

Bright Solutions, Profitable Results.



Bright Solutions, Profitable Results.

Creating a blueprint for a strategic metamorphosis, we charted a new course to yield results that go beyond the bottom line. In 2023/24, we built purpose-driven strategies to optimise our actions and create value that resonates. We blended strategic and corporate planning, team building and employee development with change management to help transform our identity. We are not only driven by numbers but by a dynamic vision to be the preferred choice of the discerning customer for products and services in the construction industry and innovative thinking to transcend the ordinary. To make this a sustained reality furthermore, we have harnessed bright solutions by infusing sustainability, technology and innovative thinking to transcend the ordinary.



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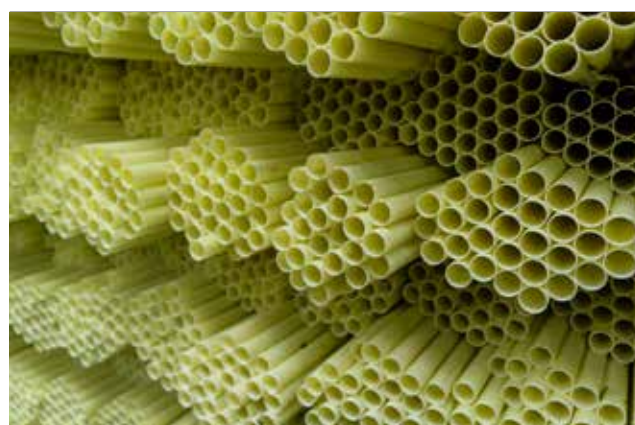
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About the Report

GRI 2.4

The report has been prepared in accordance with guidelines set out by the International Integrated Reporting Council (IIRC) framework, by adopting the six capital models of financial capital, manufactured capital, human capital, social and relationship capital, intellectual capital and natural capital. In this report, we lay out our integrated thinking process to detail how we use strategic inputs to create financial success for our shareholders.

BASIS OF PREPARATION GRI 2.2

Central Industries PLC commenced reporting in line with the International <IR> Framework in 2022/23. This report is the 2nd Integrated Annual Report of Central Industries PLC and covers the 12 months from 1st April 2023 to 31st March 2024. This Integrated Report meets the varying information needs of our valued stakeholders in a comprehensive narrative format.

SCOPE AND BOUNDARY GRI 2.3

The Company has taken into account the expectations of its stakeholders and materiality in deciding on the information content of this Report, which covers topics that reflect the significant economic, environmental and social impacts that substantively influence stakeholder decisions. Quantitative and qualitative data have been provided for further analysis. The report presents key stakeholder engagements, the year's business environment, strategy, action, operations and financial performance, risk management, governance and social responsibility initiatives.

KEY IMPROVEMENTS REFLECTED IN THE REPORT

During the year under review, no significant changes in the organisation type, structure, ownership, supply chain or topic boundaries took place. However, this year's report has covered a broader range of GRI topic disclosures as set out in the GRI Index on page x. We have strived to be more thorough and precise in this report and view this report as a work in progress, gaining valuable insights and experience year after year.



This report details how the Company creates non-financial value through human, natural, manufactured, intellectual, and social and relationship capitals, in addition to financial capital. Visual elements such as figures, graphs, and tables have been inserted for quick access to information in a consistent manner facilitating clarity and comparability. This report makes every possible effort to present a balanced review of relevant material information and, it has been checked for reliability by the board and management.

REPORTING FRAMEWORK

INTEGRATED REPORTING

This Integrated Report, where applicable, is presented in accordance with the Guiding Principles and Content Element, as stipulated by the International <IR> Framework issued by the International Integrated Reporting Council (IIRC) and GRI Standards 2021.

FINANCIAL REPORTING

- ☉ Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- ☉ The Companies Act No. 7 of 2007 and amendments thereto
- ☉ Listing Rules of the Colombo Stock Exchange

RISK AND GOVERNANCE REPORT

- ☉ Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka
- ☉ Listing Rules of the Colombo Stock Exchange (CSE)
- ☉ Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987
- ☉ The Companies Act No. 7 of 2007 and amendments thereto

SUSTAINABILITY REPORTING

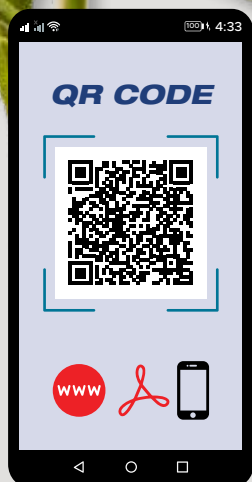
- United Nations Sustainable Development Goals (SDG)

SUSTAINABILITY REPORT

The Sustainability Report details the Company's top-down governance approach towards ESG considerations in order to safeguard the well-being of communities and the environment. The Sustainability Committee is led by the Director/ Chief Executive Officer and operates under the delegated authority of the Board in providing oversight for all sustainability and CSR matters.

ASSURANCE

The Internal Audit and the Audit Committee ensure the integrity of the financial reporting processes and internal controls. Board responsibility statements acknowledge that reasonable care has been exercised in the preparation and presentation of this Integrated Report and Financial Statements while preserving its integrity. KPMG Chartered Accountants provided external assurance for the financial statements and other statutory financial disclosures.



The Annual Report is available on our official website, http://www.nationalpvc.com:9595/distsys/Annual_Report/Annual_Report_2023-24.pdf

Reporting Best Practices implemented in the financial Year 2023/24

Task force on Climate related Financial Disclosures (TCFD) Recommendation

FEEDBACK

Queries and clarifications, if any, are to be directed to:

Maresh Amaradasa
Manager Finance

Central Industries PLC
No. 312, Nawala Road, Rajagiriya
Tel: 0707314021
Email: maresh@nationalpvc.com



About Us





Know About Central Industries PLC



VISION

To be the preferred choice of the discerning customer for products and services in the construction industry

MISSION

Manufacture and provide products and services of consistent quality and reliability for the construction industry.

VALUES

CUSTOMERS

We aim to build long-term relationships with our customers. We believe in providing consistently high-quality products and services.

CUSTOMER RETENTION

We believe in providing a quality service that creates customer satisfaction and customer retention.

EMPLOYEES

Our employees are motivated and trained to always work as one team across all functions to deliver the best possible experience to our stakeholders.

The ability and commitment of our employees are central to the success of the Company. Therefore, we help them enhance their skills, recognise and reward accomplishments, treat them with fairness and consideration and guide every individual to take responsibility for his/her actions.

STAKEHOLDERS

We set ambitious goals, yet we understand accountability to achieve these goals. We are committed to performing exceptionally well on behalf of our stakeholders.

SUPPLIERS

Through cooperation, we achieve quality and efficiency and honour our obligations to our suppliers.

COMMUNITY

Compliance with the spirit of laws. Timely payment of Government taxes and dues. Eliminate the release of substances that may cause environmental damage.



CENTRAL INDUSTRIES: PIONEERS OF QUALITY PVC SOLUTIONS IN SRI LANKA



For more than thirty years, we have been leading the industry as the premier manufacturer and marketer of Sri Lanka's most renowned PVC brand, offering cutting-edge plumbing solutions that meet both local and international standards. Since our inception in 1984 as a proud member of the esteemed Central Finance Group, we have consistently pursued excellence. As a publicly listed company on the Colombo Stock Exchange, transparency and accountability are fundamental to our operations.

At Central Industries, we recognize the significance of reliability and durability in every product. Trusted by professionals and households alike, our solutions are suitable for a multitude of applications, from residential plumbing to intricate agricultural and industrial projects. Whether it's water supply, drainage systems, water treatment, or engineering endeavours, our products exemplify quality and performance. To ensure convenient access throughout the island, we have established a strategic network of Authorized Distributors and Dealers.

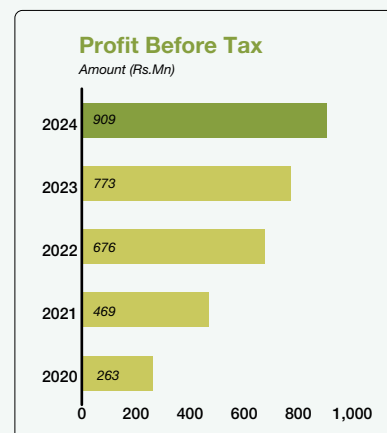
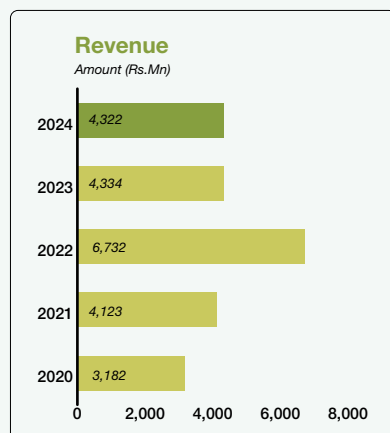
Under our flagship brand, NATIONAL PVC, we provide a wide range of products, including potable water pipes and fittings, PVC ball valves, solvent cement, electrical conduits, garden hoses, rain gutters, and more. In our commitment to excellence, we also produce PE water tanks, septic tanks, and stainless steel water tanks under our NATIONAL PE and NATIONAL SS brands, respectively. Furthermore, our rigid electrical conduits, marketed under CILTEC, cater to a variety of industrial and residential needs.

Dedicated to upholding the highest standards, our manufacturing facilities adhere to ISO 9001-2015 guidelines. Situated in Kerawalapitya and Elhena, our factories feature state-of-the-art technology and infrastructure. Central Industries stands as a beacon of quality and reliability in the PVC industry.

Financial Highlights

	Change %	2023/24	2022/2023	2021/2022	2021/2020	2019/2020
Profitability (Rs.Mn)						
Revenue	0%	4,321.99	4,333.99	6,731.88	4,122.94	3,182.46
Gross Profit	-35%	1,021.19	1,573.18	1,407.08	796.34	580.47
Operating Profit	-37%	709.99	1,124.57	1,036.06	466.34	288.82
Profit/(Loss) Before Tax	16%	908.75	773.04	675.64	469.30	262.89
Profit/(Loss) After Tax	1%	649.93	643.18	502.09	403.11	193.87
Assets and Liabilities (Rs.Mn)						
Shareholders' Funds	23%	3,979.93	3,238.35	2,650.51	2,181.99	1,771.76
Financial Investment	2650%	1,072.31	38.99	422.04	430.27	73.00
Property, Plant and Equipment	19%	1,306.13	1,093.58	1,025.03	922.41	908.11
Inventory	-26%	957.67	1,294.86	1,564.19	1,325.40	906.25
Currents Assets	8%	3,193.99	2,966.99	4,238.72	2,685.40	1,667.65
Current Liabilities	-20%	488.23	612.41	2,417.51	1,246.43	563.53
Total Assets	16%	4,693.55	4,061.05	5,264.39	3,607.83	2,576.18
Weighted average number of ordinary shares		24,195,193	23,466,490	21,788,936	20,698,110	19,768,428
Investor information						
Earnings/(loss) per share - Restated (Rs.)	1%	26.86	26.58	21.40	18.50	9.37
Market Price Per Share (Rs.)	32%	111.00	84.30	98.10	103.00	32.80
Net Assets Per Share Restated (Rs.)	23%	164.49	133.84	112.95	105.42	85.76
Total dividend per share (Rs.)	33%	6.00	6.00	5.00	8.00	2.50
Cash dividend per share (Rs.)	100%	6.00	3.00	-	2.00	2.50
Dividend cover (times)	-2%	4.48	4.57	4.61	2.43	3.92
Dividend payout ratio (%)	-1%	22%	23%	23%	41%	25%
Gross dividend (Rs. Mn)	3%	145.17	140.80	108.94	165.58	49.42
Market capitalisation (Rs. Mn)	36%	1,254.74	924.23	998.64	995.81	303.00
Other Ratios						
Gross Profit ratio (%)	-35%	23.63	36.30	20.90	19.31	18.24
Current ratio (times)	35%	6.54	4.84	1.75	2.15	2.96
Quick asset ratio (times)	68%	4.58	2.73	1.11	1.09	1.35
Return on Equity (%)	-18%	18.01	21.84	20.78	20.39	11.40
Return on Assets (Before Tax) (%)	25%	20.76	16.58	15.23	15.18	20.41

KEY PERFORMANCE INDICATORS

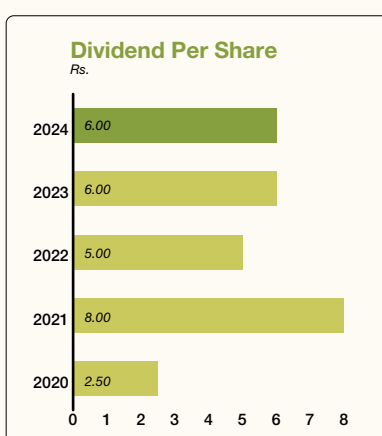
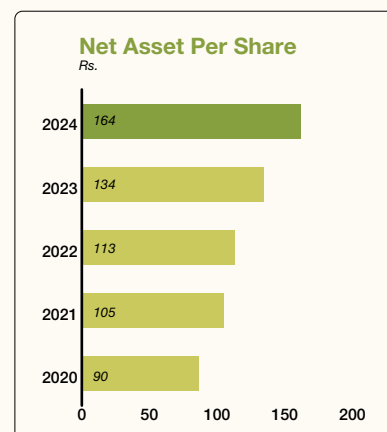


AIM

Deliver sustainable improvements in the company profitability

PROGRESS IN 2023/24

During 2023/24, the company continued to improve the profitability. This improvement was the result of aggressive market penetration and brand development strategies to capitalize on favourable demand trends.



AIM

Deliver a positive return on shareholders investments through share price appreciation and dividends.

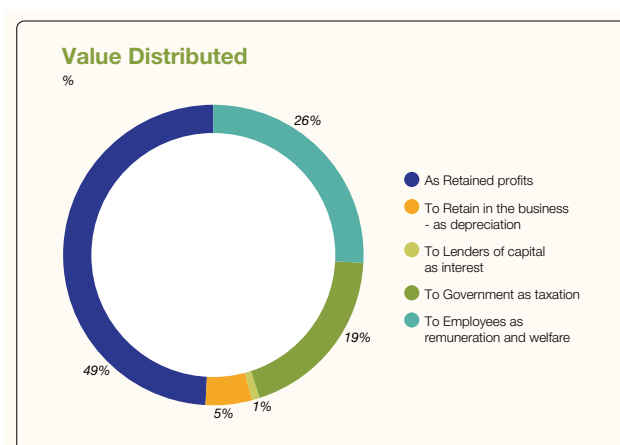
PROGRESS IN 2023/24

Our net asset per share has grown by 23% compared to the previous year. Share price appreciation of Rs.26.70 per share plus dividends of Rs.6.00 per share indicate a total return of Rs. 32.70 per share during the period.

Sustainability Highlights

ECONOMIC SUSTAINABILITY

		2023/24	2022/23	2021/22
		Rs. 000	Rs. 000	Rs. 000
Value Addition				
Turnover		4,321,998	4,333,998	6,731,883
Less: Cost of material and services purchased	71%	2,989,518	3,093,487	5,632,766
Economic Value Addition	29%	1,332,480	1,240,511	1,099,117
Value Distributed				
To Employees as remuneration and welfare	26%	346,180	313,103	321,468
To Government as taxation	19%	258,811	129,854	173,544
To Lenders of capital as interest	1%	10,913	99,662	48,819
To Retain in the business - as depreciation	5%	66,810	54,703	53,192
As Retained profits	49%	649,934	643,189	502,094
Economic value distribution		1,332,480	1,240,511	1,099,117



TAX PAYMENT TO GOVERNMENT

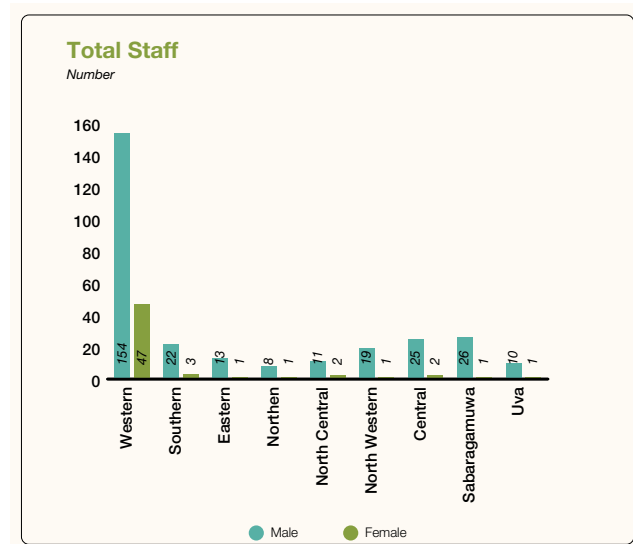
	2023/24	2022/23	2021/22
Indirect Taxes (Rs. Mn)			
Value added tax on revenue	292.9	286.0	67.9
Social security contribution levy	91.8	39.4	-
Direct Taxes (Rs. Mn)			
Income tax	258.81	129.9	173.5
Stamp duty	0.3	0.3	0.5

HUMAN SUSTAINABILITY

	2023/24	2022/23	2021/22
Total Employees	347	343	387
Total Training hours	3,169	1,310	2,211
Average training hours per employee	9.13	3.80	5.71
Gender diversity ratio (Male : Female)	1 : 0.2	1 : 0.2	1 : 0.2
Staff retention ratio	83.0%	78.8%	86.7%
Total Promotions	52	25	39
Gross income per employee (Rs. '000)	998	913	831

VALUE ALLOCATED TO EMPLOYEES

We provide employment to approximately 350 individuals at our Head office and two manufacturing facilities. We offer competitive salary scales and benefits to all employees. Through our logistics and distribution network, we provide indirect employment to thousands of individuals across Sri Lanka.



	2023/24	2022/23	2021/22
	Rs. 000	Rs. 000	Rs. 000
Salaries and allowances	346,180	313,103	321,468
Bonus	Four times of per month salary	Four times of per month salary	Four times of per month salary

SOCIAL SUSTAINABILITY

	2023/24	2022/23	2021/22
New product and business solutions	6	2	5
New distributor appointments	21	8	13
Registered Suppliers	58	88	91
Electrician and Plumber programs	14	-	-
CSR Programs	13	11	15

VALUE ALLOCATED TO SUPPLIERS

As a Manufacturing organization, we treated value chain suppliers as major stakeholders of the Company and gave priority to purchasing from local suppliers.

	2023/24	2022/23	2021/22
	Rs. 000	Rs. 000	Rs. 000
Payment made to foreign suppliers	1,475,978	1,211,780	4,057,218
Payment made to local suppliers	1,513,540	1,881,707	1,575,548
	2,989,518	3,093,487	5,632,766

ENVIRONMENT SUSTAINABILITY

	2023/24	2022/23	2021/22
Solar Power project investment (Rs. 000)	57,500	44,766	-
Number of trees planted	50	-	-

Our Journey



2010

25th Anniversary

2013

Established 2nd Factory in Elhena
March 2013



1984

Established on 18th September 1984

1985

Introduced “National PVC” Pipes and Fittings

1987

Became the first manufacturer to get the SLS certification for uPVC Pipes (SLS 147)

1990

Listed on the Colombo Stock Exchange

1995

Excellence Award

National Productivity Award Certificate of Excellence

1995

Quality Award

Sri Lanka National Quality Award

1996

- ☉ Became the first manufacturer to obtain SLS 659 certification for PVC fittings
- ☉ Became the first PVC manufacturer to be certified under the ISO 9000 series Quality Management System

1997

5S Award

Taiki Akimoto 5S Award

2004

Introduced “Krypton” Brand Electrical Switch Range

2005

Excellence Awards

National Business Excellence Awards Runner-Up

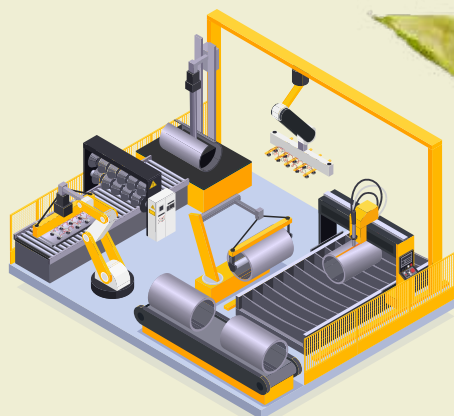
2007

Relocated head office to own Corporate Building at No. 312, Nawala Road, Rajagiriya

2008

CNCI Gold Award

CNCI Achiever of Industrial Excellence Gold Joint Award





2014

Established the second Manufacturing Facility at Elhena, Yakkala

2015

Excellence Awards

National Business Excellence Awards
Runner-Up

2016

- ⦿ Achieved Gross Revenue of Rupees Two Billion
- ⦿ Introduced HDPE Pipes and Fittings

2017

Introduced Krypton Pioneer Range

2017

- ⦿ CNCI Achiever of Industrial Excellence Top Ten Award
- ⦿ Outsourcing (Has Fueled the Growth / Product Line Expansion)

2018

Top Ten Award

Ceylon National Chamber of Industries
Achiever Award

2021

Excellence Award Gold

National Business Excellence Award
Gold

2022

Achiever Award Top Ten

Ceylon National Chamber of Industries
Achiever Award Top Ten and Merit
Award

2022/23

Runner's up award and merit award
- National Business Excellence 2023
National Chamber of Commerce of Sri
Lanka

2023/24

- ⦿ SLS 1206 Certification for National PVC, and Krypton Cable trucking
- ⦿ Central Industries PLC listed top 30 most loved brands among top 100 brands by LMD

Product Portfolio





Leadership





Chairman's Message

“As a responsible corporate citizen, we comply with all the latest governance updates and quality certifications. The Company is committed to making a contribution towards nation-building and economic well-being. Central Industries PLC is transitioning to Eco-friendly manufacturing practices by adopting solar power generation and prioritising products made from lead-free alternatives.”

Profit Before Tax

Rs. 908 Mn



Profit After Tax

Rs. 649 Mn



It gives me immense pleasure to present the Annual Report and Audited Financial Statements of Central Industries PLC on behalf of the Board of Directors for 2023/24. While the economic environment during the year improved as compared to the previous year in which we witnessed the economic crisis, its repercussions continued to be felt in this year as well. As one of the stalwarts in Sri Lanka's industrial sector, our Company sustained its faith in the inherent ability of our resilient nation to rise up to challenges and achieve our goals.

ECONOMY & INDUSTRY OVERVIEW

In 2023/24 the Sri Lankan economy was emerging from an economic downturn on the back of reforms implemented by the Government and the Central Bank of Sri Lanka (CBSL) to restore macroeconomic stability. In some positive developments, inflation was contained at single digits by the end of 2023 from the highest levels recorded in 2022. Consequently, in the second half of 2023, a moderate growth was recorded bringing an end

to the longest streak of six consecutive quarters of economic contraction. Foreign exchange reserves, which were almost exhausted during the crisis, were gradually rebuilt during the year by improved foreign exchange inflows from tourism services, exports as well as foreign workers' remittances. Meanwhile, the financial sector demonstrated its resilience, stemming from prudent policies and preparedness.

In light of these developments, the Sri Lanka rupee strengthened in 2023 and early 2024. Concerted efforts to restructure the government's external debt portfolio would provide the required space for the country to make a sustainable recovery, once the process is completed. Broader political and social consensus on economic reforms will be critical to avoid recurring policy reversals and resultant economic downturns and to uplift the welfare of the general public through sustained growth.

Although a gradual recovery in supply conditions was observed throughout the year, the subdued demand conditions continued to impact all industry activities, resulting in a 9.2% contraction in the industry activity index during 2022/23 as per CBSL statistics. This was driven by a notable decline in the construction industry, mainly due to the holdback of construction projects. The sharp reduction of construction activities since the beginning of 2023 strained the industry, further exacerbated by the exponential rise of operational costs, following the increase of value-added tax (VAT) in January 2024. The market shrinkage intensified as disposable incomes were affected by the increased income taxes and sharp increases in utility prices. Furthermore, the almost doubling of contractor fees and labour costs discouraged construction activities in the residential sector.

COMPANY PERFORMANCE

Despite being faced with unprecedented challenges the Company recorded a net revenue of Rs. 4.3 Bn while delivering a Profit after Tax of Rs. 649 Mn and an ROE of 18%, more or less on par with the previous year.

The Company maintained a strong market position through the crisis on account of some key pillars on which it depends for stability and support. A robust island-wide distribution network has made our products available in every corner of the country, thereby increasing our country-wide footprint. Strong relationships with the distributors and constant expansion of the network will ensure a larger portion of the market in the years ahead.

UPHOLDING ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

We continue to contribute to communities whilst delivering sustainable returns and remain focused on the requirements of our various stakeholders. As a responsible corporate citizen, we comply with all the latest governance updates and quality certifications. The Company is committed to making a contribution towards nation-building and economic

well-being. Central Industries PLC is transitioning to Eco-friendly manufacturing practices by adopting solar power generation and prioritising products made from lead-free alternatives, and ensuring that all by products and waste are channelled to recycling processes to the maximum possible limit.

NURTURING OUR HUMAN CAPITAL

At Central Industries PLC, our approach to human capital management extends far beyond traditional HR functions by adopting a strategic approach to recruiting, developing and retaining top talent, ensuring that our employees are equipped with the skills, knowledge and resources necessary to excel in a changing business environment. Our dynamic workforce remains another key asset that has time and again risen to the occasion to demonstrate hard work, dedication and commitment. In turn, the Company is proud to be a source of support for the well-being of our valued employees through good times and bad.

The Company is dedicated to investing in the growth and development of employees by way of comprehensive training programmes, continuous learning opportunities and career advancement initiatives. During the year under review, extensive training programmes were conducted totalling 3000+ hours. By fostering a culture of continuous improvement and personal development, our workforce is empowered to achieve their full potential and drive our Company's success.

FOSTERING COMMUNITY CONNECTIONS

We believe in actively engaging with our local communities to understand their needs and aspirations. Through community outreach programs, volunteer efforts, and partnerships with local organisations, we seek to address key social challenges and

contribute to the well-being of the society. Whether it's organising educational workshops, supporting environmental conservation projects, or participating in community clean-up drives, we are dedicated to making meaningful contributions that create lasting change.

CORPORATE GOVERNANCE

As a conscientious corporate entity, we place the utmost importance on upholding exemplary corporate governance principles and maintaining high-ethical standards. Our steadfast commitment revolves around adhering meticulously to all legal mandates and industry benchmarks. Our paramount objective is to cater to the diverse needs of our stakeholders while meticulously abiding by the regulatory and legal framework of our operating jurisdiction. We prioritise the rigorous implementation of industry-leading practices across all facets of our business operations.

ACKNOWLEDGEMENT

I take this opportunity to thank my colleagues on the Board for their invaluable advice and guidance throughout the year. Their expertise and support have been instrumental in our success.

I would like to extend my sincere appreciation to Mr. Mayura Rupatunge, our Director/Chief Executive Officer, for his unwavering dedication, leadership and hard work during these challenging times. I commend every member of the Central Industries team for their resilience and perseverance in navigating another year filled with uncertainty. Their hard work and commitment have not gone unnoticed.

A special thank you is in order to our loyal customers from across Sri Lanka for their continued trust in our company and products.

I would also like to express my gratitude to our network of distributors and dealers for their unwavering support in marketing and distributing our products. Your efforts have been crucial in reaching our customers and ensuring their satisfaction.

Furthermore, I appreciate the significant contributions of our bankers, auditors, and company secretaries. Your support has been invaluable to our operations and success.

We thank our shareholders for your continued trust and confidence in our company.



G.S.N. Peiris
Chairman

22nd May 2024



Chief Executive Officers Review

“The Company focused on opportunities available in the market which enabled us to achieve a revenue of Rs. 4.3 Bn in the year under review, which is on par with the revenue achieved in the previous year.”

“Through careful management of opportunities available in the market, industry and operational processes the company achieved a profit after tax of Rs. 649 Mn in the year under review compared to Rs. 646 Mn achieved in the previous year.”

Profit After Tax

Rs. 649 Mn 

Revenue

Rs. 4.3 Bn 

Dear Stakeholder,

Against the backdrop of a challenging economic landscape, Central Industries PLC yet again proved its innate resilience and capability to deliver value amidst adversity. Albeit a slight improvement over the previous year, with grit and determination, the Company achieved another year of record profitability. This five-year record-breaking streak reflects the effectiveness of the Company's laser-focused strategic plans which enables it to continue on a path of sustained growth against the odds. The main contributor to the achievement of another record-breaking year was the unwavering focus on the market segments which exhibit greater profitability and focus on other fundamental areas of the business such as working capital management and efficiency improvements in the value chain.

Through its unwavering commitment to product quality and after sales service coupled with the expertise of a dedicated and capable technical team, the Company has maintained a strong presence in the corporate and government sectors.

Given the uncertainty and upheaval that has prevailed in the economy and in the construction and water supply sectors over the past couple of years, it is clear that the Company must keep diversifying its market segments and product range to maintain and further strengthen its financial performance and improve its market share.

FINANCIAL PERFORMANCE

The economic crisis which hit the country in 2022 brought about a sudden collapse of the construction industry and an almost total suspension of government infrastructure development projects. In the face of this adversity, the Company focused on opportunities available in the market which enabled us to achieve a revenue of Rs. 4.3 Bn in the year under review, which is on par with the revenue achieved in the previous year. It is pertinent to note that the growth in volumes however was almost 59% more than the previous year. The Company's core Water Management Products segment was instrumental in achieving this level of performance.

The stabilization and gradual reduction in the exchange rates coupled with the reduction in borrowing costs resulted in cost reductions and price reductions across the industry. However, the lower buying power of consumers brought about immense pressure on gross margins. Through careful management of opportunities available in the market, industry and operational processes the company achieved a profit after tax of Rs. 649 Mn in the year under review compared to Rs. 646 Mn achieved in the previous year.

A WINNING CULTURE OF TEAMWORK

A strong financial performance amidst tough times requires an exemplary effort which is possible only when an encouraging workplace culture exists to inspire and motivate employees to give their best. A culture of cooperation and the can-do spirit is what makes our team so unique. Committed to unleashing their true potential and talent, the training budget and training hours for employees were increased during the year with heartening results. Going ahead, the training budget will be expanded as needed to ensure that our team is poised at the cutting edge of innovation and technical know-how.

Even though the country's reserves have benefitted from the inflow of foreign currency from foreign worker remittances, it has created a gap in the national talent pool due to the migration of skilled workers. In response, the Company is implementing a strategy to build a community of skilled workers both for its own use and for the industry, through training and workshops. Apart from this most important resource for the manufacturing industry, the sustainability of other essential resources, especially energy costs, has rapidly escalated in the recent past. We believe that as a responsible corporate citizen, we too have a role in assisting the country to overcome these challenges. Having previously invested in a 437 kW solar power energy generating system, during the year under review we made a further investment in a 376 kW solar power generating system which too will be connected to the national grid within a short period.

SEEKING OPPORTUNITY AMIDST CHALLENGES

As a result of the country defaulting on its debt servicing obligations two years ago during the economic crisis, critical funding for mega public infrastructure projects also ground to a halt, resulting in an adverse impact on the organisation. However, backed by a spirit of optimism, we sought out other growth sectors such as irrigation, horticulture and other small-scale innovative projects. As a company with a strong financial footing, the high borrowing costs did not make a significant impact on our plans, enabling us to focus on driving volume increases, operational efficiency, and profitability. Opportunities in the retail market were explored carefully with the management having taken a decision not to compete at the lower end of the price spectrum, despite the price sensitive nature of the market. Instead, it is enhancing penetration into this segment by ramping up marketing and advertising efforts to boost brand visibility, recognition and acceptance.

With increasing concern of the impact of industrial activity on the environment and sustainability, we have implemented projects to assess the impact of the Company's operations on the natural and social environment and realign operations as needed to achieve sustainable growth. We recently entered into a tripartite agreement with the Ministry of Industries and the National Cleaner Production Centre to embark on a Resource Efficient Cleaner Production Assessment and Capacity Building project.

INDUSTRY-BENCHMARKED BEST CUSTOMER CARE

Since its inception, the Company has placed a great emphasis on a service-oriented culture which provides customers with value added technical knowledge and guidance. A dedicated team of qualified professionals is at hand to guide and advise customers on the right use of products offered by the company and provide solutions for their technical needs. The Company's service-oriented culture ensures a warm and professional approach to customer handling and empathetic customer engagement backed by a strong distribution network.

In our continuous commitment to improving our performance, we have undertaken a market study to understand our market position and identify opportunities for further improvement. This ambition to be the best has created a culture of uncompromising quality of our products and services. Unfortunately, the market is being flooded with cheaper and lower-quality alternatives at a time when the market is price sensitive, and customers are being lured by cheap low-quality alternatives which can negatively impact their health and well-being. Despite the mandatory regulations for products manufactured for the conveyance of potable water and for domestic electrical installations, weak implementation of regulations by the authorities has resulted in widespread flouting of these regulations. However, as an industry leader in implementing and improving product quality standards, we continuously strive to educate customers on the importance and long-term benefit of demanding good quality reliable products backed with the respective certifications.

FUTURE OUTLOOK

The prospects for the period ahead seem to be brighter as the major public infrastructure projects halted by the government during the crisis are gradually resuming. It is hoped that with further stabilization of government revenue, the momentum will pick up soon and in turn uplift the construction industry. The corporate and government sectors also look better as the government sector which didn't float tenders for a couple of years is now doing so once again. The World Bank and the Asian Development Bank are once again investing in water supply related projects. All these positive developments provide a clue to an improved operating climate in 2024/25.

The recent performance of the Company during some of the most tumultuous years the country has gone through which have had a direct impact on the economy indicates we have achieved a good balance in the management of all aspects of our operations. Supported by a stronger rupee and lower cost of raw materials at present, we are confident of reaching volume and profit targets in the year ahead.

APPRECIATION

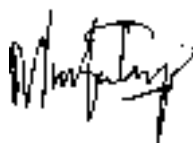
As I look ahead with anticipation for an even more positive year, I would like to extend my heartfelt thanks to our valued customers for their extensive support throughout our journey. Your trust and loyalty have been the cornerstone of our success.

I also wish to express my deepest gratitude to the employees and management team of Central Industries PLC. Your dedication, hard work, and innovative spirit have been instrumental in driving our growth and achieving our goals.

The support extended by our island-wide distributors contributed invaluable to the performance of the company. I also thank our stakeholders including suppliers local and international, government and non-government agencies for the support extended to us throughout in our operations.

To our shareholders, thank you for your continued belief in our vision and strategy. Your support and confidence are greatly appreciated.

Finally I would like to acknowledge the Chairman and the Board of Directors for their invaluable guidance and leadership. Your insights and strategic direction have been vital in steering Central Industries towards a bright future. Together, we have accomplished a remarkable achievement, and I am confident that we will continue to reach new heights.



I.M.P. Rupatunge
Director/Chief Executive Officer

22nd May 2024

Strategic Report



Governance of Sustainability

OUR APPROACH TOWARDS SUSTAINABILITY:

At Central Industries, sustainability is more than a trendy term; it's a fundamental aspect woven into our corporate culture. We operate with the firm conviction that our actions must extend beyond mere profitability to foster long-term viability and benefits for all stakeholders. Embracing sustainability means not only preserving our own operations, but also actively enhancing the broader ecosystem of economy, society, and environment. Our approach is holistic, addressing the interdependency of human well-being, economic prosperity, social equity, and environmental stewardship.

At the core of our sustainability philosophy lie the four pillars: Human, Economic, Social, and Environmental Sustainability. We recognise the intrinsic value of each dimension and strive to integrate them seamlessly into our business practices. Prioritising human welfare entails fostering a safe, inclusive workplace and supporting the personal growth and development of our employees. Economically, we seek to generate value not only for our shareholders but also for the communities in which we operate, promoting sustainable economic growth. Socially, we endeavour to be a responsible corporate citizen, engaging with local communities, and contributing to their welfare. Environmentally, we are committed to minimising our ecological footprint, conserving resources, and implementing sustainable practices throughout our supply chain. By embracing sustainability across these pillars, we aim to create enduring value while safeguarding the well-being of future generations.

APPROACH TO THE FOUR PILLARS OF SUSTAINABILITY:

1. HUMAN SUSTAINABILITY:

Human sustainability is a core value of our organisation. We are dedicated to developing the skills and capabilities of our workforce, while also placing a high priority on their health, safety, and overall well-being. Our initiatives encompass:

- **Training and Awareness Building:** Our organisation is committed to investing in training programs to improve the skills and knowledge of our employees. In the past year, we allocated Rs 2.3 Mn towards the training and development of our employees, resulting in an average of 9 hours of training per employee.



- **Occupational Health, Process Safety, and Health Safety:** We are committed to implementing rigorous health and safety protocols to ensure a secure working environment for all. Having retained a professional consultant to undertake a health and safety audit, during the year under review, the organisation vigorously set about improving the health and safety standards by reducing and eliminating the risks identified by the consultant.
- **Improvement of Physical Working Conditions:** Regular assessments are carried out and machinery, equipment and processes are continuously upgraded to enhance the comfort and safety of our workspaces.
- **Performance Management System:** A fair and transparent performance evaluation system to foster a culture of accountability and excellence has been in place throughout and is continually upgraded to ensure that we retain and motivate qualified and experienced employees. The performance evaluation system is operated under the guidance of a professional Human Resource Development team, based on the policy framework set out by the Board of Directors.



- **Teamwork:** A culture of promoting collaboration and teamwork to drive innovation and achieve collective goals is central to our organisation's strategy for achieving sustainable excellence in all our endeavours. Cross-functional teams play a pivotal role not only in ensuring smooth and seamless operations but also in improving processes, product innovation and market development.

2. ECONOMIC SUSTAINABILITY:

We are dedicated to the efficient use of resources to maintain profitability while upholding principles of good governance and ethical business practices. Our strategies include:

- **Good Governance:** The organization adheres to high standards of corporate governance to ensure accountability and transparency. The organisation has vigorous protocols and procedures in place to ensure that the Colombo Stock Exchange rules on Corporate Governance are consistently complied with. All Board sub-committees have diligently undertaken their respective terms of reference during the

Governance of Sustainability

year under review, thus ensuring that the standards of good governance are consistently achieved or exceeded.

- ⦿ **Market Share:** We strategically expand our market presence while maintaining competitiveness through excellence in the quality of the products we offer our customers as well as offering them a level of service unmatched by other players in the industry.
- ⦿ **Productivity and Efficiency:** A culture of continuous improvement fosters enhanced productivity and operational efficiency. As the pioneer organisation in this industry to be certified under the ISO 9001 Quality Management System, the culture of striving for the highest levels of productivity and efficiency has ensured that the organisation has continued to grow in the face of unforeseen challenges faced in the recent past.



- ⦿ **Ethical Business Principles:** We foster and ensure that ethical standards of the highest level are maintained in all aspects of our operations, from procurement to sales. All employees, especially those in decision making management roles are encouraged to evaluate, understand and ensure transparency, desist from bribery or corruption and avoid conflict of interest. We also maintain the highest level of integrity in all our business dealings in a manner that fosters confidence in all our customers, suppliers and other business partners.
- ⦿ **Contribution to Long-term Economic Growth:** The organisation ensures that it complies with all local government and national scale rules, regulations and laws governing the conduct of its operations and business. Full compliance with all tax regulations and timely payment of all taxes and levies imposed upon the operations of the organisation is sine qua non. We take pride in being classified as a taxpayer in the Large Taxpayer Unit of the Inland Revenue Department, thus reinforcing our valuable contribution to the Sri Lankan economy.

3. SOCIAL SUSTAINABILITY:

We recognise the importance of maintaining strong social bonds and contributing positively to the communities we operate in. Our efforts include:

- ⦿ **Corporate Social Responsibility (CSR) Activities:** Our organisation actively invests in initiatives that address social challenges and contribute to community development. In the financial year 2023/24, our total CSR Activities are 13.
- ⦿ **Quality Products:** We consistently ensure that our products provide beneficial value to the country and society. We are committed to ensuring that our offerings do not harm individual health, contribute to social issues, or negatively impact the national economy.
- ⦿ **Supporting Local Education:** We are dedicated to offering valuable opportunities for students and young individuals pursuing professional and academic training to enhance their understanding of manufacturing processes and develop essential work and life skills. Our goal is to empower them to excel in both their personal and professional growth.

In the past year, we have provided internship training for a 680 days to university undergraduates, and organised guided tour one-day workshops for 13 university undergraduates. Additionally, we have conducted 1 plumber training program and 13 electrician training programs in various locations nationwide. Our team of qualified and experienced engineers and technicians have generously shared their knowledge, expertise, and practical skills with over 873 plumbers and electricians, contributing to their professional development and success.

- ⦿ **Community Assistance:** We contribute to various charities, organisations, and individuals in need, amounting to a total of Rs. 1,373,403. Our contributions encompass a range of initiatives, such as providing dry rations to marginalised residents near our factories, offering support to religious organisations and underprivileged schools across the island, and giving cash donations or material assistance for religious and cultural events.



Z4. ENVIRONMENTAL SUSTAINABILITY:

Protecting and preserving the environment is a core priority for us. Our environmental sustainability initiatives include:

- ⦿ **Minimal Environmental Impact:** Our company is committed to conducting business activities in a way that minimises any negative impact on the environment. We strive to ensure that rejects generated during the production process are 99% recycled in-house, and we set strict targets to minimise rejects. Any waste or scrap material that cannot be recycled in-house is carefully categorised, segregated, and disposed of by professional recyclers.
- ⦿ **Solar Power Projects:** As part of our commitment to reducing our carbon footprint and decreasing our dependence on non-renewable sources of energy, we have successfully installed a total of 813 kilowatt of solar power generation capacity. This includes 437 kilowatt generation capacity installed in the previous year. The total investment in solar power generation amounts to Rs. 102 Mn.



- ⦿ **Flora conservation:** Our factories are meticulously designed and maintained to maximise the utilisation of natural tree cover and shading, particularly along roadways and outdoor storage areas. In the past year, we implemented a specialised program to enhance the density of tree cover at our Elhena factory.



- ⦿ **Clean-up of public spaces:** Our team of dedicated employees recently undertook a clean-up initiative in the

Dehiwala-Mount Lavinia Municipal Council area to contribute positively to environmental protection. During this effort, we removed over 1 ton of non-biodegradable plastic and other types of waste from the beaches in the area. This initiative aligns with our ongoing commitment to preserving and enhancing public spaces for the benefit of our community and the environment.



- ⦿ **Environmental Compliance:** We continuously ensure full compliance with and even exceed all statutory requirements in the protection of the environment ensuring that compulsory annual certification is always maintained.
- ⦿ **Resource Optimisation:** We continuously monitor and manage the utilisation of raw materials, energy and water resources, thus optimising the consumption of these resources while continuously seeking out more efficient formulations, processing options and methodologies. In furtherance of this endeavor we recently teamed up with the National Cleaner Production Centre and the Ministry of Industries to embark on a ministry coordinated project on Resource Efficient Cleaner Production Assessment and Capacity Building.
- ⦿ **Technological Development:** We continuously review, evaluate and upgrade our manufacturing and operational technologies to increase the efficiency and productivity of consumed natural resources. During the year under review, we improved our digital processing capabilities by implementing cloud solutions for our digital processing solutions, thus eliminating the need for on-site servers resulting in savings in energy usage. We enable and encourage the use of virtual meeting rooms with digital presentations while swiftly moving towards a paperless office and operating environment.

At Central Industries PLC, sustainability is not just a responsibility; it's a commitment we uphold in every decision and action we take. We are dedicated to driving positive change and creating a sustainable future for generations to come.

Governance of Sustainability

OUR CONTRIBUTION TO UN SUSTAINABLE DEVELOPMENT GOALS

Central Industries PLC is dedicated to achieving the Sustainable Development Goals (SDGs) through its sustainability efforts. We align our Environmental, Social, and Governance (ESG) goals with the SDGs to ensure that, we are making a positive impact. The table below highlights the Company's contributions towards selected SDGs:

Central Industries PLC has developed strategies to support the United Nations Sustainable Development Goals (SDGs) across various areas.



- ☉ We provide employment directly to approximately 350 individuals and over 1000 individuals indirectly throughout the 9 provinces in the country
- ☉ The company provides distress loans to employees during emergencies, such as health or education-related needs, without interest.
- ☉ We provide the excises books pack to the children of staff members and expenses Rs.



- ☉ Company offers vouchers Rs.1000 to 276 individuals communities such as electricians and dealer assistants, enabling them to access food and reduce the risk of hunger.



- ☉ Annual health camps are conducted to ensure the health condition of employees and facilitate early detection and prevention of non communicable diseases.
- ☉ We priorities the health and well-being of our employees by providing comprehensive insurance coverage, including critical illness coverage, 24 hrs accident cover.
- ☉ Employees may also opt to extend their cover to their families or enhance the cover under the concessionary scheme negotiated by the company.

- ☉ The company focuses on continuously enhancing the by continuous review of health and safety standards.
- ☉ The safety committee has been specially formulated for the of purpose health and safety measures for its factory staff and continuously improves their working conditions.
- ☉ The company generates indirect employment to more than 1,000 individuals throughout the supply chain, logistics and distributor network.



- ☉ We emphasis employee training and development to ensure a skilled workforce.
- ☉ Additionally, the company trains and develops the plumber and electrician communities, contributing to the overall improvement of educational opportunities in those fields.



- ☉ We actively maintain healthy gender diversity throughout all operating locations, including the head office and factories.
- ☉ The company maintains a robust grievance handling process, fostering gender equality and inclusivity.
- ☉ Female employees receive equitable pay scales and benefits based on job roles, performance and tenure of service.
- ☉ The Company commemorates International Women's Day in celebration of the role of women in modern society by implemented programmed on topics such as financial independence and women's health..



- ☉ We are involved in the provision of safe drinking water. The company offers high-quality water management products that enable consumers to reduce waste; store and conserve water, and dispose of it responsibly.
- ☉ This is the connective of our operation and the company is a major distributor to the states efforts to achieve this goals.

7 AFFORDABLE AND CLEAN ENERGY



- ⦿ The company has invested Rs. 102 million in Solar power generation capacity.

8 DECENT WORK AND ECONOMIC GROWTH



- ⦿ Despite the challenges presented by a volatile, uncertain, complex, and ambiguous (VUCA) environment, Central Industries PLC has achieved growth. The company focuses on creating decent work opportunities and contributing to economic growth.
- ⦿ We granted career development opportunities through promotions to 52 employees
- ⦿ Provided employee remuneration totally Rs.346 Mn
- ⦿ Offered employee decent job opportunities throughout the 9 provinces in the country
- ⦿ Provided indirect employment opportunities for more than 1,000 employees across the supply chain, logistics and distribution network.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



- ⦿ Our products directly contribute to infrastructure development and we partner with reputed organizations in their endeavors.
- ⦿ We continuously evaluate our products and processes in a culture of innovation to make these more efficient and effective for the reporting purpose.

10 REDUCED INEQUALITIES



- ⦿ We create and distribute economic value for our stakeholders in the following manner
- ⦿ To Employees as remuneration and welfare Rs. 346 Mn
- ⦿ To the Government as income taxation Rs. 254.7 Mn
- ⦿ To Lenders of capital as interest Rs.11.1 Mn
- ⦿ As Retained profits Rs. 649 Mn
- ⦿ Total Economic value distribution Rs. 1,332.4 Mn
- ⦿ Offered reasonable product pricing for our customers

11 SUSTAINABLE CITIES AND COMMUNITIES



- ⦿ We minimize waste generation by implementing recycling and waste reduction initiatives. The company is committed to reusing and recycling materials.
- ⦿ The primary focus of the company's waste management approach is to reduce overall waste generation and ensure responsible disposal of unusable waste.
- ⦿ The company has established guidelines for the proper disposal of hazardous and electronic waste, collaborating with specialized third-party recyclers for this purpose

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



- ⦿ The company's main production is PVC and PE pipes and it is the major input for construction of sustainable houses and commercial buildings.

Governance of Sustainability

13 CLIMATE ACTION



- ⦿ The company demonstrates its commitment to climate action through tree planting initiatives at its factory premises in Elhena. The company sets aside a large area for tree planting and continuously develops this area to contribute to environmental sustainability.

14 LIFE BELOW WATER



- ⦿ We ensure that our operations do not discharge effluents or pollute the natural streams and waterways in the area

15 LIFE ON LAND



- ⦿ Our manufacturing facilities are designed to maximize natural tree cover, thereby protecting bio diversity
- ⦿ We also ensure that all waste generation which cannot be recycled in house are disposed off responsibly to professional recyclers.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



The company's Board of Directors and executive leadership ensure accountability and ethical conduct among employees and the management. Corporate governance procedures and prudent risk management frameworks guide us to ensure that the company operates within regulatory limits and internal controls.

17 PARTNERSHIPS FOR THE GOALS



- ⦿ We regularly partner with institutions such as the Sri Lanka Standards Institution, the National Water Supply and Drainage Board, the Vocational Training Authority, Ministry of Industries and several non-governmental organizations and Community based organizations in the furtherance of all SGD's.

Task Force on Climate - Related Financial Disclosures

INTRODUCTION

Central Industries PLC recognizes the growing importance of climate change and its potential financial impacts on our business. We are committed to operating responsibly and are taking steps to understand, manage, and disclose climate-related risks and opportunities.

GOVERNANCE

The Board of Directors is ultimately responsible to evaluate, implement and assess the potential financial impact of climate-related risks on our business. The Director / CEO is tasked with the responsibility to oversee the development and implementation of our climate strategy. We plan to establish a Sustainability Committee to oversee the development and implementation of our climate strategy in the coming year.

STRATEGY

We have identified two main climate change scenarios:

- ☉ **Physical Risks:** Increased frequency and severity of extreme weather events could disrupt our supply chain and operations.
- ☉ **Transition Risks:** Regulatory changes to reduce greenhouse gas emissions could impact the cost of raw materials and energy, as well as potential changes in consumer preferences.

We are developing a climate strategy to address these risks and identify potential opportunities. This strategy will include:

- ☉ Setting greenhouse gas (GHG) emissions reduction targets.
- ☉ Assessing the vulnerability of our operations to physical risks.
- ☉ Exploring opportunities for innovation and development of low-carbon products.

RISK MANAGEMENT

We have integrated climate-related risks into our existing enterprise risk management framework. We are in the process of identifying and assessing the potential financial impacts of climate change on our business and will be developing mitigation and adaptation plans to address these risks.

METRICS AND TARGETS

We are currently in the process of establishing a baseline for our GHG emissions across our operations and value chain. We will be setting specific, measurable, achievable, relevant, and time-bound (SMART) targets for reducing our emissions in the coming year.

We have obtained GHG emission report from Bureau Veritas Consumer Products Services Lanka (Pvt) Ltd for the year 2023/24 and steps were taken to move to renewal energy sources and invested Rs.102Mn for solar power. Solar power GHG potential reduction is 314.6 Tco2 for the year 2023/24 and expected GHG additional reduction is 500 Tco2 for next financial year

EMISSION MATRIX

Emissions	Tco2 2023/24
Direct (Scope 1) GHG Emissions	125
Indirect (Scope 2) GHG Emissions	1,937.2
Other indirect (Scope 3) Emissions	490.5
Total GHG Emissions	2,551.2
Less:	
Solar Power GHG Potential Reduction	314.6
Net GHG Emissions	2,236.6

Scope 01: Consumption of Diesel, LPG Gas, Fire Extinguisher

Scope 02 : Electricity usage from the national grid, Electricity transmission and distribution (T and D) loss

Scope 03 : Municipal water supply, municipal waste, organic garden waste

NEXT STEPS

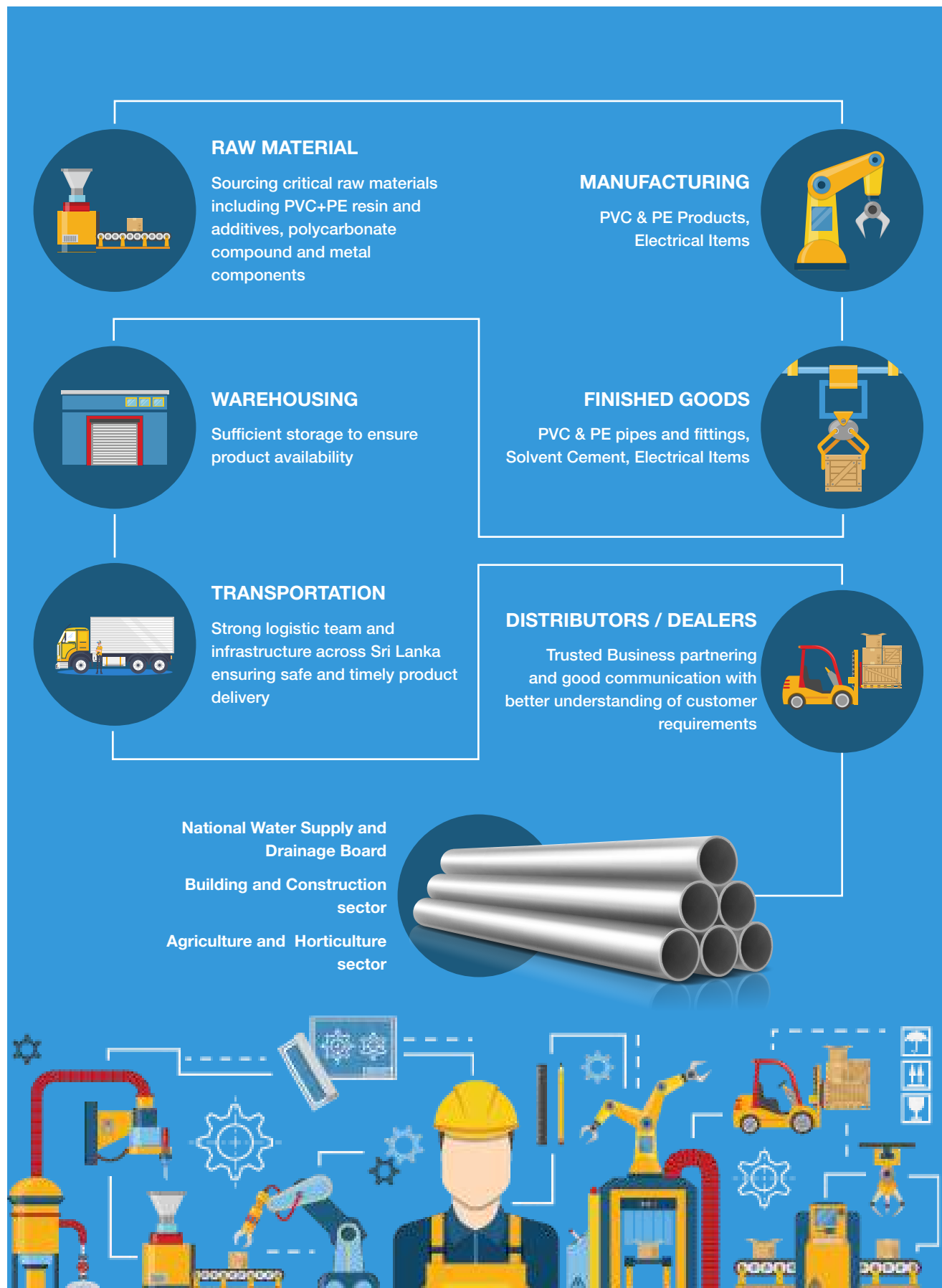
We are committed to continuous improvement in our climate-related financial disclosures. In the coming year, we will focus on:

- ☉ Finalizing and implementing our climate strategy
- ☉ Setting SMART targets for GHG emissions reduction
- ☉ Enhancing our data collection and reporting capabilities

CONCLUSION

We recognize that climate change is a complex issue with potential financial implications for our business. We are committed to understanding and managing these risks and opportunities. We believe that a sustainable business model is critical to our long-term success and will continue to provide transparent disclosures on our climate-related efforts.

