1 Foreign Exchange Risk

The Group being provided healthcare services to international patients exposed to foreign exchange risk, which primarily to US Dollars. However, having lower value of debtor balances outstanding impact on financials is minimum.

Notes to the Financial Statements

34 FINANCIAL RISK MANAGEMENT CONTD.

34.5.2 Interest Rate Risk

Interest rate risk is the risk that the fluctuation of fair value or future cash flows of a financial instrument which will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates such as AWDR, AWPLR.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings, after the impact of interest rate changes. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows.

	Increase/Decrease in basic points	Effect on Profit before Tax
2023		
Interest Bearing Loans and Borrowings	+ 100 bp	(26,971,516)
	- 100 bp	26,971,516
2022		
Interest Bearing Loans and Borrowings	+ 100 bp	(20,641,914)
	- 100 bp	20,641,914

Equity Price Risk

34.5.3 Price Risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet either as at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss.

The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions. The table below summarises the impact of increases/decreases of these two indexes on the group's equity and post tax profit for the period. The analysis is based on the assumption that the equity indexes had changed by 1% with all other variables held constant, and that all the group's equity instruments moved in line with the indexes.

	Increase/Decrease in basic points	Effect on Profit before Tax
2023		
Equity Investment at Fair Value through Other Comprehensive Income	+ 100 bp	244,168
	- 100 bp	(244,168)

35 CAPITAL MANAGEMENT

Capital includes ordinary shares and other equities attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2023 and 31st March 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 25% and 40%. The Group includes within net debt, interest bearing loans and borrowings, bank overdrafts, trade and other payables less cash and cash equivalents.

As at 31st March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Interest Bearing Loans and Borrowings	2,656,573,613	2,007,560,676	2,946,319,810	1,855,076,872
Trade and other payables	879,179,585	1,247,893,058	436,695,008	862,449,226
Bank overdrafts	483,403,416	246,765,452	387,320,919	94,526,628
Less: Cash and cash equivalents	(420,519,411)	(898,188,816)	(275,220,591)	(129,294,626)
	3,598,637,203	2,604,030,369	3,495,115,146	2,682,758,100
Equity	7,771,849,545	7,547,845,769	5,704,078,673	5,746,945,556
Capital and Net Debt	11,370,486,748	10,151,876,138	9,199,193,819	8,429,703,656
Gearing ratio	32%	26%	38%	32%

Supplementary Information

Honouring Our Community

As we move forward, we embrace tomorrow with confidence and optimism. Together, we will continue to build a brighter future for all our people and partners.

Content

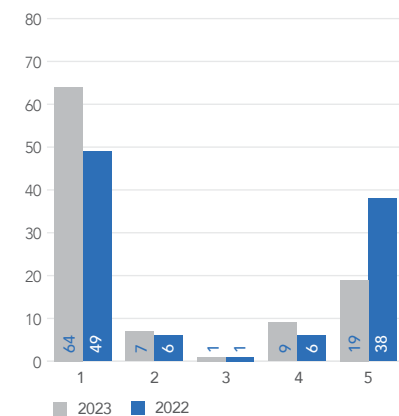
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Value Added Statement

