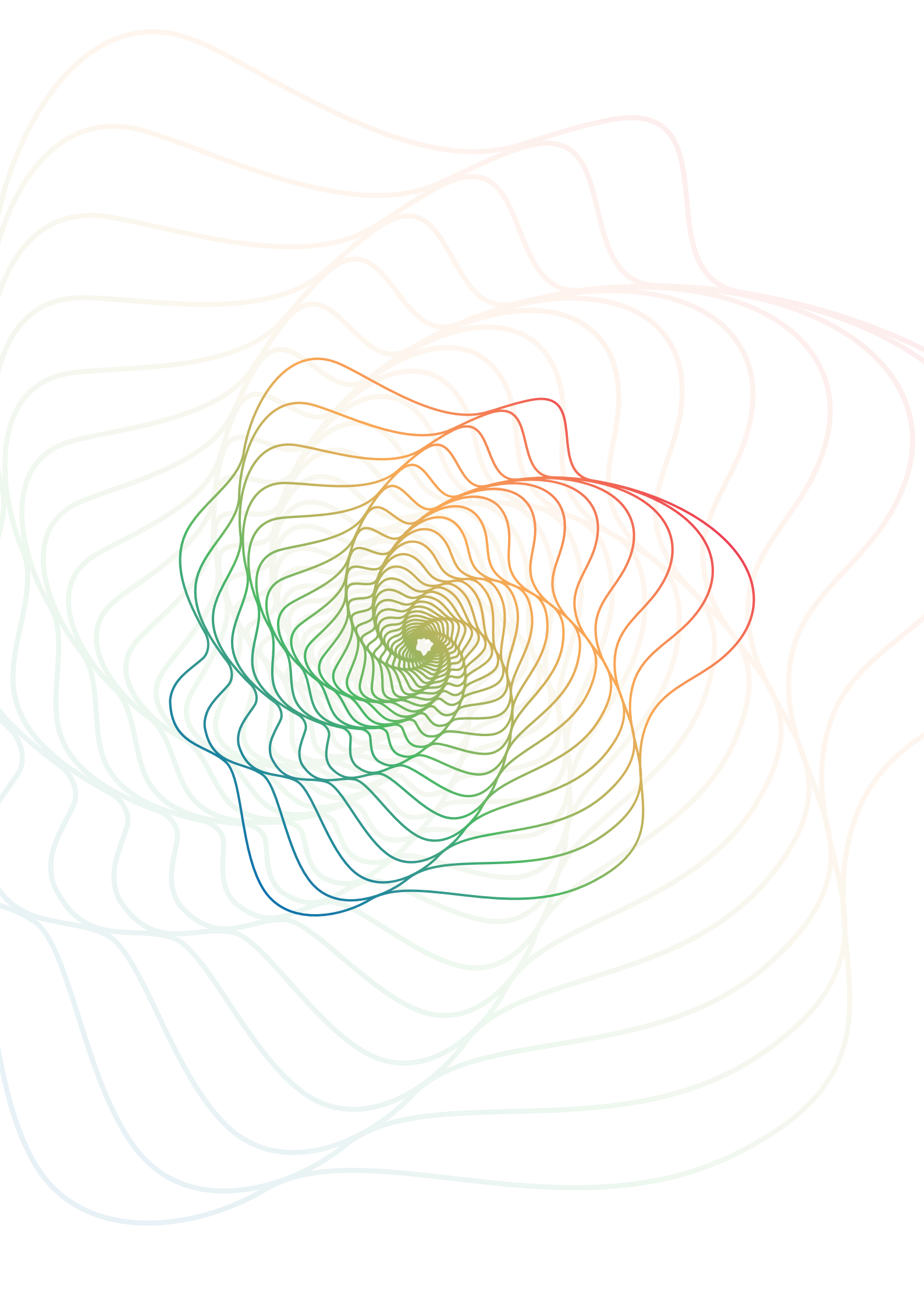




**Melstacorp**  
RESPONSIBLE DIVERSITY

# Transcending Excellence

Melstacorp PLC | Annual Report 2023/24



# Transcending Excellence

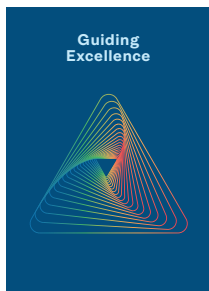
Melstacorp PLC has consolidated its position and remains as one of Sri Lanka's most successful conglomerates. It is our uncompromising resilience towards maintaining excellence and our commitment to continuous growth that keeps us ahead of the curve and the competition.

Our leadership, dedicated staff, persevering partnerships and the spirit that underscores each of our operation, have propelled us forward and ensured that we transcend excellence in all our endeavours.



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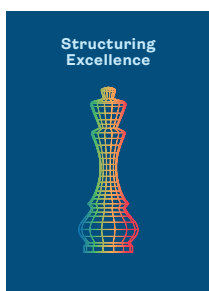
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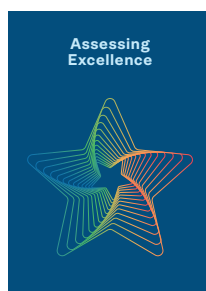
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# About Melstacorp PLC

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**Melstacorp PLC, one of Sri Lanka's ten largest listed companies, is a highly diversified conglomerate with a substantial presence across multiple sectors, including beverages, tourism, maritime freight & logistics, strategic investments, financial services, plantations and services.**

**The Melstacorp Group includes eight listed companies within its portfolio:**

Distilleries Company of Sri Lanka PLC, Aitken Spence PLC, Aitken Spence Hotels Management PLC, Balangoda Plantations PLC, Madulsima Plantations PLC, Elpitiya Plantations PLC, Aitken Spence Plantation Managements PLC, Browns Beach Hotels PLC.

## Vision

**Pursue excellence.  
Make a difference.**

---

## Mission

### Resilient

We pride ourselves on our ability to adapt quickly, act decisively and maintain operations even in the most difficult times.

### Reliable

Consistent quality, absolute integrity, and unfailing dependability are at the core of our businesses.

### Responsible

Our responsibility goes beyond financial success. It includes being one with nature, uplifting the lives of our citizens and looking after the best interests of our stakeholders.

# Financial Highlights

		2023/24	2022/23	YoY (%)
<b>Financial</b>				
<b>Financial Performance</b>				
Group Revenue	Rs.Mn	235,686	247,261	(4.68)
Profit from Operations	Rs.Mn	38,812	47,885	(18.95)
Net Finance Expense	Rs.Mn	(10,310)	(6,197)	66.37
Share of Profit from Equity Accounted Investees	Rs.Mn	985	1,116	(11.74)
Profit before tax	Rs.Mn	29,487	42,804	(31.11)
Profit After Tax	Rs.Mn	12,718	22,968	(44.63)
Total Comprehensive Income	Rs.Mn	37,858	26,947	40.49
<b>Financial Position</b>				
Non-Current Assets	Rs.Mn	259,655	229,305	13.24
Current Assets	Rs.Mn	100,364	105,938	(5.26)
Total Assets	Rs.Mn	360,189	335,436	7.38
Total Equity	Rs.Mn	175,314	150,792	16.26
Non-Current Liabilities	Rs.Mn	86,319	90,623	(4.75)
Current Liabilities	Rs.Mn	98,556	94,021	4.82
Total Liabilities	Rs.Mn	184,875	184,644	0.13
<b>Key Ratios</b>				
ROE	%	7.25	15.23	(52.37)
Interest Cover	Times	3.28	3.47	(5.51)
Dividend Cover	Times	0.996	2.186	(54.46)
Dividend Pay Out Ratio	%	100.44	45.74	119.58
Current Ratio	Times	1.02	1.13	(9.62)
Debt Equity Ratio	%	54.75	71.76	(23.70)
<b>Share Information</b>				
Market Capitalisation as at 31st March	Rs.Bn	102.55	63.86	60.58
Market Price as at 31st March	Rs.	88.00	54.80	60.58
Earnings Per Share	Rs.	8.23	14.78	(44.29)
Dividends Per Share	Rs.	8.27	6.76	22.34
Net Asset Value per Share	Rs.	98.97	84.48	17.15
Price Earnings Ratio	%	10.69	3.71	188.23
<b>Manufactured Capital</b>				
PPE as at 31st March	Rs.Mn	153,107	136,493	12.17
Investments during the year	Rs.Mn	5,877	3,497	68.06
Depreciation	Rs.Mn	6,787	7,157	(5.17)



**Rs.244,762 Mn**  
Total Value Added by the Group

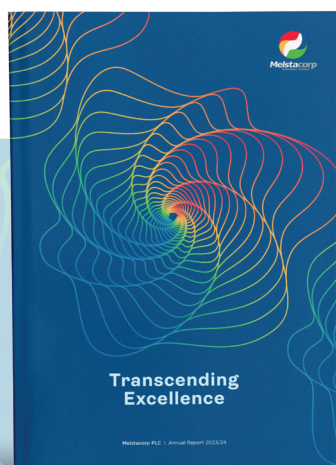


**Rs.8.23**  
Earning Per Share



**7.25%**  
Return on Equity

# About the Report



**This report represents Melstacorp PLC’s inaugural Integrated Annual Report, providing a comprehensive overview of our performance for the financial year ending 31st March 2024. It demonstrates how the Group delivered value to our stakeholders by implementing our meticulously planned business strategy while navigating political, social, and economic challenges.**

## SCOPE AND BOUNDARY

The report, following the most recent report for the year ended 31st March 2023, is comprised of both financial and non-financial information essential for evaluating the performance of Melstacorp PLC (the parent) and its drivers legal entities spanning 8 sectors, collectively referred to as “the Group,” for the financial year concluding on 31st March 2024. This includes comparative data where relevant. The reporting boundaries for both financial and non-financial aspects maintain consistency throughout the entire Group.

## ASSURANCE

Assurance on Financial Statements has been provided by Messrs KPMG, Chartered Accountants and their report is set out on pages 117 to 123.

## FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements based on our current perceptions, opinions, and views based on both external and internal information. These statements aim to assess the Group’s potential for future value creation. However,

these statements are subject to inherent uncertainties, as they pertain to future events, outcomes, and impacts beyond our control, which can only be confirmed in hindsight. These uncertainties could affect the process of value creation. We advise users to consider the impact of these uncertainties on our forward-looking statements, given the fluid nature of the markets and the extreme volatility of key economic indicators. Users are encouraged to form their own judgments using the latest information available at the time of assessment. It’s important to note that all forward-looking statements are provided without recourse or any liability whatsoever to the Board or other preparers of the Annual Report, considering the uncertainties mentioned above.

## REPORTING FRAMEWORKS AND PRINCIPLES

### Financial Reporting

- Companies Act No.7 of 2007
- Listing Rules of the Colombo Stock Exchange
- Sri Lanka Accounting & Auditing Standards
- Sri Lanka Financial Reporting Standards

### Corporate Governance

- Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka
- Listing Rules of the Colombo Stock Exchange

### Integrated Reporting

- International <IR> Framework

# About the Report

## RESTATEMENTS & COMPARABILITY OF INFORMATION

There were no significant changes requiring restatements of financial or sustainability information during the reporting period

### STATEMENT BY THE BOARD

The Management of Melstacorp PLC has prepared, reviewed and approved the contents of the Annual Report for the year ended 31st March 2024.

The Board acknowledges its responsibility to ensure the integrity of the Annual Report and to ensure that it provides a balanced view of its performance addressing all material issues that may have an impact on the Group's capacity to create value over the short term. The acknowledgment of the Boards' responsibility for the Annual Report and its content are given in the Annual Report of the Board of Directors on page 51.

The report was approved by the Board of Directors on 27th August 2024.

Signed on behalf of the Board



D. H. S. Jayawardena  
Chairman

27th August 2024

## NAVIGATING OUR REPORT

### Capitals



Financial  
Capital



Social &  
Relationship  
Capital



Human  
Capital



Manufactured  
Capital



Intellectual  
Capital



Natural  
Capital

### Stakeholders



Customers



Employees



Business  
Partners



Government  
and Regulators



Community



Investors



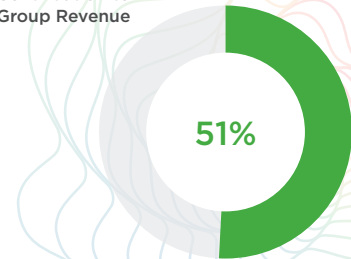
# Our Businesses



## Beverages



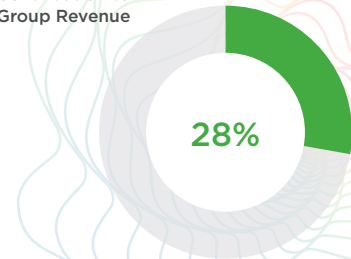
Contribution to Group Revenue



## Tourism



Contribution to Group Revenue

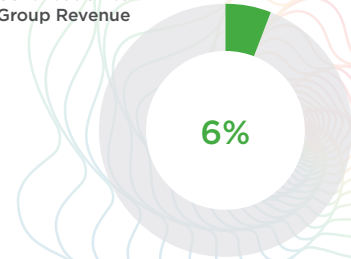


## Maritime, Freight & Logistics



MelstaLogistics

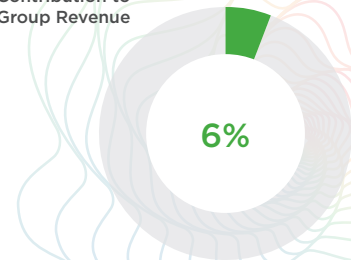
Contribution to Group Revenue



## Strategic Investments



Contribution to Group Revenue



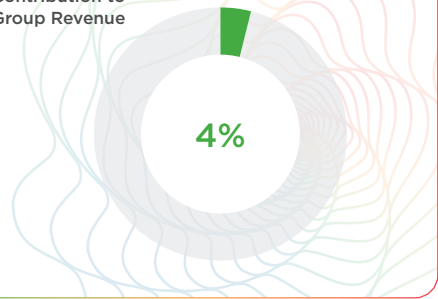
# Our Businesses



## Finance Services



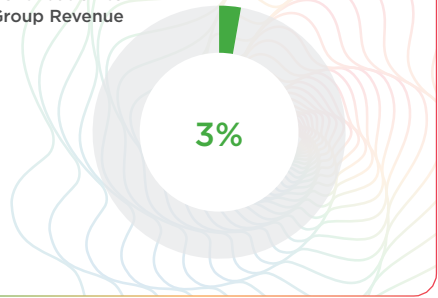
Contribution to Group Revenue



## Plantations



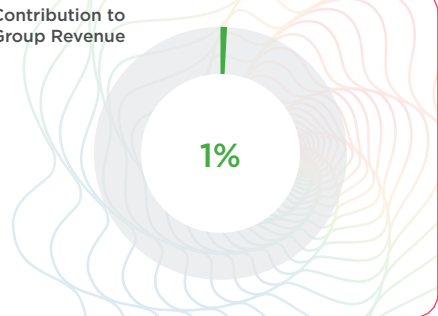
Contribution to Group Revenue



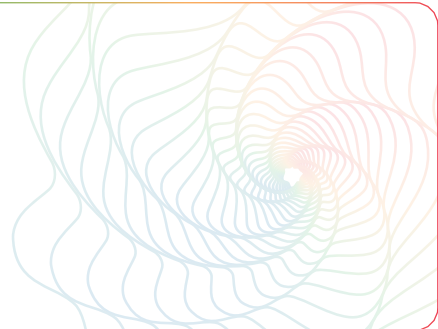
## Services



Contribution to Group Revenue



## Telecommunications



# Chairman's Message

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Dear Shareholder,

It is with great pleasure that I present the 2023/24 Annual Report and financial statements for Melstacorp PLC, for the fiscal year ending March 31, 2024.

Our strategy reflects a bolder ambition and our commitment to use the strength of Melstacorp to support our customers, invest in our employees and provide strength and stability for the broader economy. In 2023/24, Melstacorp PLC excelled with remarkable milestones that showcase our strategic vision and effective execution. The Group achieved a Total Comprehensive Income of Rs. 37.9 billion, a 40% increase from the previous year, driven by gains in our diversified operations and investments.