Our Value Creation Business Model and Our Capital Inputs and Outputs



OUR CAPITAL INPUTS AND OUTPUTS

As per our business operation there are six input capital categories which act as resources for the operation of our Business Model. Inputs and outputs are classified under each category as follows. Inputs are the resource pool at the start of the financial year and outputs are the year end position.

Item	Measurement	Input	OutPut	Change
Financial Capital				
Total Assets	Rs. Mn	4,061.90	4,694.40	16%
Shareholders' equity	Rs. Mn	3,238.21	3,979.70	23%
ROE	%	21.84	18.13	-16%
Manufactured Capital				
Property plant and equipment	Rs.Mn	1,093.58	1,306.13	19%
Total factories	Number	2	2	-
Human Capital				
Total workforce	Number	343	347	1%
Training cost	Rs.	488,329	2,162,260	208%
Salaries and benefits	Rs.Mn	313.10	346.18	10%
Intellectual Capital				
Investments in new technology machines	Rs.Mn	78.3	72.7	7%
Social and relationship Capital				
Tax paid to government	Rs. Mn	129.85	258.81	99%
CSR Investments	Rs. Mn	1.06	0.939	11%
Natural Capital				
Diesel consumption	Liters	26,400	11,060	58%
Electricity consumption	KWh	2,142,402	3,111,852	45%
Water consumption	M3	2,402	2,878	20%

VALUE CREATION STRATEGIES WITH CAPITAL

Our Vision, Mission and Goals embedded with capital is the map for the Company's way forward. Governance frameworks, risk management and sustainable practices are the value creation foundations for the business. Our capital allocations decisions are based on the anticipated annual return on investment and we always align Investment opportunities with business strategies.

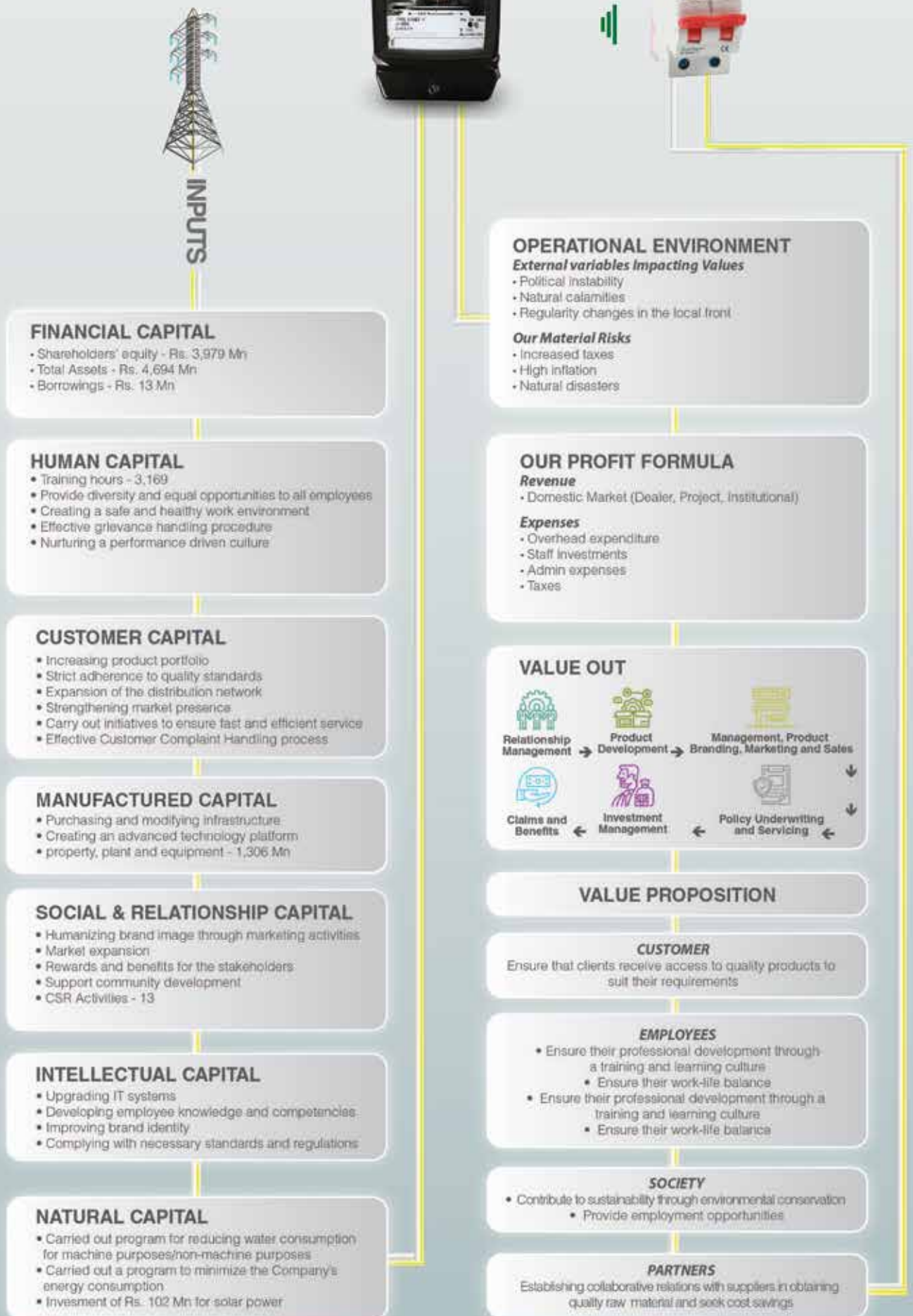
OUR OUTPUTS

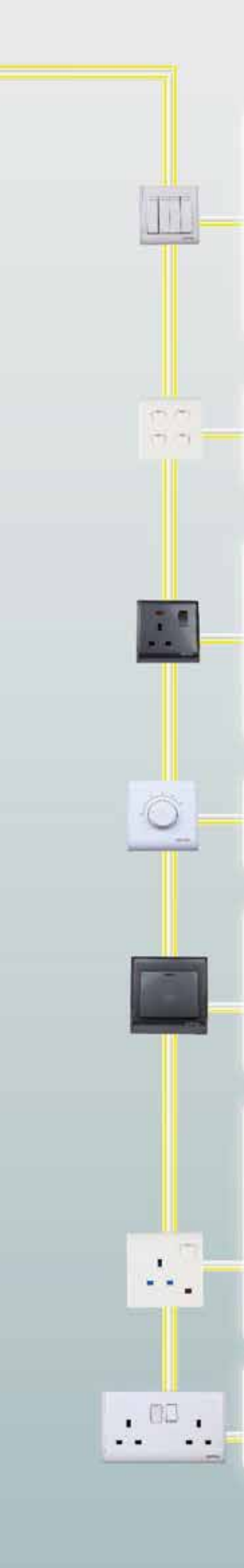
Outputs are the results of our business efforts and all inputs are described in our business model under each capital item. Our core output is quality products under "National PVC" and "Krypton" brand product range. We aim to create value across all Capital inputs

OUR OUTCOMES

Outcomes are the impacts received through the results of Company operations. Our business model provides the key results of the Company.

Value Creation Model





NATURAL CAPITAL

- Awareness raising for Company employees
- Upgrading the technologies to optimize water usage
- Introducing rain water harvesting
- Encouraging machine running at off peak time
- Energy saving of A/Cs
- Reducing power consumption of the lighting system
- Avoid running high load machines simultaneously
- Minimize the density of raw material to save energy required for melting
- Using Solar energy



INTELLECTUAL CAPITAL

- Providing skills development certificate courses and seminars
- Installing licensed software in all computer devices
- Provide fair payment for local suppliers



SOCIAL & RELATIONSHIP CAPITAL

- Informal communication channels with the suppliers
- Establishing direct communication lines amongst sales staff & customer
- Sponsoring events, monetary contribution to social events
- Exploring new foreign markets, participation in trade fairs, lookout for new customers through utilizing sales staff
- Seminars for the electrician community
- Provide employment opportunities to community individuals, internship program for engineering students, and monetary assistance for cultural & religious events



MANUFACTURED CAPITAL

- Creating advanced technology platform
- Quality products
- Reduction of cost of sales
- High production volume



CUSTOMER CAPITAL

- Launched new products to suit customer needs
- Adherence to ISO standards and SLS
- New SPOs appointed during the year
- Registration with Govt. institutions to expand network
- Using third party transportation of products to distant locations
- Maintain customer complaint record book



HUMAN CAPITAL

- Programs and training for skills development
- Strategic Management
- Health and safety training
- Communication Day
- Ensuring work-life balance
- Offer benefits (Insurance Cover, Death Donation, Annual Trips, Allowances etc.)
- Ensuring a workplace free from all forms of discrimination and harassment & equal opportunity for all
- Fair & standardized recruitment process
- Provide personal protection equipment
- Open door policy & formal mechanism to handle grievances
- Systematic performance evaluation
- Job protection



FINANCIAL CAPITAL

- Profit after tax - Rs. 649 Mn
- Return on Equity - 18.01%
- Earning per share - Rs. 26.86



Value Creation Strategies

BUSINESS STRATEGY

At Central Industries PLC, we believe that strategy is the core of any business. In this regard, extensive deliberations are done at management and board levels. In line with the strategy, objectives are developed and cascaded down to divisions.

Nature	Strategic Objectives	Strategic Actions
Short – Term	Continuity of safe operations	Focus on process safety improvement initiatives
	Develop marketing strategies to increase sales volumes and introduce new products to the market	Remain in constant touch with our potential customers and appraise them of product quality and benefits
	Optimize sales mix to ensure maximum value creation for all stakeholders	Continuously monitor product margins and recalibrate product mix as per business needs
	Focus on overheads and create cost efficiencies	Conduct in-depth analysis of cost structure to identify potential savings opportunities and realize them in a timely manner
Medium-term	Introduce new markets to diversify product base	Undertake continuous R&D for new products and improve existing products
	Ensure Manufacturing Excellence	Introduce efficient processes in our manufacturing to ensure maximum utilization of resources.
	Maintain and enhance plant reliability by ensuring regular maintenance	Conduct plant maintenance turnaround within planned time frames and allocated resources. Undertake preventive maintenance and testing of critical equipment
	Develop domestic plumbing and electrical markets by introducing the latest applications	Expand PVC Branded distributor points, a concept which showcases the latest PVC and HDPE applications to retail consumers and sells PVC products to our downstream customers with the view of broadening their acceptance in Sri Lanka
Long – term	Identify and monitor enterprise risks. Also implement adequate mitigating measures	Remain cognizant of changes in internal and external environment to identify key risks being faced by the entity and development of mitigating factors to eliminate or reduce the risk to an acceptable level.
	Corporate social responsibility.	Focusing on improving the quality of life of communities residing near Elhena and Wattala factory
	Automation and digitization of business processes	An experienced digital transformation team has been launched which continues to explore new areas of implementing AI & Digital Transformation
	Develop and retain talent, and increase workforce diversity	Attrition rates and diversity ratios are monitored and reported regularly. Job rotations/enrichment are planned to ensure retention of talent, and cultivate a diverse and inclusive workplace

FUNCTIONAL OBJECTIVES & STRATEGIES

	FINANCE
	Objectives 01) Execute an approved budget. 02) Focus on overheads and cost efficiencies. 03) Identify and monitor enterprise risk to implement adequate mitigating measures.
	Critical performance indicator 1) Financial ratio targets 2) Cost optimization and reduction. 3) Early identification of critical risks that may arise and the adoption of measures to eliminate those risks or to reduce them to an acceptable level.
	Strategy 1) A robust cash flow projections-based financing plan is conducted to meet cash requirements. 2) Reviewing fixed and variable costs for each division and identifying areas of improvement to ensure reduction in fixed costs. 3) Continuous cross departmental collaboration and being cognizant of changes in the internal and external environment to identify key risks being faced by the entity.
	Future relevance Forecast and visualize changes in consumer preferences, demand and align business strategies
	Resource allocation Allocate financial, human and manufactured capital resources to business opportunities which maximize value creation.

	HUMAN RESOURCES
	Objectives Develop and retain talent, and increase workforce diversity. Improve diversity & inclusion. Improve employee engagement and availability of requisite human resources in all aspects of operations.
	Critical performance indicators Attrition ratios and diversity ratio. Employee Engagement Survey. Uninterrupted operations in all departments. Strong succession plan especially for key critical positions.
	Strategy 1) Attrition rates and diversity ratios are monitored and reported regularly. 2) Job rotations and enrichment is planned to ensure talent retention and a diverse workforce. 3) Implement a comprehensive action plan in collaboration with divisions, 4) Identified action items taken from previous employee surveys. The aim is to ensure better employee engagement. In addition, regular CEO open house sessions with employees to encourage a conducive workplace environment. 5) Development of a succession plan for all key positions within the organization. 6) The implementation of a technical competency framework – to build a talent pipeline and develop a skilled pool of managers

Value Creation Strategies

	Future relevance
	The Central Industries PLC shall be recognized as an employer of choice
	Resource allocation
	Adequate human capital shall be allocated and developed with the application of appropriate financial capital. This includes human capital, financial capital, and social & relationship capital.

	HEALTH, SAFETY & ENVIRONMENTAL
	Objectives
	- Ensure a safe working environment. - Carryout external independent assessments about Health, Safety and Environment (HSE). - Ensure standards are maintained for expansion and operational efficiency projects. - Minimize environmental impact.
	Critical performance indicator
	- Continuous monitoring of safety ratios - Performance is measured against internal and external benchmarks.
	Strategy
	- Implementation of best practices as recommended by ISO standards and regular review of outcome - A Safety Committee is assigned responsibility for monitoring safety practices with tangible KPIs and regular reporting to the management - Environmental impact is assessed for all projects and implementation is carefully planned to ensure compliance with stringent environmental regulations.
	Future relevance
	Create and retain a contented workforce
	Resource allocation
	Appropriate financial capital allocation, with relevant intellectual capital and knowledge

	MANUFACTURING
	Objectives
	- Maintain and enhance factory reliability. - Maintain optimal production levels at benchmark costs. - Maintain and optimize raw material and energy consumption ratios. - Satisfactory completion of growth, efficiency, and reliability projects.
	Critical performance indicator
	- Number of unplanned shutdowns, production loss, and tasks completed. - Production targets are set for all products. - Raw material and energy consumption ratios have been set for all products against which performance would be compared. - Regular periodic monitoring and review by the senior management

Strategy

- 1) Implement regular critical equipment inspection and testing and carry out preventive maintenance accordingly to plan.
- 2) Continuously monitor production processes on a timely basis to identify and eliminate bottlenecks.
- 3) Regular monitoring of production and consumption ratios at all levels and implement action plans in case of deviation from standards and targets.
- 4) Strategic milestones are established and performance is measured against them to ensure the satisfactory completion of projects within the prescribed time. Post-completion analysis is also conducted and reported.

Future relevance

Ensure that the Company retains and builds its manufacturing capacity to meet customer demands and market opportunities

Resource allocation

Essential Financial capital, combined with Manufactured and Human capital

**COMMERCIAL****Objectives**

- 1) Maximize profitability across business segment by increasing customer engagement and optimizing sales mix.
- 2) Ensure strategic alignment to future market opportunities and match with organizational aspirations.
- 3) Ensure customer satisfaction through timely product and service availability.
- 4) Capacity building of all stakeholders.

Critical performance indicators

Customer retention and delight.

Position to venture into prospective businesses.

Strategy

- 1) Evaluation of market segments and their drivers.
- 2) Identify and targeting optimum sales mix.
- 3) Market development to identify areas for growth and evaluate export potential.
- 4) Promote value-added plumbing and electrical installation solutions.

Future relevance

Early identification of market and business opportunities, customer needs and technological changes and aligning the Company's operations into the future.

Resource allocation

Essential Financial Capital matched with Customer, Human and Intellectual capital.

Integrated Stakeholder Engagement

VALUE CREATION STRATEGIES

⦿ Driving Innovation

Ground- breaking innovation and design undertaken by the company are key to driving customer satisfaction and to keep the product portfolio ahead of the curve such a strategy will also enhance customer interest, enhance brand image and enable the company to improve market share.

⦿ Prioritizing Quality

In keeping with the company's reputation for industry-best products, we are uncompromising on quality standards and our certifications are testimonials to our commitment uphold quality standards.

⦿ Sustainable Manufacturing

Having advanced technical skills in the product manufacturing process, we are now focused on sustainable manufacturing that eliminates waste and reduces our carbon footprint.

⦿ Brand Building and Strategic Distribution Network

Strong visibility and ability to deliver promises have strengthened our brand presence in retail, corporate and government sectors, supported by an intricate distribution network consisting of dealers, distributors, contractors and developers.

⦿ Diverse Competencies

Our aim is to grow intellectual capital by investing in a workforce with diverse skills and competencies along with pursuing excellence along the entire value chain, leveraging on automation and technology for precision, and being adaptable to evolving landscapes.

INTEGRATED STAKEHOLDER ENGAGEMENT

Creating value and achieving strategies is directly dependent on how closely we engage with our stakeholders, namely, customers, employees, shareholders, community, regulators and business partners. Our stakeholder engagement process is incorporated into the value creation process to drive our strategy. Stakeholder opinions influence the company's decision-making process and enhance transparency and the ability to deliver value to stakeholders in an integrated manner. The company exercised deeper stakeholder engagement in an operating environment which was still impacted by the effects of the economic crisis from the previous year. The table here denotes the level of stakeholder relations with each stakeholder group, how we engage and the value we create for them:

 SHAREHOLDERS AND INVESTORS 	
Reason: We are accountable for the investments entrusted towards business growth. Therefore, there is a responsibility to communicate company decisions, actions and performances transparently and formally.	Modes of engagement: ⦿ AGM and EGMs ⦿ Annual Report ⦿ Interim financial reports ⦿ CSE announcements and communications ⦿ Website ⦿ PR communications ⦿ In-person interactions
Expectations from CIPLC: ⦿ Revenue generation and profitability ⦿ Financial stability and sound financial management ⦿ Transparency in financial performance ⦿ Long term growth	How we respond: ⦿ Annual dividends ⦿ Strategies to enhance revenue growth ⦿ Timely reporting and transparent financial disclosures ⦿ Prudent financial investment and financial management

 CUSTOMERS 	
Reason: To create awareness of the company's products, value added services, unique features and increase demand and market share.	Modes of engagement: - Website - Media communications - Social media - Material communications - In-person interaction
Expectations from CIPLC: - Reliable and durable products - Ease of access and availability - Affordable and inclusive - Value added services - Honesty and integrity - After sales service	How we respond: - Affordable solutions based on exact requirements - Access to a strong and large distribution network - Complaint management - Empathetic and proactive service
 EMPLOYEES 	
Reason: As the primary drivers of value creation within the organization, employees are tasked with upholding communication channels with peers, management, and stakeholders as necessary. Simultaneously, in the endeavour to attract, retain, and effectively manage employees, the management must prioritize consistent communication and engagement. This approach ensures that the value propositions offered to employees remain informative and conducive to their growth.	Modes of engagement: - Intranet - Staff meetings - Training programs - Awards programs - Performance evaluations - Satisfaction surveys - E-mails and telecommunications
Expectations from CIPLC: - Fair and full remuneration - Incentives and benefits - Career growth and succession - Professional and technical development - Job security - Respect and inclusivity - Work-life balance - Rewards and recognition - Health and safety	How we respond: - Increasing remunerations and benefits - Annual increments and promotions - Training and development - Access to professional qualifications - Conducive and safe working environment - KPI-based performance recognition and rewards - Recreational activities

Integrated Stakeholder Engagement

 BUSINESS PARTNERS AND SUPPLIERS 	
Reason: In order to sustain business partnerships and uphold contractual commitments, it is essential to not only exchange business requirements but also focus on generating financial value.	Modes of engagement: - One on one meetings - Site visits - E-mails and telecommunications
Expectations from CIPLC: - Business growth - Timely payments - Business continuity - Contractual commitments - Integrity and ethical business conduct	How we respond: - Commitment to contracts and timely payments - Open communications
 GOVERNMENT, REGULATORS AND INDUSTRY BODIES 	
Reason: Government and regulators expect transparency and information on our conformance to statutory and regulatory requirements.	Modes of engagement: - Media communications - Periodic submissions and returns - Responding to inquiries - CSE announcements - Annual report
Expectations from CIPLC: - Adherence to proper procedures and regulations - Compliance with mandatory laws and regulations - Ethical conduct and transparent operational conduct	How we respond: - Timely financial report submissions and declarations - Timely tax returns - Adherence to existing and new regulations and directives
 COMMUNITY 	
Reason: The community expects the company to share the benefits of its growth with them through jobs and financial distributions.	Modes of engagement: - Website - Social Interactions - Media communications - Social media
Expectations from CIPLC: - Employment opportunities - Financial support - Affordable solutions - Environmentally friendly operations	How we respond: - Recruitments to factories from respective locales - Contributions to charitable causes - Focus on contributing to environmental sustainability



Level of engagement intensity

STAKEHOLDER RELATIONSHIP MANAGEMENT

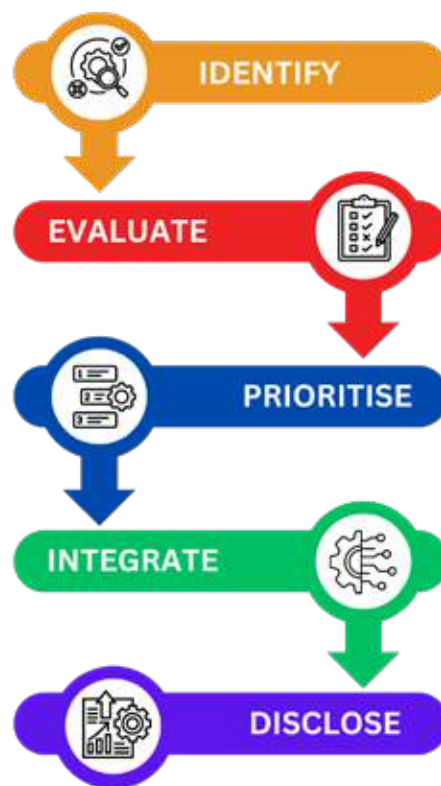
Effective management of stakeholder relations is essential in our pursuit of company growth and the creation and preservation of value for all parties involved. Our goal is to cultivate meaningful, relevant, and inclusive communication channels that are customized to meet the unique needs of each stakeholder. We are dedicated to being responsive, engaged, and attentive, actively seeking their feedback and promptly addressing any issues or concerns they may have.

Internal												
	Newsletters	AGM	Extra Ordinary meeting	Emails	Meetings	Social Media	Events	Reports	Phone Calls	Websites	Formal Letters	Annual Reports
Shareholders		An	Wn									
Board of Directors		An	Wn				Wn	Mo	Wn			An
Management		An	Wn	Wn	Mo		Wn	Wn	Wn	Re	Wn	
Employees				Wn	Wn		Wn	Wn	Wn		Wn	
External												
Customers	Wn			Wn	Wn	Wn	Wn		Wn	Wn	Wn	
Business partners	Wn			Wn	Wn				Wn	Wn		Wn
Communities	Wn			Wn		Wn			Wn	Wn		
Regulators		An/Pe/Q	Wn	Wn	Wn			Wn	Wn			Wn

Annual - An | Regular - Re | Monthly - Mo | Quarterly - Q | When necessary - Wn | Ad Hoc - Ad | Periodic - Pe

Materiality

Central Industries PLC's assesses materiality on the basis of which matters can have a significant impact on the Company's financial performance and ability to create value. Our stakeholder engagement enables us to identify matters that are material for our stakeholders and the operating environment, and changes which may be detrimental to a sustainable operation. Material matters receive continuous attention to ensure that the right importance is being given to the right concerns. A yearly analysis of material topics helps to determine changing stakeholder concerns and to align our strategies and solutions in accordance, supported by a robust risk and governance framework.



MATERIAL TOPICS 2021

PROCESS TO DETERMINE MATERIAL TOPICS



The Company is strengthening its materiality analysis, which is based on the procedure described in the GRI Standards. The materiality analysis in the reporting year focused on the macroeconomic environment, sustainable operations, risk management process and strategy with deliberations by the Board. Presented below is our materiality determination process

LIST OF MATERIAL TOPICS

The Company classifies topics as material if they are significant from its internal perspective or have significant economic, environmental or social effects. The table below reflects the topics material to the Company:

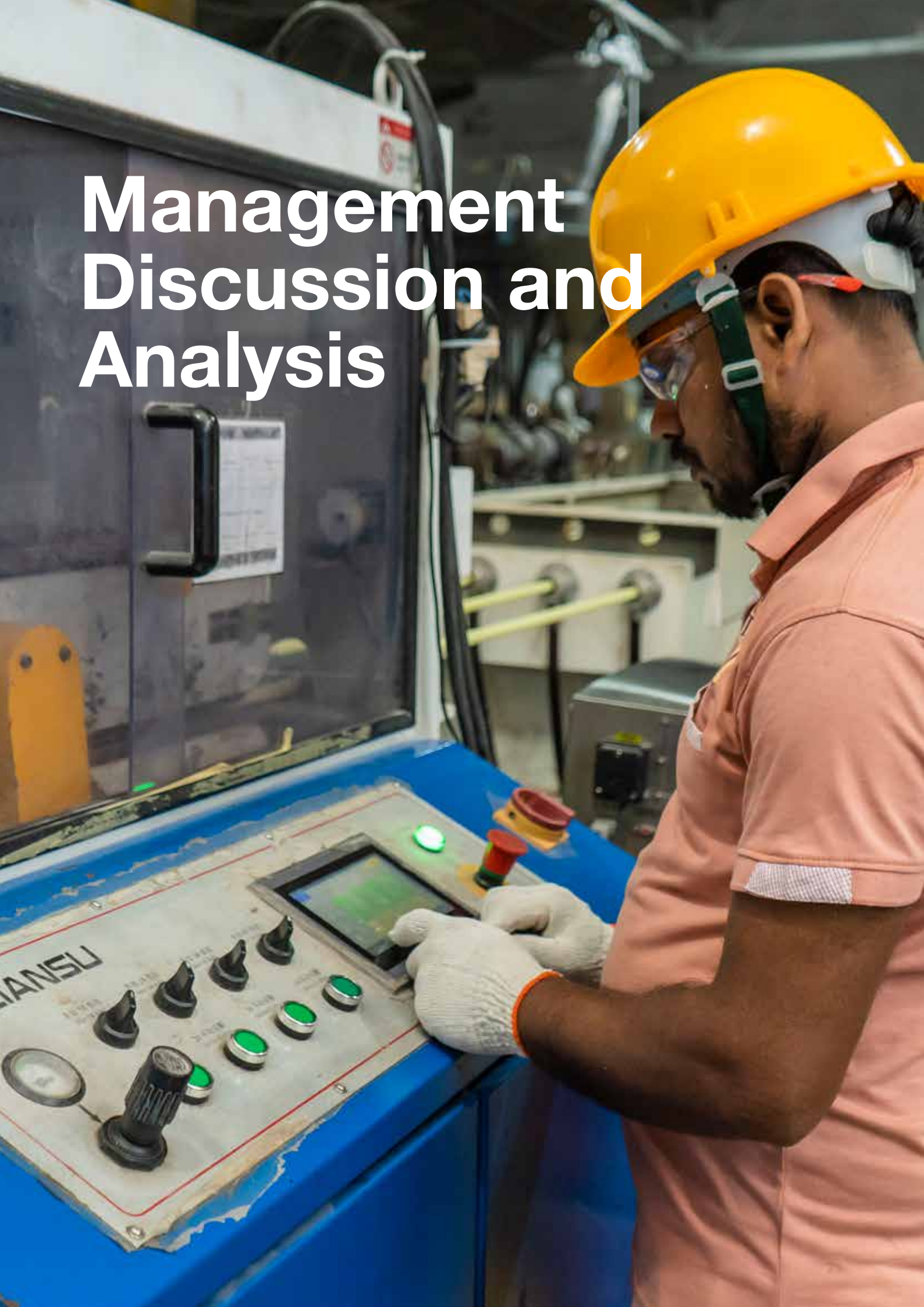
	Financial Capital	Manufactured Capital	Intellectual Capital	Human Capital	Social and Relationship Capital	Natural Capital
Sustainable revenue growth	●	●	●	●	●	●
Retention and training development	●	●	●	●	●	●
Process Excellence	●	●	●	●	●	●
Rewards and recognition	●	●	●	●		●
Risk and Capital Management	●	●	●	●	●	●
Speed of service and improved efficiency	●	●	●	●	●	●
Diversified portfolio and affordable solutions	●	●	●	●	●	●
Improved relations with business Partners	●	●	●	●	●	●
Corporate Governance, Compliance and Internal Controls	●	●	●	●	●	●
Increased contributions to society	●	●	●	●	●	●
Ethics and transparency	●	●	●	●	●	●
Occupational health, safety and well - being	●	●	●	●	●	●
Information security	●	●	●	●	●	●
Optimum use of property, plant and equipment for for services	●	●	●	●	●	●
Innovation	●	●	●	●	●	●
Becoming more customer centric	●	●	●	●	●	●
Technological advancements	●	●	●	●	●	●

● High Impact | ● Medium Impact | ● Low Impact

MANAGEMENT OF MATERIAL TOPICS

Our reporting under the 6 capitals: Financial, Human, Social and Relationship, Intellectual, Manufacturing and Natural in this annual report depicts all material topics and relevant management approaches, as well as specific GRI disclosures.

Management Discussion and Analysis



Operating Environment in the Year Under Review

GLOBAL ECONOMY

Global economic growth outperformed expectations in 2023 with several large economies showing remarkable resilience, simmering geopolitical tensions and the growing intensity and frequency of extreme weather events have increased underlying risks and vulnerabilities. Global GDP growth was recorded as 2.7% in 2023 and is expected to decelerate to 2.4% in 2024, signalling a continuation of sluggish growth trends.

Figure I.1

Growth of economic output



Source: UN DESA, based on estimates and forecasts produced with the World Economic Forecasting Model.
Note: e = estimates; f = forecasts.

Global inflation, a key concern over the past two years, is showing signs of easing. Global headline inflation fell from 8.1% in 2022 to an estimated 6.8% in 2023 and is projected to decline to 3.9% in 2024. However, food price inflation remains a critical issue, exacerbating food insecurity and poverty, particularly in developing countries. An estimated 238 million people experienced acute food insecurity in 2023, an increase of 21.6 million from the previous year. Geopolitical tensions further influence these trends.

Global investment growth is expected to remain low due to economic uncertainties, high debt burdens, and rising interest rates. Furthermore, the shift towards protectionist policies in some countries has also influenced trade dynamics, leading to a re-evaluation of global supply chains and trade agreements. The repercussions of these changes are particularly pronounced in developing economies, which often rely heavily on exports for economic growth. Developing countries face high levels of external debt and rising interest rates, making access to international capital markets difficult.

Debt sustainability has emerged as a critical challenge, especially for developing countries, in the wake of rising debt levels and changing global financial conditions. The increase in global interest rates, a consequence of monetary policy tightening by central banks like the Federal Reserve and the European Central Bank, has escalated debt servicing costs, particularly for countries with foreign currency-denominated debts. As a result, many countries are grappling with the need for debt restructuring, including renegotiating terms or seeking debt relief, to manage their escalating debt burdens more effectively.

Climate change poses yet another challenge as 2023 experienced extreme weather conditions, including the hottest summer on record since 1880 leading to devastating wildfires, floods, and droughts worldwide. These events have direct economic impacts and studies have predicted substantial losses to the global economy due to climate change.

(Source World Economic Situation and Prospects Report 2024)

LOCAL ECONOMY

Sri Lanka's economy shrank 2.3% in 2023 as the country struggled to break out of its worst financial crisis in decades. However, the economy grew 4.5% in the fourth quarter, setting the stage for a recovery this year. Growth benefited from a stronger currency, higher remittances and better tourism revenue in the second half of 2023, which fuelled positive economic sentiment. Sri Lanka's economy contracted 7.8% in 2022 as a severe foreign exchange crisis coupled with political instability devalued its currency and sent inflation and interest rates soaring. Helped by a \$2.9 billion International Monetary Fund bailout secured last March, Sri Lanka's economy began a painful path towards recovery and is expected to grow 1.8% this year.

Figure 1.4

Annual GDP Growth Rates (a)



(a) Based on the GDP structure (base year 2015). Source: Department of Census and Statistics.

Operating Environment in the Year Under Review

Challenging reforms also lie ahead such as higher taxes, reforms of loss-making state enterprises and a restructuring of Sri Lanka's foreign debt. Signs of recovery are emerging with stronger reserves and currency appreciation. Foreign exchange inflow improved and continuing suspensions of debt service on commercial and official bilateral public debt helped reduce outflow easing pressure on the balance of payments. After depreciating sharply, the Sri Lankan rupee appreciated against the dollar as the country moved to a flexible exchange rate.

Construction stalled during the height of the crisis is resuming but will be tempered by an increase in the value-added tax which will raise raw material prices and dampen housing construction. With gradual economic stabilisation consumer and business sentiment will improve leading to a cautious recovery

INDUSTRY PERFORMANCE

In 2023, the construction industry in Sri Lanka encountered a dynamic and challenging landscape characterised by several notable trends that posed significant challenges for the construction industry. The surge in inflation rates had a profound impact on consumer spending habits, prompting many to cut back on construction projects due to the rising cost of living. This sudden change in consumer priorities necessitated a strategic response from companies to counteract the effects of decreased demand.

One of the industry's most pressing issues was the abrupt halt of government infrastructure development projects. The construction sector heavily depends on these initiatives, and the sudden stoppage led to a substantial contraction of approximately 60%.

Despite enduring economic obstacles, such as fiscal constraints and inflationary pressures, the industry exhibited resilience, supported by strategic initiatives and an increasing focus on sustainable practices. Infrastructure development remained a key priority, with ongoing projects in transportation, energy, and urban development propelling growth in the sector. Additionally, technological advancements and digitalisation continued to transform construction processes, improving efficiency and productivity throughout project cycles. Nevertheless, the industry encountered obstacles such as regulatory complexities and labour shortages, necessitating innovative solutions and collaborative partnerships to overcome.

The recent movement in exchange rates has presented both challenges and opportunities for businesses worldwide. For Central Industries PLC, this fluctuation in exchange rates has resulted in a significant reduction in raw material costs. As the value of the local currency has appreciated against foreign currencies, the cost of importing raw materials has decreased, providing the company with renewed opportunities in the market.

By closely monitoring trends in the financial markets and capitalizing on favorable changes, the company was able to improve its debtor recovery ratios and reduce the overall distribution costs, and finance costs, thereby safeguarding its bottom line.

However, amidst the positive impact of exchange rate movements on raw material costs, Central Industries PLC has also had to navigate challenges stemming from increased tax rates. With recent tax rate hikes, the buying power of customers has been significantly reduced, impacting consumer spending patterns and overall market demand.

The rise in tax rates has placed additional financial strain on consumers, leading to a slowdown in purchasing activities across various sectors. As a result, Central Industries PLC has been compelled to adopt strategic pricing initiatives and explore alternative revenue streams to mitigate the adverse effects of reduced consumer buying power.

COMPANY PERFORMANCE PRODUCT-WISE

Water management products including revenue from PVC and PE products was Rs. 3.8 Bn. This is the core business of the company. Electrical product revenue Rs. 448 Mn for the period under review.

Despite reporting only a slight growth in the monetary value of sales of National PVC and National PE products, a significant growth in volume was recorded as selling prices reduced considerably compared to the previous year. Significant growth was achieved in sales to the corporate sector construction companies and large tenders were secured for the supply of these products to the National Water Supply and Drainage Board. National PE products (made from High-Density Polyethylene) have turned out to be a success story. We are now a pre qualified supplier of HDPE pipes and fittings to the National Water Supply and Drainage Board

In time to come, we anticipate that HDPE based products will lead in the water management applications across the country. A specialised team of highly skilled professionals caters to the National Water Supply and Drainage Board, Government institutions, and large corporates, where we provide the required technical knowledge on our products and support our customers with pre and post-supply services for large-scale projects

Although the sales value of Krypton electrical products increased marginally a notable increase in sales volume was achieved albeit at lower unit prices.

Despite many challenges we have been able to introduce new products under the brand Krypton Pioneer, thereby giving consumers a wider choice for their specific needs and greater satisfaction. Various types of switches and sockets were also introduced to the market during the financial year of which the motion sensor switch is unique offering. Additionally, data sockets, satellite sockets, TV sockets, and key card sockets are offered for specialised applications

RISKS AND OPPORTUNITIES

While the Company faced the following risks during the period, it was also presented with new opportunities that it successfully capitalized

RISKS

- ⊙ Suspension of major water supply and drainage projects at National and Provincial levels and weak performances from other sectors that drive demand for the industry Competitor rivalry
- ⊙ Threat of new entrants into the industry, due to cheaper cost of funds
- ⊙ Threat of low quality products
- ⊙ Volatility in international prices
- ⊙ Low per capita consumption of construction related products

OPPORTUNITIES

- ⊙ Improving water supply and sanitation infrastructure
- ⊙ Improve agriculture sector demand
- ⊙ Discovering new applications for PVC and PE pipes

Awards and Accolades

AWARDS

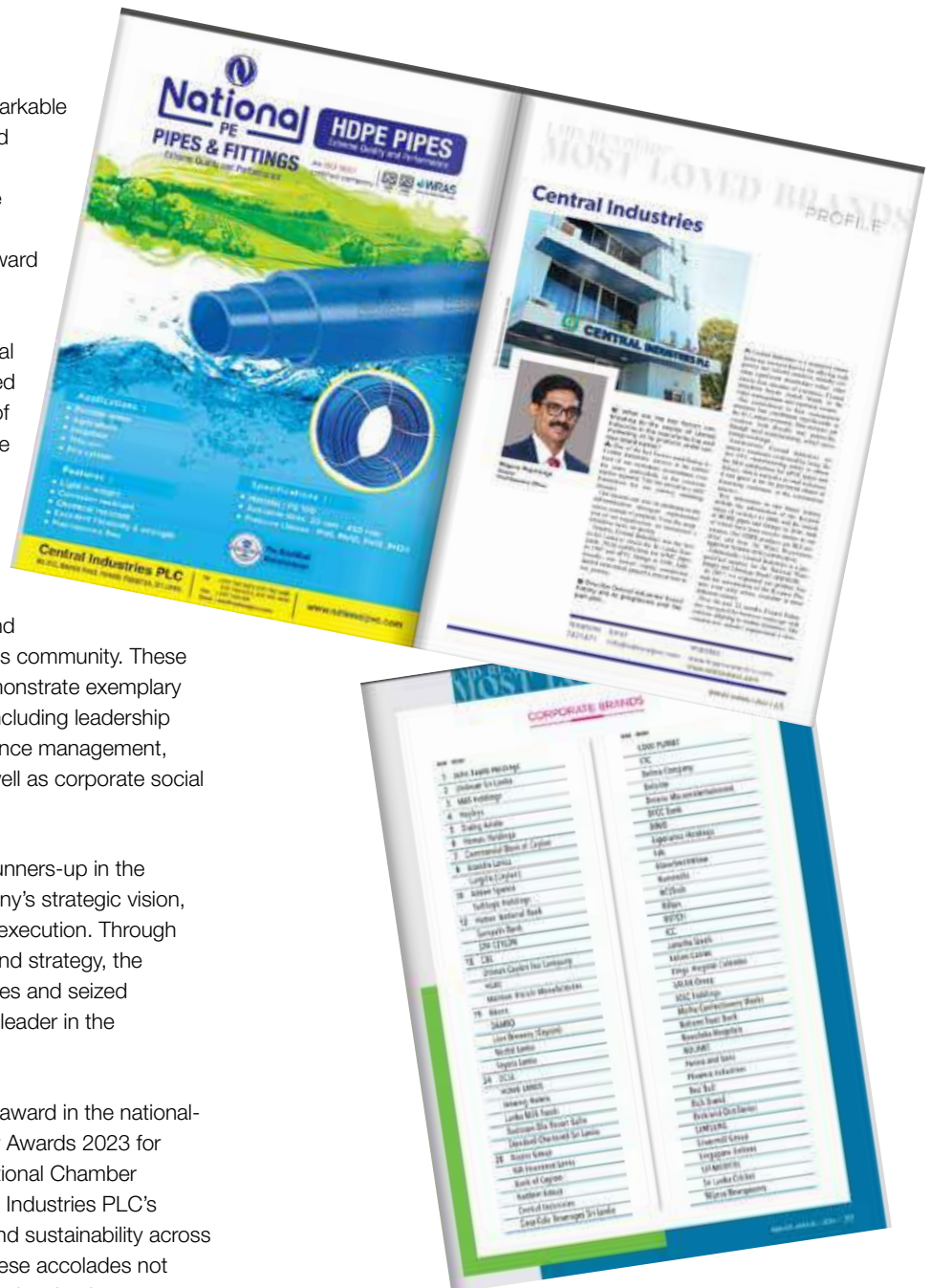
Central Industries PLC has achieved remarkable recognition and accolades from trade and industry associations. The company's exemplary performance has earned it the prestigious position of runners-up in the construction sector, along with a merit award in the national-level large category

for all industries in the esteemed National Business Excellence Awards 2023, hosted by the National Chamber of Commerce of Sri Lanka, for its outstanding performance in 2022

The National Business Excellence Awards, organised by the National Chamber of Commerce of Sri Lanka, represent the pinnacle of achievement and recognition within the Sri Lankan business community. These awards recognise organisations that demonstrate exemplary performance across a range of criteria, including leadership and strategy, capacity building, performance management, corporate governance and strategy, as well as corporate social responsibility and sustainability.

Central Industries PLC's recognition as runners-up in the construction sector highlights the company's strategic vision, effective leadership, and robust strategy execution. Through demonstrating excellence in leadership and strategy, the company has adeptly navigated challenges and seized opportunities, solidifying its position as a leader in the construction industry.

Moreover, the company received a merit award in the national-level large category at the CNCI Achiever Awards 2023 for Industrial Excellence from the Ceylon National Chamber of Industries further underscoring Central Industries PLC's commitment to excellence, innovation, and sustainability across all aspects of its business operations. These accolades not only celebrate past achievements but also inspire the company to continue its dedication to delivering exceptional value to stakeholders and positively contributing to the socio-economic landscape of Sri Lanka.





Capital Management Reports

Financial Capital



Against the backdrop of the challenging circumstances that prevailed in the financial year 2023/24, the Company prioritised continuously increasing the value of its financial capital and capital efficiency while maintaining financial soundness. The financial expertise available within the company closely evaluates quality investments for improved financial performance. The year under review was characterized by several key macroeconomic and industry challenges, however, the Company was able to surmount the challenges to deliver an improved financial performance, resilient balance sheet, and strong liquidity in line with the trend for the last five years.

FY 2023/24 AT A GLANCE

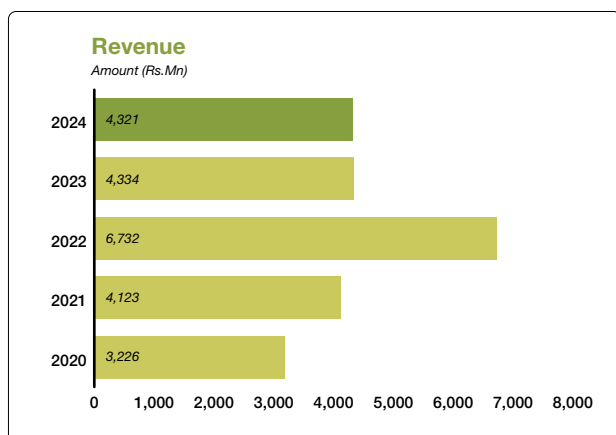


OVERVIEW

In a positive development, the Company's Profit After Tax grew from Rs. 646 Mn to Rs. 649 Mn in the period under consideration. This improved performance had a direct impact on earnings per share, which increased to Rs. 26.86 from Rs. 26.72 in the previous financial year. The salient accomplishment of the year was that Central Industries PLC achieved the highest-ever profit and managed to sustain its growth trajectory of increasing Profit After Tax year-on-year for the past 5 years consecutively.

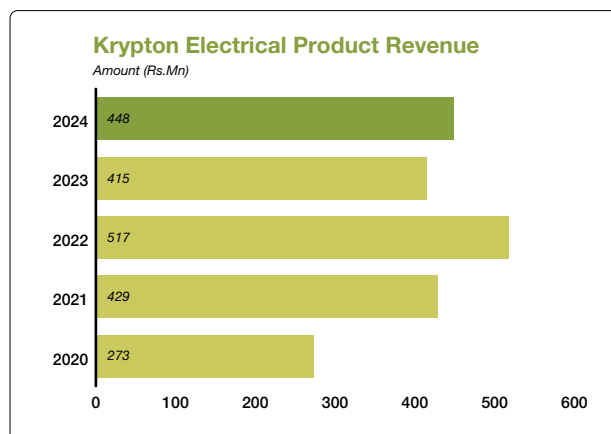
REVENUE

The Company succeeded in maintaining its Revenue at Rs. 4.3 Bn in 2023/24 earning the same revenue as in the preceding year. Demonstrating a significant contribution to revenue the Company's water management products sector contributed 90% of revenue amounting to Rs. 3.8 Bn in the year under review. This growth is attributable to an increased focus on augmenting distribution channels and enhanced product availability across the country. The water management products sector profit before taxation reported 34% growth in the year under review when compared to the previous year due to the impact of the economic crisis. In the year under review, Central Industries PLC successfully expanded its market share by establishing new dealer distributors' partnerships in Polonnaruwa, Ratnapura, Kamburugamuwa and Piliyandala.



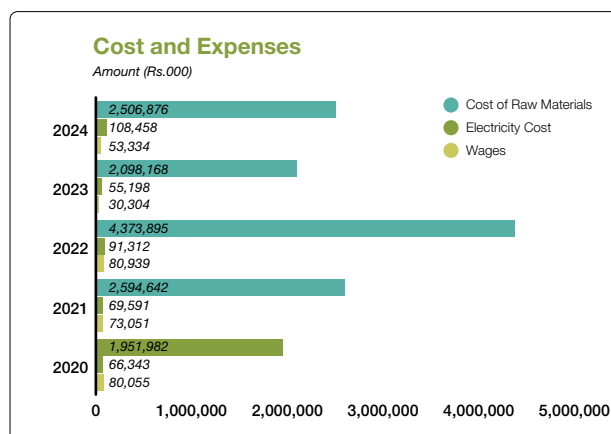
KRYPTON ELECTRIC

The Krypton Electrical product sector contributed 10% of revenue amounting to Rs. 448Mn in the year under review, with the sector achieving a reasonable revenue growth over last year. The company also introduced new products under the brand "Krypton Pioneer" in 2023/24 with additional dealer and distributor appointments.



COST AND EXPENSES

One of the main challenges during the year was the elevated utilities and raw material costs, which caused the cost of sale to rise to Rs. 3.3 Bn in 2023/24, marking an increase of Rs. 539 Mn compared with last year. Moreover, Distribution costs and administrative expenses were recorded as Rs.315 Mn, signifying a decrease of Rs. 138 Mn compared to the year 2022/23.



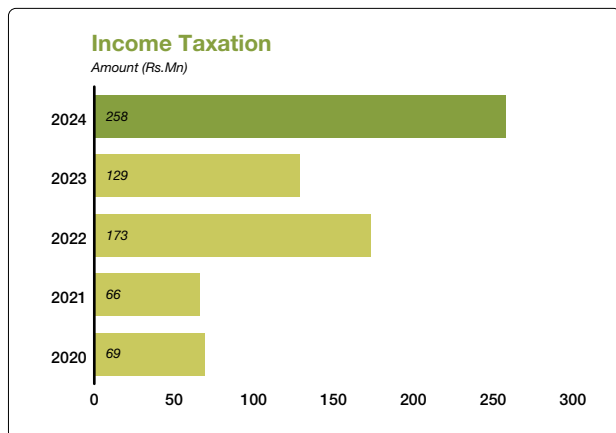
The VAT rate on applicable goods and services increased from 15% to 18% with effect from 1st January 2024. Several VAT exempt goods and services were also subjected to this new rate of VAT with effect from 1st January 2024.

Financial Capital

Fuel prices were raised subsequently as a direct consequence of the new VAT rates and are expected to trigger a domino effect on the prices of various consumer goods and services, potentially leading to inflation. Although inflation has been low since mid-2023 compared to the beginning of the year, the latter part of 2023 (October to December) witnessed a relative increase in inflation. Overall, the VAT reforms are likely to add to inflationary pressures in 2024, further reducing the purchasing power of consumers. Following the imposition of VAT on petrol and diesel, the price hike in these commodities will further escalate expenditure as noted by the Institute of Policy Studies.

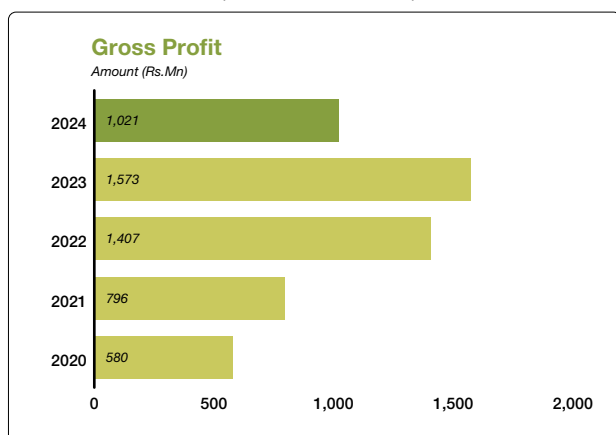
TAXATION

Income tax expenses rose to Rs. 258 Mn in 2023/24 from Rs. 129 Mn which is due to income tax rates being increased to 99%.



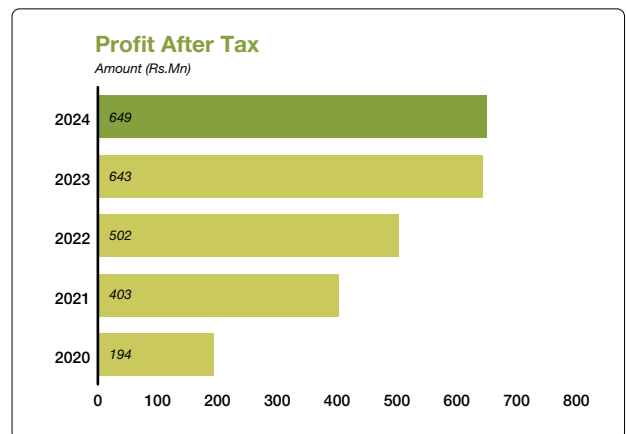
GROSS PROFIT

The Company reported a Gross Profit of Rs. 1,021 Mn in the financial year 2023/24, which is a 35% drop when compared to 2022/23. Meanwhile, the Cost of Sales went up while pressure on selling prices were brought about amidst an atmosphere of fierce competition.



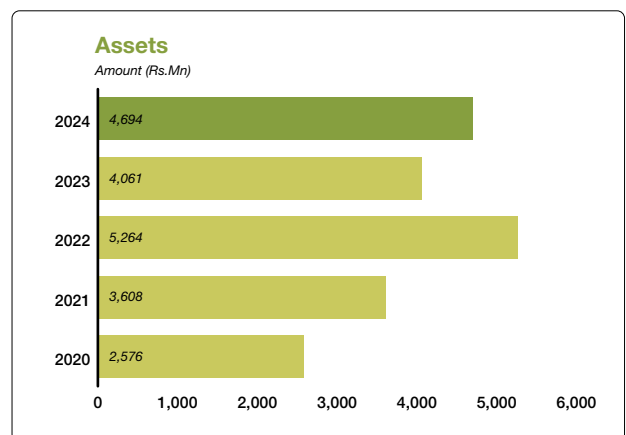
PROFIT AFTER TAX

The Company recorded a profit after tax of Rs. 649 Mn during the financial year under review, which is a 1% growth when compared with the preceding year. This improvement was the result of aggressive market penetration and brand development strategies to capitalize on favourable demand trends.



ASSETS

As of 31st March 2024, the Company and its subsidiary recorded Rs. 4.6 Bn of the total assets, which grew by a substantial Rs. 633 Mn or 16% over the previous year.



NET CASH & CASH EQUIVALENTS

As of 31st March 2024, the Company held net cash and cash equivalents amounting to Rs. 67 Mn, a decrease of Rs. 380.2 Mn (see further information in the analysis of cash flow at liquidity position).

TRADE AND OTHER CURRENT RECEIVABLES

The balance of trade and other current receivables at the end of 2023/24 was Rs. 1096.5 Mn, a decrease of Rs. 89 Mn from Rs. 1,185 Mn reported in the year 2023, which was mainly due to impaired trade collections. Most of the receivables were not due by the year-end. With regard to corresponding bad debt, the Company and its subsidiaries has set aside sufficient provisions for the same.

