

**ANNUAL REPORT 2023/24**

**STANDING TALL,  
STANDING STRONG**



**E.B. CREASY & COMPANY PLC**



# STANDING TALL, STANDING STRONG



E.B. CREASY & COMPANY PLC HAS SUCCESSFULLY NAVIGATED THE EVER CHANGING GLOBAL MARKET, EMERGING AS A RESILIENT AND THRIVING LEADER. THE 2023/24 ANNUAL REPORT DEMONSTRATES THE COMPANY'S DEDICATION TO EXCELLENCE, INNOVATION AND INTEGRITY. THE COMPANY'S COMMITMENT TO HIGH BUSINESS ETHICS AND OPERATIONAL EXCELLENCE IS REFLECTED IN ITS CONTINUED LEADERSHIP AND GROUNDBREAKING PROJECTS. DESPITE FACING CHALLENGES, E.B. CREASY & COMPANY PLC'S DIVERSIFIED PORTFOLIO AND STRATEGIC VISION HAVE ENABLED IT TO NOT ONLY WITHSTAND ECONOMIC FLUCTUATIONS BUT ALSO CAPITALIZE ON NEW OPPORTUNITIES. WITH SOLID FINANCIAL PERFORMANCE, GROWTH IN KEY AREAS AND A FOCUS ON INNOVATION AND STRATEGIC INVESTMENTS, THE COMPANY REMAINS WELL POSITIONED STANDING TALL, STANDING STRONG.

# CONTENT

## SECTION 01

### ABOUT US

ABOUT US	6
GROUP STRUCTURE	7
ABOUT THIS REPORT	8
FINANCIAL HIGHLIGHTS	9
CHAIRMAN'S REVIEW	12
BOARD OF DIRECTORS	15

## SECTION 02

### MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT	20
STRATEGIC REPORT	22
HR REVIEW	30
SECTOR REVIEW	32
INTEGRATING SUSTAINABILITY	40
FINANCIAL PERFORMANCE REVIEW	42
STATEMENT OF VALUE ADDED	43

## SECTION 03

### GOVERNANCE

ENTERPRISE GOVERNANCE	46
REMUNERATION COMMITTEE REPORT	60
AUDIT COMMITTEE REPORT	61
RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT	63
ANNUAL REPORT OF THE BOARD OF DIRECTORS	65
STATEMENT OF DIRECTORS' RESPONSIBILITIES	68
STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR	69
RISK MANAGEMENT	70

## SECTION 04

### FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT	74
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	79
STATEMENT OF FINANCIAL POSITION	80
STATEMENT OF CHANGES IN EQUITY	82
STATEMENT OF CASH FLOWS	84
NOTES TO THE FINANCIAL STATEMENTS	86

GROUP FINANCIAL SUMMARY	156
SHARE INFORMATION	158
GLOSSARY OF TERMS	160
NOTICE OF MEETING	163
NOTES	166
FORM OF PROXY	167
CORPORATE INFORMATION	INNER BACK COVER

## **Vision**

**Providing exceptional products to all, focusing on diverse customer needs.**

## **Mission**

**To manage our business efficiently and ethically and to promote and strive for quality excellence in our every endeavour.**

**To foster and sustain our long - term growth, thereby fulfilling national aspirations and creating maximum value for our Customers, Suppliers, Employees, Shareholders and the community at large.**



# SECTION 01

## ABOUT US

ABOUT US	6
GROUP STRUCTURE	7
ABOUT THIS REPORT	8
FINANCIAL HIGHLIGHTS	9
CHAIRMAN'S REVIEW	12
BOARD OF DIRECTORS	15





# ABOUT US



Since its founding by Edward Bennet Creasy in 1878, the 'House of E.B. Creasy' has stood as a pillar of innovation and excellence in Sri Lanka's corporate landscape. Established initially to meet the nation's burgeoning household and healthcare needs, the Company evolved into a dynamic conglomerate. In 1929, it was formally incorporated as a limited liability entity, solidifying its commitment to sustainable growth and ethical business practices. By 1968, the Company achieved another milestone with its listing on the Stock Exchange, marking a significant step towards broader market engagement.

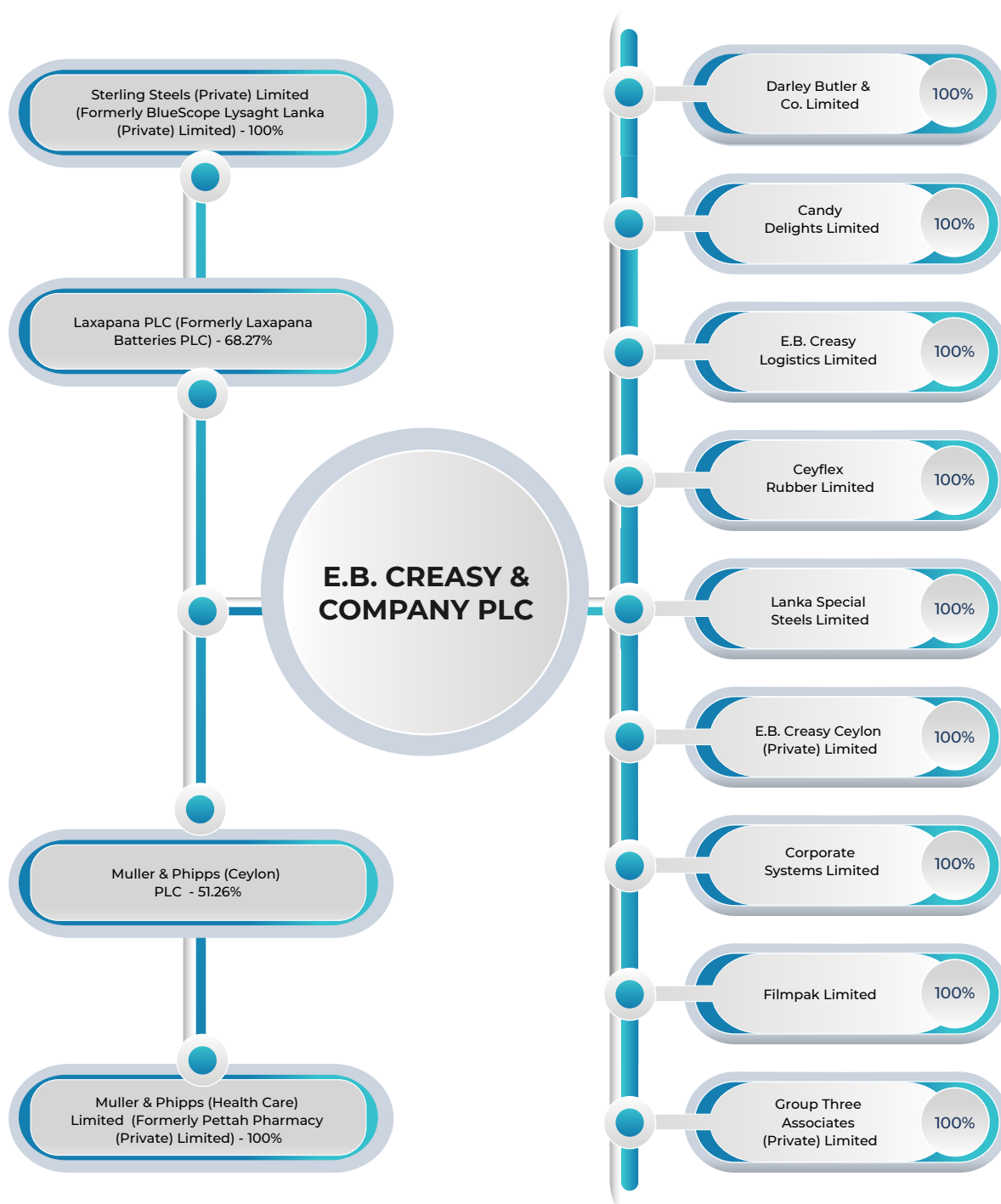
A cornerstone of the Group's success is its fully-owned subsidiary, Darley Butler & Co. Ltd., founded in 1848 through a partnership between Edward Darley and Samuel Butler. This subsidiary has since garnered nationwide recognition for supplying a diverse array of consumer goods across popular retail categories. Over more than 14 decades, the Group has not only met the evolving needs of multiple generations but has also expanded its operations into innovative ventures such as galvanised steel wires, coated steel products, international logistics, and pioneering solar power initiatives for residential use in Sri Lanka.

Driven by a commitment to responsible manufacturing and environmental stewardship, the Group ensures that its products are not only functional but also manufactured with minimal impact on society and the environment. Upholding stringent ethical standards and regulatory compliance, the management continually strives to elevate business operations to meet both local and international benchmarks.

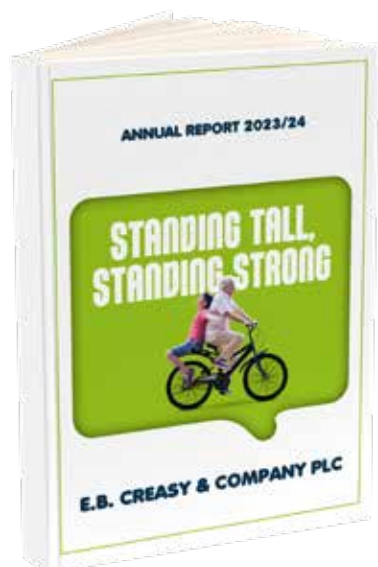
At the heart of its operations lies a dedication to creating enduring value for stakeholders—be it shareholders, investors, employees, or the communities it serves. This commitment is underpinned by a triple-bottom-line approach, which guides every decision and strategy towards advancing the economy, enhancing environmental sustainability, and improving societal well-being.

Today, E.B. Creasy & Co. PLC stands as a diversified entity representing prominent consumer brands in Sri Lanka, embodying a legacy of integrity, innovation, and responsible corporate citizenship.

# GROUP STRUCTURE



# ABOUT THIS REPORT



The Annual Report for E.B. Creasy & Co. PLC, covering the financial year ending 31st March 2024, aims to provide a comprehensive assessment of both financial and non-financial performance across the E.B. Creasy Group, which includes its subsidiaries. This report builds upon the previous year's findings, maintaining consistency in scope and accounting policies for comparative analysis with the financial year 2022/2023.

## FINANCIAL AND NON-FINANCIAL ASSESSMENT

The report delves into the Group's business model, emphasising key input capitals and the economic social and environmental impacts arising from its value generation activities. Throughout the financial year, the Group has conducted its operations in compliance with Sri Lanka's regulatory framework, adhering to socially and environmentally responsible practices.

## CORPORATE GOVERNANCE AND SUSTAINABILITY

Corporate Governance, Risk Management and Sustainability Practices are integral components discussed extensively in the report. These practices have been pivotal in driving value creation for stakeholders, ensuring transparency, accountability, and effective risk mitigation strategies. The Management Discussion & Analysis and Governance sections provide insightful discussions on these critical areas.

## FINANCIAL STATEMENTS AND COMPLIANCE

Financial Statements for the year ended 31st March 2024 have been meticulously prepared in accordance with Sri Lanka Accounting Standards (LKAS and SLFRS), the Companies Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange. The Group remains compliant with 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 of Sri Lanka.

## BOARD OVERSIGHT AND INTERNAL CONTROL

The Board of Directors and its Sub-Committees, comprising Independent Non-Executive Directors, oversee compliance with governance principles and the effectiveness of the Group's internal control framework.

This robust oversight supports the Group value-creation process and ensures alignment with strategic objectives.

## DETAILED INSIGHTS AND STAKEHOLDER ENGAGEMENT

The report provides a detailed overview of the organization's profile, business strategy, group structure, principal activities and corporate governance framework. Additionally, it highlights the Group's approach to engaging with various stakeholders, addressing their concerns, and recognizing their significance in shaping the Group's operations.

## ASSURANCE AND TRANSPARENCY

To uphold the integrity of its reporting, the Annual Report undergoes rigorous assurance processes both internally and externally. Internal assurance is provided by the Audit Committee, Internal Audit, and Senior Management, while external assurance on financial statements is conducted by M/S KPMG, as detailed in the Independent Auditors' Report.

## FEEDBACK AND INQUIRIES

Your feedback is always valued and will be used in improving our future Annual Reports. Please send your inquiries and feedback on this Report to:

**A. D. T. Mendis**

Group Chief Financial Officer

E.B. Creasy & Co. PLC

No. 98, Sri Sangaraja Mawatha,  
Colombo 10.

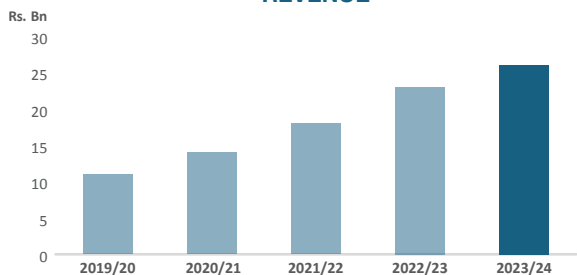
Email: [dasun@creasy.lk](mailto:dasun@creasy.lk)

# FINANCIAL HIGHLIGHTS

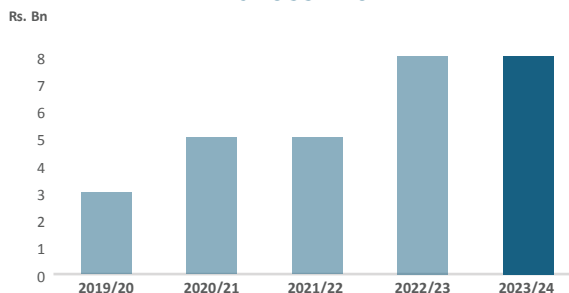
GROUP FINANCIAL HIGHLIGHTS		2023/24	2022/23	2021/22
<b>FINANCIAL PERFORMANCE HIGHLIGHTS</b>				
Revenue	Rs'000	<b>25,822,094</b>	23,342,429	17,508,915
Gross Profit	Rs'000	<b>7,995,088</b>	8,189,433	5,053,447
Operating Profit	Rs'000	<b>1,902,819</b>	3,704,434	1,774,711
Profit Before Tax	Rs'000	<b>666,907</b>	1,800,039	1,037,641
Profit After Tax	Rs'000	<b>280,780</b>	1,510,007	738,111
Profit Attributable to Equity holders of the Parent	Rs'000	<b>195,213</b>	1,513,022	724,672
Dividends	Rs'000	<b>380,319</b>	253,546	380,345
<b>FINANCIAL POSITION HIGHLIGHTS</b>				
Gross Profit Margin	%	<b>31%</b>	35%	29%
Operating Profit Margin	%	<b>7%</b>	16%	10%
Interest Cover	Times	<b>1.54</b>	1.95	2.29
Net Profit Margin	%	<b>1%</b>	6%	4%
<b>FINANCIAL POSITION HIGHLIGHTS</b>				
Total Assets	Rs'000	<b>22,426,638</b>	20,245,601	16,519,332
Total Equity Attributable to Equity holders of the Parent	Rs'000	<b>6,302,403</b>	6,525,057	4,970,176
Total Liabilities	Rs'000	<b>15,707,699</b>	13,438,039	11,208,987
<b>MARKET AND SHAREHOLDER INFORMATION</b>				
Current Ratio	Times	<b>0.94</b>	1.01	1.05
Debt/Equity (Long Term Interest Bearing Borrowings to Equity)	%	<b>31%</b>	35%	36%
Gearing (Long Term Interest Bearing Borrowings to Capital Employed)	%	<b>24%</b>	26%	27%
Return on Capital Employed	%	<b>21%</b>	45%	29%
<b>MARKET AND SHAREHOLDER INFORMATION</b>				
No. of Shares in Issue	Nos	<b>253,545,800</b>	253,545,800	253,545,800
Market Price Per Share	Rs.	<b>23.00</b>	20.10	16.90
Market Capitalization	Rs'000	<b>5,831,553</b>	5,096,271	4,284,924
Basic Earnings Per Share	Rs.	<b>0.77</b>	5.97	2.86
Net Assets Per Share	Rs.	<b>24.86</b>	25.74	19.60
Dividend Per Share	Rs.	<b>1.50</b>	1.00	1.50
Dividend Payout Ratio	%	<b>195%</b>	17%	52%
Dividend Yield	%	<b>6.5%</b>	5.0%	8.9%

# FINANCIAL HIGHLIGHTS

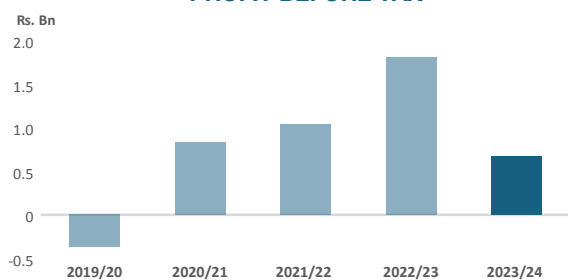
## REVENUE



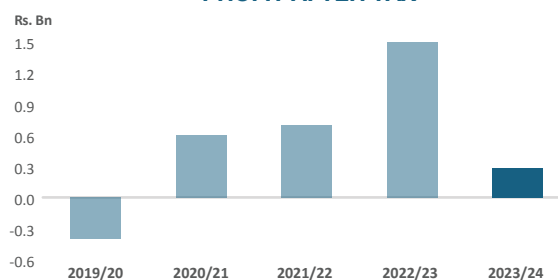
## GROSS PROFIT



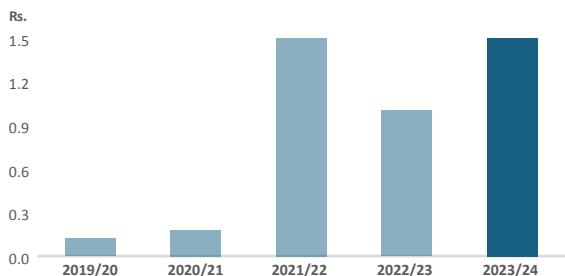
## PROFIT BEFORE TAX



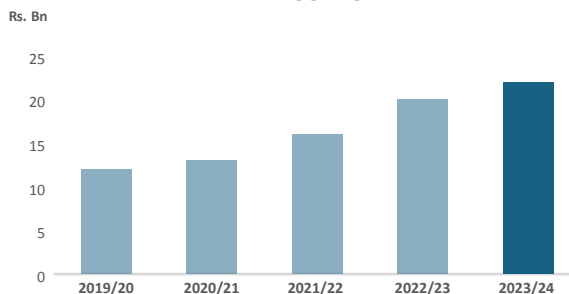
## PROFIT AFTER TAX



## DIVIDEND PER SHARE



## ASSETS





**REVENUE**  
**Rs. 25.8Bn**



**OPERATING PROFIT**  
**Rs. 1.9Bn**



**OPERATING PROFIT MARGIN**  
**7%**



**PROFIT BEFORE TAX**  
**Rs. 0.7Bn**



**RETURN ON CAPITAL EMPLOYED**  
**21%**



**NET ASSETS PER SHARE**  
**Rs. 24.9**



**DIVIDEND PER SHARE**  
**Rs. 1.50**



**LONG - TERM GEARING**  
**24%**



**EARNINGS PER SHARE**  
**Rs. 0.77**

## Message from the Chairman

“ Although faced with difficult and uncertain circumstances for yet another year, the Group remained steadfastly focused on serving its valued customers all across Sri Lanka in the core business segments of Home Care, Personal Care, Healthcare sectors and in Food. ”

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and the Audited Financial Statements of E.B. Creasy & Company PLC for the year ended 31st March 2024.

### YEAR OF RECOVERY

Following the difficult days of 2022 where the Sri Lankan economy plummeted to its lowest depths since gaining independence, the year 2023 was all about setting the economy on the right course on the long road to recovery. The external sector of the Sri Lankan economy exhibited marked improvement in 2023, with a notable reduction in the merchandise trade deficit and a surge in net service exports, particularly in tourism, along with a remarkable improvement in inflows of workers' remittances. However, household incomes were hit hard in the year 2022 by the sharp devaluation of the Sri Lankan Rupee (LKR) and the tax reforms enforced by the government to meet with the agreements of International Monetary Fund (IMF), all of which triggered a painful inflationary shock. On a positive note, as the year wore on the country witnessed an easing of inflation and thus so far in 2024. Resultantly, households are expected to be able to rebuild their purchasing power, encouraging consumption once again. Moreover, with a decrease in interest rates and the appreciation of the Rupee, production costs are expected to drop, thereby offering additional incentives for bolstering the demand for goods and services.

### GLOBAL ECONOMY

During the early parts of 2023, the global economy showed signs of recovery as central banks of the world's bigger economies' campaign to contain inflation started to gradually pay off while China scrapped pandemic restrictions. Although this recovery endured throughout the year, price increases proved persistent and the outlook for world economic growth for the next five years weakened to the lowest level in decades. One major challenge for the financial year was an unexpected lengthening of supply chains. Global conflicts in Russia and the Middle East regions pose additional risks to trade, as evidenced by the re-routing of ships around Africa to avoid the Red Sea, which raised shipment costs significantly and also caused an increase in oil prices.

### SRI LANKAN ECONOMY

In March 2023, the IMF approved a 48-months Extended Fund Facility (EFF) of US\$ 2.9 Bn to support the government's economic reform program. The parliament approved a domestic debt restructuring strategy in July 2023 and successfully concluded the bilateral debt restructuring with foreign countries in June 2024. Sri Lanka implemented stabilisation measures such as easing interest rates to control inflation and raising taxes to meet IMF reforms. Further, in addition, Sri Lanka also received additional funding from Asian Development Bank (ADB) and the World Bank.

The Sri Lankan economy showed signs of stabilising during the year in the face of significant challenges that remained. Inflation dipped from a peak of 70 percent in September 2022 to as low as 4.0 percent in December 2023, marking a remarkable turnaround. Foreign exchange liquidity pressures eased, with Gross Foreign Reserves rising from a mere US\$ 20 Mn in April 2022 to around US\$ 5 Bn by the end of March 2024. The Sri Lanka Rupee, which appreciated by around 12% against the US Dollar in 2023, has continued to demonstrate an appreciation so far in 2024.

Favorable growth outcomes recorded in the second half of the year helped limit the overall contraction of the economy to 2.3% in 2023, compared to the contraction of 7.8% recorded in 2022.

Despite this overall decrease, the agricultural sector experienced a growth of 2.6%, while there were declines in the industrial sector (-9.2%) and services sector (-0.2%). However, on a positive note, there was a GDP growth of 4.5% in the fourth quarter of 2023 compared to the same period in 2022.

## GROUP PERFORMANCE

Although faced with difficult and uncertain circumstances for yet another year, the Group remained steadfastly focused on serving its valued customers all across Sri Lanka in the core business segments of Home Care, Personal Care, Healthcare sectors and in Food. While reaffirming our commitment to the Company's core sectors, there was greater focus given to solar business during the year under review. Efforts are underway to bolster distribution channels by evaluating their effectiveness in reaching target markets. Throughout 2023, the Company prioritised strengthening brand equity through consistent messaging across the board and enhancing customer experiences at every level. Additionally, ongoing initiatives aim to optimise supply chain operations, driving cost efficiencies and operational effectiveness. Collaboration with suppliers and distributors is emphasised to ensure timely delivery and product availability, reflecting the Company's commitment to excellence in operations and customer satisfaction.

In March 2024, our subsidiary Company Laxapana Batteries PLC completed the acquisition of the entirety of the capital of BlueScope Lysaght Lanka Ltd., from TATA BlueScope Steel Ltd. of India for Rs. 320 Mn. The capital of BlueScope Lysaght Lanka is 10,635,000 shares. On the technology front, Sales Force (a cloud-based Customer Relationship Management (CRM) platform) automation was upgraded during the financial year, while the SAP systems migrated to Azure Cloud in year 2023-2024. During the year, we were presented with the Silver Award in the Presidential Environmental Awards in the Chemical section for the year 2021-2022.

The Board of Directors has played a pivotal role in providing robust oversight and strategic guidance, enabling the management team to navigate the multifaceted impacts of external forces and take decisive remedial measures in a timely manner. Throughout the period, the Board has remained actively engaged in its oversight role, leveraging its collective expertise and diverse perspectives to anticipate emerging risks, assess the implications of external dynamics on the Company's strategic objectives, and proactively monitoring the effectiveness of management's response.

## FUTURE OUTLOOK

The baseline forecast is for the world economy to continue growing at 3.2% during 2024 and 2025, which is at the same pace as in 2023. The forecast for global growth five years from now is at 3.1%, its lowest in several decades. Global inflation is forecast to decline steadily, from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, with advanced economies returning to their inflation targets sooner than emerging markets and developing economies.

Risks to the global outlook are now broadly balanced. On the downside, new price spikes stemming from geopolitical tensions, including those from the prolonged war in Ukraine and the conflict in Gaza and Israel which flared up in October 2023, led to supply chain disruptions. On a positive note, looser fiscal policy than necessary and assumed projections could raise economic activity in the short term.

The Group will continue on a path towards innovation by constantly developing and launching new products in the Home Care and Personal Care Divisions to cater to evolving consumer needs while existing products will also be improved where necessary. This will put us on a sound footing to align better with changing consumer preferences and stay ahead of competitors. There will be a greater focus on streamlining supply chain processes with the goal of trimming costs, minimising waste, while also improving delivery speed and overall reliability. Greater investments will have to be made in branding and marketing efforts to enhance brand visibility, boost consumer engagement, and build loyalty.

## DIVIDENDS

The Board of Directors declared an Interim Dividend of Rs.1.50 per share which was paid in March 2024 amounting to Rs.380,318,700.

*“ The Group will continue on a path towards innovation by constantly developing and launching new products in the Home Care and Personal Care Divisions to cater to evolving consumer needs while existing products will also be improved where necessary. ”*

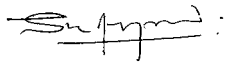
# CHAIRMAN'S REVIEW

## ACKNOWLEDGEMENTS

I extend my heartfelt gratitude to my esteemed colleagues on the Board for their invaluable guidance throughout the year. I am deeply grateful for the commitment and dedication shown by the employees of E.B. Creasy Group. Their tireless efforts, optimistic outlook, unmatched dedication and composed demeanor have played a pivotal role in surmounting the challenges encountered this year.

I also express my sincere appreciation to our esteemed customers, business partners, and shareholders for their unwavering trust and confidence in us. My gratitude extends to our bankers, auditors, and Company secretaries for their significant contributions.

Having endured numerous challenges in our 175 years journey and emerged stronger each time, I am confident that by continuing to work together as one team with dedication and passion, we will be able to unlock a grand future. I believe that with collective efforts, we can usher in an era of sustainable economic stability and prosperity in the near future.



**S. D. R. Arudpragasam**  
Chairman

27th August 2024

# BOARD OF DIRECTORS

## S.D.R. ARUDPRAGASAM

FCMA (UK)

Chairman/Managing Director

Mr. S.D.R. Arudpragasam joined the Board in 1988 and took on responsibilities as Managing Director in 1989. He was appointed Chairman on 1st October, 2017. Mr. Arudpragasam was also appointed Chairman of the Parent Company, The Colombo Fort Land & Building PLC (CFLB) with effect from 1st July 2022. He has been associated with the CFLB Group since 1982 and prior to such appointment he held the position of Deputy Chairman on the Board of CFLB. Mr. Arudpragasam serves as Chairman of several subsidiaries of CFLB including Chairman, Lankem Ceylon PLC and C M Holdings PLC in addition to holding other Directorships within the CFLB Group.

Mr. Arudpragasam is a Fellow of the Chartered Institute of Management Accountants (UK).

## S. RAJARATNAM

B.SC. CA

Joint Managing Director

Mr. S. Rajaratnam was appointed to the Board as Deputy Managing Director in the year 2006. He was appointed Joint Managing Director on 1st April, 2018. He serves on the Boards of certain subsidiaries of the E.B. Creasy Group and holds several other Directorships including The Colombo Fort Land & Building PLC.

Mr. S. Rajaratnam holds a Bachelor of Science Degree in Business Administration from Boston College, U.S.A. and is a Member of the Institute of Chartered Accountants in Australia.

## R.C.A. WELIKALA

Director

Mr. R.C.A. Welikala was appointed to the Board in the year 2000. He has extensive experience in marketing of fast moving consumer goods and has successfully developed key brands in the E.B. Creasy Group to market leadership positions. He also holds other Directorships within the E.B. Creasy Group.

## R.N. BOPEARATCHY

B.SC. (CEY), DIP. BM, MBA (UNIV. OF COL.)

Director

Mr. R.N. Bopearatchy was appointed to the Board in the year 2000. He has considerable expertise in product development, manufacturing and marketing of pesticides, pharmaceuticals and consumer products.

After graduation he served in Research at the Plant Pathology Division of the Tea Research Institute and later joined the Chemical Industries Colombo Limited and appointed to its Board. He served on the Boards of Crop Management Services (Pvt) Limited the managing agents for Mathurata Plantations Limited, CIC Fertilizers Limited and Cisco Speciality Packaging (Pvt) Limited. He held office as Chairmen of, the Pesticides Association of Sri Lanka, the Toxicological Society of Sri Lanka, and the International Mosquito Spiral Manufacturers Association (IMSMA).

Mr. R.N. Bopearatchy serves as a Director in several Companies in The Colombo Fort Land & Building Group.

He holds a Bachelor of Science degree from the University of Ceylon, a Master's Degree in Business Administration from the University of Colombo and a Diploma in Business Management from the NIBM.

## P.M.A. SIRIMANE

FCA, MBA

Director

Mr. P.M.A. Sirimane joined the E.B. Creasy Group in October, 2009 and was appointed to the Board in November, 2009.

He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and also holds a Master's in Business Administration from the University of Swinburne, Victoria, Australia. Mr. Sirimane serves on the Board of The Colombo Fort Land & Building PLC (CFLB) and also serves on the Boards of several subsidiary companies in the CFLB Group. Amongst other senior positions, he has functioned as Managing Director/CEO of Mercantile Leasing Ltd., Group Finance Director of United Tractor & Equipment Ltd., Chief Finance Officer of Sri Lanka Telecom Ltd., and Director of SLT Hong Kong Ltd. He has served as a Member of several Committees of the Institute of Chartered Accountants of Sri Lanka and was an ex-officio member of the International Leasing Association.

# BOARD OF DIRECTORS

## A.R. RASIAH

B.SC. (CEY.), FCA  
Director

Mr. A.R. Rasiah was appointed to the Board as an Independent Non-Executive Director in June 2010. He functions as a Non-Executive Director of the E.B. Creasy Group of Companies and on some of the Boards of the Hotels Sector in The Colombo Fort Land & Building Group. Mr. Rasiah was also appointed to the Board of the Parent Company, The Colombo Fort Land & Building PLC with effect from 8th June 2023.

Mr. Rasiah is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and finalist of the Chartered Institute of Management Accountants (UK). He holds a Bachelor of Science Degree from the University of Ceylon.

Mr. Rasiah's illustrious career both in finance and commerce spans over forty years. He started his career with Ernst and Young and later served at Mercantile Group of Companies and Almulla Group of Companies, Kuwait. Finally, he joined Nestle Lanka PLC as Director Finance in 1994 and was with the Group until his retirement in 2005. He was formerly Chairman of Atlas Axillia (Pvt) Ltd., Chairman of the Sri Lanka Institute of Directors and Senior Director of Nations Trust Bank PLC. Currently Mr. Rasiah functions as the Chairman of Hela Apparel Holdings PLC, Alternate to Chairman of Gestetner of Ceylon PLC, and as a Director of Fintek Managed Solutions (Pvt) Ltd and Clindata Lanka (Pvt) Ltd. He is also a keen sportsman who represented Sri Lanka at Table Tennis.

## S.N.P. PALIHENA

FCIB (U.K.), FIB (SL), POSTGRAD. DIP. BUS. & FA  
Director

Mr. S.N.P. Palihena was appointed to the Board as an Independent Non-Executive Director in June, 2010. In addition to serving on the Board of E.B. Creasy & Company PLC and some of its subsidiaries he also serves on certain Boards of The Colombo Fort Land & Building Group.

He was a former Chief Executive Officer/General Manager of Bank of Ceylon and has had a distinguished banking career spanning almost 40 years at Bank of Ceylon. He has also worked at the National Development Bank of Sri Lanka for a period of over three years. Mr. Palihena is a former Director of DFCC Bank and Softlogic Finance PLC.

He is a Fellow of the Chartered Institute of Bankers, London and a Fellow of the Institute of Bankers of Sri Lanka. He also has a Postgraduate Diploma in Business and Financial Administration.

## DR. A.M. MUBARAK

B.SC. (SL), PH.D.(CANTAB), FICHEMC, FNASL  
Director

Dr. A.M. Mubarak was appointed to the Board as an Independent Non-Executive Director in September 2013.

Dr. Mubarak, a Commonwealth Scholar has a B.Sc. Degree from the University of Colombo and a Ph.D. from University of Cambridge UK. Dr. Mubarak, a former Director and Chief Executive Officer of the Industrial Technology Institute has several years' experience in managing demand driven Research & Development.

Dr. Mubarak has served as Chairman of National Science Foundation and Chief of Research and Innovation of the Sri Lanka Institute of Nanotechnology (Pvt) Ltd. He also has served on the Boards/Councils of the University of Colombo, Postgraduate Institute of Science, Sri Lanka Accreditation Board, National Engineering Research & Development Centre and National Science and Technology Commission. Currently he is a Member of the University of Sri Jayewardenepura Council and Sri Lanka Standards Institute Council and a Director of the Office for Reparations and the North-Western Province Environmental Authority. He has also held the posts of President of the Institute of Chemistry, Ceylon, Sri Lanka Association for the Advancement of Science and National Academy of Sciences of Sri Lanka.

Dr. Mubarak serves on the Board of Lankem Ceylon PLC and some of its subsidiaries and as Chairman of Union Chemicals Lanka PLC.

## A.M. DE S. JAYARATNE

B.SC. (ECON.), FCA (ENG. AND WALES), FCA (ICASL)  
Director

Mr. A.M. de S. Jayaratne was appointed to the Board as an Independent Non-Executive Director in April, 2014.

He is a former Chairman of Forbes & Walker Limited, Colombo Stock Exchange, Ceylon Chamber of Commerce and The Finance Commission. He also served as Sri Lanka's High Commissioner in Singapore. Mr. Jayaratne is a Director of several listed and unlisted companies. He holds a Bachelor of Science Degree in Economics and is a Fellow of the Institute of Chartered Accountants of England and Wales and of Sri Lanka.

## **S.W. GUNAWARDENA**

B.SC., MBA  
Director

Mr. S.W. Gunawardena joined the Company in 2002 and was appointed to the Board in April, 2014. He also serves on the Boards of some of the subsidiaries of the E.B. Creasy Group.

He is currently the Head of the Home Care Division and has initiated many new businesses.

Prior to joining the Company, he had served in leading mercantile establishments in Sri Lanka and overseas.

He serves on the Board of International Household Insecticides Manufacturers BHD and functions as the Treasurer since 2014.

He holds a Bachelor of Science degree from the University of Colombo and a Master's in Business Administration from the Postgraduate Institute of Management, University of Sri Jayewardenapura.

## **P.Y.S. PERERA**

FCA, FCMA( UK )  
Director

Mr. Yohan Perera was appointed to the Board as an Independent Non-Executive Director in May, 2024.

Mr. Perera is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and a Fellow Member of the Chartered Institute of Management Accountants, UK. He counts over 40 years of experience in audits of conglomerates and listed companies with diversified business interests.

He served as a Partner at KPMG Sri Lanka and Maldives for 33 years. During this period, he also served the Firm as the Head of HR, Risk Management Partner and Chief Operating Officer before he was appointed as the Managing Partner of the Firm. He served on the KPMG Middle East & South Asia Board during his tenure as Managing Partner of the Firm.

Mr. Perera served as the President of CA Sri Lanka during the years 2006 and 2007 and is a former Chairman of the Sri Lanka Auditing Standards Committee. He also served as a Board Member of the Confederation of Asian and Pacific Accountants (CAPA), one of four regional organizations (ROs) recognized by the International Federation of Accountants (IFAC).

He has also served as a Member of the Securities & Exchange Commission of Sri Lanka, Member of the Monetary Policy Consultative Committee of the Central Bank of Sri Lanka, Member of the Governing Council of the Post Graduate Institute of Management of the University of Sri Jayewardenapura and as a consultant to Audit Committees of Listed Companies.

Mr. Perera is an Independent Non-Executive Director of Hayleys PLC, Haycarb PLC, Dipped Products PLC and Overseas Realty (Ceylon) PLC.

# SECTION 02

## MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT	20
STRATEGIC REPORT	22
HR REVIEW	30
SECTOR REVIEW	32
INTEGRATING SUSTAINABILITY	40
FINANCIAL PERFORMANCE REVIEW	42
STATEMENT OF VALUE ADDED	43





# OPERATING ENVIRONMENT

During the course of the year 2023, Sri Lanka's economy portrayed a gradual revival from the depths of its unprecedented economic crisis witnessed in 2022, widely considered to be the worst downturn in its post-independence history. Across multiple fronts, including key economic indicators, it was clear that the country's economy had turned a corner and was on the path towards recovery.

Inflation, which peaked in 2022, was brought down to single-digit levels by the end of 2023. Following a shift towards an accommodative monetary policy stance starting June 2023, domestic market interest rates saw significant declines. During 2023 and early 2024, the Sri Lankan rupee strengthened and benefited from increased exchange rate flexibility, coupled with the gradual removal of restrictions on foreign exchange transactions. The country's international reserves expanded as external buffers were steadily replenished throughout the year. The financial sector remained stable with the implementation of prudential regulatory measures aimed at safeguarding domestic financial stability. Both the Government's primary balance and the external current account registered surpluses in 2023.

## GLOBAL ECONOMY

In the face of numerous uncertainties prevalent during the year 2023, the global economy showed encouraging signs of resilience. The World Economic Outlook (WEO) update of the International Monetary Fund (IMF) states that global growth is estimated to have slowed down from 3.5% in 2022 to 3.1% in 2023, and will remain stagnant at around 3.1% in 2024 as well with a slight uptick to 3.2% forecasted in 2025 driven by the stronger rebound in several large economies. In the meantime, emerging markets and developing economies recorded steady growth in 2023 and were forecasted to record an upward trend in 2024. The resilience demonstrated in these economies primarily highlights the strong growth rates in India and China. The Sri Lankan economy is expected to benefit from higher-than-expected growth rates in both China and India given the strong economic and geopolitical connections with these economies.

Global growth will be curtailed by the impact of restrictive monetary policies brought about to curb inflation, fiscal tightening amidst high debt weighing down on economic activity, and low underlying productivity growth. Driven by the diminishing impact of the prolonged war between Russia and Ukraine, the moderate growth in advanced economies is mainly a result of the slowdown in the US with lagged effects of monetary policy tightening and contractionary fiscal policies. This reduced growth in advanced economies could have an adverse impact on the performance of Sri Lanka's exports as the US and the European Union are the largest export destinations for Sri Lanka.

The conflict in the Middle East which flared up in October 2023 has significantly worsened the global economic climate by heightening geopolitical tensions and bringing about greater uncertainty and nervousness into commodity markets. This prolonged conflict continues to disrupt oil prices and supply chains, further complicating the global trade environment. It has led to the slowdown in global trade growth witnessed in the latter part of the year.

## SRI LANKAN ECONOMY

According to the Department of Census and Statistics (DCS), Sri Lanka's economy registered a GDP growth rate for 2023 of -2.3%, indicating a contraction. However, on a positive note, the Agricultural sector recorded a growth of 2.6%, in stark contrast to the declines in the Industrial (-9.2%) and Services (-0.2%) sectors. The uptick in the economy during the latter months of 2023 was confirmed when the GDP grew by 4.5% in the fourth quarter of 2023 compared to the same period in 2022.

After securing approval for a US\$ 2.9 Bn 48-months Extended Fund Facility (EFF) from the International Monetary Fund (IMF) in March 2023, Sri Lanka's economy is now firmly on the path to recovery. The disbursement of these IMF funds has bolstered the country's access to long-term concessional financing from other international lenders like the World Bank and Asian Development Bank. This injection of capital into the economy is expected to restore some degree of stability in the short to medium term and enhance Sri Lanka's international trade prospects.

## INFLATION

Household incomes took a severe blow due to the sharp devaluation of the Sri Lankan rupee (LKR), triggering significant inflationary pressures exacerbated by government tax reforms aligned with IMF requirements in 2023. As inflation has eased throughout 2023 and into 2024, households are expected to regain purchasing power, fostering renewed consumption. However, the FMCG and retail sectors remain cautious amidst the upcoming Presidential election scheduled for the latter half of this year.

## UNEMPLOYMENT

Sri Lanka's unemployment rate remained unchanged in 2023 due to a combined outcome of the drop in both the unemployed population and labour force during the year. Additionally, the employed population also decreased by 1.69% compared to previous year. Although departures for foreign employment continued to remain high, there was a marginal decline in comparison to 2022.

## EXTERNAL SECTOR

The current account recorded a surplus in 2023 primarily driven by a lower trade deficit together with greater earnings from service exports, particularly in tourism, and foreign workers' remittances. Overall, Gross Official Reserves more than doubled by the end of 2023 as a result of net forex purchases by the Central Bank of Sri Lanka (CBSL), IMF-EFF funds and financing courtesy of World Bank and ADB. Following greater stability in the external sector, the CBSL and the Government gradually relaxed exchange restrictions, capital flow management measures and import restrictions in 2023.

## OUTLOOK

An International Monetary Fund mission visited Sri Lanka in March 2024 for the second review of the 4-year Extended Fund Facility arrangement. With the IMF Executive Board passing the second review of Sri Lanka's US\$ 2.9 Bn Extended Fund Facility program, Sri Lanka is set to receive around US\$ 337 Mn to further boost the economy in the new financial year.

Despite intermittent fluctuations, inflation is expected to stabilise around the targeted level of 5% over the medium term, supported by appropriate policy measures. The monetary policy stance is projected to remain accommodative, with market interest rates expected to further stabilise throughout 2024. The banking sector will sustain its expansionary credit momentum to the private sector while reducing its exposure to the public sector.