**“ Our strategy reflects a bolder ambition and our commitment to use the strength of Melstacorp to support our customers, invest in our employees, and provide strength and stability for the broader economy. ”**



# Chairman's Message

We maintained our AAA (Ika) credit rating, reflecting our financial robustness and disciplined approach. Dividends totaling Rs. 8.27 per share were declared, demonstrating our commitment to sustainable growth and lasting value for all stakeholders.

## GLOBAL LANDSCAPE

The World Bank has reported that the global output slowed to 2.6% in 2023, down from 3% in 2022, and is expected to remain at 2.6% in 2024 and revise up to 2.7% in 2025. Meanwhile, the IMF projects the emerging Asia to experience a robust growth, rising from 4% in 2023 to 5.4% in 2024 and reaching 5.7% by 2025. Global inflation is forecasted to decline from 6.8% in 2023 to 5.9% in 2024, and further, to 4.5% by 2025. Trade growth is anticipated to be 3% in 2024 and 3.3% in 2025.

## SRI LANKA AT A GLANCE

The year 2023/24 marked a pivotal period for Sri Lanka as it began to recover from the severe economic crisis of 2022/23. While GDP continued to decline in the first quarter, signs of gradual recovery emerged from the second quarter onwards. This upturn was supported by the IMF's External Funding Facility and a series of comprehensive reforms, including the normalization of monetary policies. Positive developments, such as a significant reduction in inflation, with year-over-year headline inflation in Sri Lanka falling to 0.9% in March 2024 from 50.3% in March 2023, and a strengthening of foreign reserves further supported the improving economic outlook. Notably, Sri Lanka's Balance of Payments recorded a net positive surplus in 2023 for the first time in more than a decade, reflecting a notable improvement in the economic landscape. Increased taxes and the rapid withdrawal of energy subsidies, put significant pressure on household budgets. Trade volumes

experienced a decline, reflecting the volatility of the business environment within the local economy. Despite these challenges, the resurgence of international tourism and a return to normalcy provided a significant boost to the economy, with the tourism sector recording a strong recovery after a prolonged period of difficulties. Tourist arrivals have increased by 132%, in this fiscal year compared to the previous fiscal year.

## TRANSCENDING EXCELLENCE

The Group achieved a Profit before Tax of Rs. 29.5 billion in a challenging year whilst two of our main sectors, namely beverage sector had to deal with significant pressures from the significant increases in taxes, and Maritime, Freight & Logistics had to deal with low volumes and reduced prices due to pressures on the global trade volume. This year, Melstacorp once again achieved a credit rating of AAA(Ika) with a stable outlook, as affirmed by Fitch Ratings Lanka - the highest rating on Sri Lanka's national rating scale.

The Group remains focused on maximizing returns through strategic investments in key economic sectors, committing Rs. 5.8 billion in capital expenditure this year. This investment highlights the Group's confidence in the sustained recovery of the country's growth trajectory. Further to the above, DCSL acquired Heineken Lanka Ltd for Rs. 4.2 billion, rebranding it as DCSL Breweries Lanka Ltd. The company continues to brew Heineken, Tiger, Anchor, and its own Bison beer, marking a key milestone in DCSL's expansion and strengthening its beverage industry presence with world-class brands.

The Group's Maritime, Freight & Logistics sector invested Rs.1.6 billion in a new container freight station that spans 100,000 square feet which will be managed by a global consolidator. The Group has also invested Rs.

0.8 billion in capital expenditure for the Apparel Segment to enhance our presence along the value chain through the establishment of a new circular knit apparel manufacturing plant.

The year under review has therefore truly transcended excellence.

## GROUP PERFORMANCE

The Group's operational profit was Rs. 38.8 billion, profit before tax was Rs. 29.5 billion and profit after tax was Rs. 12.7 billion, reflecting strong performance despite economic challenges.

Revenue declined by 5% to Rs. 235.6 billion primarily due to challenges in the Beverage, Maritime, Freight & Logistics, Plantations, and Strategic Investments sectors, alongside the winding down of Telecommunications operations. However, Net Cash Flow from operating activities improved from Rs. 18.1 billion to Rs. 20.4 billion, demonstrating effective cash flow management. The Tourism sector experienced a notable revenue increase of 20.6%, reaching Rs. 66.5 billion, reflecting significant growth compared to the previous year. The Beverage sector achieved Rs. 119 billion in revenue and Rs. 23.8 billion in profit before tax, despite rising excise duties and reduced consumer purchasing power. The Plantations sector faced significant challenges, including labor shortages, currency appreciation, and adverse weather, resulting in a 20% revenue drop to Rs. 8.2 billion. The Financial Services sector performed well, with a 24% increase in revenue premium to Rs. 8.4 billion, reflecting successful market strategies. Due to ongoing underperformance, the Group decided to discontinue Telecommunications operations, reallocating resources to areas with greater potential for impact.

“ **As a Group, we are dedicated to strategically investing in growth industries while adeptly navigating emerging risks and opportunities. We remain focused on preserving cash flow for optimal investments, ensuring strict adherence to governance frameworks, and positioning ourselves for future developments.** ”

#### **DIVIDENDS**

I am pleased to announce that in line with our dividend policy, your Board of Directors declared three interim dividends totaling to Rs. 8.27 per share for the year 2023/24.

#### **CORPORATE GOVERNANCE**

I am delighted to welcome Dr. Ravi Fernando to our Board of Directors. His diverse background and extensive experience will undoubtedly bring valuable insights that will contribute to the ongoing success of our organization.

Corporate governance remains the bedrock on which corporate longevity is founded and the Board is conscious of the need to adapt to evolving issues. Board refreshment and training brings in new perspectives, skills and experience that is required to navigate the Group through the issues of the times, while balancing needs of stakeholders, upholding corporate values and ensuring effective and efficient resource allocation.

#### **LOOKING AHEAD**

Global growth is expected to remain stable in 2024 and 2025, largely driven by Emerging and Developing Economies, with global trade improving. India's rapid growth, our key trading partner, may further boost our own growth. However, geopolitical tensions, including the Ukraine conflict and issues in the Middle East and China-Taiwan relations, could disrupt supply chains and increase costs. Climate change continues to affect economies disproportionately, while advances in artificial intelligence are anticipated to bolster economic resilience. In Sri Lanka, the economy shows optimism with three consecutive quarters of growth after a period of decline, though election uncertainties and global challenges are causing investor caution and affecting key sectors such as beverages.

In this context, we are taking a cautious approach to expansion, focusing on preserving cash flow for optimal investments. As a Group, we are dedicated to strategically investing in growth industries while adeptly navigating emerging risks and opportunities. Our commitment extends to proactively identifying and managing these factors, ensuring strict adherence to governance frameworks and positioning ourselves for future developments.

#### **ACKNOWLEDGEMENTS**

I would like to convey my deep appreciation to the Board of Directors for their unwavering support, and to our management team and employees for their relentless dedication, particularly during these challenging times. I am also profoundly grateful to our

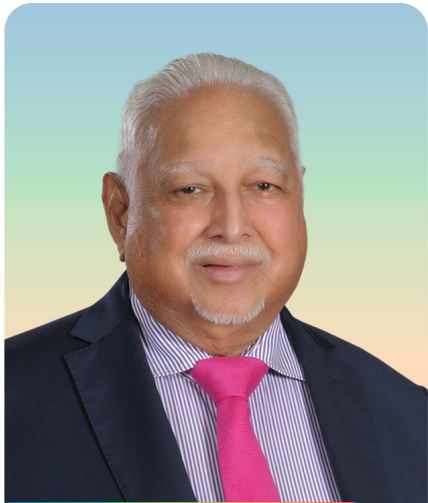
shareholders for their continued trust and confidence in our company. Our stakeholders are an integral part of our journey, and I thank them for their ongoing loyalty. Most importantly, I extend my heartfelt thanks to the loyal customers of our Group for their steadfast commitment to our products. Your loyalty is the cornerstone of our continued success and inspires us to strive for excellence each day.



**D. H. S. Jayawardena**  
Chairman

27th August 2024

# Board of Directors



**Mr. D. H. S. Jayawardena**

Chairman



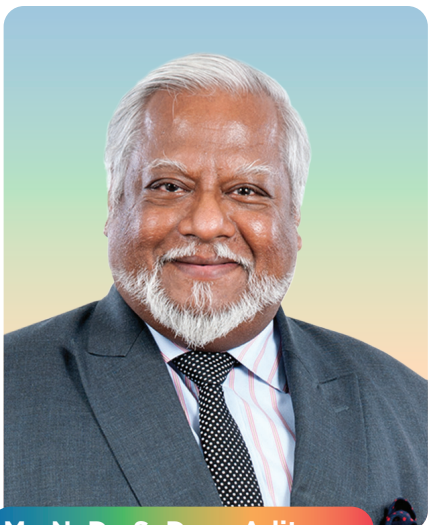
**Mr. C. R. Jansz**

Deputy Chairman



**Mr. M. A. N. S. Perera**

Managing Director



**Mr. N. De S. Deva Aditya**

Independent Non-Executive  
Director



**Capt. K. J. Kahanda (Retd.)**

Non-Executive Director



**Dr. A. N. Balasuriya**

Independent Non-Executive  
Director



**Mr. D. Hasitha S. Jayawardena**

Non-Independent  
Non-Executive Director



**Ms. D. S. T. Jayawardena**

Non-Independent  
Non-Executive Director



**Mr. Damien Fernando**

Executive Director



**Mr. M. R. Mihular**

Independent Non-Executive  
Director



**Dr Ravindra A. Fernando**

Independent Non-Executive  
Director

# Board of Directors

## **MR. D. H. S. JAYAWARDENA** Chairman

Mr. Harry Jayawardena is one of the most successful and prominent business magnates in Sri Lanka. He was elected Chairman of the DCSL Group in 2006 after serving as its Managing Director for almost two decades. He heads many successful ventures in diversified fields of business.

He is the founder Director and the present Chairman/Managing Director of the Stassen Group of Companies. He is the Chairman of Lanka Milk Foods (CWE) PLC., Milford Exports (Ceylon) (Pvt) Ltd., Ceylon Garden Coir (Pvt) Ltd., Ambewela Products (Pvt) Ltd., Ambewela Livestock Co. Ltd., Danish Dairy Products Lanka (Pvt) Ltd., Lanka Dairies (Pvt) Ltd., Aitken Spence PLC., Aitken Spence Hotel Holding PLC., Balangoda Plantations PLC., Madulsima Plantations PLC., Browns Beach Hotels PLC., Lanka Bell Ltd., Periceyl (Pvt) Ltd., Bogo Power (Pvt) Ltd., Texpro Industries Ltd., Melsta Health (Pvt) Ltd and Melsta Gama (Pvt) Ltd, DCSL Breweries Lanka Limited.

He is a former Director of Hatton National Bank PLC., the largest listed bank in Sri Lanka and former Chairman of Ceylon Petroleum Corporation and Sri Lankan Airlines.

Mr. Jayawardena is the Honorary Consul for Denmark and was honoured with the prestigious 'Knight's Cross of Dannebrog' by Her Majesty, Queen Margrethe II of Denmark, for his significant contribution to the Danish arts, sciences and business life.

He has also been awarded the title, 'Deshamanya' in recognition of his services to the Motherland, since November 2005.

## **MR. C. R. JANSZ** Deputy Chairman

Mr. Jansz is a Director of Stassen Group, Distilleries Company of Sri Lanka PLC, Lanka Milk Foods Group & Aitken Spence PLC, DCSL Breweries Lanka Limited. He is the Chairman of Melsta Hospitals Ragama (Pvt) Ltd. and Melsta Hospitals Colombo North (Pvt) Ltd.

He has been the Chairman of DFCC Bank and the Sri Lanka Shippers Council.

Mr. Jansz holds a Diploma in Banking and Finance from London Metropolitan University, UK. He is a Chevening Scholar and an UN-ESCAP Certified Training Manager on Maritime Transport for Shippers.

Mr. Jansz specialises in the movement and finance of international trade.

## **MR. M. A. N. S. PERERA** FCA, MBA Managing Director

Mr. Perera is an experienced professional with a diverse background in finance, investment, and strategic leadership. He joined the Board of Melstacorp PLC as the Managing Director in January 2023. He also serves as a Board member for Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, Distilleries Company of Sri Lanka PLC, DCSL Breweries Lanka Limited and Browns Beach Hotels PLC.

Mr. Perera holds an MBA from the University of Cambridge and is a Fellow of the Institute of Chartered Accountants, Sri Lanka. He is also a Certified Management Accountant and has other qualifications and exposure to investment and financial strategy, risk management and international tax planning.

Having started his UK career with PWC London he spent close to two decades in London's financial and

technology hub. During this time, he led and contributed to strategic projects with global top tier banks such as JP Morgan, ING, Bank of Montreal, National Australia Bank, and BNP Paribas. Notably, he played a crucial role in establishing two international investment banks and a FinTech banking institution in London. During his tenure, he assumed various leadership positions including Finance Director, Chief Financial Officer, Head of Strategy, and part-time Chief Risk Officer.

Mr. Perera possesses extensive experience in financial and investment strategy, specialising in restructuring, turnaround, mergers and acquisitions, and leading strategic and economic research initiatives. His professional endeavours have taken him across Europe, Asia, the Americas, the Middle East, and Southern Africa, accumulating over 25 years of international expertise.

## **MR. N. DE S. DEVA ADITYA** DL, FRSA Independent Non-Executive Director

He was the first post-war Asian born Conservative Member of the British House of Commons and served in Government as the Parliamentary Private Secretary to the Scottish Office after which he was elected as the first Asian born British Member of the European Parliament, representing over 8 million people, British people in Berkshire, Hampshire, Buckinghamshire, Oxfordshire, Surrey, Sussex and Kent for 20 years.

He was the Vice President of the International Development Committee for 15 years, overseeing the Euro 25 billion European Aid Budget. He was the Chairman of the EU Korean Peninsula Delegation working towards a lasting Peace with North Korea, Chairman of the EU China, EU Bangladesh, EU Indonesia, EU Myanmar and EU India Friendship



Groups in the EU Parliament and was nominated by his political group ECR to be the President of the European Parliament and was the Chairman of the EU Delegation to the UN General Assembly.

Currently he is the Publisher of the global media platform, the only Commonwealth wide media outlet reaching out to 2.4 billion people in the Commonwealth  
[www.commonwealthunion.com](http://www.commonwealthunion.com).

For his Tsunami relief work he was made a Chevalier of the Catholic Church and Vishwa Keerthi Sri Lanka Abhimani by the Buddhist Clergy of Sri Lanka.

**CAPT. K. J. KAHANDA (RETD.)**  
**Non-Executive Director**

Captain Kahanda joined Distilleries Company of Sri Lanka in 1993 as Regional Manager (Central Region) and was appointed a Director in December 2006. He was appointed as the Managing Director of Distilleries Company of Sri Lanka PLC in September 2022. Being a former officer of the Sri Lanka Army, he spearheaded the reorganisation of the operations of the Central Region since privatisation. He specialises in logistics, distribution and security matters, and is also a Director of G4S Security Services (Pvt) Ltd., Pelwatte Sugar Distilleries (Pvt) Ltd and Melsta GAMA (Private) Ltd, DCSL Breweries Lanka Limited.

**DR. A. N. BALASURIYA**  
MBBS (Sri Lanka), MBA (Sri.J), CIM (UK), MCGP (SL), MSLIM, MIMSL  
**Independent Non-Executive Director**

Dr. Naomal Balasuriya, a medical doctor-turned-entrepreneur, is internationally sought after as a life-changing motivational speaker. His professional expertise ranges from medicine, military, management, marketing, and mentoring to motivational speaking. He holds both

the Master of Business Administration (MBA) and CIM (UK) qualifications. Having worked in the Government sector, private sector and the Sri Lanka Air Force as a medical doctor, he now leads his entrepreneurial training company, Success Factory. He is also a Director of Distilleries Company of Sri Lanka PLC, a subsidiary of the Group.