NET INVENTORY

The Company had net inventories at the end of 2023/24 amounting to Rs.957 Mn, a decrease of Rs.337 Mn from Rs. 1.2 Bn reported in the year 2022/23 mainly due to the reduction in the unit cost of most inventory items.

PROPERTY, PLANT & EQUIPMENT

As of 31st March 2024, the Company reflected net property, plant and equipment, assets and intangible assets amounting to Rs. 1,306 Mn, which demonstrates an increase of Rs. 213 Mn from Rs. 1,093 Mn reported in the year 2022/23. the main items invested in during the this period included Rs. 55Mn on warehouse buildings and Rs.57.5 mn on the expansion of the solar energy system.

SOLAR POWER PROJECTS

As part of our commitment to reducing our carbon footprint and decreasing our dependence on non-renewable sources of energy, we have successfully installed a total of 813 kilowatts of solar power generation capacity. This includes 437. kilowatts that were installed in the previous year. The total investment in solar power generation amounts to Rs. 102 Mn.

CASH FLOW & LIQUIDITY POSITION

As of 31st March 2024, the Company's statement of cash flow reflected Rs.33.7 Mn in cash and cash equivalents. The sources and uses of funds were as follows:

- ☉ In 2023/24, the Company generated a positive cash flow of Rs. 647Mn from operating activities which increased by Rs. 494 Mn compared to 2022/23, a substantial increase due to an increase in debtor collection this year as a result of factors discussed above.
- ☉ Further, the company's cash outflow from investing activities of Rs. 923 Mn, was mainly due to investing in Treasury Bills of Rs 897Mn during the year under review.
- ☉ In 2023/24, the net cash flow used in financing activities was Rs. 98 Mn, it decrease of Rs. 485 Mn compared to 2022/23, mainly due to the of short-term loans settlement in last year.
- ☉ Net cash generated from operating activities is Rs. 647 Mn
- ☉ Net cash flow used in investing activities Rs. 923 Mn
- ☉ Net cash flows used in financing activities Rs. 98 Mn

PERFORMANCE OF ORDINARY SHARES

The market price of the ordinary share increased by 31% as of the year-end 31st March 2024 from Rs. 84.3 per share at the end of 31st March 2023. Further, share turnover increased by 8% compared to the previous financial year. The table below discloses the performance of the share price of Central Industries PLC.

Share Price	2023/24	2022/23	2021/22
Highest (Rs.)	114.50	107.00	269.5
Lowest (Rs.)	75.00	49.10	90.00
Closing (Rs.)	111.00	84.30	98.10
Share Volume	8,926,858	10,764,113	18,952,875
Turnover (Rs.)	882,987,418	814,043,449	2,975,425,133

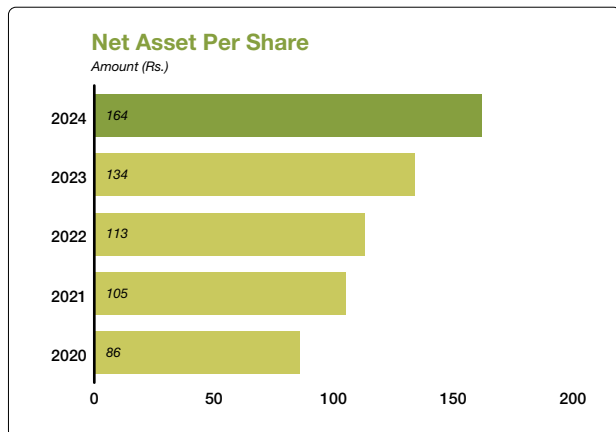
Financial Capital

ROA AND ROE

Return On Asset (ROA) for the year ending 31st March 2024 was 20.66% (2022/23 16.58%) driven by the 25% increase in operating profit before interest and taxes. The return on equity (ROE) is 18.11% for the year ending 31 March 2024.

NET ASSETS PER SHARE

Our Net Assets Per Share has grown by 23% as compared to the previous year.



A SUMMARY

KPI	Definition	Company Performance	Output	
Asset Quality	Current Ratio / Quick Assets Ratio The Current / Quick asset ratio indicates the amount of liquid assets available against the amount of current liabilities of the Company.	The current ratio has improved to 6.5 (times) in 2023/24 from 4.84 (times) in 2022/23, mainly due to the settlement of current liabilities	Current ratio 2023/24 6.5:1 2022/23 4.84:1	↑
Management Efficiency	Gross Profit Ratio The Gross Profit ratio is the financial measure derived through the cost of sales divided by total operating income.	Company Gross Profit ratio decreased to 23.58% in the year 2023/24 compared to 36% in the year 2022/23 which demonstrates increase of cost of sales due to and competitive pressure on selling prices	Gross profit ratio 2023/24 23.5% 2022/23 36.31%	↓
Earnings	Return on Equity (ROE) ROE is calculated by dividing the Profit After Tax from the average total equity. ROE is the most common internal performance measure of a Company's profitability from the shareholder's point of view.	Central Industries PLC achieved ROE of 18.11% In the year 2023/24 compared to 21.84% in the previous year, which despite the downturn outperforms the returns that could be obtained from fixed rate investments	Return equity 2023/24 18.11% 2022/23 21.84%	↓

Manufactured Capital



Manufactured Capital is the sum of physical, material and technological objects that are available to an organisation for use in the provision of services. The Company creates value through its Manufactured Capital by implementing its sustainability agenda.

OVERVIEW FOR 2023/24

The year under review witnessed an increase in the utilisation of the Company's manufacturing capacity which had declined to less than 50% in the previous year due to the impact of the economic crisis. One of the main challenges for the manufacturing operation was the skill migration of technical skills as witnessed in the rapid brain drain trend in the country. As the operations started coming back on stream, a gap in technical skills was identified and steps were set into motion to recruit the necessary talent. As the demand continues to pick up, the manufacturing operation is being re-skilled to meet future demand.

PROCESS IMPROVEMENTS

The Company has consistently set the bar high for quality standards in the industry. As the first company to obtain SLS (Sri Lanka Standard) certifications for uPVC pipes and fittings, it has established itself as a trailblazer in the sector.

Some key challenges were mitigated during the year to enhance efficiency and reduce wastage in the manufacturing process. For example, cross-functional teams were formed to reduce rejects occurring during the production process. A combination of measures introduced through cause-analysis and the introduction of preventive and corrective action resulted in a significant reduction in reject rates during the year.

Further, a process was introduced to collect and re-use PVC dust emanating from various stages of the production process as part of the 'reduce, reuse and recycle' practice in the Company.

The successful implementation of automation initiatives within the water management product line has yielded tangible benefits. By streamlining processes and minimizing manual interventions, the Company has experienced a notable increase in productivity, enabling it to meet customer demand more efficiently and effectively.

SUSTAINABLE MANUFACTURING

Energy is a key ingredient in the manufacturing process and the focus on reduction of energy consumption and cost reduction by way of investing in renewables is a key component of the Company's operations.

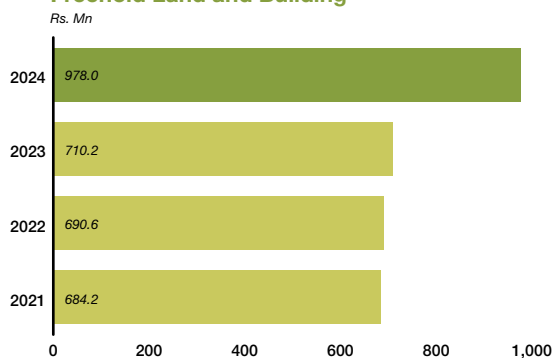
A low energy consuming atmospheric cooling system for PVC Pipes cooling during the production process was designed in-house and commissioned, thereby substituting the standard method of a Chilled – Water cooling system resulting in substantial energy savings.

Manufactured Capital

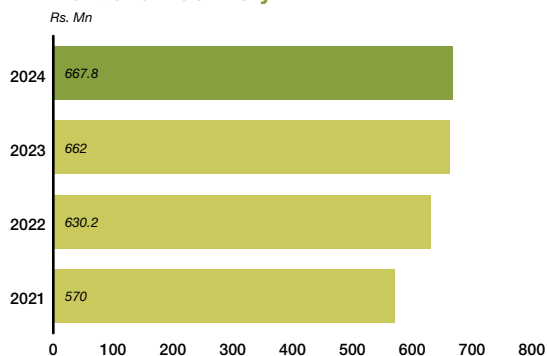
Energy consumption is continuously monitored and analyzed by technical experts. In the near future, the plan is to tie up with the National Cleaner Production center on a project being implemented by the Ministry of Industry to further reduce and identify areas where we can save on energy, water usage and so on. The Company is also looking at reducing the usage of packing materials for a more ethical supply chain.

PROPERTY, PLANT & EQUIPMENT CAPITAL INVESTMENT TO FINANCE ASSETS

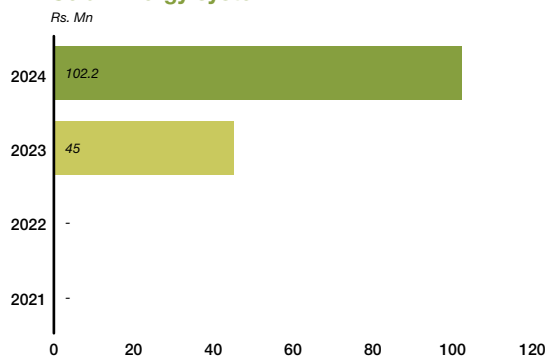
Freehold Land and Building



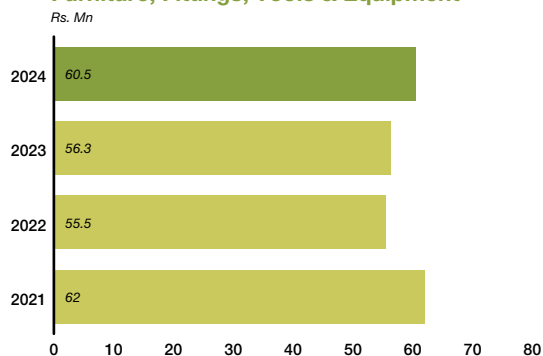
Plant and Machinery



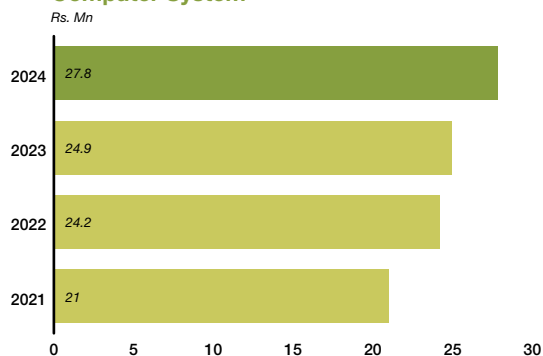
Solar Energy system

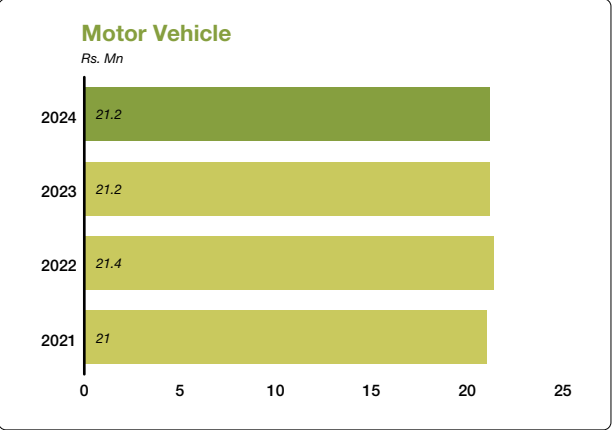


Furniture, Fittings, Tools & Equipment



Computer System





Capital Expenditure

Central Industries PLC has recently made a significant investment in capital expenditure (Capex) with a Rs.50 million infusion into the construction of new stores at its Elhena factory. This strategic move reflects the company’s commitment to enhancing its operational infrastructure and optimising its manufacturing capabilities to meet growing market demands effectively.



Human Capital



EMPLOYMENT GRI 401

Our employees are our main assets and drive the organization in creating value for all our stakeholders whilst achieving the organization's strategy and performance. The strong employer branding credentials of the organization and its unique employment development and welfare ecosystem have ensured a steady pool of talent for CIPLC to retain competitiveness in the market.

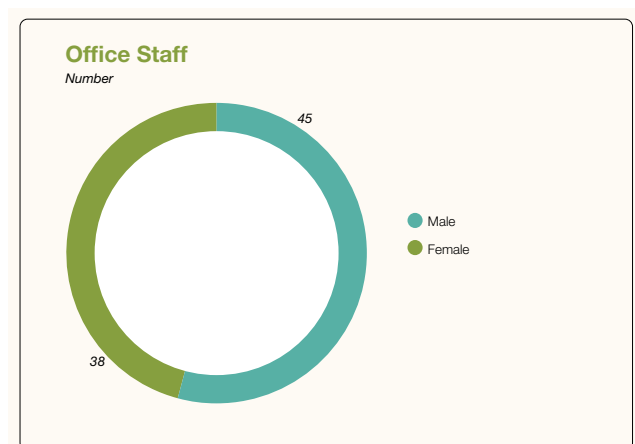
HR POLICIES

The environment surrounding talent recruitment and retention has changed dramatically due to the challenging economic conditions over the last couple of years in Sri Lanka, as potential and existing employee needs have shifted. At CIPLC we have aligned with the new dynamics by strengthening our employee welfare and workplace culture to enable our people to thrive despite external difficulties. This is where the strong employer brand that CIPLC has created over the years proves useful and attracts talent. The Company's HR policies demonstrate its commitment to promoting a culture of respect, dignity and equality, where every employee feels valued, safe and empowered to contribute their best work. This proactive approach not only mitigates legal and reputational risks but also enhances employee morale, engagement and retention, fostering a positive and inclusive workplace environment for all. Periodic reviews of the Company's harassment, sexual harassment, and discrimination policies and procedures ensure compliance with legal requirements and best practices.

Employee feedback mechanisms are also utilised to assess the effectiveness of prevention measures and identify areas for improvement.

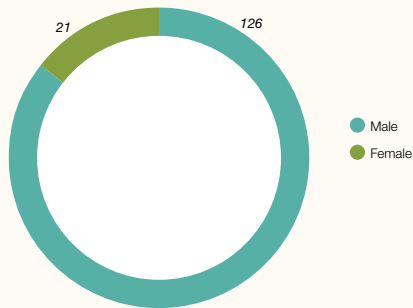
TEAM PROFILE

The strong CIPLC team consist of the brightest talent hired through a formal recruitment process free of bias and discrimination. During the year under review, 133 permanent and 18 temporary staff were recruited. The diverse employee base is denoted below:



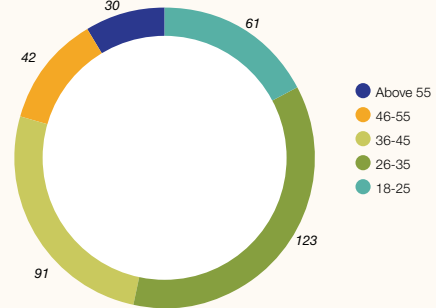
Factory Staff

Number



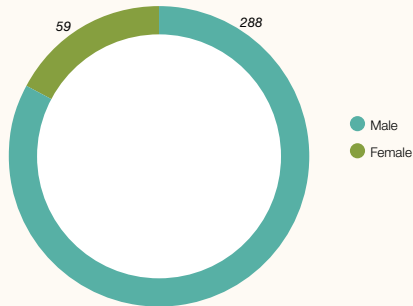
Age Demography - All Staff

Number



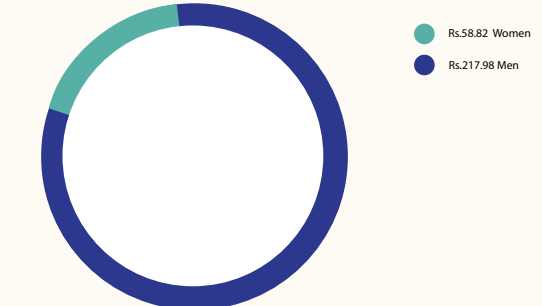
Total Staff

Number



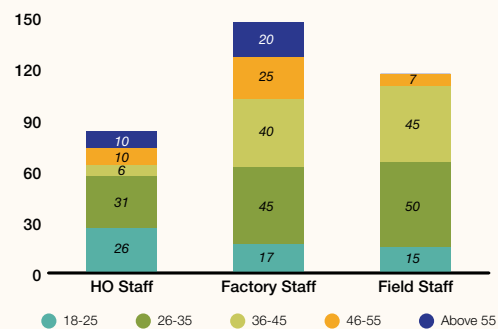
Total Remuneration - Men to Women

Rs. Mn



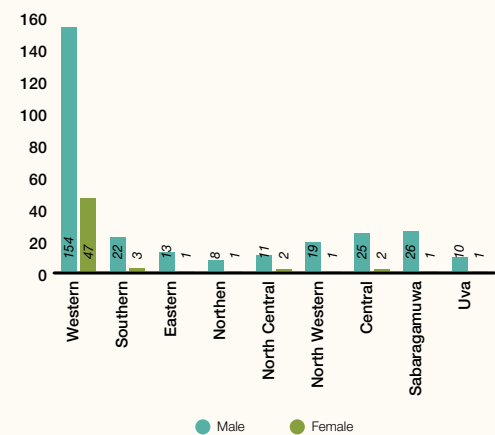
Age Demography - by Location

Number



Total Staff

Number



Human Capital

NEW EMPLOYEE RECRUITMENT AND EMPLOYEE TURNOVER GRI 401-1

RECRUITMENT

The Company has in place a strategic recruitment process to attract and hire the right candidates for positions while ensuring the candidates are screened on the basis of qualifications, experience and capabilities alone. As an equal opportunity employer, no discrimination is tolerated for any reason including ethnicity, religion, race, gender or sexual orientation. The non-discrimination policy prohibits discrimination based on protected characteristics in all aspects of employment, including recruitment, selection and hiring; promotions; compensation/ wages; working time, breaks and paid leave; workplace security; working tasks; performance appraisal and career advancement; training opportunities; and termination. The leadership and staff are personally responsible for treating each other with respect and dignity in the workplace.



POLICIES TO SUPPORT EMPLOYEES:

Creating a safe and inclusive work environment free from harassment, sexual harassment and discrimination is paramount to fostering a culture of respect, dignity and equality within the organisation. Some of the policies employees can avail of are:

Whistle Blower Protection Guidelines

Whistleblower protection scheme is in place to report violations in good faith from retaliation or reprisals. Reported incidents are promptly and impartially investigated by HR professionals or cross-functional officers/investigators, ensuring confidentiality, objectivity and due process.

Grievance Handling

Multiple channels are provided to report incidents of harassment, sexual harassment or discrimination, including direct reporting to HR, supervisors, or anonymous hotlines. Violators are

subject to disciplinary actions, up to and including termination of employment, depending on the severity of the offence. The Company may also implement remedial measures such as counselling or training to address underlying issues and prevent the recurrence of misconduct.

Grievance Resolution Process of CIPLC

1

The grievant brings the grievance to the attention of the immediate supervisor (Verbally or in writing)

2

The immediate supervisor is to resolve the grievance as soon as possible and keep informed all relevant parties if necessary.

3

If the immediate supervisor is not in a position to resolve the grievance satisfactorily, should inform the HOD to review and settle.

4

If the HOD is unable to settle the same, it should be taken to the attention of HRD to take necessary steps and keep informed of management.

5

If the HOD or HRD is not in a position to resolve the grievance satisfactorily, the grievant to be informed to CEO for action.

CIPLC has put in place further measures to ensure employee voices are heard and any issues are addressed rapidly:

Evaluation Surveys

Employee Engagement Survey: CIPLC's annual employee engagement survey is designed to measure employee satisfaction, engagement levels and overall organisational climate. Factors such as job satisfaction, communication effectiveness, leadership support and opportunities for growth and development are evaluated through the responses. The survey conducted during the year under review reflected a strong sense of satisfaction amongst employees.

Training Needs Assessment Survey

Regular training needs assessment surveys to solicit feedback from employees regarding their skill gaps, learning preferences and training priorities are conducted, thus enabling the Company to tailor training programmes to address specific needs and enhance employee capabilities effectively. In addition, it allows employees to express their professional goals and understand how the company can support them in achieving them.

Exit Surveys

When employees leave the organisation, exit surveys are used to gather feedback on their reasons for departure, satisfaction levels and suggestions for improvement.

BENEFITS PROVIDED TO FULL TIME AND PERMANENT EMPLOYEES GRI 401-2

Creating a productive, engaged and thriving workforce requires attractive benefits that are commensurate with competition and aligned to employee levels. A range of schemes and initiatives are offered at CIPLC to support full-time employees' physical and mental health needs. Medical facilities offered to employees include an OPD Reimbursement Scheme as a direct benefit to employees covering outpatient medical consultations, diagnostics and treatments; comprehensive surgical and hospitalisation insurance coverage; 24-hour accident cover, offering financial protection in the event of accidental injuries; critical illness cover up to Rs.1 million in the event of a serious medical diagnosis; and on-site medical camps for primary care services and preventive screenings.

All employees are entitled to leave as per their employment contracts and in compliance with the Shop and Office Employees Act, Wages Board Ordinance and the Maternity Benefits Ordinance.

The following benefits are also offered to all permanent employees

- ☉ Attendance incentive
- ☉ OT
- ☉ Medical benefits and Insurance
- ☉ Ex-gratia/Bonus
- ☉ Staff loans
- ☉ Welfare benefits

EMPLOYEE WELLBEING

Employee wellbeing has become a major deciding factor for employees to remain with organisations when they believe they are able to balance their physical, mental and social wellbeing. CIPLC spares no effort to organise a host of recreational activities such as sports events, outdoor activities, team-building exercises and wellness challenges promoting physical activity, socialization and stress relief among employees. During the year under review, nutrition education workshops were organized along with seminars to help employees make informed food choices and adopt healthier eating habits. Training and education on mental health awareness and its destigmatisation encourage open dialogue and provide support within the workplace, promoting psychological well-being.

In addition to maintaining an active event calendar, the Welfare & Recreation Association offers a range of benefits aimed at uplifting employee wellbeing. These measures include a Death Donation Scheme, Welfare Loans, Critical Illness & Accident Cover Insurance Policy (in addition to the Company maintained policy); Festival Advance (Vouchers); opening of savings accounts for newborns; and the distribution of school books annually to children of staff. By extending these thoughtful opportunities, the Company aims to create a supportive and caring environment where employees feel valued, respected and empowered to thrive both personally and professionally.

OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM GRI 403-1

At CIPLC, Occupational Health & Safety (OH&S) objectives are established at relevant functions and levels to strengthen the overall management system and achieve continual improvement in OH&S performance. During the time of new employee onboarding, all selected candidates are given an induction in the company's comprehensive OH&S Management System. Company handbooks provide clear information and guidelines for employees to understand their OH&S rights and responsibilities. The objectives of the company's OH&S management system range from reducing injury frequency or noise levels, decreasing the number of hazards, reducing dust levels, increasing productivity and employee attendance and so on. Everyone at CIPLC has a role to play in achieving these goals. Managers are tasked with ensuring a healthy and safe work environment while every individual has a responsibility for reducing risk in the workplace.

Employees and others working for CIPLC are expected to comply with health and safety procedures and instructions and ensure that they know what to do if an emergency occurs. They are expected to promptly report to management any actual or near missed accidents or injury, illness, unsafe or unhealthy condition, incident, spill or release of material to the environment so that steps can be taken to correct, prevent or control those conditions immediately.

OHS SERVICES GRI 403-3

At CIPLC employees are provided with appropriate PPE as may be required as a line of defense in the workplace. Professional training programmes are conducted to educate and refresh employees knowledge and keep them updated with industry standards. Prioritising employee health and safety, the Company has insurance coverage for personal accidents for 24 hours and a Surgical and Critical Illness Insurance Policy. In addition to the above, company is on the path to full compliance with ISO 45001:2018 standard with the objective of obtaining formal certifications

Human Capital

WORKER PARTICIPATION, CONSULTATION AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY GRI 403-4

A culture of open communication and trust is essential for maintaining an effective health and safety policy along with proactive participation by workers. Therefore, the company uses various methods to educate employees about OH&S from the time of induction to regular refresher sessions. Numerous visual communication channels are also harnessed to raise awareness about the importance of safety in the workplace.

WORKER TRAINING ON OHS GRI 403-5

The company invests in regular training sessions for workers working closely with machinery etc.

In a proactive approach towards employee well-being and safety, our organisation partnered with the Fire Service Department and Red Cross Society in Gampaha to conduct two comprehensive training sessions on Fire Safety and First Aid with 76 participants in total. Held on February 2nd and 22nd, 2024, these sessions were not only aimed at preventing and mitigating of injuries but also served to boost employee morale and productivity.



WORK-RELATED INJURIES GRI 403-9

No injuries of serious nature were reported during 2023/24.

Hazard Identification, Risk Assessment & Incident Investigation

As ensuring the safety and security of our employees is paramount, we implement systems for hazard identification, risk assessment, and incident investigation to mitigate risks and uphold job security.

A Safety Committee comprising a multi-disciplinary management team proactively identifies potential hazards in the workplace through regular inspections, employee feedback, and hazard reporting mechanisms. This includes physical hazards such as machinery, chemicals, and ergonomic risks, as well as psychosocial hazards like bullying, and harassment. By identifying hazards early, we take preventive measures to eliminate or control them, reducing the risk of incidents that could jeopardise job security.

Detailed information about the hazards of chemical products, including information on safe handling, storage, and disposal procedures are Displayed in relevant areas.

Once hazards are identified, we conduct thorough risk assessments to evaluate the likelihood and severity of potential incidents. We assess factors such as exposure, consequences, and existing controls to determine the level of risk associated with each hazard. By quantifying risks, we prioritize control measures and allocate resources effectively to mitigate risks and safeguard job security.

In the unfortunate event of an incident or near-miss, we conduct prompt and thorough investigations to determine root causes and implement corrective actions. Our incident investigation process involves gathering facts, interviewing witnesses, analyzing data and identifying underlying factors contributing to the incident. We regularly review and update our procedures based on lessons learned, industry best practices and regulatory requirements. By continuously improving our safety management systems, we demonstrate our commitment to ensuring a safe and secure work environment where employees can perform their jobs with confidence and peace of mind.

TRAINING & EDUCATION GRI 404

Training Summary

Training Type	No of Participants	Number Hours
Quality Assurance	40	320
Technical skills - Production	169	318
Soft Skills	40	305
Safety and Health	106	566.5

Training Summary		
Training Type	No of Participants	Number Hours
Motivation / Work life balance	128	436
Sales Performance	20	140
Professional Development	333	819.5
Strategic Development	30	264
Total	866	3169

How people in the organisation are developed, upskilled, and motivated and participate positively in the affairs of the Organisation

At CIPLC, people are the greatest asset and the management is committed to fostering an environment where individuals are not only supported in their professional growth and development but are also motivated to actively participate in the affairs of the organization. At the time of induction, newly recruited employees are provided with the necessary skills and knowledge to perform their duties, including departmental training by the department head and supervisors. Job training is conducted in an ongoing manner including knowledge of new technological changes. Training is carried out by supervisors and internal and external specialists to impart the necessary skills and is highly beneficial for technical staff. Employees also participate in outside training courses which are conducted by foreign as well as local specialists as needed.

Key Performance Indicators (KPIs): Clear and quantifiable KPIs aligned with organizational goals and objectives across all departments and teams have been established. These KPIs serve as benchmarks for measuring individual and team performance, enabling us to track progress, identify areas for improvement and celebrate successes. For non-executive team members, a comprehensive performance rating scale is employed that encompasses key competencies, goal attainment, and behavioural indicators. This scale provides a clear assessment of individual contributions, facilitating constructive feedback and development discussions to support professional growth and organizational success. The Company's executive leadership operates within a strategic framework of KPIs, guided by the principles of the balanced scorecard approach.

Initiatives to foster learning and innovation:

- ☉ Prioritising ongoing feedback and conducting regular surveys to ensure employees have opportunities to voice their opinions
- ☉ Upskilling employees through comprehensive training programmes
- ☉ Building organisational success through welfare and recreation activities
- ☉ Recognition programmes to celebrate achievements and milestones, fostering a sense of pride and belonging

- ☉ Soliciting inputs from employees at all levels and departments, thus ensuring inclusivity
- ☉ Updating employees about company developments, challenges, and opportunities
- ☉ Smaller-scale town hall meetings and regular updates from leadership facilitate dialogue and engagement across the organization.

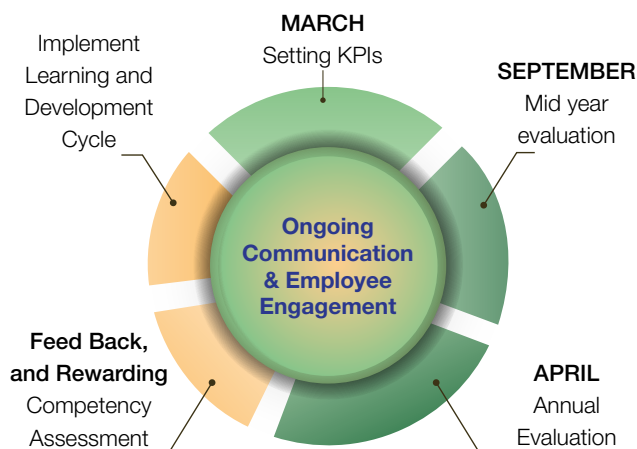
A critical aspect of fostering employee development is skills and knowledge sharing. Below are outlined some of the methods of training and their benefits:

- ☉ **Orientation:** Orientation is a crucial process that introduces new employees to the organization, its culture, policies, procedures and their roles and responsibilities. This initial training period sets the tone for the employee's experience and plays a significant role in their integration and success.
- ☉ **Training Programme:** The company offers a range of training programmes covering technical, soft and industry-specific skills relevant to employees' roles and career aspirations designed to incorporate both foundational knowledge and advanced concepts to ensure a well-rounded skill set and confidence in performing their duties effectively.
- ☉ **On-the-Job Training:** Hands-on experience is invaluable for skill development for employees to learn through real-world projects, job rotations and shadowing to apply theoretical knowledge in practical settings, deepen their understanding of concepts, and gain proficiency through experiential learning.
- ☉ **Mentorship and Coaching:** Pairing employees with experienced mentors and coaches fosters personalised guidance and support in skill acquisition and professional development.
- ☉ **Cross-Functional Collaboration:** By working on cross-functional projects or participating in interdepartmental initiatives, employees gain exposure to diverse perspectives, best practices, and alternative approaches.

CIPLC's Performance Management process is based on a scorecard approach to manage the performance of executive and managerial employees, facilitating the conversion of the company's mission and strategies into structured performance measures. This approach provides a standardized platform for performance evaluation across the organization, ensuring a systematic approach to daily operations and long-term objectives. The scorecard approach comprises of Balanced Scorecard, Around-the-Year Monitoring and Year-End Assessment.

Human Capital

Performance Management Cycle



Performance-based rewards are allocated based on the performance of an employee. The company offers a variety of competitive compensation and performance-based rewards in line with industry standards including compliance with statutory laws of the country to its employees at all levels. This may take the form of financial and non-financial rewards such as:

Salary Increments: Salary revisions are conducted annually. Employees receive salary increments based on their individual performance, ensuring that rewards are commensurate with achievements. Exceptional performers receive special adjustments to their salaries to reflect extraordinary contributions to the organization's goals and objectives.

Bonuses: In addition to salary increments, bonuses are extended to eligible employees twice/thrice a year, based on the company's overall performance levels. Performance ratings and individual contributions are taken into consideration when determining eligibility and the size of bonuses, ensuring fairness and transparency in the reward allocation process.

Performance & Task-Driven Incentives: Aimed at the field sales force, these schemes are designed to reward employees for achieving specific performance targets, milestones, or objectives.

Non-Financial Rewards: Non-financial rewards include public recognition or certificates of appreciation.

COUNSELLING POOR PERFORMERS

Addressing poor performance in a supportive and constructive manner is essential for fostering employee development and improving overall organizational effectiveness. Managers conduct an assessment to identify the underlying reasons for poor performance after which private one-on-one counselling sessions are arranged to discuss performance issues in a confidential and non-judgmental environment. These sessions focus on understanding challenges, addressing concerns, and exploring potential solutions collaboratively.

Some of the measures used are active listening and empathy; setting clear expectations; feedback and coaching; goal setting and action planning; Skill Development and Training; Regular Follow-Up and Monitoring; and Recognition of Effort and Improvement. By employing these counselling methods for poor performers, our organization demonstrates its commitment to employee development, growth, and success. We believe in fostering a supportive and empowering work environment where all employees have the opportunity to reach their full potential and contribute to organizational excellence.

How people are encouraged to acquire multiple skills and knowledge and the results achieved.

Encouraging employees to acquire multiple skills and knowledge is essential for fostering versatility, adaptability, and innovation within the organization. Given below is how this encouragement is implemented, along with the results achieved:

Traits	Mode
Promoting a Growth Mindset	Provide resources such as books, articles and workshops for continuous learning and skill acquisition; striving for further professional qualifications.
Cross-Training Opportunities	Offer opportunities to gain exposure to different roles, departments or projects through cross-training initiatives, job rotations and shadowing.
Skills Development Programmes:	Implement skills development programmes covering technical, soft, and leadership skills by providing courses, workshops and seminars.
Encouraging Collaboration and Knowledge Sharing:	Arrange sessions where employees share their expertise, experiences and best practices with colleagues
Feedback and Performance Reviews:	Discussions about skills development and learning progress during performance reviews, providing constructive feedback and guidance on areas for improvement, and recognition for achievements and growth.
Creating a Learning Culture:	Investing in learning and development. Employee-led workshops and skill-sharing sessions

Traits	Mode
Team Building	Organised outdoor team building retreats In line with our commitment to CSR, organized community service and volunteer initiatives that allowed employees to give back to the community, for environmental clean-up activities, Poson dansala, volunteering at local charities, or organizing donation drives

How people are motivated through a financial incentive schemes and how this has improved performance

Financial incentive schemes are powerful tools for motivating employees to perform at their best and aligning their efforts with organisational goals. A variety of financial incentive schemes tie rewards directly to individual or team performance metrics for the field sales force. In addition, all bonuses and ex-gratia structures offered to all staff are linked to performance. Also, the company has ensured that incentive structures are transparent, fair and achievable, with clearly defined performance criteria and payout mechanisms and reviewed periodically.

Initiatives to enhance employee motivation

- ☉ Team Building Activities
- ☉ Rewards and Recognition Programmes
- ☉ Employee Involvement and Engagement
- ☉ Professional Development and Training
- ☉ Health and Wellness Initiatives
- ☉ Full Social Calendar

NEW YEAR CELEBRATION

As the world bid farewell to the old and welcomed the new on the dawn of January 1st, 2024, our company embarked on a special journey of reflection, intention-setting, and unity through the New Year Celebration events. Held across all Locations Including our Head Office, factories, and each distributor point, this gathering was more than just a celebration; it was a poignant reminder of the significance of the day beyond its festivity.



FOSTERING VISIONARY HEALTH: RECAP OF THE EYE CAMP 2023

In a proactive stride towards prioritising employee welfare, our organisation, in collaboration with D S Jayasinghe Opticians, hosted an Eye Camp from September 5th to 7th, 2023. The Eye Camp was designed to provide comprehensive vision screenings and eye care services to our employees. Through a series of thorough examinations conducted by qualified opticians, participants received personalised recommendations tailored to their unique vision needs. From prescription eyewear to preventive measures, every aspect of vision health was addressed with precision and expertise.



CELEBRATING COMMITMENT: LONG SERVICE APPRECIATION PROGRAM 2023

On September 16th, 2023, the company came together at the picturesque Wasana Nature Resort in Kandana to commemorate a milestone event – the Long Service Appreciation Program. With 440 attendees gathered under one roof, this program served as a heartfelt tribute to the dedication, loyalty, and contributions of employees who have remained steadfast in their commitment to our organization over the years.



Human Capital

UNITING THROUGH SPORTS: HIGHLIGHTS FROM THE SPORTS DAY 2024

On January 6th, 2024, the G.H. Buddhadasa Ground in Sri Jayawardenepura Kotte came alive with energy and enthusiasm as we hosted our annual Sports Day. With 275 participants of all ages and abilities, this event served as a vibrant celebration of physical activity, teamwork, and healthy competition, while fostering a strong sense of camaraderie and team spirit.



CELEBRATING WOMEN’S DAY

In our ongoing dedication to fostering diversity, equity and inclusion, we celebrate International Women’s Day each year as a reaffirmation of these values. On 8th March 2024, the organization continued this tradition with a vibrant event centred around the theme of “Essentials of Beauty and Hygiene”. Through engaging workshops, awareness campaigns, and interactive sessions, we provided women with invaluable knowledge, confidence and access to essential hygiene products. This collaboration, alongside our partner Bellose Lanka, symbolised our unwavering commitment to nurturing a culture of self-care, inclusivity and empowerment within our community. Together, we embraced the countless expressions of women’s beauty while championing their well-being and striving for equality.



AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE GRI 404-1

	31-03-24	31-03-23
Total no of programmes during the financial year	41	25
Total no of participants	866	349
Total no of Training hrs	3169	1304
Total Training hrs per employee	9	4
Total investment - Rs.	2,162,260/-	454,800/-

PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMS – HEAD OFFICE - GRI 404-2

The company conducted a skills development programmed for management and executive staff to enhance their planning and plan implementation skill



DIVERSITY & EQUAL OPPORTUNITY GRI 405

As a Company with diverse stakeholders, diversity is what gives CIPLC a winning edge. The inclusive talent pool reflects diversity across all demographics. Diversity and inclusion continued to remain a key focus area. The Company understands that equity is central to achieving equal opportunities and prohibits unfair discrimination on the grounds of gender, race, religion, disability or age.

DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

CIPLC has always ensured diversity in its supervisory bodies. The male to female ratio in its governing bodies is 1:0.12. The proportion of females as of the end of the year under review was 59. We strive to include more women in managerial positions in the company however due to the nature of the fieldwork, the company only hires males in the field sales force. Also, 68% of the workforce is under 40 years age and 32% above 40 years age.

NON-DISCRIMINATION

The company does not tolerate either discrimination on the basis of race, gender, religion, creed, nationality, age, sexual orientation, physical or mental handicap, or other characteristics protected by law. All forms of workplace violence, including threats, threatening gestures, intimidation, attacks and similar forms of behaviour are forbidden. The company implements robust policies and measures to prevent and address these issues effectively. Some of the key policies and measures in this regard are:

ANTI-HARASSMENT AND SEXUAL HARASSMENT PREVENTION GUIDELINES

Our organization is committed to a workplace free from all forms of harassment. We have outlined guidelines in our employee handbook to prevent harassment and ensure a respectful and inclusive environment for all employees.

We strictly prohibit verbal, physical, and visual harassment based on protected characteristics such as race, gender, age, religion, sexual orientation, or disability. The guidelines detail prohibited behaviors, reporting procedures, and disciplinary actions for violations.

Our guidelines on sexual harassment prevention define unacceptable behavior and establish procedures for reporting and investigating complaints. We emphasize zero tolerance for sexual harassment and ensure confidentiality, sensitivity, and fairness throughout the investigation process.

To support these guidelines, we raise awareness among staff, particularly during orientation programs, by educating all employees, supervisors, and managers on bystander intervention and harassment prevention.

By maintaining these guidelines and promoting continuous education, we strive to create a safe and respectful work environment for everyone.

INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

There were no incidents of discrimination reported in the Company in the year under review.

CHILD LABOUR

The organisation complies with all statutory provisions regarding working conditions and adopts a zero tolerance policy for child labour in any form.

Intellectual Capital



Intellectual Capital consists of the knowledge and skills of individual team members, research and innovation capabilities, information systems, training and development and any other intellectual property created by the company, supported by customers and strategic partnerships with other businesses. Strong Intellectual Capital improves our decision-making processes to improve business performance.

OUR BRANDS

- ☉ National PVC, the flagship brand, has established itself as a formidable market challenger in the uPVC pipes and fittings category within Sri Lanka. Renowned for its quality and reliability, the brand offers a comprehensive range of uPVC pipes and fittings catering to diverse applications across residential, commercial and industrial sectors. Through continuous innovation and adherence to stringent quality standards, National PVC aims to solidify its position as a preferred choice among consumers and industry professionals alike.
- ☉ National PE brand holds a commanding position in Sri Lanka's corporate market for High-Density Polyethylene (HDPE) pipes, widely acclaimed for their exceptional

durability, corrosion resistance and versatility, making them an ideal choice for various applications - from water distribution systems and sewage networks to telecommunications, fire and industrial piping solutions. The brand's commitment to quality, backed by cutting-edge manufacturing processes and rigorous quality control measures, has earned it a reputation as a trusted name in the polyethylene pipes segment, solidifying its position as an industry leader. HDPE products are SLS certified and manufactured by the Water Resource Advisory Scheme in the UK.

- ☉ Krypton Electrical is in an enviable position within the electrical industry - the growth stage of the product life cycle. This pivotal phase signifies the brand's products are gaining significant traction and experiencing a surge in demand from consumers and industry professionals alike.
- ☉ Krypton Electrical has positioned itself strategically by offering a diverse range of electrical solutions that cater to various residential and commercial applications across multiple sectors. From switchgear and accessories, Krypton Electricals' portfolio is designed to meet the evolving needs of a dynamic market.

BRAND VALUE

Central Industries PLC has been recognised as one of the most loved corporate brands in Sri Lanka, featuring in the top 100 brands according to the LMD Brands Annual 2024 report. This ranking is a testament to the company's strong brand equity, market presence, and consistent performance across various metrics used to evaluate corporate brands in the country. The LMD Brands Annual is a respected publication that assesses and ranks the most influential and valuable brands in Sri Lanka. Central Industries PLC's inclusion in this prestigious list highlights its significant impact on the industry and its reputation among consumers and stakeholders. Central Industries PLC's three flagship brands are National PVC, National PE, and Krypton.

PURSUIT OF INNOVATION

The Company's commitment to innovation, quality and customer satisfaction has played a pivotal role in fuelling its growth trajectory. By continuously enhancing product offerings, adopting cutting-edge manufacturing techniques, and prioritising customer feedback, the brands have cultivated a loyal customer base and attracted new customers drawn to its value proposition. Recognising the importance of staying ahead of the curve, the Company anticipates market trends and adapts to evolving customer needs. This proactive approach has enabled Central Industries PLC to introduce cutting-edge products and solutions that cater to the ever-changing demands of the construction industry.

Some of the electrical products and water management products introduced during the year:

- ☉ Sunk box assembly type
- ☉ Satellite Socket - Pioneer
- ☉ Satellite Socket (45 Degree Angle) - Pioneer
- ☉ Key Card Switch - Pioneer
- ☉ Sensor Switch - Pioneer

PROCESS EFFICIENCIES

The Company has a rich pool of talented professionals who possess deep knowledge and a thorough understanding of the company's processes. Rather than relying solely on external consultants or contractors, the Company took a strategic decision to tap into its internal resources, empowering its workforce to spearhead the automation initiatives.

Furthermore, automation solutions have contributed to cost optimisation by reducing labour-intensive tasks, minimising errors, and improving resource utilisation. These cost savings have not only enhanced the company's competitiveness but also provided opportunities for reinvestment in research and development, further driving innovation and product enhancement.

Its commitment to automation and process efficiency is an ongoing journey. The Company recognises that markets evolve, customer needs change, and technological advancements continue to reshape industries. As such, the Company remains vigilant in monitoring its automated systems, seeking opportunities for further refinement, and adapting to emerging trends and best practices.

A low-energy consuming atmospheric cooling system for PVC pipe cooling during the production process was designed in-house and commissioned, thereby substituting the traditional standard method of the chilled water-cooling system. The estimated energy saving achieved during this financial year is more than 300,000 kWh.

IT& DIGITAL INFRASTRUCTURE

Digitalisation is a key pillar of the Company's future strategy to derive operational efficiencies and strengthen brand visibility. The Company has enhanced its digital presence. Key developments are: Components: Hardware, software, networks, and facilities supporting operations and services.

- ☉ Key Elements: Data centers, cloud services, communication networks.
- ☉ Cyber security: Essential for protecting sensitive information and ensuring business continuity.
- ☉ IT Management: Involves regular maintenance, updates, and scalability planning.
- ☉ Business Impact: Enables innovation, efficient service delivery, and competitive advantage.

CYBER SECURITY THREATS AND MITIGATION MEASURES

Cyber security threats have become increasingly sophisticated and pervasive.

Measures Taken to Address Cyber Security Threats

To safeguard our company's digital infrastructure and sensitive information, we have implemented a comprehensive set of security measures:

- ☉ Firewall Implementation
- ☉ Virus Protection for Individual Machines
- ☉ Cloud-Based Mail Server (Office 365)
- ☉ SSL Certification for Websites
- ☉ Restrictions on External Devices
- ☉ Controlled Application Installation

Intellectual Capital

By implementing these stringent measures, we significantly reduce the risk of cyber security threats and ensure the protection of our company's data and IT infrastructure. Continuous monitoring and updating of these measures are essential to keep up with evolving cyber threats. In addition to internal monitoring, the internal audit division does regular monitoring on the security threats to the company network.

CERTIFICATIONS

The Company's National PVC brand has set a benchmark in the industry by becoming the first to obtain SLS 147 for uPVC pipes, and SLS 659 for uPVC fittings certifications. This prestigious achievement not only underscores the company's dedication to meeting stringent quality standards but also serves as a testament to its commitment to providing customers with products they can trust. This unwavering commitment to excellence has been a driving force behind the company's success and has enabled it to establish a strong foothold in the construction industry. A programme towards achieving ISO 45001 Health & Safety Standards compliance and certification was launched. Other certifications obtained:

- ◎ SLS certification for the full range of PVC cable trunking products.
- ◎ Ongoing SLS certification for 7 other categories of products
- ◎ WRAS (UK) certification for 2 product categories
- ◎ Unbroken streak for ISO 9001-2015 quality management system certification since 1996

PARTNERSHIPS

In addition to its internal efforts, the Company has fostered strategic partnerships with industry leaders, research institutions and regulatory bodies. These collaborations have facilitated knowledge sharing, technical expertise exchange, and the adoption of best practices, further reinforcing the company's commitment to quality and reliability. By consistently delivering on its promises and exceeding customer expectations, the Company has cemented its position as a trusted and respected partner in the construction industry.

AWARDS & ACCOLADES

As the foremost supplier in our category of products, the Company has been bestowed with a host of prominent industry awards including the CNCI Achiever of Business Excellence for many years and the National Business Excellence Gold Award in 2021.

WAY FORWARD

The Company's brands actively compete in the industry led by a vision to become the preferred choice for discerning customers in the construction industry underscored by a knowledge-based organization and superior technical skills.

Social and Relationship Capital



Social and Relationship Capital refers to our relationships with our stakeholders and the confidence they have placed in us to create mutual value which helps build our reputation and generate goodwill for the company in the long run. We value our interactions with people and the society in which we operate.

CUSTOMERS

The Company values its strong connections with its customer base. The main strategy to strengthen the capital is to leverage outdoor advertising, point-of-sale initiatives, social media engagement, community outreach programmes, industry events and targeted corporate outreach for maximum impact. The Company has successfully forged connections across multiple customer touchpoints, including traditional marketing channels, digital platforms, and direct engagement opportunities, whilst simultaneously strengthening brand visibility.

CUSTOMER ENGAGEMENT

STRATEGY	HOW WE ACHIEVE IT
Targeted Outreach to Corporate Customers	Recognising the importance of corporate and large-scale projects in the construction industry, the Company uses personalised communications, tailored product presentations and dedicated account management teams to ensure that the unique requirements of corporate customers are met with precision and professionalism.
Outdoor Hoarding Campaign	To capture the attention of a wide audience and reinforce brand visibility, a strategic outdoor hoarding campaign was launched by placing eye-catching billboards and signage across high-traffic areas, with the brand offerings prominently displayed, leaving a lasting impression.

Social and Relationship Capital

STRATEGY	HOW WE ACHIEVE IT
Point of Sale Materials (POSM) in the Dealer Network	Point-of-sale presence is being enhanced by executing a dedicated POSM drive. This initiative involves deploying attractive and informative merchandising materials such as displays, banners and product stands at retail outlets and distributor locations. By leveraging POSM drives, the Company can effectively showcase its products, communicate key messaging and influence purchasing decisions at the point of sale.
Social Media Engagement	Recognising the growing importance of digital platforms, a robust social media strategy was launched to engage customers and build a strong online presence. Through carefully curated content, interactive campaigns and responsive customer service, the Company has fostered a vibrant online community, enabling two-way communication and fostering brand loyalty.
Industry Exhibitions and Symposiums	The company participates in prominent industry exhibitions and symposiums in Sri Lanka. These events serve as strategic platforms for the company to showcase its latest product offerings, share insights into emerging trends and technologies, and engage with industry stakeholders in a focused and immersive setting.
Influencing Community	Electricians play an important role in the construction industry and to strengthen its relationships with this segment, the company designed programmes including technical training sessions and product demonstrations. empowering electricians with the knowledge and resources they need to effectively recommend and utilize the company's products.

Customer Complaints Handling

In case of any complaint, the customers can approach the dealer from where the product was purchased or online via WhatsApp numbers or through the website to lodge their grievances. A formal process is in place to resolve complaints in a fast tracked manner. Every complaint is treated with seriousness and escalated to the management as needed. By and large, all valid complaints are resolved to ensure the customers leave satisfied.

Customer Feedback System

One of the routes to customer satisfaction is eliciting customer feedback to understand the pulse of the customer after interacting with our brand and services. The Company has several means to understand customer opinions of their products, such as customer feedback and market research activity.

Warranty & After Sales Service

The Company extends a lifetime warranty for the electrical switches and sockets range for the lifetime of the product as set out by local standards.

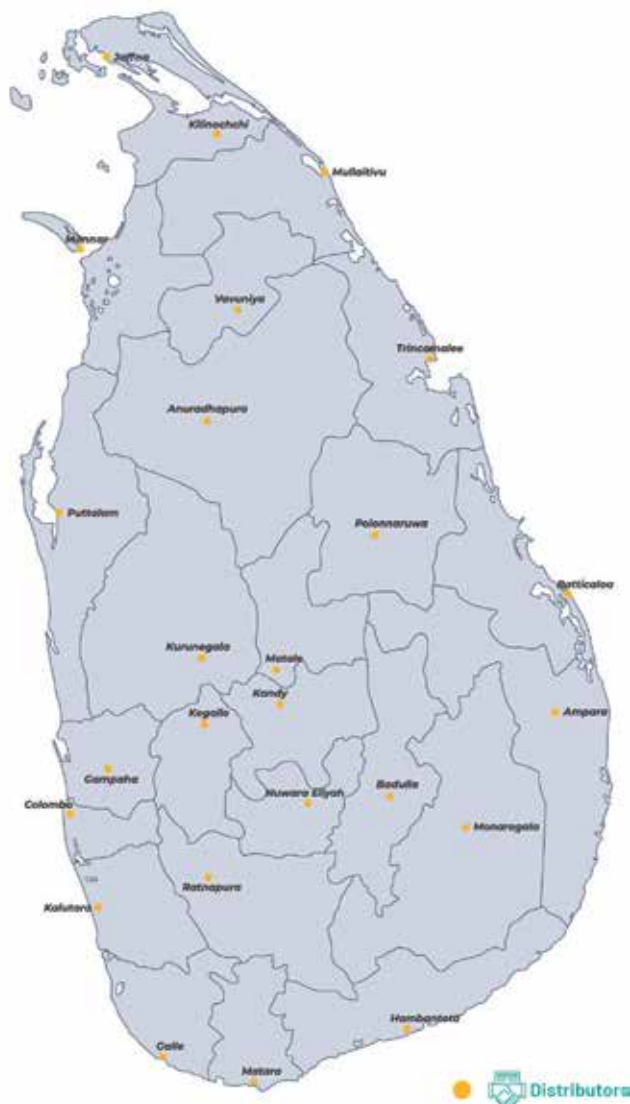
The National PVC range of products is manufactured to local and international standards and its process is certified with ISO certification. The products are covered with a comprehensive warranty for manufacturing defects and replacements are offered on a case by case basis. Water tanks come with a 10-year warranty and after sales service has been extended to the customer's doorstep. Even if the defect is caused by misuse by customers, the service is offered as a courtesy.

Krypton electrical switches and sockets are covered with a lifetime warranty. Here too, replacements are offered in case of complaints about a manufacturing defect. The lifetime of the product is defined by the period of usage certified by the Sri Lanka Standards Institution. Krypton switch gear products are offered with a 10-year warranty and one-to-one replacement is offered. The products are covered with insurance for any damage.

Access to Products

The Company provides an island-wide network for customers to be able to access its products anywhere. The distributor map below shows the wide network:

Distribution Network National PVC



Large Scale Projects

A specialised team is dedicated to serving project customers. This specialised team possesses in-depth knowledge and expertise to cater to the specific needs of major construction projects, ensuring that the company's products and solutions are seamlessly integrated into these endeavours.

Further more by fostering a close working relationship with the National Water Supply and Drainage Board (NWSDB), the Company can better understand and address the specific requirements of Sri Lanka's water supply and drainage projects, further solidifying its position as a trusted partner in the industry.

Product Responsibility

Central Industries PLC has invested in state-of-the-art manufacturing facilities and cutting-edge testing equipment to ensure its products meet the highest quality standards.

Rigorous testing protocols are meticulously followed, with products subjected to comprehensive evaluations throughout the production process. This attention to detail and adherence to stringent quality control measures ensure that every product bearing the CIPLC brand meets or exceeds industry benchmarks.

Assessment of the health and safety impacts of products and service categories **GRI 416-1**

The company recognises that delivering superior products and services is essential to maintaining customer satisfaction and building lasting relationships. By consistently exceeding expectations and prioritising quality at every stage, the Company has cultivated a loyal customer base that values the reliability and excellence of its offerings.

Quality is not merely a goal at the Company; it is a way of life that permeates every aspect of the organization. Through pioneering certifications, continuous improvement, state-of-the-art facilities, collaborative partnerships and a customer-centric approach, the Company has solidified its reputation as a leader in quality, setting the standard for excellence in the industry.