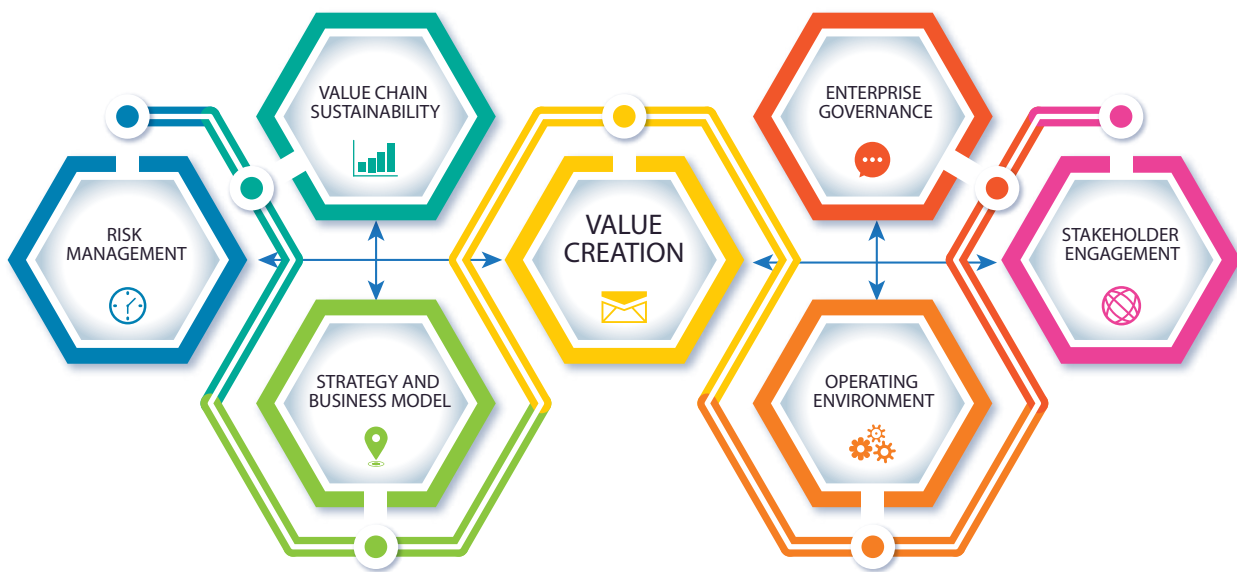
However, the trade deficit is anticipated to widen in 2024 due to heightened import demand alongside moderate export growth. On a positive note, the services account surplus is expected to grow, driven by projected increases in tourism and other services exports, while foreign workers' remittances are anticipated to remain at elevated levels. Furthermore, financial account inflows will be bolstered by increased investor confidence, multilateral financing, and foreign direct investment (FDI).

The outlook for growth hinges on successful debt restructuring efforts and the implementation of structural reforms aimed at boosting economic activity. While these macroeconomic adjustments may initially pose challenges for growth, poverty, and inequality, they are crucial for correcting overall imbalances, regaining access to global financial markets, and establishing a foundation for sustainable economic expansion.

# STRATEGIC REPORT

## VALUE CREATION

This section provides insights into how various business processes are integrated to create value for our stakeholders. Having adapted to changes in the operating environment, the Group Strategy is executed in a resilient business model with a constructive approach to stakeholder engagement, to make an economic impact and to create value for our stakeholders.



## BUSINESS MODEL

The Group focuses on consolidating and strengthening its core businesses. Our valued consumers are at the centre of our business model as we always strive to deliver the best through our value chain.

### A. GROUP CAPITALS

As such, the Group deploys its Capital into its principal activities to create value for all stakeholders.

Financial Capital	<ul style="list-style-type: none"> <li>• Prudent Cash Flow Management</li> <li>• Strategic Investments</li> <li>• Access to Financial Resources</li> <li>• Optimal Capital Structure</li> </ul>
Manufactured Capital	<ul style="list-style-type: none"> <li>• State-of-the-art Manufacturing Facilities</li> <li>• Modern Technology</li> <li>• Strict Quality Standards</li> </ul>
Intellectual Capital	<ul style="list-style-type: none"> <li>• Brand Equity</li> <li>• Good Governance and Compliance</li> <li>• Internal Control Systems</li> </ul>
Human Capital	<ul style="list-style-type: none"> <li>• Strong Leadership</li> <li>• Passionate, Loyal and Dedicated Team</li> <li>• A Diverse Workforce</li> </ul>
Natural Capital	<ul style="list-style-type: none"> <li>• Environmental-Friendly Manufacturing Processes</li> <li>• Responsible Usage of Natural Resources</li> <li>• Green Energy Generation</li> </ul>
Social and Relationship Capital	<ul style="list-style-type: none"> <li>• Consumer Loyalty</li> <li>• Long Standing Relations with Foreign Principals and Suppliers</li> <li>• Strong Distributor Network across the Island</li> <li>• Social Responsibility and Community Support</li> </ul>

### B. PRINCIPAL ACTIVITIES

The Group invests in sustainable businesses with greater social responsibility to fulfill vision. Group businesses are classified into key sectors.

Category	Principal Activities
FMCG Consumer Brands	Manufactures Home Care and Personal Care brands that instill in the minds of consumers
Healthcare	Ensures that vital pharmaceutical products and infant milk powder are made available to our local consumers
Food and Confectionery	Supplies ingredients to the local bakery sector and manufactures branded confectionery under strict quality standards
Steel Products	Manufactures hot dipped galvanized steel wires, nail wires, roofing, wall cladding and structural products
Energy and Lighting	Distributes batteries and CFL and LED bulbs under "Laxapana" brand and invests in green energy generation
Solar and Hardware	Supplies solar modules, aerosol paints, and water pumps, and undertakes installations of rooftop solar systems
Exports	Manufactures value-added latex sports bands conforming to international standards for export purpose

## GROUP PROFILE

### E.B. CREASY & COMPANY PLC AND DARLEY BUTLER & COMPANY LIMITED

E.B. Creasy & Company PLC, founded by Edward Bennet Creasy in 1878, established itself as a cornerstone of Sri Lanka's business landscape. Initially known as the 'House of E.B. Creasy,' the Company has grown into a diversified conglomerate that plays a vital role in meeting the nation's household and healthcare needs. Incorporating as a limited liability Company in 1929 and subsequently listed on the Stock Exchange in 1968, E.B. Creasy & Co. PLC boasts a rich history of over fourteen decades marked by continuous evolution and adaptation to meet the demands of successive generations.

Today, E.B. Creasy & Co. PLC maintains a robust market presence by offering essential products that significantly enhance daily lives. Committed to sustainable practices, the Company meticulously integrates environmentally responsible methods into its manufacturing processes and product selection, ensuring minimal impact on society and the environment.

The management of E.B. Creasy & Co. PLC upholds rigorous ethical standards, aligning its operations with both local regulations and international best practices. This dedication not only drives the Company's success but also enhances long-term value creation for shareholders, investors, employees, and communities alike. Embracing the triple bottom-line approach, the Company prioritizes economic prosperity alongside environmental stewardship and societal well-being in every decision and strategy.

Operating across diverse business lines, E.B. Creasy & Co. PLC includes within its portfolio the widely recognized consumer brands of Darley Butler & Company Limited. Acquired in 1967, Darley Butler is integral to the group, renowned nationwide for its extensive range of fast-moving consumer goods (FMCG). Originating in 1848 through the partnership of Edward Darley and Samuel Butler, Darley Butler & Co. Ltd. has evolved into a leader in branding, marketing, and distributing household products and FMCG.

Darley Butler boasts one of Sri Lanka's most extensive marketing and distribution networks, facilitated by a fleet of vehicles and a network of over 100 stock-holding agents. This infrastructure enables efficient island-wide distribution to retailers, wholesalers, and various private and state enterprises.

Beyond its consumer goods focus, E.B. Creasy & Co. PLC spans multiple industries including homecare, personal care, healthcare, nutrition, food products, logistics, energy, lighting, galvanised steel wires, steel building products, latex products, industrial and automotive accessories, and solar power solutions. The Company's strategic acquisitions and robust dealer network bolster its competitive advantage, facilitating access to global brands and expanding its reach both locally and internationally.

### CANDY DELIGHTS LIMITED

Candy Delights Limited, a Sri Lankan limited liability Company and a wholly owned subsidiary of E.B. Creasy & Co. PLC, specialises in the production of confectionery. The Company is renowned for manufacturing 'Hacks,' a medicated candy licensed from Cadbury Schweppes PLC. Additionally, Candy Delights produces a variety of flavoured candies including Hard Candy, Lollipops, Jelly Candy, Chews, and Toffees under the brand name 'Candyman,' catering specifically to the local market.

### LAXAPANA PLC

Laxapana PLC, established in 1956 under the name Elephant Lite Corporation Ltd., holds a pioneering position in Sri Lanka's dry cell battery manufacturing industry. Originally founded as one of the nation's earliest industrial ventures, the Company introduced the production of AA and AAA batteries, CFL and LED bulbs, and rechargeable torches. Incorporated as a public limited liability Company in 1956, Elephant Lite Corporation Ltd. became listed on the Colombo Stock Exchange in 1982. Reflecting its evolution and expanded scope, the Company underwent a name change to Laxapana Batteries Limited in August 2005, subsequently re-registering as Laxapana Batteries PLC.

The Company's name was changed to Laxapana PLC with effect from 1st April 2024.

### MULLER & PHIPPS (CEYLON) PLC

Muller & Phipps (Ceylon) PLC, a prominent entity listed on the Colombo Stock Exchange, operates with a specialized focus through its wholly owned subsidiary, Muller & Phipps (Healthcare) Limited (formerly Pettah Pharmacy (Pvt) Limited). Established in 1964, the subsidiary serves as a dedicated agent for foreign pharmaceutical companies in Sri Lanka, specialising in the importation, marketing, and distribution of pharmaceutical products.

### E.B. CREASY LOGISTICS LIMITED

E.B. Creasy Logistics Limited, formerly a division under E.B. Creasy's umbrella, was restructured into a subsidiary and rebranded to its current name. The Company specialises in inward cargo clearance and outward forwarding services, facilitating logistics operations for both internal Group needs and external clients. It manages the transportation of personal effects and goods across borders, leveraging a widespread network of agents for its outward forwarding operations.

### LANKA SPECIAL STEELS LIMITED

Lanka Special Steels Limited, established in 2003 under the auspices of the Board of Investment of Sri Lanka, became part of E.B. Creasy & Co. PLC in 2015 following its acquisition from Tata Steel Ltd. It stands as the country's leading manufacturer of galvanised wire, producing an extensive array of wire products including barbed wire, nail wire, various steel wire forms, wire rods, and related items.

### **CEYFLEX RUBBER LIMITED**

Ceyflex Rubber Limited, a Sri Lankan limited liability Company and wholly owned subsidiary of E.B. Creasy & Co. PLC, specializes in manufacturing value-added latex sport bands and clothing primarily from natural rubber latex. The Company focuses on catering to export markets with its range of high-quality rubber-based products.

### **STERLING STEELS (PVT) LIMITED (FORMERLY KNOWN AS BLUESCOPE LYSAGHT LANKA (PVT) LIMITED)**

On March 15, 2024, Laxapana Batteries PLC (now known as Laxapana PLC), a subsidiary of E.B. Creasy & Co. PLC, completed the acquisition of 100% stake in Bluescope Lysaght Lanka (Pvt) Ltd. Bluescope Lysaght Lanka (Pvt) Ltd specialises in manufacturing and supplying a comprehensive range of roofing, wall cladding, and structural products, including ZINCALUME steel and Clean COLORBOND steel. These products are widely recommended for various commercial, industrial, and residential applications. Additionally, the Company offers total building solutions through its Pre- Engineered Building (PEB Lite) range.

# STRATEGIC REPORT

## GROUP BUSINESS STRATEGY

Strategy	Plans	Progress	Challenges
Expanding the portfolio of consumer brands that meet the emerging needs of the consumers	<ul style="list-style-type: none"> <li>Consolidate and create market leading positions in Home Care and Personal Care sectors</li> <li>Create brand equity that are close to consumer hearts and minds</li> <li>Invest in new brands</li> <li>Invest in efficiency and productivity improvements in our manufacturing processes</li> <li>Invest advertising to attract competitor customers</li> <li>Improve environmental sustainability in our production processes</li> <li>Continuous product availability</li> <li>Introduce a trade loyalty scheme</li> </ul>	<ul style="list-style-type: none"> <li>Reinforced brands with introduction of eco-friendly and bio-degradable products - Bio- Clean, Teepol and All Out</li> <li>Optimized production plans to reduce the energy wastage</li> <li>Invested in capacity building</li> <li>Maintained channel excellence</li> <li>Defended and grew the market share in a challenging environment</li> <li>Expanded the distribution network with a focused strategy</li> </ul>	<ul style="list-style-type: none"> <li>Decline in disposable income</li> <li>Increase in global commodity prices and freight cost</li> <li>Increase in cost of energy</li> <li>Changes in tax regulations</li> </ul>
Market expansion and customer engagement in Renewable Energy Sector	<ul style="list-style-type: none"> <li>Offer tailored solutions to meet the unique needs of different market segments</li> <li>Invest in the training and development of a local workforce skilled in solar technology</li> <li>Collaborate with the government and other stakeholders to upgrade grid infrastructure and invest in smart grid and energy storage technologies</li> <li>Leverage international partnerships to bring advanced solar technologies to Sri Lanka</li> <li>Engage proactively with policymakers to advocate for clearer, more consistent regulations</li> <li>Establish Island wide branch network and dealer network</li> <li>Expect to capture different market segments</li> </ul>	<ul style="list-style-type: none"> <li>Partnered with financial institutions to enable financing solutions for customers</li> <li>Participated in overseas trade fairs</li> <li>Initiated the first branch project in Uva region</li> </ul>	<ul style="list-style-type: none"> <li>Gaps in local expertise</li> <li>The existing grid infrastructure may not fully support the integration of solar power</li> <li>Inconsistent policies and regulatory processes</li> <li>Economic fluctuations</li> <li>Changes in tax regulations</li> </ul>

Strategy	Plans	Progress	Challenges
Quality healthcare products to our communities at affordable prices without supply interruptions	<ul style="list-style-type: none"> <li>Inorganic growth strategy</li> <li>Ensure continuous availability of pharmaceutical products</li> <li>Good rapport with reputed overseas suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Added new products to the portfolio and expanded the offering</li> <li>Maintained supply chain consistency</li> </ul>	<ul style="list-style-type: none"> <li>Price regulations and rigidity over certain products</li> </ul>
Invest in Business Growth	<ul style="list-style-type: none"> <li>Capacity building in steel wire manufacturing facilities</li> <li>Invest in steel building products</li> </ul>	<ul style="list-style-type: none"> <li>New manufacturing plants for steel wire manufacturing</li> <li>Acquisition of new manufacturing plant for steel building products</li> </ul>	<ul style="list-style-type: none"> <li>Slow growth in the construction industry</li> <li>Government spending pattern on the construction projects due to the economic situation</li> <li>Import restrictions</li> </ul>

## VALUE CREATED FOR OUR STAKEHOLDERS

Stakeholder	Value Created
Consumers	<ul style="list-style-type: none"> <li>Constant supply of Home Care and Personal Care brands to ensure the products are available to fulfill our consumer expectations</li> <li>International brands sourced from foreign principals to our local consumers</li> <li>Quality healthcare, food ingredients and confectionery products</li> <li>Quality input materials to the construction sector</li> <li>Investments in green energy generation and lighting products</li> <li>Value-added products to overseas consumers that earn foreign exchange</li> </ul>
Principals and Suppliers	<ul style="list-style-type: none"> <li>Shared business growth and knowledge</li> <li>Market development</li> <li>Ethical business practices</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employee training and career development</li> <li>Empowered workforce</li> <li>Competitive compensation packages to retain talent</li> </ul>
Business Partners	<ul style="list-style-type: none"> <li>Fair business terms with distributors</li> <li>Availability of high-quality brands</li> <li>Supporting small and medium entrepreneurs</li> <li>Meeting return expectations and shared business growth</li> <li>Ethical business operations</li> </ul>
Shareholders/Financiers	<ul style="list-style-type: none"> <li>Shareholder wealth creation</li> <li>Return on investment and dividends</li> <li>Timely repayments</li> <li>Relationship management</li> <li>Business growth</li> <li>Corporate Governance and ethical business operation</li> </ul>
Environment and Communities	<ul style="list-style-type: none"> <li>Responsible consumption of natural resources</li> <li>Waste management</li> <li>Environmentally friendly manufacturing processes</li> <li>Creating business opportunities for the surrounding communities</li> <li>Engaging with our communities and supporting the livelihoods of community entrepreneurs</li> <li>Sponsoring scholarship programs</li> </ul>

# STRATEGIC REPORT

Stakeholder	Value Created
Government	<ul style="list-style-type: none"> <li>Supporting direct and indirect job creation across the country</li> <li>Direct and indirect tax payments</li> <li>Saving foreign exchange to the country</li> <li>Social welfare support</li> <li>Enriching lives of the nation through the supply of consumer goods and healthcare products</li> </ul>

## STAKEHOLDER ENGAGEMENT

Key stakeholders are defined as entities that hold significant influence over the Group's operations or are substantially impacted by them. Engaging these stakeholders involves understanding their expectations and maintaining ongoing, two-way communication. The Group adopts a systematic approach to stakeholder engagement, aimed at identifying their motivations and expectations. Regular assessments of stakeholder concerns, encompassing economic, social, and environmental dimensions, inform the development of strategies aligned with stakeholder aspirations. The Company's actions, decisions, and strategies are guided by these expectations, fostering accountability, transparency, and prudent corporate governance practices with robust internal controls.

The Company maintains balanced relationships with both local and international stakeholders, prioritising these relationships based on criteria such as mutual contributions and influences on the Group's operations. Recognising the material aspects that directly impact key stakeholders, the Company is committed to create short-term, medium-term, and long-term value for them as a central tenet of its mission.

This segment provides an overview of our key stakeholders, their identified concerns, the Group's responses to these concerns, and the methods employed for ongoing engagement.

Stakeholder	Key Concerns	Group Response	Mode of Engagement
Consumers	<ul style="list-style-type: none"> <li>Quality of products</li> <li>Affordability and accessibility</li> <li>Environmental and social responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Efficient distribution networks with a widespread reach of consumers</li> <li>Effective value chain with a growing portfolio of affordable products</li> <li>Reduce environmental impact</li> <li>Sponsoring community activities</li> <li>Maintain internationally accredited quality standards</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing market surveys</li> <li>Feedback through distributors</li> <li>Generation of solar energy</li> <li>ISO Certifications</li> <li>Business-specific quality control</li> <li>Continuous training, quality management and assurance programmes</li> <li>Ongoing investment and improvement initiatives</li> </ul>
Principals and Suppliers	<ul style="list-style-type: none"> <li>Business growth</li> <li>Sustainable business relationships</li> <li>Ethical and transparent business practices</li> <li>Shared economic gains</li> </ul>	<ul style="list-style-type: none"> <li>Organic &amp; inorganic growth</li> <li>Compliance and good governance</li> <li>Timely orders and settlements</li> <li>Knowledge sharing</li> </ul>	<ul style="list-style-type: none"> <li>Acquisitions</li> <li>Market share surveys</li> <li>Ongoing communications</li> <li>Renewal of contracts</li> <li>Visits and meetings</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Career growth</li> <li>Fair remuneration</li> <li>Health and safety</li> <li>Grievance protocols</li> </ul>	<ul style="list-style-type: none"> <li>Best HR practices and policies</li> <li>Empowerment, training and talent development</li> </ul>	<ul style="list-style-type: none"> <li>Performance reviews</li> <li>Recognition and awards</li> <li>Safety drills</li> </ul>

Stakeholder	Key Concerns	Group Response	Mode of Engagement
Business Partners	<ul style="list-style-type: none"> <li>Fair business terms</li> <li>Profitability growth</li> </ul>	<ul style="list-style-type: none"> <li>Fulfilling contractual terms</li> <li>Ethical business operations and compliance</li> <li>Meeting return expectations and shared business growth</li> </ul>	<ul style="list-style-type: none"> <li>Contracts and compliance</li> <li>Ongoing business meetings</li> <li>Efficient dispute resolutions</li> <li>Periodic audits</li> </ul>
Shareholders/ Financiers	<ul style="list-style-type: none"> <li>Sustainable growth and return on investment</li> <li>Good governance</li> <li>Risk management</li> <li>Timely communication</li> <li>Prudent investments and ethical business conduct</li> </ul>	<ul style="list-style-type: none"> <li>Maximise wealth through earnings growth and dividends</li> <li>Adhering to good corporate governance and risk management practices</li> <li>Timely disclosures and announcements</li> </ul>	<ul style="list-style-type: none"> <li>Annual and quarterly financial reports</li> <li>Timely notices to the Colombo stock Exchange</li> <li>Press releases</li> </ul>
Environment and Communities	<ul style="list-style-type: none"> <li>Corporate social responsibility</li> <li>Environment-friendly business activities</li> <li>Opportunities for shared growth</li> <li>Support for community needs</li> </ul>	<ul style="list-style-type: none"> <li>Engagement with local communities creating job opportunities and business relationships</li> <li>Sponsoring community activities</li> <li>Community awareness programmes</li> <li>Reduce environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Community meetings</li> <li>Business activities with small and medium local entrepreneurs</li> <li>Generation of solar energy</li> </ul>
Government	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Partnership in economic development</li> </ul>	<ul style="list-style-type: none"> <li>Timely payment of taxes and regulatory fees</li> <li>Renewing certifications and licenses</li> <li>Compliance with regulatory requirements</li> <li>Investments in economic development activities in the country</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory reports</li> <li>Periodic audits</li> </ul>

# HR REVIEW

At E.B. Creasy, we firmly believe that our employees are the cornerstone of our success. Since our establishment in 1878, spanning over 145 years, our workforce has been pivotal in driving our organisation forward through dedication, hard work, and unwavering loyalty. Their contributions are unparalleled, underscoring their crucial role in our achievements across generations. We prioritise our human capital, recognising and rewarding their efforts, and ensuring they are integral partners in our corporate growth and success.

## WORKFORCE DIVERSITY AND COMPOSITION

At E.B. Creasy, we pride ourselves on fostering a diverse and inclusive workplace environment where every individual's contribution is valued and celebrated. Our workforce enjoys equitable opportunities and a supportive culture that encourages personal and professional growth.

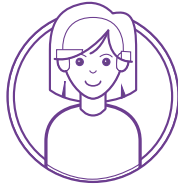
## WORKFORCE BY EMPLOYEE CATEGORY AND GENDER

### Executive Employees:

Total: 260



Male: 200 (77%)



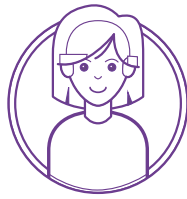
Female: 60 (23%)

### Non-Executive Employees:

Total: 1,237



Male: 1,072 (87%)



Female: 165 (13%)

### Contract Labour:

Total: 500

## EQUAL OPPORTUNITIES AND CAREER ADVANCEMENT

We are committed to providing equal opportunities for career advancement and leadership roles, ensuring a balanced representation of talent and perspectives within our workforce.

## WORKFORCE BY AGE

Our permanent staff composition reflects a diverse range of age groups, demonstrating a balanced distribution of experience and expertise across different stages of professional careers.

- 18 – 30 years: 737 employees
- 31 – 40 years: 392 employees
- 41 – 50 years: 225 employees
- 51 – 60 years: 119 employees
- Over 60 years: 24 employees

## RECRUITMENT PROCESS

At E.B. Creasy, our recruitment process focuses on identifying and attracting top talent suited to our organisational needs and culture. We employ effective strategies to ensure a seamless integration of new hires, offering competitive compensation packages to secure their long-term commitment.

## CAREER DEVELOPMENT AND SUPPORT

We believe in nurturing talent at every stage of their career journey. We provide robust training and development programs tailored to individual needs, ensuring continuous growth and skill enhancement. Our diverse age demographics underscore our commitment to leveraging experience while fostering innovation and fresh perspectives within our workforce.

## EMPLOYEE TRAINING MECHANISM

Training and development is integral to our growth strategy at E.B. Creasy. We allocate budgetary provisions annually for comprehensive employee development programs aimed at enhancing skills and knowledge critical to our operations.

## CAREER ADVANCEMENT PROCESS

We provide ample opportunities for career growth and development within the organisation. High-performing individuals are recognised and rewarded, ensuring a clear pathway for advancement and leadership roles within our organisation.

## ANNUAL PERFORMANCE EVALUATION PROCESS

Performance evaluation at E.B. Creasy is conducted regularly, aligning rewards and recognition with individual and team achievements. Constructive feedback is provided to support ongoing professional development and performance improvement.

## EMPLOYEE HEALTH AND WELL-BEING INITIATIVES

At E.B. Creasy, our employees' health and well-being are paramount considerations in our operational ethos. We are committed to fostering a safe and supportive workplace environment across all our manufacturing plants, adhering to stringent health and safety standards. Across our manufacturing facilities, we uphold rigorous health and safety protocols. These practices are aligned with ISO 45001:2018 standards, ensuring a hazard-free workplace where our employees can perform their duties with confidence and security. Our dedication to employee health and well-being has earned accolades from authoritative bodies. The Ministry of Health recognised our BIC/Denta facility as a model manufacturing site in Sri Lanka, highlighting our exemplary practices during the International Labor Organisation's (ILO) Asia Regional delegate visit.

To safeguard our employees' long-term health, we conduct comprehensive annual health check-ups for all plant personnel. These assessments enable early detection of health issues, facilitating timely intervention and necessary follow-up treatments. By prioritising preventive care, we ensure the continued well-being and vitality of our workforce.

E.B. Creasy maintains a proactive approach to health and safety management through periodic assessments. These evaluations identify potential areas for enhancement and allow us to implement necessary improvements promptly. By staying abreast of evolving best practices, we uphold our commitment to providing a secure and conducive workplace environment.

## FUTURE OUTLOOK

We remain committed to investing in comprehensive training and development programs tailored to the evolving needs of our employees. These initiatives not only enhance technical skills but also foster leadership capabilities and promote a culture of continuous improvement. By equipping our workforce with the skills and knowledge needed for success, we strengthen our competitive edge in the market.



# SECTOR REVIEW

## FMCG - CONSUMER BRANDS

The Group's Consumer Sector stands as a pillar of innovation and quality in Sri Lanka, offering a diverse range of products that enhance the daily lives of millions across the nation. With a legacy rooted in decades of continuous advancement in product development, manufacturing practices, and brand management, our portfolio embodies purpose and high standards. Our consumer product categories house some of Sri Lanka's most trusted brands, meticulously crafted to optimize the quality of life for our consumers. Each product is imbued with purpose and designed to meet evolving consumer needs through enhanced value propositions, expanded reach, and improved accessibility. Despite external disruptions, the Group's Consumer Sector demonstrated robust performance throughout the year. We navigated challenges with resilience and agility, achieving steady growth across all major categories. Both general trade and modern trade channels contributed to improved revenues, underscoring our sector's adaptability and market responsiveness .

## Home Care

### AMRITHA



Amritha, launched in February 2011, swiftly emerged as Sri Lanka's premier incense stick brand amidst a market flooded with imported competitors. This pioneering brand not only revolutionised the local incense stick industry but also set new standards in quality and innovation. Amritha made history by introducing the first incense sticks with dual fragrances in Sri Lanka. This innovation not only catered to diverse consumer preferences but also positioned Amritha as a trendsetter in the industry.

### BIO CLEAN



Bio Clean has established itself as a formidable player in the Sri Lankan market, specialising in a range of products designed to ensure hygiene and cleanliness in homes and public spaces alike. Bio Clean Toilet Bowl Cleaner was developed in collaboration with the University of Colombo. Research and development were conducted by the University of Colombo, and the product was further developed by E.B.Creasy. It is the only toilet bowl cleaner in Sri Lanka that is biodegradable. As the second largest brand in the toilet cleaner and surface cleaner segment, Bio Clean has earned trust and loyalty among consumers through its effective and reliable solutions.

### NINJA



Ninja has solidified its position as the leading brand in Sri Lanka's home insecticide category, known for its highly effective and dependable solutions that protect homes from mosquitoes and other insects. As the undeniable industry leader, Ninja has garnered the trust of consumers across the country by prioritizing quality and innovation in all of its products. Ninja remains at the forefront of innovation, continuously enhancing its formulations to combat evolving insecticide resistance and meet consumer expectations. The brand's products undergo rigorous testing to ensure they deliver unparalleled efficacy while adhering to stringent safety standards.

## TEEPOL



Since the 1990s, Teepol has been synonymous with superior household cleaning solutions in Sri Lanka. Initially launched by Lankem Ceylon PLC and later transitioned to Darley Butler in 2019, Teepol's journey began with its iconic dishwashing liquids, which quickly became a staple in Sri Lankan homes. Renowned for their effectiveness and gentle care, Teepol's dishwashing liquids are enriched with natural Aloe Vera extract, ensuring safety while boasting certification from a renowned European laboratory. Teepol has pioneered several industry firsts, including the introduction of the first dishwashing liquid refill pack, promoting waste reduction without compromising on quality. The product is available in refreshing Lime Orange and Lemony Lime variants, offering consumers a delightful cleaning experience. Teepol's commitment to innovation extends beyond dishwashing liquids. In response to consumer demand, Teepol launched a Handwash infused with Ceylon Turmeric extract and Tea Tree Oil, providing effective germ protection which is available in an economical refill pouch format. The addition of Scouring Powder and Dishwashing Bar in late 2023 further enhances Teepol's lineup, addressing tough stains and grease effectively while leaving surfaces bright and shiny.

## BUBBLE



Bubble Washing Powder stands as the pinnacle of quality in the realm of laundry care. Originally launched under the esteemed banner of Lankem Ceylon PLC and now nurtured by E.B. Creasy Co. PLC, Bubble Washing Powder embodies decades of expertise and dedication to delivering pristine cleanliness and fabric care.

## SUNNY



Sunny Detergent Powder undertook a strategic re-launch aimed at cementing its position as a formidable market challenger. Sunny Detergent Powder offers two distinct variants and a laundry soap, catering to various consumer preferences; Sunny Mogra Detergent Powder, Sunny Orange and Rose Fresh Detergent Powder. Sunny Detergent Powder positions itself as a high-quality product available at a competitive price point. Further, in order to make the product more accessible, Sunny also introduced a Sachet packet. This strategic positioning aims to challenge established market leaders by offering superior value to consumers without compromising on quality. The re-launch emphasized these attributes, ensuring that both the sales team and consumers alike understand the unique selling propositions of Sunny products.



# SECTOR REVIEW

## SOFTNY



Softny is a dermatologically tested fabric conditioner which has proved to be gentle on the skin in the process of hand washing. This is the first ever Biodegradable Fabric Conditioner launched in Sri Lankan market leading towards a green-conscious country.

## ALL OUT



All Out is a liquid laundry detergent launched by Darley Butler and E.B. Creasy in 2019. The product is unparalleled to any other liquid laundry detergent in terms of quality. E.B. Creasy has formulated the product using only Biodegradable and eco-friendly materials and carries the certification of the Singapore Environment Council as an environmentally friendly product.

## Personal Care

### BIC



Since their debut in 1975 as the world's first 'one piece' disposable razor, BIC Shavers have revolutionized the shaving experience globally, particularly in Sri Lanka. Recognized for their comfort, affordability, and ease of use, BIC Shavers have consistently maintained their position as the No. 1 disposable razor in the country, exceeding 11 Mn units in global sales daily. BIC Shavers are renowned for their innovation and diversity, offering a wide range of options to cater to varying preferences. The lineup includes single, double, and triple-blade razors, designed to provide precise and effective shaving results and are also available in a variety of grips and colours. Manufactured to the highest quality and safety standards, BIC Shavers prioritises user comfort and satisfaction. Each razor undergoes rigorous testing to ensure optimal performance and durability, offering a reliable shaving solution with every use.

Complementing its esteemed line of razors, BIC offers BIC Shaving Foam, a hallmark of innovation and quality in grooming. Crafted with precision and expertise, BIC Shaving Foam delivers a superior shaving experience, thanks to its advanced formulas enriched with moisturising ingredients. Designed for all skin types, BIC Shaving Foam ensures a smooth and comfortable shave, minimising irritation and leaving skin feeling refreshed. BIC Shaving Foam offers consumers the opportunity to personalise their grooming routine with three distinct variants, each tailored to enhance the shaving experience. Whether opting for sensitive skin care, extra moisture, or a refreshing sensation, BIC Shaving Foam guarantees satisfaction and a luxurious feel with every application.

BIC has also established itself as a global leader in manufacturing high-quality disposable lighters. Renowned for their iconic design and reliable performance, BIC lighters have earned the trust of millions worldwide. BIC Pocket Lighters are compact and portable, ideal for everyday use. All BIC lighters feature a child-resistant mechanism and a smooth ignition system, ensuring safety and ease of use for consumers across different contexts. BIC continues to innovate and uphold its reputation as a leader in the lighter industry, combining trusted quality with a strong commitment to sustainability.

## DENTA



For over two decades, DENTA has been a trusted leader in oral care across Sri Lanka. Since its establishment in 1994, DENTA has continuously pushed the boundaries of dental hygiene, introducing advanced technologies that elevate oral cleanliness to new heights. At the heart of DENTA's success lies a dedication to quality and innovation. Our toothbrushes feature the finest bristles sourced from Germany renowned for their superior cleaning capabilities while remaining gentle on gums. Specially designed handles provide a secure and comfortable grip, optimising cleaning effectiveness and user comfort. DENTA offers a comprehensive range of toothbrushes tailored to meet the diverse needs of consumers:

**DENTA Adult Toothbrush:** Available in various styles, including Comfort and Zig Zag, designed to cater to specific preferences. The Comfort variant features flat, gentle bristles ideal for sensitive gums, while Zig Zag's unique pattern ensures a deep clean. Both are offered in soft and medium bristle options for personalised brushing needs.

**DENTA Teen Toothbrush:** Specifically crafted for growing teen smiles, the DENTA Teen Brush combines ergonomic design with vibrant aesthetics.

Featuring a comfortable grip suited for developing hands and available in 15 vibrant colours, it encourages healthy dental habits in an engaging manner.

**DENTA Kid Toothbrush:** Designed to make oral care fun and educational, DENTA Kids toothbrushes are available in seven lively colours.

## Healthcare and Nutrition

Founded in 2001, Darley Butler Healthcare Unit has emerged as a pivotal entity in Sri Lanka's healthcare landscape, specialising in the marketing and distribution of Pharmaceutical Finished Products, Laboratory Products and Veterinary Products. The unit plays a crucial role in ensuring the availability and accessibility of essential healthcare solutions across the country.

Managed by a team of seasoned professionals with extensive local market knowledge, Darley Butler Healthcare Unit collaborates closely with strategic partners to deliver exceptional service. A cornerstone of its operations, Darley Butler Healthcare Unit manages a large-scale pharmaceutical distribution operation under Muller & Phipps Healthcare (Pvt) Ltd (previously known as Pettah Pharmacy (Pvt) Limited). The sector collaborates closely with overseas principals, regulatory bodies, and medical professionals to ensure the timely supply of critical pharmaceutical brands and infant milk powder through an extensive and well-established distribution network.

## COW AND GATE



For over eight decades, Cow & Gate has been synonymous with baby feeding excellence in Sri Lanka. Trusted by generations of Sri Lankan mothers, Cow & Gate remains committed to providing infants with nutritionally superior products that support healthy growth and development. Cow & Gate enjoys comprehensive island-wide distribution across Sri Lanka, making its products accessible in pharmacies, supermarkets, and A-grade groceries. Cow & Gate offers a diverse portfolio tailored to meet the nutritional needs of infants and young children.

# SECTOR REVIEW

## FRIENDS



Manufactured by Nobel Hygiene, India's foremost producer of disposable hygiene products renowned for its international quality standards, FRIENDS Adult Diapers epitomize innovation and reliability. In Sri Lanka, Darley Butler & Co. Ltd proudly serves as the exclusive marketing and distribution partner, ensuring these premium products reach every corner of the island. FRIENDS Adult Diapers are meticulously crafted to provide the best fit and best comfort, tailored specifically to meet the needs of Sri Lankan body types. This ensures unparalleled comfort and a perfect fit, allowing users to maintain their lifestyle with confidence. In partnership with HelpAge Sri Lanka, Darley Butler & Co. Ltd and FRIENDS uphold a strong commitment to the elderly community through impactful Corporate Social Responsibility (CSR) initiatives. These include equipping mobile medical and eye care buses, organizing nationwide medical camps, and conducting cataract surgeries, reaffirming their dedication to enhancing the health and well-being of seniors.

## CUTEE BABY DIAPERS



Cutee Baby Diapers stand out as the ideal choice for ensuring baby comfort and well-being. Marketed and distributed across Sri Lanka by Darley Butler & Company Limited, Cutee Baby Diapers are crafted with the utmost care and attention to detail. Designed to suit the diverse climatic conditions of Sri Lanka, Cutee Baby Diapers are made from the finest materials. They feature an excellent absorbent core that swiftly and efficiently absorbs moisture, locking it away to keep the baby's delicate skin dry and pleasant for extended periods. This advanced feature helps reduce the likelihood of diaper rashes and skin irritations, ensuring your baby stays comfortable throughout the day.

## Food and Confectionery



Darley Butler & Co., Ltd Food Division stands at the forefront of Sri Lanka's bakery ingredients industry, renowned for its comprehensive range of imported and local products. With a strong commitment to quality and customer satisfaction, it specialises in delivering superior ingredients and exceptional after-sales service to our valued clients. The operations are bolstered by collaborations with prominent international suppliers, ensuring that it offers top-tier bakery ingredients and solutions. These strategic alliances enable the maintenance of the highest standards of quality and innovation, meeting diverse market needs with precision and reliability.



Among our distinguished products is Hacks, the market leader in Medicated Candies in Sri Lanka. Originally imported from the United Kingdom in 1965 by Darley Butler Ltd, Hacks is now proudly manufactured locally by Candy Delights Ltd, a subsidiary of E.B. Creasy & Co. PLC. Hacks serve multiple purposes, cherished as a refreshing mouth freshener and offering temporary relief from throat irritation or cough.



Another highlight of our portfolio is CANDYMAN, comprising hard candies and soft toffees, crafted with precision using state-of-the-art candy depositor machines. This advanced technology ensures each piece retains its flavour, uniform shape, and smooth mouthfeel, distinguishing it from traditional tableted candies.



## Galvanized Steel Wire Manufacturing

Lanka Special Steels Ltd., established in Sri Lanka in November 2003, stands as the foremost manufacturer of Galvanized Steel Wire, Barbed Wire and PVC Barbed Wire in the country. Originally founded following the acquisition of Mascon Wire Industries by Tata Steel Ltd. India, the company became a fully owned

subsidiary of E.B. Creasy & Company PLC on April 1st, 2015. Lanka Special Steels Ltd. has consistently upheld a reputation for excellence and quality. The company's dedication to superior products and operational standards has been recognised through multiple prestigious business excellence awards. Specialising in Galvanized Steel Wire production, Lanka Special Steels Ltd. leverages state-of-the-art manufacturing processes and technology to ensure the highest quality standards. Galvanized steel wire is widely used across various industries for its corrosion resistance and durability, making it indispensable in construction, agriculture, and industrial applications.



## Energy and Lighting Solutions



Since its inception in 1956, Laxapana has been a pinnacle brand under the Group, renowned for its pioneering role in manufacturing Dry Cell Batteries in Sri Lanka. Laxapana Batteries PLC, a subsidiary of E.B. Creasy, continues to uphold its legacy by offering a diverse range of energy and lighting products that cater to both consumer and industrial needs. Laxapana is synonymous with high-quality Dry Cell Batteries in Sri Lanka, particularly known for its D-size Dry Cell Batteries, Torch and Transistor batteries. The brand has expanded its offerings to include Zinc Chloride AA, AAA, 9V batteries, Alkaline AA batteries, CFL and LED bulbs, and Rechargeable Torches. Over the past 64 years, Laxapana has established itself as a trusted name, ensuring reliability and performance across its product range.

# SECTOR REVIEW

In line with its commitment to innovation and sustainability, the Solar and Hardware division of our Group plays a pivotal role in advancing sustainable solutions across Sri Lanka. With an extensive island-wide dealer network, we import and distribute a diverse range of products from esteemed foreign principals. Our offerings include Solar Modules, Aerosol Paint, and cutting-edge Agro-Water Pumping systems, catering to various sectors with innovative and reliable solutions.

For over 24 years, E.B. Creasy & Co. PLC has been a trailblazer in the Sri Lankan renewable energy sector, focusing on Solar Grid Tied systems and Solar Powered Water Pumping Solutions. The company collaborates with globally renowned brands to deliver cutting-edge technologies in solar energy.



Solar Grid Tied Inverters: Partnering with renowned brands worldwide, E.B. Creasy & Co. PLC integrates top-tier inverters known for their reliability and efficiency in converting solar energy into usable electricity.



Solar PV Modules: Utilising modules from Germany and China, both recognised as Bloomberg Tier 1 brands, ensures superior performance and durability of solar photovoltaic modules used in various solar installations.



## Building solutions



Sterling Steels (Pvt) Limited (previously known as BlueScope Lysaght Lanka (Pvt) Ltd.) stands as a premier manufacturer and supplier in Sri Lanka, specializing in a diverse array of roofing, wall cladding, and structural products. Renowned for their high-quality offerings such as ZINCALUME® steel and Clean COLORBOND® steel, the company caters to a wide spectrum of applications ranging from commercial and industrial projects to residential constructions. Since its establishment, BlueScope Lysaght Lanka has prioritized quality assurance as a cornerstone of its operations. In March 2003, the company achieved ISO 9001:2000 certification from Societe Generale de Surveillance (SGS), Switzerland.

## Value Added Latex Products



Ceyflex Rubber Limited, a fully owned subsidiary of the Group, manufactures value-added latex products for export. Since its inception, Ceyflex Rubber Limited has been committed to innovation and quality in natural rubber latex product development, ranging from resistance loop bands, exercise stretch bands, dental dams, oral dams & exercise mats catering to global markets with superior offerings.



# INTEGRATING SUSTAINABILITY

Sustainability is central to our operations, guided by a three-pillar approach that ensures sustainable growth and builds trust with our multi-generational customer base. This strategy drives accountability and positive outcomes for the economy, environment, and society.

- 1. Economic Sustainability:** We focus on financial stability and growth, contributing to economic development through responsible investments and long-term profitability.
- 2. Environmental Sustainability:** We minimize environmental impact by reducing waste, conserving energy and using renewable resources to protect natural assets for future generations.
- 3. Social Sustainability:** We prioritize the well-being of employees, customers and communities by fostering a positive workplace, fair labor practices and community support initiatives.

This approach secures our long-term viability and reinforces our commitment to making a positive global impact. By creating long-term value for all our stakeholders, we ensure sustainability and growth through strategic transformations and innovations.

## SUSTAINABILITY FRAMEWORK

At E.B. Creasy & Co. PLC, we integrate sustainability across our operations and subsidiaries. We emphasize responsible manufacturing, employee well-being, gender equality, non-discrimination and equal learning opportunities. Prioritizing affordable, clean, renewable energy, sustainable water management, hygiene and responsible natural resource consumption, we aim to minimize environmental impact. Our operations are designed to positively impact the economy, environment and society, aligning with the triple bottom line for sustainable success.