**MR. D. HASITHA S. JAYAWARDENA**  
BBA (Hons) (UK)  
**Non-Independent Non-Executive Director**

Mr. Hasitha Jayawardena holds a Bachelor's Degree in Business Administration BBA (Hons) from the University of Kent in the United Kingdom.

Mr. Jayawardena joined the Stassen Group in February 2013. He is a Director of Stassen Exports (Pvt) Ltd., Milford Exports (Ceylon) (Pvt) Ltd., Stassen International (Pvt) Ltd., Stassen Natural Foods (Pvt) Ltd., Ceylon Garden Coir (Pvt) Ltd., Milford Developers (Pvt) Ltd., Stassen Foods (Pvt) Ltd., C. B. D. Exports (Pvt) Ltd., Lanka Milk Foods (CWE) PLC., Lanka Dairies (Pvt) Ltd., Ambewela Livestock Company Ltd., Pattipola Livestock Company Ltd., Ambewela Products (Pvt) Ltd., United Dairies Lanka (Pvt) Ltd., Distilleries Company of Sri Lanka PLC., Periceyl (Pvt) Ltd., Balangoda Plantations PLC., Madulsima Plantations PLC., Melsta Health (Pvt) Ltd., Melsta Hospitals Ragama (Pvt) Ltd., Melsta Hospitals Colombo North (Pvt) Ltd., Zahra Exports (Pvt) Ltd., Mcsen Range (Pvt) Ltd., DCSL Brewery (Pvt) Ltd. and an alternative Director of Melsta Gama (Pvt) Ltd, DCSL Breweries Lanka Limited.

Mr. Jayawardena has also worked as an Intern at the Clinton Global Initiative programme (CGI) in New York in 2007.

**MS. D. S. T. JAYAWARDENA**  
**Non-Independent Non-Executive Director**

Ms. Stasshani Jayawardena was appointed to the Board of Melstacorp PLC since 2022 and marks several milestones for Aitken Spence PLC and Aitken Spence Hotel Holdings PLC as the youngest Board Member, and the first female member on the Board. Ms. Jayawardena heads the Tourism sector of Aitken Spence PLC inclusive of hotels, destination management and overseas travel.

With a career spanning over 10 years at Aitken Spence, she wields a fresh perspective in management and leads strategic business units across the Group. She leads several key strategic teams as the Chairperson of Aitken Spence Hotel Managements (Pvt) Ltd., as a member on the Board of Directors of Aitken Spence PLC and group companies, Aitken Spence Hotel Holdings PLC, Stassen Group, Lanka Milk Foods (CWE) PLC and Distilleries Company of Sri Lanka PLC.

A graduate of St. James' & Lucie Clayton College and Keele University in the United Kingdom and Emeritus Institute of Management, Singapore; she has also received extensive overseas business exposure and training including executive education. Ms. Jayawardena made waves from a young age and was the youngest intern to work under US Senator Hilary Rodham Clinton and the Former US President Bill Clinton in 2003; and was appointed as the Sri Lankan Ambassador for EY NextGen Club from 2017 to 2019.

Ms. Stasshani Jayawardena was appointed to the Executive Board of The Hotel Association of Sri Lanka (THASL) and represents THASL at the Ceylon Chamber of Commerce Committee since 2019. She is an Executive Committee Member

# Board of Directors

at the International Chamber of Commerce in Sri Lanka since 2020 and a Steering Committee Member of the Ceylon Chamber of Commerce Tourism. She was appointed as Chairperson of the Employers' Federation of Ceylon (EFC) Hotels and Tourism Employers Group for the financial year 2020/21. Ms. Jayawardena is also a member of the PWC NextGen Advisory Board.

Ms. Jayawardena is the Ambassador from Aitken Spence PLC at the Target Gender Equality initiative of the UN Global Compact since 2020. In recognition of her work and commitment to inspire, she was recognised at Top 50 Professional & Career Women Awards in Sri Lanka with a Gold award in the Hotel & Hospitality Sector in 2017, and in 2020 by Sri Lankan business magazine, Echelon, listing her among the most innovative and influential young leaders who have succeeded in business and shaping the future of Sri Lanka.

Ms. Jayawardena became the award recipient of the Expatriate Contribution Award – Gold category by Women in Management Maldives. The Professional and Career Women Awards Maldives 2022 presented this award to Ms. Jayawardena for her exceptional contributions and achievements in the field of Hotel & Hospitality.

Her passion remains in designing the next generation of business with the core values of integrity, sustainability, empowerment, and equal opportunities. She believes driving her business decisions by using data and technology.

## **MR. L. U. D. FERNANDO**

**MBA (Sri.J), FCMA (UK)**

**Executive Director**

Mr. Fernando joined the group in 1989 and was a director of DCSL PLC from 2006-2008. He was also a director for Melstacorp PLC from 2010 to 2012. He was reappointed to the Board in September 2022. Mr. Fernando is a Fellow of the Chartered Institute of Management Accountants of the United Kingdom. He was awarded a Master's Degree in Business Administration from the Postgraduate Institute of Management, University of Sri Jayewardenepura, in 1992.

Mr. Fernando is a Non-Executive Director of HNB Assurance PLC and also of HNB General Insurance Ltd. Previously he served as the Executive Director of Sri Lanka Insurance Corporation Limited from 2003 to 2009 and as a non-executive director of HNB PLC from 2012 to 2022. He was a director of The Lanka Hospitals Corporation PLC from 2006-2009 and from 2015 to 2017. He has also held board positions in companies in food & beverage, Manufacturing, Healthcare, Telecommunications, Finance, Asset Management, and Unit Trusts.

## **MR. M. R. MIHULAR**

**FCA , FCMA (UK)**

**Independent Non-Executive Director**

Mr. Mihular served as the Managing Partner of KPMG Sri Lanka & Maldives from April 1, 2012 to March 31, 2022 and was the Chairman of KPMG's Middle East & South Asia (MESA) Regional Cluster during the period 1st October 2018 to 30th September 2021. Reyaz previously served a term as the Chief Operating Officer of the MESA regional office. He also served on KPMG's Europe Middle East & Africa (EMA) Board and on the Global Council of KPMG International.

Mr. Mihular is a Past President and Fellow Member of the Institute of Chartered Accountants of Sri Lanka

and is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) – UK. He also served as the Chairman of the CIMA Sri Lanka. Reyaz has completed International Executive Education programmes at INSEAD, France, Harvard Business School and the London Business School, UK.

Mr. Mihular served as a Board Member of the International Accounting Standards Committee (IASC) from 1996 to 2000. Subsequently he served on the IASC's Standing Interpretations Committee and as a Member of the IFRS Advisory Council of the International Accounting Standards Board. He also served as a member of the International Ethics Standards Board for Accountants (IESBA) from 2012 to 2018.

Mr. Mihular presently serves as Chairman of Watawala Plantation PLC and Bairaha Farms PLC and as an Independent Non-Executive Director of Sunshine Holdings PLC, Agility Innovation (Pvt) Ltd, Damro Holdings Ltd and LTL Holdings Ltd. He also serves on the Colombo Port City Economic Commission as a Commissioner and as a Member of the Stakeholder Engagement Committee of the Central Bank of Sri Lanka.

## **DR. RAVINDRA A. FERNANDO**

**Non-Executive, Independent Director**

Dr. Ravi Fernando is an Alumni of the University of Cambridge having completed both a Post Graduate Certificate in Sustainable Business in 2008 and Master of Studies in Sustainability Leadership in 2014. He has an MBA from the University of Colombo. He holds a Doctor of Business Administration Degree from the European Business School in 2016. He completed the Advanced Management Programme at the INSEAD Business School (France) and is an Executive in Residence since 2010. He is a Member of the Board of Study at the Post Graduate Institute of Management (PIM) since

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March 2023 and is a Visiting Faculty member. In April 2020, he created the '21st Century Board Leadership Model-MasterClass'© for the Institute of Directors of Luxembourg. In February 2023 he published '21st Century Leadership to Fight the Code Red for Business' (Archway Publishing USA). His career with Multinationals spanned 1981-2007 with Unilever, Reckitt Benckiser, Smithkline Beecham International covering Africa, Middle East and Asia. He was the first CEO of the Sri Lanka Institute of Nanotechnology 2008-2011 and Operations Director of the Malaysia Blue Ocean Strategy Institute 2011-2016. He was the first UN Global Compact Focal point 2007 and set up the UNGC Sri Lanka Network. He serves on the Boards of Global Strategic Corporate Sustainability (Pvt) Ltd, Dilmah Ceylon Tea Company, Aitken Spence Plantations Ltd, Aitken Spence Hotels Ltd, UN Global Compact, LOLC Holdings, and Ceylon Graphene Technologies Ltd. In 2007 the "Global Strategy Leadership award" was presented to him by Professor Renee Mauborgne of INSEAD at the World Strategy summit.

# Heads of Group Companies



**Mr. M.A.N.S. Perera**

Managing Director

Melstacorp PLC

**Director**

Distilleries Company of Sri Lanka PLC, DCSL Breweries Lanka Limited Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, Browns Beach Hotels PLC, Balangoda Plantations PLC, Madulsima Plantations PLC, Periceyl (Private) Limited, Melsta Health Group



**Capt. Jagath Kahanda (Retd.)**

Managing Director

Distilleries Company of Sri Lanka PLC,

**Director**

Melstacorp PLC, DCSL Breweries Lanka Limited, Melsta Properties (Pvt) Ltd, Milford Holdings (Pvt) Ltd., Melsta GAMA (Pvt) Ltd.



**Ms. Stasshani Jayawardena**

Joint Deputy Chairperson & Joint Managing Director

Aitken Spence PLC, Aitken Spence Hotel Holdings PLC

**Director**

Browns Beach Hotels PLC, DCSL Breweries Lanka Limited, Distilleries Company of Sri Lanka PLC, Lanka Milk Foods (CWE) PLC



**Dr. M.P. Dissanayake**

Deputy Chairman & Managing Director

Aitken Spence PLC

**Chairman**

Elpitiya Plantations PLC

**Managing Director**

Aitken Spence Hotel Holdings PLC

**Director**

Browns Beach Hotels PLC



**Mr. Chaminda De Silva**

Deputy Chairman/ Managing Director

Continental Insurance Lanka Ltd., Continental Insurance Life Lanka Ltd.



**Mr. Dimuthu Wekunagoda**

CEO

Balangoda Plantations PLC



**Mr. Mohan Fernando**

CEO

Madulsima Plantations PLC



**Ms. Farzana Sulaiman**

CEO - Contact Centre

Bellvantage (Pvt) Ltd.



**Mr. Palitha Rodrigo**

Managing Director

Melsta Technologies (Pvt) Ltd.



**Dr. K.T. Iraivan**

Director/CEO

Melsta Health (Private) Limited,  
Melsta Hospitals Ragama (Pvt) Ltd.,

**Director**

Melsta Laboratories (Private) Limited,  
Melsta Pharmaceuticals (Private) Limited



**Mr. Senaka Amarathunga**

Director/General Manager

Periceyl (Pvt) Ltd.



**Dr. Prasad Samarasinghe**

Managing Director

Lanka Bell Ltd.,  
Bellvantage (Pvt) Ltd.



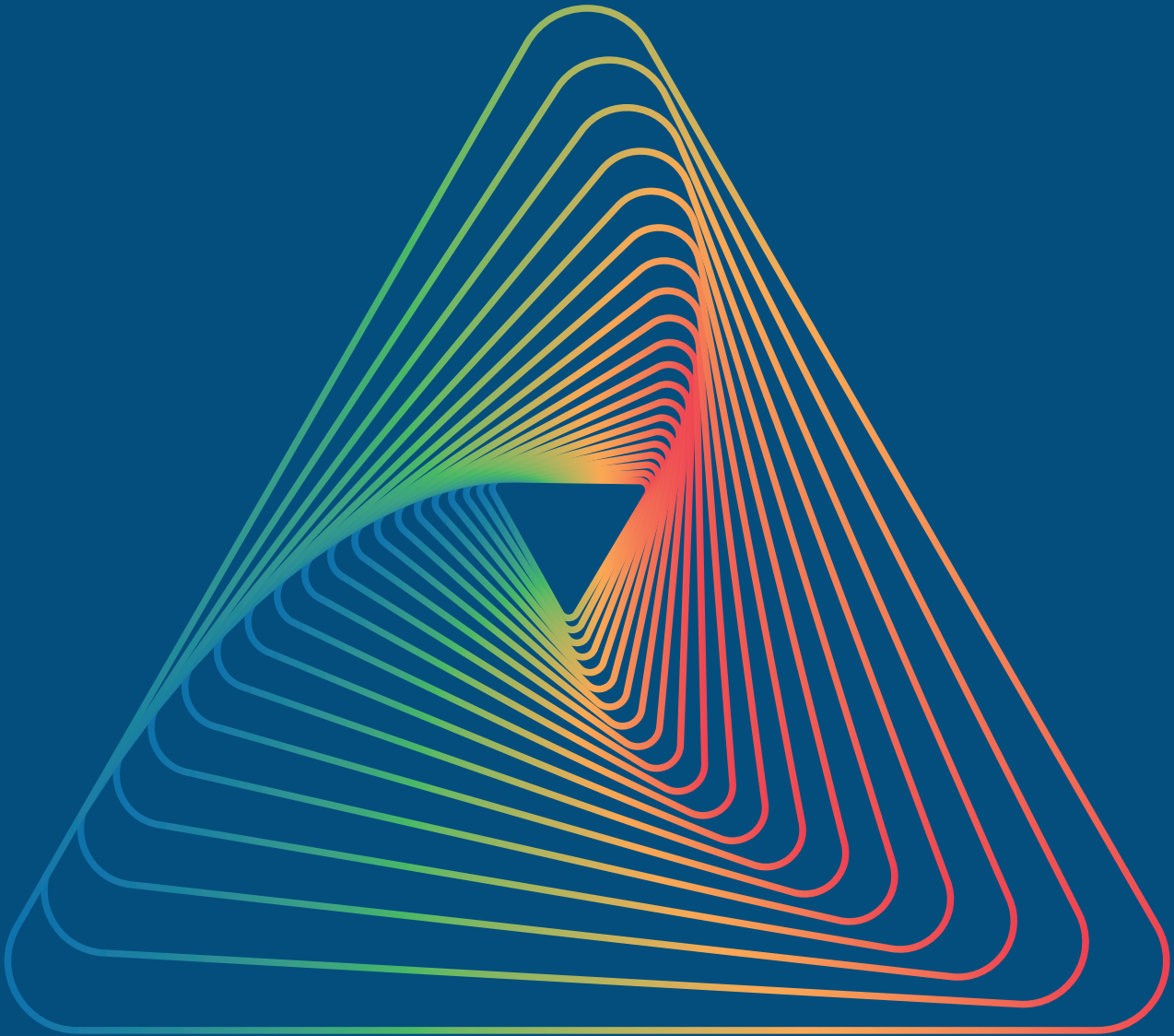
**Mr. Dinal Peiris**

Managing Director

Texpro Industries Ltd.



# Guiding Excellence



## Governance

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# Corporate Governance

**Corporate governance continues to evolve as environmental and societal shifts increasingly influence business operations. While some changes are evident such as those stemming from legal, political, and technological advancements, others subtly affect value and supply chains, as well as the social license to operate. Accordingly, it is essential for corporations to stay attuned to the dynamic operating environment, stakeholder concerns, and potential vulnerabilities to build corporate resilience. The Board of Melstacorp continues to adapt its systems by broadening the scope of governance, reporting, and risk management frameworks to facilitate oversight of key matters that underpin the performance, growth and resilience of the Group.**

The composition of the Board and its Subcommittees is critical as they collectively set the tone at the top for the company. Profiles of the Board members are set out on pages 14 to 17 and their roles are set out below.