Incidents of non-compliance concerning the health and safety impacts of products and services **GRI 416-2**

No incidents of non-compliance concerning the safety of our products have been recorded in the year under review. The company's strong track record in maintaining product quality backed by quality assurance checks and quality certifications ensures consistency in the quality and safety of its products.

Requirements for products and services information and labelling **GRI 417-1**

The Company places importance on compliance with local laws and regulations regarding product labelling, packaging and information dissemination. This commitment ensures that all products sold meet the standards set forth by the Consumer Affairs Authority, including adherence to price control measures where applicable.

For every product, meticulous attention is given to labelling and packaging to ensure they contain all mandated information such as product specifications, usage instructions and safety warnings. This not only ensures legal compliance but also prioritizes consumer safety and satisfaction.

In particular, for products requiring detailed usage instructions, such as electrical appliances, comprehensive literature is provided. This includes diagrams for proper connection and operation, enhancing both safety and usability for consumers. By including such information, the Company strives to empower customers to utilize products safely and effectively.

Moreover, the commitment to customer satisfaction extends beyond documentation. Corporate clients are offered technical

Social and Relationship Capital

support services with our technical team to ensure the correct application methods of the Company's products. This service not only strengthens relationships with business clients but also underscores the Company's dedication to delivering quality products and supporting their proper usage in diverse settings.

Incident of non-compliance concerning products and services information and labelling

As a responsible corporate entity, the products sold by the Company comply with all mandated standards and in case of an incident, it will be independently investigated, and appropriate action taken. No incident of this nature has come to light in the year under review.

Complaints concerning breaches of customer privacy and losses of customer data

Central Industries PLC has a steadfast commitment to respecting and upholding the principles outlined in the prevailing Data Protection Act in Sri Lanka, as well as safeguarding the privacy of its customers.

As such, the Company ensures that any customer data collected is treated with the utmost care and confidentiality. This includes data such as personal information, contact details, purchasing history, and any other information obtained through interactions with customers.

One of the core principles guiding Central Industries PLC is the principle of consent. The Company operates under the premise that customer data should only be used with the explicit consent or approval of the individuals concerned. Prior to utilizing any customer data for specific purposes, such as marketing communications or analytics, explicit consent is sought from the customers. This ensures transparency and empowers customers to make informed decisions about how their data is utilized.

Furthermore, Central Industries PLC implements robust measures to safeguard customer data against unauthorized access, disclosure, or misuse. This includes employing encryption technologies, access controls to ensure compliance with data protection standards.

DEALERS/DISTRIBUTORS

Central Industries PLC recognises the pivotal role that distributors play in ensuring the seamless delivery of its products to customers across Sri Lanka. The Company boasts a robust and extensive dealer network that ensures its uPVC and electrical products are readily available across Sri Lanka. This strategic approach not only enhances accessibility for customers but also reinforces the company's commitment to providing seamless service and support.

With distribution across the country serving all cities and major towns. Central Industries PLC has established a comprehensive distribution network that spans the entirety of Sri Lanka.

A dedicated sales force with on-line real time access to inventory level and pricing policies regularly visits to strengthen customer relationships and to ensure efficient distribution. The sales force is deployed to regularly visit and support its authorised distributors. These visits not only facilitate the seamless flow of products but also provide a platform for gathering valuable customer feedback, enabling the company to continually enhance its offerings and services.

DISTRIBUTOR PARTNERSHIP PROGRAMMES AND FIELD ENGAGEMENTS

To foster stronger ties and provide exceptional support, the Company has implemented distributor partnership programmes and facilitated field visits with senior officials, reinforcing its commitment to collaboration and customer-centric service. The programmes are designed to cultivate mutually beneficial relationships with its authorised distributors and involve a range of initiatives aimed at empowering distributors, enhancing their knowledge and providing them with the necessary tools and resources to effectively manage key customers in the trade.

Through comprehensive training sessions, product seminars, and knowledge-sharing platforms, CIPLC equips its distributors with in-depth product knowledge, industry insights and best practices. This collaborative approach ensures that distributors are well-prepared to serve customers effectively, address their queries and provide expert guidance on product selection and application.

Additionally, the partnership programmes include incentive structures, promotional support, and marketing resources, enabling distributors to effectively promote and market the Company's products within respective territories. This support not only strengthens the brand's presence but also fosters a sense of unity and shared success between the company and its distributor network.

FIELD VISITS WITH SENIOR OFFICIALS

Recognizing the importance of on-the-ground engagement and personalised support, field visits with senior officials in key areas were facilitated during the year, providing an opportunity for the company's leadership team to connect directly with distributors and dealers, gain valuable insights into their challenges and successes, and collaborate on strategies to better serve customers.

During these field visits, senior officials engaged in open dialogues addressed specific concerns and explored opportunities for process improvements and product enhancements. This hands-on approach not only demonstrated the Company's commitment to its distributor relationships but

also fostered a culture of continuous improvement and customer-centric service.

SUPPLIERS

Negative social impact in the supply chain and action taken

Risk assessment and due diligence processes in relation to bribery and corruption are conducted periodically. The Company takes responsibility for its own supply chain.

MARKETING COMMUNICATION

In today's digital age, businesses must adapt to the ever-evolving communication landscape and engage with their audience through various platforms. Recognising this imperative, the Company took proactive steps to activate its social media presence and maintain a consistent and impactful online presence across key platforms.

With a clear understanding of its audience and platform preferences, the Company developed a tailored content strategy involving engaging and informative content that resonated with its followers, showcasing the company's expertise, product offerings and commitment to quality and innovation.

Maintaining a consistent brand voice and messaging across all social media platforms was a crucial aspect of the digital strategy. By establishing a unified tone and visual identity, the company reinforced its brand values and ensured that its audience could easily recognize and connect with its online presence.

In a world where convenience and accessibility are paramount, the Company operates 'C- Mart' an online selling portal and enabled multi-channel connectivity, thus empowering its customers to purchase products seamlessly and to engage with the brand through their preferred channels.

'C- Mart' serves as a one-stop shop for customers seeking convenient access to its product offerings. This user-friendly platform allows customers to browse and purchase a wide range of products from the comfort of their homes or offices, eliminating the need for physical visits to retail outlets.

Recognising the diverse communication preferences of its customers, Central Industries PLC has embraced multi-channel connectivity. In addition to the online selling portal, customers can connect with the company through various platforms such as WhatsApp, social media channels, and traditional communication methods like phone and email.

Operations with local community engagement, impact assessments and development programs

The Company anticipates and avoids negative impacts on local communities. Central Industries PLC takes great pride

in its strong ties with the local communities surrounding its manufacturing facilities in Wattala and Elhena. Recognizing the importance of community engagement, the Company actively participates in various initiatives and activities to support and uplift these communities.

One significant way Central Industries PLC has demonstrated its commitment to the community is through the installation of road signage in Wattala, providing clear direction and enhancing road safety for residents and visitors alike. Furthermore, Central Industries PLC engages in a range of community-oriented activities, including sponsorships for events that foster community cohesion and cultural enrichment. In addition to event sponsorships, actively engages with the community on a personal level. This includes periodic visits to households in the vicinity of its manufacturing facilities, fostering direct communication and relationship-building with residents.

Moreover, Central Industries PLC extends special offers on its products to the local community, making them accessible at discounted rates. This initiative benefits consumers by providing quality products at affordable prices.

Beyond these efforts, Central Industries PLC also supports religious activities near places of worship, demonstrating respect for the cultural and religious diversity of the communities it serves.

Operations with significant actual and potential negative impacts on local communities

There have been no reported incidents or complaints of negative impacts on local communication

Incidents of con compliance concerning marketing communication

The Company believes in honest and open communication. All marketing and advertising materials conform to applicable guidelines which are also shared with our communication partners. Any complaint regarding communication materials will be thoroughly and independently investigated and appropriate action taken.

CORPORATE SOCIAL RESPONSIBILITY

FOSTERING COMMUNITY CONNECTIONS: IMPACTFUL INITIATIVES AND SOCIAL RESPONSIBILITY

Central Industries PLC understands the significance of giving back to the community and building strong relationships with various stakeholder groups. Through a variety of impactful initiatives and corporate social responsibility programmes, the Company has shown its dedication to supporting professionals, cultural events and the overall well-being of local communities.

Social and Relationship Capital

One notable initiative is the Plumber Programme in partnership with the National Water Supply and Drainage Board (NWSDB). This programme was designed to enhance the professional knowledge of plumbers by providing them with valuable training, technical expertise, and industry best practices. By equipping plumbers with the necessary skills and knowledge, they are better prepared to excel in their profession and provide high-quality services to customers.



IMPROVING PROFESSIONAL KNOWLEDGE

Throughout the year, programmes were implemented to educate electricians across the entire island. One of the main objectives was to enhance the professional knowledge of electricians and provide them with valuable industry insights. Additionally, identifying new perspectives from influential individuals within the industry was deemed crucial.



VESAK CELEBRATIONS AT GANGARAMAYA TEMPLE

Central Industries PLC participated in the Buddha Rashmi Vesak Kalapaya at the prestigious Gangaramaya Temple to honour the cultural importance of the Vesak festival. This participation not only demonstrated the company's reverence for Sri Lankan traditions but also promoted unity and a sense of community among its stakeholders.



WORLD CHILDREN'S DAY CELEBRATION

In honour of World Children's Day, Central Industries PLC embraced the spirit of joy and compassion by supporting a recreational event of the students of Swarna Jayanthi Vidyalaya in Kegalle and providing them with refreshments. This heartwarming gesture not only brought smiles to the faces of the children but also underscored the company's dedication to supporting the younger generation and enhancing their well-being.



THE ANNUAL KATINA PINKAMA

The annual Katina Pinkama event at Sri Jinendramaya Temple, organized by Central Industries PLC, has become a beloved tradition. This initiative not only demonstrates the company's reverence for religion and culture but also promotes a sense of community and shared cultural values. The lighting of the temple during the Katina Pinkama ceremony symbolizes the company's commitment to upholding traditions and fostering unity among its employees and the local community.

Social and Relationship Capital



SACRED SRI PADAYA SEASON

With reverence, Central Industries PLC proudly sponsored the lighting of the Warnagala Temple during the sacred Sri Padaya season. This generous gesture not only honoured the spiritual importance of the occasion but also played a vital role in preserving and promoting Sri Lanka’s diverse cultural heritage.





COMMUNITY WATER PROJECT IN MEETHIRIGALA

Recognizing the critical importance of access to clean water, Central Industries PLC proudly sponsored a community water project in Meethirigala, Awissawella. This initiative not only provided a reliable water source for the local community but also exemplified the company's unwavering commitment to sustainable development and enhancing the quality of life for those in need.

Through these impactful initiatives and corporate social responsibility programs, Central Industries PLC has cultivated strong relationships with local communities, supported cultural events, and contributed to the well-being of various stakeholder groups. By actively engaging with the plumbing community, participating in cultural festivals, supporting educational institutions, and investing in community development projects, the Company has solidified its reputation as a socially responsible corporate citizen dedicated to making a positive impact on the lives of Sri Lankans.



SUSTAINABILITY

EMBRACING SUSTAINABILITY: INITIATIVES FOR A GREENER FUTURE

Central Industries PLC maintains a profound dedication to sustainable practices and environmental stewardship. Our extensive array of initiatives serves as a testament to our unwavering commitment to mitigating our ecological impact, safeguarding natural resources, and fostering a more environmentally conscious future for Sri Lanka.

ANNUAL BEACH CLEAN-UP

In partnership with the Municipal Council of Dehiwela, Mt. Lavinia, Central Industries PLC orchestrated a thorough beach clean-up initiative. This collaborative effort engaged employees, local residents and municipal officials in actively clearing debris and litter from the shoreline. By cultivating a shared ethos of environmental consciousness and communal accountability, the programme not only safeguarded the integrity of Sri Lanka's picturesque beaches but also exemplified tangible corporate social responsibility in practice.

Social and Relationship Capital



AFFORESTATION INITIATIVE AT THE ELHENA MANUFACTURING FACILITY

Central Industries PLC acknowledges the pivotal role of afforestation and the creation of green spaces in mitigating climate change impacts and fostering biodiversity. In line with this commitment, the company orchestrated a tree-planting campaign at its Elhena manufacturing facility. This collaborative endeavour involved employees, residents, and environmental organisations working together to plant saplings, thereby enhancing the facility's sustainability and aesthetic appeal. Beyond mere visual enhancements, this initiative significantly contributes to carbon sequestration and the preservation of local ecosystems.

EXPANSION OF SOLAR ENERGY INFRASTRUCTURE

Central Industries PLC is actively transitioning towards renewable energy sources as part of its commitment to reducing reliance on fossil fuels. To this end, the company is expanding its solar energy installations across its manufacturing facilities. By capitalising on Sri Lanka's abundant sunlight, Central Industries PLC is not only curbing its carbon footprint but also championing the adoption of clean energy solutions. This strategic move underscores the company's dedication to innovation and sustainable business practices, aligning with global efforts to combat climate change.



PROMOTION OF SUSTAINABILITY AWARENESS AND EDUCATION

In addition to tangible initiatives, Central Industries PLC places a strong emphasis on fostering sustainability awareness and education among its workforces. Through tailored training programmes, workshops, and awareness campaigns, employees are encouraged to embrace environmentally responsible practices both within and outside the workplace. This holistic approach ensures that sustainability becomes deeply ingrained in the company's culture, fostering a collective commitment to environmental stewardship.

LEADERSHIP IN CORPORATE ENVIRONMENTAL RESPONSIBILITY

Through multifaceted sustainability initiatives, Central Industries PLC solidifies its reputation as a responsible corporate citizen. The company actively contributes to the preservation of Sri Lanka's natural resources while spearheading efforts to create a greener future for generations to come. By collaborating with local authorities, engaging with communities, and leveraging innovative solutions, Central Industries PLC sets a compelling example of the pivotal role that businesses can play in addressing pressing environmental challenges.



Natural Capital



Natural Capital relates to environmental resources directly or indirectly utilised by the Company and includes natural materials used in the manufacturing of our products and packaging. It also comprises the consumption of energy and water in our manufacturing process and along our entire value chain. A host of environmental conservation measures have been put in place to track energy consumption, increase renewable energy, save water and ensure prudent waste management.

Central Industries PLC has aligned its sustainability strategy with the United Nations Global Sustainable Development Agenda as the environmental impact of the manufacturing industry can be significant when it comes to carbon emissions, landfill and water pollution. CIPLC ensures its suppliers and business partners comply with all environmental laws as a means of greening its supply chain.

ENERGY 2016 GRI 302

ENERGY CONSUMPTION WITHIN THE ORGANISATION GRI 302-1

Energy is a key ingredient in our manufacturing process and our focus remains on reduction of energy consumption and cost reduction by way of investing in renewable. the year under review we invested in another 376kWh solar power generating system, augmenting the 437kWh generating system previously installed. Other measures such as using energy efficient lighting and optimal maintenance of energy consuming machinery and sources are conducted for energy efficiency. All new buildings constructed after 2014 have been designed to maximise the use of natural lighting.

	2023/24	2022/23	2021/22
Diesel (Liters)	11,060	26,400	52,800
Electricity (KWh)	3,111,852	2,142,402	6,758,388
LPG Gas (KG)	1,005	443	1,693
Diesel Energy Consumption (Rs.)	3,354,054	12,049,000	6,758,000
Electricity Consumption (Rs.)	108,554,982	61,552,160	93,467,300
LPG Gas consumption (Rs.)	281,089	165,437	224,222

Natural Capital

ENERGY CONSUMPTION OUTSIDE OF THE ORGANIZATION **GRI 302-2**

The main energy consumption outside of the organisation relates to transportation by employees and logistics and distribution. We have set ceilings on the transportation costs to sales volumes ratio and continuously look for new ways to improve the efficiency of our logistics and distribution processes.

REDUCTION OF ENERGY CONSUMPTION **GRI 302-4**

Considering the rising costs of energy in Sri Lanka over the past two years, the company looks for opportunities to reduce energy consumption and thereby achieve cost reduction. Energy management strategies have been improved whilst investing in renewable energy generation. Employees are made aware of how they can conserve energy and make a direct contribution to lowering the company's total energy consumption. Likewise, equipment and machinery are upgraded periodically to ensure energy efficiency.

Going further in our effort to reduce energy consumption, a low-energy consuming atmospheric cooling system for PVC pipe cooling during the production process was designed in-house and commissioned, thereby substituting the traditional standard method of a chilled water-cooling system. The estimated energy saving achieved during this financial year is more than 300,000 kWh.

Increasing the portion of renewables in its energy mix, the company installed a 376 kW solar power system at its Elhena factory in 2023/24.

Energy consumption and efficiency are continuously monitored in order to obtain the highest level of energy usage efficiency. We conduct periodic energy audits to identify inefficiencies and implement corrective action. By investing in a solar power systems we replenish at least 1/3rd of our total electrical power consumption to the national grid from these renewable energy sources.

REDUCTION IN ENERGY REQUIREMENT OF PRODUCTS AND SERVICES **GRI 302-5**

All products manufactured by the company conform to international or mandatory local standards. Consumers are thereby assured that the products perform as desired and do not cause unforeseen losses. When installed by properly trained craftsmen, the company's products grant assurance to consumers that no leakages or seepages of water will occur from plumbing and no excessive power will be consumed in electrical systems.

WATER AND EFFLUENTS 2018 **GRI 303**

Water is a critical natural resource for our business and for the health and well-being of people. Our focus is on limiting the use of this scarce resource through various water savings and recycling initiatives.

INTERACTIONS WITH WATER AS A SHARED RESOURCE **GRI 303-1**

Our manufacturing process accounts for about 75% of total water usage in addition to cooling towers and consumption by employees. Our water requirements are met through municipal lines and groundwater systems.

The Elhena factory uses only ground water through water drawn from wells which does not impact any common water bodies located in the area. Employees optimise the use of water resources and signboards are placed at factory user points to reinforce this message.

Purified potable water supplied by the National Water Supply and Drainage Board is used only for human consumption.

WATER WITHDRAWAL **GRI 303-3**

Table- total volume of water withdrawal per water source

	2023/24	2022/23
Municipal lines water consumption (units) M ³	2,878	2,402
Groundwater consumption (units) M ³	11,080	4,500

WATER DISCHARGE **GRI 303-4**

The total volume of water discharge (The following figures are estimated to be 25% of water withdrawal)

Water Discharge	2023/24	2022/23
Municipal lines water consumption (units) M ³	719.5	600.5
Groundwater consumption (units) M ³	2,770	1,125

WATER CONSUMPTION **GRI 303-5**

The total volume of water consumption in the table below is based on 75% of water withdrawal volume (10% for human consumption and 65% through evaporation)

Water Consumption	2023/24	2022/23
Municipal lines water consumption (units) M ³	2,158.5	1,801.5
Groundwater consumption (units) M ³	8,310	3,375

	2023/24	2022/23
Human Consumption (Units) M ³	1,046.85	517.65
Through Evaporation (Units) M ³	9,421.65	4,658.85

The design, construction and operation of the two factories have ensured that the maximum possible foliage cover has been retained. Foliage cover is preserved in open yard storage areas providing natural shading for weatherable products manufactured by the company.

Elhena factory foliage cover



Wattala factory foliage cover



WASTE 2020 GRI 306

WASTE GENERATION AND SIGNIFICANT WASTE RELATED IMPACT GRI 306-1

As per our waste management practices, all waste is responsibly disposed to ensure minimal impact on the environment. As a manufacturing operation, waste is generated along our entire value chain – both onsite and offsite - and consistent efforts are made to minimise waste in the production process. Waste can be generated in particular through product packaging or during production of goods. CIPLC's products are long lasting and hence generate minimal waste during product use. The quantity of waste generated on - site amounted to 457 cubic meters in 2023/24.

MANAGEMENT OF SIGNIFICANT WASTE RELATED IMPACT GRI 306-2

Types of Waste	Source	Solution
Biodegradable waste	Dried leaves and plant matter in the factory compound; discarded food from the canteen	Biodegradable waste is collected, stored in a composting area and used to fertilize the flora in the factory itself or disposed of to outside parties.
Non-biodegradable waste	Resin and other raw materials used in our process including PVC, polythene, paper, varieties of metals, e-waste	Disposed of through tenders to professional recyclers; reused for low quality plastic manufacturing Using greener raw materials wherever possible
Miscellaneous waste	Daily operations	Reuse and recycle as applicable
Paper	Daily operations	Minimize paper usage and prioritize electronic communication; move towards digitalisation and become paperless

In addition, cross-functional teams were set up to reduce rejects occurring during the production process. A combination of measures introduced through cause analysis and the introduction of preventive and corrective action have resulted in a significant reduction in reject rates during the year.

Natural Capital

Combining the company commitment towards worker wellbeing and health and reduction in pollutant materials onsite, the Company has introduced a process to collect and re-use PVC dust emanating from various stages of the production process. The PVC dust emanating from various stages of the production process is captured through automated systems or through manual collection and reused in the upstream processes. This had a beneficial impact on reducing dust emanation and reducing pollution of the environs. The initiative reduced dust emanation by more than 55% resulting in a reduction of dust generation by more than 5 Metric Tonnes during the year.

WASTE GENERATED

Table –total waste and breakdown by composition

Waste Generation	2023/24	2022/23	2022/21
Cubic meter	457	512	532

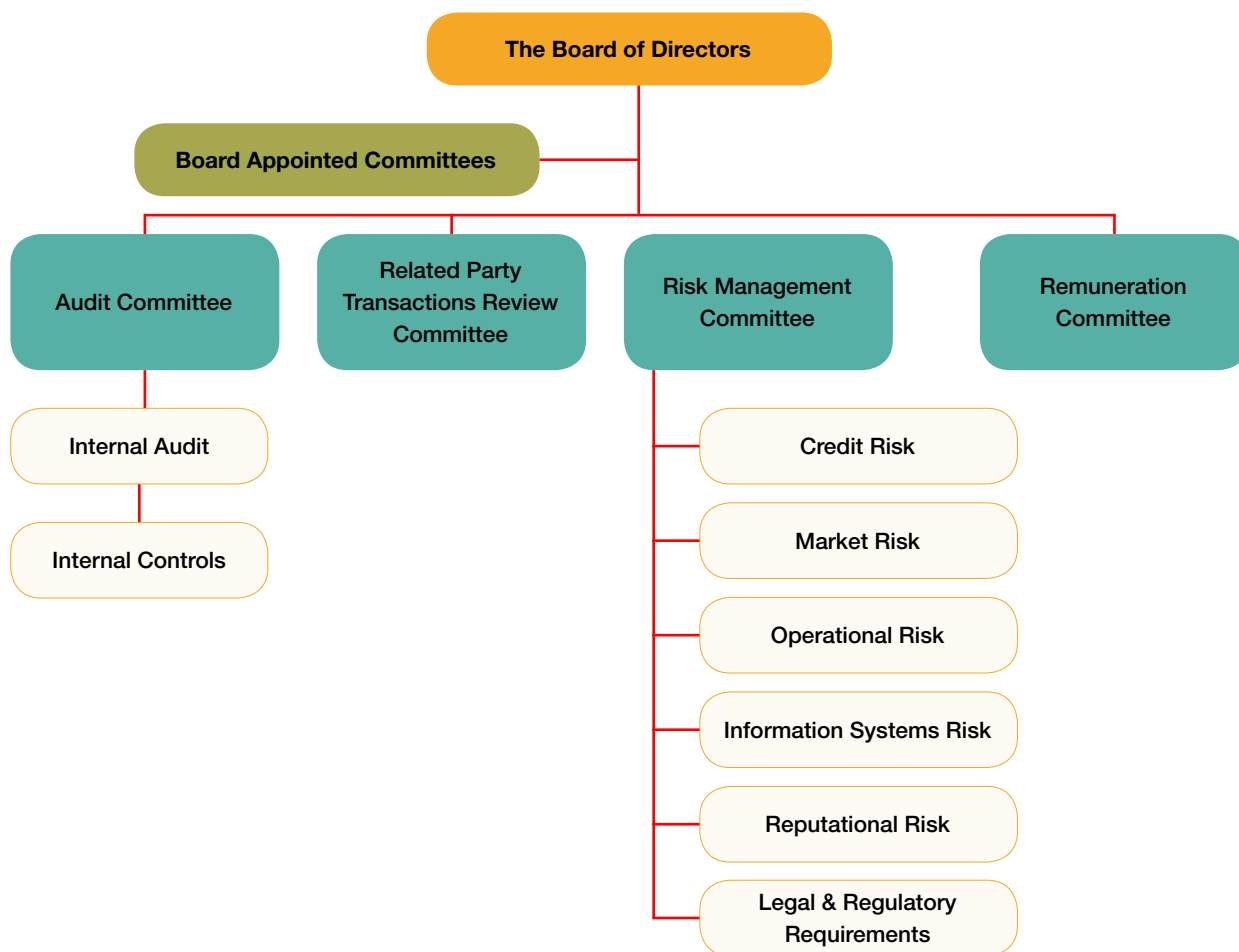
Governance and Risk Management



Corporate Governance

At Central Industries PLC, corporate governance goes beyond legal and regulatory requirements to encompass a greater responsibility to promote transparency, accountability and value creation. Our principled approach to corporate governance comes from the top and sets the tone for the rest of the organisation to follow. We continue to broaden our focus on governance matters which demonstrates our commitment to stakeholders. In times of uncertainty and upheaval, good governance gives confidence to shareholders and stakeholders while making the organisation more resilient. The Board is committed to ensuring that it complies with the specific requirements under the rules set out in Section 7.10 of the Colombo Stock Exchanges Listing Rules and section 9 of the listing rules on corporate Governance as applicable, which came in to effect from 1st October 2023. The table on pages 105 to 107 sets out the manner of compliance with these rules. The Board also recognises the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission as useful guidance in improving corporate governance.

GOVERNANCE STRUCTURE



Our Governance Framework confirm that following requirements are all complied with

External Frameworks	Internal frameworks	Voluntary Codes and Best Practices
☉ The Companies Act No. 7 of 2007 and its amendments ☉ The Listing Rules of the Colombo Stock Exchange ☉ The Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 ☉ The Inland Revenue Act No. 24 of 2017 and its amendments ☉ The Shop and Office Employees Act No. 19 of 1954 and its amendments ☉ The Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 ☉ The Foreign Exchange Act No. 12 of 2017 and its regulations ☉ Consumer Affairs Authority Act No. 9 of 2003 section 10, 30 (1) a, 10 (1) a, Direction No.36, 10, 30 (1) a, 10 (a) ☉ National Environmental Act. No. 47 of 1980 ☉ Municipal / Local Govt. by laws (Act No. 15 of 1987) ☉ Prevention of Mosquito Breeding Act. No. 11 of 2007 ☉ The Factories Ordinance No. 45 of 1942 (Sections 36 and 27) ☉ EPF Act No. 15 of 1958 and amendments thereto ☉ Employee Trust Fund Act No.46 of 1996 ☉ Intellectual Property Act no. 36 of 2003	☉ Articles of Association ☉ Board approved Terms of Reference of the Board and Board Sub-Committees ☉ Board approved policy frameworks for governance, risk, compliance and operational areas ☉ Codes of Conduct for Directors, Key Management Personnel and Employees ☉ Organisation Structure ☉ Key Internal HR Procedures on, ☉ Employee on boarding and off boarding ☉ Learning and Development ☉ Rewards and recognition ☉ Equal opportunities and Nondiscrimination ☉ Health and Safety enhancements and protocols ☉ Code of conduct ☉ Diversity, equity and inclusion ☉ Anti-Harassment and Sexual Harassment Prevention ☉ Forced, Compulsory and Child labour ☉ Disciplinary procedure and Grievance handling	☉ The Code of Best Practice on Corporate Governance 2017 issued by the Institute of chartered Accountants of Sri Lanka ☉ Global Reporting Initiative (GRI) Standards issued by the Global Sustainability Standards Board ☉ Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) ☉ The code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka

Corporate Governance

BOARD OF DIRECTORS AND ATTENDANCE

The Board of Directors as of March 31, 2024, comprised of the Non-Executive Chairman, seven Non-Executive Directors, and one Executive Director. Detailed profiles of each Director can be found on pages from 115 to 117 of this report.

Among the Directors, Mr A. Hettiarachchy, Ms I.S. Jayasinghe, and Mr D.T.R. De Silva serve as Independent Non-Executive Directors.

The Board convened quarterly meetings, with attendance records and meeting details provided below.

Member	No. of Meetings Attended
Mr. G.S.N. Peiris	4/4
Mr. E.H. Wijenaike	3/4
Mr. C.S.W. De Costa	2/4
Mr. A.K. Gunaratne	4/4
Ms. I.S. Jayasinghe	4/4
Mr. A. Hettiarachchy	3/4
Mr. C.S. Hettiarachchi	4/4
Mr. D.T.R. De Silva	4/4
Mr. I.M.P. Rupatunge	4/4

AUDIT COMMITTEE

Member	Status	No. of Meetings Attended
A. Hettiarachchy	Chairman/IND/NED	5/6
A.K. Gunaratne	NED	6/6
I.S. Jayasinghe	IND/NED	6/6
D.T.R. De Silva	IND/NED	6/6

The Head of Internal Audit plays a crucial role as the Secretary of the Committee, overseeing its operations. The CEO and Finance Manager are as special invitees to Audit Committee sessions. With the authority vested in them, the Committee thoroughly examines all financial matters related to the company, including internal and external audits. This includes a comprehensive review of financial statements, internal control procedures, accounting policies, compliance with accounting standards, and emerging accounting trends. Additionally, the Committee carries out any additional tasks assigned by the Board.

Moreover, the Committee provides recommendations on the selection and compensation of external auditors, ensuring their impartiality and objectivity are maintained. The Annual Report for the fiscal year 2023/24 extensively covers the Committee's activities, detailed on pages from 121 to 125

RISK MANAGEMENT COMMITTEE

The Board of Directors at Central Industries PLC has established the Risk Management Committee (RMC) to evaluate and supervise the management of all risks within the company. The primary function of the RMC is oversight, collaborating closely with top management. The RMC evaluates all risks encountered by the company and provides recommendations for enhancing controls and risk management practices.

Member	Status	No. of Meetings Attended
Mr. D.T.R De Silva	Chairman/IND/NED	2/2
Mr. A Hettiarachchy	IND/NED	1/2
Mr. A.K. Gunaratne	NED	2/2
Mr. I.M.P. Rupatunge	Director/CEO	2/2

The Head of Internal Auditor Meetings functions as the Secretary to the Committee.

REMUNERATION COMMITTEE

The Remuneration Committee is composed of five Non-Executive Directors, three of whom are Independent.

Member	Status	No. of Meetings Attended
Mr. G.S.N. Peiris	Chairman/NED	1
Ms. I.S. Jayasinghe	IND/NED	1
Mr. A. Hettiarachchy	IND/NED	1
Mr. D.T.R. De Silva	IND/NED	1
Mr. A.K. Gunaratne	NED	1

The Chief Executive Officer of the Company provides assistance to the Committee, except when discussing his own remuneration package. The Report of the Remuneration Committee can be found on page 123 of the Annual Report.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transaction Review Committee comprises the following.

Member	Status	No. of Meetings Attended
Ms I.S. Jayasinghe	Chairperson/IND/NED	4/4
Mr A.K. Gunaratne	NED	4/4
Mr D.T.R. De Silva	IND/NED	4/4
Mr A. Hettiarachchy	IND/NED	3/4

The Board of Directors declares that the Company has complied with the requirements of the Colombo Stock Exchange Rules on Related Party Transactions

The Finance Manager functions as the Secretary to the Committee.

The Report of the Related Party Transaction Review Committee is given on page 124

CHAIRMAN'S ROLE

The role of the Chairman is distinct and separate from that of the CEO. The separation of the roles and areas of responsibilities clearly marks out the independent roles and duties required to effectively govern the organisation, and to ensure that no single person has unfettered decision-making powers. The Chairman in essence leads the Board, preserves Good Corporate Governance, ensuring that it works effectively and that he is acting in the best interest of the company. As part of the duties, the Chairman is responsible for the efficient conduct of Board Meetings. He is also required to maintain close contact with all Directors and to hold informal meetings with Non-Executive Directors as required.

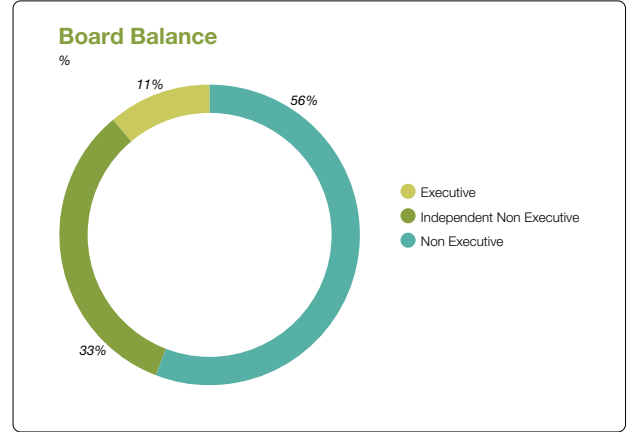
CHIEF EXECUTIVE OFFICER/ DIRECTOR'S ROLE

The Board of Directors set out the role and responsibilities of the company's CEO, who is accountable to the Board for exercise of authorities delegated and for the performance of the company. The CEO is entrusted with the general management of the company's operations and his responsibilities include: ensuring compliance with regulations and best practices and effective functioning of internal control systems. The CEO will identify risks and design mitigation strategies while safeguarding the Company's assets. One of the CEO's key tasks is to develop human capital and good investor relations to ensure sustainable growth of shareholder value. Moreover, the CEO is also responsible for the identification of potential diversification/ investment projects along with implementation of projects approved by the Board. The preservation and promotion of the Company's image is led by the CEO. Meanwhile, the CEO also endorse the quarterly and annual financial statements, after' initials prior to circulating them for consideration and approval of the Board. Finally, the CEO has to oversee the placement of significant issues for the information, consideration, and decision, as the case may be, to the Board or its Committees.

BOARD BALANCE

Central Industries PLC prides itself on maintaining robust corporate governance practices in accordance with the regulations stipulated by the Colombo Stock Exchange (CSE). Below is an overview of the key points highlighting the company's compliance and governance structure: Executive and Non-Executive Directors Composition:

The composition of the Board of Directors adheres strictly to the guidelines outlined in the Listing Rules of the Colombo Stock Exchange. The Board comprises both Executive and Non-Executive Directors, with the latter constituting over one-third of the total number of Directors. This composition ensures a balanced perspective and diverse skill set within the boardroom, aligning with best practices in corporate governance.



INDEPENDENCE CRITERIA:

The Board has undertaken a thorough evaluation process and determined that three of its Non-Executive Directors meet the stringent criteria for "Independence" as defined by the Listing Rules. This determination underscores the company's commitment to transparency and objectivity in its decision-making processes.

LONGEVITY AND INDEPENDENCE OF BOARD MEMBERS:

Despite Mrs. I.S. Jayasinghe serving as a Board member for more than nine years, the Board believes that her independence remains uncompromised. This assertion is grounded in the understanding that the objectivity of Mrs. I.S. Jayasinghe's roles within the Board has not been affected by her tenure.

INDEPENDENCE IN COMMITTEE LEADERSHIP:

The company ensures that critical Board Committees, including the Audit Committee, Related Party Transaction Review Committee, and Risk Management Committee, are chaired by Independent Non-Executive Directors. This strategic decision enhances the effectiveness and credibility of these committees, as they play pivotal roles in overseeing key aspects of the company's operations and risk management.

ANNUAL DECLARATION AND OVERSIGHT:

Directors have submitted an annual declaration of their status, which is diligently reviewed by the Company Secretaries. Any changes in the status of Directors are promptly communicated to the Chairman. This rigorous oversight mechanism ensures that the composition of the Board remains in compliance with

Corporate Governance

regulatory requirements and reflects the highest standards of corporate governance.

FINANCIAL ACUMEN

The Board comprises four distinguished Senior Chartered Accountants alongside one esteemed member of the Institute of Certified Management Accountants (ICMA) Australia. Their collective expertise equips the Board with comprehensive knowledge and profound competence to provide invaluable guidance on financial matters.

SUPPLY OF INFORMATION

Timely, accurate and relevant information is the cornerstone of good decision-making and enhances board effectiveness. The board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. Directors are provided with monthly and quarterly reports on performance and such other reports and documents as necessary. The Chairman ensures all Directors are adequately briefed on issues arising at Meetings.

APPOINTMENTS TO THE BOARD

The Board has overall responsibility for governance across the Company and retains effective control through the Board approved Governance Framework. The selection process is guided by a formal and transparent process and the Board approves nominations and commences the regulatory process. The Board decides on the appointments based on the recommendations made by the other members of the board.

RE-ELECTION OF DIRECTORS

- 01) The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting and seek re-election by the shareholders at that meeting
- 02) Directors who are over seventy years old will be reappointed by the shareholders in terms of section 211 of the Companies Act No.07 of 2007.

DISCLOSURE OF REMUNERATION

The Financial Statements include a detailed disclosure of Directors' Remuneration in note 33.4. It's important to note that all Non-Executive Directors are compensated with a fixed fee, without any additional performance-based or incentive payments.

MANAGEMENT STRUCTURE

At CIPLC, the Board of Directors operates with a clear focus on strategic delegation and robust oversight mechanisms to drive organisational success. An overview of the key practices employed are:

DELEGATION OF AUTHORITY TO DIRECTOR/CEO:

The Board has entrusted the Director/CEO with primary authority to execute the strategic objectives formulated by them. This delegation reflects a high level of trust in the Director/CEO's leadership capabilities and expertise in steering the company towards its goals. By empowering the Director/CEO, the Board enables swift decision-making and agile responses to market dynamics.

MONTHLY PERFORMANCE REVIEWS:

Regular performance reviews are integral to ensuring the company stays on track towards its objectives. The Director/CEO, along with key management personnel, convenes monthly meetings to meticulously evaluate the company's performance. These sessions provide a platform for in-depth discussions on operational metrics, financial performance, market trends, and any emerging challenges. Additionally, the team meets promptly as required to address urgent matters and capitalize on emerging opportunities.

QUARTERLY BOARD MEETINGS WITH DIRECTOR/CEO AND MANAGER FINANCE:

To maintain transparency and alignment between the executive leadership and the Board, the Director/CEO and the Finance Manager attend quarterly Board meetings. These sessions serve as vital forums for presenting financial updates, strategic initiatives, and operational highlights. By involving key executives in these meetings, the Board gains firsthand insights into the company's financial health, risk management strategies, and overall performance trajectory.

RELATIONS WITH SHAREHOLDERS

Fostering robust shareholder engagement and transparency is paramount. Below depicts how the company ensures effective communication and interaction with its shareholders through its Annual General Meeting (AGM) practices:

COMPREHENSIVE NOTICE OF MEETING:

The Notice of Meeting is included in the Annual Report, ensuring that shareholders are well-informed about the upcoming AGM. This notice contains the agenda for the AGM, along with detailed instructions on voting procedures, including the appointment of proxies. A Form of Proxy is enclosed with the Annual Report, facilitating convenient participation for shareholders. Moreover, the company adheres to the period of notice prescribed by the Companies Act No 7 of 2007, ensuring compliance with regulatory requirements.

ENCOURAGEMENT OF SHAREHOLDER PARTICIPATION:

CIPLC actively encourages the participation of shareholders at the AGM, recognising it as a vital platform for fostering dialogue and transparency. The Board firmly believes that the AGM serves as a means of maintaining effective communication with shareholders. During the meeting, the Board is committed to offering clarifications and addressing any concerns raised by shareholders, thereby fostering a culture of openness and accountability.

TAILORED DELIVERY OF ANNUAL REPORTS:

Annual Reports are diligently delivered to all shareholders entitled to receive them, ensuring widespread access to key information about the company's performance, financial health, and strategic direction.

ENHANCED ACCESSIBILITY VIA ONLINE PLATFORMS:

In addition to traditional delivery methods, we enhance accessibility to our Annual Reports by publishing them on both the company website and the Colombo Stock Exchange (CSE) website.

COMMUNICATION WITH SHAREHOLDERS

The Quarterly Financial Statements, disclosures, and announcements are published on the CSE website for public distribution. The Annual Report serves as the primary means of communication with shareholders and other stakeholders and is also submitted to the Colombo Stock Exchange. Shareholders are encouraged to address any concerns they may have with either the Chairman or the Company Secretary.

Communication sources	Frequency
Annual Reports	Annually
Interim financial statement	Quarterly
Press release	As required
Announcement to CSE	As required

PRICE SENSITIVE INFORMATION

Due care is exercised with respect to sharing price sensitive information.

SHAREHOLDER VALUE AND RETURN

The Board recommends appropriate dividends at timely intervals which may be ratified by the shareholders at the AGM. The company has declared Dividend of Rs. 6.00 to each Shareholder during the year 2023/24.

ACCOUNTABILITY AND AUDIT FINANCIAL REPORTING

At CIPLC, transparency and accountability are foundational principles guiding the company's disclosure practices.

ADHERENCE TO SRI LANKA ACCOUNTING STANDARDS:

Sri Lanka Accounting Standards are followed for the disclosure of financial information. By following these standards, the company ensures consistency, comparability, and reliability in its financial reporting.

COMPREHENSIVE DISCLOSURE OF FINANCIAL AND NON-FINANCIAL INFORMATION:

The Board of Directors recognises the importance of providing shareholders and stakeholders with a comprehensive view of the company's performance and operations. Therefore, CIPLC goes beyond merely disclosing financial information and also includes non-financial information in its reports. This holistic approach to disclosure enables stakeholders to gain insights into various aspects of the company's activities, including its environmental, social, and governance (ESG) practices.

STATEMENT OF DIRECTORS' RESPONSIBILITIES:

The company demonstrates its commitment to accountability by including a Statement of Directors' Responsibilities for the financial statements. This statement, located on page 130 of the annual report, outlines the Directors' Responsibilities in relation to the preparation and presentation of the financial statements.

MANAGEMENT REPORT

The Chairman's Message (pages from 20 to 21) and the Message from the Director/CEO (pages from 22 to 23) in this report offer an in-depth analysis of the Company's performance throughout the financial year. Additionally, the Review of Business Operations (pages from 47 to 49) provides a comprehensive overview of the Company's activities and achievements.

MINIMUM PUBLIC HOLDING

The Company meets the minimum public holding requirement in terms of Rule 7.14.1 of the CSE Listing Rules and shares held by the public is 46.72% as of 31st March 2024.

COMPANY SECRETARY

The role of the Company Secretary is pivotal in ensuring the effective functioning of the Board and upholding the highest standards of corporate governance.

Corporate Governance

KEY FUNCTION IN BOARD OPERATIONS:

The office of the Company Secretary serves as the linchpin for the smooth operation of the Board. Acting as a central point of contact, the Company Secretary facilitates seamless communication, coordination, and administrative support essential for the Board's activities.

PROFESSIONAL SECRETARIAL SERVICES:

Corporate Services (Private) Limited provides expert secretarial services to the Board, ensuring efficiency and compliance with regulatory requirements. With their specialised expertise, they assist the Board in navigating complex governance frameworks and regulatory landscapes.

GUIDANCE ON CORPORATE GOVERNANCE:

The Company Secretary plays a pivotal role in guiding the Board in fulfilling its duties and responsibilities, and championing best practices in corporate governance. This includes providing expert advice, ensuring adherence to regulatory requirements, and promoting ethical conduct and transparency.

CONDUCT OF BOARD AND GENERAL MEETINGS:

One of the primary responsibilities of the Company Secretary is to ensure the orderly conduct of both Board and General Meetings in strict accordance with the company's Articles of Association and relevant legislation. This involves meticulous planning, agenda preparation, and facilitation of discussions.

MAINTENANCE OF STATUTORY RECORDS:

The Company Secretary is entrusted with the crucial task of maintaining accurate statutory registers and minute books, documenting the proceedings of Board Meetings. This meticulous record-keeping ensures compliance with legal requirements and provides a comprehensive audit trail of decision-making processes.

TIMELY COMMUNICATION WITH STAKEHOLDERS:

Prompt communication with regulators and shareholders is essential in maintaining transparency and fostering trust. The Company Secretary takes charge of ensuring timely and accurate communication with these stakeholders, keeping them informed of pertinent developments and regulatory obligations.

STATUTORY COMPLIANCE AND LEGAL SUPPORT:

Filing statutory returns, facilitating access to legal advice, and ensuring compliance with regulatory requirements are core responsibilities of the Company Secretary. They collaborate with the Board to navigate legal complexities and mitigate risks effectively.

AGM AND DIVIDEND DECLARATIONS:

With the necessary approval from the Colombo Stock Exchange (CSE), the Company Secretary oversees the preparation and conduct of the Annual General Meeting (AGM) and facilitates dividend declarations, ensuring compliance with regulatory norms and shareholder expectations.

COMPLIANCE

Compliance risk management forms part of the Central Industries PLC overall and fundamental business activities and is upheld in all levels of the organization. The Board is responsible for ensuring that appropriate policies are in place to manage and mitigate compliance risks, while Management is responsible for implementing these policies and undertakes to timely address critical issues to preserve the value of the Company.

COMPLIANCE MONITORING SYSTEM

The Director/CEO overlooks the compliance status of the regulatory framework including corporate governance, CSE and SEC regulations, the Companies Act, 2007, labour regulations, environmental regulations, local government regulations pertaining to its operations and consumer protection regulations. The respective heads of departments submit monthly compliance confirmations to the Director/CEO. In turn, the Director/CEO submits quarterly compliance confirmation to the Board of Directors for their review.

TAX GOVERNANCE

One of the main objectives of the company is to ensure all tax payments and Tax returns are made with applicable tax laws, transparency and accountability. The Manager Finance is required to submit the tax compliance report with sign off to board on quarterly basis which is included to Board pack

COMPLIANCE SIGN OFF

Heads of department sign off on the regulatory compliance checklist on a monthly basis, confirming that all laws and regulations are adhered to.

Compliance Report

COMPANIES ACT 2007	
Section	Companies Act -2007 : 168 (1)(a) 
Subject	Changes in Nature of Business
Requirement	Any change during the accounting period in the nature of business of the Company or any of its subsidiaries and the classes of business in which the Company has an interest
Compliance Status	No significant changes in the company's or its subsidiary's nature of business
Section	Companies Act -2007 : 168 (1)(b) 
Subject	Financial Statements
Requirement	Financial Statements of the Company and the Group for the accounting period completed and signed
Compliance Status	The Financial Statements for the year have been signed by the directors
Section	Companies Act -2007 : 168 (1)(c) 
Subject	Audit Report
Requirement	Auditors Report on Financial Statements of the Company and the Group
Compliance Status	The Financial Statements were audited by an Independent Auditor. Please refer the page No from 135 to 138 for Audit report
Section	Companies Act -2007 : 168 (1)(d) 
Subject	Changes in Accounting Policies
Requirement	Change of accounting policies during the accounting period
Compliance Status	No significant changes were made in the Company's accounting policies during the financial year
Section	Companies Act -2007 : 168 (1)(e) 
Subject	Interest Register
Requirement	Particulars of entries in the interest register made during the accounting period
Compliance Status	Interest Register - Page No 133
Section	Companies Act -2007 : 168 (1)(f) 
Subject	Directors Remuneration
Requirement	Remuneration and other benefits paid to the Directors during the accounting period
Compliance Status	Remuneration of Directors - Page No 133
Section	Companies Act -2007 : 168 (1)(g) 
Subject	Donations to charities
Requirement	Total amount of donations made by the Company and the Group during the accounting period
Compliance Status	Donation- Page No 131/159

Compliance Report

COMPANIES ACT 2007	
Section	Companies Act -2007 : 168 (1)(h) 
Subject	Directorate of the Company
Requirement	The Directorate of the Company and the Group as at the end of accounting period along with the changes occurred during the accounting period
Compliance Status	Board of Directors - Page No 115 to 117

Section	Companies Act -2007 : 168 (1)(i) 
Subject	Payables to Auditors
Requirement	Amounts payable to the Auditors as audit fees and fees payable for other related services provided by them
Compliance Status	Notes to the Financial statements Page No 159

Section	Companies Act -2007 : 168 (1)(j) 
Subject	Relationship with Auditors
Requirement	Relationship or interest of the Auditors with the Company or any of its subsidiaries
Compliance Status	Auditors Page No 132

Section	Companies Act -2007 : 168 (1)(k) 
Subject	Annual Report
Requirement	Annual Report of the Board of Directors signed on behalf of the Board
Compliance Status	Two Directors and the Company Secretary have signed the Annual Report of the Board

CSE	
Section	CSE : Rule - 7.6 (i) 
Subject	Names of Directors of the entity
Requirement	Board of directors during the FY with profiles
Compliance Status	Board of Directors - Page No 115 to 117

Section	CSE : Rule - 7.6 (ii) 
Subject	Principal Activities
Requirement	Principal activities of the entity and its subsidiaries during the year under review
Compliance Status	Accounting Policies - Page No 144

Section	CSE : Rule - 7.6 (iii) 
Subject	20 largest shareholders
Requirement	20 largest shareholders of voting and non-voting shares and the percentage of shares
Compliance Status	share information - page No 198

Section	CSE : Rule - 7.6 (iv) 
Subject	Public holding details
Requirement	The float adjusted market capitalization, Public Holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement
Compliance Status	Share Information - Page No 198 to 199

CSE	
Section	CSE : Rule - 7.6 (v) 
Subject	Directors & CEO Shareholding
Requirement	Each Director's and Chief Executive Officer's shareholding in each class of shares LKR and Foreign Currency denominated
Compliance Status	Shareholding of Directors Page No 133
Section	CSE : Rule - 7.6 (vi) 
Subject	Material foreseeable risk factors of the Entity
Requirement	Each Director's and Chief Executive Officer's shareholding in each class of shares LKR and Foreign Currency denominated
Compliance Status	Shareholding of Directors - Page No 133
Section	CSE : Rule - 7.6 (viii) 
Subject	Properties Details
Requirement	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties
Compliance Status	Notes to the Financial Statements - Page No 166
Section	CSE : Rule - 7.6 (ix) 
Subject	No of Shares
Requirement	Number of shares representing the stated capital
Compliance Status	Notes to the Financial Statements - Page No 173
Section	CSE : Rule - 7.6 (x) 
Subject	Distribution schedule
Requirement	Distribution schedule of the number of holders and the percentage of their total holding
Compliance Status	Distribution of Shareholdings as at 31 March 2024 - Page No 198
Section	CSE : Rule - 7.6 (xi) 
Subject	Share price
Requirement	Ratios and market price information
Compliance Status	Share Trading during the year ended 31st march 2024 - Page No 189
Section	CSE : Rule - 7.6 (xii) 
Subject	Fixed Assets Details
Requirement	Significant changes in the entity's or its subsidiaries fixed assets and the market value of land
Compliance Status	Notes to Financial Statements Page No 163 to 169

Compliance Report

CSE	
Section	CSE : Rule - 7.6 (xvi) 
Subject	Related Party Transactions
Requirement	Details of Investments in RP and due from RP ⦿ date of the transaction ⦿ name of the Related Party ⦿ relationship between the Entity and the Related Party ⦿ amount of the transaction and terms of the transaction ⦿ rationale for entering into the transaction
Compliance Status	Notes to Financial Statements - Pages No 180 to 182

9.3 Board Committees	
Section	CSE : Rule - 9.3.1 
Subject	Minimum required committees
Requirement	Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; (a) Remuneration Committee (b) Audit Committee (c) Related Party Transactions Review Committee.
Compliance Status	Committee Reports - Pages No 119 to 120

Section	CSE : Rule - 9.3.2 
Subject	Disclosure Requirements on Board Committees
Requirement	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules.
Compliance Status	Committee Reports - Pages No 119 to 120

9.4. Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	
Section	CSE : Rule - 9.4.1 
Subject	Maintenance of the records
Requirement	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained
Compliance Status	Maintenance of statutory records Page No 94

CSE	
9.5 Policy on matters relating to the Board of Directors	
Section	CSE : Rule - 9.5.2 
Subject	Confirmation of compliance of rules
Requirement	Confirmation on compliance with requirements of the policy on matters relating to the Board of Directors. If no complied reasons for the same with proposed remedial action
Compliance Status	Corporate Governance Report – Way Forward Page No 105 to 107

9.6 Chairperson and CEO	
Section	CSE : Rule - 9.6.1 
Subject	Chairman and CEO are not same individual
Requirement	The Chairman of every Listed Entity shall be a Non-Executive Director. Consequently, the position of Chairman and CEO shall not be held by the same individual
Compliance Status	Chairman & CEO are two different individuals & Chairman is non executive director.

9.7 Fitness of Directors and CEO	
Section	CSE : Rule - 9.7.1 to 9.7.3 
Subject	Directors & CEO
Requirement	Directors & CEO should be fit & proper person as mentioned in the Rule No. 9.7.3. Fit and Proper Assessment Criteria: a) Honesty, Integrity and Reputation b) Competence and Capability c) Financial Soundness
Compliance Status	Complied

Section	CSE : Rule - 9.7.4 
Subject	Declarations from directors regarding Fit & Proper satisfaction
Requirement	Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.
Compliance Status	Obtained

Section	CSE : Rule - 9.7.5 
Subject	Disclosures in the Annual Report Fit & Proper assessment
Requirement	Shall include the following disclosures/reports in the Annual Report; a) A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange. b) Any non-compliance/s by a Director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the Listed Entity to rectify such noncompliance/s.