The Group has always focused on enhancing the quality of life for our consumers by providing high-standard products and services. We ensure our healthcare, safety and personal hygiene products meet stringent quality requirements and health and safety standards. Our core operation and production involve thorough supplier evaluations to ensure raw materials meet quality and industry standards. Our manufacturing facilities contribute to the triple bottom line by delivering quality products, implementing sustainable green practices and ensuring occupational health and safety for our employees.

## OPERATIONAL SUSTAINABILITY

Sustainability is at the core of our business and manufacturing operations, including product creation and generating employment opportunities. Therefore, the Group continuously focuses on:

- » The provision of quality and safe products that elevate standards of living.
- » Ensuring no negative impacts from operations on people and the environment.
- » Commitment to on-time deliveries.
- » Providing customer requirements.
- » Fulfilling supplier expectations.
- » Compliance with quality standards, and adherence to laws, regulations and policies.

The above focus areas are constantly assessed, with corrective actions taken through periodic corporate audits. Additionally, we conduct annual assessments to renew our quality and environmental management standards, addressing issues that require ratification from management, supervisory staff and employees.

We focus on developing and implementing innovations to maximize resource efficiency while minimizing environmental risks and impacts. Key areas include waste management, water management, ventilation, renewable energy and monitoring systems. Our initiatives aim at sustainability goals such as pollution prevention, health and safety risk management, regulatory compliance and continuous improvement to enhance the quality of life.

Aligned with the United Nations Sustainable Development Goals (SDGs), we have implemented several projects since 2010 to achieve triple-bottom-line objectives. This commitment has garnered recognition and reaffirms our dedication to sustainable development. We take our national responsibilities seriously and are proud to significantly contribute to achieving the United Nations SDG Goals for the Sri Lankan government by 2030.

## SUSTAINABLE MANUFACTURING

Our state-of-the-art manufacturing facilities practice the 3R concept of Reduce, Reuse, and Recycle. This entails the following:

- » Reduction of water usage, electricity, power consumption, damage or defective production.
- » Reuse of damaged production trays and heavy metals, packaging, sawdust and chemicals.
- » Recycling of water, chemicals and wood powder.

We have invested in a chemical recycling system at our homecare factory to ensure zero chemical emissions to the earth. Our wastewater treatment plants meet Central Environmental Authority standards, ensuring the water is safe and non-contaminated. Treated domestic wastewater is reused for gardening and landscaping. We also ensure proper waste disposal by procuring external services for safe waste management.

To improve energy efficiency, we have initiated several projects contributing to affordable, reliable, sustainable and modern energy. These schemes include:

- » **Optimising efficiencies in the compressed air system, wastewater treatment, solar power generation and grid supply.**
- » **Awareness programmes and monitoring carbon emissions from the air conditioners and machinery usage.**
- » **Use of modern energy-saving machinery.**
- » **Indoor plants absorb internal CO<sub>2</sub> emissions and skylights to reduce reliance on electrical lighting.**

As a Group, we are committed to responsible consumption and production. We prioritize the use of renewable packaging materials whenever possible to package our products. Additionally, we implement lean manufacturing practices to minimize waste and ensure sustainable consumption and production in our manufacturing operations.

#### **ENVIRONMENTAL MANAGEMENT STANDARDS AND CONTINUOUS IMPROVEMENT**

We adhere to international and Sri Lankan standards such as SLS and ISO, ensuring our environmental management systems promote sustainability. Through ongoing improvements in production and management practices, we maintain compliance with certifications and standards across subsidiaries, driving continuous enhancement of manufacturing processes, efficiencies, and products. Our commitment to sustainability includes meticulous documentation of ISO environmental standards, with deviations addressed promptly.

We conduct internal audits for SLS and ISO compliance and undergo external assessments by principals to ensure due diligence. To reduce our carbon footprint, our manufacturing plant in Millewa undergoes greenhouse gas emission audits by government-certified auditors. Additionally, we implement green building concepts in our manufacturing plants, incorporating indoor gardening, natural illumination, low-energy lighting and solar power generation.

Our SLS and ISO-certified manufacturing plants have earned carbon-neutral certification from the Sri Lanka Climate Fund, reflecting our efforts to offset our carbon footprint and maintain high eco-friendly processing standards across production. This certification underscores our dedication to reducing our environmental impact and ensuring sustainability.

#### **ACCOUNTABILITY AND TRANSPARENCY**

As a responsible conglomerate, E.B. Creasy prioritizes transparency in strategic decisions and transformations, involving shareholders, investors, middle management and subordinates in critical operational decision-making processes. Information dissemination with stakeholders occurs through the Annual Report, publishing yearly financial results and strategic actions. Collaborating closely with principals, we ensure adherence to expected standards in manufacturing franchised products and distributing imported products, including after-sales services. Timely and accurate reporting is maintained across all operations, reinforcing our commitment to transparency and accountability.

#### **EMPLOYEE DEVELOPMENT AND OCCUPATIONAL SAFETY**

Employee development is a cornerstone across the Group, with regular training programs covering soft skills, emergency preparedness, first aid and personality-building initiatives. We recruit employees without gender bias, offering equal opportunities for advancement regardless of age, gender or social background. Compliance with statutory labor laws and competitive salaries and wages are standard practices.

Occupational health and safety are paramount, with trained teams providing assistance during accidents and emergencies. Employees, particularly in manufacturing plants, receive ongoing training to ensure a safe workplace and are educated on maintaining personal and coworker safety, especially within factory premises. Qualified trainers provide instructions and ergonomic concerns are addressed through monthly complaint recording and corrective actions, fostering a supportive work environment.

# FINANCIAL PERFORMANCE REVIEW

In the financial year 2023/24 the Company exhibited varied performance across its diverse sectors, reflecting both growth and challenges. The year has been marked by significant increases in several key areas, while other sectors experienced declines. For the financial year 2023/24, EB Creasy achieved a Group revenue of Rs. 25.8 Bn, marking a 11% increase from the Rs. 23.3 Bn reported in the previous year while the total asset base recorded a growth of 11% from the Rs. 20.2 Bn in the previous year to Rs. 22.4 Bn in current year.

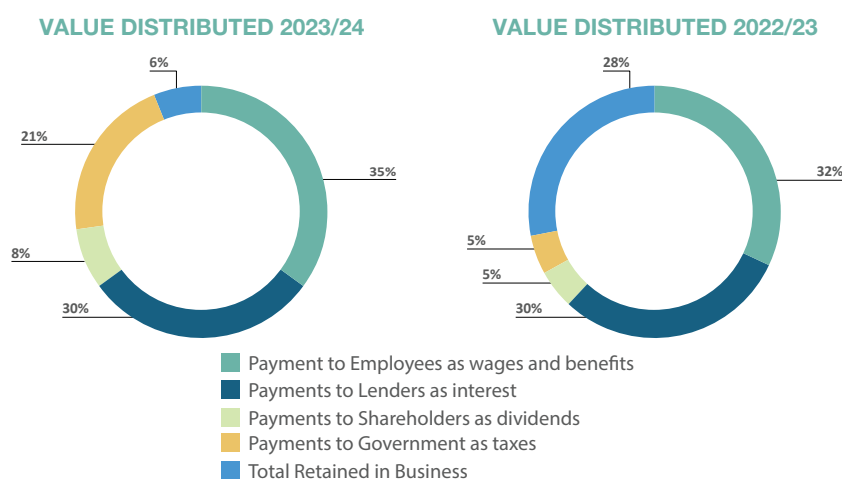
Both the Homecare and Personal Care segments delivered stable performances throughout the year. These segments exhibited consistent progress, reflecting the Group's effective strategies and strong market positioning. The Home Care sector showed an increase of 17% compared to the previous year whereas the Personal Care sector experienced a growth of 19%. The Group's Healthcare and Food businesses recorded a 3% growth and 4% respectively. Sales in the Energy & Lighting sector grew by 4%. While this is a modest rise, it indicates stable performance and gradual market expansion despite a competitive landscape. A notable increase was also demonstrated by the Building and Construction sector marking an 24% growth for the year.

While the above sectors demonstrated strong performance, Logistics, Value-Added Exports, and other categories experienced declines of 4%, 70%, and 31%, respectively.

In recognition of the Group's financial success, an interim dividend of Rs. 1.50 per share was declared for the year 2023/24. A total of Rs. 380.3 Mn was distributed to shareholders, reflecting the Company's commitment to delivering value to its investors.

# STATEMENT OF VALUE ADDED

	2023/24	2022/23	Change
	Rs. Mn	Rs. Mn	%
<b>VALUE ADDED</b>			
Sales made to external customers	25,822	23,342	11%
Less: Materials and services bought in from outside	(21,029)	(17,977)	17%
	4,793	5,365	
Add: Other Income	235	180	32%
<b>TOTAL VALUE AVAILABLE FOR DISTRIBUTION</b>	<b>5,028</b>	<b>5,545</b>	
<b>DISTRIBUTION OF VALUE ADDED</b>			
Payment to Employees as wages and benefits	1,767	1,792	-1%
Payments to Lenders as interest	1,511	1,640	-8%
Payments to Shareholders as dividends	412	296	39%
Payments to Government as taxes	1,032	271	281%
<b>TOTAL</b>	<b>4,722</b>	<b>3,999</b>	
<b>VALUE RETAINED FOR GROWTH/(DEFICIT)</b>			
Depreciation and Amortisation	405	290	40%
Profit (Loss) after Dividends	(99)	1,256	-108%
<b>TOTAL</b>	<b>306</b>	<b>1,546</b>	
<b>TOTAL VALUE DISTRIBUTED AND RETAINED</b>	<b>5,028</b>	<b>5,545</b>	



# SECTION 03

## GOVERNANCE

ENTERPRISE GOVERNANCE	46
REMUNERATION COMMITTEE REPORT	60
AUDIT COMMITTEE REPORT	61
RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT	63
ANNUAL REPORT OF THE BOARD OF DIRECTORS	65
STATEMENT OF DIRECTORS' RESPONSIBILITIES	68
STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR	69
RISK MANAGEMENT	70





# ENTERPRISE GOVERNANCE

The E.B. Creasy Group is committed to conducting the Business Activities ethically and in accordance with high standards of Corporate Governance.

The approach to Corporate Governance is guided by ethical culture, accountability, stewardship, independence, continuous improvement, strategy and risk management.

Given below is a demonstration as to how we adhere to good Corporate Governance practices recommended by the Institute of Chartered Accountants of Sri Lanka and the listing rules of the Colombo Stock Exchange.

## THE BOARD OF DIRECTORS

### BOARD, COMPOSITION AND MEETINGS

The Board comprised of Chairman/Managing Director, Joint Managing Director and nine other Directors who possess expertise in the fields of Finance, Management and Marketing during the financial year and as at the date of the Annual Report.

### NAMES OF DIRECTORS

Mr. S.D.R. Arudpragasam (Chairman/Managing Director) - Executive

Mr. S. Rajaratnam (Joint Managing Director) - Executive

Mr. A. Rajaratnam - Executive (Deceased - 26.08.2023)

Mr. R.N. Bopearatchy - Executive

Mr. R.C.A. Welikala - Executive

Mr. P.M.A. Sirimane - Non-Executive

Mr. A.R. Rasiah - Independent Non-Executive

Mr. S.N.P. Paliheena - Independent Non-Executive

Dr. A.M. Mubarak - Independent Non-Executive

Mr. A.M. de S. Jayaratne - Independent Non-Executive

Mr. S.W. Gunawardena - Executive

Mr. P.Y.S. Perera - Independent Non-Executive (Appointed with effect from 02.05.2024)

Mr. P.Y.S. Perera was appointed to the Board as an Independent Non-Executive Director with effect from 02.05.2024.

Mr. A. Rajaratnam, Executive Director expired on 26.08.2023.

### DECISION MAKING OF THE BOARD

The Board has met on four occasions during the year under review. In addition to Board Meetings, matters are referred to the Board and decided by resolutions in writing. The individual attendance by members at the Board Meetings is shown below:

Name of the Director	Attendance
Mr. S.D.R. Arudpragasam	4/4
Mr. R.N. Bopearatchy	3/4
Mr. R.C.A. Welikala	4/4
Mr. S. Rajaratnam	3/4
Mr. P.M.A. Sirimane	4/4
Mr. A.R. Rasiah	4/4
Mr. S.N.P. Paliheena	3/4

Name of the Director	Attendance
Dr. A.M. Mubarak	3/4
Mr. A.M. de S. Jayaratne	4/4
Mr. S.W. Gunawardena	4/4
Mr. A. Rajaratnam (Deceased - 26.08.2023)	0/2
Mr. Anushman Rajaratnam (Alternate Director for Mr. A. Rajaratnam)	1/2

### RESPONSIBILITIES OF THE BOARD

- Determining the strategic direction of the Company and also setting the corporate values.
- Implementation and review of business strategy.
- Ensuring of an effective internal control system and a proactive risk management system.
- Ensuring compliance with ethical, legal, health, environment and safety standards.
- Approval of Interim and Annual Financial Statements for publication.
- Ensuring succession arrangements of the Board and top management.
- Approval of budgets, corporate plans, major capital investments, divestments and acquisitions.
- Ensure all stakeholder interests are considered in corporate decisions.
- Ensuring that the Company's values and standards are set with emphasis on adopting appropriate accounting policies and compliance with financial regulation.
- Approval of any issue of Equity and Debt Securities of the Company.

The Directors have made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions.

### COMPANY SECRETARIES AND INDEPENDENT PROFESSIONAL ADVICE

The Company and all the Directors may seek advice from Corporate Managers & Secretaries (Private) Limited who are qualified to act as Secretaries as per the provisions of the Companies Act No. 07 of 2007. Advice is also sought from independent external professionals whenever Board deems it necessary.

### INDEPENDENT JUDGEMENT

The Board is committed to exhibit high standards of integrity and independence of judgement. Each Director dedicates the time and effort necessary to carry out his responsibilities.

### FINANCIAL ACUMEN

At the end of the Financial year, the Board includes five finance professionals who possess the knowledge and the competence to offer the Board the necessary guidance on matters relating to Finance.

However, as at the date of the Annual Report, the Board includes six finance professionals.

#### **BOARD BALANCE**

At the end of the financial year, the Board comprised of five Non-Executive Directors of whom four are Independent and five Executive Directors.

However, currently the Board comprises of five Independent Non-Executive Directors.

Each Non-Executive Director has submitted a declaration of independence/non-independence for the year. The Board makes a determination annually as to the independence/non-independence of each Non-Executive Director.

Mr. S.N.P. Palihena and Dr. A.M. Mubarak are Directors on the Boards of some of the subsidiaries of the Company in which a majority of the Directors of the Company are Directors. These Directors also serve on the Boards of certain subsidiaries of the Company's Parent Company, The Colombo Fort Land and Building PLC. Mr. Palihena and Dr. Mubarak have served on the Board of the Listed Entity and on the Boards of some of its subsidiaries for over a period of nine years. Further, Mr. Palihena and Dr. Mubarak are over 70 years of age. However, the Board after taking into consideration that Mr. S.N.P. Palihena and Dr. A.M. Mubarak, Non-Executive Directors, are not directly involved in the management of the Company as well as all other circumstances listed in the Rules pertaining to the criteria for defining Independence, is of the opinion that said Directors are nevertheless Independent.

Mr. A.M. de S. Jayaratne is a Director of the Parent Company, The Colombo Fort Land and Building PLC and on the Boards of some of its subsidiaries. He is also a Director on the Boards of some of the subsidiaries of the Company in which a majority of the Directors of the Company are Directors. He has served on the Board of the Parent Company and on the Boards of some of its subsidiaries, for a period exceeding nine years. Further, Mr. Jayaratne is over 70 years of age. However, the Directors having taken into consideration that Mr. A. M. de S. Jayaratne, Non-Executive Director, is not directly involved in the management of the Company as well as all other circumstances listed in the rules pertaining to the criteria for defining Independence, is of the opinion that Mr. A. M. de S. Jayaratne is nevertheless Independent.

Mr. A.R. Rasiah is a Director of the Parent Company, The Colombo Fort Land and Building PLC and on the Boards of some of its subsidiaries. He is also a Director on the Boards of some of the subsidiaries of the Company in which a majority of the Directors of the Company are Directors. He has served on the Board of the Company and on the Boards of some of its subsidiaries, for a period exceeding nine years. Further, Mr. Rasiah is over 70 years of age.

However, the Directors having taken into consideration that Mr. A.R. Rasiah, Non-Executive Director, is not directly involved in the management of the Company as well as all other circumstances listed in the rules pertaining to the criteria for defining Independence, is of the opinion that Mr. A.R. Rasiah is nevertheless Independent.

#### **FIT & PROPER ASSESSMENT**

The Company's fit and proper assessment for Directors is in line with the guidelines set out in the Listing Rules and include criteria on honesty, integrity, reputation, competence, capability and financial soundness. The Chairman and Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules of the Colombo Stock Exchange (CSE).

#### **SENIOR INDEPENDENT DIRECTOR**

In view of the strategic direction of the E.B. Creasy Group of companies and the pivotal role played by the Chairman/Managing Director in terms of cultivating and developing external partnerships, maintaining trust and confidence with business partners and key principals and ensuring the retention of prestigious agencies for the sustenance and growth of the Company and the Group's business as a whole, as well as his Executive Management skills, integrity, expertise, wealth of experience and business acumen, the Board decided that the most appropriate arrangement would be for the current Chairman/Managing Director to continue in the role guiding the E.B. Creasy Group in reaching its organizational goals in the future.

Accordingly, in compliance with CSE Listing Rule 9.6.3, the Board of E.B. Creasy & Company PLC has appointed Mr. A.M. de S. Jayaratne, who serves in the capacity of Independent Non-Executive Director, as Senior Independent Director to facilitate Board balance and ensure effective engagement with Non-Executive Directors.

Mr. A.M. de S. Jayaratne, the Senior Independent Director holds a Bachelor of Science Degree in Economics and is also a Fellow of the Institute of Chartered Accountants of England and Wales and of Sri Lanka and has functioned as Chairman of Forbes & Walker Limited, Colombo Stock Exchange, Ceylon Chamber of Commerce and The Finance Commission.

The Senior Independent Director's report appears on page 69 of this Annual Report.

#### **SUPPLY OF INFORMATION**

Directors are furnished with monthly reports on performance comprising of Financial Statements and such other reports and documents as are necessary.

# ENTERPRISE GOVERNANCE

Apart from Board meetings the Key Management Personnel meet regularly to monitor the performance of the varied business segments, and to review the progress towards achieving the budgets. Prompt corrective action is being taken after discussing the operational issues.

At Board meetings, the Directors are informed of important decisions taken at the aforementioned meetings in relation to routine operational matters for a final decision. Other matters of relevance to the industries in which the Company operates are also conveyed to the Board.

## **NOMINATION COMMITTEE/APPOINTMENTS TO THE BOARD**

New Directors are proposed for appointment by the Nomination Committee in consultation with the Chairman of the Company in keeping with the provisions of the Articles of Association of the Company in relation to same and in compliance with the rules on Corporate Governance.

The details of new appointments to the Board are made available to the shareholders by making announcements to the Colombo Stock Exchange.

The Company's Nomination Committee comprises of Mr. A.R. Rasiah, Chairman, Mr. S. N. P. Palihena and Mr. A.M. de S. Jayaratne, Independent Non-Executive Directors.

## **RE-ELECTION OF DIRECTORS**

In terms of the Articles of Association of the Company, a Director appointed to the Board (other than an appointment to an Executive Office) holds office until the next Annual General Meeting and seeks re-election by the shareholders at that meeting. The Articles require one-third of the Directors in office (excluding the office of Chairman, Managing or Joint Managing Director and any other Executive Office) to retire at each Annual General Meeting. The Directors to retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election by the shareholders.

## **DIRECTORS' REMUNERATION**

### **REMUNERATION COMMITTEE**

The Remuneration Committee Report is set out on page 60. The Remuneration Committee comprises of Mr. A.R. Rasiah-Chairman, Mr. S.N.P. Palihena and Mr. A.M. de S. Jayaratne-Independent Non-Executive Directors.

### **DISCLOSURE OF REMUNERATION**

Aggregate remuneration paid to the Executive and Non-Executive Directors is disclosed in Note 30 (D) to the Financial Statements on page 150.

## **RELATIONS WITH SHAREHOLDERS**

### **CONSTRUCTIVE USE OF AGM/GENERAL MEETINGS**

The Board considers the Annual General Meeting/General Meetings an opportunity to communicate with shareholders and encourages their participation. The Board offers clarification and responds to concerns shareholders have over the contents of the Annual Report as well as other matters which are relevant to the Company.

### **OTHERS**

The Company's principal communicator with all its stakeholders are its Annual Report and Quarterly Financial Statements. The Company also maintains a website ([www.ebcreasy.com](http://www.ebcreasy.com)) which offers any individual or a corporate body, information on the Company and its activities.

### **MAJOR TRANSACTIONS**

There have been no transactions during the year under review which fall within the definition of "Major Transactions" as set out in the Companies Act.

### **PRICE SENSITIVE INFORMATION**

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

## **ACCOUNTABILITY AND AUDIT**

### **FINANCIAL REPORTING**

The Board places emphasis on complete disclosure of financial and non-financial information within the bounds of commercial reality. This enables both existing and prospective shareholders to make fair assessment on the Company's performance and future prospects. The Financial Statements are prepared in accordance with Sri Lanka Accounting Standards.

### **DISCLOSURES**

The Annual Report of the Board of Directors is given on pages 65 to 67 in this Report. The Auditor's Report on the Financial Statements is given on pages 74 to 78 of this Annual Report. Financial information of business segments are given on pages 151 to 152.

### **GOING CONCERN**

The Directors are of the belief that the Company is capable of operating in the foreseeable future after adequate assessment of the Company's financial position and resources. Therefore, the Going Concern principle has been adopted in the preparation of Financial Statements.

## INTERNAL CONTROL

The Board of Directors takes overall responsibility for the Company's system of internal controls and for reviewing its effectiveness. The system is designed to safeguard assets against unauthorized use or disposal and to ensure that proper records are maintained. It includes all controls including financial, operational and compliance controls and risk management.

However, any system can ensure only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time frame.

The Board of Directors has ensured that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes which have been carried out in accordance with Sri Lanka accounting standards and regulatory requirements. A statement on Directors' responsibilities for financial reporting is given on page 68.

## AUDIT COMMITTEE

The Audit Committee Report is set out on pages 61 to 62 of this Report.

## DIRECTORS' OTHER DIRECTORSHIPS

The details pertaining to the names of the companies (in Sri Lanka) in which the Directors serve as a Director or Key Management Personnel is given below.

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions are disclosed in Note 30. to the Financial Statements.

The Report of the Related Party Transactions Review Committee appears on pages 63 to 64.

## OTHERS

### RIGHTS OF EMPLOYEES/OTHER STAKEHOLDERS

The Company identifies the rights of employees. Several employee performances enhancing mechanisms such as performance appraisals and training initiatives are in place for the career building of the employees.

The constant responsiveness to all stakeholders' interests will ensure that the Governance process will continue to add value in the future.

### Abbreviations:

<b>C</b> - Chairman	<b>GMD</b> - Group Managing Director
<b>DC</b> - Deputy Chairman	<b>MD</b> - Managing Director
<b>EC</b> - Executive Chairman	<b>JMD</b> - Joint Managing Director
<b>EX</b> - Executive Director	<b>CEO</b> - Chief Executive Officer
<b>NE</b> - Non-Executive Director	<b>D</b> - Director
<b>INE</b> - Independent Non-Executive Director	<b>Alt</b> - Alternate Director

PUBLIC QUOTED COMPANIES	Mr. S.D.R. Arudpragasam	Mr. S. Rajaratnam	Mr. A.M. de S. Jayaratne	Mr. P.M.A. Sirimane	Mr. A.R. Rasiah	Mr. S.N.P. Pallhena	Dr. A.M. Mubarak	Mr. R.C.A. Weilkala	Mr. R.N. Bopearatny	Mr. S.W. Gunawardena	Mr. P.Y.S. Perera (Appointed w.e.f. 02.05.2024)						
The Colombo Fort Land and Building PLC*	✓	C/NE	✓	NE	✓	INE	✓	INE	✓	INE							
C M Holdings PLC*	✓	C/NE	✓	NE	✓	INE											
York Arcade Holdings PLC*	✓	C/NE	✓	NE	✓	INE		✓	INE								
Lankem Ceylon PLC*	✓	C/NE				✓	INE		✓	INE							
Lankem Developments PLC*	✓	C/NE		✓	INE	✓	INE	✓	INE		✓						
Kotagala Plantations PLC*	✓	C/NE		✓	INE	✓	INE										
Agarapatana Plantations PLC*	✓	C/NE		✓	INE	✓	INE										
Muller & Phipps (Ceylon) PLC*	✓	C/NE	✓	NE		✓	NE	✓	INE	✓	INE	✓	NE	✓	NE	✓	NE
Laxapana Batteries PLC*	✓	C/NE	✓	NE		✓	NE	✓	INE	✓	INE	✓	NE	✓	NE	✓	NE

# ENTERPRISE GOVERNANCE

PUBLIC QUOTED COMPANIES	Mr. S.D.R. Arudpragasam	Mr. S. Rajaratnam	Mr. A.M. de S. Jayaratne	Mr. P.M.A. Sirimane	Mr. A.R. Rasiah	Mr. S.N.P. Palihena	Dr. A.M. Mubarak	Mr. R.C.A. Welikala	Mr. R.N. Bopearatchy	Mr. S.W. Gunawardena	Mr. P.Y.S. Perera (Appointed w.e.f. 02.05.2024)									
Beruwala Resorts PLC*	✓	C/NE	✓	NE			✓	INE												
Marawila Resorts PLC*	✓	C/NE	✓	NE			✓	INE												
Sigiriya Village Hotels PLC*	✓	C/NE	✓	NE			✓	INE												
C.W. Mackie PLC*	✓	NE	✓	NE	✓	INE														
ACME Printing & Packaging PLC*	✓	NE				✓	INE													
Colombo Fort Investments PLC*	✓	C/NE	✓	NE	✓	INE	✓	INE												
Colombo Investment Trust PLC*	✓	C/NE	✓	NE	✓	INE	✓	INE												
ACL Cables PLC			✓	NE																
Hela Apparel Holdings PLC							✓	C/ INE												
Gestetner of Ceylon PLC							✓	Alt												
Union Chemicals Lanka PLC							✓	C/ NE												
Hayleys PLC											✓	INE								
Haycarb PLC											✓	INE								
Dipped Products PLC											✓	INE								
Overseas Realty (Ceylon) PLC											✓	INE								
C. F. Travels Limited*			✓	D																
Candy Delights Limited*	✓	C/MD	✓	JMD	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D
Capital Investments Limited*	✓	D																		
Capital Leasing Company Limited*	✓	C					✓	D												
Ceyflex Rubber Limited*	✓	C	✓	D			✓	D			✓	D	✓	D	✓	D	✓	D	✓	D
Colombo Fort Holdings Limited*	✓	D	✓	D																
Colombo Fort Hotels Limited*	✓	C	✓	D																
Colonial Motors (Ceylon) Limited*	✓	DC	✓	D	✓	C														
Consolidated Tea Plantaions Limited*	✓	D			✓	D	✓	D												
Corporate Systems Limited*	✓	C	✓	D							✓	D	✓	D	✓	D	✓	D	✓	D
Darley Butler & Company Limited*	✓	C/MD	✓	JMD	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D
E.B. Creasy Logistics Limited*	✓	C	✓	D			✓	D			✓	D	✓	D	✓	D	✓	D	✓	D
Gardian Asset Management Limited*	✓	D	✓	D																
Imperial Hotels Limited*	✓	C	✓	D																
J.F. Packaging Limited*	✓	C					✓	D			✓	D								
JF Ventures Limited*	✓	C					✓	D			✓	D								
Lanka Special Steels Limited*	✓	C	✓	D			✓	D			✓	D	✓	D	✓	D	✓	D	✓	D
Lankem Chemicals Limited*	✓	C																		
Lankem Consumer Products Limited*	✓	C																		
Lankem Paints Limited*	✓	C																		
Lankem Plantation Services Limited*	✓	D																		
Lankem Research Limited*	✓	C																		
Nature's Link Limited*	✓	C																		
Sherwood Holidays Limited*	✓	C	✓	D																
Sun Agro Farms Limited*	✓	C																		
Sun Agro Life Science Limited*	✓	C					✓	D			✓	D	✓	D						
Alliance Five (Private) Limited*	✓	C					✓	D												
BOT Hotel Services (Private) Limited*	✓	C	✓	D	✓	D														
Ceylon Tapes (Private) Limited*	✓	C					✓	D												

<b>PUBLIC QUOTED COMPANIES</b>	<b>Mr. S.D.R. Arudpragasam</b>	<b>Mr. S. Rajaratnam</b>	<b>Mr. A.M. de S. Jayaratne</b>	<b>Mr. P.M.A. Sirimane</b>	<b>Mr. A.R. Rasiah</b>	<b>Mr. S.N.P. Pallhena</b>	<b>Dr. A.M. Mubarak</b>	<b>Mr. R.C.A. Weilkala</b>	<b>Mr. R.N. Bopearatchy</b>	<b>Mr. S.W. Gunawardena</b>	<b>Mr. P.Y.S. Perera (Appointed w.e.f. 02.05.2024)</b>	
Colombo Fort Group Services (Private) Limited*	✓	D		✓	D							
E.B. Creasy Ceylon (Private) Limited*	✓	C	✓	D				✓	D	✓	D	
Galle Fort Hotel (Private) Limited *	✓	D	✓	D								
Group Three Associates (Private) Limited*	✓	C	✓	D				✓	D	✓	D	
Kiffs (Private) Limited*	✓	C			✓	D						
Lankem Exports (Private) Limited*	✓	C										
Lankem Tea & Rubber Plantations (Private) Limited*	✓	C		✓	D	✓	D					
Lankem Technology Services (Private) Limited*	✓	C							✓	D		
Transways (Private) Limited*			✓	D								
Union Commodities (Private) Limited*	✓	C		✓	D	✓	D					
Union Investments (Private) Limited*	✓	D	✓	D	✓	D						
Waverly Power (Private) Limited*	✓	C	✓	D	✓	D	✓	D				
American Lloyd Travels Limited*	✓	D	✓	D								
CWM Hotels Holdings Limited	✓	D		✓	D							
Capital Finance Limited			✓	D								
Century Investments and Finance Limited	✓	D										
Colombo Fort Travels Limited*	✓	D	✓	D								
Creasy Plantation Management Limited*	✓	D										
E.B. Creasy Trading Limited*	✓	D	✓	D				✓	D	✓	D	
Far Eastern Exports (Colombo) Limited*	✓	D										
Financial Trust Limited			✓	D								
Fortland Finance Limited	✓	C	✓	D								
Great Eastern Resorts Limited			✓	D								
Lankem Agrochemicals Limited*	✓	C							✓	D		
Lankem Cargo Storage Limited*	✓	D										
Lankem Minerals Limited*	✓	C			✓	D	✓	D				
Lankem Technology Services Limited*	✓	C							✓	D		
Muller & Phipps (Health Care) Limited* (Formerly known as Pettah Pharmacy (Pvt) Limited and Muller & Phipps (Health Care) (Private) Limited)	✓	C	✓	D	✓	D	✓	D	✓	D	✓	D
Nutriklim (Ceylon) Limited	✓	D	✓	D								
Rubber & Allied Products (Colombo) Limited*	✓	C		✓	D	✓	D					
Sigiriya Resorts Limited			✓	D								
Sunrise Resorts Limited			✓	D								
Tropical Beach Resorts Limited			✓	D								
Udaveriya Plantations Limited	✓	D										
Weligama Hills Limited	✓	D										
York Hotel Management Services Limited*	✓	C	✓	D								

# ENTERPRISE GOVERNANCE

PUBLIC QUOTED COMPANIES	Mr. S.D.R. Arudpragasam	Mr. S. Rajaratnam	Mr. A.M. de S. Jayaratne	Mr. P.M.A. Sirimane	Mr. A.R. Rasiah	Mr. S.N.P. Palihena	Dr. A.M. Mubarak	Mr. R.C.A. Welikala	Mr. R.N. Bopearatchy	Mr. S.W. Gunawardena	Mr. P.Y.S. Perera (Appointed w.e.f. 02.05.2024)
York Tours Limited*		✓	D								
Associated Farms (Private) Limited*	✓	C									
Ceytape (Private) Limited*	✓	C		✓	D						
Colombo Residencies (Private) Limited	✓	D									
Company Holdings (Private) Limited	✓	D	✓	D							
Consolidated Commercial Investments (Private) Limited		✓	D								
Consolidated Holdings (Private) Limited	✓	D									
Maitland & Knox (Private) Limited	✓	D	✓	D							
Motor Mart Ceylon (Private) Limited*	✓	D	✓	D							
Oakley Investments (Private) Limited	✓	D	✓	D							
Property and Investment Holdings (Private) Limited	✓	D	✓	D							
Teacom (Private) Limited*	✓	C									
Unicom Clearing and Forwarding (Private) Limited*	✓	C									
Union Commodities Exports (Private) Limited*	✓	C									
Union Commodities Teas (Private) Limited*	✓	C									
Union Group (Private) Limited*	✓	D									
Villa Investments (Private) Limited		✓	D								
Voyages Ceylan (Private) Limited*		✓	D								
York Conventions (Private) Limited*		✓	D								
Sterling Steels (Private) Limited* (Formerly BlueScope Lysaght Lanka (Private) Limited)	✓	C	✓	D	✓	D		✓	D	✓	D
Mireka Capital Land (Pvt) Limited			✓	D							
Overseas Realty (Ceylon) PLC			✓	C/INE							
Innovest Investments (Private) Limited			✓	C							
Atlas Axillia Company (Pvt) Limited					✓	Alt					
Clindata Lanka (Pvt) Limited					✓	D					
Fintek Managed Solutions (Pvt) Limited					✓	D					

Mr. A. Rajaratnam (Deceased - 26.08.2023) Executive Director of the Company was the Non-Executive Chairman of Colombo Fort Investments PLC\* and Colombo investment Trust PLC\*. He was also the Chairman of Consolidated Tea Plantations Limited\*, Creasy Plantation Management Limited\*, Lankem Plantation Services Limited\*, Mayfield Investments (Pvt) Limited and Villa Investments (Pvt) Limited.

Further, he was a Non-Executive Director of The Colombo Fort Land & Building PLC\*, C M Holdings PLC\*, Capital Investments Limited\*, Colombo Fort Holdings Ltd\*, Colombo Fort Properties (Pvt) Ltd\*, Lankem Tea & Rubber Plantations (Pvt) Ltd\*, Union Investments (Pvt) Ltd\*, Capital Finance Limited, Company Holdings (Pvt) Ltd, Consolidated Holdings (Pvt) Ltd, Consolidated Trust (Pvt) Ltd, Fortland Finance Ltd, Financial Trust Limited, Oakley Investments (Pvt) Ltd and Udaveriya Plantations Limited until his demise on 26.08.2023.

Note: The companies marked \* are Subsidiaries or Associates of The Colombo Fort Land & Building Group.

**COMPLIANCE WITH LISTING RULES OF COLOMBO STOCK EXCHANGE (CSE) - RULE 7.6 - CONTENTS OF THE ANNUAL REPORT**

<b>CSE Rule Reference</b>	<b>Contents of Annual Report</b>	<b>Adherence</b>
<b>7.6</b>		
(i)	Board of Directors of the Entity during the financial year with profiles.	Complied
(ii)	Principal activities of the Entity and the Subsidiaries during the year and any changes therein.	Complied
(iii)	The names and the number of shares held by the 20 largest holders of voting shares and the percentage of such shares held.	Complied
(iv)	The public holding details.	Complied
(v)	A statement of each Director's holding and Chief Executive Officer's (CEO) holding in each class of shares of the Entity.	Complied
(vi)	Information pertaining to material foreseeable risk factors of the Entity.	Complied
(vii)	Details of material issues pertaining to employees and industrial relation of the Entity.	Not Applicable  During the financial year there were no material issues pertaining to employees and industrial relation of the Entity.
(viii)	Extent, locations, valuations and the number of buildings of the Entity's land holding and investment properties.	Complied
(ix)	Number of shares representing the Entity's Stated Capital.	Complied
(x)	A distribution schedule of the number of holders in each class of equity securities and the percentage of their total holding.	Complied
(xi)	Financial ratios and market price information.	Complied
(xii)	Significant change in the Company's fixed assets and market value of land, if the value differs substantially from the book value as at the end of the year.	Not Applicable  There were no significant changes during the financial year.
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year.	Not Applicable
(xiv)	Information in respect of Employee Share Option Schemes (ESOS) and Employee Share Purchase Schemes (ESPS).	Not Applicable
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules.	Complied
(xvi)	Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets of the Entity as per Audited Financial Statements, whichever is lower.	Complied

# ENTERPRISE GOVERNANCE

## COMPLIANCE WITH LISTING RULES OF COLOMBO STOCK EXCHANGE (CSE) - RULE 9 - CORPORATE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Adherence
<b>9.2</b>	<b>POLICIES</b>	
	Policies	To be complied with effect from 01.10.2024
<b>9.3</b>	<b>BOARD COMMITTEES</b>	
9.3.1 (a,b,c,d)	Establishment of Committees	Complied
		The Company maintains the Remuneration Committee, Audit Committee and Related Party Transactions Review Committee. Further as at date the Company maintains a Nominations Committee.
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees.	Complied
		The respective Committees comply with the rules as applicable as at date.
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees	Complied
<b>9.4</b>	<b>MEETING PROCEDURES AND THE CONDUCT OF ALL GENERAL MEETINGS WITH SHAREHOLDERS</b>	
9.4.1	Records of all resolutions and the following information upon a resolution being considered at any General Meeting shall be maintained.	Complied
	(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.	
9.4.2	Communication and relations with shareholders and investors.	To be complied with effect from 01.10.2024
	(a) Have a policy on effective communication and relations with shareholders and investors	
	(b) Disclose the contact person for such communication.	
	(c) Policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders.	
	(d) When conducting of any shareholder meetings through virtual or hybrid means, compliance with the Guidelines issued by the Exchange	Complied
<b>9.5</b>	<b>POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS</b>	
	Policy on matters relating to the Board of Directors	To be complied with effect from 01.10.2024

<b>CSE Rule Reference</b>	<b>Corporate Governance Principles</b>	<b>Adherence</b>
<b>9.6</b>	<b>CHAIRPERSON AND CEO</b>	
9.6.2	Market announcement in the event Chairperson is an Executive Director and/ or the position of Chairman and CEO are held by the same individual.	Complied  Since the Chairperson and the CEO of the Company is the same person a Market Announcement was made on 31.10.2023 stating the rationale for combining the two roles.
<b>9.6.3</b>	<b>REQUIREMENT FOR A SENIOR INDEPENDENT DIRECTOR (SID)</b>	
9.6.3 (a)	Appoint an Independent Director as the SID in the following instances:  i. The positions of the Chairperson and CEO are held by the same individual.  ii. The Chairperson is an Executive Director.  iii. The Chairperson and CEO are Close Family Members or Related Parties.	Complied  The Company has appointed a Senior Independent Director since the Chairperson and the CEO of the Company is the same person.
9.6.3 (b)	Senior Independent Director shall meet with the Independent Directors at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence of the other Directors and provide feedback and recommendations to the Board.	Complied
9.6.3 (c)	Senior Independent Director shall chair a meeting of the Non-Executive Directors without the presence of the Chairperson at least annually to appraise the Chairman's performance.	Complied
9.6.3 (e)	SID shall make a signed explanatory disclosure demonstrating the effectiveness of their duties.	Complied
9.6.4	Rationale for the appointment of a SID set out in the Annual Report.	Complied
<b>9.7</b>	<b>FITNESS OF DIRECTORS AND CEO</b>	
9.7.1	Fitness of Directors and CEO in terms of the Listing Rules	Complied
9.7.2	Listed Entities shall ensure that the persons recommended by the Nominations and Governance Committee as Directors are fit and proper before such nominations are placed before Shareholders' meeting or appointments.	Nominations and Governance Committee to be formed w.e.f. 01.10.2024
9.7.3	'Fit and Proper Assessment Criteria' set out in Rule 9.7.3  (a) Honesty, Integrity and Reputation - (i)-(vii)  (b) Competence and Capability - (i)-(ii)  (c) Financial Soundness - (i)-(iii)	Complied
9.7.4	Declarations to be obtained from Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in the Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Complied
9.7.5	Disclosures in the Annual Report  (a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria  (b) Any non-compliance/s and remedial action taken to rectify non-compliance	Complied  Not Applicable

# ENTERPRISE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Adherence
<b>9.8</b>	<b>BOARD COMPOSITION</b>	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Complied
9.8.2 (a)	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.	Complied
9.8.2 (b)	Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	Not Applicable
<b>9.8.3</b>	<b>CRITERIA FOR DETERMINING INDEPENDENCE</b>	
(i) - (ix)	Requirements for meeting the criteria to be an Independent Director.	Complied and where independence is impaired declared to be nevertheless independent.
<b>9.8.5</b>	<b>INDEPENDENT DIRECTORS</b>	
9.8.5 (a)	Each Independent Director to submit a signed and dated declaration annually of his "independence" or "non-independence" against the criteria specified in the Listing Rules.	Complied
9.8.5 (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.	Complied
9.8.5 (c)	If independence is impaired against any of the criteria set out in Rule 9.8.3, an immediate market announcement is required	Declared as nevertheless Independent
<b>9.9</b>	<b>ALTERNATE DIRECTORS</b>	
9.9 (a-e)	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association.	Complied  The Proposed Amendments to the Articles of Association is carried under special Business in the Notice of Meeting in this Annual Report.
<b>9.10</b>	<b>DISCLOSURES RELATING TO DIRECTORS</b>	
9.10.1	Disclose its policy on the maximum number of Directorships in Listed Entities Board members shall be permitted to hold as per Rule 9.5.1. Non compliance to be reported in the Annual Report.	To be complied w.e.f. 01.10.2024.
9.10.2	Market announcement upon the appointment of a new Director.	Complied
9.10.3	Immediate Market announcement upon any changes to the composition of the Board Committees.	Not Applicable  There were no changes to the composition of the Committees in 2023/2024.
9.10.4	Details in relation to the Board members.	Complied
<b>9.11</b>	<b>NOMINATIONS AND GOVERNANCE COMMITTEE</b>	
	Nominations and Governance Committee	To be complied w.e.f. 01.10.2024. However, the Company currently maintains a Nominations Committee.