Board of Directors	Directorship Status	Attendance
Deshamanya D.H.S. Jayawardena Chairman (Re-designated as a Non-Executive Director w.e.f. 30th October 2023)	Non-Independent Non-Executive Director.	1/2
Mr. C. R. Jansz	Executive Director	2/2
Capt. K. J. Kahanda (Retd.)	Non-Independent Non-Executive Director	2/2
Mr. N. de S. Deva Aditya	Independent Non-Executive Director	2/2
Dr. A. N. Balasuriya	Independent Non-Executive Director	2/2
Mr. D. Hasitha S. Jayawardena	Non-Independent Non-Executive Director	2/2
Ms. D. S. T. Jayawardena	Non-Independent Non-Executive Director	2/2
Mr. M. A. N. S Perera	Executive Director	2/2
Mr.L.U.D.Fernando	Executive Director	2/2
Mr.R. Mihular	Independent Non-Executive Director	2/2
Dr. R. A. Fernando (Appointed w.e.f 12th February 2024)	Independent Non-Executive Director	1/1

The Board comprises of eleven (11) directors of whom four (4) are Independent Non-Executive Directors, Four (4) are Non-Independent Non-Executive Directors and three (3) are Non-Independent Executive directors. The Chairman is a Non-Independent Non-Executive Director. Directors' independence has been determined in accordance with the provisions in the Listing Rule 9 of the Colombo Stock Exchange.

## INDEPENDENCE OF THE DIRECTORS

There were four (4) Independent Non-Executive Directors at the close of the financial year 2023/2024. Independence of Directors is determined by the Board,

based on annual declarations submitted by the Directors in compliance with the Listing Rules of the CSE and in line with Schedule C of the Code of Best Practice on Corporate Governance, 2023 issued by The Institute of Chartered Accountants of Sri Lanka. Accordingly, the Board determined the below Directors as nevertheless independent under the exception given in Rule 9.1.4(3) of the Listing Rules of the CSE.

### Mr. N. de S. Deva Aditya

The Board is of the view that the period of service of Mr. N. de S. Deva Aditya as a Board Member, which exceeds nine years does not compromise his independence and objectivity in discharging his functions as a Director.

Therefore, the Board determined that Mr.Deva Aditya is nevertheless 'independent' of Melstacorp PLC as per the Listing Rules. He also exceeds the age of seventy (70) years

### Dr. A. N. Balasuriya

The Board is of the view that the period of service of Dr. A. N. Balasuriya as a Board Member, which exceeds nine years does not compromise his independence and objectivity in discharging his functions as a Director. Therefore, the Board determined that Dr. A. N. Balasuriya is nevertheless 'independent' of Melstacorp PLC as per the Listing Rules.



### Mr.R. Mihular

Mr.R. Mihular appointed to board as Independent Non-Executive Director with effect from 01st April 2023.

### Dr. R. A. Fernando

Dr. R. A. Fernando appointed to board as Independent Non-Executive Director with effect from 12th February 2024.

### BOARD SUBCOMMITTEES

The Board has delegated certain responsibilities requiring greater attention to four Board Subcommittees with oversight responsibility for same. This arrangement enables the Board to allocate sufficient time to matters reserved for its decision making, particularly the execution of strategy

and forward-looking agenda items, while ensuring that delegated matters receive in-depth focus. Committee Chairmen are accountable for the effective functioning of their Committees and report regularly to the Board on Committee activities.

Committee	Composition	Areas of Oversight
Audit Committee	<ul style="list-style-type: none"><li>Mr. M. R. Mihular - Chairman</li><li>Dr. A. N. Balasuriya</li><li>Mr. N. de S. Deva Aditya</li><li>Mr. D. Hasitha S. Jayawardena</li></ul>	<ul style="list-style-type: none"><li>Risk Management</li><li>Internal Control and Internal Audit</li><li>Financial Reporting and Financial Control</li><li>External Audit including assessing the independence of external auditors</li><li>Compliance with legal and regulatory requirements</li></ul>
Nominations Committee	<ul style="list-style-type: none"><li>Mr. N. de S. Deva Aditya - Chairman</li><li>Mr. C. R. Jansz</li><li>Dr. A. N. Balasuriya</li></ul>	<ul style="list-style-type: none"><li>Evaluating and recommending the appointment/ re-appointment/re-election of Directors to the Board</li><li>Appointment of Key Management Personnel</li><li>Succession planning</li></ul>
Remuneration Committee	<ul style="list-style-type: none"><li>Dr. A. N. Balasuriya - Chairman</li><li>Mr. N. de S. Deva Aditya</li><li>Mr. D. Hasitha S. Jayawardena</li></ul>	<ul style="list-style-type: none"><li>Determining the remuneration policy of the Directors and Key Management Personnel</li><li>Determining the overall individual remuneration packages which includes compensation on termination of employment</li><li>Evaluating the performance of the Managing Directors, Executive Directors as well as the individual and collective performance of Directors and Key Management Personnel</li></ul>
Related Party Transaction Review	<ul style="list-style-type: none"><li>Mr. M. R. Mihular - Chairman</li><li>Dr. A. N. Balasuriya</li><li>Mr. D. Hasitha S. Jayawardena</li></ul>	<ul style="list-style-type: none"><li>Review all proposed related party transactions and the post quarter confirmations in accordance with the requirements of the CSE Listing Rules</li><li>Recommend appropriate actions for compliance in respect of proposed related party transactions or post quarter confirmations as applicable</li><li>Annual Review of thresholds of transactions falling within Section 9.14.8 of the listing rules based on the available Financial Statements</li><li>Set out criteria to determine key management personnel</li></ul>

## APPOINTMENTS, RE-ELECTION & RETIREMENT

Shareholders may re-elect the members of the Board of Directors who retire by rotation or were appointed to fill casual vacancies in the Board of Directors at the Annual General Meeting.

The Nomination Committee assists the Board in reviewing the structure and composition of the Board and make recommendations to the Board on new Board appointments. This includes ensuring that the Boards have the knowledge, skills and experience required and is sufficiently diverse to provide different perspectives within the Board room. The Board considers the recommendations of the Nominations & Governance Committee and recommends suitable candidates for appointment or re-election by the shareholders at the Annual General Meeting.

The Board may appoint Directors to fill any casual vacancy that arises during the year. Directors appointed in this manner hold office until the next Annual General Meeting and may seek re-election by the shareholders at that meeting ensuring shareholder participation in the election of Directors in line with the Articles of Association. Appointments are immediately communicated to the CSE and selected newspapers together with a brief resume of the Director, areas of expertise, names of companies in which the Director holds directorships or memberships in Board Committees, shareholdings in the Group and whether such Director can be considered 'Independent'.

One Director excluding the Chairman, Managing Director and the Nominee Directors retire from office at each Annual General Meeting in

accordance with the Articles of Association. The Director who will be subject to retirement by rotation will be the Director who has been in office the longest since his/her last election or appointment.

The resignations of Directors need to be informed in writing by the Director and are communicated immediately to the CSE upon acceptance by the Board together with any shareholding in the Group.

## GOVERNANCE FRAMEWORK

The basis for the Group's policy framework is summarised below.

### Mandatory Compliance

- Companies Act No.7 of 2007
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Articles of Association
- Listing Rules of the Colombo Stock Exchange (CSE)
- Central Depository System Rules
- Securities & Exchange Commission of Sri Lanka Act No. 19 of 2021
- Group Code of Ethics & Professional Conduct
- Inland Revenue Act No. 24 of 2017
- Foreign Exchange Act No. 12 of 2017

The Board is assisted by the Nominations Committee and the Company Secretaries in readying for full compliance with Listing Rule #9 of the CSE by the specified dates.

The Company has zero tolerance for any form of bribery and corruption and will treat potential instances of bribery or corrupt behaviour as a threat to its integrity and reputation as a business.

## ACCOUNTABILITY & AUDIT

The Audit Committee assists the Board in discharge of its responsibilities relating to the financial reporting and the audit of the same. The Audit Committee meets on a monthly basis to review the performance, internal audit reports and risk management reports that are submitted to them regularly. This Committee is also responsible for determine the adequacy of internal control. Further details of activities are set out on the Audit Committee Report on page 44.

## INVESTOR RELATIONS

Shareholder Communications are managed by Company Secretaries - Corporate Services (Private) Limited. While the AGM is the main platform, Shareholders also have the opportunity to ask questions, comment or make suggestions to the Board through the Company Secretaries. All significant issues and concerns of shareholders are referred to the Board with the views of the Management. Shareholder queries are responded by the Company Secretaries. Opportunity is provided to address the Board directly at AGM.

The Board approves the quarterly financial statements for dissemination to shareholders through the CSE in a timely manner. All other price sensitive information such as major acquisitions or disposals and share transaction dealings are also notified promptly to the CSE.

## IT GOVERNANCE

Melstacorp invests in technology and digital transformation initiatives supporting its growth, operational efficiencies with some segments using customer interfaces as well. Consequently, protection of the Group's IT investments and information assets, ensuring the functioning of systems and preserving the integrity of operational processes is critical for the Group. Additionally, the Personal Data Protection Act No.9 of 2022 was rolled out during the year, necessitating compliance with the same.

The Group has appointed a Chief Information Officer who reports to the Managing Director and facilitates the safeguarding of IT systems and information assets of the Group. The information assets and systems are safeguarded through layered security architecture including firewalls, cyber risk awareness, regular threat monitoring and assessment.

## DISCLOSURE IN TERMS OF RULE 9.10.4(E) OF THE LISTING RULES ON CORPORATE GOVERNANCE ISSUED BY THE COLOMBO STOCK EXCHANGE: COMPANIES IN WHICH THE DIRECTORS OF MELSTACORP PLC SERVE AS DIRECTORS

### **Deshamanya D.H.S. Jayawardena** Non-Executive Chairman

- Distilleries Company of Sri Lanka PLC
- Aitken Spence Hotel Holdings PLC
- Browns Beach Hotels PLC
- Aitken Spence PLC
- Madulsima Plantations PLC
- Balangoda Plantations PLC
- Lanka Milk Foods (CWE) PLC
- Lanka Dairies Limited
- Aitken Spence Hotel Managements Asia (Pvt) Ltd
- Negombo Beach Resorts (Pvt) Ltd.
- Lanka Power Projects (Pvt) Ltd.
- Milford Holdings (Pvt) Ltd.

- Timpex (Pvt) Ltd.
- Texpro Industries Limited
- Periceyl (Pvt) Ltd.
- Melsta Health (Pvt) Ltd.
- Bogo Power (Pvt) Ltd.
- Bellactive (Pvt) Ltd.
- Lanka Bell Ltd.
- Bell Solutions (Pvt) Ltd.
- DCSL Breweries Lanka Limited

### **Chairman**

- Stassen Exports (Pvt) Ltd
- Stassen Natural Foods (Pvt) Ltd
- Stassen International (Pvt) Ltd
- Stassen Foods (Pvt) Ltd
- Milford Exports (Ceylon) (Pvt) Ltd
- Milford Developers (Pvt) Ltd
- CBD Exports (Pvt) Ltd
- Ceylon Garden Coir (Pvt) Ltd
- Ambewela Products (Pvt) Ltd
- Ambewela Livestock Company Ltd
- Pattipola Livestock Company Ltd
- United Dairies Lanka (Pvt) Ltd

### **Managing Director**

- Stassen Real Estate Developers (Pvt) Ltd.

### **Director**

- McSen Range (Pvt) Ltd.
- Melsta Gama (Pvt) Ltd.
- Hospital Management Melsta (Pvt) Ltd.
- DCSL Brewery (Pvt) Ltd.
- Aitken Spence Aviation (Private) Limited

### **Mr. C.R. Jansz**

#### **Chairman**

- Melsta Hospitals Ragama (Pvt) Ltd.
- Melsta Hospitals Colombo North (Pvt) Ltd.

#### **Executive Director**

- Distilleries Company of Sri Lanka PLC
- Lanka Milk Foods (CWE) PLC
- Lanka Dairies (Private) Limited

### **Non-Executive Director**

- Aitken Spence PLC
- Balangoda Plantations PLC
- Madulsima Plantations PLC

### **Director**

- Stassen Exports (Pvt) Ltd
- Stassen Natural Foods (Pvt) Ltd
- Stassen International (Pvt) Ltd
- Stassen Foods (Pvt) Ltd
- Milford Exports (Ceylon) (Pvt) Ltd
- Milford Developers (Pvt) Ltd
- CBD Exports (Pvt) Ltd
- Ceylon Garden Coir (Pvt) Ltd
- Ambewela Livestock Company Ltd
- Ambewela Products (Pvt) Ltd
- Pattipola Livestock Company Ltd
- United Dairies Lanka (Pvt) Ltd
- Lanka Power Projects (Pvt) Ltd
- Indo Lanka Exports (Pvt) Ltd
- Lanka Bell Ltd.
- Milford Holdings (Pvt) Ltd.
- Periceyl (Pvt) Limited
- DCSL Brewery (Pvt) Ltd.
- Melsta Health (Pvt) Ltd.
- Bogo Power (Pvt) Ltd
- DCSL Breweries Lanka Limited

### **Capt. K. J. Kahanda (Retd.)**

#### **Managing Director**

- Distilleries Company of Sri Lanka PLC

### **Director**

- Melsta Properties (Pvt) Ltd
- Pelwatte Sugar Industries PLC
- Melsta Gama (Pvt) Ltd
- DCSL Breweries Lanka Limited
- DCSL Group Marketing (Pvt) Ltd
- Milford Holdings (Pvt) Ltd
- Melsta Brands (Pvt) Ltd
- DCSL Brewery (Pvt) Ltd

### **Mr. N. de S. Deva Aditya**

#### **Non-Executive Director**

- Distilleries Company of Sri Lanka PLC
- Aitken Spence PLC
- Browns Beach Hotels PLC
- Aitken Spence Hotel Holdings PLC

# Corporate Governance

## Mr. A. N. Balasuriya

### Non-Executive Director

- Distilleries Company of Sri Lanka PLC

### Director

- Success Factory (Pvt) Ltd
- Peace of Mind Residencies (Pvt) Ltd
- Company Doctors (Pvt) Ltd
- Melsta Health (Pvt) Ltd

## Mr. D. Hasitha S. Jayawardena

### Non-Executive Director

- Distilleries Company of Sri Lanka PLC
- Lanka Milk Foods (CWE) PLC.
- Balangoda Plantations PLC.
- Madulsima Plantations PLC.

### Director

- Stassen Exports (Pvt) Ltd.
- Milford Exports (Ceylon) (Pvt) Ltd.,
- Stassen International (Pvt) Ltd.,
- Stassen Natural Foods (Pvt) Ltd.,
- Stassen Foods (Pvt) Ltd.,
- Ceylon Garden Coir (Pvt) Ltd.,
- Milford Developers (Pvt) Ltd.
- C B D Exports (Pvt) Ltd.
- Periceyl (Pvt) Ltd.
- Lanka Dairies (Pvt) Ltd.
- Ambewela Livestock Company Ltd.
- Pattipola Livestock Company Ltd.
- Ambewela Products (Pvt) Ltd.
- Zahra Exports (Pvt) Ltd.
- Mcsen Range (Pvt) Ltd.
- United Dairies Lanka (Pvt) Ltd.
- Melsta Health (Private) Limited.
- Melsta Hospitals Ragama (Pvt) Ltd
- Melsta Hospitals Colombo North (Pvt) Ltd
- DCSL Brewery (Pvt) Ltd
- DCSL Breweries Lanka Limited
- Melsta House (Private) Limited
- DCSL Group Marketing (Pvt) Ltd
- Milford Holdings (Pvt) Ltd

### Alternate Director

- Melsta Gama (Private) Limited.