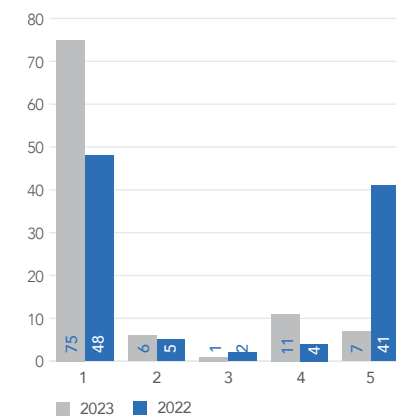
	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Value Added				
Turnover	7,905,209,686	7,840,800,948	4,369,878,070	5,075,574,545
Cost of Material and Services	(5,030,092,014)	(4,238,696,834)	(2,857,492,575)	(2,640,933,151)
Other Income	111,098,228	25,570,448	47,366,275	39,984,171
	2,986,215,900	3,627,674,562	1,559,751,770	2,474,625,566
Distribution of Value Added				
To Employees				
Salaries and Others	1,907,756,873	1,767,721,533	1,171,887,971	1,197,413,962
To Government				
Income Tax	219,445,968	220,295,001	91,751,482	127,567,176
To Capital Providers				
Interest on Loans	42,203,474	47,017,691	18,188,167	38,796,495
To Shareholders				
Dividend	258,553,400	221,888,291	169,363,629	108,392,723
To Expansion and Growth				
Depreciation	389,264,474	339,848,312	212,151,427	185,026,571
Retained Profit	168,991,710	1,030,903,735	(103,590,907)	817,428,638
	2,986,215,900	3,627,674,562	1,559,751,770	2,474,625,566

	Group		Company	
	2023	2022	2023	2022
To Employees	64%	49%	75%	48%
To Government	7%	6%	6%	5%
To Capital Providers	1%	1%	1%	2%
To Shareholders	9%	6%	11%	4%
To Expansion and Growth	19%	38%	7%	41%

Group
%



Company
%



Key

1. To Employees
2. To Government
3. To Capital Providers
4. To Shareholders
5. To Expansion and Growth

Ten Year Summary

	Group									
	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
Operating Results										
Total Income	7,905	7,840	5,546	5,976	5,806	5,733	5,289	4,728	4,083	3,961
Other Income	111	25	63	53	56	35	34	38	51	53
Finance Cost	88	80	97	141	136	122	98	86	125	187
Profit Before Tax	1,060	1388	696	576	549	603	525	557	266	261
Income Tax	409	279	96	109	173	115	136	57	42	32
Profit After Tax	652	1109	600	467	376	488	389	500	224	229
Dividend (Company)	169	108	75	122	122	122	122	91	68	-
Balance Sheet										
Assets										
Property, Plant and Equipment	7,706	7,295	7,083	7,220	6,682	6,500	6,077	4,128	4,107	4,158
WIP - Building in Construction	2,604	1,186	631	474	276	39	368	158	-	-
Other Financial Assets	1,075	1,724	1,272	830	736	666	572	380	266	242
Right-of-Use Assets	261	289	215	191	-	-	-	-	-	-
Investment in an Equity Accounted Investee	-	-	109	7	5	5	4	3	3	2
Inventories	1,020	835	536	380	309	305	319	256	230	255
Receivables	1,009	561	397	544	365	358	461	275	245	194
Tax refund Due	14	13	-	19	21	17	-	-	-	-
Cash and Cash Equivalents	421	898	640	149	403	203	138	166	81	48
	14,110	12,802	10,883	9,814	8,797	8,093	7,939	5,366	4,932	4,899
Equity and Liabilities										
Stated Capital	1,143	916	916	916	916	916	916	916	916	916
Reserves	6,629	6,631	5,712	4,989	4,227	4,093	4,282	2,171	1,861	1,737
Non Controlling Interest	730	734	593	588	565	561	529	408	362	349
Interest-Bearing Borrowings	2,657	2,008	1,652	1,005	815	708	855	878	908	1,072
Provisions and Other Liabilities	2,469	2,266	1,789	1,702	1,519	1,375	987	707	570	490
Overdrafts	483	247	221	614	755	440	370	286	315	335
	14,110	12,802	10,883	9,814	8,797	8,093	7,939	5,366	4,932	4,899
Company										
	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Financial Indices										
Earnings Per Share (Rs.)	8.83	22.75	13.17	6.42	6.25	4.76	6.25	6.41	4.52	5.49
Dividend Per Share (Rs.)	2.30	5.00	3.20	2.20	3.60	3.60	3.60	3.60	2.70	2.00
Dividend Payout Ratio (%)	26.05	21.98	24.30	34.28	57.62	75.57	57.60	56.16	59.73	36.43
Net Assets Per Share (Rs.)	158.49	169.66	148.72	130.95	117.59	115.46	125.97	81.16	78.24	75.92
Return On Equity (%)	8.38	14.69	9.05	7.91	7.31	9.74	7.48	16.20	8.07	8.63
Return On Assets (%)	2.79	8.20	5.59	4.76	4.30	6.03	4.90	9.32	4.54	4.67