<b>CSE Rule Reference</b>	<b>Corporate Governance Principles</b>	<b>Adherence</b>
<b>9.12</b>	<b>REMUNERATION COMMITTEE</b>	
9.12.2	Listed Entity shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Listing Rules.	Complied
9.12.3	Establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.	Complied
9.12.4	Remuneration for Non-Executive Directors shall be based on a policy of nondiscriminatory pay practices to ensure the independence is not impaired.	Complied
9.12.5	The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied
9.12.6 (1) (a) (b)	Composition of the Remuneration Committee.	Complied
9.12.6 (2)	Where the Parent Company and the Subsidiary are Listed Entities, the Remuneration Committee of the Parent Company may function as the Remuneration Committee of the Subsidiary.	Not Applicable
9.12.6 (3)	An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Complied
9.12.7	Functions of the Remuneration Committee.	Complied
9.12.8 (a)	Names of Remuneration Committee members.	Complied
9.12.8 (b)	Statement of Remuneration Policy.	Complied
9.12.8 (c)	Aggregate remuneration paid to Executive Directors and Non-Executive Directors.	Complied
<b>9.13</b>	<b>AUDIT COMMITTEE</b>	
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk functions, the Audit Committee of such Listed Entities shall additionally perform the Risk functions .	Complied with Rules prior to revision on 01.10.2023 (i.e. Rule 7.10.6. (a) and (b))
9.13.2	The Audit Committee shall have written terms of reference clearly defining its scope, authority and duties.	Complied
9.13.3 (1)	Composition of the Audit Committee.	Complied
9.13.3 (2)	Quorum - requires that the majority of those in attendance to be independent Directors.	Complied
9.13.3 (3)	Compulsorily to meet on a quarterly basis prior to recommending the financials to be released to the market.	Complied
9.13.3 (4)	If both, the Parent Company and the Subsidiary are Listed Entities, the Audit Committee of the Parent Company may function as the Audit Committee of the Subsidiary.	Not Applicable
9.13.3 (5)	An Independent Director shall be the Chairman of the Committee.	Complied
9.13.3 (6)	Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.	Complied
9.13.3 (7)	The Chairperson of the Audit Committee shall be a member of a professional accounting body.	Complied
9.13.4	Functions of the Audit Committee.	Complied with Rules prior to revision on 01.10.2023 (i.e. Rule 7.10.6(b))

# ENTERPRISE GOVERNANCE

CSE Rule Reference	Corporate Governance Principles	Adherence
9.13.5	Disclosure in the Annual Report relating to Audit Committee.	Complied with Rules prior to revision on 01.10.2023 (i.e Rule 7.10.6 (c))
<b>9.14</b>	<b>RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTR)</b>	
9.14.1 and 9.14.2 (1)	Composition of the Related Party Transactions Review Committee (RPTRC)	Complied
9.14.2 (2)	Where the Parent Company and the Subsidiary are Listed Entities, the Related Party Transactions Review Committee of the Parent Company may be permitted to function as the Related Party Transactions Review Committee of the Subsidiary.	Not Applicable
9.14.3	Functions of the Related Party Transactions Review Committee	Complied
9.14.4	(1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.  (2) Should ensure having access to, enough knowledge or expertise complied to assess or aspects of proposed Related Party Transactions and where necessary obtain appropriate professional and expert advice from appropriately qualified person when necessary.  (3) Board of Directors to approve RPT when required by the Committee	Complied
9.14.4	(4) If a Director has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not:  (a) Be present while the matter is being considered at the meeting; and,  (b) Vote on the matter.	Not Applicable
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Complied
9.14.6	Shareholder approval	Not Applicable
9.14.7 (1) (a)	Immediate disclosure of any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements;	Not Applicable
9.14.7 (1) (b)	Immediate disclosure of the latest transaction, 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 whichever is lower, of the Entity as per the latest Audited Financial Statements.	Complied
9.14.8 (1)	Disclosure in the Annual Report if the aggregate value of all the Non-recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets of the Listed Entity, whichever is lower, as per the latest Audited Financial Statements.	Complied
9.14.8 (2)	Disclosures in the Annual Report if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of Group Entity Consolidated Revenue) as per the latest Audited Financial Statements.	Complied
9.14.8 (3)	Report of the Related Party Transactions Review Committee	Complied
9.14.8 (4)	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.	Complied
9.14.9 (1) (2)	Shareholder approval for acquisition and disposal of substantial assets	Not Applicable

CSE Rule Reference	Corporate Governance Principles	Adherence
9.14.9 (4) (5) (6)	Competent independent advice on acquisition and disposal of substantial asset	Not Applicable
<b>9.16</b>	<b>ADDITIONAL DISCLOSURES</b>	
(i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved.	Complied
(ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence.	Complied
(iii)	Directors are aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable capital market provisions.	Complied
(iv)	Disclosure of material non-compliance with laws/ regulations and fines by relevant authorities where the Entity operates.	Complied
<b>9.17</b>	<b>ENFORCEMENT PROCEDURE FOR NON-COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS</b>	
	Enforcement procedure for non-compliance with corporate governance requirements	Not Applicable

#### COMPLIANCE WITH COMPANIES ACT NO. 7 OF 2007

Section		Compliance
168 (1) (a)	The state of the Company's affairs and nature of the business of the Company or any of its subsidiaries together with any change thereof during the accounting period.	Complied
168 (1) (b)	Signed Financial Statement of the Company for the accounting period completed	Complied
168 (1) (c)	Auditors Report on Financial Statements of the Company	Complied
168 (1) (d)	Accounting Policies and any changes thereto	Complied
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Complied
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Complied
168 (1) (g)	Total amount of donations made by the Company during the accounting period	Complied
168 (1) (h)	Names of the Directors of the Company at the end of the accounting period and name of Directors who ceased to hold office during the accounting period	Complied
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Complied
168 (1) (j)	Other relationships or any interest of Auditors with the Company or any of its subsidiaries.	Complied
168 (1) (k)	Acknowledgment of the content of this report and signature on behalf of the Board	Complied

# REMUNERATION COMMITTEE REPORT

The Remuneration Committee consists of the following members:

**Mr. A. R. Rasiah** - Chairman  
Independent/Non-Executive Director


**Mr. S. N. P. Palihena** - Member  
Independent/Non-Executive Director

**Mr. A. M. de S. Jayaratne** - Member  
Independent/Non-Executive Director

Brief profiles of the members of the Committee are given on pages 15 to 17 of the Annual Report.

## MEETINGS

The Committee has met once during the financial year ended 31st March 2024.



**A. R. Rasiah**  
Chairman  
Remuneration Committee

27th August 2024

## COMMITTEE'S ROLES AND RESPONSIBILITIES

The Committee is responsible for recommending remuneration packages for the key management and senior management personnel. In addition, they lay down guidelines and parameters for the compensation structure of the management staff.

The Chairman/Managing Director assists the Committee by providing relevant information and participating in the deliberations of the Committee.

## REMUNERATION POLICY

The key objective of the Committee is to attract, motivate and retain qualified and experienced personnel and to ensure that the remuneration of executives at each level of management is competitive and are rewarded in a fair manner based on their performance.

## DIRECTORS' REMUNERATION

Aggregate remuneration paid to the Executive and Non-Executive Directors is disclosed in Note 30 (D) to the Financial Statements on page 150.

# AUDIT COMMITTEE REPORT

The Audit Committee Report focuses on the activities of the Company for the year under review, which the Committee has reviewed and monitored as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective views.

## COMPOSITION

The Company's Audit Committee consists of Independent Non-Executive Directors of E.B. Creasy & Company PLC.

The Committee members are as follows,

**Mr. A.R. Rasiah** - Chairman  
Independent/Non-Executive Director - EBCPLC

**Mr. A.M. de S. Jayaratne** - Member  
Independent/Non-Executive Director - EBCPLC

**Mr. S.N.P. Palihena** - Member  
Independent/Non-Executive Director - EBCPLC

The Chairman of the Committee, Mr. A.R. Rasiah, is an Independent Non-Executive Director and a finance professional with over 40 years of experience at a very senior level both internationally and locally. He is a Fellow of the Institute of Chartered Accountants of Sri Lanka.

Brief profiles of each member are given on pages 15 to 17 of this Annual Report.

Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

The Company's Secretaries, Corporate Managers and Secretaries (Private) Limited function as the Secretaries to the Audit Committee.

## ROLE OF THE AUDIT COMMITTEE

The Audit Committee reviews and advises the Company to ensure that the Financial Reporting System is in adherence with the Sri Lanka Accounting Standards and other regulatory and statutory requirements. It also reviews the adequacy of internal controls and business risks.

The Committee also reviewed the financial reporting system adopted by the Group in the preparation of its Quarterly and Annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and compliance thereof with the Sri Lanka Accounting Standards laid down by The Institute of Chartered Accountants of Sri Lanka. The methodology included obtaining statement of compliance by the Group Chief Financial Officer and Directors-in-Charge of operating units.

The Committee recommends the Financial Statements to the Board of Directors for its deliberation and issuance. The Committee in its evaluation of the Financial Reporting System also recognised the adequacy of the content and the quality of routine management information and reports forwarded to its members.

## TERMS OF REFERENCE

The Committee is governed by the specific terms of reference set out in the Audit Committee Charter. The Committee focuses on the following objectives in discharging its responsibilities taking into consideration the terms of reference together with the requirements of the Listing Rules of the Colombo Stock Exchange.

- (a) Risk Management
- (b) Efficiency of the system of internal controls
- (c) Independence and objectivity of the external (statutory) auditors
- (d) Appropriateness of the principal accounting policies used
- (e) Financial Statement integrity.

## INTERNAL AUDIT RISK AND CONTROL

The Committee reviews the adequacy of internal audit coverage for the Company and the internal audit plans of the Group. The Company's internal audit function is headed by the Manager Internal Audit and the Manager Internal Audit regularly reports to the Committee on the adequacy and effectiveness of internal controls in the Company and compliance with rules and regulations and established policies of the Company.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors considers risk management by way of identification, assessment and mitigation to be vital in maintaining sustainable growth and making steady progress towards achievement of the corporate objectives. The management ensures that such risks are systematically identified and the procedures are in place to manage and control the same. The Company maintains a well-structured Risk Management Framework under which the risks are being assessed. The identified risks are being reviewed by the Audit Committee at the Company level as well as at the Group level. Under the Framework, the risks are then prioritized and business units use both preventive and mitigation controls to manage risk exposures within the prescribed tolerance limits. However, the nature and the scope of risks are subject to change and not all of the factors can be identified nor are within the control of the Group.

# AUDIT COMMITTEE REPORT

## EXTERNAL AUDIT

The Committee ensures the independence of the external auditors and confirms the compliance with the requirements under the Companies Act No. 07 of 2007 in relation to appointment, reappointment and removal of the external auditors. The Committee makes recommendations to the Board as appropriate. The external auditors are duly appointed by the shareholders at the Annual General Meeting of each year. Further, the Audit Committee reviewed the management letter issued by the external auditors and the management comments.

## MEETINGS AND ATTENDANCE

The Audit Committee has met on six occasions during the financial year ended 31st March 2024 and the attendance of the Committee was as follows:

Name	Attendance
Mr. A.R. Rasiah	6/6
Mr. A.M. de S. Jayaratne	5/6
Mr. S.N.P. Palihena	5/6

In addition to Audit Committee meetings, matters are referred to the Committee and reviewed and recommended by Resolutions in writing.

Other members of the Board and Senior Management Personnel of the Company are invited to the meetings regularly. The proceedings of the Audit Committee are reported to the Board of Directors.

External auditors were present when appropriate.

## AUDIT COMMITTEES - LISTED SUBSIDIARY COMPANIES

All listed subsidiaries have appointed their own Audit Committees. These Audit Committees function independently of the Audit Committee of E.B. Creasy & Company PLC but have similar terms of reference.

## REAPPOINTMENT OF EXTERNAL AUDITOR

The Company has appointed KPMG as its external auditors and the service provided by them are segregated between audit/assurance services and other advisory services such as tax consultancy.

The Auditors have expressed their willingness to continue as Auditors of the Company for the forthcoming financial year and have also confirmed their independence in terms of the Rule 9.13.5 of the Listing Rules of the Colombo Stock Exchange. The Audit Committee reviews the professional fees of the external auditors including the professional fees paid for non-audit services provided by the external auditors to the Group to ensure that their independence as Auditors has not been compromised.

The Audit Committee has determined that KPMG Auditors are independent on the basis of the above mentioned factors and that they do not carry out any management-related functions of the Company.


The Audit Committee has concurred to recommend to the Board of Directors the reappointment of KPMG as Auditors for the financial year ending 31st March, 2025 subject to the approval of the shareholders at the Annual General Meeting.

## COMPLIANCE

The Committee obtained representations from the Group Chief Financial Officer on the adequacy of provisions made for possible liabilities. Further the Committee has reviewed reports tabled by the Company on the compliance status with regard to relevant financial, secretarial and statutory requirements.

## CONCLUSION

The Audit Committee is of the view that adequate controls are in place to safeguard the Company's assets and that the financial position and the results disclosed in the audited accounts are free from any material misstatements.



**A. R. Rasiah**  
Chairman  
Audit Committee

27th August 2024

# RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee (RPTRC) is entrusted with the responsibility of ensuring compliance with the rules and regulations governing Related Party Transactions for Listed Entities. It focuses on ensuring that the Stakeholders' interests are protected in all related party transactions.

## COMPOSITION

The Company's Related Party Transactions Review Committee comprises of the following members:

**Mr. A.R. Rasiah** - Chairman  
Independent/Non-Executive Director - EBCPLC

**Mr. A.M. de S. Jayaratne** - Member  
Independent/Non-Executive Director - EBCPLC

**Mr. P.M.A. Sirimane** - Member  
Non-Executive Director - EBCPLC

Brief profiles of the members of the Committee are given at pages 15 to 17 of the Annual Report.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Ltd. function as the Secretaries to the Related Party Transactions Review Committee.

## THE PURPOSE OF THE COMMITTEE

The Related Party Transactions Review Committee (RPTRC) assists the Board:

- to ensure that every related party transaction is conducted in a manner that will protect the Company from conflict of interest which may arise between the Company and its Related Parties; and
- that the interest of shareholders as a whole is taken into account by the Company when entering into transactions with Related Parties; and
- to ensure proper review & approval is obtained from the Committee either prior to the transaction being entered into or if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction; and
- to ensure that the objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality; and
- to disclosure of transactions between the Company and any of its Related Parties as required in compliance with legal and/or regulatory requirements stipulated by the Listing Rules of the Colombo Stock Exchange, and Sri Lanka Financial Reporting Standards.

## FUNCTIONS OF THE COMMITTEE

- Ensure that the Company complies with the rules set out in the Listing Rules in relation to Related Party Transactions.
- Subject to the exceptions given in the Listing Rules, review in advance all proposed Related Party Transactions of the Company.
- Determining whether the relevant Related Party Transaction is fair to, and in the best interests of the Company and its stakeholders.
- Seek any information the Committee requires from the Senior Management, or external parties with regard to any previously reviewed Related Party Transactions and approve any material changes.
- Establish guidelines for Senior Management to follow in ongoing dealings with related parties.
- Direct the transactions for Board approval/Shareholder approval as deemed appropriate.
- To review the economic and commercial substance of both recurrent/non-recurrent Related Party Transactions
- Ensure that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules and regulations are made in a timely and detailed manner.

## MEETINGS & ATTENDANCE

The Related Party Transactions Review Committee has met on four occasions and a meeting had been held in each quarter during the financial year ended 31st March 2024 and the attendance of the Committee was as follows:

Name	Attendance
Mr. A. R. Rasiah	4/4
Mr. A. M. de S. Jayaratne	4/4
Mr. P.M.A Sirimane	3/4

Further, during the financial year, the RPTRC has reviewed and recommended several Related Party Transactions by Resolutions in writing which the Committee for purposes hereof construe as equivalent to meetings being held.

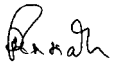
## CONCLUSION

The Related Party Transactions Review Committee has reviewed the Related Party Transactions entered into during the financial year under review and has communicated its comments and observations to the Board of Directors.

Related Party Transactions have been reviewed and disclosed in a manner consistent with the Listing Rules. The Committee is free to seek external professional advice on matters within their purview when necessary.

# RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Board of Directors have also declared in the Annual Report that there were non-recurrent related party transactions during the year which exceeded the respective disclosure thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules and disclosed the same in Note 30 (B) to the Financial Statements. The Board further declares that the recurrent related party transactions which exceeded the respective disclosure thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules are also disclosed in Note 30 (B) to the Financial Statements and that the Company has complied with the requirements of Section 9 of the Colombo Stock Exchange Listing Rules on Related Party Transactions.



**A. R. Rasiah**

Chairman

Related Party Transactions Review Committee

27th August 2024

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of E.B. Creasy & Company PLC presents their Report on the affairs of the Company together with the Audited Financial Statements for the year ended 31st March, 2024.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007 and the Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

## PRINCIPAL ACTIVITIES, BUSINESS REVIEW/ FUTURE DEVELOPMENTS

The principal activities of the Company together with those of its subsidiary companies are described in the Group Profile under Management Discussion and Analysis. A review of the Company's business and its performance during the year with comments on financial results and future developments is contained in the Chairman's Review and Management Discussion and Analysis sections of this Annual Report. These reports together with the Financial Statements reflect the state of affairs of the Company.

The Directors to the best of their knowledge and belief confirm that the Company has not engaged in any activities that contravene laws, regulations and prudential requirements and that there are no material non-compliances.

## FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 79 to 157.

## AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on pages 74 to 78.

## ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are given on pages 86 to 99.

## INTEREST REGISTER

### DIRECTORS' INTEREST IN TRANSACTIONS

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No. 07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 30 to the Financial Statements on pages 148 to 150.

During the financial year the Company has not entered into any contracts in which the Directors have had a material interest. Neither the Directors nor their close family members have had any material business relationships with other Directors.

### DIRECTORS' INTEREST IN SHARES

The Directors of the Company who have an interest in the shares of the Company have disclosed their shareholdings and any acquisitions/disposals to the Board in compliance with Section 200 of the Companies Act No. 07 of 2007.

Details pertaining to Directors' direct shareholdings are set out below:

Name of Director	No. of Shares as at 31st March 2024	No. of Shares as at 31st March 2023
Mr. S. D. R. Arudpragasam	50,430	50,430
Mr. S. Rajaratnam	100,000	100,000
Mr. S. W. Gunawardena	54,000	54,000

## DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Group for the financial year 2023/24 is given in Note 30 (D) to the Financial Statements on page 150.

Director's Remuneration in respect of the Group for the financial year 2023/2024 was Rs. 557.3 Mn (2022/23 - Rs. 552.5 Mn) and in respect of the Company for the financial year 2023/24 is Rs. 496.8 Mn (2022/23 - Rs. 512.9 Mn)

## CORPORATE DONATIONS

Donations made by the Group amounted to Rs. 0.6 Mn (2022/23 - Rs. 0.3 Mn)

## DIRECTORATE

The names of the Directors who held office during the financial year and who are currently in office are listed below. Brief profiles of the Directors who are currently in office appear on pages 15 to 17.

**Mr. S. D. R. Arudpragasam** - Chairman/Managing Director

**Mr. S. Rajaratnam** - Joint Managing Director

**Mr. A. Rajaratnam** - Director (Deceased - 26.08.2023)

**Mr. R. N. Bopearatchy** - Director

**Mr. R. C. A. Welikala** - Director

**Mr. P. M. A. Sirimane** - Director

**Mr. A. R. Rasiah** - Director

**Mr. S. N. P. Palihena** - Director

**Dr. A. M. Mubarak** - Director

**Mr. A. M. de S. Jayaratne** - Director

**Mr. S. W. Gunawardena** - Director

**Mr. P.Y.S. Perera** - Director (*Appointed with effect from 2<sup>nd</sup> May 2024*)

Mr. P.Y.S. Perera was appointed as an Independent Non-Executive Director of the Company with effect from 2<sup>nd</sup> May 2024 and in accordance with Article 91 of the Articles of Association he retires and being eligible offers himself for re-election.

In terms of Articles 84 and 85 of the Articles of Association, Mr. P.M.A. Sirimane retires by rotation and being eligible offers himself for re-election.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

Mr. R.N. Boppearatchy who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A.M. de S. Jayaratne who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A.R. Rasiah who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. S.N.P. Palihena who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Dr. A.M. Mubarak who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. S.D.R. Arudpragasam who is over seventy years of age retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A. Rajaratnam, Director expired on 26<sup>th</sup> August 2023.

## AUDITORS

The Financial Statements of the Company for the year have been audited by KPMG, Chartered Accountants, the retiring Auditors who have expressed their willingness to continue as Auditors of the Company and are recommended for reappointment. A resolution to reappoint them and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors, KPMG were paid Rs. 19.1 Mn. during the year under review (2022/23 – Rs. 11.6 Mn) as audit fees and fees for audit-related services by the Group. In addition, they were paid Rs. 5.6 Mn (2022/23 – Rs. 1.1 Mn) by the Group for non-audit related work, which consisted mainly of tax related work.

In addition to the above, Group companies are engaged with other audit firms. Audit fees in respect of these firms amounted to Rs. 3.8 Mn during the year under review (2022/23 – Rs. 3.2 Mn).

As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interest in the Company.

## REVENUE

The revenue of the Group for the year was Rs. 25,822.09 Mn (2022/23 – Rs. 23,342.43 Mn).

## RESULTS

The Group made a profit before tax of Rs. 666.91 Mn (2022/23 – profit of Rs. 1,800.04 Mn). The detailed results are given in the Statement of Profit or Loss and Other Comprehensive Income on page 79.

## DIVIDENDS

The Company paid an Interim Dividend of Rs.1.50 per share for the year ended 31st March 2024 on 27th March 2024 to the shareholders registered as at the end of trading on 21<sup>st</sup> March 2024.

The Board of Directors confirmed that the Company satisfied the Solvency Test requirement under Section 56 of the Companies Act No. 07 of 2007 and obtained the Solvency Certificates from the Auditors in respect of the above mentioned Dividend payment.

## INVESTMENTS

Investments made by the Group are given in Note 16 on pages 116 to 121.

## PROPERTY, PLANT & EQUIPMENT

During 2023/24, the Group invested Rs. 554 Mn in property, plant & equipment (2022/23 – Rs.1,833 Mn). Further, your Directors are of the opinion that the net amount at which land and other property, plant & equipment appear in the Statement of Financial Position are not greater than their market values as at 31<sup>st</sup> March, 2024.

## STATED CAPITAL

The Stated Capital of the Company as at 31st March, 2024 was Rs. 25,731,000 and is represented by 253,545,800 issued and fully-paid ordinary shares. There was no change in the Stated Capital during the year.

## RESERVES

The total Group reserves as at 31<sup>st</sup> March, 2024 comprised of general reserves of Rs. 9.55 Mn, revaluation reserve of Rs. 2,229.96 Mn and retained earnings of Rs. 4,037.16 Mn whereas the total Group reserves as at 31<sup>st</sup> March, 2023 comprised of general reserves of Rs. 9.55 Mn, revaluation reserve of Rs. 2,229.96 Mn and retained earnings of Rs. 4,259.82 Mn.

The movements are shown in the Statement of Changes in Equity in the Financial Statements.

## TAXATION

The Group's liability to taxation has been computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto.

Income Tax and other taxes paid and liable by the Group are disclosed in Notes 10 and 25 on pages 102 to 104 and 132 to 134.

## RELATED PARTY TRANSACTIONS

In respect of the financial year ended 31st March 2024 there were non-recurrent related party transactions which exceeded the respective disclosure thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules.

Recurrent Related Party Transactions are disclosed in Note 30 to the Financial Statements. The Company has complied with the requirements of the Listing Rules on Related Party Transactions.

The Related Party Transactions presented in the financial statements are disclosed in Note 30 from pages 146 to 150.

## SHARE INFORMATION

Information relating to earnings, dividend, net assets, market value per share and share trading is given on pages 158 to 159.

## EVENTS OCCURRING AFTER THE REPORTING DATE

Events occurring after the reporting date that would require adjustments to or disclosures are disclosed in Note 34 on page 153.

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments and contingent liabilities as at the reporting date are disclosed in Notes 32 and 33 on pages 152 to 153.

## EMPLOYMENT POLICY

The Company's recruitment and employment policy is non-discriminatory. The occupational, health and safety standards receive substantial attention. Appraisals of individual employees are carried out in order to evaluate their performance and realize their potential. This process benefits the Company and the employees.

## SHAREHOLDERS

It is the Company's policy to endeavor to ensure equitable treatment to its shareholders.

## STATUTORY PAYMENTS

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

## ENVIRONMENTAL PROTECTION

The Company's business activities can have direct and indirect effects on the environment.

It is the Company's policy to minimize any adverse effect its activities have on the environment and to promote co-operation and compliance with the relevant authorities and regulations. The Directors confirm that the Company has not undertaken any activities which have caused or are likely to cause detriment to the environment.

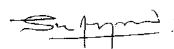
## INTERNAL CONTROL

The Board of Directors take overall responsibility for the Company's Internal Control System. A separate Internal Audit section has been set up to review the effectiveness of the Company's internal controls in order to ensure reasonable assurance that assets are safeguarded and all transactions are properly authorized and recorded. The Board reviews the recommendations of External Auditors and takes appropriate action to maintain an adequate internal control system.

## GOING CONCERN

The Board of Directors after making necessary inquiries and reviews including reviews of the Company's budget for the subsequent year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities have a reasonable expectation that the Company has adequate resources to continue its operations in the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

For and on behalf of the Board,




**S.D.R. Arudpragasam**  
Chairman/Managing Director



**S. Rajaratnam**  
Joint Managing Director

By Order of the Board,



**Corporate Managers & Secretaries (Private) Limited**  
Secretaries

27th August 2024

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors (Board) of the Company is responsible for the adequacy of the Company's system of internal controls and for reviewing its design and effectiveness regularly. However, such a system is designed to manage, rather than eliminate the risk of failure to achieve business objectives of the Group. Accordingly, the system of internal controls can only provide reasonable and not absolute assurance against material misstatements of losses or frauds.

The Board is of the view that the prevalent internal control systems instituted, by them, and which comprise internal checks, internal audits, risk management policies and financial and other controls are so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorised and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Board has established various Committees, such as the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee to strengthen the process of identifying and reviewing the adequacy and integrity of the system of internal controls and risk management.

The Directors are of the view that the Company and its Group have adequate resources to continue operations in the foreseeable future and have continued to use the going concern basis in the preparation of these Financial Statements.

The Directors have provided the Auditors, M/s KPMG, Chartered Accountants, with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The Auditors have examined the Financial Statements together with all financial records and related data and expressed their opinion, which appears as reported by them on pages 74 to 78 of this Report.

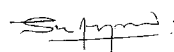
## THE DIRECTORS ARE RESPONSIBLE FOR:

- preparing the Annual Report and the Consolidated Financial Statements in accordance with the Companies Act No. 7 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and are required to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and of the profit and loss of the Company and its subsidiaries for the financial year ending on that reporting date;
- preparing Financial Statements which give a true and fair view of the state of affairs as at the reporting date and the Profit or Loss for the period then ended of the Company and the Group in accordance with SLFRSs and LKASs;
- keeping proper accounting records which disclose, with reasonable accuracy, the financial position of the Group and the Company enabling them to ensure that the Group Financial Statements comply with Section 148, of the Companies Act and audit of such statements to be carried out readily and properly.

- establishing an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, and regularly reviewing the effectiveness of such process;
- taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities; and maintaining the integrity of the statutory and audited information available to the public;
- In addition, the Directors consider that, in preparing the Financial Statements:
  - suitable accounting policies have been selected and applied consistently;
  - judgements and estimates made have been reasonable and prudent;
  - the Financial Statements comply with IFRS as adopted for use in Sri Lanka (SLFRSs/LKASs);
  - all Accounting Standards which they consider applicable have been followed in preparing the Parent Company Financial Statements; and
  - it is appropriate that the Group and Parent Company Financial Statements have been prepared on a "Going Concern" basis.

The Directors also confirm that to the best of their knowledge, the Financial Statements are prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole; and this Directors' Report contains a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Board of Directors of the Company is of the view that the Board has discharged its responsibilities accordingly.



**S.D.R. Arudpragasam**  
Chairman/Managing Director



**S. Rajaratnam**  
Joint Managing Director

27th August 2024

# STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR

The Listing Rules of the Colombo Stock Exchange in terms of Rule 9.6.3 requires the appointment of a Senior Independent Director (SID) in the instances where the position of Chairman and Chief Executive Officer are held by the same individual and where the Chairman is an Executive Director.

Accordingly, I was appointed Senior Independent Director by the Board of E.B. Creasy & Co. PLC with effect from 31st October 2023.

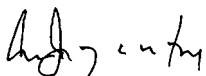
In view of the strategic direction of the E.B. Creasy Group of companies and the pivotal role played by the Chairman/ Managing Director in terms of cultivating and developing external partnerships, maintaining trust and confidence with business partners and key principals and ensuring the retention of prestigious agencies for the sustenance and growth of the Company and the Group's business as a whole, as well as his Executive Management skills, integrity, expertise, wealth of experience and business acumen, the Board decided that the Chairman/ Managing Director should continue to function in the said capacity.

The role of the SID calls for providing guidance to the Chairman on matters of governance of the Company, review of the effectiveness of the Chairman and the Board, the Company and its operation, and being available to any Director to have any confidential discussion on the affairs of the Company, should the need arise.

I have presided over a meeting with the Independent Directors where discussions were held on matters relating to the Company and the operation of the Board and the outcome together with recommendations were duly informed to the Chairman and the Board.

In compliance with the regulations I have also presided over a meeting with the Non-Executive Directors without the presence of the Executive Directors and the performance of the Chairman was appraised.

I believe that I have effectively discharged the duties entrusted to the SID in accordance with the Corporate Governance regulations.



**A.M. de S. Jayaratne**  
Senior Independent Director

27th August 2024

# RISK MANAGEMENT

## OVERVIEW

The Board of Directors recognizes the importance of risk identification, assessment and mitigating activities to be vital in maintaining sustainable growth and making steady progress towards achievement of the corporate objectives. In the pursuit of opportunities, it is unavoidable that we are subject to various risks. These risks arise from the products/services we offer and the business activities that the Group is engaged in. An effective risk management is fundamental to the business activities of the Group. The management ensures that such risks are systematically identified, and the procedures are in place to manage and control the same. Hence, a well-structured Risk Management Framework is in place under which the risks are being assessed.

## RISK GOVERNANCE

The risk management function serves to enable the business risk owners and executive management to carry out their respective responsibilities for the execution of risk framework. The ultimate risk oversight responsibilities remain at the Board level and the Board of Directors, either directly or through the Board Audit Committee, ensures that decision-making is aligned with the Group's strategies. The Board receives regular updates on key risks indicators of the Company level as well as the Group Level.

Under the Framework, the identified risks are prioritised and business units use both preventive and mitigation controls to manage risk exposures within the prescribed tolerance limits.

The principal foreseeable risks have been identified and are set out below with mitigation strategies. The nature and the scope of risks are subject to change and not all of the factors listed are within the control of the Group.

Description of Risk	Mitigation Strategies
<p><b>INFLATION RISK</b></p> <ul style="list-style-type: none"> <li>Inflationary pressure leads to higher cost of production causing profitability to plummet.</li> <li>Headwinds from high volatility of commodity prices, oil prices and freight costs</li> </ul>	<ul style="list-style-type: none"> <li>Adopt dynamic pricing strategies</li> <li>Cost rationalisation measures and budgetary controls</li> <li>Supplier relationship management</li> </ul>
<p><b>FOREIGN CURRENCY RISK</b></p> <p>E.B. Creasy Group is exposed to foreign currency risk as adverse movements in the exchange rates may have negative impacts on the Group's financial performance.</p>	<ul style="list-style-type: none"> <li>Manage exchange rate risk through appropriate financial risk management techniques</li> <li>Centralised treasury advisory</li> <li>Efficient price negotiations with suppliers</li> <li>Dynamic pricing strategies</li> </ul>
<p><b>FUNDING/LIQUIDITY RISK</b></p> <p>Contraction on funding and liquidity for business sustainability and growth.</p>	<ul style="list-style-type: none"> <li>Maintain an acceptable retention policy</li> <li>Use Group's strength as a listed conglomerate to raise economical funding when required</li> <li>Leverage on brand equity and a diversified business portfolio</li> </ul>
<p><b>CREDIT RISK</b></p> <p>Arising from debtor's bankruptcy, deterioration of customer's liquidity and creditworthiness.</p>	<ul style="list-style-type: none"> <li>Adherence to business specific credit control policies and credit worthiness verification procedures</li> <li>Protection against credit risk through bank guarantees and efficient follow up and collection practices</li> <li>Distributor financing schemes to share credit risk</li> <li>Customer relationship management</li> </ul>
<p><b>INTEREST RATE RISK</b></p> <p>E.B. Creasy Group is exposed to interest rate risk as adverse movements in the interest rates may lead to increase in finance cost.</p>	<ul style="list-style-type: none"> <li>Use appropriate financial and hedging strategies</li> <li>Negotiate for concessionary interest rates using Group's strength</li> <li>Effective corporate financial management to maintain an optimal capital structure</li> <li>Focus on working capital efficiencies</li> </ul>

Description of Risk	Mitigation Strategies
<p><b>PRODUCT/SERVICE QUALITY RISK</b></p> <p>Product quality is crucial as the Group's portfolio includes pharmaceutical products, consumer goods and infant milk powder.</p>	<ul style="list-style-type: none"> <li>• Adequate business-specific quality control divisions to ensure maintenance of high-quality standards throughout business value chain</li> <li>• Continuous training, quality management and assurance programmes to strengthen the product quality</li> <li>• Internal and external quality inspection</li> <li>• Standardised manufacturing processes</li> <li>• Ongoing investment and improvement initiatives in manufacturing facilities</li> </ul>
<p><b>GEO- POLITICAL RISK</b></p> <p>Adverse impacts arise due to possible supply chain disruptions, trade sanctions and demand fluctuations.</p>	<ul style="list-style-type: none"> <li>• Business diversification and enter alternate markets</li> <li>• Analysing SWOT and PEST factors and developing appropriate strategies</li> </ul>
<p><b>HEALTH AND SAFETY RISK</b></p> <ul style="list-style-type: none"> <li>• Likelihood that an individual may be harmed or suffers adverse health effects.</li> <li>• Possibility of a customer facing health and safety risks while consuming a product or service provided by any of the businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• The business takes employee safety as the highest priority</li> <li>• Health and safety related policies and procedures have been implemented across the group and periodically reviewed</li> <li>• Operations and plants are designed considering employee health and safety</li> <li>• Quality policies and frameworks are in place at all our businesses and operations are carried out under strict quality controls</li> <li>• Staff are continuously trained on conducting operations by adhering to health and safety protocols</li> </ul>
<p><b>CYBER RISK</b></p> <p>A cyber-attack or data center failure resulting in business disruption or breach of corporate or personal data confidentiality.</p>	<ul style="list-style-type: none"> <li>• Safeguard critical IT and operational assets by strict IT protocols, firewalls and business continuity plan</li> <li>• Foster a positive culture of cyber-security through various awareness sessions</li> </ul>
<p><b>REGULATORY AND COMPLIANCE RISK</b></p> <p>Risk of introducing new regulations affecting the business adversely and complexity in complying with regulatory requirements.</p>	<ul style="list-style-type: none"> <li>• Monitor compliance with regulatory requirements</li> <li>• Lobby against regulations that could have a negative impact on business/industry</li> <li>• Look for alternative strategies within the regulatory framework</li> </ul>
<p><b>HUMAN RESOURCE RISK</b></p> <p>Impact to business competitiveness due to the difficulties to recruit/retain required talent and issues pertaining to industrial relations.</p>	<ul style="list-style-type: none"> <li>• Build strong employer brand and better industrial relations</li> <li>• Competitive compensation packages</li> <li>• Career development opportunities</li> <li>• Empowerment, training and talent development</li> </ul>
<p><b>OPERATIONAL RISK</b></p> <p>Potential losses due to inadequate internal controls, failures of internal processes and systems as a result of natural and human activities.</p>	<ul style="list-style-type: none"> <li>• Business continuity plans to ensure the smooth operation of the businesses</li> <li>• Regular internal audits</li> </ul>

The Group did not encounter any material issues pertaining to employees and industrial relations during the financial year under review.

# SECTION 04

## FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT	74
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	79
STATEMENT OF FINANCIAL POSITION	80
STATEMENT OF CHANGES IN EQUITY	82
STATEMENT OF CASH FLOWS	84
NOTES TO THE FINANCIAL STATEMENTS	86





# INDEPENDENT AUDITORS' REPORT



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426  
Fax +94 - 11 244 5872  
+94 - 11 244 6058  
Internet www.kpmg.com/lk

## TO THE SHAREHOLDERS OF E.B CREASY & COMPANY PLC

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### OPINION

We have audited the financial statements of E.B Creasy & Company 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 or 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 and the Group as of 31st March 2024, and of their financial performance and their 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### KEY AUDIT MATTERS

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

#### Revenue recognition

Refer material accounting policies in note 4.3 and explanatory note 6 to the financial statements

#### Risk description

The Company and Group recorded revenue of Rs. 9,702 Mn and Rs. 25,822 Mn respectively for the year ended 31st March 2024.

Revenue from sale of goods is recognized when control has been transferred to the buyer.

Based on the Company's/ Group's business model, there are many different types of revenues, arising from different types of transactions and events with customers.

#### Our response

Our audit procedures included ;

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls over the revenue recognition and measurement.
- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key IT application controls over revenue, in addition to evaluating the integrity of the general IT control environment.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

C. P. Jayatilake FCA  
Ms. S. Joseph FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

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

W. 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), FTII  
K. Somasundaram ACMA(UK), R.G.H. Raddella ACA

## Revenue recognition (Continued)

Refer material accounting policies in note 4.3 and explanatory note 6 to the financial statements

### Risk description

The Company/ the Group considers revenue as an important element in the preparation of budgets and measuring management performance. These factors could create an incentive for revenue to be recognized prior to control being transferred.

Considering above factors, we identified revenue recognition as a key audit matter.

### Our response

- Evaluating the appropriateness of the Company and the Group's revenue recognition policies, including the recognition, measurement and classification criteria as well as disclosure requirements as per SLFRS 15.
- On a sample basis, comparing specific revenue transactions recorded before and after the financial year end with the underlying goods delivery notes and invoices to assess whether the related revenue had been recognized in the correct financial period.
- Performing test of details over revenue by inspecting a sample of invoices and credit notes in order to ensure revenue is recognized and measured in accordance with the contractual terms of the contract and the Company/ Group accounting policies.

## Carrying value of inventories

Refer material accounting policies in note 4.8 and explanatory note 17 to the financial statements

### Risk Description

The Company and the Group recorded inventories amounting to Rs. 1,628 Mn and Rs. 5,071 Mn respectively at 31st March 2024. This amounts to 13.68% and 22.61% of the Company's and Group's total assets respectively.

The Company and Group have exercised judgement with regard to categorization of stocks 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 valuation based on lower of cost and net realizable value.

We identified valuation of the inventory as a key audit matter due to the magnitude of the inventory balances and judgement and estimates involved in the calculation of inventory provisions and in determination of NRV, considering expected sales prices and allowance policies based on historical sales.

### Our response

Our audit procedures included:

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls over inventory valuation and identify slow moving and obsolete inventories.
- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key IT application controls over inventories.
- On a sample basis, physically verify the inventories as at reporting date.
- Comparison of inventory levels, by product group, to sales data to corroborate whether slow moving and obsolete inventories had been appropriately identified and challenge the categorization as obsolete or slow moving.
- Assessing the reasonableness of judgement applied in the identification and recording of inventories at NRV, including allowances recorded considering among others, the age of inventories, historical sales trends, subsequent prices secured.
- Testing the accuracy and completeness of inventory ageing reports used in the estimation of allowances.
- Assessing whether the accounting policies had been consistently applied and the adequacy of the disclosures in respect of the judgement and estimation made in respect of inventory provisioning.

# INDEPENDENT AUDITORS' REPORT

## Impairment assessment of the Group's goodwill and Company's investment in Subsidiary

Refer material accounting policies in note 4.1 and note 4.1.1 and explanatory note 15, note 15.1, note 16 and note 16.1 to the financial statements

### Risk description

At 31st March 2024, the Group recorded Rs. 189 Mn as goodwill and the Company recorded Rs. 2,160 Mn as investments in subsidiaries. As required by relevant accounting standards, at 31st March 2024 the management performed an impairment assessment on goodwill by allocating it to the respective cash generating units and performed the impairment assessment for investments in subsidiaries with indicators of impairment and determined their recoverable amounts based on value in-use calculations.

We considered the audit of management's impairment assessment of goodwill and investments in subsidiaries to be a key audit matter due to the magnitude of the carrying amounts of goodwill and investment in subsidiaries in the financial statements as at 31st March 2024.

In addition, these areas were significant to our audit because the impairment assessment process involved significant management judgement and required management to make various assumptions in the underlying cash flow forecasts.

### Our responses

Our audit procedures included;

- Evaluating investment in subsidiary for impairment indicators and comparing carrying amount with the recoverable amount to assess the adequacy of the provision for impairment.
- Reviewing the robustness of management's budgeting process by comparing the actual financial results against previous projections.
- Assessing cash flow forecast prepared by the management against our own expectations based on our knowledge of the Company and experience of the industry in which it operates.
- Testing the mathematical accuracy of the underlying calculations in the discounted cash flow valuation models (Value in use computations).
- With the assistance of our own internal business valuation specialists, challenging the reasonableness of the key assumptions in the valuation models.
- Evaluating the adequacy of disclosures in the financial statements.

## Acquisition of a Subsidiary

Refer to the material accounting policy 4.1 and explanatory notes 4.1.1 and 16.2.1 to the financial statements

Laxapana Batteries PLC, a subsidiary of the Company acquired Bluescope Lysaght Lanka (Pvt) Ltd on 15th March 2024 for consideration of Rs. 320 Mn. From this acquisition a gain on bargain purchase of Rs. 169.8 Mn was reported, and which amounts to 25.5% of the profit before tax of the Group.

Due to the nature and size of the acquisition and significance of the gain on bargain purchase we identified acquisition of a Subsidiary as a key audit matter.

Our audit procedures included;

Reviewing the sale and purchase agreements to obtain an understanding of the transaction and the key terms;

Involved our internal accounting specialists to review and verify the accuracy of the accounting for the acquisition.