## Ms. D. S. T. Jayawardena

### Joint Deputy Chairperson/ Joint Managing Director

- Aitken Spence PLC
- Aitken Spence Hotel Holdings PLC
- Aitken Spence Hotel Managements (Private) Limited

### Chairperson

- Aitken Spence Exports (Private) Limited
- Aitken Spence Hotels Limited
- Aitken Spence Resources (Private) Limited
- Amethyst Leisure Limited
- Heritage (Private) Limited
- Hethersett Hotels Limited
- Kandalama Hotels (Private) Limited
- Meerlaluwa (Private) Limited
- Neptune Ayurvedic Village (Private) Limited
- Nilaveli Holidays (Private) Limited
- Nilaveli Resorts (Private) Limited
- Paradise Resort Pasikudah (Private) Limited
- Turyaa (Private) Limited
- A.D.S Resorts Private Limited - Maldives
- Jetan Travel Services Company Pvt Ltd - Maldives
- Unique Resorts Private Limited - Maldives

### Executive Director

- Lanka Milk Foods (CWE) PLC
- Browns Beach Hotels PLC

### Non-Executive Director

- Distilleries Company of Sri Lanka PLC

### Director

- Ace Apparels (Private) Limited
- Ace Power Embilipitiya (Private) Limited
- Ahungalla Resorts Limited
- Aitken Spence (Garments) Limited
- Aitken Spence Apparels (Private) Limited

- Aitken Spence Aviation (Private) Limited
- Aitken Spence Corporate Finance (Private) Limited
- Aitken Spence Hotel Managements Asia (Private) Limited
- Aitken Spence Hotels International (Private) Limited
- Negombo Beach Resorts (Private) Limited
- Royal Spence Aviation (Private) Limited
- Western Power Company (Pvt) Ltd
- Ace Resorts Private Limited - Maldives
- Cowrie Investment Pvt Ltd - Maldives
- Aitken Spence Resorts (Middle East) LLC - Oman
- Aitken Spence Travels Mynmar Ltd - Myanmar
- Aitken Spence International Pte. Ltd. - Singapore
- Crest Star (B.V.I.) Ltd - British Virgin Island
- Aitken Spence Travels (Private) Limited
- Sagasolar Power (Private) Limited
- Port City BPO (Private) Limited
- Aitken Spence Ports International (Middle East) - FZCO ( UAE)
- Stassen Exports (Pvt) Ltd
- Milford Exports (Ceylon) (Pvt) Ltd
- CBD Exports (Pvt) Ltd
- Stassen International (Pvt) Ltd
- Stassen Natural Foods (Pvt) Ltd
- Ceylon Garden Coir (Pvt) Ltd
- Milford Developers (Pvt) Ltd
- Stassen Foods (Pvt) Ltd
- Splendor Media (Pvt) Limited
- Lanka Dairies (Private) Limited
- Ambewela Products (Private) Limited
- Ambewela Livestock Company Limited
- Pattipola Livestock Company Limited
- United Dairies Lanka (Private) Limited
- DCSL Breweries Lanka Limited

**Mr. M. A. N. S Perera****Executive Director**

- Distilleries Company of Sri Lanka PLC
- Balangoda Plantations PLC
- Madulsima Plantations PLC

**Non-Executive Director**

- Browns Beach Hotels PLC
- Aitken Spence PLC
- Aitken Spence Hotel holdings PLC

**Director**

- Periceyl (Pvt) Ltd.
- Melsta Health (Pvt) Ltd.
- Lanka Bell Limited
- Melsta Logistics (Private) Limited
- Melsta Tower (Private) Limited
- Bellvantage (Private) Limited
- Melsta Pharmaceuticals (Private) Limited
- Melsta Laboratories (Private) Limited
- Melsta Healthcare Colombo (Private) Limited
- Formula World (Private) Limited
- Melsta Hospitals Ragama (Private) Limited
- Bellactive (Private) Limited
- Bell Solutions (Private) Limited

- Bogo power (Private) Limited
- Paradise Resort Pasikudah (Private) Limited
- Amethyst Leisure Limited
- DCSL Breweries Lanka Limited
- Melsta House (Private) Limited

**Mr.L.U.D.Fernando****Director**

- HNB Assurance PLC
- HNB General Insurance Limited
- DCSL Breweries Lanka Limited
- Melsta Logistics (Pvt) Limited
- Melsta Green (Pvt) Limited
- Melsta Tower (Pvt) Limited
- Bellvantage (Pvt) Limited
- Melsta Pharmaceuticals (Pvt) Limited
- Melsta Healthcare Colombo (Pvt) Limited
- Melsta Laboratories (Pvt) Limited
- Southern Green Agro (Pvt) Limited
- DCSL Brewery (Pvt) Limited
- Melsta House (Pvt) Limited
- DCSL Group Marketing (Pvt) Limited

**Mr. R. Mihular****Chairman**

- Watawala Plantation PLC
- Bairaha Farms PLC

**Independent Non-Executive Director**

- Sunshine Holdings PLC,
- Agility Innovation (Pvt) Ltd,
- Damro Holdings Ltd
- LTL Holdings Ltd.

**Commissions/Committees**

- Colombo Port City Economic Commission as a Commissioner
- Member of the Stakeholder Engagement Committee of the Central Bank of Sri Lanka.

**Dr. R. A. Fernando****Chairman/Chief Executive Officer**

- Global Strategic Corporate Sustainability Pvt Ltd

**Non-Executive Director**

- Dilmah Ceylon Tea Company
- Aitken Spence Hotels Ltd
- Aitken Spence Plantation Managements PLC
- Distilleries Company of Sri Lanka PLC

**Director**

- LOLC Holdings PLC
- Ceylon Graphene Technologies Ltd

**Hon. Director**

- UN Global Compact Sri Lanka Network

**COMPLIANCE WITH THE COMPANIES ACT NO. 7 OF 2007**

Section	Requirement	Disclosure Reference for Compliance	Compliance status
168 (1)(a)	Any change during the accounting period in the nature of business of the Company or any of its subsidiaries and the classes of business in which the Company has an interest	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (b)	Financial Statements of the Company and the Group for the accounting period completed and signed	Refer Financial Statements and Annual Report of the Board of Directors of this Annual	Compliant
168 (1) (c)	Auditors Report on Financial Statements of the Company and the Group	Refer Financial Statements of this Annual Report	Compliant
168 (1) (d)	Change of accounting policies during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (e)	Particulars of entries in the interest register made during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant

# Corporate Governance

Section	Requirement	Disclosure Reference for Compliance	Compliance status
168 (1) (f)	Remuneration and other benefits paid to the Directors during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (g)	Total amount of donations made by the Company and the Group during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (h)	Directorate of the Company and the Group as at the end of accounting period along with the changes occurred during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (i)	Amounts payable to the Auditors as audit fees and fees payable for other related services provided by them	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (j)	Relationship or interest of the Auditors with the Company or any of its subsidiaries	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (k)	Annual Report of the Board of Directors signed on behalf of the Board	Refer Annual Report of the Board of Directors of this Annual Report	Compliant

## COMPLIANCE WITH THE CONTINUING LISTING REQUIREMENTS - SECTION 7.6 ON THE CONTENT OF ANNUAL REPORT ISSUED BY THE COLOMBO STOCK EXCHANGE

CSE Rule	Requirement	Disclosure Reference for Compliance	Compliance status
7.6 i)	Names of Directors of the entity	Refer Corporate Information of this Annual Report	Compliant
7.6 ii)	Principal activities of the entity and its subsidiaries during the year under review	Refer Annual Report of the Board of Directors	Compliant
7.6 iii)	20 largest holders of voting and non-voting shares and the percentage of shares	Refer Shareholders Information of this Annual Report	Compliant
7.6 iv)	The float adjusted market capitalisation, Public Holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Refer Shareholders Information of this Annual Report	Compliant
7.6 v)	Directors and CEO's holding in shares of the entity at the beginning and end of reporting year	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
7.6 vi)	Information pertaining to material foreseeable risk factors	Refer Enterprise Risk Management of this Annual Report	Compliant
7.6 vii)	Details of material issues pertaining to employees and industrial relations	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
7.6 viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties	Refer Note 15.2 and 17.1 to the Financial Statements of this Annual Report	Compliant

CSE Rule	Requirement	Disclosure Reference for Compliance	Compliance status
7.6 ix)	Number of shares representing the stated capital	Refer Annual Report of the Board of Directors this Annual Report	Compliant
7.6 x)	Distribution schedule of the number of holders and the percentage of their total holding	Refer Shareholders Information of this Annual Report	Compliant
7.6 xi)	Ratios and market price information	Refer Shareholders Information of this Annual Report	Compliant
7.6 xii)	Significant changes in the entity's or its subsidiaries fixed assets and the market value of land	Refer Note 15 and 17 to the Financial Statements of this Annual Report	Compliant
7.6 xiii)	Funds, (if any) raised either through a public issue, rights issue and private placement	The Company had no public issue, rights issue or private placement during the year under review	N/A
7.6 xiv)	Employee share option/purchase schemes	As at date, the Company has no share option/purchase schemes made available to its Directors or employees	N/A
7.6 xv)	Corporate Governance Disclosures	Refer Corporate Governance Report of this Annual Report	Compliant
7.6 xvi)	Related Party Transactions	Refer Note 36.2 to the Financial Statements	Compliant

## SECTION 9 - CORPORATE GOVERNANCE

### COMPLIANCE WITH SECTION 9 OF THE LISTING RULES ISSUED BY THE COLOMBO STOCK EXCHANGE

CSE Rule	Requirement	Effective Date	How We Comply
<b>9.1 Corporate Governance Rules</b>			
9.1.1	Statement confirming the extent of compliance with the Corporate	01st October 2023	The extent of compliance with Section 9 of the Listing Rules of the Colombo Stock exchange on Corporate Governance Rules is tabulated in the table given below  Also refer 'Annual Report of the Board of Directors' of this Annual Report
9.1.3	Governance Rules		
<b>9.2 Policies</b>			
9.2.1	Listed Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website;  a) Policy on the matters relating to the Board of Directors  b) Policy on Board Committees	01st October 2024	The Company is in the process of developing the policies and the s polices will be made available on the corporate website on or before the effective date

# Corporate Governance

CSE Rule	Requirement	Effective Date	How We Comply
	<ul style="list-style-type: none"> <li>c) Policy on Corporate Governance, Nominations and Re-election</li> <li>d) Policy on Remuneration</li> <li>e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities</li> <li>f) Policy on Risk management and Internal controls</li> <li>g) Policy on Relations with Shareholders and Investors</li> <li>h) Policy on Environmental, Social and Governance Sustainability</li> <li>i) Policy on Control and Management of Company Assets and Shareholder Investments</li> <li>j) Policy on Corporate Disclosures</li> <li>k) Policy on Whistleblowing</li> <li>l) Policy on Anti-Bribery and Corruption</li> </ul>		
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	01st October 2024	N/A
9.2.3	<ul style="list-style-type: none"> <li>i List of policies in place as per Rule 9.2.1, with reference to website</li> <li>ii Any changes to policies adopted</li> </ul>	01st October 2024	Refer 'How We Comply' under Rule 9.2.1 above
9.2.4	Listed Company shall make available all such policies to shareholders upon a written request being made for any such Policy	01st October 2024	Refer 'How We Comply' under Rule 9.2.1 above
<b>9.3 Board Committees</b>			
9.3.1	<p>Listed Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include:</p> <ul style="list-style-type: none"> <li>a) Nominations and Governance Committee</li> <li>b) Remuneration Committee</li> <li>c) Audit Committee</li> <li>d) Related Party Transactions Review Committee</li> </ul>	01st October 2023	The Remuneration Committee, Audit Committee and Related Party Transactions Review Committee are already in place. The Company will reconstitute the existing Nomination Committee as the Nominations and Governance Committee.



CSE Rule	Requirement	Effective Date	How We Comply
9.3.2	Listed Company shall comply with the composition, responsibilities and disclosures required in respect of the above-Board committees as set out in these Rules	01st October 2023	Refer 'How we Comply' under Rules 9.11, 9.12, 9.13 and 9.14 below
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above	01st October 2024	Compliant
<b>9.4 Principles of Democracy in Shareholder Dealings</b>			
9.4.1	Listed Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the Exchange and/or the Securities and Exchange Commission (SEC).  a) The number of shares in respect of which proxy appointments have been validly made;  b) The number of votes in favour of the resolution;  c) The number of votes against the resolution; and  d) The number of shares in respect of which the vote was directed to be abstained	01st October 2023	The Company Secretaries maintain records of all resolutions of General Meetings and information related thereto
9.4.2	a) Listed Company should have a policy on effective communication and relations with shareholders and investors  b) Listed Company should disclose the contact person for such communication  c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders	01st October 2024	This will be compliant with the establishment of the Policy on Relations with Shareholders and Investors
<b>9.5 Policy on matters relating to the Board of Directors</b>			
9.5.1	Listed Company shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall include the matters listed under this Rule	01st October 2024	This will be compliant with the establishment of the Policy on matters relating to Board of Directors

# Corporate Governance

CSE Rule	Requirement	Effective Date	How We Comply
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-Compliant reasons for the same with proposed remedial action	01st October 2024	This will be compliant with the establishment of the Policy on matters relating to Board of Directors
<b>9.6 Chairperson and CEO</b>			
9.6.1	The Chairperson of every Listed Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below	01st October 2023	Compliant  Chairman is a Non-Executive Director
9.6.2	Where the Chairperson of a Listed Company is an Executive Director and/ or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/ or combination of the said roles falls subsequent to the implementation of these Rules	01st October 2023	N/A
9.6.3	Report of Senior Independent Director demonstrating the effectiveness of duties	01st October 2023	N/A
9.6.4	Rationale for appointing Senior Independent Director	01st October 2023	N/A
<b>9.7 Fitness of Directors and CEOs</b>			
9.7.1	Listed Company shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of the Listing Rules In evaluating fitness and propriety of the persons referred in these Rules, the Company shall utilise the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 of the Listing Rules	01st October 2023	The Company Secretaries obtain annual declarations from the Directors of the Company to ensure that they are at all times be fit and proper persons as specified in the criteria given in Rule 9.7.3 of the Listing Rules of the CSE

CSE Rule	Requirement	Effective Date	How We Comply
9.7.2	Listed Company shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made	01st October 2023	Compliant
9.7.3	A Director or the CEO of a Listed Company shall not be considered as 'fit and proper' if he or she does not meet with the fit and proper assessment criteria specified under "Honesty, Integrity and Reputation", "Competence and Capability" and "Financial Soundness" as set out in Rule 9.7.3 (a), (b) and (c) respectively	01st April 2024	Refer 'How We Comply' under Rule 9.7.1 above
9.7.4	Listed Company shall obtain declarations from its 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 Listing Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation	01st October 2023	Annual declarations from Directors confirming that each of them has continuously satisfied the fit and proper assessment criteria set out in the CSE revised Listing Rules were obtained as at 31st March 2024
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria  (b) Any non-compliance/s and remedial action taken	01st October 2023	Compliant  Refer the 'Annual Report of the Board of Directors' of this Annual Report  N/A
<b>9.8 Board Composition</b>			
9.8.1	The Board of Directors of a Listed Company shall, at a minimum, consist of five (05) Directors	01st October 2024	As of the date of the publication of this Annual Report, the Company consists of 9 Directors, thereby complying with the requirement stipulated under Rule 9.8.1 of the Listing Rules of the CSE  However, the Articles of Association of the Company will be amended at the forthcoming Annual General Meeting to increase the minimum number of Directors from two (03) to five (05)

# Corporate Governance

CSE Rule	Requirement	Effective Date	How We Comply
9.8.2	<p>Minimum Number of Independent Directors:</p> <p>(a) The Board of Directors of a Listed Company 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 Company at any given time, whichever is higher</p> <p>(b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change</p>	01st October 2024	Compliant
9.8.3	A Director shall not be considered independent if he/she does not meet the criteria for determining independence as set out in Rule 9.8.3 of the Listing Rules	Criteria 9.8.3 (i) to (viii) - 01st October 2023 Criteria 9.8.3 (ix) - 01st January 2025	Compliant in terms of Rule 9.1.4(3)
9.8.5	<p>a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified in Rule 9.8.3 of the Listing Rules and in the format in Appendix 9A of the said Rules</p> <p>(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</p> <p>(c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof</p>	01st October 2023	The Independent Directors submit signed declarations annually with regard to their independence/non-independence against the specified criteria stipulated under Rule 9.8.3 of the Listing Rules of the CSE.
<b>9.9 Alternate Directors</b>			
9.9	If a Listed Company provides for the appointment of Alternate Directors, it shall be required to comply with the requirements set out in Rule 9.9 of the Listing Rules and such requirements shall also be incorporated into the Articles of Association of the Company	01st January 2024	The Articles of Association of the Company will be amended at the forthcoming Annual General Meeting of the Company to incorporate the requirements referred to in this Rule