Compliance Report

CSE	
Compliance Status	Fit & proper Confirmations have been obtained from each directors and it is prudently assessed by the Board of directors when annual assessment of continuation of directorships, in order to strengthen the diversity of the Board to induce fresh prospective that will foster the robust debate and support effective decision-making. Special board resolution passed for age over 70 years directors by assessing fit & proper status of those directors as remedial action

9.8 Board Composition	
Section	CSE : Rule - 9.8.1 
Subject	No of minimum Directors
Requirement	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.
Compliance Status	CIPLC Board consists of Nine Directors

Section	CSE : Rule - 9.8.2 
Subject	Number of minimum Independent Directors
Requirement	The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher.
Compliance Status	Eight Directors are Non Executive Directors out of Nine Directors

Section	CSE : Rule - 9.8.5 
Subject	Declaration of independency of Directors
Requirement	a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein and in the format in Appendix 9A b) Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors' declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report.
Compliance Status	Obtained

9.10 Disclosures relating to Directors	
Section	CSE : Rule - 9.10.1 
Subject	No. of Directorships in Board
Requirement	Listed Entities shall disclose its policy on the maximum number of directorships it's Board members
Compliance Status	Board of Directors – Page no 119-121

CSE	
Section	CSE : Rule - 9.10.4 
Subject	Disclosures relating to Directors
Requirement	Shall also disclose the following in relation to the Directors in the Annual Report: (a) name, qualifications and brief profile; (b) the nature of his/her expertise in relevant functional areas; (c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity; (d) whether Executive, Non-Executive and/or independent Director (e) the total number and names of companies in Sri Lanka (f) number of Board meetings in FY (g) names of Board Committees in which the Director serves as Chairperson or a member (h) Details of attendance of Committee Meetings of the Audit, RPT Review, Nominations and Governance and Remuneration Committees.
Compliance Status	Board of Directors – Page No 115 to117

Section	CSE : Rule - 9.12 
Subject	Remuneration Committee
Requirement	Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12
Compliance Status	Remuneration Committee report – Page No 123

Section	CSE : Rule - 9.13 
Subject	Audit Committee
Requirement	Entities shall have a Audit Committee that conforms to the requirements set out in Rule 9.13
Compliance Status	Audit Committee Report Page No 121

Section	CSE : Rule - 9.14 
Subject	Related Party Transactions Review Committee
Requirement	Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14
Compliance Status	Related Party Transactions Review Report – Page No 124

section	CSE : Rule - 7.10.1(a) 
Subject	Non-Executive Directors (NED)
Requirement	At least two or one third of the Directors, whichever is higher, should be Non- Executive Directors
Compliance Status	Eight Directors are Non Executive Directors out of Nine Directors

Section	CSE : Rule - 7.10.2(a) 
Subject	Independent Directors
Requirement	Two or one-third of Non-Executive Directors, whichever is higher, should be independent
Compliance Status	Three of the Eight Non-Executive Directors are independent

Compliance Report

CSE	
Section	CSE : Rule - 7.10.2(b) 
Subject	Independent Directors
Requirement	Each Non-Executive Director should submit a declaration of Independence/ Non-Independence
Compliance Status	All Non-Executive Directors have submitted the Declaration of Independence / Non-independence

Section	CSE : Rule - 7.10.3(a) 
Subject	Independent Directors
Requirement	The Board shall make a determination annually as to the Independence or Non-Independence of each Non-Executive Director Disclosure relating to Directors The names of Directors determined to be independent should be disclosed in the Annual Report
Compliance Status	Annual Report of Board of Directors Page No 131

Section	CSE : Rule - 7.10.3(b) 
Subject	Determining independence
Requirement	Criteria not met by the Non-Executive Directors and basis for determining independence
Compliance Status	All independent Non-Executive Directors meet the criteria.

Section	CSE : Rule - 7.10.3(c) 
Subject	Disclosure relating to Directors
Requirement	A brief resume of each Director should be included in the Annual Report including the Director's areas of expertise.
Compliance Status	Board of Directors – Page No.115 to 117

Section	CSE : Rule - 7.10.3(d) 
Subject	Appointment of new Directors
Requirement	Provide a brief resume of any new Director appointed to the Board
Compliance Status	No New Appointments

Section	CSE : Rule - 7.10.5 
Subject	Remuneration Committee
Requirement	A listed company shall have a Remuneration Committee
Compliance Status	Report of Remuneration Committee - Page No 123

Section	CSE : Rule - 7.10.5(a) 
Subject	Composition of Remuneration Committee
Requirement	Shall comprise of Non-Executive Directors, a majority of whom shall be Independent
Compliance Status	The Committee comprises five Non-Executive Directors, three of whom are independent. The Chairman of the committee is Non-Executive Director

Section	CSE : Rule - 7.10.5(b) 
Subject	Functions of Remuneration Committee
Requirement	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and the Executive Director
Compliance Status	The Committee recommends the remuneration of the Chief Executive Officer / Executive Director

CSE	
Section	CSE : Rule -7.10.5 (c) 
Subject	Disclosure of Remuneration Of directors
Requirement	Disclosure in the Annual Report relating to Remuneration The Annual Report should set out; a. Names of the Directors comprising the Remuneration Committee b. Statement of Remuneration policy c. Aggregate remuneration paid to Executive and Non-Executive Directors
Compliance Status	Annual report of the Board of Directors – Page No 133

Section	CSE : Rule -7.10.6 
Subject	Audit Committee
Requirement	A listed company shall have an Audit Committee
Compliance Status	Audit Committee Report – Page No 121 to122

Section	CSE : Rule -7.10.6(a) 
Subject	Composition of Audit Committee
Requirement	Shall comprise of Non-Executive Directors, a majority of whom are Independent Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings The Chairman of the Audit Committee or one member should be a member of a professional accounting body
Compliance Status	☉ The committee comprises four Non-Executive Directors, three of whom are independent. ☉ The Chief Executive Officer and the Manager-Finance attend Audit Committee meetings ☉ Three members of the Committee are members of professional accounting bodies.

Section	CSE : Rule -7.10.6(b) 
Subject	Functions of the Audit Committee
Requirement	Should be as outlined in the listing rules
Compliance Status	Audit Committee Report – Page No 121 to122

Section	CSE : Rule -7.10.6(c) 
Subject	Disclosure of the Audit Committee
Requirement	Disclosure in the Annual Report relating to Audit Committee a. Names of the Directors comprising the Audit Committee b. The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination c. The Annual Report shall contain a Report of the Audit Committee in the prescribed manner
Compliance Status	Audit Committee Report – Page No 121 to122

Section	
Subject	Minimum Public Holding
Requirement	Minimum no of public shareholders Minimum percentage of public shares holdings
Compliance Status	Minimum Public Holding – Page No 93

Compliance Report

CSE	
Section	CSE : Rule -9.2.1 
Subject	Related Party Transaction Review Committee (RPTRC)
Requirement	Reviewing of Related Party Transactions (RPT) except transaction mentioned under rule 9.5 should be carried out by the committee prior to entering/completion of the transaction
Compliance Status	Report of the Related Party Transactions Review Committee – Page no 124

Section	CSE : Rule -9.2.2 
Subject	Composition of the RPTRC
Requirement	Shall comprise of Non-Executive Directors and Independent Non-Executive Directors at the option of the Company and the Chairman of the RPTRC shall be an Independent Non-Executive Director (INED).
Compliance Status	☉ There are five Non-Executive Directors of whom three are independent. ☉ The Chairman is an INED.

Section	CSE : Rule -9.2.4 
Subject	Frequency of Meeting of RPTRC
Requirement	The Committee shall meet at least once a calendar quarter. The Committee shall ensure that the minutes of the all meetings are properly documented and communicated to the Board of Directors.
Compliance Status	Report of the Related Party Transactions Review Committee – Page no 124

Section	CSE : Rule -9.3.1 
Subject	Immediate disclosure
Requirement	Any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the total assets, whichever is lower, or if the aggregate value of all non-recurrent Related Party Transactions entered into with the same related party during the same financial year amounts to 10% of the equity or 5% of the total assets of the equity as per the latest Audited Financial Statements. Any subsequent non-recurrent transaction after it exceed 5% of equity entered with the same related party
Compliance Status	No transaction exceeding 10% of the Equity or 5% of the total assets

Section	CSE : Rule -9.3.2 
Subject	Related Party Transactions Review Committee
Requirement	a. Details pertaining to Non-Recurrent Related Party Transactions b. Details pertaining to Recurrent Related Party Transactions c. Report of the Related Party Transactions Review Committee d. Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise
Compliance Status	Report of the Related Party Transactions Review Committee – Page no 124 Disclosed on Page No 180-182

WAY FORWARD

The Central Industries PLC is always prefer to comply the Corporate Governance principles and aware of the new rules on Corporate Governance issued by the CSE under the revised section 9 of the listing rules. The company is working to bring the following rules and guidelines into effect as mandates by the previously mentioned regulations. Company wishes to affirm that the requirement specified in the Code of Best Practice issued by the institute of Chartered Accountants of Sri Lanka certain requirements to be fulfilled as appropriate.

LISTING RULE REFERENCE	AREA	REQUIREMENT	EFFECTIVE DATE
CSE : Rule - 9.2.3 (i)	List of Policies	List of policies in place as per Rule 9.2.1 , with reference to website	1st of October 2024
CSE : Rule - 9.2.3 (ii)	Changes in Policies	Any changes to policies adopted	1st of October 2024
CSE : Rule - 9.2.1	Policies Disclosures	Listed Entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website (a) Policy on the matters relating to the Board of Directors (b) Policy on Board Committees (c) Policy on Corporate Governance, Nominations and Re-election (d) Policy on Remuneration (e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities (f) Policy on Risk management and Internal controls (g) Policy on Relations with Shareholders and Investors (h) Policy on Environmental, Social and Governance Sustainability (i) Policy on Control and Management of Company Assets and Shareholder Investments (j) Policy on Corporate Disclosures (k) Policy on Whistleblowing (l) Policy on Anti-Bribery and Corruption	1st of October 2024
CSE : Rule - 9.2.2	Exemption granted on rules	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report.	1st of October 2024
CSE : Rule - 9.2.3	Disclosures on Annual Report	Listed Entities shall disclose in its Annual Report: (i) the list of policies that are in place in conformity Rule 9.2.1 above, with reference to its website. (ii) details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above.	1st of October 2024

Compliance Report

LISTING RULE REFERENCE	AREA	REQUIREMENT	EFFECTIVE DATE
CSE : Rule - 9.2.4	Availability of the Policy statements	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy.	1st of October 2024
CSE : Rule - 9.3.3	Chairmen of Board not be Chairmen of Board Committees	The Chairmen of the Board of Directors of the Listed Entity shall not be the Chairmen of the Board Committees referred to in Rule 9.3.1 above.	1st of October 2024
CSE : Rule - 9.4.2	Communication and relations with shareholders and investors	(a) Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity. (b) Listed Entities shall disclose the contact person for such communication. (c) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders, and such process shall be disclosed by the Entity in the Annual Report and the website of the Entity. (d) Listed Entities that intend to conduct any shareholder meetings through virtual or hybrid means shall comply with the Guidelines issued by the Exchange in relation to same and published on the website of the Exchange.	1st of October 2024
CSE : Rule - 9.5.1	Formal Policy Governing the Board of Directors	Listed Entities shall establish and maintain a formal policy governing matters relating to the Board of Directors	1st of October 2024
CSE : Rule - 9.11	Nominations and Governance Committee	Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11	1st of October 2024
CSE : Rule - 9.8.3	Criteria for determining independence	A Director shall not be considered independent if he/she, has served an aggregate period of nine (9) years on the board of the Listed Entity from the date of the first appointment	1st of October 2024
CSE : Rule - 9.13	The Chairperson of the Audit Committee	The Chairperson of the Audit Committee shall be a member of a recognized professional accounting body	1st of October 2024

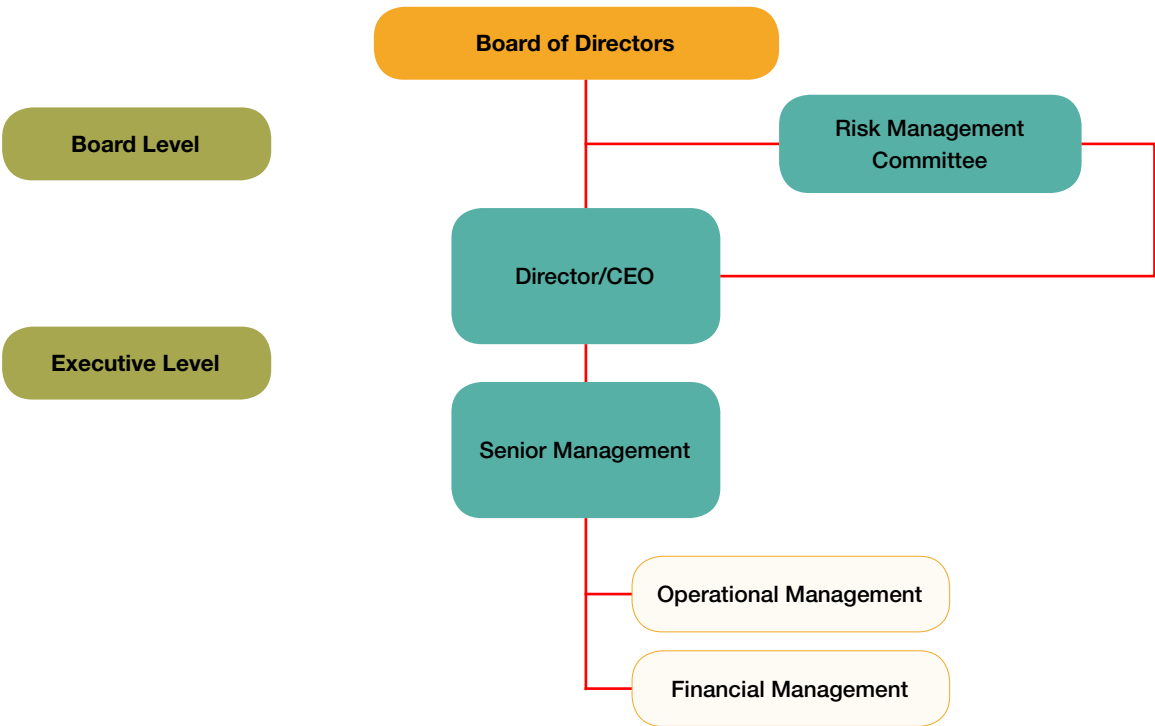
CA CODE -2023	AREA	REQUIRMENT	EFFECTIVE DATE
ICASL -Code : H.4.2	Process to ascertain of sustainability/ESG factors	The company should have a process to ascertain, assess and manage sustainability/ESG factors which have an impact on the sustainability of the company.	2024/25

LISTING RULE REFERENCE	AREA	REQUIREMENT	EFFECTIVE DATE
ICASL -Code : H.5.2	Providing information relation to Sustainability /ESG Factors	Companies should provide information in relation to: ☉ The relevance of environmental, social and governance factors to their business models and strategy ☉ How sustainability/ESG related issues may affect their business ☉ How risks and opportunities pertaining to sustainability/ESG are recognized, managed, measured and reported.	2024/25
ICASL -Code : H.5.4	Board's responsibility on the Sustainability/ ESG reporting	Sustainability/ESG reporting is a board's responsibility, and it is designed to add value by providing a credible account of the company's economic, social and environmental impacts. Sustainability/ESG reporting and disclosure should be formalized as part of the Company's reporting process and take place on a regular basis.	2024/25

Risk Management

Central industries PLC has an Integrated Risk Management System and it is wide discipline informed by certain attributes, including strategy, assessment, response, communication and reporting, monitoring and technology. IRMS of CIPLC is underpinned by a framework of practices, processes and enabling technologies that support a risk-aware culture, improved decision making and performance. This discipline delivers an integrated view of how well company manages its unique set of risks.

OUR RISK GOVERNANCE STRUCTURE



CIPLC has set up a risk management committee to implement governance and ensure measured risk. Taking the committee is responsible for monitoring the company risk exposure and ensuring operating the risk management system

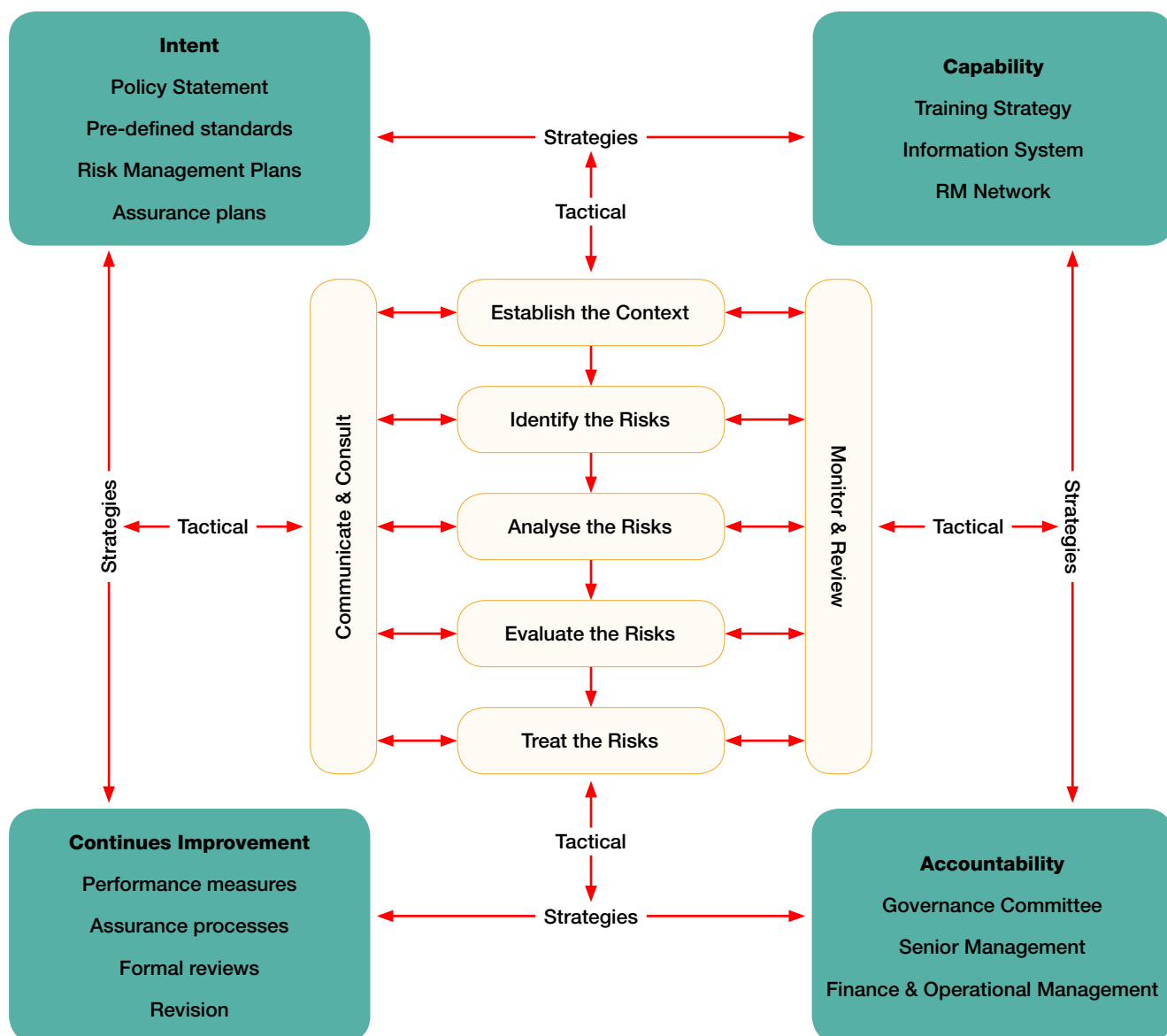
Further, the risk management committee is responsible for establishing the related policies and guideline for executing risk management practices throughout the Company.



RISK GOVERNANCE FRAMEWORK

The risk management framework involves the combination of the best risk management techniques in order to manage current and other future risks that may be faced by the company. The framework better defines the activities and processes that can be used to manage the company's risks and types of reporting that should be used in order to support the process of risk management.

The Company has an established framework for identification of internal and external risks specifically faced by the Company in particular, including financial operations and information security risks to ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.



Risk Management

RISK UNIVERSE

The risk universe is the list of risks the company faces or might face, coupled with a description of their severity and frequency, along with the decision as to what the company wants to do with such risk. It is used as guideline for people managing the risk day in It ensures that no risks are overlooked, allows company to design appropriate budgets, and gives company a language to use when discussing risk with own's stakeholders.

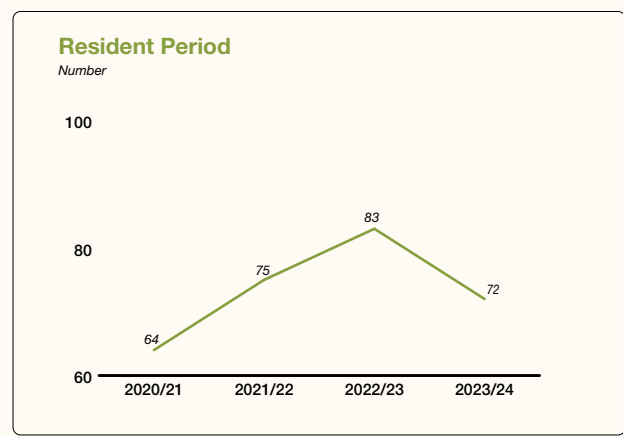
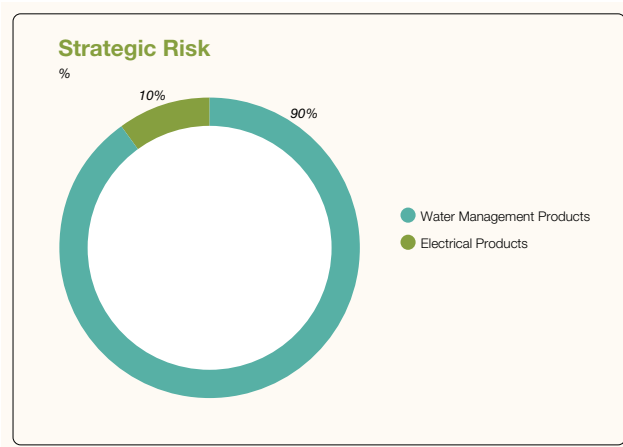


STRATEGIC RISK

Strategic risk arises from failure to achieve strategic goals of the Company. Business and adopted after evaluating the overall risks associated with such strategies. The Board has set targets to diversify the total revenue from PE and PVC to other revenues generated from Electrical Products.

The revenue composition has diversified among water management products and electrical products during the last financial year and maintains diversification in this year.

Overall residence period reduced to 72 days in March 2024 compared to 83 days in March 2023 and it has improved considerably from 2023 April, reporting and reducing trend.



MARKET RISK

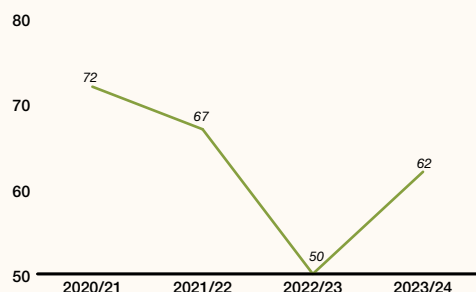
Market risk is the risk arising from fluctuating market variables such as interest rates, foreign currencies shortage, foreign currency exchange rate and equity prices. The movements in interest rates risk, foreign currency shortage and exchange rates risks contribute to the most critical market risk categories for Central Industries PLC. Excessive movements in market risk indicators could bring severe volatility to the Company's gross profit.

CREDIT RISK

Credit risk is the potential loss Central Industries PLC would have to bear due to debtors failing to meet their obligations towards the Company. A Board approved credit policy is in place to suit the business units. Special attention is given to credit risk management in terms of analyzing new distributors credit worthiness through a structured evaluation criteria before credit facilities are granted. Credit limits are established for each customer which represents the maximum open amount without requiring further approvals from the Director/CEO. These limits are reviewed annually.

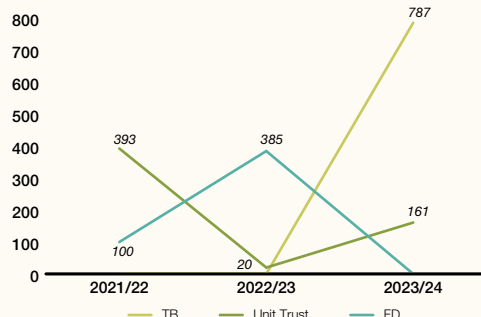
Average Collection Period

Number



Investment on TB vs FD

Number



FINANCIAL POSITION EXTRACT: TRADE RECEIVABLES

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
(In Thousands of Rupees)				
Trade Receivables	1,003,684	1,226,020	1,003,188	1,225,524
Impairment of Trade Debtors	(50,142)	(187,804)	(49,646)	(187,308)
	953,542	1,038,216	953,542	1,038,216

As result of mitigating actions on the CIPLC credit risk, company has able to reduced impairment provision on trade receivables by 73%.

LIQUIDITY RISK

Liquidity risk refers to the risk when the Company does not have sufficient financial resources to meet supplier payments and loan requirements without incurring excessive cost. Central Industries PLC maintains a healthy cash flow with excess cash invested in Fixed Deposits and Unit Trusts through licensed commercial or development banks.

To mitigate the liquidity risk, CIPLC has moved to high liquidity investment (Government Treasury bills) from low liquidity investments (Fixed Deposit).

FINANCIAL POSITION EXTRACTS: INVESTMENTS

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
(In Thousands of Rupees)				
Investment in Quoted Equity Securities	11,608	18,974	11,608	18,974
Investment in Unit Trust	163,385	20,023	163,385	20,023
Investment in Repo	110,229	-	110,229	-
Investment in Treasury bills	787,089	-	787,089	-
	1,072,311	38,997	1,072,311	38,997

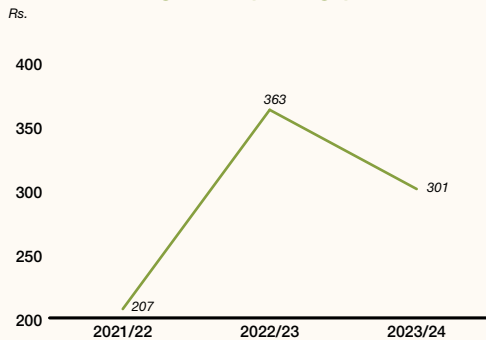
CIPLC maintains strong liquidity investment to face any liquidity risk, which may occurred due to uncertainty of the environment.

FOREIGN CURRENCY RISK

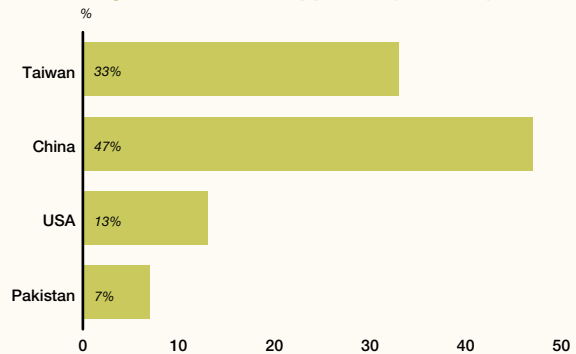
The foreign currency risk is the risk that the fair value of future cash flows of a financial instrument fluctuation due to changes in foreign exchange rates. The Company managed the foreign currency risks changing the product price to safeguard the gross profit margin as far as the market conditions permit. The following graphs display the trend in the exchange rate and the resulting gross profit margin achieved

Risk Management

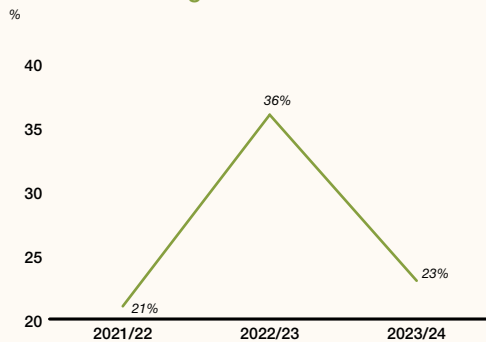
Dollar Exchange Rate (Average)



Registered Resin Suppliers by Country



Gross Profit Margin



CIPLC maintains a strong supplier base and has good bargaining power of purchasing raw materials.

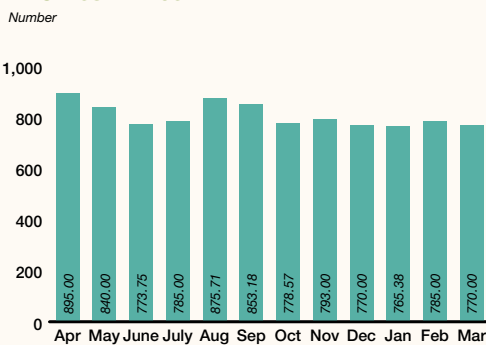
HUMAN RESOURCES RISK

Being a manufacturing-based company, its main processes evolved around people. Therefore, staff becomes the most important and most valuable asset of the Company. The Company's ability to attract, develop and retain the right number of appropriately skilled people is critical if we are to complete and grow effectively.

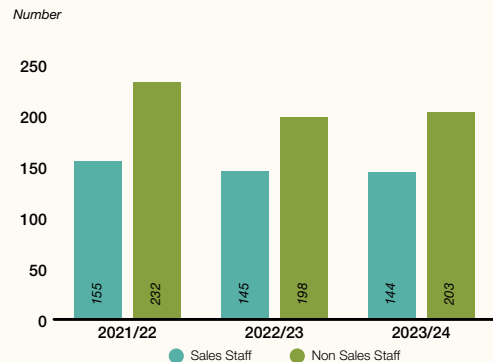
COMMODITY PRICE RISK

- ⦿ The potential risk of the volatility in world resin raw materials prices.
- ⦿ Frequent fluctuations raw materials in the world.
- ⦿ Resin raw material prices impacted earnings in PVC pipe production

PVC Resin Price



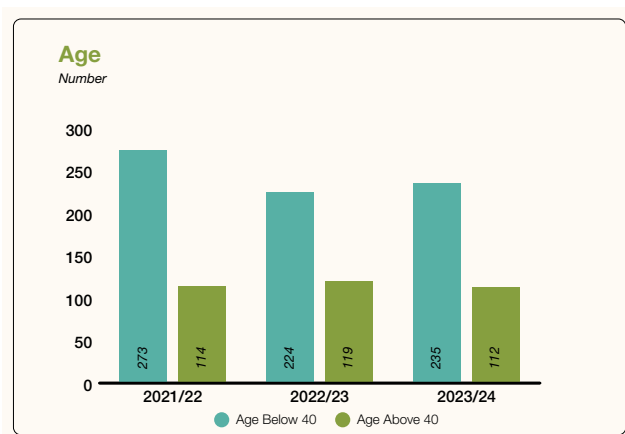
Sales Staff/Non Sales Staff



As the sales industry moves towards a technology-based platform rather than face-to-face sales meetings it is essential that the sales leader has solid understanding of the product, marketing and industry insight which are essential competencies expected from the sales team.

Failure to employ suitable personnel for relevant tasks, lack of proper performance recognition mechanisms and losses arising from misconduct of employees mainly give rise to people risk. Therefore, the Company ensures that adequate processes are in place to understand and respond to employee needs.

The staff recognition and rewarding are done through the annual performance appraisals. Further, the Company ensures adherence to minimum qualification based on the positions filled, pre-employment screening, employer feedback and exit interviews as mitigating activities of people's risk.



CYBER SECURITY RISK

Cyber security threats have become increasingly sophisticated and pervasive.

- ⊗ Malware
- ⊗ Phishing
- ⊗ Distributed Denial of Service (DDoS) Attacks
- ⊗ Man-in-the-Middle Attacks Insider
- ⊗ Threats: Zero-day Exploits

MEASURES TAKEN TO ADDRESS CYBER SECURITY THREATS

To safeguard our company's digital infrastructure and sensitive information, we have implemented a comprehensive set of security measures:

- ⊗ Firewall Implementation
- ⊗ Virus Protection for Individual Machines
- ⊗ Cloud-Based Mail Server (Office 365)
- ⊗ SSL Certification for Websites
- ⊗ Restrictions on External Devices
- ⊗ Controlled Application Installation

By implementing these stringent measures, we significantly reduce the risk of cyber security threats and ensure the protection of our company's data and IT infrastructure. Continuous monitoring and updating of these measures are essential to keep up with evolving cyber threats. In addition to internal monitoring, the internal audit division does regular monitoring on the security threats to the company network.

OPERATIONAL RISK

Operational risk is the potential losses caused by flawed or failed processes, policies, systems or events that disrupt business operations. Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control and monitoring. Following indicators are the main operational risks that Central Industries PLC faces:

- 01) Non-availability of insurance coverage of raw material or finished goods and not renewed on the due date before expiry
- 02) Fraud, damages and misappropriation of assets
- 03) Non-responding for Customer Complaints'
- 04) Electricity breakdown at the factories' operation
- 05) Non-availability of raw materials on time
- 06) Non-availability of skills/labour to operate machines on time

REGULATION & COMPLIANCE RISK

Compliance Risk is defined as the potential threat to earnings or business resulting from violations or infringement of laws, regulations or stipulated practices and standards within the Company, industry and Government. Failure to comply with laws and regulations could expose the Company to civil and/or criminal actions leading to damages, fines and regulatory sanctions and/or its employees with possible consequences for its corporate reputation.

Risk Management

Key Prudential Requirements	Regulatory Requirement	Actual as at 31/03/2024
Consumer Affairs Act No 9 of 2003	☉ SLS Certification for uPVC Pressure fittings and Pipes ☉ Switches and Switches socket outlets ☉ PVC Solvent Cement	Complied
National Environment Act No 47 of 1980	Environmental protection license	Complied

SUMMARY OF KEY RISKS

Risk Types	Risk Level	Objective	Trend
Strategic Risk	●	To minimize risks associated with Company's business strategy, strategic objectives and strategy execution	↓
Market Risk	●	To safeguard against adverse movement of market factors arising out of price sensitivities of funding sources, investments	↓
Credit Risk	●	To safeguard the asset quality and reduce debt defaulting by debtors	↑
Liquidity Risk	●	To safeguard against funding constraints that prevent growth and meet demands of Customers	↓
Foreign currency risk	●	To safeguard the gross profit margin as far as the market conditions, permit	↑
Commodity Price Risk	●	To safeguard the price and market conditions fluctuation of raw materials market	↑
Human Resources Risk	●	To ensure the availability of skilled and competent human resources to successfully conduct business operations	↓
Cyber Security Risk	●	To safeguard information asset and ensure business continuity	↑
Compliance Risk	●	To minimize the cost of non-compliance and litigation	↓

● High Impact | ● Medium Impact | ● Low Impact

Board of Directors

G.S.N. PEIRIS

Chairman / Non-Independent, Non-Executive Director
(Member of the Board since its Inception)

Board Sub-Committees:

Chairman of Remuneration Committee

Skills and Experience

Mr. Shamil Peiris has served on the Board of the Company since its inception. He was appointed as the Chairman on 13th July 2013. He is also the Chairman of CF Insurance Brokers (Pvt) Ltd. and two other Companies within the Central Finance Group and serves on the Boards of some other entities as well. He possesses over 46 years of post-qualification management experience. He is a Fellow of the Institute of Chartered Accountants of Sri Lanka, the Institute of Credit Management & Society of Certified Management Accounts of Sri Lanka, Chartered Institute of Management Accountants, UK. He is also a Chartered Global Management Accountant.

MR. E.H. WIJENAIKE

Non-Executive Director
(Member of the Board since its Inception)

Board Sub-Committees:

None

Skills and Experience

Mr. Eranjith Wijenaike has served on the Board of the Company as a Non-Executive Director since its inception. He holds a Bachelor's Degree in Commerce and a Postgraduate Diploma in Banking and Financial Management.

Other Current Appointments

Listed Companies:

Mr. Wijenaike serves as Non-Executive Director of Equity One PLC, Equity Two PLC, Tea Smallholder Factories PLC and Managing Director of Central Finance Company PLC.

Others:

Director of Dehigama Hotels Company Ltd

C.S.W. DE COSTA

Non-Executive Director
(Member of the Board since 1997)

Board Sub-Committees:

None

Skills and Experience

Mr. Sarath De Costa was the Former Consul General for Sri Lanka in Osaka, Japan. He was appointed to the Board of Colombo Dockyard PLC in 1993. He is a Member of the Sri Lanka – Japan Business Cooperation Committee, a Life Member of the Japan - Sri Lanka Technical Co-operation and a Member of the Sri Lanka - Japan Friendship Society.

He was a Representative of the Board of Investment of Sri Lanka, Patron of the Department of Neurosurgery Trust (National Hospital), Trustee of the National Health Development Fund (Ministry of Health), Special Envoy/Advisor to the Board of Investment of Sri Lanka, Member of the Advisory Committee – Ministry of Wildlife Resources Conservation and a Director of Industrial Development board.

Other Current Appointments

Mr. Costa serves as the Chairman and Managing Director of the Amano and Tivoli Group of Companies, President of Imperial Trading Corporation, Japan and Director of Ceylon Shipping Agency (Pte) Ltd, Singapore.

A.K. GUNARATNE

Non-Executive Director
(Member of the Board since 2006)

Board Sub-Committees:

Member of the Risk Management Committee, Related Party Transactions Review Committee, Audit Committee and Remuneration Committee

Skills and Experience

Mr. Arjuna Gunaratne has served on the Board of the Company since 2006. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accounts of the UK.

Other Current Appointments

Listed Companies:

Deputy Managing Director of Central Finance Company PLC and Non-Executive Director of Tea Smallholder Factories PLC

Others:

He serves on the Boards of several companies within the Central Finance PLC Group.

I.S. JAYASINGHE

Independent Non-Executive Director
(Member of the Board since 2013)

Board Sub-Committees:

Chairperson of Related Party Transactions Review Committee and Member of Audit Committee and Remuneration Committee

Skills and Experience

Mrs. Indranee Jayasinghe is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Institute of Certified Management Accountants of Sri Lanka. She holds a Master's Degree from Harvard University, USA and a Post Graduate Diploma in State Enterprise & Economic Development from ISS, The Hague, Netherlands.

Board of Directors

Other Current Appointments

She was the Director General of the Public Enterprises Department of the Ministry of Finance and also the CEO of Commercial Fund Management, a subsidiary of the Commercial Bank. Later she worked as a Senior Tax Advisor at KPMG, Chartered Accountants and is now a Partner of Jayasinghe & Company, Chartered Accountants. Mrs. Jayasinghe has served on the Board of Directors of several Public & Private Sector Corporations and Companies.

A. HETTIARACHCHY

Independent Non-Executive Director

(Member of the Board since 2017)

Board Sub-Committees:

Chairman of the Audit Committee and Member of the Risk Management Committee Related Party Transactions Review Committee, and Remuneration Committee

Skills and Experience

Mr. Ariyawansa Hettiarachchy was appointed to the Board as an Independent Non-Executive Director on 1st July 2017. He is a Chartered Engineer, and a Member of the Institutions of Electrical Engineers and a member of the Institution of Chemical Engineers. He is a Director of the Sri Lanka Institute of Nanotechnology and provides guidance to the Engineering division. He is the Chairman of the Board of ISL Services Limited.

He was a Board Member of the Coconut Research Institute and the National Science Foundation (NSF). A member of the National Nanotechnology Committee and a member of several advisory Boards of the NSF. Mr. Hettiarachchy possesses expertise in the fields of Process Design, Installation and Commissioning of petrochemical and other process plants, Mechanical Engineering, Thermal and Electrical Energy Generation and Storage, and Nanotechnology.

Other Current Appointments

Listed Companies:

He has served as the Managing Director of Haycarb PLC. He also served on the Boards of several other subsidiaries of Haycarb PLC and Hayleys PLC in Sri Lanka and overseas. He serves on the Board of Lankem Ceylon PLC and the Board of several other subsidiaries of the Company.

Others:

Managing Director of Recogen Limited and Puritas Limited.

C.S. HETTIARACHCHI

Non-Executive Director

(Member of the Board since 2018)

Board Sub-Committees:

None

Skills and Experience

Mr. C. S. Hettiarachchi was appointed to the Board on 30th June 2018. He holds Bachelor of Laws (LL.B) Degree from the University of Colombo and an MBA from University of Sri Jayawardenapura (PIM). He is an Attorney-at-Law of the Supreme Court of Sri Lanka. He is the immediate past Chairman of Leasing Association of Sri Lanka (LASL) and served as a director of Credit Information Bureau of Sri Lanka (CRIB).

Other Current Appointments

Listed Companies:

He is the Director –Corporate Affairs of Central Finance Company PLC

Others:

Director of Dehigama Hotels Company Limited and Finance House Consortium (Pvt) Ltd. He serves as a Director on five other companies within the Central Finance PLC Group.

D.T.R. DE SILVA

Independent Non-Executive Director

(Member of the Board since 2020)

Board Sub-Committees:

Chairman of the Risk Management Committee, Member of Related Party Transactions Review Committee, Audit Committee and Remuneration Committee

Skills and Experience

Mr. Ranil De Silva was appointed to the Board on the 01st of July 2020. Having commenced his career at Ernst & Young, he has wide experience locally and internationally in diverse industries. He is a Chartered Accountant of Sri Lanka and a member of the Chartered Institute of Management Accountants of the UK and the Chartered Institute of Marketing, UK.

Other Current Appointments

Listed Companies:

He serves as an Independent Director of Singer Finance (Lanka) PLC, Hayleys Leisure PLC, The Autodrome PLC, The Kingsbury PLC and Alumex PLC

Others:

Director of Lanka Shipping & Logistics (Pvt) Ltd and Allion Technologies (Pvt) Ltd

I.M.P. RUPATUNGE

Executive Director/CEO

(Member of the Board since 2020)

Board Sub-Committees:

Member of Risk Management Committee

Mr. Mayura Rupatunge, CEO of Central Industries PLC, has been appointed to the Director Board on August 11, 2020. He joined Central Industries PLC as the General Manager in 2016 and has been with the Company since then.

Mr. Rupatunge has extensive manufacturing experience, having worked in the industry for 26 years. He graduated from the Faculty of Engineering, University of Peradeniya, and holds postgraduate qualifications from the Faculty of Graduate Studies, University of Colombo. Also, he is a member of the Institute of Certified Management Accountant (ICMA) Australia and is professionally and academically qualified in the fields of Manufacturing, and Management including Finance and Administration.

Management Team

SENIOR MANAGEMENT

MR. I MAYURA PRIYADARSHI RUPATUNGE

Director / Chief Executive Officer

BSc(Eng), PGDMM (Col), AMIE (SL), ICMA (Australia)

MR. RODERIC HILARY MOSES

Head of Manufacturing and Special Operations

CIMA (UK) Management Accountant

MRS. M G HIRANTHI DEEPIKA KARIYAWASAM

Manager HR & Administration

MBA (HR) UOC., B.Sc. HRM (Sp) USJP, CMA (SL) Passed

Finalist CIPM (Associate Member)

MR. W M MAHESH AMARADASA

Manager - Finance

Associate Member of the Institute of Chartered Accountant of Sri Lanka (5451)/Member of institute of Taxation/B.Sc.Business Administration (Special) at USJP

MR. G L DUMINDA SISIRA KUMARA

Marketing Manager

B.Sc. Marketing Management Special at USTP as MBA holder

MR. W J M GAMINI HEMANTHA KUMARA ARAMBEPOLA

Marketing Manager -Corporate

Part qualified in CIM, and PCM along with 30 years of managerial experience

MR. M ZAMROUN CAREEM

Senior Manager IT

Licentiate member of Institute of Data Processing Management [London] (1992)/Diploma in Technology at Open University of Sri Lanka in 1991/Diploma in Business Management at National Institute of Business Management [NIBM] (1994)

MR. D P LALITH KUMARASIRI DIAS

Group Brand Manager

MBA (PIM), Diploma in Marketing CIM (UK)

MR. M SISIRA JAYANTHA MALLIKARACHCHI

Sales Manager

Bsc Management Degree

MR. A C RAVINDRAKUMAR JOSEPH

Sales Manager

NCGE

FACTORY MANAGEMENT

M NIMAL DANASIRI FERNANDO

Senior Production Manager

NCT -MECHANICAL UNIVERSITY OF MORATUWA - 1977

-1979 / Diploma in Plastic at Plastic and Rubber Institute 1995 /

Production Management in Japan

M K N R CHATHURANGA

Manager Warehouse & Logistics

MBA (UOM) Transport and Logistic Management, BA Econ (SP) (SUSL), Certified Business Accountant (ICASL)

B RUKSHAN THARANGA DE SILVA

Electrical Engineer

B.Eng (Hons) - University of Liverpool (UK)

J B G DIMUTHU PRIYANKARA GUNARATHNE

Production Manager

Bachelor of Science (Physical) University of Peradeniya

Committee Reports



“Water for Peace”

22 MARCH 2024
WORLD WATER DAY



Every drop counts. Conserve water for a peaceful future

National
PVC
PIPES & FITTINGS
The First Choice for Quality and Reliability

National
PE
PIPES & FITTINGS
Extreme Quality and Performance



WRAS
WATER REGULATORY AUTHORITY OF SCOTLAND

061 4571 1000

Audit Committee Report

RULES RELEVANT TO THE FUNCTIONS OF THE COMMITTEE

The role, functions and the composition of the Board Audit Committee (BAC) are defined by the provisions of;

- 01) Section 9.13 of the Listing Rules of the Colombo Stock Exchange (the CSE Rules)
- 02) The Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Board Audit Committee is a sub-committee of the Board of Directors chaired by an independent non-executive director and comprising exclusively non-executive directors to assist the Board in fulfilling its oversight responsibilities in relation to financial reporting, internal control and risk management system compliance with legal and regulatory requirements, internal audit, and external audit related affairs of the Company.

AUDIT COMMITTEE COMPOSITION

The Audit Committee is comprised of four Non-Executive Directors of whom three are Independent Directors.

The following Board members comprise the Audit Committee as at 31st March 2024:

Member	Status
A. Hettiarachchy	Chairman IND/NED
A. K. Gunaratne	NED
I. S. Jayasinghe	IND/NED
D. T. R. de Silva	IND/NED

(IND-Independent Director, NED- Non-Executive Director)

Brief profiles of the members are given on pages from 115 to 117 of the Annual Report under the Board of Directors. The Head of Internal Audit functions as Secretary to the Audit Committee.

MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee met six times during the year. The attendance of the members at Audit Committee Meetings was as follows:

Member	Status	No. of Meetings Attended
A. Hettiarachchy	IND/NED	5/6
A. K. Gunaratne	NED	6/6
I. S. Jayasinghe	IND/NED	6/6
D. T. R. de Silva	IND/NED	6/6

The Chairman, Chief Executive Officer and Manager-Finance, also attended these meetings by invitation as and when required. On the invitation of the Audit Committee, the Company's External Auditor, M/s. KPMG (Chartered Accountants) attended two Audit Committee meetings during the year. Proceedings of the Audit Committee meetings are reported regularly to the Board of Directors.

ROLE OF THE AUDIT COMMITTEE:

The Audit Committee assists the Board of Directors in fulfilling its responsibilities effectively relating to oversight over financial reporting, internal controls, and external and internal audit related affairs of the Company. The Committee has been empowered to:

- ☉ Examine internally, any matter relating to the financial affairs of the Company.
- ☉ Review and follow up the work carried out by both Internal Auditors and External Auditors and follow up on findings and recommendations arising from thereon.
- ☉ Review risk management measures and examine the adequacy, efficiency, and effectiveness of the Internal Control System over financial reporting.

FINANCIAL REPORTING

The Committee assisted the Board of Directors to discharge its responsibility for the preparation of the quarterly and annual Financial Statements to reflect a true and fair view of the affairs of the Company in accordance with the Company's accounting records and in conformity with the Sri Lanka Accounting Standards, the Companies Act No.7 of 2007, rules, and regulations of CSE and SEC.

The Committee reviewed the Company's interim and annual Financial Statements prior to submission to the Board and recommended their issue to shareholders.

The Audit Committee reviewed the internal controls on the financial reporting system in place to ensure the reliability and integrity of information provided. Their view included the extent of compliance with LKAS/SLFRS and applicable laws and regulations, review of critical accounting policies and practices and any changes thereto, alternative accounting treatments, going concern assumptions major judgmental areas and material audit judgments.

EXTERNAL AUDIT

The Audit Committee is empowered by the Board to recommend the appointment of the External Auditor in compliance with the relevant statutes issued by the CSE and the best practices of Corporate Governance and to agree on their audit fee, service period, and recommend the re-appointment or change of the External Auditor. The Committee was satisfied that there was no cause which compromised the independence and objectivity of the Auditor.

Audit Committee Report

RISKS AND INTERNAL CONTROLS

The Audit Committee reviewed the Company's operations and monitored the effectiveness of internal controls and procedures and is of the view that adequate controls and procedures are in place to provide reasonable assurance to the Board that the assets of the Company are safeguarded and the financial statements presents a true and fair view.

- ⦿ The Committee also reviewed the accounting policies, emerging accounting issues and disclosures relating to Sri Lanka Accounting Standards (LKAS)/Sri Lanka Financial Reporting Standards (SLFRS).
- ⦿ The compliance of financial reporting obligations under the Colombo Stock Exchange (CSE) listing rules, rules and regulations of Securities and Exchange Commission (SEC) and the Companies Act No.7 of 2007.
- ⦿ The Interim and Annual Financial Statements and recommended these for approval of the Board and submission to shareholders.
- ⦿ The policy on the engagement of an external auditor to provide non-audit services that are permitted under the relevant statutes, regulations, requirements, and guidelines.

INTERNAL AUDIT

During the year, the Audit Committee reviewed the adequacy of the scope, functions and resources of the internal audit division, the results of the internal audit process and their evaluation of the Company's internal control system. The Audit Committee also reviewed and approved the adequacy of coverage of the internal audit program.

ROLE OF INTERNAL AUDIT

- ⦿ Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties
- ⦿ Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined
- ⦿ Make balanced assessments of all available and relevant facts and circumstances
- ⦿ Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments

Head of Internal Audit will confirm to the audit committee, at least annually, the organizational independence of the internal audit department.

The Committee reviewed the effectiveness of the audit processes in accordance with applicable standards and best practices.

The External Auditor's letter of engagement including the scope of the audit was reviewed and discussed by the Committee with the External Auditors prior to commencement of the audit.

The annual financial statements 2023/24 were reviewed with the External Auditor and recommended for the approval of the Board. Their Management Letter and management's responses thereto were also reviewed.

The Committee also met with the External Auditor at a meeting without the presence of management to discuss whether there have been any irregularities, constraints, reservations, or any other unsatisfactory matters arising from the audit which the Auditor wished to discuss with the Audit Committee.

The Committee assisted the Board of Directors in engaging the External Auditor for non-audit services in compliance with the statutes and ensured that engagement in non-audit services does not impair the External Auditor's independence and objectivity.

REGULATORY COMPLIANCE

The Audit Committee reviewed the information requirement of Companies Act No 07 of 2007, and other reporting requirements under SEC, CSE.

(Sgd.)

A. Hettiarachchy

Chairman – Audit Committee

22nd May 2024

Report of the Remuneration Committee

RULES RELEVANT TO THE FUNCTIONS OF THE COMMITTEE

- 01) Section 9.12 of Listing Rules of the Colombo Stock Exchange (the CSE Rules);
- 02) Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Remuneration Committee had been formed by the Board, conforming to the provisions of the Listing Rules of the Colombo Stock Exchange on Corporate Governance for a Listed Entity and the best practice on Corporate Governance.

COMPOSITION

The Remuneration Committee comprised 05 Non-Executive Directors of the company, three whom are independent.

Member	Status
Mr.G.S.N. Peiris	Chairman/NED
Ms.I.S.Jayasinghe	IND/NED
Mr.A.Hettiarachchy	IND/NED
Mr.D.T.R. De Silva	IND/NED
Mr.A.K. Gunaratne	NED

(IND-Independent Director, NED- Non – Executive Director)

The Chief Executive Officer of the Company assists the Committee by providing relevant information and participating in its analysis and deliberations, except when his own compensation package is reviewed.

MEETINGS OF THE REMUNERATION COMMITTEE

The Committee met once during the year. The attendance of the members at the meeting was as follows:

Member	Status	No. of Meetings Attended
Mr.G.S.N. Peiris	Chairman/NED	1
Ms.I.S.Jayasinghe	IND/NED	1
Mr.A.Hettiarachchy	IND/NED	1
Mr.D.T.R. De Silva	IND/NED	1
Mr.A.K. Gunaratne	NED	1

The Director/Chief Executive Officer along with the Manager Human Resources/Other Officers as necessary were available by invitation, to assist in the deliberations of the Committee.

FUNCTIONS

The Committee continues to uphold the principles of accountability and transparency and ensures that the HR& Remuneration Policy demonstrates a clear link between reward and performance. The Committee is responsible for setting up the remuneration policy and determining the remuneration packages of the Key Management Personnel (D/CEO) and the Corporate Management and the Managerial Staff. The Committee reviews the remuneration structure periodically and evaluates it against industry norms to warrant fairness and internal & external equity

The Committee reviews the Company's compensation structures from time to time to ensure alignment with strategic priorities and comparison with those offered by other similar entities.

The Committee assesses the performance of the staff including the Corporate Management level Officers vis-à-vis the given targets, for the year ended 31st March 2024, approve salary increments/ salary revisions and Management level promotions. The Committee was called to consider the qualifications, experience and suitability of persons to fill a KMP position that fell vacant during the year and recommend the appointment to the Board. Further, the Committee discussed to consider and recommend the payment of an interim bonus to the staff for the year 2023/24

REMUNERATION POLICY

The reward strategies and remuneration structure of the Company is designed to attract, motivate and retain suitably skilled and qualified staff, at all levels of the organizational hierarchy, in a highly competitive environment and reward their performance commensurate with each individual's commitment towards the organization. Accordingly, a key feature of the remuneration policy is to pay for performance. The policy is designed to recognize and reward individual contributions based on its impact on the performance of the company and to generate human capital with the right mix of experience, skills and knowledge to route the business strategy

On behalf of the Board Remuneration Committee

(Sgd.)

G. S. N. Peiris

Chairman – Remuneration Committee

22nd May 2024

Report of the Related Party Transaction Review Committee

RULES RELEVANT TO THE FUNCTION OF THE COMMITTEE

- 01) Section 9.14 of Listing Rules of the Colombo Stock Exchange (the CSE Rules);
- 02) Code of Best Practices issued by the Securities and Exchange Commission of Sri Lanka (the SEC Code);
- 03) Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The Related Party Transaction Review Committee comprises three Independent Non-Executive Directors and one non-executive director.

Member	Status
Ms.I.S. Jayasinghe	(Chairperson of the Committee) - Independent Non-Executive Director
Mr.A.K. Gunaratne	Non-Executive Director
Mr. A. Hettiarachchy	Independent Non-Executive Director
Mr.D.T.R.de Silva	Independent Non-Executive Director

The Director/Chief Executive Officer as necessary was available by invitation, to assist in the deliberations of the Committee

The Manager - Finance functions as the Secretary to the Committee.

MEETINGS OF THE COMMITTEE

The Committee met four times during the financial year to review related party transactions and the proceedings of the committee meetings are reported to the Board. Details of individual member attendance is given below.