Testing the identification and fair value measurement of the acquired assets and liabilities and with the assistance of our internal valuation specialists challenging the reasonableness of the valuation of property plant and equipment.

Evaluating the adequacy of the disclosures in the financial statements.

## OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

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

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

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

## AUDITORS' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.

# INDEPENDENT AUDITORS' REPORT

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 Auditors' Report is 3544.



## **CHARTERED ACCOUNTANTS**

Colombo, Sri Lanka

27th August 2024

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31st March	Note	GROUP		COMPANY	
		2024	2023	2024	2023
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	6	25,822,094	23,342,429	9,701,938	8,399,072
Cost of Sales		(17,827,006)	(15,152,996)	(6,958,823)	(6,141,203)
<b>Gross Profit</b>		<b>7,995,088</b>	8,189,433	<b>2,743,115</b>	2,257,869
Other Income	7	235,466	179,591	423,952	454,683
Gain From Bargain Purchase	7.1	169,792	-	-	-
Selling and Distribution Expenses		(4,045,297)	(2,605,844)	(810,741)	(453,723)
Administrative Expenses		(2,452,230)	(2,058,746)	(901,618)	(672,179)
Finance Income	8.1	238,858	206,964	94,251	108,445
Finance Expenses	8.2	(1,474,770)	(2,111,359)	(806,891)	(1,093,862)
<b>Profit Before Tax</b>	9	<b>666,907</b>	1,800,039	<b>742,068</b>	601,233
Income Tax (Expense)/Reversal	10.a	(386,127)	(290,032)	(261,065)	167,492
<b>Profit for the Year</b>		<b>280,780</b>	1,510,007	<b>481,003</b>	768,725
<b>Other Comprehensive (Expense)/Income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Re-measurement of Retirement Benefit Obligation	26.1	75,345	(135,658)	179,275	(108,417)
Equity Investments at FVOCI - net change in fair value		(193,122)	1,020,069	(331,800)	603,602
Deferred Tax on Re-measurement of Retirement Benefit Obligation	10.b	(22,605)	40,754	(53,783)	32,525
Deferred Tax on Equity Investments at FVOCI - net changes in fair value	10.b	103,903	(233,823)	85,163	(34,301)
Deferred Tax Effect on Revaluation Gain due to change in income tax rate	10.b	-	(397,274)	-	(366,382)
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Debt Investments at FVOCI - net change in fair value		-	(1,746)	-	-
Debt Investments at FVOCI - impairment loss on debt securities		-	(9,540)	-	-
<b>Other Comprehensive(Expense)/Income for the Year, Net of Tax</b>		<b>(36,479)</b>	282,782	<b>(121,145)</b>	127,027
<b>Total Comprehensive Income for the Year</b>		<b>244,301</b>	1,792,789	<b>359,858</b>	895,752
<b>Profit Attributable to:</b>					
Equity Holders of the Parent		195,213	1,513,022	481,003	768,725
Non-controlling Interest		85,567	(3,015)	-	-
<b>Profit for the Year</b>		<b>280,780</b>	1,510,007	<b>481,003</b>	768,725
<b>Total Comprehensive Income Attributable to:</b>					
Equity Holders of the Parent		157,665	1,808,427	359,858	895,752
Non-controlling Interest		86,636	(15,638)	-	-
<b>Total Comprehensive Income for the Year</b>		<b>244,301</b>	1,792,789	<b>359,858</b>	895,752
Earnings Per Share (Rs.)	11.1	0.77	5.97	1.90	3.03

The Accounting Policies and Notes on pages 86 to 157 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

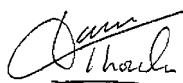
# STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	GROUP		COMPANY	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment	12	8,151,147	7,865,076	5,059,490	4,828,411
Investment Property	13	-	2,800	-	-
Right of Use Assets	14	311,271	178,615	302,443	325,463
Intangible Assets	15	196,667	196,334	3,435	2,519
Investments in Subsidiaries	16.1	-	-	2,160,422	2,170,666
Other Financial Assets measured at Fair Value through OCI	16.3	2,310,317	2,251,210	1,359,647	1,277,321
Refundable Deposit	19	7,924	-	-	-
Deferred Tax Assets	25.1	98,125	63,874	-	-
<b>Total Non-Current Assets</b>		<b>11,075,451</b>	<b>10,557,909</b>	<b>8,885,437</b>	<b>8,604,380</b>
<b>Current Assets</b>					
Inventories	17	5,071,049	4,847,497	1,628,083	2,237,102
Trade and Other Receivables	19	4,677,617	3,474,934	277,514	69,392
Amounts Due from Related Companies - Trade	18.1	132,430	116,715	388,474	712,467
Amounts Due from Related Companies - Non-trade	18.2	131,275	120,337	306,854	311,189
Other Financial Assets measured at Amortised Cost - Loans due from Related Parties	16.4.1	336,823	74,250	111,524	51,700
Other Financial Assets measured at Fair Value through Profit or Loss	16.5	-	98,533	-	-
Income Tax Recoverable		43,210	2,508	-	-
Cash and Cash Equivalents	20.1	958,783	952,918	300,196	235,916
<b>Total Current Assets</b>		<b>11,351,187</b>	<b>9,687,692</b>	<b>3,012,645</b>	<b>3,617,766</b>
<b>Total Assets</b>		<b>22,426,638</b>	<b>20,245,601</b>	<b>11,898,082</b>	<b>12,222,146</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated Capital	21	25,731	25,731	25,731	25,731
General Reserves		9,548	9,548	9,548	9,548
Revaluation Reserve	22.2	2,229,960	2,229,960	1,917,202	1,917,202
Retained Earnings		4,037,164	4,259,818	3,380,601	3,401,062
<b>Equity Attributable to Equity Holders of the Company</b>		<b>6,302,403</b>	<b>6,525,057</b>	<b>5,333,082</b>	<b>5,353,543</b>
Non-Controlling Interest		416,536	282,505	-	-
<b>Total Equity</b>		<b>6,718,939</b>	<b>6,807,562</b>	<b>5,333,082</b>	<b>5,353,543</b>

As at 31st March	Note	GROUP		COMPANY	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>Non-Current Liabilities</b>					
Loans and Borrowings	23.1	1,186,478	1,666,451	821,854	1,164,257
Lease Liabilities	23.4	331,235	232,992	348,848	346,817
Capital Grants	24	3,488	3,748	3,488	3,748
Deferred Tax Liabilities	25.2	984,669	936,080	757,435	651,578
Retirement Benefit Obligations	26	1,069,889	1,046,660	606,830	758,182
Trade Payables	27	65,150	-	-	-
<b>Total Non-Current Liabilities</b>		<b>3,640,909</b>	<b>3,885,931</b>	<b>2,538,455</b>	<b>2,924,582</b>
<b>Current Liabilities</b>					
Loans and Borrowings	23.2	5,787,613	4,703,207	1,941,104	2,772,279
Lease Liabilities	23.4	72,551	41,272	11,730	25,720
Current Tax Payable		187,339	447,375	162,392	68,343
Trade and Other Payables	27	5,131,671	3,314,094	1,606,119	561,263
Amounts Due to Related Companies	28	451	2,080	20,795	72,819
Bank Overdrafts	20.2	887,165	1,044,080	284,405	443,597
<b>Total Current Liabilities</b>		<b>12,066,790</b>	<b>9,552,108</b>	<b>4,026,545</b>	<b>3,944,021</b>
<b>Total Equity and Liabilities</b>		<b>22,426,638</b>	<b>20,245,601</b>	<b>11,898,082</b>	<b>12,222,146</b>

The Accounting Policies and Notes on pages 86 to 157 form an integral part of these Financial Statements.

I certify that these Financial Statements are prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

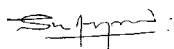


**A.D.T. Mendis**

Group Chief Financial Officer

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

These Financial Statements were approved and signed for and on behalf of the Board of Directors of E.B. Creasy & Company PLC.



**S.D.R. Arudpragasam**

Chairman/Managing Director



**S. Rajaratnam**

Joint Managing Director

27th August 2024

Colombo

# STATEMENT OF CHANGES IN EQUITY

Group	Note	Attributable to Equity Holders of Parent						
		Stated Capital Rs. '000	General Reserve Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Rs. '000	Non-Controlling Interest Rs. '000	Total Rs. '000
<b>Balance as at 1st April 2022</b>		25,731	9,548	2,627,234	2,307,663	4,970,176	340,169	5,310,345
<b>Total Comprehensive Income/ (Expense) for the Year :</b>						-		
Profit/(Loss) for the Year		-	-	-	1,513,022	1,513,022	(3,015)	1,510,007
Other Comprehensive Income/ (Expense) for the Year		-	-	(397,274)	692,679	295,405	(12,623)	282,782
<b>Total Comprehensive Income/ (Expense) for the Year</b>		-	-	(397,274)	2,205,701	1,808,427	(15,638)	1,792,789
<b>Transactions with owners of the Company :</b>								
Dividend Paid	11.3	-	-	-	(253,546)	(253,546)	-	(253,546)
Dividend for Non-Controlling Interest	16.1.1	-	-	-	-	-	(42,026)	(42,026)
<b>Balance as at 31st March 2023</b>		25,731	9,548	2,229,960	4,259,818	6,525,057	282,505	6,807,562
<b>Total Comprehensive Income/(Expense) for the Year :</b>								
Profit for the Year		-	-	-	195,213	195,213	85,567	280,780
Other Comprehensive Income/ (Expense) for the Year		-	-	-	(37,548)	(37,548)	1,069	(36,479)
<b>Total Comprehensive Income for the Year</b>		-	-	-	157,665	157,665	86,636	244,301
Acquisition of Subsidiary	16.2.1	-	-	-	-	-	78,915	78,915
<b>Transactions with owners of the Company :</b>								
Dividend Paid	11.3	-	-	-	(380,319)	(380,319)	-	(380,319)
Dividend for Non-Controlling Interest	16.1.1	-	-	-	-	-	(31,520)	(31,520)
<b>Balance as at 31st March 2024</b>		25,731	9,548	2,229,960	4,037,164	6,302,403	416,536	6,718,939

## COMPANY

	Note	Stated Capital Rs. '000	General Reserve Rs. '000	Revaluation Reserve Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
<b>Balance as at 1st April 2022</b>		25,731	9,548	2,283,584	2,392,474	4,711,337
<b>Total Comprehensive Income for the Year :</b>						
Profit for the Year		-	-	-	768,725	768,725
Other Comprehensive Income/ (Expense) for the Year		-	-	(366,382)	493,409	127,027
<b>Total Comprehensive Income for the Year</b>		-	-	(366,382)	1,262,134	895,752
<b>Transactions with owners of the Company :</b>						-
Dividend Paid	11.3	-	-	-	(253,546)	(253,546)
<b>Balance as at 31st March 2023</b>		25,731	9,548	1,917,202	3,401,062	5,353,543
<b>Total Comprehensive Income/ (Expense) for the Year</b>						
Profit for the Year		-	-	-	481,003	481,003
Other Comprehensive Expense for the Year		-	-	-	(121,145)	(121,145)
<b>Total Comprehensive Income for the Year</b>		-	-	-	359,858	359,858
<b>Transactions with owners of the Company :</b>						
Dividend Paid	11.3	-	-	-	(380,319)	(380,319)
<b>Balance as at 31st March 2024</b>		25,731	9,548	1,917,202	3,380,601	5,333,082

For the Year Ended 31st March	Note	GROUP		COMPANY	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Dividend Per Share (Rs.)	11.3	1.50	1.00	1.50	1.00

The Accounting Policies and Notes on pages 86 to 157 form an integral part of these Financial Statements.  
Figures in brackets indicate deductions.

# STATEMENT OF CASH FLOWS

For the Year Ended 31st March		GROUP		COMPANY	
		2024	2023	2024	2023
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cash Generated from Operations</b>					
Profit Before Tax		666,907	1,800,039	742,068	601,233
<b>Adjustments for:</b>					
Depreciation on Property, Plant and Equipment and amortisation of Right of Use Assets	12/14	405,358	289,885	201,719	154,675
Adjustments to Right of Use Assets		(9,726)	(3,396)	(5,397)	(3,396)
Reversal for Impairment on Property, Plant and Equipment	12	-	(1,380)	-	-
(Gain)/Loss on Disposal of Property, Plant and Equipment	7	(6,433)	83	(2,768)	300
Gain on Bargain Purchase	7.1	(169,792)	-	-	-
Profit on Disposal of Financial Assets classified as FVOCI	7	-	(51,681)	-	(16,781)
Impairment Provision of Trade Receivables	18.1.1/19.1	(22,133)	50,355	36,081	14,839
Impairment Provision/(Reversal) of Amounts Due from Related Companies	18.2.1	(38,880)	12,602	85,911	15,282
Impairment Provision/(Reversal) of Financial Assets Measured at Amortised Cost	16.1.2 16.4.1.2	(47,573)	(16,077)	(28,120)	5,973
Impairment Provision/(Reversal) of Inventories	17.1	37,893	(35,571)	(451)	23,050
Provision for Retiring Benefit Obligations	26.1	257,890	168,606	175,730	115,282
Amortisation of Capital Grants	24	(260)	(260)	(260)	(260)
Interest Income	8.1	(129,094)	(173,860)	(21,470)	(71,243)
Dividend Income	7	(70,260)	(1,394)	(382,567)	(403,163)
Interest Expense	8.2	1,511,305	1,640,552	806,694	1,054,393
Debt Investments at FVOCI - Impairment reversal on debt investment derecognised	8.1	-	(9,540)	-	-
Amortisation of Intangible Assets	15	4,287	15,808	1,188	12,350
Exchange (Gain)/Loss - Lease Liabilities	23.4	(2,772)	3,498	-	-
<b>Operating Profit before Working Capital Changes</b>		<b>2,386,717</b>	<b>3,688,269</b>	<b>1,608,358</b>	<b>1,502,534</b>
(Increase)/Decrease in Inventories		150,178	(1,395,216)	609,470	(874,617)
(Increase)/Decrease in Trade and other Receivables		(930,076)	(365,634)	(214,025)	988,549
(Increase)/Decrease in Amounts Due from Related Parties		(15,521)	(201,108)	212,239	247,841
(Decrease) in Amounts Due to Related Parties		(1,629)	(86,051)	(52,024)	(354,664)
Increase/(Decrease) in Trade and other Payables		1,816,748	(68,692)	1,044,856	(44,872)
<b>Cash generated from operations</b>		<b>3,406,417</b>	<b>1,571,568</b>	<b>3,208,874</b>	<b>1,464,771</b>
Retiring Gratuity Paid	26	(182,136)	(75,556)	(147,807)	(59,610)
Interest Paid		(1,465,209)	(1,577,414)	(762,559)	(1,008,307)
Income Taxes Paid		(595,056)	(105,509)	(29,778)	(28,728)
<b>Net Cash Flows from/(used in) Operating Activities</b>		<b>1,164,016</b>	<b>(186,911)</b>	<b>2,268,730</b>	<b>368,130</b>

For the Year Ended 31st March	Note	GROUP		COMPANY	
		2024	2023	2024	2023
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cash Flows from Investing Activities</b>					
Purchase and construction of Property, Plant and Equipment and Right of Use Assets	12	(525,515)	(1,829,897)	(402,460)	(304,167)
Proceeds from Disposal of Property, Plant and Equipment		7,272	8,108	3,130	-
Investment in Intangible Assets	15	(4,620)	(4,062)	(2,104)	(1,806)
Investments in Subsidiaries (Net of Cash)		(170,262)	-	-	(100,269)
Investments in Financial Assets classified as FVOCI		(337,168)	(209,303)	(416,912)	(209,032)
Loans (Granted)/Recoveries to Related Companies		(215,000)	150,000	(21,460)	101,000
Fund Transfers to Related Companies		-	-	-	(114,602)
Disposal / (Investment) in Financial Assets classified as Fair Value through Profit or Loss		98,533	(98,533)	-	-
Proceeds from Disposal of Financial Assets classified as FVOCI		84,939	177,658	2,786	49,039
Dividend Income Received		70,260	1,394	382,567	302,894
Interest Income Received		129,094	173,860	21,470	20,113
<b>Net Cash Flows used in Investing Activities</b>		<b>(862,467)</b>	<b>(1,630,775)</b>	<b>(432,983)</b>	<b>(256,830)</b>
<b>Cash Flows from Financing Activities</b>					
Lease Rental Paid	23.4	(113,516)	(73,053)	(58,377)	(56,676)
Long-Term Loans Obtained	23.1	-	795,299	-	179,892
Repayments of Long-Term Loans	23.1	(424,202)	(392,469)	(314,953)	(224,764)
Net movement in Short-Term Loans		810,788	658,924	(858,625)	(185,417)
Dividends Paid	11.3	(380,319)	(253,546)	(380,319)	(253,546)
Net payments to Minority Shareholders	16.1.1	(31,520)	(42,026)	-	-
Net Cash Flows from/(used in) Financing Activities		(138,769)	693,129	(1,612,274)	(540,511)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>162,780</b>	<b>(1,124,557)</b>	<b>223,472</b>	<b>(429,215)</b>
Cash and Cash Equivalents at the Beginning of the Year		(91,162)	1,033,395	(207,681)	221,534
<b>Cash and Cash Equivalents at the End of Year</b>		<b>71,618</b>	<b>(91,162)</b>	<b>15,791</b>	<b>(207,681)</b>
<b>Analysis of Cash and Cash Equivalents</b>					
Bank Overdraft	20.2	(887,165)	(1,044,080)	(284,405)	(443,597)
Cash in Hand & at Bank	20.1	958,783	952,918	300,196	235,916
<b>Cash and Cash Equivalents at the End of Year</b>		<b>71,618</b>	<b>(91,162)</b>	<b>15,791</b>	<b>(207,681)</b>

The Accounting Policies and Notes on pages 86 to 157 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

### 1.1. DOMICILE AND LEGAL FORM

E.B. Creasy & Company PLC ('the Company'), is a public limited company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange. The Company's registered office and the principal place of business is at No. 98, Sri Sangaraja Mawatha, Colombo 10.

The consolidated financial statements of E.B. Creasy & Company PLC, as at and for the year ended 31st March 2024 comprises the Company and its subsidiaries (together referred to as the 'Group'). The principal activities of the Company and other entities consolidated with it are disclosed under "Group Profile" on pages 24 to 25 of the Annual Report.

### 1.2. PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

The E.B Creasy Group is engaged in a diversity of activities such as manufacture & sale of Home Care and Personal Care brands, supply ingredients to the local food and bakery sector and manufacture branded confectionery products, distribution of pharmaceutical products and infant milk powder, supply of solar modules, aerosol paints, and water pumps and undertakes installation of rooftop solar systems, manufacture and export of value-added latex products, manufacture hot dipped galvanized steel wires and nail wires for the construction industry, manufacture and sale of steel building products and distribute batteries and CFL and LED bulbs.

### 1.3. ULTIMATE PARENT ENTERPRISE

E.B. Creasy & Company PLC's Parent Entity is The Colombo Fort Land & Building PLC.

## 2. BASIS OF PREPARATION

### 2.1. STATEMENT OF COMPLIANCE

The financial statements of the Company and those consolidated with such comprise of the statements of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows together with the accounting policies and notes to the financial statements.

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

Changes to significant accounting policies are described in Note 3.

### 2.2. RESPONSIBILITY OF FINANCIAL STATEMENTS

The Board of Directors of the Company acknowledges their responsibility for the financial statements, as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibilities for financial statements" and the "Certification on the statement of financial position".

### 2.3. APPROVAL OF FINANCIAL STATEMENTS BY DIRECTORS

The consolidated financial statements for the year ended 31st March 2024 were authorised for issue by the Directors on 27th August 2024.

### 2.4. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis and applied consistently with an adjustment being made for inflationary factors affecting the financial statements except for the following;

- Financial assets measured at fair value through other comprehensive income (FVOCI)
- Defined Benefit Obligations are measured at the present value of the defined benefit plans.
- Land in property, plant and equipment are measured at fair value

### 2.5. FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Sri Lankan Rupees, which is the functional currency of the Group. All financial information presented in Sri Lankan Rupees have been rounded to the nearest thousand, unless stated otherwise.

### 2.6. CURRENT VS. NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading;

or

is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period.

or

There is no conditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classified all other liabilities as non-current.

## 2.7. USE OF 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’.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statement is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

## 2.8. USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with Sri Lanka Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities at the reporting date. Judgments and estimates are based on historical experience and other factors including expectations that are believed to be reasonable under the circumstances. Actual results may differ from those estimates and judgemental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

### 2.8.1. JUDGEMENTS

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes.

- Leases: Whether arrangement contains a lease (Note 4.12)
- Consolidation: Whether the Group has de facto control over an investee (Note 4.1.1)

### 2.8.2. ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Information about assumptions and estimation uncertainties as at 31st March 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 4.3 – revenue recognition: estimation of expected returns;
- Note 4.4 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 4.7 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;

- Note 4.9 – property, plant and equipment: determining the fair value of land on the basis of significant unobservable inputs;
- Note 4.10 - impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Note 4.13 – measurement of ECL allowance for trade receivables: key assumptions in determining the weighted average loss rate.
- Note 4.13 – measurement of ECL allowance for related party receivables and other financial assets classified as amortised cost and debt securities classified at FVOCI.
- Note 4.13 - measurement of unquoted investments classified at FVOCI

### 2.8.3. MEASUREMENT OF FAIR VALUES

#### FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

# NOTES TO THE FINANCIAL STATEMENTS

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## 2.8.4. GOING CONCERN

The Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future confirm that they do not intend either to liquidate or to cease operations of any business unit of the Group other than those disclosed in the notes to the financial statements. Furthermore, when determining the basis of preparing the financial statements for the year ended 31st March 2024, based on the available information, the management has assessed the existing and anticipated effects of the prevailing economic conditions in the country on the group companies and the appropriateness of the use of the going concern basis.

## 2.9. ROUNDING

Rounding All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand (Rs '000), except when otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements" (LKAS 1).

## 3. CHANGES IN MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all periods presented in these financial statements except if mentioned otherwise.

### 3.1. CHANGES IN MATERIAL ACCOUNTING POLICIES

#### A. DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 01st April 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences. e.g leases. For leases, the Group is recognised the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other comprehensive of equity at that date. For all other transactions,

the Group applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases and decommissioning liabilities by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-to use assets. However, there was no impact on the statement of financial position because the balances qualify for the offset under paragraph 74 of LKAS 12. There was also no impact on the opening retained earnings as at 01st April 2023 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised.

## B. MATERIAL ACCOUNTING POLICY INFORMATION

The Group also adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and IFRS Practice Statement 2) from 01st April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 4 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

## 4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these financial statements.

### 4.1. BASIS OF CONSOLIDATION

#### BUSINESS COMBINATIONS AND GOODWILL

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets

acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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 recognized 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 recognized 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.

#### **4.1.1. SUBSIDIARIES**

Subsidiaries are entities controlled by the Group. The Group controls an entity, when it is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the entity. The Group controls an investee if, and only if, the Group has:

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

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

The interest of the outside shareholders of the Group is disclosed separately under the heading of 'non-controlling interest'.

A listing of the Group's subsidiaries is set out in Note 16 to the financial statements.

#### **4.1.2. ACQUISITION OF ENTITIES UNDER COMMON**

### **CONTROL**

The purchase method of accounting is used to account for the acquisition of subsidiary by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The excess of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss for the year.

#### **4.1.3. TRANSACTIONS ELIMINATED ON CONSOLIDATION**

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

#### **4.1.4. NON-CONTROLLING INTEREST**

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

- At fair value; or
- At their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

#### **4.1.5. LOSS OF CONTROL**

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss arising is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### **4.2. FOREIGN CURRENCY**

#### **4.2.1. FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currencies are translated into the respective functional currencies of Group's entities at the exchange rates at the dates of the transactions.

# NOTES TO THE FINANCIAL STATEMENTS

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting 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 are generally recognised in profit or loss and presented within finance costs.

## 4.3. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group generates revenue through sales.

### 4.3.1. PERFORMANCE OBLIGATION AND REVENUE RECOGNITION POLICIES

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and value added tax.

### 4.3.2. GOODS TRANSFERRED AT A POINT IN TIME

Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Contracts that permit the customer to return an item, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Therefore, the amount of revenue recognized is adjusted for expected returns, which are estimated based on the historical data.

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recovered goods. The refund liability is included in other payables (Note 27) and the right to recover returned goods is included in inventory (Note 17). The Group reviews its estimates of expected returns at each reporting date and updates the amounts of the assets and liabilities.

### 4.3.3. SERVICES TRANSFERRED OVER TIME

Under SLFRS 15, the Group determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

## 4.4. EMPLOYEE BENEFITS

### 4.4.1. SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 4.4.2. DEFINED CONTRIBUTION PLANS

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to provident and trust funds covering all employees are recognised as an expense in profit and loss in the periods during which services are rendered by employees.

### 4.4.3. DEFINED BENEFIT PLANS

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of defined benefit obligation at the statement of financial position date. The defined benefit obligation is calculated annually by independent actuaries using Project Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows. The gratuity liability was based on the actuarial valuation carried out.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of other comprehensive income.

Provisions have been made in the financial statements for defined benefit plan from the first year of service for all employees.

However, according to the payment of Gratuity Act No. 12 of 1983, the liability for the gratuity payments to an employee arise only on the completion of 5 years of continued service with the Company.

When the benefits of a plan are changed or when a plan is curtailed the resulting change in benefits that relate to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### 4.4.3.1. DEFINED CONTRIBUTION PLANS - EMPLOYEES' PROVIDENT FUND AND EMPLOYEES' TRUST FUND

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions are covered by relevant contributions funds in line with the relevant statutes. Employer's contributions to the defined contribution plans are recognised as an expense in the statement of profit or loss when incurred.

#### 4.5. GOVERNMENT GRANTS

The Group recognises an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

#### 4.6. FINANCE INCOME AND FINANCE COSTS

The Group's net finance expense includes:

- interest income;
- interest expense;
- commission on corporate guarantees
- guarantee charges
- the foreign currency gain or loss on financial assets and financial liabilities;
- impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI;

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- The gross carrying amount of the financial assets; or
- The amortised cost of the financial liability.

In calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

#### 4.7. INCOME TAX

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in the statement of other comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, contingent liabilities and contingent assets.

##### 4.7.1. CURRENT TAX

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of tax payable and receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting date.

##### 4.7.2. DEFERRED TAX

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for;

- temporary differences 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 or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company 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.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which can be used. Future taxable profits are determined based on the relevant taxable temporary differences. If the amount of taxable temporary difference is insufficient to recognise the deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such deductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised 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 substantially enacted at the reporting date.

#### 4.8. INVENTORIES

Inventories are measured at the lower of the cost and the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling expenses, and where applicable, cost of conversion from their

# NOTES TO THE FINANCIAL STATEMENTS

existing state to a finished condition. The cost of inventories is based on the average cost principle. In the case of manufactured inventories, cost includes an appropriate share of production overhead based on normal operating capacity.

## 4.9. PROPERTY, PLANT AND EQUIPMENT

### 4.9.1. RECOGNITION AND MEASUREMENT

#### 4.9.1.1. COST MODEL

The Group applies cost model to Property, Plant and Equipment except for lands and records at cost of purchase or construction together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

#### 4.9.1.2. REVALUATION MODEL

The Group applies the revaluation model for the entire class of lands. Such lands are carried at a revalued amount, being their fair value at the date of revaluation, less subsequent accumulated impairment losses. Lands of the Group are revalued at once in every three years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognised in Other Comprehensive Income and accumulated in equity, under capital reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of profit or loss. In this circumstance, the increase is recognised as income to the extent of the previous write down. Any decrease in the carrying amount is recognised as an expense in the Statement of profit or loss or debited in the Other Comprehensive Income to the extent of any credit balance existing in the capital reserve in respect of that asset. The decrease recognised in Other Comprehensive Income reduces the amount accumulated in equity under capital reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

#### 4.9.1.3. OWNED ASSETS

The cost of an item of property, plant and equipment comprise its 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 for its intended use. This also includes cost of dismantling and removing the items and restoring in 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 capitalised as part of the equipment.

### 4.9.2. SUBSEQUENT EXPENDITURE

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss as incurred.

### 4.9.3. DEPRECIATION

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost less its residual value.

Depreciation is recognised in statement of profit or loss for the year on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless that it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Type of assets	No. of years
Freehold building	10-50 years
Building on leasehold land	40 years or period of the lease whichever is less
Plant and machinery	5-20 years
Motor vehicles	3-4 years
Furniture and fittings	4-5 years
Computers	4-6 years
Lab equipment	4-10 years

Depreciation of an asset begins when it is available for use whereas 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 derecognised.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

### 4.9.4. CAPITAL WORK-IN-PROGRESS

Capital expenses incurred during the period 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 period and put to use have been transferred to property, plant and equipment if any

### 4.9.5. RECLASSIFICATION TO INVESTMENT PROPERTY

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a

previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

#### 4.9.6. DERECOGNITION

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from its use. Gains and losses on derecognition are recognised in the statement of profit or loss.

#### 4.10. INTANGIBLE ASSETS

An intangible asset is initially recognised at cost, if it is probable that future economic benefit will flow to the enterprise, and the cost of the asset can be measured reliably.

##### 4.10.1. RECOGNITION AND MEASUREMENT

###### 4.10.1.1. GOODWILL

Goodwill arising on an acquisition represents the excess of the cost of acquisition over the fair value of net assets acquired. Goodwill is measured at cost less accumulated impairment losses.

Gain from bargain purchase arising on an acquisition represents the excess of the fair value of the net assets acquired over the cost of acquisition. Gain from bargain purchase is recognised immediately in the statement of profit or loss.

###### 4.10.1.2. SOFTWARE

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and it's probable that they will lead to future economic benefits, are included in the statement of financial position under the category of intangible assets.

###### 4.10.1.3. OTHER INTANGIBLE ASSETS

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

##### 4.10.2. SUBSEQUENT EXPENDITURE

Subsequent expenditure is capitalised 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, is recognised in profit or loss as incurred.

##### 4.10.3. AMORTISATION

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over the estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives on Intangible Assets for current and comparative periods are as follows:

Software	3 years
----------	---------

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### 4.11. INVESTMENT PROPERTY

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in the profit or loss.

Any gain or loss on disposal of investment property is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as other income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

#### 4.12. LEASES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

# NOTES TO THE FINANCIAL STATEMENTS

## AS A LESSEE

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines the incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right of use assets that do not meet the definition of investment property in "right-of-use asset".

## SHORT TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## 4.13. FINANCIAL INSTRUMENTS

### 4.13.1. RECOGNITION AND INITIAL MEASUREMENT

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provision 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 significant financing component is initially measured at the transaction price.

### 4.13.2. CLASSIFICATION AND SUBSEQUENT MEASUREMENT

#### FINANCIAL ASSETS - CLASSIFICATION

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI – debt investment; and FVOCI – equity instrument), or fair value through profit or loss (FVTPL).

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

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

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets 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 derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

#### **FINANCIAL ASSETS - ASSESSMENT WHETHER CONTRACTUAL CASH FLOWS ARE SOLELY PAYMENTS OF PRINCIPAL AND INTEREST**

For the 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 permit or requires prepayment at an annual amount that substantially represent 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 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.
------------------------------------	--

# NOTES TO THE FINANCIAL STATEMENTS

Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

## 4.13.3. DERECOGNITION

### 4.13.3.1. 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.

### 4.13.3.2. FINANCIAL LIABILITIES

The Group derecognises a financial liability when its contractual obligations are discharged or canceled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified 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.

## 4.13.4. IMPAIRMENT

### NON-DERIVATIVE FINANCIAL ASSETS

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVTOCI

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equals to life time ECLs.

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

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

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligation 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 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

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 are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data;

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

## 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.

## WRITE-OFF

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

## 4.14. NON-FINANCIAL ASSETS

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

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 risks-specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows

of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

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

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 4.15. PROVISIONS

Provisions are recognised when the Group has a present obligation (legal and constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

## 4.16. FAIR VALUE MEASUREMENT

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

# NOTES TO THE FINANCIAL STATEMENTS

If there is no quoted price in an active market then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

## 4.17. OTHER INCOME

Other income is recognised on an accrual basis. Net gains and losses of a revenue nature on the disposal of property, plant & equipment and other non-current assets including investment have been accounted for in the profit or loss for the year, having deducted from proceeds on disposal, the carrying amount of the assets and related expenses.

Dividends are recognised as other income in the Statement of Profit or Loss when the right of payment has been established. Rental Income, Service Income and Commission Income are also included in the other income.

Gains and losses arising from incidental activities to main revenue-generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

## 4.18. EXPENDITURE RECOGNITION

All expenditure incurred in running the business and in maintaining the capital assets in a state of efficiency have been charged to profit or loss for the year.

Expenditure incurred for the purpose of acquiring and extending 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 has been treated as capital expenditure.

## 4.19. BORROWING COSTS

Borrowing costs are recognised as an expense in profit and loss in the period in which they are incurred, except to the extent that they are attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. The amount of borrowing costs to be capitalised is determined in accordance with LKAS 23 - Borrowing Costs.

## 4.20. RELATED PARTY TRANSACTIONS

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged or not.

## 4.21. SEGMENTAL 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 Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Segmental results assets and liabilities include items directly attributable to segment as well as these can be allocated on a reasonable basis.

## 4.22. STATEMENT OF CASH FLOWS

Interest received and dividends received are classified as investing cash flows, while dividend paid and interest paid, is classified as operating cash flows for the purpose of presentation of statement of cash flows which has been prepared using the 'indirect method'.

## 4.23. STATED CAPITAL

### 4.23.1. ORDINARY SHARES

Ordinary shares are classified as equity. As per the Companies Act No. 07 of 2007, section 58(1), stated capital in relation to a Company means the total of all amounts received by the Company or due and payable to the Company in respect of the issue of shares and in respect of call in arrears.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

#### 4.23.2. PREFERENCE SHARES

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlements in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

#### 4.24. EARNINGS PER SHARE

The Group presents basic earnings per share 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.

#### 4.25. CASH & CASH EQUIVALENTS

Cash and Cash equivalents comprise cash on hand, together with other short-term, highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

#### 4.26. MOVEMENT OF RESERVES

Movements of reserves are disclosed in the statement of changes in equity.

#### 4.27. COMPARATIVE FIGURES

Where necessary comparative figures have been reclassified to conform to the current year's presentation.

#### 4.28. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital commitments and contingent liabilities of the Group are disclosed in the respective Notes to the financial statements.

#### 4.29. EVENTS OCCURRING AFTER THE REPORTING DATE

The materiality of the events occurring after the statement of financial position date is considered and appropriate adjustments to or disclosures are made in the financial statements, where necessary.

## 5. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning on or after 01st April 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/LKASs) that are effective for annual periods beginning after the current financial year. Accordingly, the Group has not early in preparing these Financial Statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements:

#### CLASSIFICATIONS OF LIABILITIES AS CURRENT OR NON-CURRENT AND NON-CURRENT LIABILITIES WITH COVENANTS (AMENDMENTS TO LKAS 1)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non current, and require new disclosures for non current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 01st January 2024. There is no potential impact for the amendments on the classification of these liabilities and the related disclosures.

#### SUPPLIER FINANCE ARRANGEMENTS (AMENDMENT TO LKAS 1 AND SLFRS 7)

These amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effect of these arrangement on an entity's liabilities and cash flows and on an entity's exposure to the liquidity risk. The amendments apply for the annual period beginning on or after 1st January 2024.

#### LEASE LIABILITY IN A SALES AND LEASE LEASEBACK (AMENDMENT TO SLFRS 16)

The amendments specifically affect seller-lessee accounting in sale and leaseback transactions that qualify as a sale under SLFRS 15, especially those involving variable lease payments not based on an index or rate. They modify how a seller-lessee accounts for these leasebacks, preventing recognition of gains on retained rights of use due to lease term modifications or changes, which previously could occur when variable payments not defined as "lease payments" were excluded. The amendment applies retrospectively to annual reporting periods beginning on or after 1st January 2024.

#### OTHER STANDARDS

The following new and amended standards are not expected to have a significant impact on the Financial Statements.

- Presentation and disclosure of Financial Statements (SLFRS 18)
- Subsidiaries without Public Accountability (SLFRS 19)
- General Requirements for Disclosure of Sustainability related Financial Information (SLFRS S1)
- Climate-related Disclosures (SLFRS S2)

# NOTES TO THE FINANCIAL STATEMENTS

## 6. REVENUE

For the Year Ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue from Sale of Goods	41,641,170	36,223,326	11,428,801	9,538,892
Revenue from Rendering of Services	412,764	406,988	-	-
Other Services	2,000	2,000	-	-
	42,055,934	36,632,314	11,428,801	9,538,892
Less: Turnover Related Taxes	(4,882,595)	(3,412,230)	(1,726,863)	(1,139,820)
Net Revenue	37,173,339	33,220,084	9,701,938	8,399,072
Less: Intra Group Sales	(11,351,245)	(9,877,655)	-	-
	25,822,094	23,342,429	9,701,938	8,399,072

### REPORTABLE SEGMENT REVENUE

Refer note 31 for the details of operating segments.

## 7. OTHER INCOME

For the Year Ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gain/(Loss) on Disposal of Property, Plant and Equipment	6,433	(83)	2,768	(300)
Rental Income & Service Income	11,385	10,752	12,960	12,327
Profit on Disposal of Financial Assets classified as FVOCI	-	51,681	-	16,781
Commission Income	15,674	8,522	-	-
Amortisation of Deferred Income and Capital Grants	260	260	260	260
Sundry Income	131,454	107,065	25,397	22,452
Dividend Income	70,260	1,394	382,567	403,163
	235,466	179,591	423,952	454,683

### 7.1. GAIN FROM BARGAIN PURCHASE

Gain from Bargain Purchase of BlueScope Lysaght Lanka (Pvt) Ltd (Note 16.2.1)	169,792	-	-	-
---	---------	---	---	---

## 8. NET FINANCE EXPENSES

### 8.1. FINANCE INCOME

For the Year Ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest Income	129,094	173,860	21,470	71,243
Commission on Corporate Guarantees	27,999	21,453	72,781	37,202
Gain on Translation of Foreign Currency	81,765	2,111	-	-
Reversal of Impairment on Debt Securities	-	9,540	-	-
	238,858	206,964	94,251	108,445

### 8.2. FINANCE EXPENSES

For the Year Ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest on Overdrafts and Trust Receipt Loans	1,040,562	1,228,056	515,038	658,270
Interest on Term Loans	424,647	377,482	285,885	350,581
Impairment Loss/(Reversal) on Financial Assets Measured at Amortised Cost (Note 16.4.1.2)	(47,573)	(16,077)	(38,364)	5,973
Interest on Lease Liabilities (Note 23.4)	46,096	35,014	44,135	45,542
Guarantee Charges	4,440	185	197	257
Loss on Translation of Foreign Currency	6,598	486,699	-	33,239
	1,474,770	2,111,359	806,891	1,093,862
<b>NET FINANCE EXPENSES</b>	<b>(1,235,912)</b>	<b>(1,904,395)</b>	<b>(712,640)</b>	<b>(985,417)</b>

## 9. PROFIT BEFORE TAX

Profit before tax is stated after charging all expenses including the following:

For the Year Ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Auditors' Remuneration				
KPMG	19,128	11,640	6,325	5,200
Other Auditors	3,767	3,237	-	-
Fees Paid to Auditors for Non-Audit Services				
KPMG	5,608	1,054	3,665	541
Other Auditors	1,314	1,306	-	-
Depreciation on Property, Plant and Equipment	339,019	246,810	171,019	133,352
Amortisation of Right of Use Assets	66,339	43,075	30,700	21,325
Amortisation of Intangible Assets	4,287	15,808	1,188	12,350

# NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Impairment (Reversal)/Provision of Trade Receivables and Amounts due from Related Companies	(63,013)	62,957	121,992	30,121
Impairment (Reversal)/Provision of Financial Assets Measured at Amortised Cost	(47,573)	(16,077)	(38,364)	5,973
Impairment Provision/(Reversal) of Inventories	37,893	(35,571)	(451)	23,050
Donations	613	297	310	122
Staff Cost (Note 9.1)	2,406,043	1,791,759	907,836	726,351

## 9.1. STAFF COST

For the Year Ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Wages and Salaries	1,618,910	1,206,951	520,894	426,047
Defined Contribution Plan Cost - MSPS/EPF/ETF	274,054	213,238	78,826	62,218
Defined Benefit Plan Cost - Retiring Gratuity	257,890	168,606	175,730	115,282
Other Staff Cost	158,298	110,604	54,502	42,020
Bonus	96,891	92,360	77,884	80,784
	2,406,043	1,791,759	907,836	726,351

## 10. INCOME TAX EXPENSE

For the Year Ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>10.A. AMOUNT RECOGNISED IN PROFIT/(LOSS)</b>				
<b>CURRENT TAX EXPENSE</b>				
Income Tax on Profit for the year (Note 10.1)	373,369	471,834	153,014	77,508
(Over)/Under Provision of Current Tax of previous years	(79,051)	(8,623)	(29,186)	(8,948)
Economic Service Charge written-off	-	1,547	-	-
	294,318	464,758	123,828	68,560
<b>DEFERRED TAX EXPENSE</b>				
Origination/(Reversal) of Temporary Differences (Note 25.1/25.2)	91,809	(237,426)	137,237	(256,118)
Due to increase in the Income Tax rate	-	62,700	-	20,066
	91,809	(174,726)	137,237	(236,052)
<b>TOTAL INCOME TAX EXPENSE IN PROFIT OR LOSS</b>	386,127	290,032	261,065	(167,492)

For the Year Ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>10.B. AMOUNT RECOGNISED IN OCI</b>				
Deferred Tax Expense on Equity investments at FVOCI - net change in fair value	(103,903)	233,823	(85,163)	34,301
Deferred Tax Expense/(Reversal) on Remeasurement of Retirement Benefit Obligations	22,605	(40,754)	53,783	(32,525)
Deferred Tax Reversal on changes in tax rates	-	397,274	-	366,382
<b>TOTAL DEFERRED TAX EXPENSE IN OCI</b>	<b>(81,298)</b>	<b>590,343</b>	<b>(31,380)</b>	<b>333,858</b>

#### 10.1. RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSE

For the Year Ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit Before Tax	666,907	1,800,039	742,068	601,233
Aggregate Disallowable Income	(528,151)	(124,490)	(382,565)	(73,099)
Aggregate Disallowable Expenses	1,799,648	2,499,206	1,101,921	1,544,511
Aggregate Allowable Expenses	(566,317)	(2,798,478)	(951,378)	(2,236,801)
Aggregate Tax Losses from Business	145,694	697,406	-	585,803
Consolidation Adjustment	(169,792)	-	-	-
Tax Deductible Expenses	(145,639)	-	-	-
Exempt Under Section 13	(109,260)	-	-	-
Taxable Profit from Business	1,093,090	2,073,683	510,046	421,647
Income from Other Sources	123,638	124,490	382,565	73,099
Total Statutory Income	1,216,728	2,198,173	892,611	494,746
Tax Losses Claimed	(49,121)	(218,236)	(382,565)	-
Total Taxable Income	1,167,607	1,979,937	510,046	494,746
Income Tax @ 30%	350,282	179,739	153,014	-
Income Tax @ 24%	-	216,804	-	12,226
Income Tax @ 18%	-	14,170	-	14,170
Income Tax @ 14%	-	51,187	-	51,112
Tax on Dividend Income	23,087	9,934	-	-
Income Tax on Profits for the Year	373,369	471,834	153,014	77,508

#### EFFECTIVE TAX RATE

For the Year Ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	Effective tax rate	57.90%	16.11%	35.18%
Effective tax rate (Excluding deferred tax)	44.13%	25.82%	16.69%	11.40%

# NOTES TO THE FINANCIAL STATEMENTS

## 10.1.1. RECONCILIATION OF TAX LOSSES

For the Year Ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the beginning of the year	828,160	475,121	585,803	-
Adjustments	(449,713)	(126,131)	(202,238)	-
Tax Loss utilised during the year	(49,121)	(218,236)	(382,565)	-
Tax Loss for the year	145,694	697,406	-	585,803
Balance at the end of the year	475,020	828,160	-	585,803

## 10.2. TAXATION RATES

As per the latest amendments to the Inland Revenue Act No. 24 of 2017 reading together with the Institute of Chartered Accountants of Sri Lanka (ICASL) guideline on application of tax rates, the tax rate given in the Inland Revenue (Amendment) Act No.10 of 2021 has been considered to be substantially enacted as at reporting date for current tax and deferred tax computations for the year ended 31st March 2024. Accordingly, E.B. Creasy & Company PLC & its subsidiaries is liable to an income tax rate of 30% for the year ended 31st March 2024, except Ceyflex Rubber Limited.