CSE Rule	Requirement	Effective Date	How We Comply
<b>9.10 Disclosures Relating to Directors</b>			
9.10.1	Listed Company shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Company shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 of the Listing Rules	01st October 2024	This will be compliant with the establishment of the Policy on matters relating to Board of Directors
9.10.2	Listed Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following:  a brief resume of such Director;  his/her capacity of directorship; and,  Statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company	01st October 2023	Compliant
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board of Directors or Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof	01st October 2023	Would comply when the need arises
9.10.4	Directors details a) name, qualifications and brief profile b) nature of his/her expertise in relevant functional areas c) whether either the Director or Close Family Members has any material business relationships with other Directors d) whether Executive, Non-Executive and/or independent Director e) total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed)	01st October 2023	a), b) and d) - Refer 'Annual Report of the Board of Directors' of this Annual Report  c) - Based on the individual declarations obtained from the Directors, it was evident that none of the Directors or their close family members have material business relationships with other Directors of the Company.  e) - Refer 'Corporate Governance Report' of this Annual Report

# Corporate Governance

CSE Rule	Requirement	Effective Date	How We Comply
	<p>f) number of Board meetings attended</p> <p>g) names of Board Committees in which the Director serves as Chairperson or a member</p> <p>h) Attendance of board committee meetings</p> <p>i) Terms of Reference and powers of Senior Independent Directors</p>		<p>f) and g) - Refer 'Composition' and 'Details of Directors' Attendance at Board Meetings held during the financial year 2023/2024' in the Corporate Governance Report of this Annual Report</p> <p>h) - Refer Committee Reports of this Annual Report</p> <p>i) - N/A</p>
<b>9.11 Nominations and Governance Committee</b>			
9.11.1	Listed Company shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of the Listing Rules	01st October 2024	Will be fully compliant on or before the effective date
9.11.2	Listed Company shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee	01st October 2024	Will be fully compliant on or before the effective date
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	01st October 2024	Will be fully compliant on or before the effective date
9.11.4	<p>1) The members of the Nominations and Governance Committee shall;</p> <p>a) comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company</p> <p>b) not comprise of Executive Directors of the Listed Company.</p> <p>2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors</p> <p>3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Company</p>	01st October 2024	Will be fully compliant on or before the effective date
9.11.5	The functions of the Nominations and Governance Committee	01st October 2024	Will be fully compliant on or before the effective date

CSE Rule	Requirement	Effective Date	How We Comply
9.11.6	<p>The Annual Report of a Listed Company shall contain a report of the Nominations and Governance Committee signed by its Chairperson</p> <p>Nominations and Governance Committee Report shall include the following:</p> <ul style="list-style-type: none"> <li>a) Names of chairperson and members with nature of directorship (b) Date of appointment to the committee</li> <li>c) Availability of documented policy and processes when nominating Directors</li> <li>d) Requirement of re-election at regular intervals at least once in 3 years</li> <li>e) Board diversity</li> <li>f) Effective implementation of policies and processes relating to appointment and reappointment of Directors</li> <li>g) Details of directors re-appointed</li> </ul> <p>Board Committees served</p> <p>Date of first appointment</p> <p>Date of last re-appointment Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years</p> <p>Any relationships – close family member, more 10% shareholding</p> <ul style="list-style-type: none"> <li>h) Performance of periodic evaluation of board</li> <li>i) Process adopted to inform independent directors of major issues.</li> <li>j) Induction / orientation programs for new directors on corporate governance, Listing Rules, securities market regulations or negative statement</li> <li>k) Annual update for all directors on corporate governance, Listing Rules, securities market regulations or negative statement</li> <li>l) Compliance with independence criteria</li> <li>m) Statement on compliance with corporate governance rules, if non-compliant reasons and remedial actions</li> </ul>	01st October 2024	Nominations and Governance Committee Report containing the requirements stipulated under this Rule will be included in the Annual Report of the Company for the financial year 2024/2025

# Corporate Governance

CSE Rule	Requirement	Effective Date	How We Comply
<b>9.12 Remuneration Committee</b>			
9.12.2	Listed Company shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Listing Rules	01st October 2023	Compliant Refer 'Remuneration Committee Report' of this Annual Report
9.12.3	The Remuneration Committee shall 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	01st October 2023	Compliant
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired	01st October 2023	Refer 'How We Comply' under Rule 9.2.1 above
9.12.5	Remuneration Committee shall have a written term of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	01st October 2023	Compliant Refer 'Remuneration Committee Report' of this Annual Report
9.12.6	<p>1) The members of the Remuneration Committee shall;</p> <p>a) comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company</p> <p>b) not comprise of Executive Directors of the Listed Company</p> <p>3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors</p>	<p>01st October 2024</p> <p>01st October 2023</p>	Compliant Refer 'Composition of the Committee' in the Remuneration Committee Report of this Annual Report
9.12.7	The functions of the Remuneration Committee	01st October 2023	Compliant Refer 'Remuneration Committee Report' of this Annual Report



CSE Rule	Requirement	Effective Date	How We Comply
9.12.8	<p>Remuneration Committee Report shall contain the following:</p> <ul style="list-style-type: none"> <li>a) Names of chairperson and members with nature of directorship</li> <li>b) A statement regarding the Remuneration Policy</li> <li>c) The aggregate remuneration of the Executive and Non-Executive Directors</li> </ul>	01st October 2023	<p>Compliant</p> <p>Refer 'Remuneration Committee Report' of this Annual Report</p> <p>Refer Note 09 to the Financial Statements of this Annual Report</p>
<b>9.13 Audit Committee</b>			
9.13.1	Where Listed Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Company shall additionally perform the Risk Functions set out in Rule 9.13 of the Listing Rules	01st October 2023	The Audit Committee of the Company also performs the risk functions
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties	01st October 2023	Compliant
9.13.3	<ul style="list-style-type: none"> <li>1) The members of the Audit Committee shall; <ul style="list-style-type: none"> <li>a) comprise of a minimum of three (03) directors of the Listed Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.</li> <li>b) not comprise of Executive Directors of the Listed Company.</li> </ul> </li> <li>2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.</li> <li>3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.</li> <li>5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.</li> <li>6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of a Listed Company shall attend the Audit Committee meetings by invitation.</li> <li>7) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body</li> </ul>	01st October 2024	<p>Compliant</p> <p>Refer 'Audit Committee Report' of this Annual Report</p>

# Corporate Governance

CSE Rule	Requirement	Effective Date	How We Comply
9.13.4	The functions of the Audit Committee	01st October 2024	Will be fully compliant on or before the effective date
9.13.5	Disclosures in the Annual Report 1) Listed Company shall prepare an Audit Committee Report which shall be included in the Annual Report 2) The Audit Committee Report shall contain disclosures set out in Rule 9.13.5 (2)	01st October 2024	Will be fully compliant on or before the effective date
<b>9.14 Related Party Transactions Review Committee</b>			
9.14.1	Listed Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of the Listing Rules.	01st October 2023	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.2	1) The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of a Listed Company, out of which two (02) members shall be Independent Directors of the Company. It may also include executive directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee	01st April 2024	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.3	The functions of the Related Party Transactions Review Committee	01st October 2023	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
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) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.	01st October 2023	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report

CSE Rule	Requirement	Effective Date	How We Comply
	<p>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.</p> <p>2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.</p> <p>3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.</p> <p>4) If a Director of a Listed Company 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:</p> <p>a) be present while the matter is being considered at the meeting; and,</p> <p>b) vote on the matter</p>		
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	01st October 2023	<p>Compliant</p> <p>Refer 'Related Part Transactions Review Committee Report' of this Annual Report</p>
9.14.6	Listed Company shall obtain Shareholder approval for the Related Party Transactions set out in Rule 9.14.6 of the Listing Rules	01st October 2023	<p>There were no Related Party Transactions during the year which required shareholder approval</p> <p>The Company would comply with this Rule should a need arise</p>

# Corporate Governance

CSE Rule	Requirement	Effective Date	How We Comply
9.14.7	Listed Company shall make an immediate Market Announcement to the Exchange for the Related Party Transactions as set out in Rule 9.14.7 (a) and (b)	01st October 2023	There were no Related Party Transactions during the year which required an immediate Market Announcement  The Company would comply with this Rule should a need arise
9.14.8 (1)	Related Party Disclosures Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)	01st October 2023	Compliant  Refer 'Related Party Transactions Review Committee Report' and the 'Annual Report of the Board of Directors' of this Annual Report
9.14.8 (2)	Recurrent Related Party Transactions exceeding 10% of the gross revenue/ income (in the specified format)	01st October 2023	Compliant  Refer 'Related Party Transactions Review Committee Report' and the 'Annual Report of the Board of Directors' of this Annual Report
9.14.8 (3)	Related Party Transactions Review Committee Report  Names of the Directors comprising the Committee  Statement that committee has reviewed RPTs and communicated comments/ observations to the Board  Policies and procedures adopted by the Committee	01st October 2023	Compliant  Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect	01st October 2023	Compliant  Refer 'Annual Report of the Board of Directors' of this Annual Report
9.14.9	Acquisition and disposal of assets from/to Related Parties  Except for transactions set out in Rule 9.14.10, Listed Company shall ensure that neither the Company nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Company without obtaining the approval of the shareholders of the Company by way of a Special Resolution	01st October 2023	N/A  The Company has not acquired or disposed of any assets from/to Related Parties during the year under review  The Company would comply with this Rule should a need arise

CSE Rule	Requirement	Effective Date	How We Comply
<b>9.16 Additional Disclosures</b>			
	<p>Additional disclosures by Board of Directors Declaration on the following:</p> <p>All material interests in contracts and have refrained from voting on matters in which they were materially interested</p> <p>Reviewed of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence and, if unable to make any of these declarations an explanation on why it is unable to do so;</p> <p>Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;</p> <p>Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations</p>	01st October 2023	<p>Compliant</p> <p>Refer 'Annual Report of the Board of Director' of this Annual Report</p>

# Board Audit Committee Report

## COMMITTEE

The Board Audit Committee appointed by and responsible to the Board of Directors is made up of three Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Chairman of the Audit Committee is Mr. M. Reyaz Mihular who is Fellow member of the Chartered Accountant of Sri Lanka and is a Fellow member of Chartered Institute of Management Accountants (CIMA)- UK. The other members of the Audit Committee comprise of Dr. A. N. Balasuriya, Independent Non-Executive Director, Mr. N. de S. Deva Aditya Independent Non-Executive Director, and Mr. D. Hasitha S. Jayawardena, Non-Independent Non-Executive Director. A brief profile of each member is given on pages 14 to 17.

Ms. N. C. Gunawardena functions as the Secretary to the Audit Committee,

## MEETING

The Board Audit Committee met five (5) times during the year. Mr. N. de S. Deva Aditya could not attend certain meetings during the year, due to his engagements overseas.

Nevertheless, Mr. Deva Aditya was kept informed of all the proceedings of the Audit Committee and his opinion was sought on important matters.

The attendance of the members at these meetings is as follows:

Name of Director	Attendance
Mr. M. Reyaz Mihular	5/5
Dr. A. N. Balasuriya	5/5
Mr. D. Hasitha S. Jayawardena	5/5
Mr. N. de S. Deva Aditya	3/5

Group Managing Director, Group Financial Controller, Head of Finance and Chief Internal Auditor also attend these meetings by invitation when needed.

## TERMS OF REFERENCE

The Board Audit Committee Charter approved and adopted by the Board clearly sets out the terms of reference governing the Audit Committee ensuring the highest compliance with the Corporate Governance Rules applicable to Listed Companies in accordance with the Rules of the CSE and the Code of Best Practice on Corporate Governance. As allowed by the Listing Rules of the Colombo Stock Exchange, the Audit Committee of the Parent Company, functions as the Audit Committee of each of the subsidiary companies which have not appointed a separate Audit Committee. All matters are dealt with the Agenda of the Parent Company Audit Committee.

## ROLE OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee in its role assists the Board in fulfilling their responsibility with regard to:

- Ensuring the integrity of the statements of the Company and that good financial reporting systems are in place and is managed in order to give accurate, appropriate and timely information to the management, regulatory authorities and shareholders in accordance with the financial reporting standards of the Institute of Chartered Accountants of Sri Lanka, Companies Act No: 07 of 2007, the Sri Lanka Accounting and Auditing Standards and the Continuing Listing Rules of the Colombo Stock Exchange.
- Assessing the independence and monitoring the performance of external auditors.

- Ensuring the Company's internal control and risk management process operates efficiently and effectively.
- Ensure compliance with applicable laws, regulations and policies of Melstacorp Group and Company.
- Assess the Company's ability to continue as a going concern in the foreseeable future.

## INTERNAL AUDIT

The internal audit function of the Company was carried out by the Internal Audit Division. The Committee reviewed the effectiveness of the internal audit plan to ensure that it was designed to provide reasonable assurance that the financial reporting system adopted by the Company can be relied upon in the preparation and presentation of the Financial Statements. The Committee also reviewed the findings of the Internal Auditors and their recommendations together with the management responses and regularly followed up the progress of the implementation of such recommendations in order to enhance the overall control environment.

## EXTERNAL AUDIT

The Audit Committee met with the External Auditors to discuss the scope and the audit strategy. The Committee also reviewed the Report of the Auditors & Management Letters issued by them on separate occasions to ensure that no limitations were placed on their independence of work and conduct of the audit. The Committee carried out an annual evaluation of the External Auditors to establish their independence and objectivity and also obtained a written declaration from the Auditors in this regard. The Committee stipulated that the Lead Audit Partner is rotated every

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seven years. The Audit Committee recommended to the Board of Directors that Messrs. KPMG be reappointed as Auditors for the financial year ending 31st March 2024.

### **COMPLIANCE WITH LAWS AND REGULATIONS**

The Committee reviewed the quarterly compliance reports submitted by the relevant officers to ensure that the Company complied with all statutory requirements.

### **CONCLUSION**

The Audit Committee is satisfied that the Company's accounting policies, operational controls and risk management processes provide reasonable assurance that the affairs of the Company are managed in accordance with Company policies and that Company assets are properly accounted for and adequately safeguarded.



**M. R. Mihular**  
Chairman, Audit Committee

27th August, 2024

# Remuneration Committee Report

## COMMITTEE

The Remuneration Committee is appointed by and is responsible to its Board of Directors. It consists of two Independent Non-Executive Directors, namely Mr. N. de S. Deva Aditya, and Dr. Naomal Balasuriya who chairs the Committee and one Non-Independent Non-Executive Director Mr. D. Hasitha S. Jayawardena. Brief profiles of these Directors are given on pages 14 to 17. Ms. N. C. Gunawardena functions as the Secretary to this Committee.

## TERMS OF REFERENCE

The Remuneration Committee is governed by the Remuneration Committee Charter, which has been approved and adopted by the Board of Directors. It is responsible for determining the Remuneration Policy of the Key Management Personnel of the Company. The Remuneration Policy of the Company is based on evaluation of personnel on eight criteria. An annual assessment is carried out and increments and incentives are awarded based on the rating/ranking of each individual.

## MEETINGS

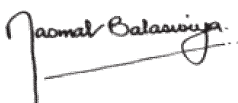
The Board Remuneration Committee met Four (4) times during the year.

Mr. N.de S. Deva Aditya could not attend a meeting during the year, due to his engagements overseas. Nevertheless, Mr. Deva Aditya was kept informed of all the proceedings of the Remuneration Committee and his opinion was sought on important matters.

The attendance of the members at these meetings is as follows:

Name of Director	Attendance
Dr. A. N. Balasuriya	4/4
Mr. D. Hasitha S. Jayawardena	4/4
Mr. N. de S. Deva Aditya	3/4

The Managing Director also assisted the Remuneration Committee with its deliberations.