Share Information

VOTING SHARES

Distribution of Shareholders

Shareholding	Resident			Non-Resident		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	1,982	433,003	1.60	16	4,602	0.02
1,001 - 10,000	304	876,544	3.23	11	45,371	0.17
10,001 - 100,000	55	1,566,611	5.77	2	84,195	0.31
100,001 - 1,000,000	18	5,484,058	20.22	-	-	-
Over 1,000,000	1	18,628,342	68.68	-	-	-
Total	2,360	26,988,558	99.50	29	134,168	0.50

Categories of Shareholders

	No. of Shareholders	No. of Shares
Individual	2,296	6,740,570
Institutional	93	20,382,156
Total	2,389	27,122,726

NON-VOTING SHARES

Distribution of Shareholders

Shareholding	Resident			Non-Resident		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	913	201,645	2.27	6	2,137	0.02
1,001 - 10,000	342	968,314	10.92	8	32,501	0.37
10,001 - 100,000	74	2,107,759	23.78	5	173,318	1.95
100,001 - 1,000,000	4	1,314,051	14.82	-	-	-
Over 1,000,000	2	4,067,319	45.87	-	-	-
Total	1,335	8,659,088	97.66	19	207,956	2.34

Categories of Shareholders

	No. of Shareholders	No. of Shares
Individual	1,281	3,066,284
Institutional	73	5,800,760
Total	1,354	8,867,044

Share Information

Public Shareholding

	2023		2022	
	Voting	Non-Voting	Voting	Non-Voting
Number of Shareholders	2,365	1,338	2,337	1,271
Holding Percentage (%)	21.91	51.22	23.63	51.32
Market Capitalisation (Rs. Mn)	3,587	846	2,667	686
Float Adjusted Market Capitalisation (Rs. Mn)	804	-	630	-
Float Adjusted Market Capitalisation Option	Less than Rs. 2.5 Bn (Option 5)		Less than Rs. 2.5 Bn (Option 5)	

Investor Ratios

	2023	2022
Earnings Per Share (Rs.)	8.83	22.75
Dividend Per Share (Rs.)	2.30	5.00
Net Assets Per Share (Rs.)	158.49	169.66
Dividend Payout Ratio (%)	26	22

MARKET ACTIVITIES

Market Value Per Share

	2023			2022		
	Highest Traded Price Rs.	Lowest Traded Price Rs.	Closing Price Rs.	Highest Traded Price Rs.	Lowest Traded Price Rs.	Closing Price Rs.
Voting	170.00	100.00	132.25	235.00	101.50	104.50
	4th August 2022	27th April 2022	31st March 2022	2nd February 2022	30th March 2022	30th March 2022
Non-Voting	127.50	81.00	95.40	160.00	80.50	82.20
	13th September 2022	19th May 2022	30th March 2023	2nd February 2022	30th March 2022	30th March 2022