Member	Status	No. of Meetings Attended
Ms. I. S. Jayasinghe	INED	4/4
Mr. A. K. Gunaratne	NED	4/4
Mr. A. Hettiarachchy	INED	3/4
Mr. D.T.R.de Silva	INED	4/4

FUNCTIONS

The Committee ensured that the management has implemented a process to identify and report proposed transactions with related parties. The Committee obtained all required information on such transactions, including but not limited to other unaffiliated sources of comparable products or services and the terms offered by such parties, from the Director/CEO and senior managers of the Company.

Wherever required the Committee also could obtain advice from competent independent professionals in ascertaining the value of assets acquired from or disposed to related parties.

The Committee reviewed all recurrent and non-recurrent transactions and proposed transactions with related parties. During the period under review, there were no non-recurrent nor recurrent related party transactions that exceeded the threshold referred to in the Listing Rules of the Colombo Stock Exchange.

The Committee made recommendations to the Board wherever approval of the Board was required to proceed with such related party transactions and also set guidelines for the senior management to follow with regard to on-going related party transactions.

DECLARATION BY THE COMMITTEE

During the year the company did not have any related party transactions which required the approval of the shareholders or immediate market disclosure under the rules. The related party transactions are disclosed in note 33 on pages 184 to 186 of the financial statements.

(

Sgd.)

Mrs. I.S. Jayasinghe

Chairperson - Related Party Transactions Review Committee

22nd May 2024

Board Risk Management Committee Report

The Board of Directors of Central Industries PLC has established the Risk Management Committee (RMC) to assess and oversee the management of all risks within the Company. The function of the RMC is to identify and review the various risks faced by the Company and ensure adequate procedures are in place to mitigate such risks.

COMPOSITION OF THE COMMITTEE

The Risk Management Committee comprised four Non – Executive Directors of whom two are Independent non-Executive Directors. The following members comprise the RMC as at 31st March 2024.

Board Member	Board Status
Mr.D.T.R. De Silva	Chairman IND/NED
Mr.A.Hettiarachchy	IND/NED
Mr.A.K.Gunaratne	NED
Mr.Mayura Rupatunge	Director/CEO

(IND-Independent Director, NED- Non – Executive Director)

The Head of Internal Audit function as the Secretary to the Committee

MEETING ATTENDANCE

The RMC met twice during the year. The attendance of the members at the meetings was as follows:

Member	Status	No. of Meetings Attended
Mr.D.T.R. De Silva	Chairman IND/NED	2/2
Mr.A.Hettiarachchy	IND/NED	1/2
Mr.A.K.Gunaratne	NED	2/2
Mr.Mayura Rupatunge	Director/CEO	2/2

RESPONSIBILITIES

The RMC assists the Board of Directors in its oversight function in relation how the company deals with various types of risks, both internal and external that the Company is exposed to, including credit, liquidity, market and operational etc. and assesses the adequacy of risk management procedures in place.

The Risk Committee,

- Reviews at least bi-annually the major risk exposures of the Company and its business units, including market, credit, and liquidity risk, against established risk measurement methodologies and the steps management has taken to monitor and mitigate such exposures.
- Oversees the Company's risk identification framework
- Receives, reviews and discusses reports, as necessary and appropriate, regarding significant new product risk, emerging risks and regulatory matters related to the Committee's authority, duties and responsibilities as set forth in this charter.
- Makes such recommendations with respect to any of the above and other matters as the Committee deems necessary or appropriate.

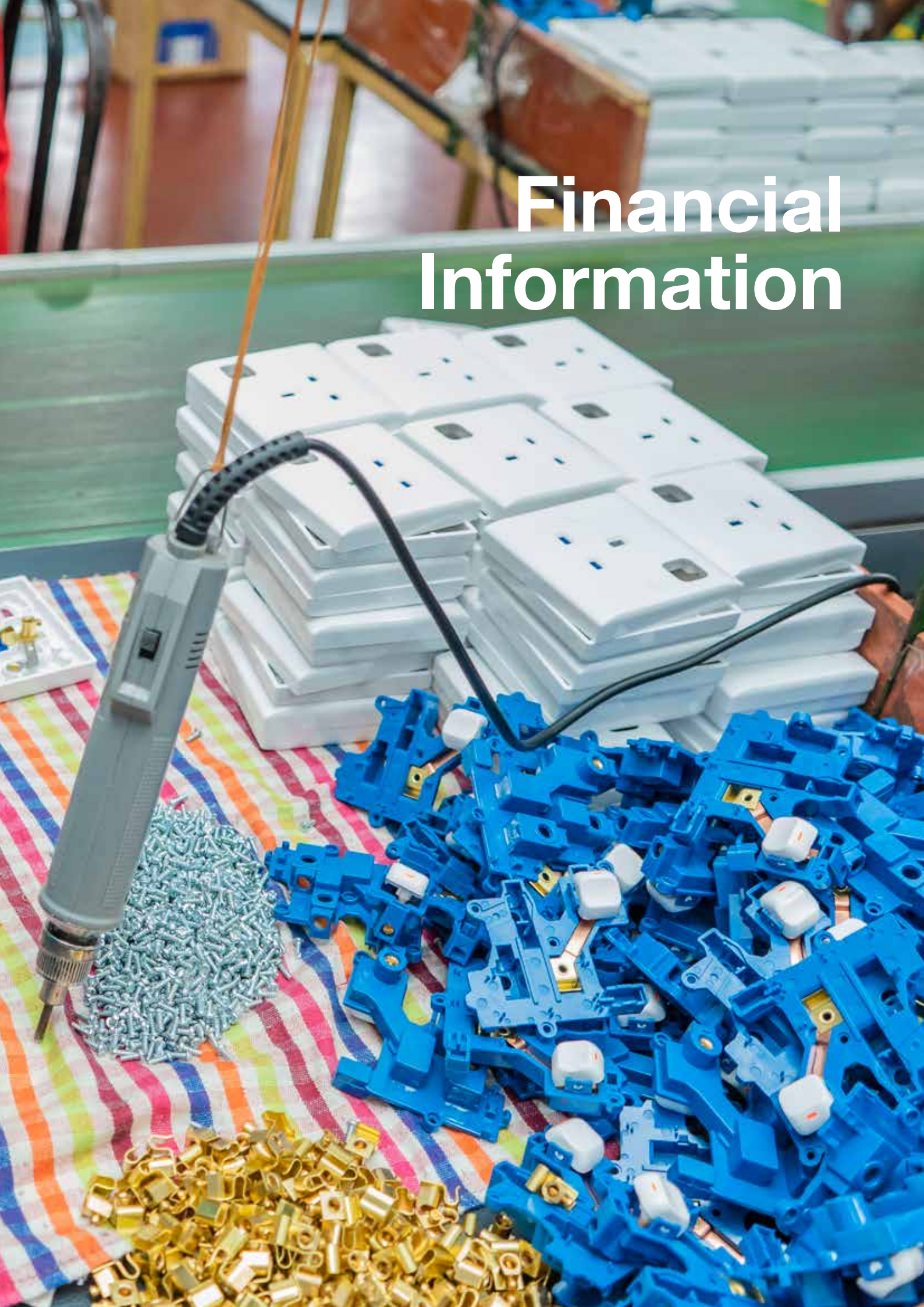
The Minutes of the RMC Meetings and its recommendations were presented to the Board and any further observations were communicated back to the management.

On behalf of the Board Risk Management Committee

(
Sgd.)
D.T.R. De Silva
Chairman

22nd May 2024

Financial Information



Financial Calendar

Financial Calendar - 2023	
2022/23 Annual Report and Audited Financial Statements signed on	24th May 2023
41st Annual General Meeting held on	29th June 2023
Rs 3.50 per share Final Scrip Dividend for 2022/23 distributed on	24th July 2023
Rs 3.50 per share Final Cash Dividend for 2022/23 distributed on	24th July 2023
2023/24 Annual Report and Audited Financial Statements signed on	22nd May 2024
42nd Annual General Meeting to be held on	27th June 2024

Interim Financial Statements published in terms of Rule 7.4 of the Colombo Stock Exchange (CSE)

2023/24 1st Quarter interim results released on	4th August 2023
2023/24 2nd Quarter interim results released on	7th November 2023
2023/24 3rd Quarter interim results released on	7th February 2024
2023/24 4th Quarter interim results released on	21st May 2024

Quarterly Financial Analysis

FIRST QUARTER

Profit & Loss - Rs. Mn

	Q1 2023	Q1 2022
Net Revenue	993	1,034
Cost of Sale	(788)	(565)
Gross Profit	206	469
Operating Profit	116	428
Profit before Tax	179	70
Net Profit	126	33

In Q1 2023, local PVC and PE sales declined by 4% as compared to same period last year. Volumes also reflected a similar trend where volumes declined by 3%. The decline comes amid challenges posed by volatile macroeconomic situation in the country on account of high interest rates, inflation and high competition among the industry. But we managed to reduce interest cost by settling all short term loans, resulting in the net profit increasing by 281% in Q1 2023 as compared to same period.

Financial Position - Rs. Mn

	Jun-23	Jun-22
Total Assets	4,102	5,180
Total Equity	3,364	2,684
Total Liabilities	738	2496

The financial position of the Company remained stable with a settlement of short term loan during the quarter as compared to last quarter.

SECOND QUARTER

Profit & Loss - Rs. Mn

	Q2 2023	Q2 2022
Net Revenue	1,159	1,088
Cost of Sale	(893)	(627)
Gross Profit	265	460
Operating Profit	160	262
Profit before Tax	206	254
Net Profit	154	273

Sales for Q2 2023 increased slightly compared with the previous quarter. During the period, international PVC raw materials prices continued the increased spiral negatively impacting margins. The decline in profit is attributed to the impact of higher production costs & administration cost.

Financial Position - Rs. Mn

	Sep-23	Sep-22
Total Assets	4,072	4,315
Total Equity	3,437	2,958
Total Liabilities	635	1,356

The financial position of the Company remained stable with a settlement of short term loan during the quarter as compared to last quarter.

THIRD QUARTER

Profit & Loss - Rs. Mn

	Q3 2023	Q3 2022
Net Revenue	1,037	1,173
Cost of Sale	(757)	(777)
Gross Profit	280	396
Operating Profit	227	299
Profit before Tax	271	282
Net Profit	225	206

In Q3 2023, local PVC and PE sales declined by 3% as compared to same period last year. But volumes increased by 15%. This reflect high competition among the industry. But we managed to maintained profit margins by settling all short term loans.

Financial Position - Rs. Mn

	Dec-23	Dec-22
Total Assets	4,280	3,949
Total Equity	3,662	3,108
Total Liabilities	617	841

The financial position of the Company remained stable during the quarter on account of improved profitability and working capital position as compared to previous quarter. The asset base also increased by 8% compare with same quarter in last year.

FOURTH QUARTER

Profit & Loss - Rs. Mn

	Q4 2023	Q4 2022
Net Revenue	1,131	1,037
Cost of Sale	(861)	(790)
Gross Profit	270	247
Operating Profit	206	135
Profit before Tax	252	165
Net Profit	145	129

Sales for Q4 2023/24 increased by 9% compare with the previous quarter during the period Cost of sale has increased due to inflation but due to reduction of finance cost, profit after tax has gone up to Rs.145 Mn.

Financial Position - Rs. Mn

	Mar-24	Mar-23
Total Assets	4,694	4,061
Total Equity	3,980	3,238
Total Liabilities	714	823

The financial position of the Company remained stable during the quarter on account of improved profitability and working capital position as compared to previous quarter. The asset base also increased by 15% compare with same quarter in last year.

Annual Report of the Board of Directors

The Directors have the pleasure in presenting to the Members their report together with the Audited Financial Statements of Central Industries PLC and the Group for the year ended 31st March 2024.

REVIEW OF THE YEAR'S PERFORMANCE

The Chairman's Review describes the Company's progress and highlights important events during the year.

PRINCIPAL ACTIVITY

The principal activity of the Company is the manufacture and distribution of Pipes and Fittings for domestic and industrial use. The Company also manufactures and distributes Electrical Switches, Sockets and Accessories, and markets other products used in the construction industry. The wholly owned subsidiary company Polymer Technologies (Pvt) Ltd. did not carry out any business activity during the year.

FINANCIAL RESULTS

The financial statements of the Company and the Group are given on pages 139 to 200

	GROUP		COMPANY	
	2023/24 Rs.'000s	2022/23 Rs.'000s	2023/24 Rs.'000s	2022-23 Rs.'000s'
Revenue	4,321,998	4,333,998	4,321,998	4,333,998
Profit before tax for the year after providing for bad debts, depreciation of property, plant and equipment and all known liabilities	908,745	773,043	908,688	776,418
Provision for taxation	(258,811)	(129,854)	(258,811)	(129,854)
Profit for the year after taxation	649,934	643,189	649,877	646,564

DIVIDENDS

The Directors recommend the payment of a first and final dividend of Rs.6 per share for the year ending 31st March 2024. This will be paid out of the taxable profit of the Company. As required by section 56(2) of the Companies Act No.7 of 2007, the Directors confirm that the Company satisfies the solvency test in terms of section 57 of the Act and that the Company has obtained a certificate from the Auditors to this effect.

TAXATION

The rate of corporate tax applicable to Central Industries PLC and its subsidiary is 30%

PROPERTY PLANT AND EQUIPMENT

The Group invested Rs.198,178,000 in property, plant & equipment during the year. The movement in property plant and equipment during the year is given in Note 13 to the Financial Statements. The movement in intangible assets during the year is given in Note 14 to the Financial Statements.

PARENT ENTERPRISE

The Company's parent and ultimate parent enterprise is Central Finance Company PLC.

MAJOR SHAREHOLDERS

The twenty largest shareholders of the Company as at 31st March 2024 are given on page 198 together with an analysis of the shareholdings. As at that date the Company had 2,447 shareholders.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company so that it reflects a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

PUBLIC HOLDINGS

The Public Holding of the Company as at 31st March 2024 was 46.72% comprising 24,195,193 shares with a float adjusted market capitalization of Rs.1,254,743,352. In terms of rule 7.13.1 (a) of the listing rules of the Colombo Stock Exchange, the Company qualifies under option five of the minimum public holding requirement.

ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with the requirements of the Company's Act No.07 of 2007 and Sri Lanka Accounting Standards applicable for the current accounting period and are consistent with the accounting policies adopted in the previous year.

STATUTORY PAYMENTS

The directors are satisfied that statutory payments due to the Government and in relation to the employees have been made in full and on time to the best of their knowledge and belief.

EVENTS AFTER THE REPORTING PERIOD

There have been no material post balance sheet events which would require adjustment to, or disclosure other than as stated in Note 30 to the Financial Statements.

DONATIONS

During the year, donations to charities of Rs.433,437/-were made by the Company.

HUMAN RESOURCES

Employment policies of the company are based on recruiting the best available people, training them to enhance their skills and offering equal career opportunities regardless of gender, race or religion. There were no issues pertaining to employees and industrial relations pertaining to the company that occurred during the year under review requiring disclosure.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2024 was Rs. 453,539,402 /-and is represented by 24,195,193 ordinary shares.

GOING CONCERN

The Directors continue to adopt the going concern basis in preparing the Financial Statements. The Directors, after making enquiries and following a review of the Company's budget for 2024/25, including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

BOARD OF DIRECTORS

The Directors of the Company as at 31st March 2024 were:

Non-Executive Directors

Mr. G. S. N. Peiris – Chairman

Mr. E. H. Wijenaik

Mr. C. S. W. De Costa

Mr. A. K. Gunaratne

Mr. C.S. Hettiarachchi

Executive Director

Mr. I.M.P Rupatunge

Independent Non-Executive Directors

Ms. I. S. Jayasinghe

Mr. A. Hettiarachchy

Mr. D.T.R.de Silva

RE-ELECTIONS TO THE BOARD

Mr A.Hettiarachchy has passed the age limit referred to in Section 210 of the Companies Act No.07 of 2007. His appointment as a Director of the Company requires the approval of a resolution of the Company in a general meeting. A notice is duly given by the Company that in terms of Section 211 of the Companies Act No.07 of 2007, a resolution will be proposed that the age limit referred to in Section 210 of the Companies Act No.07 of 2007, shall not apply to Mr. A.Hettiarachchy who has reached the age of 75 years.

Ms I.S.Jayasinghe has passed the age limit referred to in Section 210 of the Companies Act No.07 of 2007. Her appointment as a Director of the Company requires the approval of a resolution of the Company in a general meeting. A notice is duly given by the Company that in terms of Section 211 of the Companies Act No.07 of 2007, a resolution will be proposed that the age limit referred to in Section 210 of the Companies Act No.07 of 2007, shall not apply to Ms. I.S. Jayasinghe who has reached the age of 76 years.

Mr C.S.W. De Costa has passed the age limit referred to in Section 210 of the Companies Act No.07 of 2007. His appointment as a Director of the Company requires the approval of a resolution of the Company in a general meeting. A notice is duly given by the Company that in terms of Section 211 of the Companies Act No.07 of 2007, a resolution will be proposed that the age limit referred to in Section 210 of the Companies Act No.07 of 2007, shall not apply to Mr. C.S.W.De Costa who has reached the age of 72 years.

In terms of Article 85 of the Articles of Association, Directors Mr A. K. Gunaratne and Mr. C. S. Hettiarachchi are due to retire by rotation at the forthcoming Annual General Meeting and are eligible to offer themselves for re-election.

DETERMINATION ON INDEPENDENT DIRECTOR/S

The following resolution has been passed by the Board of Directors on 20th May 2024.

WHEREAS Mrs I.S.Jayasinghe has served as a non-executive director of the Company for more than nine (09) years and;

WHEREAS Mrs I.S. Jayasinghe has not been directly involved in the management of the Company and continues to exercise objectivity in the performance of her duties.

Having considered the above, we the other members of the Board hereby resolve that in our opinion Mrs. I.S. Jayasinghe having no significant shareholding of the parent and subsidiary company and has no involvement in material transactions with Central Industries PLC is an independent director notwithstanding the fact that she has served on the Board for more than nine (09) years and that she should continue in office as such because it is beneficial to the Company and its shareholders.

Annual Report of the Board of Directors

AUDITORS

The Financial Statements for the year have been audited by KPMG Chartered Accountants, who offer themselves for re-appointment.

The remuneration of the Auditors is disclosed in Note 9 to the consolidated financial statements.

In addition, the Auditors were paid Rs.173,000/- for work not directly related to the audit of the financial statements and consisted mainly of opinions expressed in relation to the As far as the Directors are aware the Auditors do not have any other relationship with the Company other than as disclosed above.

The retiring auditors have expressed their willingness to continue in office. A resolution to re-appoint them as auditors and authorising the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

The Audit Committee reviewed the appointment of the auditors, their effectiveness and their relationship with the Group including the level of audit and non-audit fees paid to the Auditor.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company has not engaged in any activities contravening laws and regulations. All officers responsible for ensuring compliance with the provisions of various laws and regulations confirm their compliance to the Board on a monthly basis.

DIRECTORS' INTERESTS IN TRANSACTIONS

The Directors' interests in transactions with the Company are disclosed in the Interests Register and in Note 33 to the Financial Statements. The Company carried out transactions during the year in the ordinary course of its business at commercial rates with the following related entities.

Name of the Company and Relationship	Name of Directors	Position	Nature of Transactions
Central Finance Co. PLC (Parent Company)	Mr. E. H. Wijenaike Mr. A. K. Gunaratne Mr. C.S. Hettiarachchi	Managing Director Director Director	Interest earned from short term deposits =Rs 37,989/- (2022/23 – Rs.35,732/-) Short-term deposits as at 31st March 2024 = 628,664 (2022/23 – Rs.592,415 /-) Divided paid Scrip Rs. 31,018,242 Cash Rs. 31,018,242
CF Insurance Brokers (Pvt) Ltd. (Fellow Subsidiary)	Mr. G. S. N. Peiris Mr. A. K. Gunaratne Mr. C.S. Hettiarachchi	Chairman Director Director	The Company has paid a total premium of Rs.6.5 Mn (2022/23 - Rs.9.1 Mn) to insurers during the year. CF Insurance Brokers (Pvt) Ltd is entitled to an agency/ brokerage commission on such premia paid by the Company. Divided paid Scrip Rs. 4,021,788 Cash Rs. 4,021,788
Tivoli Plastics (Pvt.) Ltd. (An Enterprise owned by a Director)	Mr. C. S. W. De Costa	Director	Manufacture of PVC Fittings under agreement with the Company. The cost of services obtained during the year was Rs. 28.04 Mn (2022/23 - Rs.11.83 Mn.)
Polymer Technologies (Pvt) Ltd. (A wholly owned subsidiary)	Mr. I.M.P. Rupatunge Mr.A.K. Gunaratne	Director Director	Funds advanced by the subsidiary to Central Industries PLC, repayable on demand. Amount due to the subsidiary – Rs. 1.16 Mn (2022/23 – Rs.1.08 Mn) Rs. 185,703/-has been paid as interest on the above funds during the year. (2022/23 – Rs. 105,183/-)

The Directors had no direct or indirect interests in any other contract or proposed contract in relation to the business of the Company.

INTERESTS REGISTER

The Interests Register is maintained by the Company as per the Companies Act No.07 of 2007.

SHAREHOLDINGS OF DIRECTORS

	NO.OF SHARES HELD AS AT	
	31st March 2024	1st April 2023
Mr E.H.Wijenaike	44,081	42,752
Mr G.S.N.Peiris	6	6
Mr C.S.W.De Costa	-	-
Mr .A.K.Gunaratne	-	-
Mr .A.Hettiarachchi	-	-
Ms I.S. Jayasinghe	-	-
Mr C.S. Hettiarachchi	-	-
Mr D.T.R.deSilva	-	-
Mr I.M.P.Rupatunge	-	-

The shareholdings of entities in which the Directors have controlling interest:

	NO.OF SHARES HELD AS AT	
	31st March 2024	1st April 2023
Central Finance Company PLC	10,660,944	10,339,414
CF Insurance Brokers (Pvt.) Ltd.	1,382,285	1,340,596
CF Growth Fund Ltd.	44,068	42,739
Expanded Plastic Products Ltd.	7,894	7,656
Tivoli Lanka (Pvt) Ltd.	752,101	729,419

During the year ended 31st March 2024;

Mr. E.H. Wijenaike, Mr.A.K. Gunaratne and Mr. C.S. Hettiarachchi were Directors of Central Finance Company PLC.

Mr. G.S.N. Peiris was Chairman of the CF Insurance Broker (Pvt) Ltd

Mr. A.K. Gunaratne and Mr. C.S. Hettiarachchi were Directors of CF Insurance Brokers (Pvt.) Ltd. Mr. E.H. Wijenaike exercised significant control over CF Insurance Brokers (Pvt.) Ltd. through direct/indirect voting power.

Mr A.K Gunaratne was a Director of CF Growth Fund Ltd.

Mr E.H Wijenaike exercised significant control over CF Growth Fund Ltd through direct/indirect voting power.

Mr. C.S.W. De Costa was a Director of Tivoli Lanka (Pvt.) Ltd.

REMUNERATION OF DIRECTORS

The remuneration of the Directors is disclosed in Note 9 to the consolidated financial statements.

The aggregate remuneration received by the Directors during the year under review was: -

	2023/24	2022/23
	Rs.	Rs.
Executive Directors	25,040	19,190,000
Non-Executive Directors	2,980	3,030,000

For and on behalf of the Board,

(Sgd.)
G.S.N. Peiris
Chairman

(Sgd.)
I.M.P. Rupatunge
Director/CEO

(Sgd.)
Corporate Services (Pvt.) Ltd.

Secretaries

Colombo
22nd May 2024

Statement of Chief Executive Officer and Manager Finance-Assurance on Operation and Finance

The Financial Statements of Central Industries PLC and the Consolidated Financial Statements of the Company and its Subsidiary ("the Group") as at 31st March 2024 have been prepared in conformity with the requirements of the following:

- 01) Sri Lanka Accounting Standards (SLFRSs & LKASs) issued by the Institute of Chartered Accountants of Sri Lanka,
- 02) Companies Act No. 07 of 2007 and amendments thereto,
- 03) Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- 04) The Listing Rules of the Colombo Stock Exchange (CSE),
- 05) The Code of Best Practice on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka

The Company presents its financial results to its shareholders on a quarterly basis. The formats used in the preparation of the Financial Statements and disclosures made, comply with the formats prescribed by the Sri Lanka Accounting Standard - LKAS 1 (Presentation of Financial Statements). The significant Accounting Policies of the Company and the Group are in compliance with Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the Institute of Chartered Accountants of Sri Lanka. Further such Accounting Policies are appropriate and are consistently applied. The significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with the Board Audit Committee and External Auditors. Comparative information has been restated wherever necessary to comply with the current presentation. The Board of Directors and the Management of the Company accept responsibility for the integrity and objectivity of these Financial Statements. We confirm that to the best of our knowledge, the Financial Statements give a true and fair view of the assets, liabilities, financial position, results of the operations and the cash flows of the Company. We have reasonable grounds to believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Our Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurances provided

by any system of internal control and accounting. The Financial Statements of the Group were audited by KPMG, Chartered Accountants, the independent External Auditors. Their Report is given on pages 135 to 138 of this Annual Report. The Board Audit Committee report is given on pages 121 to 122. We confirm that to the best of our knowledge: Central Industries PLC has complied with all applicable laws, regulations, guidelines and prudential requirements and there are no material non-compliances.

(Sgd.)

W.M. Mahesh Amaradasa
Manager Finance

(Sgd.)

I.M.P. Rupatunge
Director/Chief Executive Officer

22nd May 2024

Colombo, Sri Lanka

Independent Auditors' Report



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(Chartered Accountants)
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TO THE SHAREHOLDERS OF CENTRAL INDUSTRIES PLC

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of Central Industries PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2024, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

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 as at 31st March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

01. Recoverability of Trade Receivables

(Refer to the significant accountant policy Note 3.3 and explanatory Note 18 to these financial statements.)

Risk Description	Our Audit Responses
The Group has trade receivables amounting to LKR 1,003 Mn. There are inherent risks relating to customer's credit risk profile which varies due to the size of each customer and the industries that the customers operate in. The risk is whether the trade receivables are recoverable, and that adequate allowance has been made for doubtful receivables. An impairment provision amounting to LKR 50Mn was made for trade receivables of the Group as at the reporting date. The recoverability of trade receivables and the judgements involved in determining the estimation of impairment provision were considered as key focus areas.	Our audit procedures included, - Obtaining an understanding of and assessing the design, implementation and operating effectiveness of the key internal controls within the credit control and approval process. - On a sample basis, assessing whether items in the trade debtors ageing report were classified within the appropriate ageing bucket by comparing individual items in the report with underlying documentation, which included sales invoices and goods delivery notes. - Assessing the appropriateness of the impairment on trade receivables based on the 'expected credit loss' model as per SLFRS 09, with reference to historical payment trends and forward-looking scenarios. - Assessing the adequacy of relevant disclosures included in the consolidated Financial Statements

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C. P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapase FCA
M.N.M. Shamsel FCA
Ms. P.M.K. Sumanasekara FCA

T. J. S. Rajakarier FCA
W. K. D. C. Abeyaratne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnadisakara FCA

W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram AQMA (UK)

Independent Auditors' Report

02. Revaluation of Land and Building

(Refer to Note 3.6 - material accounting policies and explanatory Note 13.10 to the financial statements.)

Risk Description	Our Audit Responses
As at the reporting date 31 March 2024, land and building carried at the fair value, classified as Property, Plant and Equipment amounted to Rs 977Mn. The fair value of property was determined by external Independent Professional Valuer engaged by the management. We identified this as a key audit matter because valuation of land and building was significant to our audit due to the use of significant estimates such as per perch price and value per square foot.	Our audit procedures included, - Assessing the objectivity, independence, competence, and qualification of the external valuers. - Assessing the key inputs used in the valuation by the independent external valuer against our expectations based on our experience, externally published market comparables and our knowledge of the property market, consultation with an internal valuation specialist. - Assessing the adequacy of the disclosure in the financial statements.

03. Carrying value of Inventories

(Refer to the significant accounting policy 3.8 and explanatory Note 17 to the financial statements.)

Risk Description	Our Audit Responses
The Group carried inventories of Rs. 1,087 Mn as at 31st March 2024 at the lower of cost or net realizable value. The Group has significant levels of inventory and judgment is exercised with regards to the categorization of stock as obsolete and or slow moving to be considered for provision; estimates are then involved in arriving at provisions against cost in respect of slow moving and obsolete inventories to arrive at a valuation based on lower of cost and net realizable value. As discussed in Note 3.8, Management judgment is applied in arriving at the cost of inventories in order to accurately reflect the manufacturing costs incurred in bringing them to their current condition and physical location. Given the level of judgments and estimates involved, the carrying value of inventories is identified as a key audit matter.	Our audit procedures included, Obtaining an understanding of and assessing the design, implementation, and operating effectiveness of key controls that management has established to manage inventories including purchases, issuing inventories, and holding of inventories. Assessing the valuation of inventories as at the reporting date, and inventory levels, including assessing the reasonableness of judgements/estimates made regarding obsolescence. Evaluating the adequacy and consistency of provisioning for inventories at the reporting date and comparing with the Group's inventory provision policy in accordance with the requirement of relevant accounting standards. On a sample basis, compare the carrying amounts of the Group's inventories with the net realization value of those inventories subsequent to the end of the reporting period. Attending stock counts as at the year-end. In addition, assessing the effectiveness of the physical count controls in operation at the count location to identify damaged stocks, and expired stocks that are written off in a timely manner. Assessing whether the accounting policies had been consistently applied and the adequacy of the Group's disclosures in respect of the judgment and estimation made in respect of inventory provisioning.

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 statement and our auditor's report there on.

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with

Independent Auditors' Report

them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2618.



CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
22nd May 2024

Statement of Profit or Loss and Other Comprehensive Income

		GROUP		COMPANY	
For the year ended 31st March	Note	2024	2023	2024	2023
(In Thousands of Rupees)					
Revenue	6	4,321,998	4,333,998	4,321,998	4,333,998
Cost of Sales		(3,300,808)	(2,760,823)	(3,300,808)	(2,760,823)
Gross Profit		1,021,190	1,573,175	1,021,190	1,573,175
Other Income	7	4,017	4,699	4,017	8,052
Selling and Distribution Expenses		(127,980)	(308,459)	(127,980)	(308,459)
Administrative Expenses		(187,229)	(144,840)	(187,134)	(144,713)
Operating Profit		709,998	1,124,575	710,093	1,128,055
Finance Income		209,660	98,028	209,660	98,028
Finance Expense		(10,913)	(449,560)	(11,065)	(449,665)
Net Finance Income/ (Expense)	8	198,747	(351,532)	198,595	(351,637)
Profit Before Taxation	9	908,745	773,043	908,688	776,418
Income Tax Expenses	10	(258,811)	(129,854)	(258,811)	(129,854)
Profit for the Year		649,934	643,189	649,877	646,564
Other Comprehensive Income					
Items that will not be Reclassified to Profit or Loss					
Actuarial (Loss)/Gain on Defined Benefit Obligations	24.3	(8,854)	919	(8,854)	919
Deferred Tax on Actuarial Loss/(Gain) Defined Benefit Obligations	10.2	2,683	(276)	2,683	(276)
Revaluation Surplus on Land & Building		185,588	-	185,588	-
Deferred Tax Provision on Revaluation of Land and Buildings	10.2	(6,737)	-	(6,737)	-
Deferred Tax on Revaluation Surplus Due to Change of Tax Rate		-	(56,680)	-	(56,680)
Other Comprehensive Income/(Expenses) for the year net of tax		172,680	(56,037)	172,680	(56,037)
Total Comprehensive Income for the year Net of Tax		822,614	587,152	822,557	590,527
Profit attributable to					
Owners of the Company		649,934	643,189	649,877	646,564
Total Comprehensive Income attributable to					
Owners of the Company		822,614	587,152	822,557	590,527
Basic Earnings per Share (Rs.)	11	26.86	26.58	26.86	26.72
Dividend per Share (Rs.)	12	6.00	6.00	6.00	6.00

The annexed Notes to the Financial Statements from pages 144 to 196 form an integral part of these Financial Statements.

Figures in brackets indicate deductions

Statement of Financial Position

		GROUP		COMPANY	
As at 31st March	Note	2024	2023	2024	2023
(In Thousands of Rupees)					
ASSETS					
Property, Plant and Equipment	13	1,306,126	1,093,583	1,306,126	1,093,583
Intangible Assets	14	4,318	484	4,318	484
Financial Assets at Amortized Cost	15	189,120	-	189,120	-
Investments in Subsidiaries	16	-	-	1,000	1,000
Non-Current Assets		1,499,564	1,094,067	1,500,564	1,095,067
Inventories	17	957,669	1,294,864	957,669	1,294,864
Trade & Other Receivables	18	1,096,552	1,185,412	1,096,552	1,185,412
Investment valued at Fair Value Through Profit and Loss	19	285,222	38,997	285,222	38,997
Investment measured at amortized cost		787,089	-	787,089	-
Current Tax Assets	29	28	19	-	-
Cash and Cash Equivalents	20	67,431	447,693	67,306	447,568
Current Assets		3,193,991	2,966,985	3,193,838	2,966,841
Total Assets		4,693,555	4,061,052	4,694,402	4,061,908
EQUITY AND LIABILITIES					
EQUITY					
Stated Capital	21	453,539	393,785	453,539	393,785
Revaluation Reserve	22	518,147	341,265	518,147	341,265
General Reserve	23	100,814	100,814	100,814	100,814
Retained Earnings		2,907,427	2,402,494	2,907,721	2,402,345
Equity Attributable to Owners of the Company		3,979,927	3,238,358	3,979,721	3,238,209
Non-Controlling Interests		-	-	-	-
Total Equity		3,979,927	3,238,358	3,979,721	3,238,209
LIABILITIES					
Employee Benefits	24	73,078	64,135	73,078	64,135
Deferred Tax Liabilities	25	147,880	128,125	147,880	128,125
Loans and Borrowings	28	4,444	18,024	4,444	18,024
Non-Current Liabilities		225,402	210,284	225,402	210,284
Trade Creditors	26	62,856	88,782	62,856	88,782
Other Payables	27	219,982	318,700	219,870	318,626
Warranty Provision	27.1	3,765	2,234	3,765	2,234
Loans and Borrowings	28	13,580	17,280	13,580	17,280
Current Tax Liabilities	29	153,160	145,484	153,160	145,484
Amounts due to Related Parties	30	1,181	404	1,181	404
Amounts due to Subsidiaries	31	-	-	1,165	1,079
Bank Overdraft	20	33,702	39,526	33,702	39,526
Current Liabilities		488,226	612,410	489,279	613,415
Total Liabilities		713,628	822,694	714,681	823,699
Total Equity and Liabilities		4,693,555	4,061,052	4,694,402	4,061,908
Net Assets per Ordinary Share (Rs.)		164.49	133.84	164.48	133.83

The annexed Notes to the Financial Statements from pages 144 to 196 form an integral part of these Financial Statements. These Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

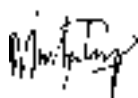


Mahesh Amaradasa
Manager-Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. For and on behalf of the Board,



G.S.N. Peiris
Chairman



I.M.P. Rupatunge
Director / CEO

Colombo.
22nd May 2024

Statement of Changes in Equity

GROUP	Stated Capital	Revaluation Reserve	General Reserve	Retained Earnings	Total Equity
<i>(In Thousands of Rupees)</i>					
Balance as at 1st April 2022	284,912	399,914	100,814	1,864,868	2,650,508
Comprehensive Income for the Year					
Profit for the Year	-	-	-	643,189	643,189
Other Comprehensive Income for the Year					
Actuarial Gain on Defined Benefit Obligations (Note 24.3)	-	-	-	919	919
Deferred Tax on Other Comprehensive Income	-	-	-	(276)	(276)
Deferred Tax Liability on Revaluation Surplus due to rate change		(56,680)			(56,680)
Total Comprehensive Income for the Year	-	(56,680)	-	643,832	587,152
Depreciation on Revaluation Surplus	-	(2,626)	-	2,626	-
Deferred Tax on Revaluation Surplus	-	657	-	(657)	-
Transactions with Owners of the Company					
Unclaimed Dividends Forfeited	-	-	-	769	769
Final Scrip and Cash Dividend, 2021/22 - paid	108,873	-	-	(108,944)	(71)
	108,873	(1,969)	-	(106,206)	698
Balance as at 31st March 2023	393,785	341,265	100,814	2,402,494	3,238,358
Balance as at 1st April 2023	393,785	341,265	100,814	2,402,494	3,238,358
Comprehensive Income for the Year					
Profit for the Year	-	-	-	649,934	649,934
Other Comprehensive Income for the Year					
Actuarial Loss on Defined Benefit Obligations (Note 24.3)	-	-	-	(8,854)	(8,854)
Deferred Tax on Other Comprehensive Income	-	-	-	2,683	2,683
Revaluation Surplus	-	185,588	-	-	185,588
Deferred Tax on Revaluation Surplus	-	(6,737)	-	-	(6,737)
Total Comprehensive Income for the Year	-	178,851	-	643,763	822,614
Depreciation on Revaluation Surplus	-	(2,626)	-	2,626	-
Deferred Tax on Revaluation Surplus	-	657	-	(657)	-
Transactions with Owners of the Company					
Final Scrip and Cash Dividend, 2022/23 - paid	59,754	-	-	(140,799)	(81,045)
	59,754	(1,969)	-	(138,830)	(81,045)
Balance as at 31st March 2024	453,539	518,147	100,814	2,907,427	3,979,927

The annexed Notes to the Financial Statements from pages 144 to 196 form an integral part of these Financial Statements.

Figures in brackets indicate deductions

Statement of Changes in Equity

COMPANY	Stated Capital	Revaluation Reserve	General Reserve	Retained Earnings	Total Equity
<i>(In Thousands of Rupees)</i>					
Balance as at 1st April 2022	284,912	399,914	100,814	1,861,344	2,646,984
Comprehensive Income for the Year					
Profit for the Year	-	-	-	646,564	646,564
Other Comprehensive Income for the year					
Actuarial Gain on Defined Benefit Obligations (Note 24.3)	-	-	-	919	919
Deferred Tax on Other Comprehensive Income	-	-	-	(276)	(276)
Deferred Tax Liability on Revaluation Surplus due to rate change		(56,680)			(56,680)
Total Comprehensive Income for the Year	-	(56,680)	-	647,207	590,527
Depreciation on Revaluation Surplus	-	(2,626)	-	2,626	-
Deferred Tax on Revaluation Surplus	-	657	-	(657)	-
Transactions with Owners of the Company					
Unclaimed Dividends Forfeited	-	-	-	769	769
Final Scrip and Cash Dividend, 2021/22- paid	108,873	-	-	(108,944)	(71)
	108,873	(1,969)	-	(106,206)	698
Balance as at 31st March 2023	393,785	341,265	100,814	2,402,345	3,238,209
Balance as at 1st April 2023	393,785	341,265	100,814	2,402,345	3,238,209
Comprehensive Income for the year					
Profit for the Year	-	-	-	649,877	649,877
Other Comprehensive Income for the year					
Actuarial Loss on Defined Benefit Obligations (Note 24.3)	-	-	-	(8,854)	(8,854)
Deferred Tax on Other Comprehensive Income	-	-	-	2,683	2,683
Revaluation Surplus	-	185,588	-	-	185,588
Deferred Tax on Revaluation Surplus	-	(6,737)	-	-	(6,737)
Total Comprehensive Income for the Year	-	178,851	-	643,706	822,557
Depreciation on Revaluation Surplus	-	(2,626)	-	2,626	-
Deferred Tax on Revaluation Surplus	-	657	-	(657)	-
Transactions with Owners of the Company					
Final Scrip and Cash Dividend, 2022/23 - paid	59,754	-	-	(140,799)	(81,045)
	59,754	(1,969)	-	(138,830)	(81,045)
Balance as at 31st March 2024	453,539	518,147	100,814	2,907,221	3,979,721

The annexed Notes to the Financial Statements from pages 144 to 196 form an integral part of these Financial Statements.

Figures in brackets indicate deductions

Statement of Cash Flows

		GROUP		COMPANY	
For the year ended 31st March		2024	2023	2024	2023
(In Thousands of Rupees)		Note			
Cash Flows from Operating Activities					
Profit before taxation		908,745	773,043	908,688	776,418
Adjustments for :					
Depreciation of Property,Plant & Equipment	13	66,810	54,541	66,810	54,541
Amortisation of Intangible Assets	14	228	162	228	162
Impairment loss of Property,Plant & Equipment	13	176	5	176	5
Disposal Loss on sales of Quoted Equity Securities	19	133	48	133	48
Disposal Gain on Redemption of Unit Trust Investments	19.2	(18,098)	(31,781)	(18,098)	(31,781)
Interest income on Treasury bills		(66,032)	-	(66,032)	-
(Gain)/Loss on Quoted Investment valued at Fair Value Through Profit and Loss	8	(1,791)	9,707	(1,791)	9,707
Gain on Unit Trust Investment valued at Fair Value Through Profit and Loss		(4,499)	(23)	(4,499)	(23)
Gain on Disposal of Property, Plant & Equipment	7	(18)	(47)	(18)	(47)
Provision for Employee Benefits	24.2	18,197	14,396	18,197	14,396
(Reversal)/Provision for Impairment of Trade Debtors	18.1	(137,662)	143,602	(137,662)	143,602
Write-off/(Reversal) of Inventories	17.2	4,484	(5,032)	4,484	(5,032)
Provision for Slow moving inventories	17.1	50,322	45,840	50,322	45,840
Gain on wind up Central Industries Marketing (Pvt) Ltd		-	(751)	-	(4,104)
Interest Expenses	8	10,517	99,662	10,669	99,767
Interest income from other Investment	8	(117,289)	(65,276)	(117,289)	(65,276)
Dividend Income	8	(511)	(948)	(511)	(948)
Operating Profit before Working Capital Changes		713,715	1,037,148	713,807	1,037,275
Decrease in Inventories		282,388	228,515	282,388	228,515
Decrease in Trade and Other Receivables		34,136	432,819	34,136	432,819
Increase in Amounts due to Related Parties		777	60	777	60
Increase/(Decrease) in Amounts due to Subsidiaries		-	-	86	(216)
Decrease in Trade and Other Payables		(123,114)	(1,272,061)	(123,150)	(1,271,725)
Cash Generated from Operating Activities		907,902	426,481	908,044	426,728
Gratuity Paid		24.1	(18,108)	(18,108)	(14,375)
Interest Paid		8	(10,517)	(10,668)	(99,767)
Taxes Paid		29.1	(232,177)	(232,168)	(159,343)
Net Cash Generated from Operating Activities		647,100	153,569	647,100	153,718
Cash Flow from Investing Activities					
Acquisition of Property, Plant and Equipment and Intangible Assets		13 & 14	(26,849)	(35,691)	(26,849)
(Investments)/Redemption in Unit Trust		18	(120,765)	404,953	(120,765)
Investments in Treasury Bill			(897,318)	-	(897,318)
Sales of Quoted Equity Securities		18.1	9,023	141	141
Proceeds from Sale of Property, Plant & Equipment			18	47	47
Purchase of Capital Work - in - Progress		13	(71,154)	(87,412)	(71,154)
Interest Received		8	183,321	65,276	183,321
Dividend Received/Generated)		8	511	948	948
Net Cash (Used in)/Generated from Investing Activities			(923,213)	(923,213)	348,262
Cash Flows from Financing Activities					
Short Term and Long Term Loans obtained		28	-	279,340	-
Repayment of Short Term and Long Term Loans		28	(17,280)	(863,006)	(17,280)
Dividends paid			(81,045)	(71)	(81,045)
Net Cash Used in Financing Activities			(98,325)	(583,737)	(583,737)
Net Decrease in Cash and Cash Equivalents			(374,438)	(81,906)	(374,438)
Cash and Cash Equivalents at the beginning of the Year		20	408,167	490,073	408,042
Cash and Cash Equivalents at the End of the Year		20	33,729	408,167	33,604

The annexed Notes to the Financial Statements from pages 144 to 196 attached hereto form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Accounting Policies

1. REPORTING ENTITY

1.1. Corporate information

Central Industries PLC (“the Company”) is a public limited liability company incorporated on 18th September 1984 and domiciled in Sri Lanka.

The registered office of the Company and the principal place of business is situated at 312, Nawala Road, Rajagiriya. The ordinary shares of the Company are listed on the Colombo Stock Exchange.

The Consolidated Financial Statements of the Company for the year ended 31st March 2024 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The Company has fully owned subsidiary, Polymer Technologies (Pvt) Limited (incorporated on 02nd March 1993). This wholly owned subsidiary Company did not carry out any business activities during the year.

Financial statements of the Company and the subsidiaries are prepared for a common financial year which ends on 31st March.

1.2. Principal Activities and Nature of Operations

The principal activities of the Company are the manufacture and distribution of PVC pipes and fittings & Electrical products. The Company also manufacture and market other products for the construction and building industry.

There were no significant changes in the nature of the principal activities of the Group during the financial year under review.

1.3. Parent Enterprise and Ultimate Parent Enterprise

Central Finance Company PLC is the parent for the Company as at 31st March 2024. In the opinion of the Directors, the Company’s ultimate parent undertaking and controlling party is Central Finance Company PLC.

1.4. Number of Employees

The numbers of employees of the Group and Company as at 31st March 2024 are as follows:

Group 347 (2023-343)

Company 347 (2023-343)

1.5. Responsibilities for Financial Statements and Approval of Financial Statements

The Board of Directors is responsible for the preparation and presentation of the financial statements of the Group as per the provisions of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards. The Directors’ responsibility

over financial statements is set out in detail in the Statement of Directors’ Responsibility.

The financial statements of the Group for the year ended 31 March 2024 were authorized for issue in accordance with a resolution of the Board of Directors on 22nd May 2024.

2. BASIS OF PREPARATION

2.1. Current versus - Non- current classification

All assets and liabilities are classified as current and non-current as per company’s normal operating cycle of 12 months which is based on the nature of business of the Company. Current Assets do not include elements which are not expected to be realized within 1 year and Current Liabilities do not include items which are due after 1 year, the period of 1 year being reckoned from the reporting date.

2.2. Statement of Compliance

The Consolidated Financial Statements of the Group and Company which comprise of the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive income, Statement of Changes in Equity and Statement of Cash Flows have been prepared in accordance with Sri Lanka Accounting Standards (hereinafter referred to as SLFRS / LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka, and in compliance with the requirements of the Company’s Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No.15 of 1995. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

The Group did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of the Financial Statements.

2.3. Basis of Measurement

The financial statements of the Group and the Company have been prepared on the historical cost basis, except for the following material items in the statement of financial position.

Item	Basis of Measurement	Note Number
Freehold land and buildings	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	13
Defined Benefit Obligations	Measured at the present value of the defined benefit obligation	24

Item	Basis of Measurement	Note Number
Investments valued at fair value through profit or loss	Measured at fair Value	19

2.4. Functional and Presentation Currency

The consolidated financial statements are presented in Sri Lankan Rupees, which is the functional and presentation currency of all Group entities. There was no change in the Group's presentation and functional currency during the year under review. All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousands, unless stated otherwise.

2.5. Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are included in the following notes;

Critical accounting assumptions and estimation uncertainties	Note
Fair value of land and buildings	2.5.1
Useful life-time of the property, plant and equipment	2.5.2
Impairment on non-financial assets	3.4
Measurement of defined benefit obligation: key actuarial assumptions	2.5.3
Impairment measurement of financial assets: determination of inputs into the ECL measurement model, including key assumptions and incorporation of forward-looking information	2.5.4

2.5.1. Fair value of land and buildings

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in Equity through Other Comprehensive Income (OCI). Valuations are performed to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The Group

engages independent professional valuer Mr Anuradha Seneviratne, Chartered Valuation Surveyor to assess fair value of land and buildings in terms of Sri Lanka Accounting Standard on "Fair Value Measurement" (SLFRS13). Based on the valuation techniques and inputs used, land and buildings were classified at level 3 in the fair value hierarchy.

The valuation techniques, significant unobservable inputs, key assumptions used to determine the fair value of the land and building, and sensitivity analysis are provided in Note 13.10 and 13.11.

2.5.2. Useful life-time of the property, plant and equipment

The Group reviews the residual values, useful lives, and methods of depreciation of property, plant and equipment at each reporting date. Judgement of the Management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty. Refer Note 3.6.3 for more details.

2.5.3. Measurement of defined benefit obligation

The cost of defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer Note 24.4 for the assumptions used to determine defined benefit obligations. Sensitivity analysis to key assumptions is disclosed in Note 24.5.

2.5.4. Impairment measurement of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses.

The Group's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

Development of ECL models, including the various statistical formulas and the choice of inputs;

Determination of associations between macro-economic inputs, such as GDP growth, inflation, interest rates, exchange rates and unemployment and the effect on Probability of Default (PDs), Exposure at Default (EAD) and Loss Given Default (LGD);

Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Accounting Policies

2.6. 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 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 categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that is not based on observable market data. (Unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumption made in measuring fair value is included in note 40.1

2.7. Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements' and amendments to the LKAS 1 on 'Disclosure Initiative'.

Notes to the Financial Statements are presented in systematic manner which ensures the understandability and comparability of Financial Statements of the Group and the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.8. Going Concern

Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. The Directors have considered the impact of the present macro economic conditions in making this assessment. In preparing these financial statements, based on available information, the management has assessed the existing and anticipated effects of crisis on the Group and the appropriateness of the use of the going concern basis. Group has evaluated the resilience of its businesses considering a wide range of factors such as current and expected profitability, the ability to defer nonessential capital expenditure, debt repayment schedules, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue providing goods and services.

In management's view, the Group will have sufficient resources to continue for a future period. Management concluded that the range of possible outcomes considered at arriving at this judgment does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Consolidated Financial Statements of the Group continued to be prepared on a going concern basis. Refer Note 39 to the Financial Statements for impact of current economic condition on the Financial Statements of the Group.

2.9. Comparative Information

Comparative information including quantitative, narrative, and descriptive information is disclosed in respect of the previous period in the Financial Statements to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.10. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the Significant Accounting Policies of the Group.

2.11. Rounding

The amounts in the Financial Statements have been rounded-off to the nearest rupees thousands, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements'.

3. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these Consolidated Financial Statements.

In addition, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves.

3.1. Basis of Consolidation

The Group's Financial Statements comprise of the consolidation of Financial Statements of the company and its subsidiaries prepared in terms of Sri Lanka Accounting standard (SLFRS -10) - Consolidated Financial Statements.

3.1.1. Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

3.1.2. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

Adjustments required to the material accounting policies of subsidiaries are changed wherever necessary to align them with the policies adopted by the Group.

The cost of an acquisition is measured at the fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair value at the date of acquisition. Subsequent to the acquisition, the Company continues to recognize the investment in the subsidiary at cost.

Name of subsidiary	Controlling interest
Polymer Technologies (Pvt) Ltd	100%

3.1.3. Non-Controlling Interest

The proportion of the profits or losses after taxation applicable to outside shareholders of subsidiary companies is included under the heading "Non – controlling interest "in the Consolidated Income Statement. Losses applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interest even if doing so causes the non-controlling interests to have a deficit balance.

Non-controlling interests are measured at their appropriate share of acquired identifiable net assets at the date of acquisition.

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

As the Company owns 100% of the equity of its subsidiaries no non-controlling interest is applicable.

Accounting Policies

3.1.4. Loss of Control

When the Group loses its control over its subsidiaries, it de-recognizes the assets and liabilities of the subsidiaries, any related Non-Controlling Interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in former subsidiaries is measured at fair value when control is lost.

3.1.5. Intra-Group Transactions

Transfer prices between Group entities are set on an arm's length basis in a manner similar to transactions with third parties.

Intra-group balances, intra-group transactions and resulting unrealized profits are eliminated in full in the Financial Statements. Unrealized losses resulting from intra-group transactions are eliminated unless the cost cannot be recovered.

3.2. Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates as at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate as at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognized in profit or loss.

3.3. Financial Instruments

(a) 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.

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 financing component is initially measured at the transaction price.

(b) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost and 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 as 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 of outstanding.

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

Financial assets - Business model assessment:

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

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

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the 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 limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at amortised cost

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

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(c) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(d) Impairment policy

Non-derivative financial assets Financial instruments and contract assets

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. Loss allowances for trade receivables is 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

Accounting Policies

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 180 days past due.

The Group considers a financial asset to be in default when:

- ⦿ the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- ⦿ the financial asset is more than 180 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.

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.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost. 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 180 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 or a security because of financial difficulties.

Presentation of allowance for ECL 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.

3.4. Impairment Policy: Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect of other assets, recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5. Stated Capital

Ordinary Shares

Ordinary Shares are classified as equity. Incidental costs attributable to the issue of ordinary shares are recognized as an expense.

3.6. Property, Plant and Equipment

3.6.1. Recognition and Measurement

3.6.1.1. Basis of recognition

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

3.6.1.2. Basis of measurements

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. The cost of property, plant and equipment comprises purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to the working condition of its intended use. This also includes costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that asset. When parts of an item of Property, Plant and Equipment (major components) have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent measurement - Cost model

The Group applies the Cost Model to all property, plant and equipment except for freehold land and freehold building and records at cost of purchase together with any incidental expenses thereon, less accumulated depreciation and any accumulate impairment losses.

Subsequent measurement - Revaluation model

The Group applies the Revaluation Model for the entire class of freehold land and freehold building for measurement after initial recognition. Such properties are carried at revalued amounts, being their fair value at the date of revaluation, less any subsequent accumulated depreciation on buildings and any accumulated impairment losses charged subsequent to the date of valuation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of each reporting period. If the fair values of land and Buildings do not change other than by a significant amount at each reporting period, the Group will revalue such land every five years.

Any surplus arising on the revaluation is recognized in other comprehensive income except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognized in income statement, in which case the credit to that extent is recognized in income statement. Any deficit on revaluation is recognized in income statement except to the extent that it reverses a previous revaluation surplus on the same

asset, in which case the debit to that extent is recognized in other comprehensive income. Therefore, revaluation increases, and decreases cannot be offset, even within a class of assets.

External, independent qualified valuer having appropriate experience in valuing properties in locations of properties being valued, value the land and Buildings owned by the Group based on market values, this is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The details of land valuation are disclosed in Note No. 13.10 & 13.11 to the Financial Statements.