In accordance with the agreement entered into with BOI under Section 17 of the BOI Act No. 04 of 1978, the profits of Ceyflex Rubber Ltd is exempted from income tax for a period of seven years starting from the year in which the enterprise commence to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations, whichever year is earlier. After the expiration of above tax exemption period, the profits and income of the enterprise shall be charged at 10% for a period of two years. After the expiration of the aforesaid concessionary tax period, profits and income of the enterprise shall be charged for any year of assessment at a rate of 15% or at such rate that may prevail under the Inland Revenue Law, whichever is less.

## 10.3. REVALUATION SURPLUS ON FREEHOLD LAND

As per section 6 and Chapter IV of the Inland Revenue Act No. 24 of 2017, freehold lands used for business or investment purpose would be liable to tax at the time of realisation. Accordingly, deferred tax is recognised on the revaluation surplus of freehold lands which are treated as capital assets used in the business for tax purposes.

Freehold lands which are treated as investment assets for tax purposes would not be considered for deferred tax, since the Act required the deemed cost of the assets to be equal to market value as at 30th September 2017.

## 10.4. TAX LOSS CARRIED FORWARD

As per the Gazette notification issued in relation to Transitional Provisions, any unclaimed tax losses carried forward under the Inland Revenue Act No. 10 of 2006 and amendments thereto are deemed to be losses incurred in the Year of Assessment 2018/19 and will be carried forward as per the provisions of the Inland Revenue Act No. 24 of 2017 and amendments thereto. Further, the Section 19 of the Inland Revenue Act No. 24 of 2017 and amendments thereto stipulate that, any unrelieved tax losses can be carried forward for 6 years, from the year of assessment of such losses had been incurred.

## 10.5. DEFERRED TAXATION

Deferred tax (30%) has been computed by using applicable tax rates liable for income tax for the Company and its subsidiaries substantially enacted as at the reporting date.

## 11. EARNINGS PER SHARE/DIVIDEND PER SHARE

### 11.1. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares in issue during the year.

For the Year Ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
Profit Attributable to the Equity Holders of the Parent (Rs. '000)	195,213	1,513,022	481,003	768,725
Weighted Average Number of Ordinary Shares (No. '000)	253,546	253,546	253,546	253,546
Earnings per Share (Rs.)	0.77	5.97	1.90	3.03

### 11.2. DILUTED EARNINGS PER SHARE

There were no potentially dilutive ordinary shares outstanding at any time during the year.

### 11.3. DIVIDEND PER SHARE

For the Year Ended 31st March	GROUP		COMPANY	
	2024	2023	2024	2023
Total Dividend Paid (Rs. '000)	380,319	253,546	380,319	253,546
Number of Ordinary Shares (No. '000)	253,546	253,546	253,546	253,546
Dividend per Share (Rs.)	1.50	1.00	1.50	1.00

# NOTES TO THE FINANCIAL STATEMENTS

## 12. PROPERTY, PLANT AND EQUIPMENT

### 12.1. GROUP

	Land Rs.'000	Buildings Rs. '000	Plant & Machinery Rs. '000
<b>Cost</b>			
Balance as at 1st April 2022	4,333,802	879,656	2,089,731
Additions during the year	-	28,658	275,080
Disposals during the year	-	-	-
Transfers during the year	-	43,354	901,618
<b>Balance as at 31st March 2023</b>	<b>4,333,802</b>	<b>951,668</b>	<b>3,266,429</b>
Balance as at 1st April 2023	4,333,802	951,668	3,266,429
Additions during the year	-	396,024	356,020
Acquisition through Business Combination	-	19,605	192,247
Transferred from Investment Property	2,800	-	-
Disposals during the year	-	-	(1,401)
<b>Balance as at 31st March 2024</b>	<b>4,336,602</b>	<b>1,367,297</b>	<b>3,813,295</b>
<b>Accumulated Depreciation</b>			
Balance as at 1st April 2022	-	290,732	1,277,680
Depreciation charge for the year	-	42,955	152,138
Disposals during the year	-	-	-
<b>Balance as at 31st March 2023</b>	<b>-</b>	<b>333,687</b>	<b>1,429,818</b>
Balance as at 1st April 2023	-	333,687	1,429,818
Depreciation charge for the year	-	51,377	206,840
Acquisition through Business Combination	-	13,195	101,474
Disposals during the year	-	-	(1,110)
<b>Balance as at 31st March 2024</b>	<b>-</b>	<b>398,259</b>	<b>1,737,022</b>
<b>Provision for Impairment</b>			
Balance as at 1st April 2022	-	-	9,356
Written off during the year	-	-	(1,380)
<b>Balance as at 31st March 2023</b>	<b>-</b>	<b>-</b>	<b>7,976</b>
Balance as at 1st April 2024	-	-	7,976
Written Off during the year	-	-	-
<b>Balance as at 31st March 2024</b>	<b>-</b>	<b>-</b>	<b>7,976</b>
<b>Carrying Amount</b>			
<b>As at 31st March 2024</b>	<b>4,336,602</b>	<b>969,038</b>	<b>2,068,297</b>
As at 31st March 2023	4,333,802	617,981	1,828,635

Motor Vehicles Rs. '000	Furniture and Fittings Rs. '000	Motor Vehicles Rs. '000	Work-in-Progress Rs. '000	Total Rs. '000
285,102	491,718	-	393,415	8,473,424
10,999	66,285	-	1,448,875	1,829,897
-	(33,663)	-	-	(33,663)
-	30,591	-	(975,563)	-
296,101	554,931	-	866,727	10,269,658
296,101	554,931	-	866,727	10,269,658
5,858	324,704	-	(557,091)	525,515
2,449	32,689	-	-	246,990
-	-	-	-	2,800
(1,300)	(2,127)	-	-	(4,828)
<b>303,108</b>	<b>910,197</b>	<b>-</b>	<b>309,636</b>	<b>11,040,135</b>
247,182	357,412	-	-	2,173,006
10,746	40,971	-	-	246,810
-	(25,472)	-	-	(25,472)
257,928	372,911	-	-	2,394,344
257,928	372,911	-	-	2,394,344
10,188	70,614	-	-	339,019
2,449	32,258	-	-	149,376
-	(2,879)	-	-	(3,989)
<b>270,565</b>	<b>472,904</b>	<b>-</b>	<b>-</b>	<b>2,878,750</b>
-	571	-	1,691	11,618
-	-	-	-	(1,380)
-	571	-	1,691	10,238
-	571	-	1,691	10,238
-	-	-	-	-
-	<b>571</b>	<b>-</b>	<b>1,691</b>	<b>10,238</b>
<b>32,543</b>	<b>436,722</b>	<b>-</b>	<b>307,945</b>	<b>8,151,147</b>
38,173	181,449	-	865,036	7,865,076

# NOTES TO THE FINANCIAL STATEMENTS

## 12.2. COMPANY

	Land Rs. '000	Buildings Rs. '000	Plant and Machinery Rs. '000	Motor Vehicles Rs. '000	Factory Equipment Rs. '000
<b>Cost</b>					
Balance as at 1st April 2022	3,741,635	558,806	1,246,919	127,452	33,226
Additions during the year	-	18,378	262,167	149	2,865
Disposals during the year	-	-	-	-	-
Transfers during the year	-	22,359	99,332	-	-
<b>Balance as at 31st March 2023</b>	<b>3,741,635</b>	<b>599,543</b>	<b>1,608,418</b>	<b>127,601</b>	<b>36,091</b>
Balance as at 1st April 2023	3,741,635	599,543	1,608,418	127,601	36,091
Additions during the year	-	7,368	187,801	1,106	13,473
Disposals during the year	-	-	-	(650)	-
Balance as at 31st March 2024	<b>3,741,635</b>	<b>606,911</b>	<b>1,796,219</b>	<b>128,057</b>	<b>49,564</b>
<b>Accumulated Depreciation</b>					
Balance as at 1st April 2022	-	209,867	862,241	116,409	20,027
Depreciation charge for the year	-	29,028	87,149	4,275	3,010
Disposals during the year	-	-	-	-	-
<b>Balance as at 31st March 2023</b>	<b>-</b>	<b>238,895</b>	<b>949,390</b>	<b>120,684</b>	<b>23,037</b>
Balance as at 1st April 2023	-	238,895	949,390	120,684	23,037
Depreciation charge for the year	-	30,498	120,019	4,427	4,315
Disposals during the year	-	-	-	(650)	-
<b>Balance as at 31st March 2024</b>	<b>-</b>	<b>269,393</b>	<b>1,069,409</b>	<b>124,461</b>	<b>27,352</b>
<b>Provision for Impairment</b>					
Balance as at 1st April 2022	-	-	1,408	-	-
<b>Balance as at 31st March 2023</b>	<b>-</b>	<b>-</b>	<b>1,408</b>	<b>-</b>	<b>-</b>
Balance as at 1st April 2023	-	-	1,408	-	-
<b>Balance as at 31st March 2024</b>	<b>-</b>	<b>-</b>	<b>1,408</b>	<b>-</b>	<b>-</b>
<b>Carrying Amount</b>					
<b>As at 31st March 2024</b>	<b>3,741,635</b>	<b>337,518</b>	<b>725,402</b>	<b>3,596</b>	<b>22,212</b>
As at 31st March 2023	3,741,635	360,648	657,620	6,917	13,054

### Impairment Provision

During 2014/15, the Company made a provision of Rs. 1.4 Mn for impairment of mosquito coil manufacturing machinery at Homagama factory.

During 2019/20, the Company made a provision of Rs.1.69 Mn for impairment of capital work in progress.

Impairment provisions were recognised as the assets were not in the intended physical condition to generate expected future cash flows.

Recoverable values for determination of above impairment provisions were based on fair value less costs to sell by reference to the market values.

Office Equipment Rs. '000	Lab Equipment Rs. '000	Computers Rs. '000	Furniture and Fittings Rs. '000	Work-In Progress Rs. '000	Total Rs. '000
38,073	11,995	97,810	30,195	133,159	6,019,270
2,170	1,243	11,511	190	5,494	304,167
-	-	(904)	-	-	(904)
-	-	-	-	(121,691)	-
40,243	13,238	108,417	30,385	16,962	6,322,533
40,243	13,238	108,417	30,385	16,962	6,322,533
3,144	2,096	11,911	216	175,345	402,460
-	-	(804)	-	-	(1,454)
<b>43,387</b>	<b>15,334</b>	<b>119,524</b>	<b>30,601</b>	<b>192,307</b>	<b>6,723,539</b>
33,355	11,179	82,891	22,306	-	1,358,275
1,156	630	6,655	1,449	-	133,352
-	-	(604)	-	-	(604)
34,511	11,809	88,942	23,755	-	1,491,023
34,511	11,809	88,942	23,755	-	1,491,023
1,430	821	8,133	1,376	-	171,019
-	-	(442)	-	-	(1,092)
<b>35,941</b>	<b>12,630</b>	<b>96,633</b>	<b>25,131</b>	<b>-</b>	<b>1,660,950</b>
-	-	-	-	1,691	3,099
-	-	-	-	1,691	3,099
-	-	-	-	1,691	3,099
-	-	-	-	<b>1,691</b>	<b>3,099</b>
<b>7,446</b>	<b>2,704</b>	<b>22,891</b>	<b>5,470</b>	<b>190,616</b>	<b>5,059,490</b>
5,732	1,429	19,475	6,630	15,271	4,828,411

# NOTES TO THE FINANCIAL STATEMENTS

## 12.3. CAPITAL WORK IN PROGRESS

Capital Work-in-Progress of Rs. 310 Mn in the Group Financial Statements include a sum of Rs. 86 Mn attributable to Laxapana Batteries PLC.

During the year, Laxapana Batteries PLC transferred commissioned roof-top solar power plants amounting to Rs.231.4 Mn (2023 - Rs. 30.38 Mn) from the Capital Work in progress to Property, Plant and Equipment.

**12.4** Each company in the Group has evaluated both internal and external indicators of impairment of long lived assets and has not identified presence of any of impairment indicators as at the reporting date.

**12.5.** Property, Plant and Equipment pledged as securities in obtaining loans have been disclosed in Note 23 to these Financial statements.

**12.6.** The cost of fully depreciated Property, Plant and Equipment of the Group, which are still in use as at 31st March 2024 is Rs.1,354 Mn (31st March 2023 – Rs.1,278 Mn).

The cost of fully depreciated assets of the Company amounts to Rs 954 Mn (31st March 2023 – Rs.862 Mn).

**12.7.** During the year under review, the Group has capitalised any borrowing cost amounting to Rs. 115.8 Mn (2022/23- Rs.49.Mn).

## 12.8. IMPAIRMENT

In light of current operational and economic conditions, the Group has reassessed the expected future business performance relating to Property,Plant and Equipment, where the management has concluded that the recoverable values exceed its carrying values.

**12.9. THE PORTFOLIO OF LANDS OWNED BY GROUP COMPANIES ARE AS FOLLOWS**

Company Name	Location	Extent Perches	Name of the Valuer	No. of Buildings	Effective Date of the Latest Revaluation	As at 31st March 2024			As at 31st March 2023			
						Carrying Amount of Land under cost model Rs.' 000	Carrying Amount under revaluation model Fair Value Hierarchy Rs.' 000	Market Value of Land Rs.' 000	Carrying Amount of Land under cost Model Rs.' 000	Carrying Amount of Land under revaluation model Fair Value Hierarchy Rs.' 000	Market Value of Land Rs.' 000	
E.B. Creasy & Company PLC	No.98, Sri Sangaraja Mawatha, Colombo 10	238	Mr. P. P.T. Mohideen Independent Chartered Valuer	2	31.03.2022	100	3,217,500	Level 3	100	3,217,500	Level 3	3,217,500
E.B. Creasy & Company PLC	No. 55, Maguruwila Road, Gonawala, Sapugaskanda.	868	Mr. P. P.T. Mohideen Independent Chartered Valuer	3	31.03.2022	541,044	524,135	Level 3	541,044	524,135	Level 3	524,135
Candy Delights Limited	No.26, Agaradaguru Mawatha, Ekala, Ja-Ela	160	Mr. P.B. Kalugalagedara Independent Chartered Valuer	1	31.03.2022	32,000	84,000	Level 3	32,000	84,000	Level 3	84,000
Laxapana Batteries PLC	No.398, Awissawella Road, Panagoda, Homagama	577	Mr. P. P.T. Mohideen Independent Chartered Valuer	3	31.03.2022	103,256	508,167	Level 3	103,256	508,167	Level 3	508,167

# NOTES TO THE FINANCIAL STATEMENTS

## 12.10. SENSITIVITY ANALYSIS

Possible changes at the reporting date to one of the significant unobservable inputs, holding the other inputs constant, would have the following impacts.

Market price per perch (10% movement)	Market Price Per Perch as at 31st March 2024 Rs.' 000	Impact on the carrying value of Land	
		Increase +10% of Market Price Per Perch Rs.' 000	Decrease -10% of Market Price Per Perch Rs.' 000
E.B. Creasy & Company PLC - Colombo 10	13,519	321,750	(321,750)
E.B. Creasy & Company PLC - Sapugaskanda	604	52,414	(52,414)
Candy Delights Limited - Ekala	525	8,400	(8,400)
Laxapana Batteries PLC - Homagama	881	50,817	(50,817)

## MARKET COMPARABLE METHOD

This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location, and condition of specific property. In this process, outlier transactions, indicative of particularly motivated buyers or sellers are too compensated for, since the price may not adequately reflect the fair market value.

	GROUP	COMPANY
	31.03.2024	31.03.2024
	Rs. '000	Rs. '000
Land	4,336,602	3,741,635
Total	4,336,602	3,741,635

**12.11.** All above revaluations are based on market values and the valuations were carried out on 31st March 2022 by independent chartered valuers.

**12.12.** A land area of 27.63 perches belonging to Laxapana Batteries PLC has been gazetted to be acquired by the Government. The company made a claim on 28.04.2016 for Rs.218.6 Mn, which includes the compensation for the said 27.63 perches of land, 3,885 cubic feet of retaining wall and other miscellaneous items. No adjustment has been made in the financial statements, pending finalisation of the claim.

**12.13.** There were no material contractual commitments for acquisition of property plant and equipment and no idle assets as at the reporting date.

## 13. INVESTMENT PROPERTY

	GROUP	
	31.03.2024	31.03.2023
	Rs. '000	Rs. '000
<b>Deemed Cost</b>	-	-
At the beginning of the year	2,800	2,800
At the end of the year	2,800	2,800
Transferred to PPE	(2,800)	-
Carrying Amount	-	2,800

Laxapana Batteries PLC, a subsidiary of the Company, transferred a land of 0A-0R-07P to investment property during the year 2018/19, because the land was regarded as held for capital appreciation.

Immediately before the transfer, the Company remeasured the property at fair value and recognised a gain of Rs.1,581,293 in OCI and transferred the same to Investment Property at a fair value of Rs.2,800,000. During the year this was transferred to PPE.

## 14. RIGHT OF USE ASSETS

	GROUP		COMPANY	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
<b>Cost</b>				
At the beginning of the year	282,358	209,158	394,671	299,131
Reassessment	86,013	47,273	7,680	69,613
Acquisition through Business Combination	59,469	-	-	-
Additions during the year	83,246	25,927	-	25,927
At the end of the year	511,086	282,358	402,351	394,671
<b>Amortisation</b>				
At the beginning of the year	103,743	60,668	69,208	47,883
Acquisition through Business Combination	29,733	-	-	-
Amortisation during the year	66,339	43,075	30,700	21,325
At the end of the year	199,815	103,743	99,908	69,208
Carrying Amount	311,271	178,615	302,443	325,463

## 15. INTANGIBLE ASSETS

	Note	GROUP		COMPANY	
		31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Goodwill	15.1	189,361	189,361	-	-
Trade Mark	15.2	-	1,432	-	-
Software	15.3	7,306	5,541	3,435	2,519
		196,667	196,334	3,435	2,519

### 15.1. GOODWILL

This represents the excess of the cost of acquisition over the net assets of the following companies. The aggregate of carrying amount of goodwill allocated to each company is as follows:

Name of the Subsidiary	GROUP	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Muller & Phipps (Ceylon) PLC	146,628	146,628
Laxapana Batteries PLC	6,605	6,605
Lanka Special Steels Limited	36,128	36,128
	189,361	189,361

# NOTES TO THE FINANCIAL STATEMENTS

## 15.1.1. RECOVERABLE VALUES ESTIMATED

Methods used in estimating recoverable amounts are given below

The recoverable amounts of Laxapana Batteries PLC was based on fair value less costs of disposal. The fair value measurement was categorized as a Level 01 fair value based on the inputs in valuation technique used.

Muller & Phipps (Ceylon) PLC and Lanka Special Steels Limited were assessed based on value in use estimated using discounted future cash flows from investments. The fair value measurement was categorized as a Level 03 fair value based on the inputs in valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry and have based on historical data from both external and internal sources.

Investee	Significant unobservable inputs	Value of the input
Muller & Phipps (Ceylon) PLC	Average Growth Rate	10% for first 5 years and 3% terminal growth rate
	GP Margin	27%
	EBITDA Margin	8.4%
	Discount Rate	19.0% - 23.1%
	Term	5 years (terminal value thereafter)
Lanka Special Steels Limited	Average Growth Rate	10% for first 5 years and 5% terminal growth rate
	GP Margin	13.5% - 17.0%
	EBITDA Margin	7.8% - 11.3%
	Discount Rate	18.3% - 22.7%
	Term	5 years (terminal value thereafter)

The estimated recoverable amount of Muller & Phipps (Ceylon) PLC & Lanka Special Steels Limited exceeded its carrying amount by approximately Rs. 140 Mn (2023 - Rs. 9 Mn) & Rs. 47 Mn (2023 - Rs. 702 Mn) respectively. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount.

The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal recoverable amount	
	Muller & Phipps (Ceylon) PLC	Lanka Special Steels Limited
Discount Rate	169.6%	18.9%
Terminal Growth Rate	-54.6%	-10.0%

## 15.2. TRADE MARK

	GROUP		COMPANY	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
<b>Cost</b>				
At the beginning of the year	91,955	91,955	70,000	70,000
At the end of the year	91,955	91,955	70,000	70,000
<b>Amortisation</b>				
At the beginning of the year	90,523	76,343	70,000	58,422
Amortisation for the period	1,432	14,180	-	11,578
At the end of the year	91,955	90,523	70,000	70,000
<b>Carrying Amount</b>	-	1,432	-	-

### 15.2.1. TRADE MARK

During the financial year 2015/2016, Darley Butler & Company Limited acquired the agency rights of Intas Pharmaceuticals Limited for Rs.13,000,000 which was amortised over 03 Years.

During the financial year 2019/2020, E.B. Creasy & Co. PLC paid an amount of Rs.70,000,000 to Lankem Ceylon PLC for acquisition of Lankem consumer brands which was amortised over 03 Years.

During the financial year 2020/2021, an amount of Rs. 7,804,878 was paid to Brown & Company PLC to acquire the agency rights of Unosource Pharma Limited by Darley Butler & Co. Limited and the same was amortised over 03 Years.

The Company paid an amount of Rs. 1,150,000 to Adamjee Pharma (Private) Limited to acquire the agency right of Navana Pharmaceuticals Limited during the financial year 2008/09 and the same was amortised over 03 Years.

## 15.3. SOFTWARE

	GROUP		COMPANY	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
<b>Cost</b>				
At the beginning of the year	91,451	87,389	75,411	73,605
Additions during the year	4,620	4,062	2,104	1,806
At the end of the year	96,071	91,451	77,515	75,411
<b>Amortisation</b>				
At the beginning of the year	85,910	84,282	72,892	72,120
Amortisation during the year	2,855	1,628	1,188	772
At the end of the year	88,765	85,910	74,080	72,892
<b>Carrying Amount</b>	7,306	5,541	3,435	2,519

# NOTES TO THE FINANCIAL STATEMENTS

## 16. INVESTMENTS

### 16.1. INVESTMENTS IN SUBSIDIARIES

Principal Place of Business	COMPANY									
	31.03.2024					31.03.2023				
	No. of Shares	Company/ Group Holding %	Cost as at 31.03.2024 Rs. '000	Market Value Rs. '000	No. of Shares	Company/ Group Holding %	Cost as at 31.03.2023 Rs. '000	Market Value Rs. '000		
No 98, Sri Sangaraja Mawatha, Colombo 10										
Quoted Investments										
Laxapana Batteries PLC	45,212,378	68.27	510,579	723,398	45,212,378	68.27	510,579	592,282		
Muller & Phipps (Ceylon) PLC	145,061,773	51.26	189,385	159,568	145,061,773	51.26	189,385	174,074		
			699,964	882,966			699,964	766,356		
Unquoted Investments										
Darley Butler & Co. Limited	9,999,964	100	952,865	-	9,999,964	100	952,865	-		
Candy Delights Limited	1,384,450	100	107,233	-	1,384,450	100	107,233	-		
Filmpak Limited	150,000	100	1,500	-	150,000	100	1,500	-		
Group Three Associates (Pvt) Limited	1,200	100	12	-	1,200	100	12	-		
E.B. Creasy Ceylon (Pvt) Limited	143,582	100	24,988	-	143,582	100	24,988	-		
Corporate Systems Limited	10,000	100	100	-	10,000	100	100	-		
E.B. Creasy Logistics Limited	50,000	100	500	-	50,000	100	500	-		
Lanka Special Steels Limited	2,138,657	100	265,116	-	1,823,074	100	265,116	-		
Ceyflex Rubber Limited	7,993,183	100	120,000	-	7,993,183	100	120,000	-		
			1,472,314				1,472,314			
Less: Provision for Fall-in Value in Investment (Note 16.1.2)			(11,856)				(1,612)			
			1,460,458				1,470,702			
			2,160,422				2,170,666			

### 16.1.1. INVESTMENTS WITH SIGNIFICANT NON-CONTROLLING INTEREST

	Laxapana Batteries PLC		Muller & Phipps (Ceylon) PLC	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Percentage holding of Non-Controlling Interest (%)	31.73	31.73	48.74	48.74
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit/(Loss) attributable to Non-Controlling Interest	40,048	48,552	45,519	(51,567)
Other Comprehensive Income/(Expense) attributable to Non-Controlling Interest	(605)	(7,779)	1,674	(4,844)
Total Comprehensive Income/(Expense) attributable to Non - Controlling Interest	39,443	40,773	47,193	(56,411)
Dividend paid to Non-Controlling Interest	31,520	42,026	-	-
<b>Summarised Financial Information</b>				
Non Current Assets	1,396,048	931,874	451,608	106,615
Current Assets	1,329,581	494,686	521,470	355,598
Non Current Liabilities	193,258	163,013	18,411	10,378
Current Liabilities	1,118,718	303,152	361,984	511,572
Revenue	999,524	915,636	765,497	526,850
Profit/(Loss) for the year	126,214	133,998	93,391	(88,304)
Total Comprehensive Income/(Expense) for the year	124,309	134,040	96,825	(98,241)

Principal place of business of Laxapana Batteries PLC and Muller & Phipps (Ceylon) PLC is at No.98, Sri Sangaraja Mawatha, Colombo 10.

### 16.1.2. PROVISION FOR FALL IN VALUE IN INVESTMENTS

The Company has made 100% provision on the investments in Filmpak Limited, Group Three Associates (Pvt) Limited and Corporate Systems Limited as they have reported losses and ceased their operations. Rs.10 Mn for Ceyflex Rubber Limited as the Company has reported losses

### 16.2. GROUP COMPANIES' INVESTMENT IN SUBSIDIARIES

Investor	Investee	% Holding		No. of Shares	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
Muller & Phipps (Ceylon) PLC	Muller & Phipps (Health Care) Limited	100	100	2,033,618	2,033,618
Laxapana Batteries PLC	BlueScope Lysaght Lanka (Pvt) Limited	100	-	10,635,000	-

On 13th March 2024, E.B. Creasy & Co. PLC invested in 250 Mn. preference shares issued by Muller & Phipps (Health Care) Limited at Rs.1.00 per preference share. The total investment was Rs.250 Mn.

On 28th March 2024, Muller & Phipps (Ceylon) PLC invested in 270 Mn. ordinary voting shares of Muller & Phipps (Health Care) Limited at Rs.1.00 per share. The total investment was Rs.270 Mn.

On 15th March 2024, Laxapana Batteries PLC acquired 10,635,000 ordinary voting shares of BlueScope Lysaght Lanka (Pvt) Limited, at Rs.30.09 per share for a total consideration of Rs.320 Mn.

# NOTES TO THE FINANCIAL STATEMENTS

## 16.2.1. ACQUISITION OF BLUESCOPE LYSAGHT LANKA (PVT) LIMITED,

Consideration Transferred	Rs.'000
Investment Cost (Cash)	320,000
Identifiable assets acquired and liabilities assumed	
Property Plant and Equipments (net of depreciation)	97,614
Right of Use Assets	29,734
Deferred Tax Asset	9,918
Inventories	411,623
Trade and other Receivables	230,651
Cash and Cash Equivalents	149,738
Retirement Benefit Obligations	(22,820)
Lease Liabilities	(40,181)
Trade and Other Payable	(65,979)
Loan and Borrowings	(217,847)
Deferred Tax on Fair value Gain	(13,745)
<b>Total Net Assets</b>	<b>568,707</b>
<b>Bargain Purchase arise from the acquisition has been recognized as follows:</b>	
Consideration Transferred (Cash)	(320,000)
Fair value of Net Assets Acquired	568,707
	248,707
Amount Transferred to non-controlling interest	(78,915)
<b>Bargain Purchase</b>	<b>169,792</b>

## MEASUREMENT OF FAIR VALUES

The valuation techniques used for measuring the fair value of material assets were as follows.

Assets Acquired	Valuation Technique
Property, Plant & Equipment	Market comparison technique and cost technique: The valuation model considered market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Inventories	Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated cost of completion and sale and a reasonable profit margin based on the effort required to complete and sell the inventories.

Trade and other receivables comprise gross contractual amounts due of Rs.272 Mn, of which Rs.41 Mn was impaired at the date of acquisition.

### 16.3. OTHER FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group designated the investments shown below as Other Financial Assets measured at Fair Value Through Other Comprehensive Income because the Group intends to hold these investments for strategic purposes.

#### 16.3.1. GROUP

For the Year Ended 31st March	GROUP			
	31.03.2024		31.03.2023	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
<b>Quoted Investments</b>				
York Arcade Holdings PLC	9,000	1,179	9,000	1,280
CM Holdings PLC	95,640	7,690	95,640	6,034
Commercial Development Company PLC	600	68	600	60
DFCC Bank PLC	18,130	1,413	18,130	796
ACME Printing & Packaging PLC (Note 16.3.2.1)	49,979,223	274,886	50,386,811	317,437
Hemas Holdings PLC	-	-	161,053	10,468
Beruwala Resorts PLC	60,000	84	60,000	84
Marawila Resorts PLC	156,188	530	156,188	328
Lankem Ceylon PLC	9,960,133	677,289	9,960,133	753,983
Agarapatana Plantations PLC	29,821,479	220,679	40,952,597	380,116
Kotagala Plantations PLC	10,487,299	65,021	10,487,299	63,973
C. W. Mackie PLC	2,350	223	2,350	192
Sigiriya Village Hotels PLC	61,762	2,804	61,762	3,459
	-	1,251,866		1,538,210
<b>Unquoted Investments</b>				
CBL Investments Limited	5,041,680	705,281	5,041,680	588,808
International Manufacturers Limited	3,300	23	3,300	23
Imperial Hotels Limited	19,825	450	19,825	434
Consolidated Tea Plantations Limited	6,447,026	150,959	-	-
Colombo Fort Hotels Limited	10,620,000	181,153	10,620,000	110,768
		1,037,866		700,033
<b>Investment in Debentures</b>				
Kotagala Plantations PLC (Note 16.3.2.2)	-	20,585	-	12,967
		20,585		12,967
		2,310,317		2,251,210

# NOTES TO THE FINANCIAL STATEMENTS

## 16.3.2. COMPANY

For the Year Ended 31st March	COMPANY			
	31.03.2024		31.03.2023	
	No. of Shares	Market Value Rs. '000	No. of Shares	Market Value Rs. '000
<b>Quoted Investments</b>				
DFCC Bank PLC	18,130	1,413	18,130	796
ACME Printing & Packaging PLC (Note 16.3.2.1)	49,979,223	274,886	50,386,811	317,437
Agarapatana Plantations PLC	26,541,327	196,406	26,541,327	247,100
Lankem Ceylon PLC	9,399,646	639,176	9,399,646	711,554
		1,111,881		1,276,887
<b>Unquoted Investments</b>				
Imperial Hotels Limited	19,825	450	19,825	434
Consolidated Tea Plantations Limited	3,090,927	72,375	-	-
<b>Preference Shares</b>				
Muller & Phipps (Health Care) Limited (Note 16.2)	250,000,000	174,941	-	-
		247,766		434
		1,359,647		1,277,321

**16.3.2.1.** As at the reporting date, Lankem Ceylon PLC (LCL), jointly with E.B. Creasy & Co. PLC (EBC), the parties in concert, holds 77.71% equity stake in ACME Printing & Packaging PLC (ACME). EBC entered into a formal shareholder agreement with LCL, wherein LCL has been granted the authority to act as the immediate parent of ACME on the basis that LCL has the expertise in the packaging industry and currently manages the other subsidiaries in the packaging cluster of the Group.

As per the said agreement, LCL has the power to control the financial and operating policies in ACME and accordingly as per SLFRS 10 "Business Combinations". EBC has not recognised the investment in ACME as a subsidiary and has not consolidated the same in its Group Financial Statements.

**16.3.2.2.** During the year 2014/15, Muller & Phipps (Ceylon) PLC subscribed to following Debentures of Kotagala Plantations PLC with a par value of Rs.100.00 each and renewed the same during the financial year 2020/21.

Category	No. of Debentures	Terms of Debentures	Interest Rate p. a. (payable semi annually)	Maturity
Type C	125,000	06 Years	7.50%	31-Aug-26
Type D	125,000	06 Years	7.50%	30-Sep-26

## 16.4. OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST

### 16.4.1. LOANS DUE FROM RELATED PARTIES

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Term Loans (16.4.1.1)	350,000	135,000	115,460	94,000
Impairment (16.4.1.2)	(13,177)	(60,750)	(3,936)	(42,300)
	336,823	74,250	111,524	51,700

#### 16.4.1.1. TERM LOANS

	Notes	GROUP		COMPANY	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Consolidated Tea Plantations Limited	a	-	135,000	-	45,000
Muller & Phipps (Ceylon) PLC	b	-	-	115,460	-
Muller & Phipps (Health Care) Limited	c	-	-	-	49,000
The Colombo Fort Land & Building PLC	d	350,000	-	-	-
		350,000	135,000	115,460	94,000

#### a) Loan granted to Consolidated Tea Plantations Limited

E.B. Creasy & Co. PLC and Darley Butler & Co. Limited granted collateral-free short term loans of Rs.45 Mn and Rs. 90 Mn respectively to Consolidated Tea Plantations Limited at an interest rate of AWPLR plus 2% per annum payable on demand. From the financial year 2020/21 onwards, the Group terminated recognition of interest income on said loans.

#### b) Loan granted to Muller & Phipps (Ceylon) PLC

During the year, E.B. Creasy & Co. PLC granted a short-term loan of Rs. 115.46 Mn to Muller & Phipps (Ceylon) PLC at an interest rate of AWPLR plus 2%.

#### c) Loan granted to Muller & Phipps (Health Care) Limited

During the financial year 2022/23, E.B. Creasy & Co. PLC granted a collateral-free short-term loan of Rs. 49 Mn to Muller & Phipps (Health Care) Limited at an interest rate of AWPLR plus 2%. This was fully settled during the financial year under review.

#### d) Loan granted to The Colombo Fort Land & Building PLC

During the financial year 2023/24, Darley Butler & Co. Limited, granted an interest bearing loan of Rs. 475 Mn to The Colombo Fort Land & Building PLC which carries an interest rate of AWPLR plus 2%.

#### 16.4.1.2. IMPAIRMENT

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the beginning of the year	60,750	76,827	42,300	36,327
Charge/(Reversals) during the year	(47,573)	(16,077)	(38,364)	5,973
Balance at the end of the year	13,177	60,750	3,936	42,300

### 16.5. OTHER FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Treasury Bond (Note 16.5.1)	-	98,533	-	-
	-	98,533	-	-

**16.5.1.** State Pharmaceuticals Corporation issued a Treasury Bond which carried a maturity date of 15th September 2027 in lieu of settlement of trade receivables to Muller & Phipps (Health Care) Limited. This treasury bond was sold by the company at the prevailing market price during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

## 17. INVENTORIES

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Raw Materials	1,574,772	1,623,882	754,039	1,051,372
Work-in-Progress	60,733	68,855	44,514	46,185
Finished Goods	3,152,281	1,900,401	533,403	644,765
General and Others	30,666	8,574	-	-
Consumable Stocks	160,296	140,133	157,365	136,843
Goods-in-Transit	182,019	1,005,604	175,946	393,472
Right to Recover Returned Goods	55,038	206,911	13,513	15,613
	5,215,805	4,954,360	1,678,780	2,288,250
Impairment of Inventories (Note 17.1)	(144,756)	(106,863)	(50,697)	(51,148)
	5,071,049	4,847,497	1,628,083	2,237,102
<b>17.1. Impairment of Inventories</b>				
Balance at the beginning of the year	106,863	142,434	51,148	28,098
Charge/(Reversals) during the year	37,893	(35,571)	(451)	23,050
Balance at the end of the year	144,756	106,863	50,697	51,148

Inventories amounting to Rs.2,276 Mn (2023- Rs.1,950 Mn) have been pledged together with the trade receivables of the Company and Rs.4,490 Mn (2023 - Rs.3,497 Mn) of the Group, as security for short term loans and import loan facilities obtained from banks

On adoption of SLFRS 15, an asset for right to recover returned goods is recognised in relation to products sold with a right to return.

## 18. AMOUNTS DUE FROM RELATED COMPANIES

### 18.1. AMOUNTS DUE FROM RELATED COMPANIES - TRADE

	Relationship	GROUP		COMPANY	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Darley Butler & Company Limited	Subsidiary	-	-	273,363	603,405
Lankem Ceylon PLC	Affiliate	13,480	4,777	-	-
SunAgro LifeScience Limited	Affiliate	-	1,467	-	-
ACME Printing & Packaging PLC	Affiliate	166,467	130,240	166,467	130,240
Impairment of amounts due from related companies (Note 18.1.1)		(47,517)	(19,769)	(51,356)	(21,178)
		132,430	116,715	388,474	712,467

### 18.1.1. IMPAIRMENT OF AMOUNTS DUE FROM RELATED COMPANIES - TRADE

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the beginning of the year	19,769	39	21,178	5,836
Charge during the year	27,748	19,730	30,178	15,342
Balance at the end of the year	47,517	19,769	51,356	21,178

### 18.2. AMOUNTS DUE FROM RELATED COMPANIES - NON-TRADE

	Relationship	GROUP		COMPANY	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
American Lloyd Travels Limited	Affiliate	-	450	-	450
Kotagala Plantations PLC	Affiliate	26,721	15,473	26,020	14,770
Consolidated Tea Plantations Limited	Affiliate	-	98,733	-	16,876
Lankem Tea & Rubber Plantations (Pvt) Limited	Affiliate	31,039	31,039	-	-
Agarapatana Plantations PLC	Affiliate	16,698	16,698	16,698	16,698
Muller & Phipps (Ceylon) PLC	Subsidiary	-	-	214	-
E.B. Creasy Logistics Limited	Subsidiary	-	-	18,510	93
Muller & Phipps (Health Care) Limited	Subsidiary	-	-	206	8,241
Lanka Special Steels Limited	Subsidiary	-	-	12,713	15,584
Candy Delights Limited	Subsidiary	-	-	23,076	110,138
Ceyflex Rubber Limited	Subsidiary	-	-	253,141	140,542
Lankem Ceylon PLC	Affiliate	55,989	1,516	55,989	-
Marawila Resorts PLC	Affiliate	-	189	-	189
Beruwala Resorts PLC	Affiliate	-	867	-	867
Colombo Fort Group Services (Private) Limited	Affiliate	8,053	988	716	988
Sigiriya Village Hotels PLC	Affiliate	258	603	-	247
York Hotel Management Services Limited	Affiliate	-	144	-	24
ACME Printing & Packaging PLC	Affiliate	14,995	14,995	14,995	14,995
		153,753	181,695	422,278	340,702
Less: Impairment of Amounts due from Related Companies (Note 18.2.1)		(22,478)	(61,358)	(115,424)	(29,513)
		131,275	120,337	306,854	311,189

# NOTES TO THE FINANCIAL STATEMENTS

## 18.2.1. IMPAIRMENT OF AMOUNTS DUE FROM RELATED COMPANIES

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the beginning of the year	61,358	48,756	29,513	14,231
(Reversals)/Charge during the year	(38,880)	12,602	85,911	15,282
Balance at the end of the year	22,478	61,358	115,424	29,513

## 19. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade Receivables - Others	3,910,163	3,042,106	228,260	33,170
Impairment of Trade Receivable (Note 19.1)	(188,673)	(197,408)	(14,292)	(8,389)
	3,721,490	2,844,698	213,968	24,781
Deposits and Prepayments	200,591	74,124	-	-
Employee Advances	28,401	23,767	-	-
Other Tax Recoverables	222,982	184,837	15,021	15,393
Other Receivables	504,153	347,508	48,525	29,218
	4,677,617	3,474,934	277,514	69,392
Refundable Deposit (Non-Current)	7,924	-	-	-

Inventories amounting to Rs.2,276 Mn (2023- Rs.1,950 Mn) have been pledged together with the trade receivables of the Company and Rs.4,490 Mn (2023 - Rs.3,497 Mn) of the Group, as security for short term loans and import loan facilities obtained from banks

## 19.1. IMPAIRMENT OF TRADE RECEIVABLES

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the beginning of the year	197,408	166,783	8,389	8,892
Acquisition through Business Combination	41,146	-	-	-
(Reversals) /Charge during the year	(49,881)	30,625	5,903	(503)
Balance at the end of the year	188,673	197,408	14,292	8,389

## 20. CASH AND CASH EQUIVALENTS

### 20.1. FAVOURABLE BALANCE

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash in Hand	3,322	2,298	2,557	982
Cash at Bank	834,061	850,620	176,239	134,934
Fixed Deposits	121,400	100,000	121,400	100,000
Cash and Cash Equivalents in the Statement of Financial Position	958,783	952,918	300,196	235,916

### 20.2. UNFAVOURABLE BALANCE

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Bank Overdrafts used for Cash Management Purpose (Note 20.2.1)	(887,165)	(1,044,080)	(284,405)	(443,597)
Cash and Cash Equivalents in the Statement of Cash Flows	71,618	(91,162)	15,791	(207,681)

**20.2.1.** The Group's bank overdraft facilities are secured against mortgages over property, shares and stock and book debts.