TOP 20 SHAREHOLDERS LISTED AS AT 31ST MARCH 2023

Voting Shareholders

Name of the Shareholder	Country of Residence	As at 31st March 2023	
		Number of Shares	Holding %
Durdans Management Services Ltd	Sri Lanka	18,628,342	68.68
Lawrance Tudawe Management Services (Pvt) Ltd	do	637,581	2.35
Mr. Y. N. R. Piyasena	do	532,312	1.96
Mr. Deen Mohamed Fazal Aslam	do	504,206	1.86
Galle Face Capital Partners PLC	do	447,774	1.65
Mr. Merill J. Fernando	do	390,500	1.44
Cargo Boat Development Company PLC	do	324,577	1.20
Mr. D. G. Wijemanna	do	322,328	1.19
MJF Holdings Ltd	do	287,917	1.06
Mr. R. P. Weerasooriya	do	261,484	0.96
Mr. A. E. Tudawe	do	235,152	0.87
Mr. A. D. P. A. Wijegoonewardene	do	234,368	0.86
Mrs. T. T. Weerasinghe	do	206,250	0.76
Mrs. H. K. Weerasinghe	do	203,000	0.75
Mrs. L. I. Weerasinghe	do	201,000	0.74
Mr. U. D. Tudawe	do	181,279	0.67
Mr. H. L. Tudawe	do	175,433	0.65
Mr. A. D. Tudawe	do	172,108	0.63
Mr. P. V. Tudawe	do	166,789	0.61
Mr. A. H. Munasinghe	do	96,624	0.36
Total		24,209,024	89.25

Share Information

Non-Voting Shareholders

Name of the Shareholder	Country of Residence	As at 31st March 2023	
		Number of Shares	Holding %
Durdans Management Services Ltd	Sri Lanka	2,912,948	32.85
Employee Provident Fund	do	1,154,371	13.02
MJF Holdings Ltd	do	636,061	7.17
E W Balasuriya & Co (Pvt) Ltd	do	351,282	3.96
Mr. A. H. Munasinghe	do	170,663	1.92
Mr. D. Ratnayake	do	156,045	1.76
Tudawe Engineering Services (Pvt) Ltd	do	97,735	1.10
Mr. D. A. Cabraal	do	87,656	0.99
Mr. S. S. Sithambaranathan	do	82,612	0.93
Mr. A. D. Tudawe	do	75,597	0.85
Mr. P. S. De Mel	do	75,248	0.85
Ms. T. T. Weerasinghe	do	70,485	0.79
Commercial Bank of Ceylon PLC A/C No 04	do	64,918	0.73
Peoples Leasing & Finance PLC /Mr P A I S Perera	do	63,750	0.72
Mr. D. P. L. De Mel	do	62,589	0.71
Saman Villas Limited	do	62,115	0.70
Mr. D. G. Wijemanna	do	53,264	0.60
Mr. H. A. Cabraal	do	53,125	0.60
Mr. G. D. M. Ranasinghe	do	53,125	0.60
Mr. U. D. Wickremesooriya Jt Mrs. S. F. Wickremesooriya	do	53,125	0.60
Total		6,336,714	71.45

[illegible]

Note

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Notice of Meeting

Notice is hereby given that the 77th Annual General Meeting of the Shareholders of Ceylon Hospitals PLC will be held on 27th July 2023 at 4.00 p.m. as a hybrid meeting at the "Auditorium of the Company at No. 3, Alfred Place, Colombo 03

The business to be brought forward before the meeting will be:

1. ADOPTION OF STATEMENT OF ACCOUNTS

To receive and consider the Annual Report of the Directors and the Statement of Accounts for the year ended 31st March 2023 with the Report of the Auditors thereon. (Resolution 1)

2. ELECTION OF DIRECTORS

To elect Mr. S. Renganathan, Director appointed since the last Annual General Meeting in terms of Article No. 65. of the Articles of Association. (Resolution 2)

3. RE-ELECTION OF DIRECTORS

To re-elect Mr. A.D.B. Talwatte, who retires by rotation in terms of Article No. 58 of the Articles of Association and being eligible offers himself for re-election. (Resolution 3)

4. RE-APPOINTMENT OF DIRECTORS

- To re-appoint Mr. A. E. Tudawe, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.

"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. A. E. Tudawe who is more than 70 years, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007". (Resolution 4)

- To re-appoint Mr. A. S. Abeyewardene, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.

"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. A. S. Abeyewardene who is more than 70 years, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007". (Resolution 5)

- To re-appoint Dr. A. D. P. A. Wijegoonewardene, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.

"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Dr. A. D. P. A. Wijegoonewardene who is more than 70 years, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007". (Resolution 6)

- To re-appoint Mr. Y. N. R. Piyasena, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.