Dr. Naomal Balasuriya  
Chairman, Remuneration Committee

27th August, 2024



# Board Related Party Transactions Review Committee

## COMMITTEE

The Related Party Transactions Review Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Chairman of the Related Party Transactions Review Committee is Mr. M. Reyaz Mihular who is Fellow member of the Chartered Accountant of Sri Lanka and is a Fellow member of Chartered Institute of Management Accountants (CIMA) - UK. The other members of the Committee comprise of Dr. A. N. Balasuriya, Independent Non-Executive Director, Mr. D. Hasitha S. Jayawardena, Non-Independent Non-Executive Director. A brief profile of each member is given on pages 14 to 17. Ms. N. C. Gunawardena functions as the secretary to this committee.

Following the amendments to the CSE Rules, Dr. A. N. Balasuriya resigned as a member of The Related Party Transactions Review Committee with effect from 31st March 2024 was appointed Dr. Ravi Fernando – Independent Non-Executive Director as a member of The Related Party Transactions Review Committee with effect from 01st April 2024.

## PURPOSE OF THE COMMITTEE

The Committee's key focus is to review all proposed related party transactions prior to entering into or completion of the transaction according to the procedures laid down by Section 9 of the Listing Rules of the Colombo Stock Exchange.

## MEETINGS

The Related Party Transactions Review Committee met four (4) times during the year. M. Reyaz Mihular could not attend a meeting during the year, due to his other engagements. Nevertheless, He was kept informed of all the proceedings of the Related Party Transactions Review Committee and his opinion was sought on important matters.

The attendance of the members at the meeting is as follows:

Name of Director	Attendance
M. Reyaz Mihular	3/4
Dr. A. N. Balasuriya	4/4
Mr. D. Hasitha S. Jayawardena	4/4

The Group Managing Director, Group Financial Controller and Head of Finance also attend these meetings by invitation when needed.

The Committee has reviewed all related party transactions in respect of the financial year and communicated the activities of the Committee to the Board on a quarterly basis through circulating the minutes of the meetings of the Committee to the Board of Directors.



**M. R. Mihular**

Chairman, Related Party Transactions Review Committee

27th August, 2024

# Annual Report of the Board of Directors

## GENERAL

The Board of Directors of Melstacorp PLC has the pleasure of presenting the Annual Report and the Audited Financial Statements of the Company the Group for the financial year ended 31st March 2024. The details set out herein provide the pertinent information requested under Section 168 of the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules and the recommended best practices on Corporate Governance, 2017 as amended in 2023 and issued by the Institute of Chartered Accountants of Sri Lanka and the best accounting practices.

## PRINCIPAL BUSINESS ACTIVITIES

The principal activity of Melstacorp PLC is to invest and manage a portfolio of diverse businesses. During the year, there were no significant changes in the principal activities of the Company and the Group.

The activities of the Group are categorised into eight main sectors namely Beverages, Tourism, Maritime, Freight & Logistics, Strategic Investments, Plantation, Finance Services, Services and Telecommunication. Companies within each sector and their principal activities are described on pages 210 to 211 of this Annual Report.

## REVIEW OF BUSINESS

A review of operational and financial performance, strategy of the Group and the future outlook of the Company and the Group are described in greater detail in the Chairman's Message, and the Performance Review Section of this Annual Report. These reports together with the Audited Financial Statements of the Company and the Group reflect the respective state of affairs of the Company and the Group.

## AMOUNT DUE FROM SECRETARY TO THE TREASURY OF SRI LANKA

### Insurance Corporation Ltd (SLIC)

We still await the payment of profit earned during Group's tenure at the helm of SLIC. Although the decision of the Supreme Court was delivered in 2009, the Group is yet to receive these funds. The Group has initiated legal action to recover the dues. Detailed Note is given in Note 39 to the Financial Statements.

### Pelwatte Sugar Industries PLC(PSIP)

The Revival of Underperforming Enterprises or Underutilised Assets Act, No. 43 of 2011 been repealed by the Parliament. However, the provisions in the repealing act do not indicate the property will be returned to the PSIP or not. We have sought legal opinion on this. The Company has not changed its position advocated since the occurrence of this incident of being the legal owner of the property and as such, we have communicated our views to the Treasury. However, as a precautionary measure, the Company has also lodged an official claim with the Compensation Tribunal, appointed by the State. Since our Group is deprived of participating in controlling the financial, operating policies and other relevant activities, the financial statements of PSIP have been deconsolidated from the group financial statements. We hope some clarity regarding this untoward situation would be forthcoming within the new financial year. Further details are given in Note 40 to the Financial Statements.

## ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The Company and the Group prepared the Financial Statements in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs). There were no changes to the accounting policies used by the

Company and the Group during the year. Accounting policies adopted in the preparation of the Financial Statements of the Company the Group are given on pages 134 to 152.

## REVENUE

The gross revenue generated by the company during the year amounted to Rs. 259.4 million (2022/23 - Rs. 259.2 million). The Group revenue was Rs. 235,686 million (2022/23 - Rs. 247,261 million). An analysis of gross revenue based on the revenue stream are disclosed in Note 6 to the Financial Statements.

## PROFITS AND APPROPRIATIONS

The profit after tax of the Company was Rs. 14,064 million (2022/23 - Rs. 5,378 million). The Group reported a profit after tax of Rs. 12,718 million (2022/23 - Rs. 22,968 million). The Board of Directors of the Company declared three interim dividends totalling Rs. 8.27 per share for the year ending 31st March 2024. (2022/23 - Rs. 6.76 per share). The Directors were satisfied that the Company would meet the solvency test requirement under Section 56 (2) of the Companies Act No. 7 of 2007 immediately after the payment the dividends.

## DONATIONS

Total donation made by the company during the year amounting to Rs. 14.3 million (2022/23 - Rs. 12.9 million) and while the donations made by the other Group entities during the year amounted to Rs. 1.3 million (2022/23 - Rs. 0.4 million).

## FINANCIAL STATEMENTS

The Financial Statements of the Company and the Group for the year ended 31st March 2024 approved by the Board of Directors on 27th August 2024 are given on pages 124 to 268.

## AUDIT REPORT

The Auditor's Report on the Financial Statements of the Company and the Group is given on page 117 to 123.

## INVESTMENTS

Total investments of the Company amounted to Rs. 106,326 million (2022/23 - Rs. 93,787 million). The details of the investments are given in Notes 20, 21 and 23 to the Financial Statements.

## PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment of the Company and the Group as at 31st March 2024 was Rs. 8.9 million (2022/23 - Rs. 10.6 million) and Rs. 153,107 million (2022/23 - Rs. 136,493 million). Total capital expenditure during the year for acquisition of property, plant and equipment by the Company and the Group amounted to Rs. 1.8 million (2022/23 - Rs. 2.8 million) and Rs. 5,877 million (2022/23 - Rs. 3,497 million). The details of property, plant and equipment are given in Note 15 to the Financial Statements.

## MARKET VALUE OF FREEHOLD LANDS AND BUILDINGS

All freehold lands and buildings of the company were revalued by a professionally qualified independent valuer as at 31st March 2024 and brought into the Financial Statements. Information in respect of extent, location, valuation of land and building held by the Company are detailed in Note 15.2 to the Financial Statements.

## STATED CAPITAL AND RESERVES

The Stated Capital of the Company as at 31st March 2024 was Rs. 70,000 million consisting of 1,165,397,072 voting ordinary shares. The total Company Reserves as at 31st March 2024 amounted to Rs. 36,767 million (2022/23 - Rs. 21,714 million) comprising of Capital Reserves of

Rs. 19,209 million (2022/23 - Rs. 19,209 million) and Revenue Reserves & Retained Earnings of Rs. 17,544 million (2022/23 - Rs. 2,505 million).

The total Group Reserves as at 31 March 2024 amounted to Rs. 45,343 million, (2022/23 - Rs. 28,456 million) comprising Capital Reserves of Rs. 38,322 million (2022/23 - Rs. 31,880 million), Revenue Reserves and Retained Earnings of Rs. 7,021 million (2022/23 - Rs. (3,423) million) the movement of which is disclosed in the Statement of Changes in Equity.

## INTERNAL CONTROLS AND RISK MANAGEMENT

The Directors acknowledge their responsibility for the Companies system of internal control. The systems are designed to provide reasonable assurance that the assets of the Group are safeguarded and to ensure that proper accounting records are maintained. The Board, having reviewed the system of internal control is satisfied with the systems and measures in effect at the date of signing this report. Through the Enterprise Risk Management process of the Group, risks faced by the Group identified, evaluated and mitigation strategies adapted by the Group. Enterprise Risk Management Report of the Group is on pages 62 to 66 of this report.

## CAPITAL AND OTHER COMMITMENTS

Contingent liabilities and capital commitments are disclosed in Notes 41 & 42 to the Financial Statements of the Company.

## EVENTS AFTER THE REPORTING PERIOD

There were no material events or circumstances that have arisen since the reporting date that would require adjustment, other than the information disclosed in Note 44 to the Financial Statements.

## GOING CONCERN

The Directors, after considering the financial position, operating conditions, regulatory and other factors including matters addressed in the Corporate Governance Code, have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements. Basis of conclusion on the going concern for the Company and Group is further described in Note 2.8 to the Financial Statement.

## EMPLOYMENT

The number of persons employed by the Company and the Group as at 31st March 2024 was 43 (2022/23 - 34) and 25,674 (2022/23 - 21,132) respectively. Details of the Group's human resource initiatives are detailed in the Human Capital section of the Capital Management Review section of the Annual Report. There have been no material issues pertaining to employees and industrial relations of the Company and the Group.

## BOARD OF DIRECTORS

The names of the Directors who held office during the Financial Year 2023/2024 are given below. The brief profiles of the Board of Directors are given on pages 14 to 17 of this Annual Report.

### Executive Directors

Mr. C.R. Jansz - Deputy Chairman  
Non-Independent Executive Directors  
Mr. M. A. N. S Perera - Managing Director  
Mr. L.U.D. Fernando

### Non-Independent Non-Executive Directors

Deshamanya D.H.S. Jayawardena - Chairman  
Capt. K. J. Kahanda (Retd.)  
Mr. D. Hasitha S. Jayawardena  
Ms. D. S. T. Jayawardena

# Annual Report of the Board of Directors

## Independent Non-Executive Directors

Mr. N.J. de S. Deva Aditya  
 DR. A. N. Balasuriya  
 Mr. M. R. Mihular (Appointed w.e.f. 01.04.2023)  
 Dr. R. A. Fernando (Appointed w.e.f. 12th Feb 2024)

All of the above Directors held office during the entire year, with the exceptions of Dr. R. A. Fernando who was appointed as an Independent Non-Executive Director of the Company w.e.f. 12th February 2024.

Ms. V. J. Senaratne who was holding the office of Alternate Director to Mr. N.De.S.Deva Aditya ceased to hold the office of Alternate Director w.e.f. 01st January 2024

The basis on which Directors are classified as Independent Non-Executive Directors is discussed on page 22 of the Corporate Governance Report. All the Directors have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the year under review and as at the date of such confirmation

## BOARD COMMITTEES

The Board has appointed four Sub-Committees i.e. the Audit Committee, the Remuneration Committee, Nomination Committee and Related Party Transaction Review Committee. The composition of the Committees is as follows,

### Audit Committee

The Audit Committee of the company comprises three independent Non-Executive Director and one Non-Independent Non-Executive Director as follows:

Mr. M. R. Mihular - Chairman  
 Dr. A. N. Balasuriya  
 Mr. N. de S. Deva Aditya  
 Mr. D. Hasitha S. Jayawardena

## Remuneration Committee

The Remuneration Committee has two independent Non-Executive Directors and one Non-Independent Non-Executive Director as follows:

Dr. A. N. Balasuriya - Chairman  
 Mr. N. de S. Deva Aditya  
 Mr. D. Hasitha S. Jayawardena

## Nomination Committee

Mr. N. de S. Deva Aditya - Chairman  
 Mr. C. R. Jansz  
 Mr. D. Hasitha S. Jayawardena

## Related Party Transactions Review Committee

The Remuneration Committee of the company comprises two independent Non-Executive Director and one Non-Independent Non-Executive Director as follows

Mr. M. R. Mihular - Chairman  
 Dr. A. N. Balasuriya  
 Mr. D. Hasitha S. Jayawardena

## RE-APPOINTMENT & RE-ELECTION OF DIRECTORS

In term of section 211 of the Companies Act No.07 of 2007 an ordinary Resolution will be put before the shareholders for the re-appointment of Mr. Mr. D.H.S. Jayawardena, Mr. C. R. Jansz and Mr. N. de S. Deva Aditya who are over 70 years of age, notwithstanding the age limit of 70 years stipulated by section 210 of the Companies Act.

Mr. L. U. D. Fernando retire by rotation and being eligible offer himself for re-election at the Annual General Meeting in terms of Article 86 of the Articles of Association, as a Director of the company.

Dr. R. A. Fernando who was appointed on 12th February 2024 will come up for re-election by the shareholders at the Annual General Meeting in term of Article 93 of the Articles of Association, as a Director of the company.

## DIRECTORS' SHAREHOLDINGS

The shareholdings of Directors of the Company as defined under the Colombo Stock Exchange Rules are as follows.

As at 31 March	2024	2023
D. H. S. Jayawardena	13,014,200	13,014,200
C. R. Jansz	Nil	Nil
M. A. N. S. Perera	Nil	Nil
N. de S. Deva Aditya	Nil	Nil
Capt. K. J. Kahanda (Retd.)	Nil	Nil
Dr. A. N. Balasuriya	Nil	Nil
D. Hasitha S. Jayawardena	7,531,332	7,531,332
Ms. D. S. T. Jayawardena	38,600	38,600
L. U. D. Fernando ***	Nil	Nil
M. R. Mihular (Appointed w.e.f. 01.04.2023)	Nil	Nil
Dr. R.A. Fernando (Appointed w.e.f. 12.02.2024)	Nil	Nil

\*\*\* Mr.L.U.D. Fernando held 641,028 shares as a joint holder of Mr.L.K.M. Fernando

## INTEREST REGISTER

An Interest Register is maintained by the Company as per the Companies Act No. 7 of 2007. Any interest in transactions disclosed to the Board by a Director in accordance with Sections 192 and 200 of the Companies Act No.7 of 2007 are duly recorded in the Interest Register.

## DIRECTORS' REMUNERATION

The Directors' remuneration and fees in respect of the Company and the Group for the Financial Year ended 31st March 2024 are disclosed in Note 11 to the Financial Statements.

## RELATED PARTY TRANSACTIONS

Related Party Transactions of the Company are disclosed in Note 36.2 to the Financial Statements. These are Recurrent and Non- Recurrent Related Party Transactions, which required disclosures in the Annual Report in accordance with the Sri Lanka Accounting Standard No. 24 - Related Party Disclosures. However, there were no Recurrent Related Party Transactions which in aggregate value exceeded 10% of the consolidated revenue of the Group as per the Audited Financial Statements as at 31st March 2024. There were no Non-Recurrent Related Party Transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the Company as per the Audited Financial Statements as at 31st March 2024, which required additional disclosures in the Annual Report under Rule 9.14.8(1) of the Listing Rules of the Colombo Stock Exchange.

## CORPORATE GOVERNANCE

The Company complies with the Corporate Governance Rules contained in Section 9 of the Listing Rules of the Colombo Stock

Exchange and the Code of Best Practice on Corporate Governance 2017, as amended in 2023, issued by the Institute of Chartered Accountants of Sri Lanka. The measures taken and the extent to which the Company has complied with the said Sections are given on pages 27 to 43 of the Corporate Governance Report of this Annual Report.

## SHARE INFORMATION

Information relating to Earnings, Dividends, Net Assets and Market Value per Share is given on page 4. The shareholding details of the Company are given on pages 270 to 271 of the Annual Report.

## INTEGRATED ANNUAL REPORT

The Board of Directors acknowledges its responsibility to ensure the integrity of the Annual Report, ensuring it offers a comprehensive and impartial representation of the Group's performance, while addressing all material factors that may influence its ability to generate value.

## SUSTAINABILITY PRINCIPLES

The Company carries out its business adherence to the best sustainable practices and has not engaged in any activity that was detrimental to the environment and has been in due compliance with all applicable laws and regulations of the country to the best of its ability.

## STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory obligations due to the Government and its employees have been duly paid or adequately provided for in the Financial Statements as confirmed by the Statement of Directors' Responsibility.