## 21. STATED CAPITAL

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Issued and Fully Paid				
253,545,800 Ordinary Shares	25,731	25,731	25,731	25,731

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders or one vote per share in the case of a poll.

## 22. CAPITAL RESERVES AND GENERAL RESERVES

### 22.1. GENERAL RESERVE

General reserve is the reserve set aside for general purposes.

### 22.2. REVALUATION RESERVE

The revaluation reserve relates to the surplus (net of tax effect) on revaluation on lands.

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	2,229,960	2,627,234	1,917,202	2,283,584
Deferred Tax Effect on Revaluation Gain due to change in income tax rate	-	(397,274)	-	(366,382)
Balance at the end of the year	2,229,960	2,229,960	1,917,202	1,917,202

# NOTES TO THE FINANCIAL STATEMENTS

## 23. INTEREST-BEARING LOANS AND BORROWINGS

### 23.1. LOANS AND BORROWINGS

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	2,100,883	1,698,053	1,442,298	1,487,170
Obtained during the year	-	795,299	-	179,892
Repayment during the year	(424,202)	(392,469)	(314,953)	(224,764)
Balance at the end of the year	1,676,681	2,100,883	1,127,345	1,442,298
Repayable within one year	(490,203)	(434,432)	(305,491)	(278,041)
Repayable after one year	1,186,478	1,666,451	821,854	1,164,257

### 23.2. AMOUNTS PAYABLE WITHIN ONE YEAR

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short-Term Loans	4,520,118	2,407,595	1,294,292	1,323,803
Current portion of Long Term Loans (Note 23.1)	490,203	434,432	305,491	278,041
Acquisition through Business Combination - Trust Receipt Loan (Note 23.2.1)	217,847	-	-	-
Trust Receipt Loans (Note 23.2.1)	559,445	1,861,180	341,321	1,170,435
	5,787,613	4,703,207	1,941,104	2,772,279

#### 23.2.1. TRUST RECEIPT LOANS

The Company and the Group have obtained following Trust Receipt Loans and were outstanding as at the reporting date.

	GROUP	
	31.03.2024	31.03.2023
	Rs. '000	Rs. '000
E.B. Creasy & Company PLC	341,321	1,170,435
Darley Butler & Company Limited	-	346,479
Laxapana Batteries PLC	108,558	40,472
Muller & Phipps (Health Care) Limited	-	303,794
BlueScope Lysaght Lanka (Pvt) Limited	109,566	-
Acquisition through Business Combination - BlueScope Lysaght Lanka (Pvt) Limited	217,847	-
	777,292	1,861,180

## COMPANY

The Company's trust receipt loans are secured by existing mortgage bonds to banks over the property situated at No. 98, Sri Sangaraja Mawatha, Colombo 10, share investments and stocks in trade and assignment of book debts.

## GROUP

### Darley Butler & Company Limited

Trust receipt loans are secured by existing mortgage bonds to banks over the property situated at Panagoda, Homagama and stocks in trade and assignment of book debts.

### Laxapana Batteries PLC

Trust receipt loans are secured by existing mortgage bonds to banks over the property situated at Panagoda, Homagama and stocks in trade and assignment of book debts.

### Muller & Phipps (Health Care) Limited

Trust receipt loans are secured by existing mortgage bonds to banks over pharmaceutical stocks in trade and assignment of book debts.

### BlueScope Lysaght Lanka (Pvt) Limited

Trust receipt loans are secured by existing mortgage over stocks at Company premises at Sapugaskanda industrial estate.

## 23.3. TERM LOANS

E.B. Creasy & Company PLC have obtained following Long Term Loans:

Company	Lender	31.03.2024 Rs. Mn	31.03.2023 Rs. Mn	Interest Rate p.a	Terms of Repayment	Security
E.B. Creasy & Company PLC	Loan 1	12.87	29.60	AWPLR+3%	Each sub loan to be repaid in 60 monthly installments	Loan agreements for respective sub loan amounts and mortgage over respective machinery imported and installed at the factory premises at Millewa estate Millewa.
	Loan 2	-	1.24	6.0% p.a	71 equal monthly installments of Rs.117,000 and a final installment of Rs.186,000	Term loan Agreement for Rs.8,493,000 and a promissory Note for Rs.8,493,000.
Commercial Bank of Ceylon PLC	Loan 1	257.05	319.00	AWPLR+2.5%	83 equal monthly installments of Rs.4,765,000 each and a final installment Rs.4,505,000	Primary Mortgage Bond executed for Rs. 400 Mn over land called 'Alubogahawatta' and 'Batadombagahawatta', Gonawala.

# NOTES TO THE FINANCIAL STATEMENTS

Company	Lender	31.03.2024 Rs. Mn	31.03.2023 Rs. Mn	Interest Rate p.a	Terms of Repayment	Security
	Bank of Ceylon					
	Loan 1	715.21	855.21	AWPLR+2%	Monthly Installment - 1st to 36th month - Rs. 10,000,000 + Interest  - 36th to 72nd month - Rs. 15,000,000 + Interest  - 72nd to 84th month - Rs. 20,800,000 + Interest	Primary Mortgage over property located at No.98, Sri Sangaraja Mawatha, Colombo 10 owned by E.B. Creasy & Co. PLC.
	Loan 2	85.54	158.93	15.5% p.a	36 equal monthly installments of Rs.5,241,594.	Primary Mortgage over property located at No.98, Sri Sangaraja Mawatha, Colombo 10 owned by E.B. Creasy & Co. PLC.
	Cargills Bank Limited					
	Loan 1	56.68	78.31	AWPLR+2.75%	59 equal monthly installments of Rs.1,666,667 and a final installment of Rs.1,666,647	Primary Mortgage executed over machineries at "Ninja" mosquito coil production facility at Gonawala for Rs.100 Mn.
		1,127.35	1,442.29			

E.B. Creasy & Company PLC and its Subsidiaries have obtained following Long Term Loans:

Company	Lender	31.03.2024 Rs. Mn	31.03.2023 Rs. Mn	Interest Rate p.a	Terms of Repayment	Security
E.B. Creasy & Company PLC	Sampath Bank PLC					
	Loan 1	12.87	29.60	AWPLR+3%	Each sub loan to be repaid in 60 monthly installments	Loan agreements for respective sub loan amounts and mortgage over respective machinery imported and installed at the factory premises at Millewa estate Millewa.
	Loan 2	-	1.24	6.0% p.a	71 equal monthly installments of Rs.117,000 and a final installment of Rs.186,000	Term loan Agreement for Rs.8,493,000 and a promissory Note for Rs.8,493,000.

Company	Lender	31.03.2024 Rs. Mn	31.03.2023 Rs. Mn	Interest Rate p.a	Terms of Repayment	Security
	Commercial Bank of Ceylon PLC					
	Loan 1	257.05	319.00	AWPLR+2.5%	83 equal monthly installments of Rs.4,765,000 each and a final installment Rs.4,505,000	Primary Mortgage Bond executed for Rs. 400 Mn over land called 'Alubogahawatta' and 'Batadombagahawatta', Gonawala.
	Bank of Ceylon					
	Loan 1	715.21	855.21	AWPLR+2%	Monthly Installment - 1st to 36th month - Rs. 10,000,000 + Interest  - 36th to 72nd month - Rs. 15,000,000 + Interest  - 72nd to 84th month - Rs. 20,800,000 + Interest	Primary Mortgage over property located at No.98, Sri Sangaraja Mawatha, Colombo 10 owned by E.B. Creasy & Co. PLC.
	Loan 2	85.54	158.93	15.5% p.a	36 equal monthly installments of Rs.5,241,594.	Primary Mortgage over property located at No.98, Sri Sangaraja Mawatha, Colombo 10 owned by E.B. Creasy & Co. PLC.
	Cargills Bank Limited					
	Loan 1	56.68	78.31	AWPLR+2.75%	59 equal monthly installments of Rs.1,666,667 and a final installment of Rs.1,666,647	Primary Mortgage executed over machineries at "Ninja" mosquito coil production facility at Gonawala for Rs.100 Mn.
		<b>1,127.35</b>	1,442.29			

# NOTES TO THE FINANCIAL STATEMENTS

Company	Lender	31.03.2024 Rs. Mn	31.03.2023 Rs. Mn	Interest Rate p.a	Terms of Repayment	Security
Candy Delights Limited	Hatton National Bank PLC	-	6.38	AWPLR+2.0%	48 equal monthly installments of Rs.1.25 Mn each	Primary Floating Mortgage Bond for Rs.60 Mn over movable machinery and equipment imported at a cost of Rs.82 Mn and installed at Candy Delights Ltd., Unit 3, Industrial Estate, Ekala.
		-	9.39	AWPLR+2.0%	48 equal monthly installments of Rs.1.875 Mn each	Registered Primary Floating Mortgage Bond for Rs.120 Mn over land, immovable machinery situated at No. 26, Agaradaguru Mawatha, Ekala and everything standing thereon (including the existing buildings and/or the buildings which are to be constructed in the future together with any further developments, modifications thereto) with all fixtures, fittings, services and such other rights attached.
		-	15.77			
Lanka Special Steels Limited	Commercial Bank of Ceylon PLC	12.23	21.40	AWPLR+1.5%	59 equal monthly installments of Rs.1,530,000 each and a final installment of Rs.1,519,145.	Primary mortgage bond for Rs.91.8 Mn over wire drawing plant with accessories.
		275.50	319.00	9.5% p.a	60 equal monthly installments of Rs.7,250,000 each.	Floating primary mortgage bond for Rs. 27 Mn over lease hold right of LINDEL (Lot No: 5,6 &7) and Floating Primary Mortgage Bond for Rs. 483 Mn over Machinery of New wire galvanizing plant.
		92.96	104.47	AWPLR+2.5%	60 equal monthly installments of Rs.2,000,000 each.	
	DFCC BANK PLC					
	Loan 1	132.00	150.00	AWPLR+2.25%	60 equal capital installments after a grace period of 12 months from the disbursement date.	Primary mortgage bond for Rs.25 Mn over movable machinery, Mortgage bond for Rs.300 Mn over stocks and Mortgage bond for Rs.275 Mn over stocks and book debts.
		512.69	594.87			

Company	Lender	31.03.2024 Rs. Mn	31.03.2023 Rs. Mn	Interest Rate p.a	Terms of Repayment	Security
Laxapana Batteries PLC	Commercial Bank of Ceylon PLC	36.64	47.95	9.0% p.a	59 equal monthly installments of Rs,3,330,000 and a final installment of Rs.3,530,000 (6 years including 1 year of grace)	Primary mortgage bond totaling for Rs.56.4 Mn over the solar panels and related machinery and equipment installed in the rooftop solar systems..
		36.64	47.95			
		1,676.68	2,100.88			

#### 23.4. LEASE LIABILITIES

	GROUP		COMPANY	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
At the beginning of the year	274,264	239,001	372,537	291,527
Remeasurement	76,287	47,273	2,283	69,613
Additions during the year	83,246	22,531	-	22,531
Acquisition through Business Combination	40,181	-	-	-
Interest Expense (Note 8.2)	46,096	35,014	44,135	45,542
Payments	(113,516)	(73,053)	(58,377)	(56,676)
Exchange Fluctuation	(2,772)	3,498	-	-
Balance at the end of the year	403,786	274,264	360,578	372,537
Repayable within one year	72,551	41,272	11,730	25,720
Repayable after one year	331,235	232,992	348,848	346,817
Balance at the end of the year	403,786	274,264	360,578	372,537

##### 23.4.1. AMOUNTS RECOGNISED IN PROFIT OR LOSS

	GROUP		COMPANY	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Interest on lease liabilities (Note 8.2)	46,096	35,014	44,135	45,542
Exchange Fluctuation	(2,772)	3,498	-	-

##### 23.4.2. AMOUNTS RECOGNISED IN STATEMENT OF CASH FLOWS

	GROUP		COMPANY	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Repayments of lease liabilities	(113,516)	(73,053)	(58,377)	(56,676)

# NOTES TO THE FINANCIAL STATEMENTS

## 24. CAPITAL GRANTS

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	3,748	4,008	3,748	4,008
Amortised during the year	(260)	(260)	(260)	(260)
At the end of the year	3,488	3,748	3,488	3,748
Non-Current	3,488	3,748	3,488	3,748

E.B. Creasy & Co. PLC received a grant of Rs.5.2 Mn during the year ended 31st March 2018 in relation to setting up a roof top solar power project on net metering basis under ADB funded clean energy and network efficiency improvement projects which is amortised over 20 years.

## 25. DEFERRED TAX ASSETS/(LIABILITIES)

### 25.1. DEFERRED TAX ASSETS

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	63,874	210,181	-	-
Transferred to Deferred Tax Liabilities	-	(308)	-	-
Charged in the Profit or Loss	(8,378)	98,191	-	-
Amount recognised due to increase in tax rate - Profit or Loss	-	(52,481)	-	-
Acquisition through Business Combination -Fair Value Gain on Property, Plant & Equipment	(13,745)	-	-	-
Acquisition through Business Combination	9,918	-	-	-
Charged in other comprehensive income	46,456	(191,709)	-	-
At the end of the year	98,125	63,874	-	-

### 25.2. DEFERRED TAX LIABILITIES

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	(936,080)	(666,770)	(651,578)	(519,473)
Transferred from Deferred Tax Assets	-	308	-	-
(Reversed)/Charged in the Profit or Loss	(83,431)	139,235	(137,237)	256,118
Amount recognised due to increase in tax rate - Profit or loss	-	(10,219)	-	(20,066)
Amount recognised due to increase in tax rate - OCI	-	(397,274)	-	(366,382)
Charged in the other comprehensive income	34,842	(1,360)	31,380	(1,775)
At the end of the year	(984,669)	(936,080)	(757,435)	(651,578)

### 25.3. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) have been recognised in respect of the following and it has been calculated by applying the effective tax rate (30%) of respective companies in the group which are liable for income tax.

#### GROUP

	31.03.2024		31.03.2023	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Deferred Tax Liabilities</b>				
Property, Plant and Equipment	759,470	227,841	1,220,607	366,182
Retirement Benefit Obligations	(635,817)	(190,745)	(801,487)	(240,446)
Tax Loss Carried Forward	-	-	(625,473)	(187,642)
Revaluation surplus of land	3,611,440	1,083,432	3,514,470	1,054,341
Impairment of Financial Assets	(184,693)	(55,408)	(42,300)	(12,690)
Impairment of Debtors and amounts due from Related Companies	(9,600)	(2,880)	(86,750)	(26,025)
Equity Investment at FVOCI	(169,540)	(50,862)	114,337	34,301
Provision for Warranty	(25,520)	(7,656)	(23,010)	(6,903)
Provision for Inventories	(77,217)	(23,165)	(61,637)	(18,491)
Lease Liabilities	(60,980)	(18,294)	(170,817)	(51,245)
Right of Use Assets	13,167	3,950	93,323	27,997
Right to Recover Returned Goods	68,553	20,566	11,560	3,468
Refund Liability	(7,033)	(2,110)	(22,557)	(6,767)
	<b>3,282,230</b>	<b>984,669</b>	<b>3,120,266</b>	<b>936,080</b>
<b>Deferred Tax Asset</b>				
Property, Plant and Equipment	(36,327)	(10,898)	(13,040)	(3,912)
Retirement Benefit Obligations	400,963	120,289	245,173	73,552
Impairment of Debtors and amounts due from Related Companies	17,597	5,279	187,753	56,326
Acquisition through Business Combination - Fair Value Gain on Property, Plant & Equipment	(45,817)	(13,745)	-	-
Equity Investment at FVOCI	-	-	(665,073)	(199,522)
Tax Loss Carried Forward	282,155	84,646	40,613	12,184
Finance Cost Carried Forward	-	-	206,960	62,088
Provision for Inventories	68,850	20,655	59,080	17,724
Impairment of Financial Assets	144,587	43,376	77,860	23,358
Right of Use Assets	(195,650)	(58,695)	(71,227)	(21,368)
Lease Liabilities	172,810	51,843	88,737	26,621
Right to Recover Returned Goods	(285,520)	(85,656)	(195,353)	(58,606)
Investment in Equity Securities	(602,607)	(180,782)	-	-
Provision for Bonus	12,210	3,663	-	-
Others	44,573	13,372	-	-
Foreign Exchange Gain-Unrealised	(6,943)	(2,083)	-	-
Refund Liability	356,203	106,861	251,430	75,429
	<b>327,085</b>	<b>98,125</b>	<b>212,913</b>	<b>63,874</b>

# NOTES TO THE FINANCIAL STATEMENTS

## COMPANY

	31.03.2024		31.03.2023	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Deferred Tax Liability</b>				
Property, Plant and Equipment	554,063	166,219	560,233	168,070
Retirement Benefit Obligations	(606,832)	(182,053)	(758,182)	(227,454)
Tax Loss Carried Forward	-	-	(585,803)	(175,741)
Revaluation surplus of freehold land	3,053,180	915,954	3,053,180	915,954
Other Financial Assets measured at Fair Value through OCI	(169,541)	(50,862)	114,337	34,301
Provision for Inventories	(50,697)	(15,209)	(51,150)	(15,345)
Provision for warranty	(1,502)	(451)	(1,447)	(434)
Impairment of financial assets	(184,692)	(55,408)	(101,380)	(30,414)
Lease liabilities	(361,895)	(108,568)	(372,537)	(111,761)
Right of use Assets	302,442	90,732	325,463	97,638
Right to recover returned goods	13,513	4,054	15,613	4,684
Refund liability	(23,250)	(6,975)	(26,403)	(7,921)
	<b>2,524,789</b>	<b>757,434</b>	<b>2,171,925</b>	<b>651,578</b>

Deferred Tax is provided using the liability method, providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax asset/(liability) has been Computed taking into consideration the effective tax rate prevailed as at the reporting date.

### 25.4. UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets have not been recognised in respect of following:

	GROUP			
	31.03.2024		31.03.2023	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Tax Losses	192,865	57,860	197,431	59,229

## 26. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Present value of Defined Benefit Obligation (Note 26.1)	1,069,889	1,046,660	606,830	758,182
	<b>1,069,889</b>	<b>1,046,660</b>	<b>606,830</b>	<b>758,182</b>

## 26.1. MOVEMENT IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At the beginning of the year	1,046,660	817,952	758,182	594,093
Acquisition through Business Combination	22,820	-	-	-
<b>Included in profit or loss</b>				
Current service cost	56,795	61,117	24,094	38,066
Interest cost	201,095	107,489	151,636	77,216
<b>Included in OCI</b>				
Re-measurement of Retirement Benefit Obligations recognised in OCI	(75,345)	135,658	(179,275)	108,417
Payments during the year	(182,136)	(75,556)	(147,807)	(59,610)
At the end of the year	1,069,889	1,046,660	606,830	758,182

## 26.2. KEY ACTUARIAL ASSUMPTIONS

### (A) COMPANY

An actuarial valuation has been carried out as at 31st March 2024 by Messrs. Piyal. S. Goonathilake & Associates (Actuarial Valuer) as required by the Sri Lanka Accounting Standard LKAS 19 - 'Employee Benefits'.

The key assumptions used by the Actuary include the following:

(a) Discount Rate	10% p.a.	
(b) Rate of increase of Salaries	Executive 10%	Non Executive 10%
(c) Retirement Age	60 Years	

The actuarial present value of the accrued benefits as at 31st March, 2024 is Rs.606.83 Mn. This item is grouped under retirement benefit obligation in the Statement of Financial Position. The liability is not externally funded.

The weighted average duration of the defined benefit obligation is 5.9 years.

As per the LKAS 19 issued by the Institute of Chartered Accountants of Sri Lanka, a long-term treasury bond rate of 12.50% p.a. (2023 – 18%) was used to discount future liabilities taking into consideration the remaining working life of eligible employees for the purpose of valuing employee benefit obligations. Further, the salary increment rate of 10% is considered appropriate to be in line with the Company's targeted salary increments when taking into account the current market conditions and inflation rate.

# NOTES TO THE FINANCIAL STATEMENTS

## (B) GROUP

LKAS 19 - 'Employee Benefits' requires to apply Projected Unit Credit Method to make a reliable estimate of the obligation in order to determine the present value of the retirement benefit obligation. The key assumptions made in arriving at the retirement benefit obligation as at 31st March 2024 in respect of following companies are stated below:

Company Name	Expected Salary Increment Rate Per Annum	Discount Rate Per Annum	Retirement Age - Years	Liability as at 31.03.2024 Rs.'000
E.B. Creasy & Co. PLC	10.0%	11.1%	60	606,830
Darley Butler & Company Limited	10.0%	11.1%	60	357,957
Candy Delights Limited	10.0%	11.1%	60	19,473
E.B. Creasy Logistics Limited	10.0%	12.3%	60	4,107
Laxapana Batteries PLC	10.0%	11.1%	60	8,873
Muller & Phipps (Health Care) Limited	10.0%	11.1%	60	16,429
Lanka Special Steels Limited	10.0%	11.1%	60	33,112
Ceyflex Rubber Limited	10.0%	11.1%	60	641
BlueScope Lysagut Lanka (Pvt) Limited	11.0%	11.0%	60	22,467

Company Name	Expected Salary Increment Rate Per Annum	Discount Rate Per Annum	Retirement Age - Years	Liability as at 31.03.2023 Rs.'000
E.B. Creasy & Co. PLC	15%	20.0%	60	758,182
Darley Butler & Company Limited	15%	18.0%	60	232,010
Candy Delights Limited	15%	18.0%	60	13,083
E.B. Creasy Logistics Limited	15%	18.0%	60	2,784
Laxapana Batteries PLC	15%	18.0%	60	5,771
Muller & Phipps (Health Care) Limited	15%	18.0%	60	10,378
Lanka Special Steels Limited	15%	18.0%	60	24,174
Ceyflex Rubber Limited	15%	20.0%	60	278

## DISCOUNT RATE CHANGE

The decrease in the discount rate is due to the decrease in yield of the matching Government Bonds for the given duration of the liability as at the reporting date. Assumptions regarding the valuation of the retirement benefit obligation is based on published statistics.

### 26.3. SENSITIVITY ANALYSIS

#### Sensitivity of assumptions used

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Effect on the defined benefit obligation:				
Increase by one percentage point in discount rate	(62,930)	(38,645)	(28,735)	(14,841)
Decrease by one percentage point in discount rate	72,091	36,269	33,212	16,746
Increase by one percentage point in salary increment rate	69,803	38,421	32,029	16,742
Decrease by one percentage point in salary increment rate	(55,958)	(34,529)	(28,294)	(15,070)

## 27. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade Payables	1,618,984	500,894	1,025,809	151,141
Unclaimed Dividend	5,941	25,649	2,033	21,956
Bills Payable	1,497,608	1,393,523	4,248	-
Refund Liability	396,965	273,988	23,250	26,404
Other Taxes Payable	77,670	228,187	68,430	111,290
Deposits from Dealers	396,127	257,004	-	-
Warranty Provision	24,017	23,010	1,502	1,446
Accrued Expenses and Other Payables	1,114,359	611,839	480,847	249,026
	5,131,671	3,314,094	1,606,119	561,263

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade Payables - Payable after one year	65,150	-	-	-
	65,150	-	-	-

The Group is mainly engaged in selling consumer goods through general trade and modern trade (supermarket chains) channels and also selling industrial products. The performance obligations of the entity are satisfied when the goods are delivered to the customers from its warehouse and the relevant invoices are raised.

The considerations due on account of delivered and invoiced goods are fixed and they are based on pre-agreed prices. The Group sells goods on credit, typically the credit terms are in the range of 30-60 days from the date of invoice. The credit exposures specially from the general trade distributors are partially covered by bank guarantees held in favour of the entity.

# NOTES TO THE FINANCIAL STATEMENTS

As per SLFRS 15, a refund liability has been recognised for the potential liability arises when the goods are returned by the customers mainly on the grounds of damages. Any goods returned on the basis of product defects are usually claimed from the principals in case the entity acts as the authorised distributor.

Following assumptions and inputs were used in estimating the refund liability as at the reporting date:

'-Closing refund liability was estimated based on the average sales returns for the last 3 years.

'-When determining the cost of the returns, the profit margins applicable to different products have been used as a reliable estimate.

## 28. AMOUNTS DUE TO RELATED COMPANIES

	Relationship	GROUP		COMPANY	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Muller & Phipps (Ceylon) PLC	Subsidiary	-	-	-	49,283
Laxapana Batteries PLC	Subsidiary	-	-	19,770	21,144
Lankem Ceylon PLC	Group Company	383	1,889	-	1,205
Marawila Resorts PLC	Group Company	50	189	-	-
E.B. Creasy Ceylon (Pvt) Limited	Subsidiary	-	-	1,009	1,187
Ceytra Limited	Group Company	2	2	-	-
Union Commodities (Pvt) Limited	Affiliate	16	-	16	-
		451	2,080	20,795	72,819

The Company has not provided any guarantees against above related party payables. Above related party transactions were carried out on terms equivalent to those that prevail in arm's length basis.

## 29. FINANCIAL INSTRUMENTS

### 29.1. FINANCIAL INSTRUMENTS - STATEMENT OF FINANCIAL POSITION

The Financial Instruments recognised in the Statement of Financial Position are as follows:

	Notes	GROUP		COMPANY	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Financial Assets</b>					
Investments Classified as Fair Value through OCI					
Quoted Investments	16.3	1,251,866	1,538,210	1,111,881	1,276,887
Unquoted Investments	16.3	1,058,451	713,000	247,766	434
		2,310,317	2,251,210	1,359,647	1,277,321
<b>Current Assets</b>					
Trade & Other Receivables*	19	4,254,044	3,215,973	262,493	53,999
Loans Due from Related Parties	16.4.1	336,823	74,250	111,524	51,700
Other Financial Assets measured at Fair Value through Profit or Loss	16.5	-	98,533	-	-
Amounts due from Related Companies	18	263,705	237,052	695,328	1,023,656
		4,854,572	3,625,808	1,069,345	1,129,355

	Notes	GROUP		COMPANY	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and Cash Equivalents	20.1	958,783	952,918	300,196	235,916
Total Financial Assets		8,123,672	6,829,936	2,729,188	2,642,592
*Excludes tax recoverable, deposits and prepayments					
<b>Financial Liabilities</b>					
Non-Current Liabilities					
Interest-Bearing Borrowings and Lease Liabilities	23.1/23.4	1,517,713	1,899,443	1,170,702	1,511,074
<b>Current Liabilities</b>					
Interest-Bearing Borrowings and Lease Liabilities	23.2/23.4	5,860,164	4,744,479	1,952,834	2,797,999
Trade & Other Payables *	27	3,583,810	2,177,070	1,032,090	173,097
Amounts due to Related Companies	28	451	2,080	20,795	72,819
Bank Overdrafts	20.2	887,165	1,044,080	284,405	443,597
Total Financial Liabilities		11,849,303	9,867,152	4,460,826	4,998,586

\* Refund Liability, Accrued Expenses and Other Payables, Other Taxes Payables and Warranty Provision are excluded.

## 29.2. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of Financial Instruments.

1. Credit Risk
2. Liquidity Risk
3. Market Risk (including currency risk and interest rate risk)

This note represents qualitative and quantitative information about the Groups' exposure to each of the above risks, the Group's objectives, policies and procedure for measuring and managing risk.

### RISK MANAGEMENT FRAMEWORK

The Board of Directors has the overall responsibility for establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risk 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 Department. Internal Audit Department undertakes both regular and ad-hoc reviews of risk management controls and procedures, the findings of which are reported to the Audit Committee.

# NOTES TO THE FINANCIAL STATEMENTS

## 29.2.1. CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, related parties and investments.

The carrying amounts of financial assets represent the maximum credit exposure.

Impairment losses on financial assets recognised in Profit or Loss and Other Comprehensive Income were as follows;

	Notes	GROUP		COMPANY	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Impairment (reversals)/loss on trade receivables and related party receivables	18.1.1/18.2.1/ 19.1	(61,013)	62,957	121,992	30,121
Impairment (reversals)/loss on debt securities at amortised cost	16.4.1.2	(47,573)	(16,077)	(38,364)	5,973
		(108,586)	46,880	83,628	36,094

## TRADE RECEIVABLES AND OTHER RECEIVABLES

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. The main components of this allowance are specific loss component that relates to individually significant exposures, and a collective loss component established for Group of similar assets in respect of losses that are expected to be incurred and not yet identified. The collective loss allowance is determined based on historical data of payment statistics of those receivables and the future macro economic conditions.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows;

	Notes	GROUP		COMPANY	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the beginning		197,408	166,783	8,389	8,892
Net remeasurement of loss allowance	19.1	(49,881)	30,625	5,903	(503)
Acquisition through business combination.	19.1	41,146	-	-	-
		188,673	197,408	14,292	8,389

The movement in the allowance for impairment in respect of amounts due from related parties during the year was as follows;

	Notes	GROUP		COMPANY	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the beginning		61,358	48,756	29,513	14,231
Net remeasurement of loss allowance	18.2.1	(38,880)	12,602	85,911	15,282
		22,478	61,358	115,424	29,513

## FINANCIAL ASSETS

The exposure to credit risk for financial assets at amortised cost, and FVOCI as at the reporting date was as follows;

	Notes	GROUP		COMPANY	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets at Fair value through Other Comprehensive Income	16.3.1/ 16.3.2	2,310,317	2,251,210	1,359,647	1,277,321
Financial assets at Amortised Cost - Loans Due from Related Parties	16.4.1	336,823	74,250	111,524	51,700
Trade & Other Receivables	19	4,254,044	3,215,973	262,493	53,999
Amounts due from Related Companies	18	263,705	237,052	695,328	1,023,656
Cash at Bank	20.1	834,061	850,620	176,239	134,934
		7,998,950	6,629,105	2,605,231	2,541,610

The movement in the allowance for impairment for debt securities at amortised cost during the year was as follows;

	Notes	GROUP		COMPANY	
		31.03.2024	31.03.2023	31.03.2024	31.03.2023
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance at the beginning		60,750	76,827	42,300	36,327
Net remeasurement of loss allowance	16.4.1.2	(47,573)	(16,077)	(38,364)	5,973
		13,177	60,750	3,936	42,300

The following table provides information about the exposure to credit risk and ECLs for Trade Receivables.

	Notes	GROUP			
		31.03.2024		31.03.2023	
		Trade Receivables	Provision for Impairment	Trade Receivables	Provision for Impairment
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
1-90 days past due		3,523,187	41,355	2,649,060	52,630
91-180 days past due		235,514	32,583	106,020	12,767
181-365 days past due		68,031	45,225	135,404	51,356
More than 365 days past due		83,431	69,510	151,622	80,655
Total	19	3,910,163	188,673	3,042,106	197,408

# NOTES TO THE FINANCIAL STATEMENTS

	COMPANY				
	Notes	31.03.2024		31.03.2023	
		Trade	Provision for	Trade	Provision for
		Receivables	Impairment	Receivables	Impairment
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
1-90 days past due		122,343	1,806	23,606	5,200
91-180 days past due		95,931	6,765	0	0
181-365 days past due		6,889	2,413	7,335	960
More than 365 days past due		3,097	3,308	2,229	2,229
Total	19	228,260	14,292	33,170	8,389

## CASH AND CASH EQUIVALENTS

The Group held cash and cash equivalents of Rs. 955 Mn as at 31 March 2024 (2023 - Rs. 951 Mn) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which the group cash balances were held are as follows;

Hatton National Bank PLC - A(lka)  
 Standard Chartered Bank – AAA (lka)  
 Commercial Bank of Ceylon PLC – A( lka)  
 Bank of Ceylon – A-( lka)  
 National Development Bank PLC – A-( lka)  
 Pan Asia Banking Corporation PLC – BBB-(lka)  
 Union Bank of Colombo PLC - BBB- (lka)  
 People's Bank – A(lka)  
 Seylan Bank PLC - A-(lka)  
 Sampath Bank PLC – A(lka)  
 Nations Trust Bank PLC – A-(lka)  
 DFCC Bank PLC – A-(lka)  
 Amana Bank PLC – BB+(lka)  
 Cargills Bank Limited – A(lka)  
 Habib Bank Limited - A (lka)  
 Sanasa Development Bank PLC – BB+(lka)

### 29.2.2. LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with its financial liabilities that are to be settled by cash or another financial asset.

The following are the contractual maturities of financial liabilities, excluding of netting agreements.

	GROUP							
	31.03.2024				31.03.2023			
	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000
Interest-Bearing Loans and Borrowings and Lease Liabilities	7,377,877	8,440,351	5,860,164	1,517,713	6,643,922	7,859,095	4,744,479	1,899,443
Amounts Due to Related Companies	451	451	451	-	2,080	2,080	2,080	-
Other Financial Liabilities / Trade & Other Payables	3,583,810	3,583,810	3,583,810	-	2,177,070	2,177,070	2,177,070	-
Bank Overdrafts	887,165	887,165	887,165	-	1,044,080	1,044,080	1,044,080	-
<b>Total</b>	<b>11,849,303</b>	<b>12,911,777</b>	<b>10,331,590</b>	<b>1,517,713</b>	<b>9,867,152</b>	<b>11,082,325</b>	<b>7,967,709</b>	<b>1,899,443</b>

	COMPANY							
	31.03.2024				31.03.2023			
	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000	Carrying Amount Rs. '000	Contractual Cash Flows Rs. '000	Less than one Year Rs. '000	More than one Year Rs. '000
Interest-Bearing Loans and Borrowings and Lease Liabilities	3,123,536	3,488,677	1,952,834	1,170,702	4,309,073	5,097,202	2,797,999	1,511,074
Amounts Due to Related Companies	20,795	20,795	20,795	-	72,819	72,819	72,819	-
Other Financial Liabilities / Trade & Other Payables	1,032,090	1,032,090	1,032,090	-	173,097	173,097	173,097	-
Bank Overdrafts	284,405	284,405	284,405	-	443,597	443,597	443,597	-
<b>Total</b>	<b>4,460,826</b>	<b>4,825,967</b>	<b>3,290,124</b>	<b>1,170,702</b>	<b>4,998,586</b>	<b>5,786,715</b>	<b>3,487,512</b>	<b>1,511,074</b>

### 29.2.3. MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates etc. which will affect the Group's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns.

# NOTES TO THE FINANCIAL STATEMENTS

## 29.2.3.1. CURRENCY RISK

The Group is exposed to currency risk on purchases and borrowings that are denominated in currencies other than the functional currency which is the Sri Lankan Rupee.

### SENSITIVITY ANALYSIS

A strengthening or weakening of Sri Lankan Rupee, as indicated below, against the USD would have increased/(decreased) profit before tax by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The Sri Lankan Rupee was appreciated by 8% during the financial year and it was further appreciated by another 1% after the reporting date against the United States Dollar. The analysis assumes that all other variables, in particular interest rates, remain constant. However the Group minimises its impact on profit before tax due to adverse changes in exchange rate by appropriate price adjustments of its goods and services.

For the year ended 31st March	GROUP	
	Effect on Profit Before Tax	
	2024	2023
	Rs.'000	Rs.'000
+10%	(139,691)	(88,830)
-10%	139,691	88,830

The following significant exchange have been applied

	Average Rate		Spot Rate	
	2024	2023	2024	2023
USD	318.22	361.01	301.17	327.20

The summarised quantitative data about the Group's exposure to currency risk as at the reporting date are as follows:

	GROUP	
	31.03.2024	31.03.2023
	USD	USD
Foreign Debtors	1,479,543	963,809
Foreign Creditors	(4,638,284)	(2,714,844)
Net Statement of Financial Position Exposure	(3,158,741)	(1,751,035)

	COMPANY	
	31.03.2024	31.03.2023
	USD	USD
Foreign Debtors	284,129	10,997
Foreign Creditors	(1,699,099)	(255,610)
Net Statement of Financial Position Exposure	(1,414,970)	(244,613)

### 29.2.3.2. INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates. The exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations and

#### FINANCIAL ASSETS

The following table demonstrates the Group's sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax:

	GROUP	
	Effect on Profit Before Tax	
	2024	2023
	Rs.'000	Rs.'000
Variable rate instruments (10% decrease)	146,817	162,466
Variable rate instruments (10% Increase)	(146,817)	(162,466)

The break down of fixed rate of interest and variable rate of interest bearing term loans as at the reporting date is as follows.

	GROUP		COMPANY	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs. Mn	Rs. Mn	Rs. Mn	Rs. Mn
Fixed interest rate bearing Loans	398	368	86	1
Variable interest rate bearing Loans	1,279	1,733	1,042	1,441
Total	1,677	2,101	1,128	1,442

#### 29.2.4. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return of capital, as well as the level of dividends to ordinary shareholders. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher level of borrowing and the advantages and security afforded by a sound capital position. The Group's target is to achieve a return on capital above 15%, in 2024 the return was 21% (2023 - 45%). The weighted average interest expense on interest bearing borrowings (excluding liabilities with imputed interest) was 12.7% (2023 - 21.3%)

The Group monitors capital using a ratio of 'net debt' to 'adjusted equity'. Net debt is calculated as total liabilities (as shown in the Statement of Financial Position) less cash & cash equivalents.

	Note	31.03.2024	31.03.2023
		Rs.'000	Rs.'000
Long-term interest bearing borrowings	23.1/23.4	2,080,467	2,375,147
Equity		6,718,939	6,807,562
		8,799,406	9,182,709
Debt to Equity (Long-Term Interest Bearing Borrowings to Equity)		31%	35%
Debt to Capital Employed (Long-Term Interest Bearing Borrowings to Capital Employed)		24%	26%

# NOTES TO THE FINANCIAL STATEMENTS

## 30. RELATED PARTY TRANSACTIONS

### 30. (A). PARENT AND ULTIMATE CONTROLLING PARTY

The Company's Parent Company is The Colombo Fort Land & Building PLC.

### 30. (B). i. DETAILS OF SIGNIFICANT RELATED PARTY TRANSACTIONS ARE GIVEN BELOW:

For the year ended 31st March	Transactions with Group		Transactions with Company	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Transaction with Subsidiary Companies Listed in Note 16.1</b>				
Sales of Goods	-	-	10,865,074	9,214,066
Fund Transfers and Settlements	-	-	12,470,673	10,952,509
Incurred Reimbursable Expenses	-	-	1,388,035	1,090,292
Service Charges	-	-	-	34,393
Guarantee Commission Income on Corporate Guarantees	-	-	45,306	19,551
Settlements of Loans	-	-	175,624	-
Interest Charge	-	-	1,613	9,037
Purchases	-	-	429	374
Rent Income	-	-	1,358	1,781
Rent Expense	-	-	109,063	106,544
Loans Granted during the Year	-	-	278,584	78,000
Share Investment	-	-	250,000	-
<b>Transaction with The Colombo Fort Land and Building PLC (Ultimate Parent Company)</b>				
Settlements of Loans and Current Account Balances	-	38,159	-	38,159
Interest Income	7,337	-	-	-
Loans Granted during the Year	350,000	-	-	-
<b>Transaction with Other Related Companies</b>				
Sales of Goods	118,903	25,547	371	-
Interest Income	11,248	13,752	-	-
Fund Transfers and Settlements	124,588	238,367	7,128	114,602
Incurred Reimbursable of Expenses	41,427	719	41,427	-
Interest on Loans	13,034	-	13,034	-
Loans Granted during the Year	92,000	128,000	92,000	128,000
Purchases	97,494	153,287	2,570	-
Share Allotment	348,139	-	166,910	-
Write off	24	-	24	-
Rent Income	13,179	-	13,179	-
Guarantee Commission Income on Corporate Guarantees	49,389	-	49,389	-

### 30. (B). ii. Related Party Transactions Disclosure

#### Recurrent Transactions

The recurrent related party transactions entered into, for which the value exceeded 10% of Group revenue, during the financial year ended 31st March 2024 are detailed below;

Name of Related Party	Relationship	Nature of the Transaction	Aggregate Value of Related Party Transactions Entered into during the financial year Rs. Rs. '000	Aggregate Value of Related Party Transactions as a % of Group Revenue	Terms and Conditions of Related Party Transactions
Darley Butler & Company Limited	Subsidiary	Sale of Goods (without turnover related taxes)	9,280,216	40%	Credit sales on pre-agreed prices
		Settlements (with turnover related taxes)	12,153,408	52%	Settlement of trade dues

#### NON-RECURRENT TRANSACTIONS

The non-recurrent related party transactions entered into in respect of the financial year ended 31st March 2024, the value of which exceeded 10% of shareholders' equity or 5% of total assets of the Group are detailed below.

Name of Related Party	Relationship	Value of the Related Party Transactions entered into during the financial year Rs. Rs. '000	Value of the Related Party Transactions as a % of Equity and as a % of Total Assets	Terms and Conditions of Related Party Transactions	The Rationale for entering into the transactions
Darley Butler & Company Limited	Subsidiary	1,100,000	16.86% of Total Equity 5.49% of Total Assets	A Corporate Guarantee executed for Rs. 600 Mn in favour of People's Bank, Rs. 400 Mn in favour of Sanasa Development Bank and Rs. 100 Mn in favour of DFCC Bank on behalf of Darley Butler & Co. Limited.	Assisting the Subsidiary Company, Darley Butler & Co. Limited to obtain Credit Facilities from People's Bank, Sanasa Development Bank & DFCC Bank by offering Security in the form of a Corporate Guarantee.