3.6.2. Subsequent Costs

The cost of replacing a component of an item of property or 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. The costs of the day-to-day servicing of property and equipment are recognised in Income Statement as incurred.

3.6.3. Depreciation

The Group provides depreciation from the date the assets are available for use up to the date of disposal, at the following rates on a straight-line basis over the periods appropriate to the estimated useful lives of the different types of assets. Depreciation on revalued classes of assets is based on the remaining useful life of the assets at the time of the revaluation. Land is not depreciated.

Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised as an expense in the Income statement.

Estimated useful lives of significant items of Property, Plant and Equipment are as follows:

Category of Asset	Useful Economics Life Time (Years)
Buildings	40
Plant and Machinery (Excluding the Processing Unit of the Extrusion Lines)	5-25
Solar Power Unit	5
Tools and Equipment	3 -5
Furniture and Fittings	10
Motor Vehicles	5
Computer Equipment	3-5
Processing units of Extrusion Lines	10,000-15,000 operating hours.

Accounting Policies

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.6.4. De-recognition

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected from its use. The gains or losses arising on derecognition (disposal or retirement) of an item of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of the assets are recognized net within 'other income' in the Statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

3.6.5. Capital work-in-progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as capital work-in-progress whilst, the capital assets which have been completed during the year and put to use have been transferred to property, plant and equipment.

3.7. Intangible Assets

(a) Recognition and Measurement

All computer software costs incurred, licensed for use by the Group, which are not integrally related to associate hardware, and can be clearly identified, reliably measured and is probable will lead to future economic benefits are included in the Statement of Financial Position under the category, Intangible Assets, and carried at cost less accumulated amortization and accumulated impairment losses if any.

(b) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred.

(c) Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Goodwill is not amortized.

The estimated useful life-time in 5 years for all computer software for the current and comparative years.

Amortization methods, useful life-time and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) De-recognition

Gains or losses arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss when the asset is derecognized.

3.8. Inventories

Inventories are valued at the lower of cost or net realizable value under the weighted average method, after making do provision for slow moving items and obsolescence.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of raw materials are determined at purchase price including all expenses incurred in sourcing.

The cost of Work-in-Progress is the value of raw material and direct inputs transferred to production. The cost of finished goods includes raw material cost, direct labour costs and a systematic allocation of fixed and variable production overheads.

Non-moving and Slow-moving Inventories

The management carries out an annual review of the inventories and makes provisions as follows:

Non-moving Inventories

80% provision is made on the value of items which have not moved for more than 12 months.

Slow-moving Inventories

50% provision is made on the value of slow-moving items which are in excess of 12 months' average requirements.

Machinery Spares

Provision is made in full for machinery spares which have been carried in stocks for more than 10 years.

3.9. Assets Held for Sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale

or held-for distribution and subsequent gains and losses on re-measurements are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant, and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

3.10. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and short-term deposits with original maturity of three months or less. Bank overdrafts are shown in current liabilities. For purpose of Cash Flow, Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as components of cash and cash equivalent.

3.11. Liabilities and Provisions

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances payable after one year from the reporting date.

All known liabilities are accounted for in the statement of financial position.

3.11.1. Provisions

Provisions are recognised when the Group has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law, or constructive because the Group created valid expectations on the part of third parties by accepting certain responsibilities. To record such an obligation, it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The amount recognized as a provision and the indicated time range of the outflow of economic benefits are the best estimate (most probable outcome) of the expenditure required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. Non-current provisions are discounted if the impact is material.

3.12. Employee Benefits

(a) Defined Contribution Plans - (Employees Provident Fund and Employees Trust Fund)

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as expenses in the profit and loss in the period during which related services are rendered by employees.

Employees' Provident Fund

The Group and employees contribute 12% and 8% respectively on the salary of each employee. The fund is managed by the Central Bank of Sri Lanka.

Employee Trust Fund

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund.

Contributions to defined contribution plans are recognized as an expense in the Statement of Comprehensive Income as incurred.

(b) Defined Benefit Plans

A defined Benefit Plan is a post-employment benefit plan other than a Defined Contribution Plan. The liability recognized in the Statement of Financial Position in respect of a Defined Benefit Plan is the present value of the defined benefit obligation at the Statement of Financial Position date. The defined benefit obligation is calculated annually by independent actuaries, using the projected unit credit method, as recommended by LKAS 19, "Employee Benefits".

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that apply to the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The assumptions based on which the results of the actuarial valuation were determined are included in the note 23 to the Financial Statements. This liability is not externally funded and the item is grouped under Non-Current Liabilities in the Statement of Financial Position.

The qualifying remuneration of all permanent employees is considered in the calculation of the defined benefit obligation.

However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service. Liabilities are computed on the basis of half a month's salary for each year of completed service. The Company's obligations under the said Act is determined based on an actuarial valuation using the projected unit credit method carried out by a professional actuary.

Re-measurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Group determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Accounting Policies

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(c) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service rendered by the employee and the obligation can be measured reliably.

(d) Termination benefits

Termination benefits are recognized as an expense when the Group and the Company is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group and the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.13. Capital Commitments and Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the Financial Statements.

Capital commitments and contingent liabilities of the Group are disclosed in Notes 37 and 36 to the Financial Statements.

4. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

4.1. Revenue Recognition

Revenue is comprised of the invoiced value of goods sold to customers after deduction of trade discounts, but before charging taxes thereon.

Revenue from contracts with Customers

The Group revenue is recognised when a customer obtains control of the goods or services –Determining the timing of the transfer of control – at a point in time or overtime requires judgement.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes and after eliminating sales within the Group.

The following specific criteria are used for the purpose of recognition of revenue:

- (a) Revenue from the sale of goods is recognized in the Statement of Profit or Loss when control of the goods has been transferred to the customers. Recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with trade returns and trade discounts.
- (b) Interest income is recognized on an accrual basis.
- (c) Dividend income is recognized when the shareholders' right to receive the payment is established.
- (d) Profit or loss of a revenue nature on the disposal of Property, Plant and Equipment and other non-current assets have been accounted in the Statement of Profit or Loss having deducted from the proceeds on disposal, the carrying amount of the asset and the related selling expenses.

4.2. Expenditure

(i) Operating Expenditure

All expenditure incurred in running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to the state Profit & Loss in arriving at the profit for the year. For the purpose of presentation of Statements of Profit or Loss and Other Comprehensive Income, the Directors are of the opinion that the function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted.

Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business treated as capital expenditure.

Repairs and renewals are recognized in Profit or Loss in the year in which the expenditure is incurred.

(ii). Finance Cost

Interest cost is recognised in the Income Statement as it accrues and is calculated by using the effective interest rate method. The Group's finance cost includes interest expenses on short-term borrowing and other interest expenses.

(iii). Borrowing Cost

As per the Sri Lanka Accounting Standard - LKAS 23 on 'Borrowing Costs', the Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. A qualifying asset is an asset which takes a substantial period to get ready for its intended use or sale. Other borrowing costs are recognised in the Income Statement in the period in which they occur.

4.3. Income Tax Expenses

Income tax expense comprises both current and deferred tax. Income tax expense is recognised in income statement except to the extent that it relates to items recognised directly in equity, in which case is recognised in the statement of comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(a) Current Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial Statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the Financial Statements.

(b) Deferred taxation

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- ⦿ Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss;
- ⦿ Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the

temporary differences and it is probable that they will not reverse in the foreseeable future;

- ⦿ Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(c) Tax exposures

In determining the amount of current and deferred tax, the Group considers the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events.

New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

Accounting Policies

4.4. Basic Earnings per Share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.5. Dividend Distribution

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are declared and are no longer at the discretion of the Group.

4.6. Statement of Cash Flows

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

The Statement of Cash Flows has been prepared using the "indirect method". Interest paid is classified as an operating cash flow, interest and dividends received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting the Statement of Cash Flow.

4.7. Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Director/ CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment information reflects Water Management Products and Electrical Products. Inter segment transfers are based on fair market prices.

The Group's business activities are located in Sri Lanka. Consequently, assets and liabilities by geographic regions are considered not material to be segmented. Expenses that cannot be directly identified to a particular segment are allocated on the basis decided by the management and applied consistently throughout the year.

5. SRI LANKA ACCOUNTING STANDARDS (SLFRS) ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning after 1st April 2024.

SLFRS S 1 - Sustainability Disclosure Standard- General Requirements for Disclosure of Sustainability-related Financial Information,

The objective of SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

An entity shall apply this Standard in preparing and reporting sustainability related financial disclosures in accordance with SLFRS Sustainability Disclosure Standards.

An entity may apply SLFRS Sustainability Disclosure Standards irrespective of whether the entity's related general purpose financial statements (referred to as 'financial statements') are prepared in accordance with Sri Lanka Accounting Standards or other generally accepted accounting principles or practices (GAAP).

SLFRS Sustainability Disclosure Standard - Climate-related Disclosures

The objective of SLFRS S2 Climate-related Disclosures is to require an entity

To disclose information about its climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

This Standard applies to:

- (a) climate-related risks to which the entity is exposed, which are:
 - (i) climate-related physical risks; and
 - (ii) climate-related transition risks; and
- (b) climate-related opportunities available to the entity.

Climate-related risks and opportunities that could not reasonably be expected to affect an entity's prospects are outside the scope of this Standard

Classification of Liabilities as Current or Non Current (Amendments to LKAS 1)

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 01st January 2023. However, the IASB has subsequently proposed further amendments to LKAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 01st January 2024. Due to these ongoing developments, the Company is unable to determine the impact of these amendments on the financial statements in the period of initial application. The Company is closely monitoring the developments.

Supplier Finance Arrangements (Amendments to LKAS 7 and SLFRS 7) The amendments

Introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 01st January 2024.

Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the financial statements.

- ⦿ Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- ⦿ Lack of Exchange ability (Amendments to IAS 21)

Notes to the Financial Statements

6. REVENUE

	GROUP		COMPANY	
For the year ended 31st March,	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Revenue from Contracts with Customers				
Water Management Products	3,873,444	3,918,971	3,873,444	3,918,971
Electrical Products	448,554	415,027	448,554	415,027
Total Revenue	4,321,998	4,333,998	4,321,998	4,333,998
6.1. Timing of Revenue Recognition				
Products & services transferred at a point in time	4,321,998	4,333,998	4,321,998	4,333,998
Total Revenue	4,321,998	4,333,998	4,321,998	4,333,998

Segmental Information is given in Note 34 to these Financial Statements.

7. OTHER INCOME

	GROUP		COMPANY	
For the year ended 31st March,	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Gain on sale of Property, Plant and Equipment	18	47	18	47
Profit on Subsidiaries discontinuation (Note 7.1)	-	751	-	4,104
Sale of Scrap and Obsolete items	3,999	3,901	3,999	3,901
	4,017	4,699	4,017	8,052

7.1. For the year ended 31st March

	GROUP		COMPANY	
	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Retained Earnings CIML	-	-	-	3,353
Current assets write off during the year	-	(163)	-	(3,318)
Current liabilities write back during the year	-	1,190	-	4,345
Expenses made during the year	-	(345)	-	(345)
Income generated during the year	-	69	-	69
		751		4,104

8. NET FINANCE INCOME/ (EXPENSE)

	GROUP		COMPANY	
For the year ended 31st March,	2024	2023	2024	2023
(In Thousands of Rupees)				
Dividend Income	511	948	511	948
Interest Income on Other Investments	50,487	65,276	50,487	65,276
Disposal Gain on Redemption of Unit Trust Investments	18,098	31,781	18,098	31,781
Interest Income - Treasury Bill	66,032	-	66,032	-
Net Change in Investments valued at Fair Value Through Profit and Loss - Quoted Equity Securities	1,791	-	1,791	-
Interest Income - Treasury Bond	66,802	-	66,802	-
Net Change in Investments valued at Fair Value Through Profit and Loss - Unit Trust	4,499	23	4,499	23
Exchange Gain	1,440	-	1,440	-
Finance Income	209,660	98,028	209,660	98,028
Interest Expense on Financial Liabilities	5,202	95,591	5,354	95,696
Interest Expense on Distributor Security Deposits	5,314	4,071	5,314	4,071
Net Change in Quoted Equity Securities Fair Value Through Profit and Loss	-	9,707	-	9,707
Net Foreign Exchange Loss	-	339,818	-	339,818
Stamp Duty	264	325	264	325
Disposal Loss on sales of Quoted Equity Securities	133	48	133	48
Finance Expense	10,913	449,560	11,065	449,665
Net Finance Income / (Expense)	198,747	(351,532)	198,595	(351,637)

9. PROFIT BEFORE TAXATION

The profit before taxation for the year is stated after charging all expenses including the following :

	GROUP		COMPANY	
For the year ended 31st March,	2024	2023	2024	2023
(In Thousands of Rupees)				
Directors' Emoluments	28,020	22,220	28,020	22,220
Auditors' Remuneration - Statutory Audit - KPMG	756	657	756	657
- Other Auditor	45	21	-	-
- Non Audit Services	173	225	173	225
Depreciation on Property Plant & Equipment (Note 13)	66,810	54,541	66,810	54,541
Amortization of Intangible Assets (Note 14)	228	162	228	162
Donations	433	1,061	433	1,061
Legal Expenses	1,707	1,605	1,707	1,605
Impairment (Reversal)/Provision for Trade Receivables (Note 18.1)	(137,662)	143,602	(137,662)	143,602
Impairment Provision for Inventories (Note 17.2)	50,322	45,840	50,322	45,840
Writtendown/(Reversal) of inventory to Net Realizable Value (Note 17.2)	4,484	(5,032)	4,484	(5,032)
Staff Cost				
Remuneration	215,863	204,251	215,863	204,251
Defined Contribution Plans - EPF	25,903	24,510	25,903	24,510
Defined Contribution Plans - ETF	6,476	6,127	6,476	6,127
Defined Benefit Plans (Note 24.2)	18,197	14,396	18,197	14,396

Notes to the Financial Statements

10. INCOME TAXES

10.1. Amounts recognised in Profit or Loss

For the year ended 31st March, (In Thousands of Rupees)	GROUP		COMPANY	
	2024	2023	2024	2023
Current Tax Expense				
Income Tax on Current Year's Profits (Note 10.3)	243,040	174,128	243,040	174,128
Income Tax on assessments 2018/19 and 2019/20	1,491	-	1,491	-
Income Tax Over Provision Prior Years	(1,421)	(6,086)	(1,421)	(6,086)
	243,110	168,042	243,110	168,042
Deferred tax expense				
Reversal/(Origination) of Deferred Tax Assets (Note 25.a)	25,074	(34,199)	25,074	(34,199)
(Reversal)/Origination of Deferred Tax Liability (Note 25.b)	(9,373)	1,440	(9,373)	1,440
Reduction of Tax Rate (Note 25.c)	-	(5,429)	-	(5,429)
	15,701	(38,188)	15,701	(38,188)
Income Tax Expense recognised in Profit or Loss	258,811	129,854	258,811	129,854

10.2. Amounts recognized in Other Comprehensive Income

For the year ended 31st March	2024			2023		
	Value Before Tax	Tax (Expenses) / Benefit	Net of Tax	Value Before Tax	Tax (Expenses) / Benefit	Net of Tax
<i>(In Thousands of Rupees)</i>						
GROUP						
Item that will not be reclassified to profit or loss						
Actuarial (Loss)/Gain on Defined Benefit Obligations	(8,854)	2,683	(6,171)	919	(276)	643
Revaluation Surplus on Land & Building	185,588	(6,737)	178,851	-	-	-
On Revaluation Surplus Due to Rate Change	-	-	-	-	(56,680)	(56,680)
	176,734	(4,054)	172,680	919	(56,956)	(56,037)
COMPANY						
Item that will not be reclassified to profit or loss						
Actuarial (Loss)/Gain on Defined Benefit Obligations	(8,854)	2,683	(6,171)	919	(276)	643
Revaluation Surplus on Land & Building	185,588	(6,737)	178,851	-	-	-
On Revaluation Surplus Due to Rate Change	-	-	-	-	(56,680)	(56,680)
	176,734	(4,054)	172,680	919	(56,956)	(56,037)

10.3. Reconciliation of Accounting Profits and Taxable Income

For the year ended 31st March, (In Thousands of Rupees)	GROUP		COMPANY	
	2024	2023	2024	2023
Profit Before Taxation	908,745	773,043	908,688	776,418
Other Source of Income	(206,239)	(116,097)	(206,239)	(119,450)
Aggregate Disallowed Expenses	141,360	227,002	141,360	227,002
Aggregate Allowed Expenses	(235,600)	(339,242)	(235,600)	(339,264)
Assessable Income from Business	608,266	544,706	608,209	544,706
Assessable Interest Income	201,929	97,173	201,929	97,173
Taxable Income	810,195	641,879	810,138	641,879
Current Tax at 14%	-	13	-	13
Current Tax at 18%	-	15,248	-	15,248
Current Tax at 24%	-	33,021	-	33,021
Current Tax at 30%	243,040	125,846	243,040	125,846
Total Income Tax on Current Year's Taxable Income	243,040	174,128	243,040	174,128

10.4. Applicable income tax rates as per the Department of Inland Revenue

Accordingly, The Inland Revenue (Amendment) Act No.45 of 2022, the Company is liable to pay tax at the rate of 30% of its entire taxable profit. Prior to 1st October 2022, Income tax at the rate of 14% for dividend income, 18% on Business Income and 24% on Investment income as per the Inland Revenue (Amendment) Act no. 10 of 2021.

10.5. Reconciliation of effective tax rate

For the year ended 31st March, (In Thousands of Rupees)	GROUP			
	2024	%	2023	%
Profit Before Taxation	908,745		773,043	
Income Tax Using the Domestic Tax Rate	272,624	30%	250,043	32%
Other Source of Income	(61,872)	-7%	(18,390)	-2%
Aggregate Disallowed Expenses	42,408	5%	66,730	9%
Aggregate Allowed Expenses	(70,680)	-8%	(148,370)	-19%
	182,480	20%	150,013	19%
Other Statutory Income	60,579	7%	24,115	3%
Total Statutory Income	243,058	27%	174,128	23%
Adjustment For Prior Years	(1,421)	0%	(6,086)	-1%
Current Tax on Profit for the Year	241,637	27%	168,042	22%

For the year ended 31st March, (In Thousands of Rupees)	COMPANY			
	2024	%	2023	%
Profit Before Taxation	908,688		776,418	
Income Tax Using the Domestic Tax Rate	272,606	30%	250,021	32%
Other Source of Income	(61,872)	-7%	(18,390)	-2%
Aggregate Disallowed Expenses	42,408	5%	66,730	9%
Aggregate Allowed Expenses	(70,680)	-8%	(148,348)	-19%
	182,463	20%	150,013	19%
Other Statutory Income	60,579	7%	24,115	3%
Total Statutory Income	243,041	27%	174,128	22%
Adjustment For Prior Years	(1,421)	0%	(6,086)	-1%
Current Tax on Profit for the Year	241,620	27%	168,042	22%

Notes to the Financial Statements

11. BASIC EARNINGS PER SHARE

Basic Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders of the parent entity by the weighted average number of ordinary shares in issue during the year.

The following reflect the profit and share data used in the Basic Earnings Per Share computation:

	GROUP		COMPANY	
For the year ended 31st March,	2024	2023	2024	2023
(In Thousands of Rupees)	Restated		Restated	
Profit attributable to Ordinary Shareholders (Rs'000)	649,934	643,189	649,877	646,564
Weighted Average Number of Ordinary Shares (Note 11.1)	24,195,193	24,195,193	24,195,193	24,195,193
Basic Earnings Per Share (Rs.)	26.86	26.58	26.86	26.72
11.1. Weighted-average number of ordinary shares				
Issued ordinary shares at as at beginning of the year	24,195,193	23,466,490	24,195,193	23,466,490
Shares issued in July 2023 as a scrip dividend	-	728,703	-	728,703
Weighted-average number of ordinary shares as at 31st March	24,195,193	24,195,193	24,195,193	24,195,193

The weighted-average number of ordinary shares as at 31st March 2023 has been restated based on the number of shares issued as scrip dividend in July 2023 in accordance with Sri Lanka Accounting Standard LKAS 33 Earnings Per Share.

11.2. Diluted Earning per Share

There were no potential dilutive ordinary shares outstanding at any time during the year. Therefore, diluted Earnings Per Share is the same as Basic Earnings Per Share shown above.

12. DIVIDENDS PER SHARE

12.1. Dividend Declared and Paid during the Year

The final dividend declared for the year ended 31st March 2023 of Rs. 6.00 per share amounting to Rs. 140,798,940 by way of scrip dividend and cash.

12.2. Proposed Dividends for approval at AGM

The Board of Directors has declared a First and final ordinary dividend of Rs. 6.00 per ordinary share for 2023/24 and of which will be cash dividend amounting to Rs 145,171,158 which is to be approved by the shareholders at the Annual General meeting to be held on 27th June 2024. The entire ordinary dividends will be paid out of Profit for the year ending 31st March 2024. As stipulated by Sri Lanka Accounting Standard (LKAS 10) Events After the Reporting period", the proposed dividend is not recognized as a liability as at 31st March 2024 in the Financial Statements.

Dividend per share is calculated by dividing the dividend declared out of profits for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

12.3 Compliance with Section 56 and 57 of the Companies Act No. 7 of 2007

As required by Section 56 of the Companies Act, No.7 of 2007, the Board of Directors of the Company has certified that the Company satisfies the Solvency Test in accordance with the Section 57, prior to recommending the first and final dividend for the year ended 31st March 2024. A statement of solvency completed and duly signed by the Directors has been audited by M/S KPMG, Chartered Accountants.

13. PROPERTY, PLANT AND EQUIPMENT

GROUP	Processing Units of										Total	
	Freehold Land	Freehold Buildings	Solar Power Generation	Plant and Machinery	Extrusion Lines	Tools & Equipment	Furniture & Fittings	Motor Vehicles	Computer System		2023/24	2022/23
<i>(In Thousands of Rupees)</i>												
Cost / Revaluation												
As at 1st April 2023	471,856	238,345	44,766	608,913	53,400	52,301	4,008	21,284	24,931		1,519,804	1,422,224
Additions during the year	-	-	-	15,220	-	4,138	328	-	3,102		22,788	35,691
Transfers from Capital Work-in-Progress	-	117,890	57,500	-	-	-	-	-	-		175,390	63,933
Surplus on Revaluation	89,074	96,514	-	-	-	-	-	-	-		185,588	-
Depreciation Charge on Revaluation	-	(36,180)	-	-	-	-	-	-	-		(36,180)	-
Written off during the year	-	-	-	(271)	-	(90)	-	-	(85)		(446)	(1,903)
Disposals during the year	-	-	-	(5,820)	-	(95)	(35)	-	(112)		(6,062)	(141)
As at 31st March 2024	560,930	416,569	102,266	618,042	53,400	56,254	4,301	21,284	27,836		1,860,882	1,519,804
Accumulated Depreciation												
As at 1st April 2023	-	26,729	2,238	379,127	34,836	46,766	2,169	21,123	18,969		531,957	479,455
Charge for the year	-	9,450	9,424	38,644	3,152	2,935	350	69	2,786		66,810	54,541
On Revalued assets	-	(36,180)	-	-	-	-	-	-	-		(36,180)	-
Deprecation on assets Written-off	-	-	-	(271)	-	(90)	-	-	(85)		(446)	(1,898)
Deprecation on disposals during the year	-	-	-	(5,658)	-	(95)	(31)	-	(102)		(5,886)	(141)
As at 31st March 2024	-	-	11,662	411,842	37,988	49,516	2,488	21,192	21,568		556,255	531,957
Carrying Amount as at 31st March 2024	560,930	416,569	90,604	206,200	15,412	6,738	1,813	92	6,268		1,304,626	
Capital Working progress as at 31st March (Note 13.13)	-	1,500	-	-	-	-	-	-	-		1,500	105,536
Property, Plant and Equipment as at 31st March 2024	560,930	418,069	90,604	206,200	15,412	6,738	1,813	92	6,268		1,306,126	
Carrying Amount as at 31st March 2023	471,856	317,352	42,528	229,786	18,564	5,535	1,839	161	5,962			1,093,563

Notes to the Financial Statements

COMPANY	Processing										Total	
	Freehold Land	Freehold Buildings	Solar Power Generation	Plant and Machinery	Units of Extrusion Lines	Tools & Equipment	Furniture & Fittings	Motor Vehicles	Computer System		2023/24	2022/23
(In Thousands of Rupees)												
Cost / Revaluation												
As at 1st April 2023	471,856	238,345	44,766	605,347	53,400	52,301	4,008	21,284	24,931		1,516,238	1,418,474
Additions during the year	-	-	-	15,220	-	4,138	328	-	3,102		22,788	35,691
Transfers from Capital Work-in-Progress	-	117,890	57,500	-	-	-	-	-	-		175,390	63,933
Surplus on Revaluation	89,074	96,514	-	-	-	-	-	-	-		185,588	-
Depreciation Charge on Revaluation	-	(36,180)	-	-	-	-	-	-	-		(36,180)	-
Written off during the year	-	-	-	(271)	-	(90)	-	-	(85)		(446)	(1,719)
Disposals during the year	-	-	-	(5,820)	-	(95)	(35)	-	(112)		(6,062)	(141)
As at 31st March 2024	560,930	416,569	102,266	614,476	53,400	56,254	4,301	21,284	27,836		1,857,316	1,516,238
Accumulated Depreciation												
As at 1st April 2023	-	26,729	2,238	375,561	34,836	46,766	2,169	21,123	18,969		528,391	475,705
Charge for the year	-	9,450	9,424	38,644	3,152	2,935	350	69	2,786		66,810	54,541
On Revalued assets	-	(36,180)	-	-	-	-	-	-	-		(36,180)	-
Deprecation on assets Written-off	-	-	-	(271)	-	(90)	-	-	(85)		(446)	(1,714)
Deprecation on disposals during the year	-	-	-	(5,658)	-	(95)	(31)	-	(102)		(5,886)	(141)
As at 31st March 2024	-	-	11,662	408,276	37,988	49,516	2,488	21,192	21,568		552,689	528,391
Carrying Amount as at 31st March 2024	560,930	416,569	90,604	206,200	15,412	6,738	1,813	92	6,268		1,304,626	
Capital Working progress as at 31st March (Note 13.13)	-	1,500	-	-	-	-	-	-	-		1,500	105,536
Property, Plant and Equipment as at 31st March 2024	560,930	418,069	90,604	206,200	15,412	6,738	1,813	92	6,268		1,306,126	
Carrying Amount as at 31st March 2023	471,856	317,352	42,528	229,786	18,564	5,535	1,839	161	5,962			1,093,583

13.1. Fully depreciated property, plant and equipment in use

Property, Plant and Equipment includes fully depreciated assets which are in the use of normal business activities having a cost of Rs. 280 million. (2022/23 258.7 Mn).

13.2. Title restriction on property, plant and equipment

There are no restrictions that existed on the title of the PPE of the Company as at the reporting date except assets disclosed under note 13.7.

13.3. Acquisition of property, plant and equipment during the year

During the financial year, the Group acquired PPE for the aggregate value of Rs. 26.9 million (2022/2023 - Rs.35.6 Mn) by means of cash.

13.4. Capitalisation of borrowing cost

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2023/2024 (2022/2023 – Nil).

13.5. Temporarily Idle property, plant and equipment

There is no temporarily idle property, plant or equipment as at the reporting date. (2022/2023 - Nil)

13.6. Impairment of property, plant and equipment

The Board of Directors has assessed the potential impairment loss of PPE as at 31 March 2024 by considering the impact from the current economic condition as well. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of PPE (2022/2023 - Nil).

13.7. Property, plant and equipment pledged as security for liabilities

The value of the property, plant and equipment pledged as security against borrowings as follows,

Bank	Facilities Available
Public Bank Ltd	Overdraft, Import Loan and Guarantee facilities for Rs. 75 Mn.

13.8. Valuation of Lands and Buildings

The Group uses the revaluation model of measurement for lands and buildings. The Group engaged Mr. Anuradha Senevirathne - MRICS (UK), FIV (Sri Lanka), an independent valuer, to determine the fair value of its lands and buildings. Fair value is determined by reference to market-based evidence. Valuations are based on open market rates, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent valuation was 31st March 2024.

13.9. Fair value hierarchy

The fair value of the Land and Building was determined by an external independent property valuer, Mr. Anuradha Senevirathne - MRICS (UK), FIV (Sri Lanka), having appropriate recognised professional qualifications and experience in the category of the property being valued. The valuer provides the fair value of the property. Based on the valuation techniques used it has been classified under Level 3 in fair value hierarchy. Valuation techniques and significant unobservable inputs are disclosed under Note 13.11.

Notes to the Financial Statements

13.10. The details of freehold land and buildings which are stated at valuation are as follows;

Location	Extent perches (Land)	Square feet (Building)	No of buildings	Method of valuation	Effective date of valuation	Name of the independent professional valuer / location and address	Revalued amount	Net book value before revaluation	Revaluation gain/(Loss)
13.10. a. Freehold Land carried at revalued amount									
Factory - 195/4, Kerawalapitiya Road, Hendala Wattala	3A-1R-2P	-	-	Market comparable method	31-Mar-24	Mr. Anuradha Senevirathne - MRICS (UK), FIV (Sri Lanka)	365,470	313,260	52,210
Head Office -312, Nawala Road,Rajagiriya	18 Perches	-	-		31-Mar-24		112,000	96,000	16,000
Land-No 07, Elhena Junction, Warapalana, Udathuthiripitiya	8A-3R	-	-		31-Mar-24	No. 59/3, Urapola, Piliimathalawa, Kandy	83,460	62,596	20,864
							560,930	471,856	89,074
13.10. b. Freehold buildings carried at revalued amount									
Factory- 195/4, Kerawalapitiya Road, Hendala Wattala	-	64,429 Sq.ft	16	Contractor's method	31-Mar-24	Mr. Anuradha Senevirathne - MRICS (UK), FIV (Sri Lanka)	111,530	72,395	39,135
Head Office-312, Nawala Road, Rajagiriya	-	14,525 Sq.ft	1		31-Mar-24		76,000	44,483	31,517
Land-No 07, Elhena Junction, Warapalana, Udathuthiripitiya	-	62,271 Sq.ft	3		31-Mar-24	No. 59/3, Urapola, Piliimathalawa, Kandy	229,040	203,178	25,862
							416,570	320,056	96,514

13.11. Valuation techniques and significant unobservable inputs used in measuring fair value

The following table shows the valuation techniques used in measuring fair values, the significant unobservable inputs and sensitivity of the fair value measurement to changes in significant unobservable inputs .

Property	Effective date of valuation	Valuation technique	Significant unobservable inputs	Range of estimates for unobservable inputs	Interrelationship between key unobservable inputs and Fair value measurement	Sensitivity of the fair value measurement to inputs
13.11. a. Freehold Land						
Factory - 195/4, Kerawalapitiya Road, Hendala Wattala	31-Mar-24			Rs. 700,000	Positive correlated sensitivity	Estimated fair value would increase/(decrease) if price per perch would increase /(decrease)
Head Office - 312, Nawala Road,Rajagiriya	31-Mar-24	Market comparable method	Market value per perch	Rs. 6,500,000		
Land-No 07, Elhena Junction, Warapalana, Udathuthiripitiya	31-Mar-24			Rs. 60,000		
13.11. b. Freehold buildings						
Factory - 195/4, Kerawalapitiya Road, Hendala Wattala	31-Mar-24			Between Rs. 500 - Rs. 2,000		Estimated fair value would increase/(decrease) if Rate per square foot would increase / (decrease)
Head Office - 312, Nawala Road,Rajagiriya	31-Mar-24	Contractor's method	Rate per square foot for building	Rs. 5,250	Positive correlated sensitivity	
Land-No 07, Elhena Junction, Warapalana, Udathuthiripitiya	31-Mar-24			Between Rs.3,500 - Rs. 4,500		

Notes to the Financial Statements

Market comparable method

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process outlier transactions, indicative of particular motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.

Contractor's method

The valuation model considers reconstructing a new building of similar structure and design based on current market prices for material, labour and present construction techniques and thereafter adjusting the depreciation due to use, age and obsolescence through market changes.

13.11.1. Sensitivity of assumption used in revaluation

The Company uses the revaluation model of measurement for Lands & Buildings. The Company engaged an external independent property valuer Mr. Anuradha Seneviratne (MRICS UK, FIV Sri Lanka) to determine the fair value of Lands & Buildings. The date of the most recent valuation was 31st March 2024. There is no major change in value especially as confirmed by the independent valuer on 31st March 2024.

i. Fair value hierarchy

The fair value measurement for all of the lands and buildings have been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

ii. Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the revalued amounts of lands & buildings, as well as the significant unobservable inputs used.

Valuation Technique	Significant Unobservable Inputs	Inter Relationship Between Significant Unobservable Inputs and Fair Value Measurement
Market approach:	Compares the market prices of similar assets sold recently within the particular area. Involves evaluation of recent active market prices of similar assets, making appropriate adjustments for any differences in the nature, location or condition of the specific property (Rs. 60,000 – Rs. 6,500,000)	The Estimated fair value would increase (decrease) if: Open market values were higher (lower);
Comparable method:	The cost of replacing an existing asset with a substantially identical equivalent, after taking into consideration, the depreciation due to usage and obsolescence through market changes (Rs. 500 - Rs. 5,250)	The Estimated fair value would increase (decrease) if: Open market values were higher (lower);

13.12. If Lands and buildings were stated at historical cost, the amounts would have been as Follows;

The carrying amount of Group's asset that would have been included in the Financial Statements if the asset has carried at cost less depreciation as follows,

Freehold Land

	GROUP		COMPANY	
As at 31st March	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Cost as at 1st April	44,256	44,256	44,256	44,256
Carrying value as at 31st March	44,256	44,256	44,256	44,256

Freehold Building

	GROUP		COMPANY	
As at 31st March	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Cost as at 1st April	136,300	196,139	136,300	196,139
Additions during the year	117,890	19,533	117,890	19,533
Accumulated Depreciation	(88,247)	(79,372)	(88,247)	(79,372)
Carrying value as at 31st March	165,943	136,300	165,943	136,300

13.13. Capital Work - in - Progress

	GROUP		COMPANY	
As at 31st March	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Balance as at 1st April	105,736	82,257	105,736	82,257
Additions during the Year	71,154	87,412	71,154	87,412
Transferred to Property, Plant and Equipment	(175,390)	(63,933)	(175,390)	(63,933)
Balance as at 31st March	1,500	105,736	1,500	105,736

Capital work in progress represents the amount of expenditure recognised under property, plant and equipment during the construction of Stores Building in Elhena Factory complex.

14. INTANGIBLE ASSETS

	GROUP		COMPANY	
As at 31st March	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Cost				
Balance as at 1st April	4,562	4,562	4,562	4,562
Additions during the year	4,062	-	4,062	-
Balance at 31st March	8,624	4,562	8,624	4,562
Accumulated Amortisation				
Balance at 1st April	4,078	3,916	4,078	3,916
Charge for the year	228	162	228	162
Balance at 31st March	4,306	4,078	4,306	4,078
Carrying Value as at 31st March	4,318	484	4,318	484

Intangible assets consists of computer software acquired by the Group/Company.

Notes to the Financial Statements

15. FINANCIAL ASSETS AT AMORTIZED COST

Financial Assets at amortized cost represents Treasury Bonds received in lieu of outstanding receivables from the National Water Supply and Drainage Board of Sri Lanka for the value of Rs. 189 Mn. The financial assets are measured at amorwtised cost.

16. INVESTMENTS IN SUBSIDIARIES

As at 31st March	2024	2023
<i>(In Thousands of Rupees)</i>		
Polymer Technologies (Pvt) Limited (100,000 Ordinary Shares -100% at cost)	1,000	1,000
	1,000	1,000

Polymer Technologies (Pvt) Limited did not carry out any commercial operations during the year. The Board is of the view that there is no requirement for any provision against impairment of the investments in the Polymer Technology as at the reporting date based on the assesement of the net asset value.

17. INVENTORIES

	GROUP		COMPANY	
As at 31st March	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Raw Materials	533,084	761,832	533,084	761,832
Work-in-Progress	15,698	13,927	15,698	13,927
Finished Goods	373,697	482,682	373,697	482,682
Machinery Spares	19,573	20,290	19,573	20,290
Consumable Stock and By products	4,732	2,661	4,732	2,661
Goods-in-Transit	141,052	93,317	141,052	93,317
Less :- Provision for non-moving and slow moving				
Inventories (Note 17.1)	(130,167)	(79,845)	(130,167)	(79,845)
	957,669	1,294,864	957,669	1,294,864

17.1. Provision for Non moving and Slow moving Inventories.

	GROUP		COMPANY	
	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Balance as at 1st April	79,845	34,005	79,845	34,005
Provision recognised during the year	50,322	45,840	50,322	45,840
Balance as at 31st March	130,167	79,845	130,167	79,845

17.2. The amount recognised in the Profit and Loss as Expense

	GROUP		COMPANY	
As at 31st March	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
The Amount of inventories recognised as an expense during the year	2,506,876	2,456,800	2,506,876	2,456,800
Impairment Provision for Inventories	50,322	45,840	50,322	45,840
Writedown /(Reversal) of inventory to Net Realizable Value	4,484	(5,032)	4,484	(5,032)

17.3. Facilities Available from banks against a negative pledge over the Company's Inventories

Bank	Facilities Available
Nations Trust Bank PLC	Short Term Loan, Overdraft, Import Loan and Guarantee facilities for Rs.500 Million
Hatton National Bank PLC	Short Term Loan, Overdraft, Import Loan and Guarantee facilities for Rs.1,000 Million
Commercial Bank of Ceylon PLC	Short Term Loan, Overdraft, Import Loan and Guarantee facilities for Rs.1,169.40 Million
Seylan Bank PLC	Short Term Loan, Overdraft, Import Loan and Guarantee facilities for Rs.1,100 Million
People's Bank	Short Term Loan, Overdraft, Import Loan and Guarantee facilities for Rs.420 Million
Pan Asia Banking Corporation PLC	Short Term Loan, Overdraft, Import Loan and Guarantee facilities for Rs.270 Million
Sampath Bank PLC	Short Term Loan, Overdraft, Import Loan for Rs.500 Million
Public Bank	Short Term Loan, Overdraft, Import Loan for Rs.80 Million

18. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
As at 31st March	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Trade Receivables	1,003,684	1,226,020	1,003,188	1,225,524
Impairment of Trade Debtors (Note 18.1)	(50,142)	(187,804)	(49,646)	(187,308)
	953,542	1,038,216	953,542	1,038,216
Deposits	4,585	4,190	4,585	4,190
Advances and Prepayments (Note 18.2)	136,462	141,589	136,462	141,589
Other Receivables	1,963	1,417	1,963	1,417
	1,096,552	1,185,412	1,096,552	1,185,412
18.1. Impairment of Trade Debtors				
Balance as at 1st April	187,804	47,217	187,308	43,788
Provision recognised during the year	492	143,602	492	143,602
Provision reversal during the year	(138,154)	-	(138,154)	-
Write-off of previously impaired Debtors	-	(3,015)	-	(82)
	(137,662)	140,587	(137,662)	143,520
Balance at 31st March	50,142	187,804	49,646	187,308

There is no enforcement activities relating to the write-off of debtors during the year.

18.2. Advances and Prepayments include the advance payment made to suppliers.

19. INVESTMENT VALUED AT FAIR VALUE THROUGH PROFIT AND LOSS

	GROUP		COMPANY	
As at 31st March	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Investment in Quoted Equity Securities (19.1)	11,608	18,974	11,608	18,974
Investment in Repo	110,229	-	110,229	-
Investment in Unit Trust (19.2)	163,385	20,023	163,385	20,023
	285,222	38,997	285,222	38,997

Notes to the Financial Statements

19.1. Investments in Quoted Equity Securities

(In Thousands of Rupees)			GROUP			
	No of Shares	Cost	Market value as at 31.03.2024	No of Shares	Cost	Market value as at 31.03.2023
Hemas Holding PLC	1,295	73	104	1,295	73	84
Lanka Tiles PLC	20,000	1,378	1,034	20,000	1,378	862
Expo Lanka Holdings PLC	13,750	1,709	2,544	75,000	9,323	10,350
Browns Investment PLC	340,000	2,862	1,836	340,000	2,862	2,040
LOLC Holdings PLC	10,500	5,886	4,174	10,500	5,886	3,938
Royal Ceramics Lanka PLC	61,586	2,641	1,915	61,586	2,641	1,699
Sarvodaya Development Finance PLC	100	2	1	100	2	1
		14,551	11,608		22,165	18,974

(In Thousands of Rupees)			COMPANY			
	No of Shares	Cost	Market value as at 31.03.2024	No of Shares	Cost	Market value as at 31.03.2023
Hemas Holding PLC	1,295	73	104	1,295	73	84
Lanka Tiles PLC	20,000	1,378	1,034	20,000	1,378	862
Expo Lanka Holdings PLC	13,750	1,709	2,544	75,000	9,323	10,350
Browns Investment PLC	340,000	2,862	1,836	340,000	2,862	2,040
LOLC Holdings PLC	10,500	5,886	4,174	10,500	5,886	3,938
Royal Ceramics Lanka PLC	61,586	2,641	1,915	61,586	2,641	1,699
Sarvodaya Development Finance PLC	100	2	1	100	2	1
		14,551	11,608		22,165	18,974

		GROUP		COMPANY	
As at 31st March,		2024	2023	2024	2023
(In Thousands of Rupees)					
Balance as at 1st April		18,974	28,870	18,974	28,870
Sales during the year		(9,023)	(141)	(9,023)	(141)
Disposal Loss on sales of Quoted Equity Securities		(133)	(48)	(133)	(48)
Appreciation/(Provision) for Value of Investments		1,791	(9,707)	1,791	(9,707)
Balance as at 31st March		11,608	18,974	11,608	18,974

19.2. Investments in Unit Trust

(In Thousands of Rupees)			GROUP/COMPANY			
	No of Unit	Cost	Market value as at 31.03.2024	No of Unit	Cost	Market value as at 31.03.2023
NDB Wealth Money Fund	4,723,364	34	163,385	735,683	27	20,023
	4,723,364	34	163,385	735,683	27	20,023

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Fair value as at 1st April	20,023	393,172	20,023	393,172
Investments made during the year	1,235,476	473,723	1,235,476	473,723
Redemption made during the year	(1,114,711)	(878,676)	(1,114,711)	(878,676)
Disposal Gain on sales of Unit Trust Investments	18,098	31,781	18,098	31,781
Fair Value Gain on remeasurement	4,499	23	4,499	23
Fair Value of Unit Trust as at 31st March	163,385	20,023	163,385	20,023

20. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Fixed Deposit	-	385,000	-	385,000
Cash in Hand	345	400	345	400
Cash at Bank	67,086	62,293	66,961	62,168
Cash and Cash Equivalents in the Statement of Financial Position	67,431	447,693	67,306	447,568
Bank Overdraft	(33,702)	(39,526)	(33,702)	(39,526)
Cash and Cash Equivalents in the Statement of Cash flows	33,729	408,167	33,604	408,042

21. STATED CAPITAL

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Issued and fully paid Ordinary Shares	453,539	393,785	453,539	393,785

21.1. Movement in Number of ordinary shares

	GROUP		COMPANY	
	2024	2023	2024	2023
Issued ordinary shares at as at the beginning of the year	23,466,490	21,788,936	23,466,490	21,788,936
Shares issued as a scrip dividend	728,703	1,677,554	728,703	1,677,554
Number of ordinary shares at 31 March	24,195,193	23,466,490	24,195,193	23,466,490

21.2. Movement in Stated Capital

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Issued ordinary shares at as at the beginning of the year	393,785	284,912	393,785	284,912
Shares issued as a scrip dividend	59,754	108,873	59,754	108,873
Number of ordinary shares at 31 March	453,539	393,785	453,539	393,785

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Notes to the Financial Statements

22. REVALUATION RESERVE

The revaluation reserve relates to freehold land and building which has been revalued by the Group.

	GROUP		COMPANY	
For the Year ended 31st March,	2024	2023	2024	2023
(In Thousands of Rupees)				
Balance as at 1st April	341,265	399,914	341,265	399,914
Depreciation on Revaluation Surplus	(2,626)	(2,626)	(2,626)	(2,626)
Deferred Tax on Revaluation Surplus	657	657	657	657
Effect of change in Deferred Tax Rate (Note 25 C)	-	(56,680)	-	(56,680)
Revaluation Surplus	185,588	-	185,588	-
Deferred Tax on Revaluation Surplus	(6,737)	-	(6,737)	-
Balance as at 31st March	518,147	341,265	518,147	341,265

23. GENERAL RESERVE

The General Reserve represents the amount set aside by the Group/Company for future expansion and contingencies.

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
(In Thousands of Rupees)				
General Reserve	100,814	100,814	100,814	100,814
	100,814	100,814	100,814	100,814

24. EMPLOYEE BENEFITS

	GROUP		COMPANY	
For the Year ended 31st March,	2024	2023	2024	2023
(In Thousands of Rupees)				
Defined benefit obligation	73,078	64,135	73,078	64,135
	73,078	64,135	73,078	64,135

24.1. Movement in present value of the defined benefit obligations

	GROUP		COMPANY	
For the Year ended 31st March,	2024	2023	2024	2023
(In Thousands of Rupees)				
Defined Benefit Obligation as at 1st April	64,135	65,033	64,135	65,033
Included in profit or loss				
Current Service Cost and Interest (Note 24.2)	18,197	14,396	18,197	14,396
Included in other comprehensive income				
Actuarial Loss/(Gain) (Note 24.3)	8,854	(919)	8,854	(919)
	91,186	78,510	91,186	78,510
Payments during the year	(18,108)	(14,375)	(18,108)	(14,375)
Defined benefit obligation at 31st March	73,078	64,135	73,078	64,135

The provision for retirement benefits obligations as at 31st March 2024 is based on the actuarial valuation carried out by professionally qualified actuaries, Mr.Pushpakumar Gunasekara , an Actuary/Associate of Institute of Actuaries of Australia, using "Projected Unit Credit" (PUC) method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits"

The actuarial present value of the promised retirement benefits as at 31st March 2024 amounted to Rs. 73,078,376/-

24.2. Amounts recognised in profit or loss

For the year ended 31st March, (In Thousands of Rupees)	GROUP		COMPANY	
	2024	2023	2024	2023
Current Service cost	6,813	5,617	6,813	5,617
Past service credit	-	-	-	-
Interest Cost	11,384	8,779	11,384	8,779
	18,197	14,396	18,197	14,396

24.3. Amounts recognised in Other Comprehensive Income

For the year ended 31st March, (In Thousands of Rupees)	GROUP		COMPANY	
	2024	2023	2024	2023
Actuarial Loss/(Gain) during the year	8,854	(919)	8,854	(919)
	8,854	(919)	8,854	(919)

24.4. Actuarial assumptions

The following are the principle assumptions used by the valuer for the valuation as at 31st March.

	GROUP		COMPANY	
	2024	2023	2024	2023
Discount rate	12.50%	17.75%	12.50%	17.75%
A long-term treasury bond rate of 12.50% P.a. (2023 - 17.75%) was used to discount future liability taking into consideration the remaining working life of employees				
Expected Future salary increases	15.0%	14.0%	15.0%	14.0%
Staff turnover rate	17%	16%	17%	16%
Retirement age (Years)	60	60	60	60
Weighted average retirement age	5.15 years	6.04 years	5.15 years	6.04 years

Other assumptions regarding future mortality are based on A67-70 (Ultimate) UK Assured Lives Table.

The gratuity liability is not externally funded.

It is also assumed that the company will continue in business as a going concern.;

24.5. Sensitivity of Assumptions Employed in the Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

For the year ended 31st March, (In Thousands of Rupees)	2024		2023	
	Effect on defined benefit liability	Estimated defined benefit liability	Effect on defined benefit liability	Estimated defined benefit liability
Discount rate				
1% increase in discount rate	(2,565)	70,514	(1,750)	62,385
1% decrease in discount rate	2,800	75,879	1,882	66,017

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For the year ended 31st March,	2024		2023	
	Effect on defined benefit liability	Estimated defined benefit liability	Effect on defined benefit liability	Estimated defined benefit liability
<i>(In Thousands of Rupees)</i>				
Salary increment rate				
1% increase in salary increment rate	3,029	76,107	2,190	66,325
1% decrease in salary increment rate	(2,828)	70,250	(2,068)	62,067

24.6. Maturity analysis of payments

The following payments are expected on defined benefit obligation in future years.

	GROUP		COMPANY	
For the year ended 31st March,	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Within next 12 months	14,306	17,929	14,306	17,929
Between 1-2 years	7,076	809	7,076	809
Between 2-5 years	20,128	20,315	20,128	20,315
Between 5-10 years	31,568	25,082	31,568	25,082
	73,078	64,135	73,078	64,135

25. DEFERRED TAXATION

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Deferred Tax Liabilities - Note 25.(b)	224,876	227,512	224,876	227,512
Deferred Tax Assets - Note 25.(a)	(76,996)	(99,387)	(76,996)	(99,387)
	147,880	128,125	147,880	128,125

25. (a). Deferred Tax Assets

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Balance at the beginning of the year	99,387	25,709	99,387	25,709
(Reversal)/Provision during the year - Profit or Loss	(25,074)	56,815	(25,074)	56,815
Provision/(Reversal) during the year - Other Comprehensive Income	2,683	(276)	2,683	(276)
Effect of change in tax rates	-	17,139	-	17,139
Balance at the end of the year	76,996	99,387	76,996	99,387

25. (b). Deferred Tax Liabilities

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Balance at the beginning of the year	227,512	135,066	227,512	135,066
(Reversal)/Provision during the year - Profit or Loss	(9,373)	2,401	(9,373)	2,401
Provision during the year - Other Comprehensive Income	6,737	56,680	6,737	56,680
Effect of change in tax rates	-	33,365	-	33,365
Balance at the end of the year	224,876	227,512	224,876	227,512

25. (c). Provision for the year

	GROUP		COMPANY	
For the Year ended 31st March,	2024	2023	2024	2023
(In Thousands of Rupees)				
Provision/(Reversal) during the year recognized in Profit/(Loss)	15,701	(54,414)	15,701	(54,414)
Provision during the year recognized in Other Comprehensive Income	4,054	276	4,054	276
Effect of change in tax rates - Reversal during the year recognised in profit/ (Loss)	-	16,226	-	16,226
Effect of change in tax rates - Reversal during the year recognized in Other Comprehensive Income	-	56,680	-	56,680
Provision during the year recognized in Comprehensive Income	19,755	18,768	19,755	18,768

25. (d). Reconciliation of Deffered tax effect on temporary differences

	2024		2023	
	Temporary difference	Tax effect on temporary difference	Temporary difference	Tax effect on temporary difference
As at 31st March,				
(In Thousands of Rupees)				
GROUP / COMPANY				
Temporary Difference on Property Plant & Equipment	(254,799)	(76,440)	(286,041)	(85,813)
Temporary Difference on Revaluation of Land and Buildings	(494,787)	(148,436)	(472,329)	(141,699)
Temporary Difference on Retirement Benefit Obligations	73,078	21,923	64,135	19,241
Temporary Difference on Stock Provision	130,167	39,050	79,845	23,953
Temporary Difference on Provision for Bad and Doubtful Debts	49,647	14,894	187,309	56,193
Temporary Difference on Warranty Claim	3,765	1,130	-	-
	(492,929)	(147,879)	(427,081)	(128,125)

26. TRADE CREDITORS

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
(In Thousands of Rupees)				
Local Suppliers	62,856	20,881	62,856	20,881
Foreign Suppliers	-	67,901	-	67,901
Balance as at 31st March	62,856	88,782	62,856	88,782

27. OTHER PAYABLES

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
(In Thousands of Rupees)				
Accrued Expenses	128,215	222,611	128,215	222,547
Distributor Security Deposits	42,279	41,362	42,279	41,362
Other Liabilities	49,488	54,726	49,476	54,716
Balance as at 31st March	219,982	318,699	219,870	318,625

Notes to the Financial Statements

27.1. Warranty Provision

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
(In Thousands of Rupees)				
Balance as at 1st April	2,235	1,231	2,235	1,231
Provision made during the year	2,610	2,292	2,610	2,292
Warranty claim paid during the year	(1,080)	(1,288)	(1,080)	(1,288)
Balance as at 31st March	3,765	2,235	3,765	2,235

Warranty provision is recognised for expected warranty claims of 0.5% on electrical products sales.

28. LOANS AND BORROWINGS

	GROUP		COMPANY	
For the year ended 31st March,	2024	2023	2024	2023
(In Thousands of Rupees)				
Current				
Long term Loans	13,580	17,280	13,580	17,280
	13,580	17,280	13,580	17,280
Non Current				
Long term Loans	4,444	18,024	4,444	18,024
	4,444	18,024	4,444	18,024

	GROUP		COMPANY	
	2024	2023	2024	2023
(In Thousands of Rupees)				
Balance as at 1st April	35,304	618,970	35,304	618,970
Loans obtained during the Year	-	279,340	-	279,340
	35,304	898,310	35,304	898,310
Repayments during the Year	(17,280)	(863,006)	(17,280)	(863,006)
Balance at 31st March	18,024	35,304	18,024	35,304
Current	13,580	17,280	13,580	17,280
Non Current	4,444	18,024	4,444	18,024
Total Loan as at 31st March	18,024	35,304	18,024	35,304

28.1. The interest rate exposure on the bank borrowings as at the reporting date are as follows :

Loan and Borrowings	Loan Amount	Balance Amount	Interest Rate	Term and Condition
Long Term Loans				
Commercial Bank Loan	35,524	13,324	8.00%	In 60 equal monthly installment of Rs.740,000/-.
Sampath Bank Loan	25,000	4,700	8.50%	In 35 monthly installment of Rs.700,000/- and final installment of Rs. 500,000/-.
	60,524	18,024		

28.2. Maturity Analysis

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Within One Year	13,580	17,280	13,580	17,280
Between 1 and 2 years	4,444	13,580	4,444	13,580
Between 2 and 5 years	-	4,444	-	4,444
	18,024	35,304	18,024	35,304

29. CURRENT TAX ASSETS/ LIABILITIES

29.1. Current Tax Liabilities

	GROUP		COMPANY	
For the year ended 31st March,	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Balance as at 1st April	145,484	136,785	145,484	136,785
Provision for the year	243,040	174,128	243,040	174,128
Income Tax on assessments 2018/19 and 2019/20	1,491		1,491	
Income tax liability set off with current tax assets	9	7	-	-
Income Tax Over Provision Prior Years	(1,421)	(6,086)	(1,421)	(6,086)
WHT Recoverable during the year	(3,266)	(475)	(3,266)	(475)
Payments made during the year	(232,177)	(158,875)	(232,168)	(158,868)
Balance at 31st March	153,160	145,484	153,160	145,484

29.2. Current Tax Assets

Income Tax Receivables	28	19	-	-
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30. DUE TO RELATED PARTIES

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Tivoli Plastics (Pvt) Ltd.	1,181	404	1,181	404
	1,181	404	1,181	404

31. DUE TO SUBSIDIARIES

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Polymer Technologies (Pvt) Ltd.	-	-	1,165	1,079
	-	-	1,165	1,079

The above balances represent funds advanced by the subsidiary to the Company. Interest has been paid to the subsidiary on these funds at average weighted deposit rates (AWDR) that prevailed during the year.