"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. Y. N. R. Piyasena who is more than 70 years, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007". (Resolution 7)

5. DECLARATION OF DIVIDENDS

An Interim dividend of Rs. 2/30 per share was paid in June 2023 and no further dividends have been recommended by the Board.

6. RE-APPOINTMENT OF AUDITORS

To re-appoint Messrs. B. R. De Silva & Co. Chartered Accountants, the retiring Auditors who have expressed their willingness to continue in office as Company's Auditors for the ensuring year and to authorise the Board of Directors to determine their remuneration. (Resolution 8)

7. DONATIONS

To authorise the Directors to determine donations for the year 2023/24. (Resolutions 9)

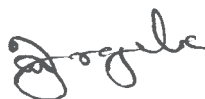
8. ANY OTHER BUSINESS

- Amendment of Articles of Association. (Resolution 10)

If thought fit to pass the following resolution as a special resolution

"Resolved that the Articles of Association of the Company be amended by deleting the existing Articles in its entirety and that the Articles of Association contained in the printed document submitted to this meeting which, for purpose of identification, have been signed, page by page, by the Chairman of this meeting, be and the same are hereby approved and adopted as the Articles of Association of the Company, in substitution for, and to the exclusion of the existing Articles of Association of the Company."

By order of the Board



Nexia Corporate Consultants (Private) Limited
Secretaries
23rd June 2023

Note

- A shareholder entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote at the virtual meeting on his/ her.
- A Proxy need not be a shareholder of the Company.
- A Form of Proxy accompanies this notice.

Registration of Shareholders Details for Online Meeting

77TH ANNUAL GENERAL MEETING 2023

CEYLON HOSPITALS PLC

Company No. PQ 113

To:-
Ceylon Hospitals PLC
No. 3, Alfred Place,
Colombo 03,

1. Full Name of the shareholder :
2. Shareholder's address :
.....
3. Shareholder's NIC No. / Passport No./ Co. Reg No.
4. Shareholder's Contact No: (Residence)..... (Mobile)
5. Name of the Proxy Holder
6. Proxy Holder's NIC No. / Passport No./ Co. Reg No.
7. Proxy Holder's Contact No: (Residence) (Mobile)
8. Shareholder's / Proxy Holder's Email
9. Participation in the AGM Via an online Platform: YES ☐ / NO ☐
10. Names of the Joint Holder/s (If any) (i).....
(ii).....
11. National Identify Card Number/s of Joint holder/s (i)
(ii)

Signature(s)

Shareholder's Signature

Date:

1st Joint Holder's Signature

Date:

2nd Joint Holder's Signature

Date:

Notes:

- Shareholders are requested to provide their email address in the space provided in order to forward the web link/ user name/ password/ necessary instruction, if they wish to attend the meeting through an online platform.
- In the case of a company / Corporation, the shareholder details form must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association.
- In the case of a power of Attorney, the Shareholder details Form signed by the Power of Attorney must be deposited at the Registered Office of the Company for registration.

Form of Proxy

Voting Shareholders

I/ We, Mr./ Mrs./ Missof
(address)
 being a member of Ceylon Hospitals PLC, hereby appoint

Mr. A. E. Tudawe	or failing him
Dr. A. D. P. A. Wijegoonewardene	or failing him
Mr. U. D. Tudawe	or failing him
Mr. Y. N. R. Piyasena	or failing him
Mr. A. S. Abeyewardene	or failing him
Mr. A. D. B. Talwatte	or failing him
Mr. A. S. Tudawe	or failing him
Mr. A. V. R. De S. Jayatilleke	or failing him
Mr. S. Renganathan	or failing him

Mr./ Mrs./ Miss of
 address)
 as my/ our proxy to attend (and vote for me/ us) on my/ our behalf at the 77th Annual General Meeting of the Company to be held on 27th July 2023 and at any adjournment thereof.

Note

If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy, if it has not already been registered with the Company.