# NOTES TO THE FINANCIAL STATEMENTS

## 30. (C). THE DIRECTORS OF THE COMPANY ARE ALSO DIRECTORS OF THE FOLLOWING COMPANIES

	A. Rajaratnam (Deceased - 26.08.2023)	S.D.R. Arudpragasam	R.N. Bopearatchy	S. Rajaratnam	R.C.A. Welikala	P.M.A. Sirimane	A.R. Rasiah	S.N.P. Palihena	A.M. Mubarak	A.M. de S. Jayaratne	S.W. Gunawardana	P.Y.S. Perera (Appointed w.e.f. 02.05.2024)
E. B. Creasy & Company PLC	√	√	√	√	√	√	√	√	√	√	√	√
Corporate Systems Limited		√	√	√	√							√
Filmpak Limited		√	√	√	√							
E. B. Creasy Logistics Limited		√	√	√	√	√						√
Muller & Phipps (Ceylon) PLC		√	√	√	√	√	√	√	√			√
Muller & Phipps (Health Care) Ltd (Formerly known as Pettah Pharmacy (Pvt) Limited and Muller & Phipps (Health Care) (Pvt) Limited		√	√	√	√	√	√	√	√			√
Darley Butler & Co. Limited		√	√	√	√	√	√	√	√	√	√	√
Candy Delights Limited		√	√	√	√	√	√	√	√	√	√	√
E. B. Creasy Ceylon (Private) Limited		√	√	√	√	√						√
Group Three Associates (Pvt) Limited		√	√	√	√							√
Lanka Special Steels Limited		√	√	√	√	√						√
Laxapana PLC (Formerly known as Laxapana Batteries PLC)		√	√	√	√	√	√	√	√			√
Lankem Ceylon PLC		√				√			√			
Lankem Developments PLC		√	√			√		√		√		
Lankem Paints Limited		√	√									
Lankem Consumer Products Limited		√	√									
Lankem Chemicals Limited		√	√									
Lankem Exports (Pvt) Limited		√										
Lankem Plantation Services Limited	√	√										
SunAgro LifeScience Limited		√	√			√			√			
JF Ventures Limited		√	√			√			√			
SunAgro Foods Limited		√	√									
Lankem Technology Services Limited		√	√									
Lankem Research Limited		√	√									
Associated Farms (Pvt) Limited		√										
B.O.T Hotel Services (Pvt) Limited		√		√							√	
Galle Fort Hotel (Pvt) Limited		√		√								
Colombo Fort Hotels Limited		√		√								
Lak Kraft (Pvt) Limited		√		√								
Sherwood Holidays Limited		√		√								
Sigiriya Village Hotels PLC		√		√			√					
Marawila Resorts PLC		√		√			√					
Beruwala Resorts PLC		√		√			√					
Imperial Hotels Limited		√		√								
Consolidated Tea Plantations Limited	√	√				√				√		
Creasy Plantation Management Limited	√	√										
Lankem Tea & Rubber Plantations (Pvt) Limited	√	√				√				√		

	A. Rajaratnam (Deceased - 26.08.2023)	S.D.R. Arudpragasam	R.N. Bopearatchy	S. Rajaratnam	R.C.A. Welikala	P.M.A. Sirimane	A.R. Rasiah	S.N.P. Palihena	A.M. Mubarak	A.M. de S. Jayaratne	S.W. Gunawardana	P.Y.S. Perera (Appointed w.e.f. 02.05.2024)
Kotagala Plantations PLC		✓				✓				✓		
Agarapatana Plantations PLC		✓				✓				✓		
Waverly Power (Pvt) Limited		✓	✓			✓				✓		
Union Commodities (Pvt) Limited		✓				✓	✓			✓		
C. W. Mackie PLC		✓	✓							✓		
The Colombo Fort Land & Building PLC	✓	✓	✓		✓	✓				✓		
Colombo Fort Group Services (Pvt) Limited		✓				✓						
ACME Printing & Packaging PLC		✓				✓						
Sterling Steels (Pvt) Limited		✓	✓	✓	✓							✓
American Lloyd Travels Limited		✓	✓									
York Hotel Management Services Limited		✓	✓									

Mr. A. Rajaratnam, Director expired on 26.08.2023.

Mr. A.R. Rasiah was appointed to the Board of The Colombo Fort Land & Building PLC with effect from 08.06.2023 and to the Board of Union Commodities (Pvt) Ltd with effect from 01.06.2024.

Mr. R.N. Bopearatchy resigned from the Board of JF Ventures Limited with effect from 31.07.2023 and Mr. P.M.A. Sirimane and Dr. A.M. Mubarak were appointed to the Board of JF Ventures Limited with effect from 10.08.2023.

Mr. P.M.A. Sirimane and Dr. A.M. Mubarak were appointed to the Board of SunAgro LifeScience Limited with effect from 02.08.2023.

Mr. S.D.R. Arudpragasam and Mr. S. Rajaratnam resigned from the Board of Lak Kraft (Pvt) Limited with effect from 14.08.2023.

Mr. S.D.R. Arudpragasam and Mr. S. Rajaratnam were appointed to the Board of American Lloyd Travels Limited with effect from 01.02.2024.

Mr. P.Y.S. Perera was appointed as a Director of the Company with effect from 02.05.2024.

The above Notes should be read in conjunction with Note No. 16, 18, 28 and 30 to the Financial Statement.

# NOTES TO THE FINANCIAL STATEMENTS

## 30. (D). TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

According to Sri Lanka Accounting Standard LKAS - 24 - 'Related Party Disclosures', Key Management Personnel are those having the responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive Directors) have been classified as Key Management Personnel of the Company/Group.

### Company

#### (i) Loans to the Directors

No Loans have been granted to the Directors of the Company.

#### (ii) Compensation Paid to Key Management Personnel

For the year ended 31st March	2024	2023
	Rs. '000	Rs. '000
Short term Employee Benefits	496,816	512,971
Post Employment Benefits	-	26,000

#### iii) Other Transactions with Key Management Personnel

There were no other transactions with Key Management Personnel other than those disclosed in Note 30 (D) to these Financial Statements.

### Group

#### (i) Loans to the Directors

No loans have been granted to the Directors of the Group.

#### (ii) Compensation Paid to Key Management Personnel

For the year ended 31st March	2024	2023
	Rs. '000	Rs. '000
Short term Employee Benefits	557,300	552,464
Post Employment Benefits	-	26,000

#### iii) Other Transactions with Key Management Personnel

There were no other transactions with Key Management Personnel other than those disclosed in Note 30 (D) to these Financial Statements.

### 31. OPERATING SEGMENTS

For the year ended 31st March	Trading Consumer Products		Trading Industrial Products		Others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
External Revenue	21,733,059	19,653,548	3,733,341	3,116,668	355,694	572,213	25,822,094	23,342,429
Inter Segment Revenue	11,249,168	9,769,916	-	-	102,077	107,739	11,351,245	9,877,655
Total Revenue for Reportable Segments	32,982,227	29,423,464	3,733,341	3,116,668	457,771	679,952	37,173,339	33,220,084
Interest Income	221,372	201,784	17,486	6,574	-	-	238,858	206,964
Interest Expenses	1,242,891	1,994,176	231,879	117,183	-	-	1,474,770	2,111,359
Depreciation and Amortisation	328,524	255,916	75,655	33,144	5,466	16,633	409,645	305,693
Profit before Income Tax	1,356,780	1,554,497	(559,536)	114,281	(130,337)	131,261	666,907	1,800,039
Total Assets	18,488,912	17,102,435	3,582,057	2,757,868	355,669	385,298	22,426,638	20,245,601
Total Liabilities	12,388,069	11,058,938	2,969,278	2,132,020	350,352	247,081	15,707,699	13,438,039
Capital Expenditure	505,287	588,169	12,359	1,218,432	7,869	23,296	525,515	1,829,897

#### 31.1. SEGMENTS

Segmentation has been determined based on the operating activities of the company or the sector, where multiple activities fall within one company or sector has been based on the core activities of that particular sector.

Trading Consumer Products	– Manufacturing, Selling and Distribution of Consumer Products
Trading Industrial Products	– Manufacturing, Selling and Distribution of Industrial Products
Others	– Special Projects and Other Services

#### 31.2. RECONCILIATION OF REPORTABLE SEGMENT REVENUE, PROFIT OR LOSS, ASSETS AND LIABILITIES AND OTHER MATERIAL ITEMS

##### Revenue

For the year ended 31st March	2024	2023
	Rs.'000	Rs.'000
Total revenue for reportable segments	37,173,339	33,220,084
Elimination of Inter Segment revenue	(11,351,245)	(9,877,655)
Consolidated revenue	25,822,094	23,342,429

# NOTES TO THE FINANCIAL STATEMENTS

## Profit before tax

For the year ended 31st March	2024	2023
	Rs.'000	Rs.'000
Total Profit before Tax for reportable segments	666,907	1,800,039

## Assets

	31.03.2024	31.03.2023
	Rs.'000	Rs.'000
Total assets for reportable segments	22,426,638	20,245,601

## Liabilities

	31.03.2024	31.03.2023
	Rs.'000	Rs.'000
Total Liabilities for reportable segments	15,707,699	13,438,039

## Other material items

For the year ended 31st March	2024	2023
	Rs.'000	Rs.'000
Interest Income	238,858	206,964
Interest Expenses	1,474,770	2,111,359
Capital expenditure	525,515	1,829,897
Depreciation and amortization	409,645	305,693

## 32. CAPITAL EXPENDITURE AND COMMITMENTS

### 32.1. COMPANY

The Company had no material capital or financial commitments as at the date of the Statement of Financial Position.

### 32.2. GROUP

There were no material capital or financial commitments as at the date of the Statement of Financial Position.

## 33. CONTINGENT LIABILITIES

### 33.1. COMPANY

The company has decided to provide financial assistance to Ceyflex Rubber Limited, Corporate Systems Limited & Group Three Associates (Pvt) Limited, which are fully owned subsidiaries of the Company.

E.B. Creasy & Co. PLC has given a guarantee of Rs. 3,900,000 in related to solar tenders to Lanka Sugar (Pvt) Limited (Rs. 3,600,000), Department of Agriculture (Rs. 300,000) and Rs. 22,969,031 to Sri Lanka Customs, which were outstanding as at 31st March 2024.

Contingent liabilities in relation to guarantees issued by E.B. Creasy & Co. PLC to financial institutions on behalf of its Subsidiaries and other Group Companies to obtain facilities from Financial Institutions, were as follows:

	31.03.2024	31.03.2023
	Rs. '000	Rs. '000
Darley Butler & Co. Limited	1,870,000	970,000
Muller & Phipps (Health Care) Limited	100,000	-
Lankem Ceylon PLC	1,047,000	1,047,000
	<b>3,017,000</b>	<b>2,017,000</b>

### 33.2. GROUP

#### 33.2.1. E.B. CREASY & CO. PLC

E.B. Creasy & Co. PLC has given a guarantee of Rs. 3,900,000 in related to solar tenders to Lanka Sugar (Pvt) Limited (Rs. 3,600,000), Department of Agriculture (Rs. 300,000) and Rs. 22,969,031 to Sri Lanka Customs, which were outstanding as at 31st March 2024.

#### 33.2.2. LANKA SPECIAL STEELS LIMITED

Lanka Special Steels Limited has given a guarantee of Rs. 8,000,000 to Sri Lanka Customs and USD 10,000 to Bureau of Indian Standards and Litro Gas Lanka Ltd Rs. 20,000,000 which were outstanding as at 31st March 2024.

## 34. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to the reporting period, no circumstances have arisen that would require adjustments to, or disclosure in the Financial Statements, other than disclosed below.

- on 1st April 2024, Laxpana Batteries PLC has changed the company name as Laxapana PLC.
- on 13th May 2024, BlueScope Lysaght Lanka (Pvt) Limited has changed the company name as Sterling Steels (Pvt) Limited.

## 35. GOING CONCERN - GROUP COMPANY

Ceyflex Rubber Limited (CRL), a subsidiary of the Group, has reported a Net Loss of Rs. 135 Mn for the year ended 31 st March 2024 (2022/23 – Net Profit of Rs. 72 Mn). As of 31st March 2024, the accumulated loss of CRL stood at Rs. 177 Mn (2022/23- Rs. 42 Mn), resulting in a decrease in Net Assets to Negative Rs. 57 Mn.

The Directors are of the opinion that CRL will be able to continue as a going concern consequent to the planned strategic initiatives to increase its profitability for the financial year 2024/25. The strategic plans include introduction of new products to the existing product range, implement the new projects and already carried out studies about the market and investment on the two large projects to manufacture Foam Rubber Mattresses and Catheters and establish distributors in selected countries. The parent entity undertakes to provide financial assistant to the CRL to ensure that it can pay its debts when they fall due. As such, it is expected that CRL will generate considerable profits for the ensuing financial years to recoup its accumulated losses.

Accordingly, the Directors are satisfied that the CRL has adequate resources to continue its operations in the foreseeable future and the Management is confident that the Company will continue as a going concern.

# NOTES TO THE FINANCIAL STATEMENTS

## 36. RECLASSIFICATION OF COMPARATIVES

Reclassifications have been made to the comparative figures to improve the comparability and fair presentation of these financial statements. As a result, following balances have been amended in the statement of profit or loss and other comprehensive income and statement of financial position as shown below.

	GROUP			COMPANY		
	As previously reported	Adjustment	Reclassification Amount	As previously reported	Adjustment	Reclassification Amount
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Other Income (Note 7)	178,197	1,394	179,591	51,520	403,163	454,683
Finance Income (Note 8.1)	208,358	(1,394)	206,964	511,608	(403,163)	108,445

	GROUP			COMPANY		
	As previously reported	Adjustment	Reclassification Amount	As previously reported	Adjustment	Reclassification Amount
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Trade and other Payable (Note 27)	3,400,634	(86,540)	3,314,094	647,803	(86,540)	561,263
Interest-Bearing Loans & Borrowings (Note 23.2)	4,616,667	86,540	4,703,207	2,685,739	86,540	2,772,279

## 37. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

**Level I :** Quoted market price (unadjusted) in an active market for an identical instrument.

**Level II :** Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

**Level III :** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation techniques include inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Type	Valuation technique	Significant unobservable inputs	Inter-relation between significant unobservable inputs and fair value measurements
Investment in Subsidiaries	Discounted cash flows: The valuation model considers the present value of expected cash flows, discounted using a risk-adjusted discount rate. The expected cash flows are determined by considering the possible scenarios of forecasted EBITDA.	Forecasted EBITDA margin 7.8%-11.3% (2023:15%) Risk-adjusted discount rate 18.3% - 23.1% (2023: 24%-27%)	The estimated fair value would increase (decrease), if the EBITDA margin was higher (lower); or the risk-adjusted discount rate was lower (higher). Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin.
Equity Securities (Unquoted)	Net assets basis	Net Assets Value (NAV) per share of Unquoted Equity Securities	The estimated fair value would increase (decrease), if the NAV per Share was higher (lower).

#### FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

Group	Level I		Level II		Level III		Total	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Other Financial Assets measured at Fair Value through OCI	1,251,866	1,538,210	20,585	12,967	1,258,545	1,080,149	2,310,317	2,251,210
Other Financial Assets measured at Fair Value through Profit or Loss	-	-	-	-	-	98,533	-	98,533
<b>Total</b>	<b>1,251,866</b>	<b>1,538,210</b>	<b>20,585</b>	<b>12,967</b>	<b>1,258,545</b>	<b>1,178,682</b>	<b>2,310,317</b>	<b>2,349,743</b>

#### FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

Company	Level I		Level II		Level III		Total	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Other Financial Assets measured at Fair Value through OCI	1,111,881	1,276,887	-	-	444,172	247,534	1,359,647	1,277,321
<b>Total</b>	<b>1,111,881</b>	<b>1,276,887</b>	<b>-</b>	<b>-</b>	<b>444,172</b>	<b>247,534</b>	<b>1,359,647</b>	<b>1,277,321</b>

# GROUP FINANCIAL SUMMARY

	2013/14	2014/15	2015/16	2016/17	2017/18
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
			Restated	Restated	
<b>Trading Results</b>					
Revenue	20,477,356	20,386,004	24,924,382	26,346,879	15,486,226
Profit/(Loss) before Tax	182,043	255,456	452,664	(301,647)	88,372
Income Tax (Expense)/Reversals	(162,248)	(212,297)	(209,780)	(162,247)	(90,887)
Profit/(Loss) for the Year	19,795	43,159	242,884	(463,894)	(642,921)
Total Comprehensive Income attributable to Non-controlling Interest	(18,073)	(45,941)	129,821	(275,231)	(244,096)
Total Comprehensive Income attributable to Equity Holders of the Parent	37,868	89,100	113,063	(188,663)	(512,060)
<b>Assets Employed</b>					
Property, Plant & Equipment	6,863,311	8,285,179	8,344,246	8,331,782	2,267,741
Investments	640,012	536,601	514,319	544,274	482,258
Intangible Assets	441,206	594,108	623,848	694,396	247,918
Investment in Associate	646,521	420,499	315,163	279,056	540,159
Other Non-Current Assets	199,672	138,312	342,512	423,006	353,654
Net Current Assets/(Liabilities)	76,355	(1,009,914)	(1,133,153)	(1,148,749)	(99,087)
<b>Total Assets Employed</b>	<b>8,867,077</b>	<b>8,964,785</b>	<b>9,006,935</b>	<b>9,123,765</b>	<b>3,792,643</b>
<b>Equity</b>					
Stated Capital	25,731	25,731	25,731	25,731	25,731
Reserves	148,394	148,394	148,394	148,394	9,548
Retained Earnings	3,040,809	2,807,692	2,889,054	2,456,197	2,325,961
<b>Non-controlling</b>					
Non-controlling Interest	3,388,168	3,196,767	3,272,389	2,635,145	176,990
<b>Total Equity</b>	<b>6,603,102</b>	<b>6,178,584</b>	<b>6,335,568</b>	<b>5,265,467</b>	<b>2,538,230</b>
<b>Long-Term Liabilities</b>					
Long-Term Liabilities	1,608,661	2,134,221	1,811,521	2,964,046	1,079,746
Deferred Liabilities	655,314	651,980	859,846	894,252	174,667
<b>Total Non Current Liabilities</b>	<b>2,263,975</b>	<b>2,786,201</b>	<b>2,671,367</b>	<b>3,858,298</b>	<b>1,254,413</b>
<b>Total Equity and Non Current Liabilities</b>	<b>8,867,077</b>	<b>8,964,785</b>	<b>9,006,935</b>	<b>9,123,765</b>	<b>3,792,643</b>
<b>Basic Earnings/(Loss) Per Share</b>					
Basic Earnings/(Loss) Per Share	0.15	0.35	0.45	(0.74)	(1.52)
<b>Dividend Per Share</b>					
Dividend Per Share	0.10	0.13	0.20	0.66	-

**Note :** After subdivision of shares in 2020/21 on the basis of subdividing every one (01) existing issued ordinary share into one hundred (100) issued ordinary shares, comparative figures of Earnings/(Loss) per Share and Dividend per Share are restated accordingly.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
	Restated					
	10,793,779	11,186,301	13,766,848	17,508,915	23,342,429	25,822,094
	(829,386)	(366,910)	831,876	1,037,641	1,800,039	666,907
	86,966	(57,598)	(248,248)	(299,530)	(290,032)	(386,127)
	(742,420)	(424,508)	583,628	738,111	1,510,007	280,780
	98,709	(27,400)	76,328	26,253	(15,638)	86,636
	1,829,522	(368,817)	753,801	1,195,691	1,808,427	157,665
	5,064,111	4,976,294	5,043,655	6,288,800	7,865,076	8,151,147
	596,937	577,756	558,120	1,149,561	2,251,210	2,310,317
	229,351	272,448	240,233	208,080	196,334	196,667
	768,638	465,289	198,333	-	-	-
	340,310	554,264	500,059	361,471	245,289	417,320
	(716,889)	(892,074)	(157,746)	373,675	135,584	(715,603)
	6,282,458	5,953,977	6,382,654	8,381,587	10,693,493	10,359,848
	25,731	25,731	25,731	25,731	25,731	25,731
	2,632,243	2,639,586	2,975,281	2,636,782	2,239,508	2,239,508
	1,306,736	826,010	1,153,818	2,307,663	4,259,818	4,037,164
	279,133	247,012	350,616	340,169	282,505	416,536
	4,243,843	3,738,339	4,505,446	5,310,345	6,807,562	6,718,939
	1,103,588	1,272,579	1,300,850	2,400,464	2,946,103	2,652,752
	935,027	943,059	576,358	670,778	939,828	988,157
	2,038,615	2,215,638	1,877,208	3,071,242	3,885,931	3,640,909
	6,282,458	5,953,977	6,382,654	8,381,587	10,693,493	10,359,848
	(2,82)	(1.55)	2.01	2.86	5.97	0.77
	0.36	0.12	0.18	1.50	1.00	1.50

# SHARE INFORMATION

## 1. MARKET VALUE

The market value of the Company's ordinary shares was as follows,

	2023/2024 (Rs.)	2022/2023 (Rs.)
Highest	26.00	26.90
Lowest	17.00	12.60
Market value as at the year end	23.00	20.10

## 2. PUBLIC HOLDING

The Percentage of shares held by the public as at 31st March 2024 was 25.42% (31st March 2023 - 25.51%).

The applicable option under CSE Rule 7.13.1(i)(a) on minimum public holding is option 5 and the float adjusted market capitalization as of 31st March 2024 was Rs.1,482,380,874.28.

## PUBLIC SHAREHOLDERS

The number of Public Shareholders as at 31st March 2024 was 1,556 (31st March 2023 - 1,686).

## 3. DISTRIBUTION OF ORDINARY SHARES

No. of Shares Held	31st March 2024			31st March 2023			
	No. of Shareholders	Total Holdings	% of Total Shares	No. of Shareholders	Total Holdings	% of Total Shares	
1	1,000	853	248,172	0.10	886	270,190	0.11
1,001	10,000	482	2,031,226	0.80	543	2,293,890	0.90
10,001	100,000	206	5,419,079	2.14	240	6,315,986	2.49
100,001	1,000,000	22	5,952,562	2.34	24	6,072,437	2.40
Over 1,000,000		9	239,894,761	94.62	9	238,593,297	94.10
		1,572	253,545,800	100.00	1,702	253,545,800	100.00

## CATEGORIES OF SHAREHOLDERS

	31st March 2024			31st March 2023		
	No. of Shareholders	Total Holdings	% of Total Shares	No. of Shareholders	Total Holdings	% of Total Shares
Individuals	1,480	18,812,433	7.42	1,601	19,880,569	7.84
Institutions	92	234,733,367	92.58	101	233,665,231	92.16
	1,572	253,545,800	100.00	1,702	253,545,800	100.00

## 20 MAJOR SHAREHOLDERS

	Name of Shareholder	31st March 2024		31st March 2023	
		No. of Shares	%	No. of Shares	%
1	THE COLOMBO FORT LAND AND BUILDING PLC	134,319,915	52.98	134,319,915	52.98
2	SEYLAN BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	42,317,886	16.69	41,016,422	16.18
3	UNION INVESTMENTS (PRIVATE) LTD	16,770,000	6.61	16,770,000	6.61
4	COLOMBO FORT INVESTMENTS PLC	15,929,000	6.28	15,929,000	6.28
5	COLOMBO INVESTMENT TRUST PLC	10,560,000	4.16	10,560,000	4.16
6	C M HOLDINGS PLC	10,000,000	3.94	10,000,000	3.94
7	MISS MEENAMBIGAI PRIYADARSHINI RADHAKRISHNAN	3,548,500	1.40	3,548,500	1.40
8	MISS ANDAL RADHAKRISHNAN	3,548,400	1.40	3,548,400	1.40
9	MR. RADHAKRISHNAN MAHESWARAN (DECEASED)	2,901,060	1.14	2,901,060	1.14
10	TRANZ DOMINION, L.L.C.	700,100	0.28	700,100	0.28
11	HATTON NATIONAL BANK PLC/SRI DHAMAN RAJENDRAM ARUDPRAGASAM	685,000	0.27	500,000	0.20
12	PHOTOKINA LTD.	680,400	0.27	680,400	0.27
13	SISIRA INVESTORS LTD..	413,684	0.16	413,684	0.16
14	SAMPATH BANK PLC/DR.T.SENTHILVERL	410,000	0.16	410,000	0.16
15	MR. MOHAMED HUSSAIN MOHAMMED SANOON	400,000	0.16	400,000	0.16
16	THE INCORPORATED TRUSTEES OF THE CHURCH OF CEYLON	282,800	0.11	282,800	0.11
17	MRS. DARMINEE RAJARATNAM	260,000	0.10	200,000	0.08
18	CONSOLIDATED HOLDINGS (PRIVATE) LIMITED	259,600	0.10	259,600	0.10
19	MR. UDAYATHILAKA INDRAPALA SURIYABANDARA	218,678	0.09	209,423	0.08
20	DR. HETTIARACHCHIGE WALTER ELLIOT TISSERA	188,700	0.07	188,700	0.07
		<b>244,393,723</b>	<b>96.39</b>	242,838,004	95.78

# GLOSSARY OF TERMS

## ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices adopted by an entity in preparing and presenting Financial Statements.

## ACCRUAL BASIS

Recognition of the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalents.

## AMORTIZATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

## ACTUARIAL GAINS AND LOSSES

Gain or loss arising from the difference between estimates and actual experience in a Company's pension plan.

## CASH EQUIVALENTS

Short-term highly liquid investments which are readily convertible to known amounts of cash and which subject to an insignificant risk of changes in value.

## CURRENT RATIO

Current assets divided by current liabilities. A measure of liquidity.

## CONTINGENT LIABILITIES

A condition or situation existing at the reporting date where the outcome will be confirmed only by the occurrence or non-occurrence of one or more future events, not wholly within the control of the entity.

## COMMITMENTS

Credit facilities approved but not yet utilized by the clients as at the reporting date.

## CORPORATE GOVERNANCE

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of entity, the supervision of executive actions and accountability to owners and others.

## CREDIT RISK

Credit risk or default risk is most simply defined as the potential that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions.

## DIVIDEND PER SHARE (DPS)

Dividend per share (DPS) is the sum of declared dividends issued by a Company for every ordinary share outstanding. The figure is calculated by dividing the total dividends declared during the year by the number of outstanding ordinary shares issued.

## DIVIDEND PAYOUT RATIO

Dividends Per Share (DPS) divided by Earnings per Share (EPS).

## DIVIDEND YIELD

Dividend per share divided by the market price per share.

## DEFERRED TAX

Sum set aside in the financial statement for taxation that may become liable in a financial year other than the current financial year.

## DEPRECIATION

The systematic allocation of the depreciable amount of an asset over its useful life.

## DERECOGNITION

Removal of a previously recognized financial asset or financial liability from an entity's statement of financial position.

## EARNINGS PER SHARE (EPS)

Profit attributable to ordinary shareholders, divided by the number of ordinary shares in issue.

## EQUITY

The value of an asset after all the liabilities or debts have been paid.

## EBIT

Earnings Before Interest and Tax.

## EBITDA

Earnings before interest expense, tax, depreciation and amortisation (includes other income).

### **EFFECTIVE TAX RATE**

Provision for taxation expressed as a percentage of Profit Before Tax.

### **EVENTS AFTER REPORTING DATE**

Events after the reporting period are those events, favorable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

### **EXPECTED CREDIT LOSS (ECL)**

A regulatory calculation of the amount expected to be lost on an exposure using a 12-month time horizon and downturn loss estimates. ECL is calculated by multiplying the Probability of Default (a percentage) by the Exposure at Default (an amount) and Loss Given Default (a percentage).

### **FAIR VALUE**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### **FAIR VALUE THROUGH PROFIT AND LOSS**

A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term.

### **FINANCE LEASE**

A contract whereby a lessor conveys to the lessee the right to use asset for rent over an agreed period of time which is sufficient to amortize the capital outlay of the lessor. The lessor retains ownership of the asset but transfers substantially all the risks and rewards of ownership to the lessee.

### **FINANCIAL ASSETS**

Any asset that is cash, equity instrument of another entity, a contractual right to receive cash or contractual right to receive another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

### **FINANCIAL INSTRUMENTS**

Any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

### **FINANCIAL LIABILITIES**

A contractual obligation to deliver cash or other financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity.

### **GEARING**

Proportion of total long term interest-bearing borrowings to capital employed.

### **IMPAIRMENT**

This occurs when the recoverable amount of an asset is less than the carrying amount.

### **INTANGIBLE ASSET**

An identifiable non-monetary asset without physical substance held for use in production/supply of goods/services or for rental to others or for administrative purposes.

### **INTEREST BEARING LIABILITIES**

Liabilities on which the Company is paying interest.

### **INTEREST RATE RISK**

The risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

### **INTEREST COVER**

Profit before tax and net finance cost divided by net finance cost. Measure of an entity's debt service ability.

### **KEY MANAGEMENT PERSONNEL**

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity.

### **LIFETIME EXPECTED CREDIT LOSSES**

The Expected Credit Losses that result from all possible default events over the expected life of a Financial Instrument.

### **LIQUIDITY RISK**

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

### **MARKET CAPITALIZATION**

Number of ordinary shares in issues multiplied by the market value of a share as at the year end.

# GLOSSARY OF TERMS

## **MATERIALITY**

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of Financial Statements.

## **MARKET RISK**

This refers to the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, equity prices and commodity prices.

## **NET ASSET PER SHARE**

Net Assets divided by the number of shares.

## **NON-CONTROLLING INTEREST**

Equity in a subsidiary is not attributable, directly or indirectly, to a parent.

## **OPERATING PROFIT**

Earnings before interest and tax (Includes other income).

## **OPERATING PROFIT MARGIN**

Operating profit divided by turnover.

## **OPERATIONAL RISK**

This refers to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

## **PRICE EARNINGS RATIO**

A valuation ratio of a Company's current share price to its per share earnings. It can be calculated by dividing the market Value per share by earnings per share (EPS).

## **PRUDENCE**

Inclusion of a degree of caution in the exercise of judgement needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

## **RETURN ON EQUITY (ROE)**

Net profit for the year divided by Equity.

## **RETURN ON CAPITAL EMPLOYED (ROCE)**

Operating Profit (EBIT) divided by equity plus long term interest bearing borrowings.

## **RELATED PARTIES**

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

## **RELATED PARTY TRANSACTIONS**

A transfer of resources, services, obligations between related parties, regardless of whether a price is charged or not.

## **SEGMENTAL ANALYSIS**

Analysis of financial information by segments of an enterprise, specifically the different industries and the different geographical areas in which it operates.

## **SHAREHOLDERS' FUNDS**

Total of issued and fully paid share capital and capital and revenue reserves.

## **VALUE ADDED**

The quantum of wealth generated by the activities of the group measured as the difference between group turnover and cost of materials and services bought in.

# NOTICE OF MEETING

Notice is hereby given that the Ninety First Annual General Meeting of E.B. Creasy & Company PLC will be held on 26th September 2024, at 1.00 p.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01 for the following purposes, namely:

1. To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March, 2024 with the Report of the Auditors' thereon.
2. To re-elect as a Director Mr. P.Y.S. Perera who retires in accordance with Article 91 of the Articles of Association.
3. To re-elect as a Director Mr. P.M.A. Sirimane who retires in accordance with Articles 84 and 85 of the Articles of Association.
4. To reappoint Mr. R.N. Bopearatchy who is over seventy years of age as a Director.

Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 6)

5. To reappoint Mr. A.M. de S. Jayaratne who is over seventy years of age as a Director.

Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment. (See Note No. 7)

6. To reappoint Mr. A.R. Rasiah who is over seventy years of age as a Director.

Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (See Note No. 8)

7. To reappoint Mr. S.N.P. Palihena who is over seventy years of age as a Director.

Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (See Note No. 9)

8. To reappoint Dr. A.M. Mubarak who is over seventy years of age as a Director.

Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (See Note No. 10)

9. To reappoint Mr. S.D.R. Arudpragasam who is over seventy years of age as a Director.

Special Notice has been received from a shareholder of the intention to pass a Resolution which is set out below in relation to his reappointment (See Note No.11)

10. To authorise the Directors to determine contributions to charities.
11. To reappoint as Auditors, KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.
12. Special Business:

To consider and if thought fit to pass the following Special Resolution to amend the Articles of Association of the Company in compliance with the Listing Rules of the Colombo Stock Exchange in the manner following:

## SPECIAL RESOLUTION

### Resolved –

- “That the existing Article 74 (1) be deleted and the following be substituted therefor:

74 (1) The Directors shall not be less than five (05) or more than fifteen (15) in number. Subject to the provisions of the Act and these presents, the Company may from time to time, by Special Resolution, increase or reduce the number of Directors.

- That the existing Article 105 be deleted in its entirety and the following be substituted therefor:

105 (1) A Director, may by notice in writing left at the office, appoint any person to be his Alternate to act in his place for such period as the appointer may stipulate and such appointment shall become effective upon approval thereof by the Board, provided however that:-

- (a) An Alternate Director shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.
- (b) If an Alternate Director is appointed by a Non-Executive Director such Alternate should not be an Executive of the Company.
- (c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence specified in the Listing Rules of the Colombo Stock Exchange and the Company shall satisfy the requirements relating to the minimum number of Independent Directors specified in the Listing Rules. The Nominations and Governance Committee of the Company shall review and determine that the person so nominated as the Alternate would qualify as an Independent Director before such appointment is made.
- (d) The Company shall make an immediate Market Announcement on the Colombo Stock Exchange regarding the appointment of an Alternate Director. Such Market Announcement shall include the following:
  - i) The exceptional circumstances leading to such appointment

# NOTICE OF MEETING

- ii) The information on the capacity in which such Alternate Director is appointed, i.e. whether as an Executive, Non-Executive or Independent Director.
  - iii) The time period for which he/ she is appointed, which shall not exceed one (1) year from the date of appointment and
  - iv) A statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company.
- (2) A person appointed to be an Alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company, nor be required to hold any share qualification, but the Board may repay the Alternate Director such reasonable expenses as he may incur in attending and returning from meetings of the Directors which he is entitled to attend or which he may otherwise properly incur in or about the business of the Company or may pay such allowances as the Board may think proper in respect of these expenses.
- (3) An Alternate Director shall be entitled to receive notices (on his giving an address for such notices to be served upon him) of all meetings of the Directors and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all the functions of his appointer as a Director in the absence of such appointer.
- (4) If an Alternate Director is also a Director in his own right he shall have at any Board meeting two (2) votes, one (1) vote in his own right and one (1) vote in his capacity as an Alternate Director.
- (5) An Alternate Director shall ipso facto cease to be an Alternate Director on the happening of any of the following events;
- (a) Upon the Appointer's resumption of duties as a Director;
  - (b) If the appointment of the Alternate Director is revoked by notice in writing left at the office by his appointer;
  - (c) If his appointer ceases for any reason to be a Director; Provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;
  - (d) If the Alternate Director shall have a receiving order made against him or compounds with his Creditors or is adjudicated an insolvent;
  - (e) If the Alternate Director be lunatic or becomes of unsound mind;
  - (f) If the Alternate Director resigns by a notice in writing given under his hand to the Company;
  - (g) If he becomes subject to any of the provisions of Article 83 of these presents which, if he were a Director of the Company, would render his office vacated;
  - (h) If the Board resolves that the appointment of the Alternate Director be terminated; provided that such termination shall not take effect until the expiration of thirty (30) days after the date of the resolution of the Board.
- (6) A Director shall not vote on the question of the approval of an Alternate Director to act for him or on the question of the termination of the appointment of such an Alternate Director under the forgoing sub-clause of this Article, and if he does so his vote shall not be counted; nor for the purpose of any resolution for either of these purposes shall he be counted in the quorum present at the meeting.
- (7) The attendance of any Alternate Director at any meeting subject to (6) above, including Board Committee meetings shall be counted for the purpose of quorum."

By Order of the Board,  
**Corporate Managers & Secretaries (Private) Limited**  
Secretaries

27th August 2024  
Colombo

## NOTES:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed for this purpose.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Pvt) Limited at No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty-eight hours before the time fixed for the meeting.
4. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company Secretaries in accordance with the instructions given on the reverse of the Form of Proxy.

5. Please refer the CSE website and the “Circular to Shareholders” dated 27th August 2024 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.

6. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

**Resolved –**

“That Mr. R.N. Bopearatchy who is eighty three years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. R.N. Bopearatchy.”

7. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

**Resolved –**

“That Mr. A.M. de S. Jayaratne who is eighty four years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. A.M. de S. Jayaratne.”

8. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

**Resolved –**

“That Mr. A.R. Rasiyah who is seventy eight years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. A.R. Rasiyah.”

9. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

**Resolved –**

“That Mr. S.N.P. Palihena who is seventy seven years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. S.N.P. Palihena.”

10. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

**Resolved –**

“That Dr. A.M. Mubarak who is seventy three years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Dr. A.M. Mubarak.”

11. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

**Resolved –**

“That Mr. S.D.R. Arudpragasam who is seventy three years of age, be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. S.D.R. Arudpragasam.”



# FORM OF PROXY

I/We ..... of  
 ..... being a member/members of E.B. Creasy & Company PLC,  
 hereby appoint .....  
 of ..... whom failing

- |   |                           |
|---|---------------------------|
| 1. Sri Dhaman Rajendram Arudpragasam    | of Colombo or failing him |
| 2. Sanjeev Rajaratnam                   | of Colombo or failing him |
| 3. Rohan Chrisantha Anil Welikala       | of Colombo or failing him |
| 4. Ranjit Noel Bopearatchy              | of Colombo or failing him |
| 5. Parakrama Maithri Asoka Sirimane     | of Colombo or failing him |
| 6. Albert Rasakantha Rasiah             | of Colombo or failing him |
| 7. Shanthikumar Nimal Placidus Paliheha | of Colombo or failing him |
| 8. Azeez Mohamed Mubarak                | of Colombo or failing him |
| 9. Ajit Mahendra de Silva Jayaratne     | of Colombo or failing him |
| 10. Sanjeeewa Wijesiri Gunawardena      | of Colombo or failing him |
| 11. Pathiranaage Yohan Srineth Perera   | of Colombo                |

as my/our proxy to represent me/us and to speak and vote on my/our behalf at the Ninety First Annual General Meeting of the Company to be held on 26th September 2024, at 1.00 p.m. and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

	For	Against
1. To receive the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2024 with the Report of the Auditors thereon		
2. To re-elect Mr. P.Y.S. Perera as a Director		
3. To re-elect Mr. P.M.A. Sirimane as a Director		
4. To reappoint Mr. R.N. Bopearatchy as a Director		
5. To reappoint Mr. A.M. de S. Jayaratne as a Director		
6. To reappoint Mr. A.R. Rasiah as a Director		
7. To reappoint Mr. S.N.P. Paliheha as a Director		
8. To reappoint Dr. A.M. Mubarak as a Director		
9. To reappoint Mr. S.D.R. Arudpragasam as a Director		
10. To authorize the Directors to determine contributions to charities		
11. To reappoint as Auditors KPMG and authorize the Directors to determine their remuneration		
12 Special Business. To amend the Articles of Association of the Company as set out in the Notice of Meeting		

As witness my/our hands this ..... day of ..... Two Thousand and Twenty Four.

.....  
 Signature

**Note:**

A proxy need not be a member of the Company. If no words are deleted or there is in the view of the proxy doubt (by reason of the manner in which the instructions contained in the Form of Proxy have been completed) as to the way in which the proxy should vote, the proxy may vote as he/she thinks fit. Instructions for completion appear overleaf.

## INSTRUCTIONS AS TO COMPLETION

1. Perfect the Form of Proxy, after filling in legibly your full name and address by signing in the space provided and filling in the date of signature.
2. In the case of Corporate Members, the Form of Proxy must be under the Common Seal of the Company or under the hand of an Authorised Officer or Attorney.
3. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of the same, or a copy certified by a Notary Public must be lodged with the Company's Secretaries, along with the Form of Proxy.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited., 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than forty-eight (48) hours before the time appointed for the holding of the meeting.

# CORPORATE INFORMATION

## NAME OF THE COMPANY

E.B. Creasy & Company PLC

## LEGAL FORM

Public Quoted Company with Limited Liability incorporated in Sri Lanka under the Joint Stock Companies Ordinance 1861

## COMPANY NUMBER

PQ 182

## PRINCIPAL ACTIVITIES

The principal activities are manufacturing of consumer disposables and marketing of hardware and automotive accessories and installation of solar power systems

## STOCK EXCHANGE LISTING

The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka

## REGISTERED OFFICE

P.O. Box 37, No. 98, Sri Sangaraja Mawatha, Colombo 10.  
Telephone : 94 (11) 2421311, Fax: 94 (11) 2448534

## BOARD OF DIRECTORS

Chairman/Managing Director  
Mr. S. D. R. Arudpragasam, FCMA (UK)

Joint Managing Director  
Mr. S. Rajaratnam, B.Sc. CA

## DIRECTORS

Mr. R.N. Bopearatchy, B.Sc. (Cey), Dip. BM, MBA (Univ. of Col.)  
Mr. R.C.A. Welikala  
Mr. P.M.A. Sirimane, FCA, MBA  
Mr. A.R. Rasiah, B.Sc. (Cey.), FCA  
Mr. S.N.P. Palihena, FCIB (U.K.), FIB (SL), Post Grad. Dip. Bus. & FA  
Dr. A.M. Mubarak, B.Sc. (SL), Ph.D. (Cantab), FICHEMC, FNASSL  
Mr. A.M. de S. Jayaratne, B.Sc. (Econ.), FCA (Eng. and Wales), FCA (ICASL)  
Mr. S.W. Gunawardena, B.Sc., MBA  
Mr. P.Y.S. Perera, FCA, FCMA (UK) (Appointed w.e.f 02nd May 2024)

## SECRETARIES

Corporate Managers & Secretaries (Private) Limited  
No. 8-5/ 2, Leyden Bastian Road, York Arcade Building, Colombo 01.

## AUDITORS

KPMG  
Chartered Accountants  
P.O. Box 186, Colombo 03.

## LEGAL ADVISERS

Julius & Creasy  
P.O. Box 154, Colombo 01.

## BANKERS

Bank of Ceylon  
Amana Bank PLC  
Cargills Bank Limited  
Commercial Bank of Ceylon PLC  
Sampath Bank PLC  
NDB Bank PLC  
Union Bank of (Colombo) PLC  
People's Bank  
Seylan Bank PLC  
Nations Trust Bank PLC  
Hatton National Bank PLC  
Standard Chartered Bank  
Pan Asia Banking Corporation PLC  
Sanasa Development Bank PLC  
DFCC Bank PLC  
Habib Bank Limited

## SUBSIDIARIES

Darley Butler & Co. Limited (DBCL)  
Candy Delights Limited (CDL)  
Laxapana PLC (LP) (Formerly Laxapana Batteries PLC)  
Sterling Steels (Pvt) Ltd. (SSL)  
(Formerly BlueScope Lysaght Lanka (Private) Ltd.)  
E.B. Creasy Ceylon (Private) Limited (EBCC)  
Group Three Associates (Private) Limited (GTA)  
Corporate Systems Limited (CSL)  
E.B. Creasy Logistics Limited (EBL)  
Muller & Phipps (Ceylon) PLC (M&P)  
Muller & Phipps (Health Care) Limited (MPHC)  
(Formerly Muller & Phipps (Health Care) (Private) Limited and Pettah Pharmacy (Private) Limited)  
Lanka Special Steels Limited (LSSL)  
Ceyflex Rubber Limited (CRL)