Notes to the Financial Statements

32. EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements, other than those disclosed in Note 12.2, in respect of proposed dividend for the year.

33. RELATED PARTY TRANSACTION

33.1. Parent and Ultimate Controlling Entity

In the opinion of Directors, Central Finance Co. PLC is the parent and Ultimate parent of the Company.

33.2. Transactions with Group Entities

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard LKAS 24 - "Related Party Disclosures" the details of which are reported below. The consideration for the goods and services provided has been paid or accrued at prices offered to unrelated customers prevailing at that time.

				TRANSACTION VALUE	
Name of the Related Parties	Nature of Relationship	Nature of Transactions	Status	31st March 2024	31st March 2023
(In Thousands of Rupees)					
Central Finance Co. PLC	Parent Company	Interest earned from savings account	Recurrent	38	36
		Cash Dividend	Recurrent	31,018	-
		Scrip Dividend	Recurrent	31,018	47,999
CF Insurance Brokers (Pvt) Ltd.	Fellow Subsidiary	Value of Insurance premia Paid	Recurrent	6,598	9,195
		Cash Dividend	Recurrent	4,022	-
		Scrip Dividend	Recurrent	4,022	6,224
CF Growth Fund Ltd	Fellow Subsidiary	Cash Dividend	Recurrent	128	-
		Scrip Dividend	Recurrent	128	198
Expanded Plastic Product Ltd.	Fellow Subsidiary	Cash Dividend	Recurrent	23	-
		Scrip Dividend	Recurrent	23	35
Nations Trust Bank PLC.	An Associate of the Parent Company	Interest received	Recurrent	578	1,512
		Interest and Charges Paid	Recurrent	1,732	852
Central Industries Marketing (Pvt) Ltd	A wholly owned subsidiary	Interest paid on funds advanced	Recurrent	-	69
Polymer Technologies (pvt) Ltd	A wholly owned	Interest paid on funds advanced	Recurrent	186	105

33.2. (a). Due to / from Group Entities

				TRANSACTION VALUE	
Name of the Company	Nature of Relationship	Nature of Transactions	Status	31st March 2024	31st March 2023
(In Thousands of Rupees)					
Central Finance Co. PLC	Parent Company	Saving account balance as at 31 st March	Recurrent	629	592
Nations Trust Bank PLC.	An Associate of the parent company	Banking facilities in the normal course of business.	Recurrent		
		Short term finance (Limit of Facilities - Rs. 500 million)		-	-

33.3. Transactions with other Related Parties

Name of the Company	Nature of Relationship	Nature of Transactions	Status	TRANSACTION VALUE	
				31st March 2024	31st March 2023
(In Thousands of Rupees)					
Tivoli Plastics (Pvt) Ltd	An entity controlled by Director - Mr. C.S.W. De Costa	Subcontract Manufacture of PVC Pipe Fittings			
		Value of Processing Charges paid	Recurrent	28,049	11,831
		Dividend Paid	Recurrent	2,188	-
		Scrip Dividend	Recurrent	2,188	3,386
Amano Construction (Pvt) Ltd	An entity controlled by Director - Mr. C.S.W. De Costa	Contract for Rs. 50 Million to construct a stores at Elhena Factory	Non Recurrent		
		- Advance payment made during the year		-	27,773
		Contract for 61.77 Million to construst a Raw Material stores at Elhena Factory	Non Recurrent		
		- Advance payment made during the year		-	27,500

All transactions negotiated and carried out in the ordinary course of business have been reviewed and approved by the Related Party Transactions Review Committee of the Company. All the transactions entered into with these related parties on an arms length basis under normal commercial terms & conditions.

Transactions with Related Parties

33.4. Key Management Personnel

According to LKAS 24 Related Party Disclosure, Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors (including Executive and Non-Executive Directors) and CEO of the Company have been classified as Key Management Personnel of the Company and the Group.

As Central Finance Co. PLC (CFC) is the ultimate parent of the Company, the Board of Directors of CFC have the authority and responsibility of planning, directing and controlling the activities of the Company. Accordingly the Directors (including Executive and Non-Executive Directors) of CFC have also been classified as Key Management Personnel of the Company and the Group.

i Loans given to directors

No loans have been given to the Directors of the Company.

ii Key Management Personnel compensation

Compensation paid to/on behalf of Key Management Personnel of the Group and Company are as follow:

For the year ended 31st March,	GROUP		COMPANY	
	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Short-term employee benefits	28,020	22,220	28,020	22,220
Post employment benefits	2,340	1,980	2,340	1,980
	30,360	24,200	30,360	24,200

33.5. The Group/Company has not made any provision with respect to related party receivables as there were no such receivables at the year end. (2023-Nil)

Notes to the Financial Statements

33.6. Gurantees were given to/ received from Related parties

There are no gurantees given to/ received from related parties

33.7. The transaction with Close Family Members

There were no transaction with Close Family Members during the year ended 31st March 2024.

34. SEGMENT INFORMATION

Basis for segmentation

The Group has the following two strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Water Management Products	Manufacturing and distributing of Water Management Products
Electrical Products	Manufacturing and distributing of Electrical Products

For the year ended 31st March,	2024	2023
(In Thousands of Rupees)		
Revenue		
Water Management Products	3,873,444	3,918,971
Electrical Products	448,554	415,027
	4,321,998	4,333,998
Profit Before Taxation		
Water Management Products	954,213	708,482
Electrical Products	(45,468)	64,561
	908,745	773,043

For the year ended 31st March,	2024	2023
(In Thousands of Rupees)		
Segment Assets & Liabilities		
Total Assets		
Water Management Products	4,204,241	3,593,995
Electrical Products	489,314	467,057
	4,693,555	4,061,052
Total Liabilities		
Water Management Products	691,621	752,627
Electrical Products	22,007	70,067
	713,628	822,694

35. LITIGATIONS AND CLAIMS

The Company had no Litigations and Claims as at 31st March 2024.

36. CONTINGENT LIABILITIES

The Company has serviced the customer with commitment via bank gurantees of Rs. 20,724,659

37. CAPITAL COMMITMENTS

The Board of Directors had approved to purchase capital assets totaling Rs. 3.43 million of which Rs.0.02 million has been paid as an advance. The Company had no other capital commitments as at the 31st March 2024. (2023 - capital assets totaling Rs. 113.38 million)

38. DIRECTORS' RESPONSIBILITIES

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

39. IMPACT FROM RAPID CHANGE IN MACRO ECONOMIC FACTORS

The Macro Economic Environment of Sri Lanka

The operations of nearly all the manufacturing companies, which are dependent on import of raw material and finished goods, has been witnessing severe events that have set off an interconnected fiscal, monetary and economic crisis as well as deep recession that have reached unprecedented levels. Sovereign credit ratings have witnessed a series of downgrades by all major rating agencies and reached the level of 'Default Imminent (C)' when, on April 12, 2022, the Sri Lankan Government announced that it will withhold payment on the bonds due and discontinuation of payments on all its foreign debts.

Sri Lanka's economy shrank 2.3% in 2023 as the country struggled to break out of its worst financial crisis in decades. However, the economy grew 4.5% in the fourth quarter, setting the stage for a recovery this year. Growth benefited from a stronger currency, higher remittances and better tourism revenue in the second half of 2023, which fuelled positive economic sentiment. Sri Lanka's economy contracted 7.8% in 2022 as a severe foreign exchange crisis coupled with political instability devalued its currency and sent inflation and interest rates soaring. Helped by a \$2.9 billion International Monetary Fund bailout secured last March, Sri Lanka's economy began a painful path towards recovery and is expected to grow 1.8% this year.

Impact on Business Operations

PVC manufacturing is mainly dependent on the imported PVC resin. Due to the limitation on import material, the company has faced difficulty in maintaining the material stock levels at optimal levels as it operated before. Furthermore, resin prices in the global market have gone up and also the rapid depreciation of the Rupee has resulted in a drastic increase to the cost of material as never seen before.

Moreover, interest expenses on the borrowing of funds, which are mainly utilized for funding the import material has increased significantly due to the unprecedented interest rates. Also, general overhead expenses such as wages on hired labour, stationery, fuel, etc, has increased due to the economic inflation at present.

Measures imposed to curtail the adverse present economic condition

After scrutinizing the present macro and micro conditions of the Sri Lankan economy, the following favorable measures have been taken in order to ensure business continuation and adjust to the changing economic environment. To begin, production has been rescheduled and production schedule prioritized the base on products with a higher contribution. Also, negotiations were made with a local material supplier, who also engages in the same manufacturing category, to facilitate the raw material which can refill the deficit stock and maintain sufficient levels of stock which we require in order to continue smooth flow of operations.

In addition, the list price / retail price has been marked with the adjustment required for the increase in the cost of material which would diminish the losses due to the higher price of material and the risk arising due to exchange rate variances. Also, the management has decided to distribute goods to the customers on a cash on sale basis and a reduced credit period is only offered for specific customers who can adhere to the aforesaid funding requirement, eventually lessening the cost of funding. Finally, we are closely monitoring the operation process and eliminating non-essential expenditures, also restructuring some of the divisions with minimum operational cost.

Impact on Assets & Impairments

As a result of the steps taken by company, Company could maintain the standard operations without causing disturbance to performance of the company and its assets. Therefore, no requirement arose on impairment of Financial and Non-Financial Assets of the company while the Company has improved the plant and machinery for serving a better quality of product to the market.

40. FINANCIAL INSTRUMENTS – FAIR VALUE & RISK MANAGEMENT

40.1. Accounting Classification & fair value

Financial Instruments are measured on an ongoing basis either at Fair Value or at Amortized Cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognized.

The following tables analyze financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized and a comparison of the carrying amounts and fair values of the financial assets and liabilities of the Company and Group which are not measured at fair value in the financial statements. The amounts are based on the values recognized in the statement of financial position.

Based on normal market conditions, the carrying value of financial assets and liabilities with shorter maturity periods have been considered as a reasonable approximation to the fair value. Accordingly, the fair value hierarchy does not apply to cash and cash equivalents, trade and other receivables, loans and borrowings, trade and other payables and amounts due to related parties and subsidiaries.

Accounting classifications of financial instruments – Group (As at 31st March 2024)

As at 31st March 2024 (In Thousands of Rupees)	Financial Assets at FVTPL	Financial Assets at Amortized cost	Other Financial Liabilities	Total Carrying Amount	FAIR VALUE HIERARCHY			
					Fair value	Level 01	Level 02	Level 03
Financial assets measured at Fair Value								
Investments in Quoted Equity Securities	11,608	-	-	11,608	11,608	11,608	-	-
Investments in Unit Trust	163,385	-	-	163,385	163,385	163,385	-	-
Investments in Repo	110,229	-	-	110,229	110,229	110,229	-	-
	285,222	-	-	285,222	285,222	285,222	-	-
Financial assets not measured at Fair Value								
Trade Receivables	-	953,542	-	953,542	-	-	-	-
Cash and Cash Equivalents	-	67,431	-	67,431	-	-	-	-
	-	1,020,973	-	1,020,973	-	-	-	-
Total	285,222	1,020,973	-	1,306,195	285,222	285,222	-	-
Financial liabilities not measured at Fair Value								
Loans and Borrowings	-	-	18,024	18,024	-	-	-	-
Trade Creditors	-	-	62,856	62,856	-	-	-	-
Amount due to Related Parties	-	-	1,181	1,181	-	-	-	-
Bank Overdraft	-	-	33,702	33,702	-	-	-	-
Total	-	-	115,763	115,763	-	-	-	-

Accounting classifications of financial instruments – Group (As at 31st March 2023)

As at 31st March 2023 (In Thousands of Rupees)	Financial Assets at FVTPL	Financial Assets at Amortized cost	Other Financial Liabilities	Total Carrying Amount	FAIR VALUE HIERARCHY			
					Fair value	Level 01	Level 02	Level 03
Financial assets measured at Fair Value								
Investments in Quoted Equity Securities	18,974	-	-	18,974	18,974	18,974	-	-
Investments in Unit Trust	20,023	-	-	20,023	20,023	20,023	-	-
	38,997	-	-	38,997	38,997	38,997	-	-
Financial assets not measured at Fair Value								
Trade Receivables	-	1,038,216	-	1,038,216	-	-	-	-
Cash and Cash Equivalents	-	447,693	-	447,693	-	-	-	-
	-	1,485,909	-	1,485,909	-	-	-	-
Total	38,997	1,485,909	-	1,524,906	38,997	38,997	-	-
Financial liabilities not measured at Fair Value								
Loans and Borrowings	-	-	35,304	35,304	-	-	-	-
Trade Creditors	-	-	88,782	88,782	-	-	-	-
Amount due to Related Parties	-	-	404	404	-	-	-	-
Bank OverDraft			39,526	39,526				
Total	-	-	164,016	164,016	-	-	-	-

Notes to the Financial Statements

Accounting classifications of financial instruments – Company (As at 31st March 2024)

As at 31st March 2024 <i>(In Thousands of Rupees)</i>	Financial Assets at FVTPL	Financial Assets At Amortized cost	Other Financial Liabilities	Total Carrying Amount	FAIR VALUE HIERARCHY			
					Fair value	Level 01	Level 02	Level 03
Financial assets measured at Fair Value								
Investments in Quoted Equity Securities	11,608	-	-	11,608	11,608	11,608	-	-
Investments in Unit Trust	163,385	-	-	163,385	163,385	163,385	-	-
Investments in Repo	110,229			110,229	110,229	110,229	-	-
	285,222	-	-	285,222	285,222	285,222	-	-
Financial assets not measured at Fair Value								
Trade Receivables	-	953,542	-	953,542	-	-	-	-
Cash and Cash Equivalents	-	67,306	-	67,306	-	-	-	-
	-	1,020,848	-	1,020,848	-	-	-	-
Total	285,222	1,020,848	-	1,306,070	285,222	285,222	-	-
Financial liabilities not measured at Fair Value								
Loans and Borrowings	-	-	18,024	18,024	-	-	-	-
Trade Creditors	-	-	62,856	62,856	-	-	-	-
Amount due to Related Parties	-	-	1,181	1,181	-	-	-	-
Amount due to Subsidiaries	-	-	1,165	1,165	-	-	-	-
Bank Overdraft	-	-	33,702	33,702	-	-	-	-
Total	-	-	116,928	116,928	-	-	-	-

Accounting classifications of financial instruments – Company (As at 31st March 2023)

As at 31st March 2023 (In Thousands of Rupees)	Financial Assets at FVTPL	Financial Assets At Amortized cost	Other Financial Liabilities	Total Carrying Amount	FAIR VALUE HIERARCHY			
					Fair value	Level 01	Level 02	Level 03
Financial assets measured at Fair Value								
Investments in Quoted Equity Securities	18,974	-	-	18,974	18,974	18,974	-	-
Investments in Unit Trust	20,023	-	-	20,023	20,023	20,023	-	-
	38,997	-	-	38,997	38,997	38,997	-	-
Financial assets not measured at Fair Value								
Trade Receivables	-	1,038,216	-	1,038,216	-	-	-	-
Cash and Cash Equivalents	-	447,568	-	447,568	-	-	-	-
	-	1,485,784	-	1,485,784	-	-	-	-
Total	38,997	1,485,784	-	1,524,781	38,997	38,997	-	-
Financial liabilities not measured at Fair Value								
Loans and Borrowings	-	-	35,304	35,304	-	-	-	-
Trade Creditors	-	-	88,782	88,782	-	-	-	-
Amount due to Related Parties	-	-	404	404	-	-	-	-
Amount due to Subsidiaries	-	-	1,079	1,079	-	-	-	-
Bank Overdraft			39,526	39,526				
Total	-	-	165,095	165,095	-	-	-	-

Notes to the Financial Statements

41. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks arising from financial instruments:

- ⦿ Credit risk
- ⦿ Liquidity risk
- ⦿ Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk Management Framework

The Group Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has delegated this function to the Director/Chief Executive Officer who develops and monitors the Group's risk management policies and reports regularly to the Board of Directors on its activities. The Group's risk management policies are established to identify and analyze the risks faced by the Group, set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

41.1. Credit Risk

Credit risk is the risk of financial loss to the Group, if a customer or counter-party to a financial instrument fails to meet contractual obligations. Credit risk arises principally from the Group's receivables from customers and placement of deposits with banking institutions.

41.1.1. Exposure to credit risk

The Group's maximum exposure to credit risk as at the year end based on the carrying value of financial assets in the statement of financial position is given below. There were no off-balance sheet exposures as at the year end date.

		GROUP		COMPANY	
As at 31st March	Note	2024	2023	2024	2023
(In Thousands of Rupees)					
Financial assets at fair value through Profit or Loss					
Investment in Quoted Equity Securities	Note 19.1	11,608	18,974	11,608	18,974
Investment in Unit Trust	Note 19.2	163,385	20,023	163,385	20,023
Financial assets at amortized cost					
Trade Receivables	Note 18	953,542	1,038,216	953,542	1,038,216
Investment in Fixed Deposit	Note 20	-	385,000	-	385,000
Cash at Bank	Note 20	67,086	62,293	66,961	62,168
Total		1,196,816	1,524,506	1,196,691	1,524,381

41.1.2. Management of Credit Risk

(a) Trade Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the market segment of the Group's customer base, including the default risk of the industry in which customers operate, as these factors may have an influence on credit risk.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Sales limits are established for each customer, which represents the maximum open amount without requiring further approval from the Director/ Chief Executive Officer; these limits are reviewed annually. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis or on secured basis. In response to the current economic conditions, the risk management committee has also been performing more frequent reviews of sales limits for customers in regions and industries that are severely impacted.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 30 and 60 days for individual and corporate customers respectively. All extensions were granted within current sales limits after careful consideration of the impact of the current economic conditions on the creditworthiness of the customer and each customer that was granted an extension is closely monitored for credit deterioration.

More than 84 percent of the Group's customers have been transacting with the Group for over four years. In monitoring customer credit risk, customers are grouped according to the credit characteristics of the market segment, including whether they are an individual or legal entity, whether they are a corporate customer or a state entity.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

The maximum exposure to credit risk for trade receivables at the end of the reporting period by type of counterparty was as follows;

As at 31st March, (In Thousands of Rupees)	GROUP		COMPANY	
	2024	2023	2024	2023
Retail Dealer Channel Customers	654,065	476,027	653,569	475,531
Corporate Customers	256,495	136,918	256,495	136,918
State Entities	93,124	613,075	93,124	613,075
Total Trade Receivable	1,003,684	1,226,020	1,003,188	1,225,524

Expected credit loss assessment for Trade Receivables

The Company and the Group establishes an allowance for impairment that represents its estimate of expected losses in respect of Trade Receivables. Since the Company and Group operates in an environment where each customer contract is different, developing an allowance matrix as a whole would be impracticable. Therefore the Board of Directors has decided to assess each receivable separately based on the segment, age of customer relationship and historical data of payment statistics as at every reporting date.

The aging of trade receivables at the end of the reporting period was as follows:

As at 31st March 2024	GROUP			COMPANY		
	Gross carrying amount	Loss allowance	Net carrying amount	Gross carrying amount	Loss allowance	Net carrying amount
(In Thousands of Rupees)						
1 – 60 days	765,035		765,035	764,539	-	764,539
61 – 182 days	180,272		180,272	180,272	-	180,272
Above 182 days	58,377	50,142	8,235	58,377	49,646	8,731
Total	1,003,684	50,142	953,542	1,003,188	49,646	953,542

Notes to the Financial Statements

Movements in the allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

As at 31st March 2024	GROUP	COMPANY
(In Thousands of Rupees)		
Balance at the beginning of the year	187,804	187,308
Impairment provision - recognized for the year	492	492
Reversal during the year	(138,154)	(138,154)
Balance at the end of the year	50,142	49,646

(b) Credit risk on financial investments

The Group is also exposed to credit risk through its financial investments. The credit worthiness of the financial instruments are assessed using the credit ratings assigned to each security and fixed deposit. This rating provides the Company the indication of the financial stability of the investment. The ratings are based on Fitch Ratings.

Credit quality analysis of financial investments

	GROUP		COMPANY	
As at 31st March 2024	2024	2023	2024	2023
(In Thousands of Rupees)				
FD Investment having credit ratings				
A+		320,000		320,000
AA+ to AA-	-	-	-	-
BBB to BBB-	-	65,000	-	65,000
	-	385,000	-	385,000
Unit Trust Investment having credit ratings				
AA+ to AA-	161,389	20,023	161,389	20,023
	161,389	20,023	161,389	20,023
Cash at Bank having credit ratings				
AA+ to AA-		-		-
A+ to A-	17,212	15,114	17,087	14,989
BBB to BBB-	49,874	47,179	49,874	47,179
CC+ to CC-		-		-
	67,086	62,293	66,961	62,168

The above has been derived as per the Group's risk management policy of using the carrying values in the Statement of Financial Position. There were no off - balance sheet exposures as at the date. This does not include the exposure that would arise in the future as a result of changes in values.

Risk response to credit risk on financial investments

- ☉ The Company's investment policy prohibits non-graded investments, unless specifically authorised.
- ☉ Regularly review credit worthiness of counterparties and take necessary actions if required.
- ☉ Appropriate actions are implemented when the investments are expected to be a high credit risk.

41.2. Liquidity Risk

Liquidity risk' is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

41.2.1. Exposure to Liquidity Risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

GROUP

As at 31st March 2024	Total Carrying Amount	CONTRACTUAL CASH FLOWS				
	Total	6 months or less	6 - 12 months	1-2 Years	More than 2 years	
(In Thousands of Rupees)						
Non-derivative financial liabilities						
Loans and Borrowings	18,024	19,000	9,228	5,223	4,548	-
Trade Payables	62,856	62,856	62,856	-	-	-
Other Payables	91,772	91,772	91,772	-	-	-
Amounts due to related parties	1,181	1,181	1,181	-	-	-
	173,833	174,809	165,037	5,223	4,548	-

As at 31st March 2023	Total Carrying Amount	CONTRACTUAL CASH FLOWS				
	Total	6 months or less	6 - 12 months	1-2 Years	More than 2 years	
(In Thousands of Rupees)						
Non-derivative financial liabilities						
Loans and Borrowings	35,304	38,525	9,947	9,578	14,452	4,548
Trade Payables	88,782	88,782	88,782	-	-	-
Other Payables	96,088	96,088	96,088	-	-	-
Amounts due to related parties	404	404	404	-	-	-
Bank Overdraft	39,526	39,526	39,526	-	-	-
	260,104	263,325	234,747	9,578	14,452	4,548

COMPANY

As at 31st March 2024	Total Carrying Amount	CONTRACTUAL CASH FLOWS				
		Total	6 months or less	6 - 12 months	1-2 Years	More than 2 years
(In Thousands of Rupees)						
Non-derivative financial liabilities						
Loans and Borrowings	18,024	19,000	9,228	5,223	4,548	-
Trade Payables	62,856	62,856	62,856	-	-	-
Other Payables	91,755	91,755	91,755	-	-	-
Amounts due to related parties	1,181	1,181	1,181	-	-	-
Amounts due to subsidiaries	1,165	1,165	1,165	-	-	-
	174,987	175,964	166,192	5,223	4,548	-

Notes to the Financial Statements

As at 31st March 2023	Total Carrying Amount	CONTRACTUAL CASH FLOWS				
		Total	6 months or less	6 - 12 months	1-2 Years	More than 2 years
(In Thousands of Rupees)						
Non-derivative financial liabilities						
Loans and Borrowings	35,304	38,525	9,947	9,578	14,452	4,548
Trade Payables	88,782	88,782	88,782	-	-	-
Other Payables	96,078	96,078	96,078	-	-	-
Amounts due to related parties	404	404	404	-	-	-
Amounts due to subsidiaries	1,079	1,079	1,079	-	-	-
Bank Overdraft	39,526	39,526	39,526	-	-	-
	261,173	264,394	235,816	9,578	14,452	4,548

Management of Liquidity Risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group has access to approved short-term financing facilities from commercial banks, if required.

The Group monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables and it is estimated that the maturity of trade receivables as at the reporting date would occur in sufficient quantity and timing, given the historical trends, and currently available information which would enable the Group to meet its contractual obligations.

The Group monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. As at 31 March 2024, the expected cash flows from trade and other receivables maturing within two months were Rs 139 Mn (2023- Rs.528Mn.). This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

- ⦿ Maintaining a diversified funding base and appropriate contingency facilities.
- ⦿ Carrying a portfolio of highly liquid assets that can be readily converted into cash to protect against unforeseen short-term interruptions to cash flows.
- ⦿ Monitoring liquidity ratios and carrying out stress-testing of the Company's liquidity position.
- ⦿ Regular reviews cash flow projections.
- ⦿ Availability of stand by overdraft facility to be used in the event of an emergency.

Unutilised bank overdraft facilities

As at 31st March 2024 the Group had approved overdraft facilities amounting to Rs. 220 Mn of which is not utilized at reporting date. In addition, the Company has access to approved trade and short-term financing facilities of Rs. 4,819.4 Mn from commercial banks, of which Rs. 18 Mn was utilized on term Loans as at 31st March 2024.

41.3. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that would impact Group's income or the value of investment in financial instruments. The objective of managing market risk is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

Market risk principally arises from the Group's equity investments, interest-bearing financial assets and financial liabilities, and financial assets and financial liabilities denominated in foreign currencies.

41.3.1. Currency risk

The foreign currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuating due to changes in foreign exchange rates. The Group is exposed to foreign currency risk on purchases, borrowings and cash deposits denominated in currencies other than the functional currency of the Group. The currencies giving rise to this risk are primarily US Dollars.

41.3.1.1. Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows,

As at 31st March,	2024		2023	
	Amount in USD	Amount in LKR	Amount in USD	Amount in LKR
<i>(In Thousands)</i>				
Financial Assets				
Cash and cash equivalents	0.29	88	0.27	86
	0.29	88	0.27	86
Financial Liability				
Trade Payables	-	-	202	67,901
	-	-	202	67,901
Net Finance Liability/(Assets) exposure	(0.29)	(88)	202	67,815

Closing exchange rate as at 31st March 2024 is Rs. 301.18 (2022/2023- Rs. 336.01).

41.3.1.2. Sensitivity to foreign exchange risk

The Group, as of the reporting date holds financial instruments denominated in currencies other than its functional / reporting currency. A reasonable possible strengthening or weakening of the US Dollar (USD) against Sri Lanka Rupee (LKR) as of the reporting date would have affected the measurement of USD denominated Assets and Liabilities and affected equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

The Group has no liabilities which are to be settled in US Dollars at the reporting date.

<i>(In Thousands of Rupees)</i>	IMPACT ON PROFIT OR LOSS		IMPACT ON EQUITY, NET OF TAX	
	Strengthening	Weakening	Strengthening	Weakening
As at 31st March 2024				
Impact of change in 1% USD rate	1	(1)	1	(1)
Impact of change in 15% USD rate	13	(13)	9	(9)
As at 31st March 2023				
Impact of change in 1% USD rate	(678)	678	(475)	475
Impact of change in 15% USD rate	(10,172)	10,172	(7,121)	7,121

Management of Foreign exchange risk

- ⊙ The Treasury officer analyses the market condition of foreign exchange and analyse the utilisation of cash flows.
- ⊙ Regularly review timing of foreign currency cash in flows and outflows and takes decisions on whether to reinvest the foreign cash flows or utilise to make the foreign currency payments.
- ⊙ Looking out forward contract possibilities.

Notes to the Financial Statements

41.3.2. Interest rate risk

Interest rate risk mainly arises as a result of the Group having interest sensitive assets and liabilities which are directly impacted by changes in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The management monitors the sensitivities on regular basis and ensures that such risks are managed in a timely manner.

The interest rates have increased significantly after the reporting date, this may lead to substantial negative impact on the future profits of the Group.

41.3.2.1. Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group is as follows,

As at 31st March,	2024			2023		
	Variable interest rate	Fixed interest rate	Total	Variable interest rate	Fixed interest rate	Total
<i>(In Thousands of Rupees)</i>						
Financial Assets						
Investments in Treasury Bills		787,089	787,089			
Investments in Fixed Deposits	-	-	-	-	385,000	385,000
	-	787,089	787,089	-	385,000	385,000
Financial liabilities						
Loans and borrowings	-	18,024	18,024	-	35,304	35,304
Bank Overdraft	33,702	-	33,702	39,526	-	39,526
	33,702	18,024	51,726	39,526	35,304	74,830
Maximum exposure	33,702	(769,065)	(735,363)	39,526	(349,696)	(310,170)

41.3.2.2. Sensitivity analysis

The following table shows the estimated impact on profitability and equity by fluctuation of interest rates assuming that all other variables remain constant on the following financial assets. Floating rate instruments expose the Group to cash flow fluctuations.

As at 31st March,	2024		2023	
	VARIABLE-RATE		VARIABLE-RATE	
	Impact on PBT	Impact on equity	Impact on PBT	Impact on equity
<i>(In Thousands of Rupees)</i>				
Increase in 100 basis points Financial assets / liabilities				
Loans and borrowings	-	-	-	-
Bank Overdraft	(337)	(236)	(395)	(277)
	(337)	(236)	(395)	(277)
Decrease in 100 basis points Financial assets / liabilities				
Loans and borrowings	-	-	-	-
Bank Overdraft	337	236	395	277
	337	236	395	277

Management of Interest rate risk

- ☉ The Group monitors its interest rate risk exposure through periodic reviews of asset and liability positions.
- ☉ The Group limited to obtain short term (less than 3 months) loan with the variable interest rate. The Long term loans are obtained with fixed interest rate.

41.3.3. Equity risk

The Group's exposure to equity risk arises from its investments in equity securities. Equity risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices.

41.3.3.1. Listed equity investments

As at 31st March, (In Thousands of Rupees)	GROUP		COMPANY	
	2024	2023	2024	2023
Investment in Quoted Equity Securities	11,608	18,974	11,608	18,974
	11,608	18,974	11,608	18,974

41.3.3.2. Sensitivity analysis of equity risk

The following table shows the estimated impact on profitability an equity by fluctuation of stock market prices at the reporting date, assuming that all other variables remain constant.

As at 31st March, (In Thousands of Rupees)	GROUP		COMPANY	
	IMPACT ON PBT		IMPACT ON PBT	
	2024	2023	2024	2023
10% decline in stock prices	(1,161)	(1,897)	(1,161)	(1,897)
10% Increase in stock prices	1,161	1,897	1,161	1,897

Management of Equity Risk

The Group manages the equity risk through diversification and placing limits on individual and total equity portfolio investments. The Group's equity risk management policies are;

- Investment decisions are based on in depth macroeconomic and industry analysis as well as research reports on company performance.
- Reports on the equity portfolio are submitted to the Company's senior management on a regular basis.
- Adherence to the investment policy which includes stringent guidelines on risk exposures.

41.4. Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as the risks of misselling of products and non-compliance with legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective in managing operational risk is to balance the avoidance of financial losses and damage to the Group's reputation with overall cost-effectiveness and innovation. In all cases, Group policy requires compliance with all applicable legal and regulatory requirements.

The Board of Directors has delegated responsibility of operational risk to the Risk Committee, the committee is responsible for the development and implementation of controls to address operational risk.

Management of operational risk

- Segregation of duties, including the independent authorisation of transactions;
- Reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.

Notes to the Financial Statements

- ⦿ Training and professional development.
- ⦿ The results of internal audit reviews are discussed, with audit committee and management.
- ⦿ Compliance with the Company standards is supported by a programme of periodic reviews undertaken by internal audit.

42. CAPITAL MANAGEMENT

The Group's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves and retain earning . The Board of Directors monitors the return on capital, interest covering ratio, dividend to ordinary shareholders.

The gearing ratio at the reporting date is as follows.

	GROUP		COMPANY	
As at 31st March,	2024	2023	2024	2023
<i>(In Thousands of Rupees)</i>				
Interest bearing borrowing				
Total Liabilities	713,628	822,694	714,681	823,699
Less:Cash and cash equivalents	(67,431)	(62,693)	(67,306)	(62,568)
Net Debt	694,742	760,001	695,923	761,131
Equity	3,979,927	3,238,358	3,979,721	3,238,209
Gearing ratio	0.16	0.23	0.16	0.24

Supplementary Information

Share Information

1. STOCK EXCHANGE LISTING

Central Industries PLC is a public Listed Company (Reg.PQ 121) the issued ordinary shares of which are listed on the Colombo Stock Exchange.

2. STATED CAPITAL

The Stated Capital of the Company as defined by the Companies Act No. 07 of 2007 was Rs. 453.5 Mn. as at 31st March 2024.

3. SHAREHOLDERS AS AT 31ST MARCH 2024

	Quantity	%
Issued Ordinary Shares	24,195,193	
Shares held by the Parent Enterprise, Subsidiaries, Associates, Directors, and Shareholders whose holdings exceed 10%	12,891,379	53.28
Shares held by the public (In terms of the rule 7.14.1(a) of the Listing Rules,the Company qualifies under option five of the minimum public holding requirement)	11,303,814	46.72
Number of Public Shareholders	2,421	

4. DISTRIBUTION OF SHAREHOLDINGS AS AT 31ST MARCH 2024

Number of Shares held	RESIDENTS			NON- RESIDENTS			TOTAL		
	No of Share holders	No. of Shares	%	No of Share holders	No.of Shares	%	No.of Share holders	No.of Shares	%
1-1,000	1,560	314,180	1.34	4	741	-	1,564	314,921	1.34
1,001-10,000	650	2,147,953	9.15	6	18,502	0.08	656	2,166,455	9.23
10,001-100,000	182	5,096,838	21.72	2	76,499	0.33	184	5,173,337	22.05
100,001-1,000,000	15	4,497,251	19.16	-	-	-	15	4,497,251	19.16
1,000,001 & Over	2	12,043,229	51.32	-	-	-	2	12,043,229	51.32
Total	2,409	24,099,451	102.69	12	95,742	0.41	2,421	24,195,193	103.10

5. TWENTY LARGEST SHAREHOLDERS

Name	2024		2023	
	No. of Shares	%	No. of Shares	%
1 Central Finance Company PLC A/C No 03	10,660,944	44.06	10,339,414	44.06
2 CF Insurance Brokers (PVT) LTD	1,382,285	5.71	1,340,596	5.71
3 Employee Trust Fund Board	847,421	3.50	821,864	3.50
4 Mr. Vigneswaramoorthy Sunil Gavasker	730,112	3.02	-	-
5 Mrs. Saraswathy Vasudevan	501,854	2.07	546,291	2.33
6 Tivoli Lanka Limited	752,101	3.10	729,419	3.11
7 Seylan Bank PLC / F.J.P. Raj	293,577	1.21	259,723	1.11
8 Mr. Varatharajah Sivakumar	197,754	0.82	196,886	0.84
9 Mr. Gihan Chandana Sumithalal Ramanayake	196,979	0.81	225,453	0.96
10 Hatton National Bank PLC - Astrue Alpha Fund	186,162	0.77	-	-
11 Mr. Prashantha Wanigasuriya	175,286	0.72	170,000	0.72
12 EWB Equities (Private) Limited	139,569	0.58	-	-
13 Hatton National Bank PLC / Ruwan Prasanna Sugathadasa Seylan Bank PLC / Emile Joseph Gunesekera & Michelle	129,551	0.54	130,684	0.56
14 Geneieve Martha Gunasekera	120,873	0.50	117,228	0.50
15 Citizens Development Business Finance PLC / F.H.T.C Silva	116,012	0.48	-	-
16 Deutsche Bank AG - National Equity Fund	110,000	0.45	-	-
17 Bank Of Ceylon A/C Ceybank Unit Trust	98,075	0.41	95,118	0.41
18 Mr. Agampodi Chamara Senanka	96,312	0.40	-	-
19 Hatton National Bank PLC / Mushtaq Mohamed Fuad	86,037	0.36	-	-
20 Seylan Bank PLC/Mohamed Mushtaq Fuad	82,805	0.34	-	-
	16,902,709	69.86	14,972,676	63.79

6. SHARE TRADING DURING THE YEAR ENDED 31ST MARCH 2024

Highest Price - 22nd August 2023	Rs. 114.50
Lowest Price - 21st June 2023	Rs. 75.00
Last Traded Price - 28th March 2024	Rs. 111.00
No. of Trades	2,533
No.of Shares Traded	Rs. 2,787,311
Value of the Shares Traded	Rs. 281,608,206
Float Adjusted Market Capitalization as at 31 March 2023	Rs. 1,254,743,352

7. KEY FINANCIAL RATIOS

	2024/23	2023/22
Dividend per share (Rs.)	6.00	6.00
Dividend pay out	22.00%	21.89%
Net Assets per share (Rs.)	164.49	133.84
No of Shares in issue	24,195,193	23,466,490

Five Year Summary

Year ended 31st March	2024	2023	2022	2021	2020
<i>(In Thousands of Rupees)</i>					
Income Statement					
Gross Revenue	4,321,998	4,333,998	6,731,883	4,122,942	3,226,131
Profit Before Taxation	908,745	773,043	675,638	469,298	262,985
Income Tax Expenses	(258,811)	(129,854)	(173,544)	(66,185)	(69,080)
Profit for the Year	649,934	643,189	502,094	403,113	193,905
Statement of Financial Position					
Assets					
Property ,Plant and equipment	1,306,126	1,093,583	1,025,026	922,408	908,111
Intangible Assets	4,318	484	646	27	74
Financial Assets at Amortized Cost	189,120	-	-	-	-
Total Current Assets	3,193,991	2,966,985	4,238,722	2,685,397	1,667,995
Total Assets	4,693,555	4,061,052	5,264,394	3,607,830	2,576,180
Equity and Liabilities					
Share Capital	453,539	393,785	284,912	160,831	121,320
Reserves	3,526,388	2,844,573	2,365,596	2,021,159	1,653,789
Total Equity	3,979,927	3,238,358	2,650,508	2,181,990	1,775,109
Deferred Taxation	147,880	128,125	109,357	111,253	187,772
Retirement Benefit Obligation	73,078	64,135	65,033	68,158	54,775
Loans and Borrowings	4,444	18,024	21,984	-	-
Total Current Liabilities	488,226	612,410	2,417,512	1,246,429	558,524
Total Equity and Liabilities	4,693,555	4,061,052	5,264,394	3,607,830	2,576,180
Earnings Per Share(Rs.)	26.86	26.58	21.40	18.50	9.37
Net Assets Per Share (Rs.)	164.49	133.84	112.95	105.42	85.76
Dividend Per Share (Rs.)	6.00	6.00	5.00	8.00	2.50
Price Earning ratio	4.13	3.17	4.26	5.29	3.50
Dividend yield	5.41%	7.12%	5.10%	7.80%	12.20%
Dividend pay out	22.34%	21.89%	23.00%	41.07%	25.00%
Price to book value	0.51%	0.71%	0.81%	0.98%	0.38%

Our Corporate Customers



GRI Content Index

Statement of Use – Central Industries PLC has reported in accordance with the GRI Standard for the period of 1st April 2023 to 31st March 2024.

IR Guiding Principle	How we complied
Strategic focus & future orientation	Inputs are provided by the board and senior management considering the external environment and risks faced by the Company. The executive reviews provide a perspective of the company's focus and future orientation
Connectivity of Information	The interlinked capitals and value creation model depicts how value is created for stakeholders
Stakeholder relationships	The Stakeholder Engagement section indicates the manner in which we engage with stakeholders
Conciseness	All aspects of non-financial reporting are presented in a concise manner with the help of charts, tables etc.
Materiality	Material topics were selected based on areas that material to the company and as per Integrated Reporting guidelines
Reliability & Completeness	External assurance has been given by Auditors KPMG while the Board of Directors has assured the financial statements

Statement of Use – Central industries PLC has reported in accordance with the GRI standard for the period of 01st April 2023 to 31st March 2024.

GRI 1 Used GRI foundation 2021

GRI Standard	Disclosure	Location
GRI 2 : General Disclosure 2021	2-1 Organizational details	Know about Central Industries PLC (Pg 8) and review of business operations (Pg 47 and 83)
	2-2 Entities included in the organization's sustainability reporting	About the report (Pg 4 and 5)
	2-3 Reporting period, frequency and contact point	About the report (Pg 4 and 5)
	2-4 Restatements of information	About the report (Pg 4 and 5)
	2-5 External assurance	Independent Auditors' report (Pg 135)
	2-6 Activities, value chain and other business relationships	Our value creation business model and our capital inputs and outputs (pg 32 to 34)
	2-7 Employees	Management profile (pg 118)
	2-8 Workers who are not employees	Employee profile as at 31st March 2024 (Pg 60)
	2-9 Governance structure and composition	Corporate Governance (pg 88)
	2-11 Chair of the highest governance body	Corporate Governance (pg 88)
	2-12 Role of the highest governance body in overseeing the management of impact	Corporate Governance (pg 91)
	2-13 Delegation of responsibility for managing impact	Corporate Governance (pg 91)
	2-14 Role of the highest governance body in sustainability reporting	Task force on climate – related Financial disclosures (pg 31)
	2-15 Conflict of Interest	Annual Report of the board of Directors (pg 132)
	2-16 Communication of critical concerns	Intergraded stake holder engagement (pg 40)
	2-17 Collective knowledge of the highest governance body	Corporate Governance (pg 88)
	2-18 Evaluation of the performance of the highest governance body	Report of Remuneration Committee (pg 123)
	2-19 Remuneration Policies	Human Capital (pg 60)
	2-20 Process to determine remuneration	Human Capital (pg 60)
	2-21 Annual total compensation ratio	Human Capital (pg 61)
	2-22 Statement on sustainable development strategy	Governance of sustainability (pg 25)
	2-27 Compliance with laws and regulations	Compliance report (pg 95)
	2-28 Membership associations	Our corporate customers (pg 201)
	2-29 Approach to stakeholder engagement	Integrated stakeholders' engagement (pg 40 to 44)
GRI 3 : Material Topics 2021	3-1 Process to determine material topics	Process to determine material topics (pg 44)
	3-2 List of material topics	List of material topics (pg 45)
	3-3 Management of Material topics	Management of Material topics (pg 45)
GRI 201 : Economic Performance 2016	201-1 Direct economic value generators and distributors	Value allocated (sustainability highlights) (pg 12 to 13)
	201-2 Financial implications and other risk and opportunities due to climate change	Task force on climate (pg 31)
	201-3 Defined Benefit plan obligations and other retirement plans	Notes to the financial statements note 24 (Pg 174)

GRI Content Index

GRI Standard	Disclosure	Location
GRI 203: Indirect Economic impact	203-1 Infrastructure investments and services supported	Social and Relationship capital (pg 73 to 81)
	203- 2 Significant indirect economic impact	Value allocated (sustainability highlights) (pg 12 to 13)
GRI 204 : Procurement practices 2016	204- 1 Proportion of spending on local suppliers	Value allocated (sustainability highlights) (pg 12 to 13)
GRI 207 : Tax 2019	207- 1 Approach to tax	Notes to the financial statements 10 (Pg 160 and 161)
	207 - 2 Tax governance, control and risk management	Notes to the financial statements 10 (Pg 160 and 161)
	207 - 3 Stakeholder engagement and management of concern related to tax	Integrated stakeholders' engagement (pg 40 to 43)
GRI 302 : Energy 2016	302-1 Energy Consumption within the organization	Natural Capital (Pg 83)
	302-2 Energy consumption outside of the organization	Natural Capital (Pg 84)
	302-4 Reduction of energy consumption	Natural Capital (Pg 84)
	302-5 Reduction in energy requirement of products and services	Natural Capital (Pg 84)
GRI 303 : Water and effluents 2018	303-1 Interactions with water as a share 2 resources	Natural Capital (Pg 84)
	303-2 Management of water discharge – relates impacts	Natural Capital (Pg 84)
	303-3 Water withdrawal	Natural Capital (Pg 85)
	303-4 Water discharge	Natural Capital (Pg 85)
	303-5 Water Consumption	Natural Capital (Pg 85)
GRI 304 : Biodiversity 2016	304-1 Operational sites owner leads, management in or adjacent to protects areas and areas of high biodiversity value outside protected areas	Governance of sustainability (pg 25)
	304-2 Significant impact of activities, products and services on biodiversity	Governance of sustainability (pg 25)
GRI 306 : Waste 2020	306-1 Waste generation and significant waste relates impacts	Natural Capital (Pg 85)
	306-2 Management of significant waste relate impacts	Natural Capital (Pg 85)
	306-3 Waste generates	Natural Capital (Pg 86)
GRI 401 : Employment	401-1 New employee hires and employee turnover	Human Capital (pg 62)
	401-2 Benefits provides to full time employees that are not provided to temporary or part time	Human Capital (pg 63)

GRI Standard	Disclosure	Location
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	Human Capital (pg 66)
	403-2 Hazard identification, risk assessment and incident investigation	Human Capital (pg 63)
	403-3 Occupational health services	Human Capital (pg 63)
	404-4 Worker participation, consultation, and communication on occupational health and safety	Human Capital (pg 64)
	403-5 Worker training on occupational health and safety	Human Capital (pg 64)
	403-9 Work relate injuries	Human Capital (pg 64)
GRI 404 : Training and Education 2016	404-1 Average hours of training per year per employee	Human Capital (pg 68)
	404-2 Programs for upgrading employee skills and transition assistance programs	Human Capital (pg 68)
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	Human Capital (pg 69)
	405-2 Ration of basic salary and remuneration of women to men	Human Capital (pg 63)
GRI 406 : Nondiscrimination 2016	406-1 Incidents of discrimination and correction action taken	Human Capital (pg 69)
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Human Capital (pg 69)
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	Social and Relationship capital (pg 80)
	413-2 Operations with significant actual and potential negative impacts on local communities	Social and Relationship capital (pg 80)
GRI 414: Suppliers social assessment 2016	414-1 New suppliers that were screened using social criteria	Social and Relationship capital (pg 77)
	414-2 Negative social impact in the supply chain and action taken	Social and Relationship capital (pg 77)
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impact of product and service category	Social and Relationship capital (pg 75)
	416-2 Incidents of non- compliance concerning the health and safety impact of product and service	Social and Relationship capital (pg 75)
GRI 417 : Marketing and labeling 2016	417-1 Requirements for products and services information and labeling	Social and Relationship capital (pg 76)
	417-2 Incident of non-compliance concerning products and services information and labeling	Social and Relationship capital (pg 76)
	417-3 Incidents of con compliance concerning marketing communication	Social and Relationship capital (pg 77)
GRI 418: Customer privacy 2016	418-1 substantiate 2 complaints concerning breaches of customer privacy and losses of customer date	Social and Relationship capital (pg 76)

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Forty Second (42nd) Annual General Meeting of Central Industries PLC be held at Central Finance Company PLC, No. 270, Vauxhall Street, Colombo 02 on this 27th day of June 2024 at 3.00 p.m., for the following purposes:

1. To receive and consider the Annual Report of the Board together with the Financial Statements of the Company for the year ended 31st March 2024 and Report of the Auditors thereon.
2. To declare a final dividend of Rs. 6.00 per share for the financial year ended 31st March 2024 as recommended by the board of directors
3. To propose the following resolution as an ordinary resolution for the reappointment of Mr. A.Hettiarachchy who has reached the age of 75 years.

"IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. A.Hettiarachchy who has reached the age of 75 years prior to this Annual General Meeting and that he be reappointed as a director of the Company".
4. To propose the following resolution as an ordinary resolution for the reappointment of Ms. I.S.Jayasinghe who has reached the age of 76 years.

"IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No.07 of 2007 shall not apply to Ms. I.S.Jayasinghe who has reached the age of 76 years prior to this Annual General Meeting and that she be reappointed as a director of the Company".
5. To propose the following resolution as an ordinary resolution for the reappointment of Mr. C.S.W.De Costa who has reached the age of 72 years.

"IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. C.S.W.De Costa who has reached the age of 72 years prior to this Annual General Meeting and that he be reappointed as a director of the Company".
6. To re-elect Mr.A.K. Gunaratne a director who retires by rotation in terms of Article 85 of the Articles of Association of the Company.
7. To re-elect Mr.C.S.Hettiarachchi a director who retires by rotation in terms of Article 85 of the Articles of Association of the Company.
8. To re-appoint M/s KPMG, Chartered Accountants, as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed with by the Board of Directors and to audit the Financial Statements of the Company for the accounting period ending 31st March 2025.

9. To authorize the Directors to determine contributions to charities for the ensuing year.

By Order of the Board,

Corporate Services (Private) Limited *Secretaries*

Central Industries PLC
Colombo on this 3rd day of June 2024

Note:

Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote/speak in his/her stead and a form of proxy is sent herewith for this purpose. A proxy need not be a shareholder of the Company. A completed form of proxy must be deposited at the registered office of the Company, at No.312, Nawala, Road, Rajagiriya or e-mailed to corporateservices@corporateservices.lk not less than 48 hours before the time appointed for the holding of the meeting.

Notes

[illegible]

Notes

Form of Proxy

*I/We

of

being *a member/members of CENTRAL INDUSTRIES PLC do hereby appoint

- | | | |
|----|------------------------|-----------------|
| 1. | Mr. G.S.N. Peiris | or failing him, |
| 2. | Mr. E.H. Wijenaike | or failing him, |
| 3. | Mr. A.K. Gunaratne | or failing him, |
| 4. | Mr. C.S.W. De Costa | or failing him, |
| 5. | Ms. I.S. Jayasinghe | or failing her, |
| 6. | Mr. A. Hettiarachchy | or failing him, |
| 7. | Mr. C.S. Hettiarachchi | or failing him, |
| 8. | Mr. D.T.R. De Silva | or failing him, |
| 9. | Mr. I.M.P. Rupatunge | or failing him, |

..... of

as *my/our Proxy to vote/speak for me/us on *my/our behalf at the 42nd Annual General Meeting of the Company to be held on the 27th day of June 2024 at 3.00 p.m. and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

		For	Against
1.	To receive and consider the Annual Report of the Board together with the Financial Statements of the Company	☐	☐
2.	To approve a final dividend as authorized by the Directors	☐	☐
3.	To re-appoint as a Director Mr.A.Hettiarachchy in terms of section 210 of the Companies Act No.07 of 2007	☐	☐
4.	To re-appoint as a Director Ms .I.S. Jayasinghe in terms of section 210 of the Companies Act No.07 of 2007	☐	☐
5.	To re-appoint as a Director Mr. C.S.W.De Costa in terms of section 210 of the Companies Act No.07 of 2007	☐	☐
6.	To re-elect Mr. A.K.Guneratne as a director who retires in terms of Article 85 of the Articles of Association of the Company	☐	☐
7.	To re-elect Mr.C.S.Hettiarachchi who retires in terms of Article 85 of the Articles of Association of the Company	☐	☐
8.	To re-appoint M/s KPMG, Chartered Accountants, as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed with by the Board of Directors and to audit the financial statements of the Company for the accounting period ending 31st March 2025.	☐	☐
9.	To authorize the Directors to determine contributions to charities	☐	☐

Signed this...day of.....Two Thousand and Twenty Four.

.....
*Signature/s

Note:

Please delete the inappropriate words

Instructions as to completion are noted on the reverse hereof.

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. A Member entitled to attend and vote/speak at the Meeting is entitled to appoint a Proxy who need not be a member, to attend and vote instead of him.
3. In the case of a Corporate Member, the Form must be completed under its Common Seal, or signed by its attorney or by an officer on behalf of the corporation. The Company may, but shall not be bound to require evidence of the authority of any such attorney or officer.
4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy, in the manner prescribed by Articles of Association.
5. The completed Form of Proxy should be deposited at the Registered Office of the Company, No.312, Nawala Road, Rajagiriya not less than forty eight (48) hours before the appointed time for the Meeting.

Corporate Information

NAME OF COMPANY

Central Industries PLC

LEGAL FORM

A Public Limited Liability Company Incorporated in Sri Lanka

DATE OF INCORPORATION

18th September 1984

COMPANY REGISTRATION NUMBER

PQ 121

ULTIMATE PARENT COMPANY

Central Finance Company PLC

SUBSIDIARY COMPANY

Polymer Technologies (Pvt.) Ltd. (Reg. No. PV 2468)

DIRECTORS

Mr. G.S.N. Peiris – Chairman

Mr. E.H. Wijenaike

Mr. C.S.W. De Costa

Mr. A.K. Gunaratne

Mrs. I.S. Jayasinghe

Mr. A. Hettiarachchy

Mr. C.S. Hettiarachchi

Mr. D.T.R De Silva

Mr. I.M.P. Rupatunge (CEO)

HEAD OFFICE AND REGISTERED OFFICE

No. 312, Nawala Road,

Rajagiriya, Sri Lanka

Telephone : +94-11-7421421

Fax: +94-11-7421432

E-mail: info@nationalpvc.com

Website: www.nationalpvc.com

SECRETARIES

Corporate Services (Private) Limited

216, De Saram Place, Colombo 10.

AUDITORS

KPMG, Chartered Accountants

32 A, Sir Mohamed Macan Marker Mawatha,

Colombo 03.

BANKERS

Hatton National Bank PLC

Nations Trust Bank PLC

Commercial Bank of Ceylon PLC

Sampath Bank PLC

Public Bank PLC

Seylan Bank PLC

Bank Of Ceylon

Bank Of China Limited

Pan Asia Banking Corporation PLC

People's Bank

National Development Bank PLC

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