Resolutions	For	Against
1. To adopt the Statement of Accounts for the year ended 31st March 2023	☐	☐
2. To elect Mr. S. Renganathan	☐	☐
3. To re-elect Mr. A.D.B. Talwatte	☐	☐
4. To re-appoint Mr. A. E. Tudawe	☐	☐
5. To re-appoint Mr. A. S. Abeyewardene	☐	☐
6. To re-appoint Dr. A. D. P. A. Wijegoonewardene	☐	☐
7. To re-appoint Mr. Y. N. R. Piyasena	☐	☐
8. To re-appoint Auditors	☐	☐
9. To authorise the Board of Directors to determine donations	☐	☐
10. Amendment of Articles of Association (Special Resolution)	☐	☐

Mark your preference with "X"

Signed on this day of 2023

.....
 Signature

INSTRUCTIONS TO COMPLETE THE FORM OF PROXY

1. Kindly perfect the Form of Proxy after filling legibly your full name and address, by signing in the space provided and dating same.
2. If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed form of proxy, if it has not already been registered with the Company.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 3, Alfred Place, Colombo 03. (not less than 72 hours before the time appointed for the holding of the meeting).
4. A member is entitled to appoint a proxy to attend instead of himself and a proxy need not be a member of the Company.

Form of Proxy

Non-Voting Shareholders

I/ We, Mr./ Mrs./ Missof
(address)
 being a member of Ceylon Hospitals PLC, hereby appoint

Mr. A. E. Tudawe	or failing him
Dr. A. D. P. A. Wijegoonewardene	or failing him
Mr. U. D. Tudawe	or failing him
Mr. Y. N. R. Piyasena	or failing him
Mr. A. S. Abeyewardene	or failing him
Mr. A. D. B. Talwatte	or failing him
Mr. A. S. Tudawe	or failing him
Mr. A. V. R. De S. Jayatilleke	or failing him
Mr. S. Renganathan	or failing him

Mr./ Mrs./ Miss of
 address)
 as my/ our proxy to attend on my/ our behalf at the 77th Annual General Meeting of the Company to be held on 27th July 2023 and at any adjournment thereof.

Note

If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy, if it has not already been registered with the Company.

Signed on this day of 2023

.....
 Signature

INSTRUCTIONS TO COMPLETE THE FORM OF PROXY

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Corporate Information

NAME OF COMPANY

Ceylon Hospitals PLC

BRAND NAME

DURDANS

LEGAL FORM

A quoted public company with limited liability incorporated in Sri Lanka under the Companies Ordinance No. 51 of 1938 and registered under the Companies Act No. 07 of 2007

COMPANY REGISTRATION NUMBER

PQ 113

STOCK EXCHANGE LISTING

The Ordinary Shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka

REGISTERED OFFICE

No. 03, Alfred Place, Colombo 03

BANKERS

Commercial Bank of Ceylon PLC
Bank of Ceylon
DFCC Bank PLC
Union Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Seylan Bank PLC
Sampath Bank PLC
Hatton National Bank PLC
People's Bank

AUDITORS

B. R. De Silva & Co. Chartered Accountants
No. 22/4, Vijaya Kumaranatunga Mawatha
Colombo 05

LAWYERS

Mr. D. F. R. Jayamaha
Hector Jayamaha Law Office
No. 228, Thimbirigasyaya Road
Colombo 05

SECRETARIES

Nexia Corporate Consultants (Private) Limited
No. 130, Level 02, Nawala Road, Narahenpita,
Colombo 05

REGISTRARS

SSP Corporate Services (Pvt) Ltd
No. 546, Galle Road
Colombo 03

Designed & produced by

emagewise

Digital Plates & Printing by Aitken Spence Printing & Packaging (Pvt) Ltd



CEYLON HOSPITALS PLC

No. 03, Alfred Place, Colombo 03

T +94 (0) 11 214 0000 **F** +94 (0) 11 257 5302, +94 (0) 11 237 2632 **E** contactus@durdans.com