## AUDITORS

Messrs. KPMG, Chartered Accountants are deemed reappointed, in terms of section 158 of the Companies Act No. 07 of 2007, as Auditors of the Company for the year ending 31st March 2024. A resolution to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting

The audit fees payable for the year to the Company Auditors Messrs. KPMG, Chartered Accountants was Rs. 1.24 million (2022/2023 - Rs. 1.12 million). Messrs. KPMG, Chartered Accountants, the Auditors of the Company are also the Auditors of certain subsidiaries, joint ventures and associate companies of the Group.

The amount payable by the Group to Messrs. KPMG, Chartered Accountants as audit fees was Rs. 62.7million (2022/2023 - Rs.54 million) while a further sum of Rs. 23 million (2022/2023 - Rs. 27 million) was payable for permitted non-audit related services. In addition to the above Rs. 20.5 million (2022/2023 - Rs. 14 million) was payable to other auditors for carrying out audits of the subsidiaries conducted by them. The amount payable to such other auditors for permitted audit related services was Rs. 23 million (2022/2023 - Rs. 26.9 million). As far as the Directors are aware, the Auditors neither have any other relationship with the Company nor any of its subsidiaries, joint ventures and equity accounted investees that would have an impact on their independence.

# Annual Report of the Board of Directors

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## ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held as a virtual meeting at the 'Mini Auditorium' of the Distilleries Company of Sri Lanka PLC No 110, Norris Canal Road, Colombo 10, Sri Lanka on 19th September 2024 at 11.00 a.m. The Notice of Meeting appears on page 280 & 282 of the Annual Report.

For and on behalf of the Board of Directors,



D. H. S. Jayawardena  
Chairman

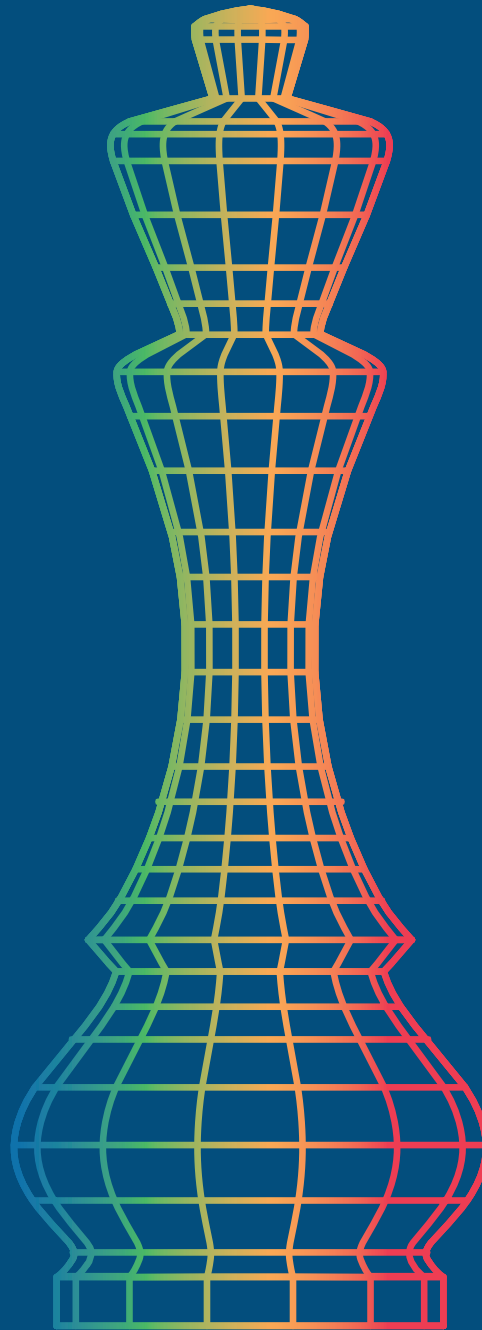


M. A. N. S. Perera  
Managing Director

Corporate Services (Private) Limited  
Company Secretary

27th August, 2024

# Structuring Excellence



## The Strategic Report

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# Our Value Creation Model

## INPUTS

## VALUE CREATION



### Financial Capital

Rs. **360 Bn** Total Assets

Rs. **96 Bn** Total Debt

Rs. **175 Bn** Equity



### Social & Relationship Capital

The Group effectively reinforced and sustained key relationships during a challenging year by maintaining consistent engagement and trust. Transparent and open discussions with stakeholders allowed us to secure stronger support to address the economic challenges faced.



### Human Capital

**25,674** Employees



### Manufactured Capital

Rs. **153 Bn** PPE

Rs. **5.9 Bn** of capital investments



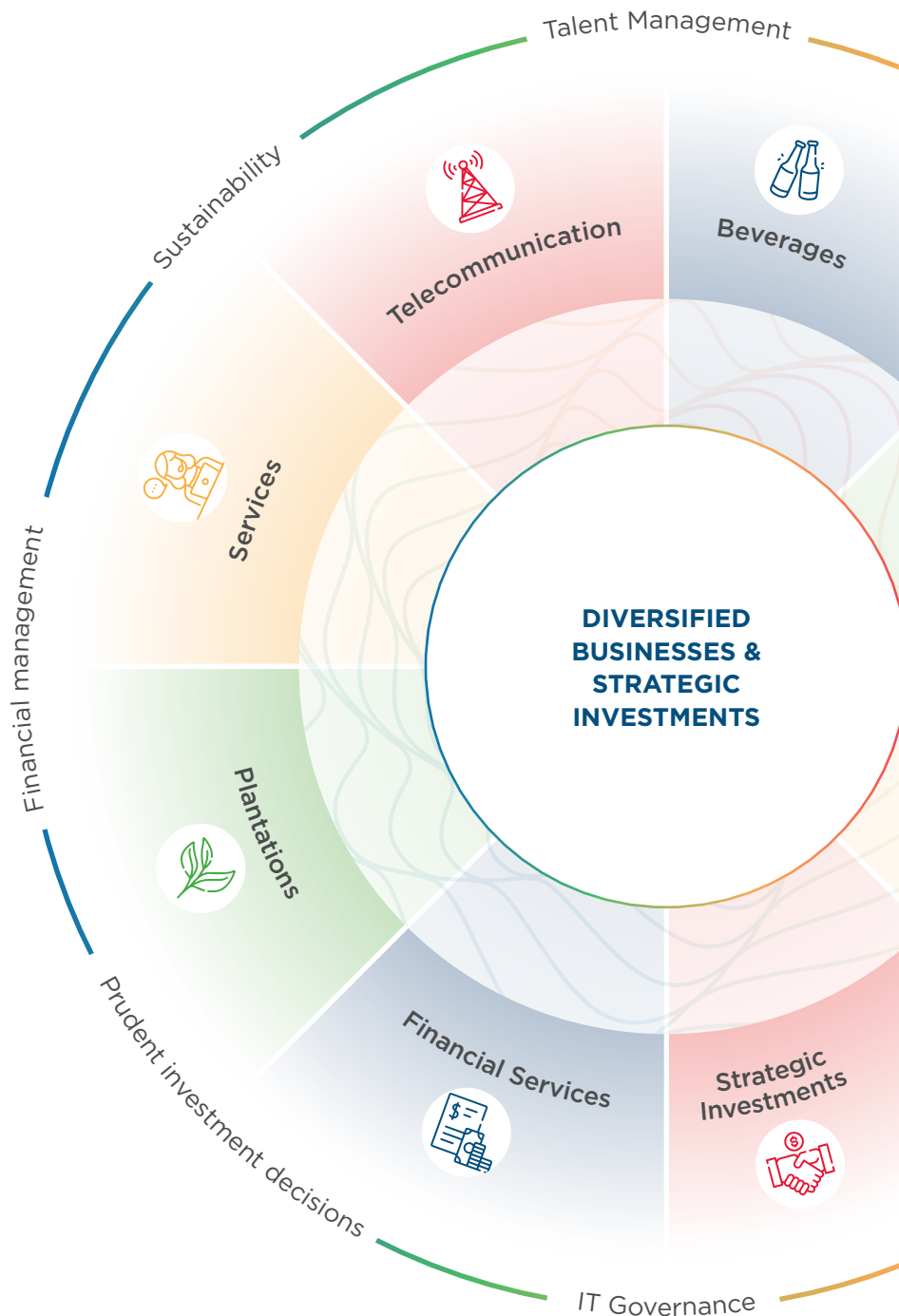
### Intellectual Capital

Our Intellectual Capital is continually advancing to ensure our operations remain future-ready, empowering the Group to compete successfully across diverse sectors.



### Natural Capital

Environmental consciousness has led to the preservation of resources under our care and the development of processes to minimise our consumption.

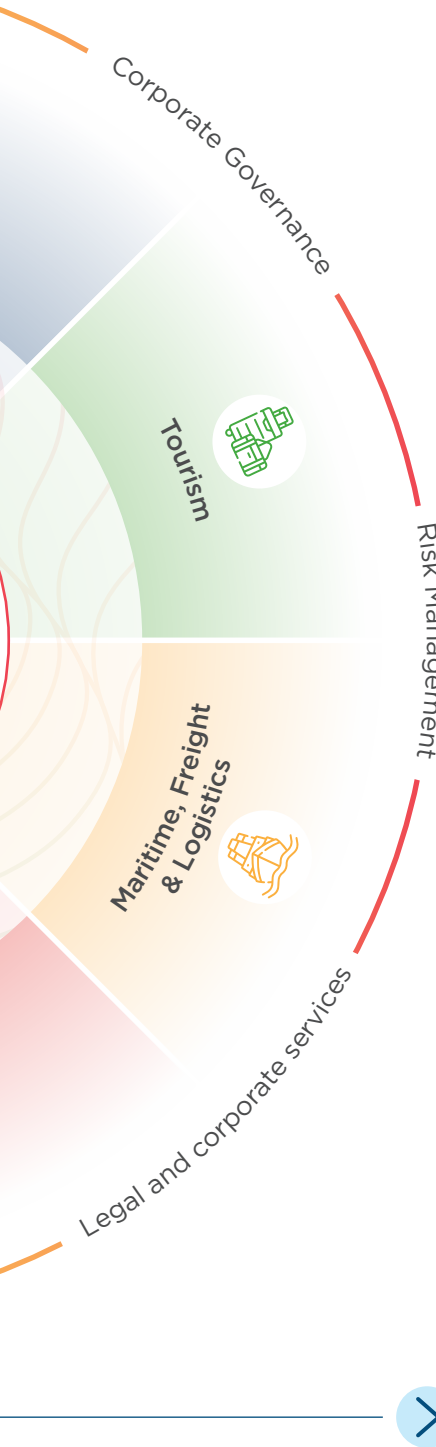




Corporate Governance

OUTPUTS

OUTCOMES






- Beverages**  
Rs.119.1 Bn Revenue
- Tourism**  
Rs.66.6 Bn Revenue
- Maritime, Freight & Logistics**  
Rs.15.2 Bn Revenue
- Strategic Investments**  
Rs.13.7 Bn Revenue
- Financial Services**  
Rs.8.4 Bn Revenue
- Plantations**  
Rs.8.2 Bn Revenue
- Services**  
Rs.3.4 Bn Revenue
- Telecommunications**  
Rs.0.9 Bn Revenue

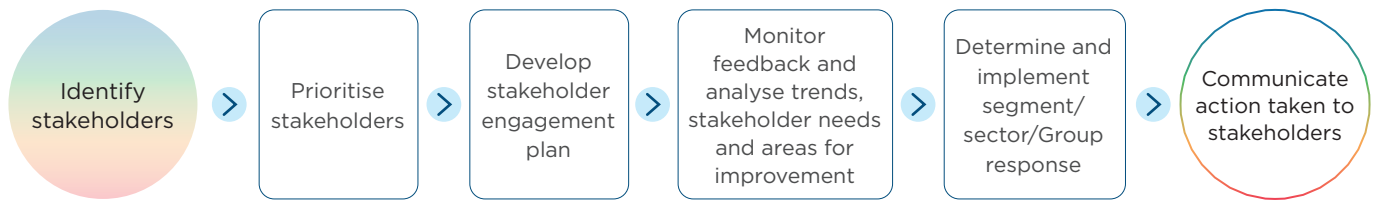
- Rs.245 Bn**  
Value Generated
- Rs.87 Bn**  
Taxes Paid
- Rs.29.5 Bn**  
Profit Before Tax
- Rs.12.7 Bn**  
Profit After Tax
- 7.25%**  
Return on Equity
- Rs.8.23**  
Earnings Per Share
- Rs.8.27**  
Dividend Per Share
- Rs.98.97**  
Net Asset Per Share

# Stakeholder Engagement

**Stakeholder engagement is critical for building trust, gaining valuable insights, and fostering mutually beneficial relationships. Considering the current challenging operating environment, enhancing stakeholder engagement is essential for sustainable value creation. We strategically prioritise our stakeholders based on their vested interest in our business and the degree of influence they exert over our operations.**

Outlined below is our systematic approach to stakeholder management, which has fostered stronger relationships, enhanced our reputation, and promoted long-term success.

Stakeholder	 <b>Customers &amp; Buyers</b>	 <b>Business Partners</b>	 <b>Investors, shareholders, banks and financial institutions</b>
<b>How We Engage</b>	<ul style="list-style-type: none"> <li>• Discussions</li> <li>• Meetings</li> <li>• Feedback forms</li> <li>• Surveys</li> <li>• Direct communication</li> <li>• Social media</li> </ul>	<ul style="list-style-type: none"> <li>• Discussions</li> <li>• Meetings</li> <li>• Trainings</li> <li>• Emails</li> <li>• Other communications</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly reporting</li> <li>• Annual Report</li> <li>• Annual General Meeting</li> <li>• Meetings &amp; discussions</li> <li>• Audits</li> <li>• Documentation shared</li> <li>• Email communications</li> </ul>
<b>Stakeholder Concerns</b>	<ul style="list-style-type: none"> <li>• Quality</li> <li>• Best value for price paid.</li> <li>• Fast delivery</li> <li>• Reliable service</li> <li>• Sustainable products and services</li> <li>• Unique experiences</li> <li>• Personalised service</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive and fair remuneration</li> <li>• Profit</li> <li>• Long term business relationships</li> <li>• Strong networks for opportunities</li> <li>• Referrals</li> <li>• Project planning</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability of earnings and returns</li> <li>• Share price</li> <li>• Dividends</li> <li>• Interest rates</li> <li>• Taxes</li> <li>• ESG</li> <li>• Risk management and organisation resilience</li> <li>• Timely payment</li> </ul>
<b>Grievance Handling Process</b>	<p>Grievances and feedback are gathered during regular engagements. The feedback is then investigated by the relevant teams, and preventive or corrective actions are taken in consultation with senior management, taking into account any applicable contractual commitments.</p>	<p>Grievances and feedback can be gathered and managed during regular engagements. The feedback is investigated by the appropriate teams, and actions are taken in consultation with senior management, considering any relevant contractual commitments.</p>	<p>Top level engagement to investigate grievances/complaints and implement corrective/preventive measures.</p>
<b>Our Commitment</b>	<p>Work towards innovating our processes to provide best-in-class products and services to customers.</p>	<p>Support mutual growth with reliable and sustainable supply chains.</p>	<p>To deliver returns commensurate with the risks undertaken and keep them apprised of our progress and challenges in a timely and transparent manner.</p>



 <b>Employees</b>	 <b>Regulator</b>	 <b>Community, Environmental lobbyists</b>
<ul style="list-style-type: none"> <li>• Direct communication</li> <li>• Executive conference</li> <li>• Employee engagement activities</li> <li>• Employee surveys</li> <li>• Performance reviews</li> <li>• Online systems (HRIS)</li> <li>• Social media</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic filings</li> <li>• Tax filings</li> <li>• Meetings</li> <li>• Visits</li> </ul>	<ul style="list-style-type: none"> <li>• CSR events</li> <li>• Press releases</li> <li>• Corporate website</li> <li>• Digital, print and social media</li> <li>• Marketing and promotional events</li> </ul>
<ul style="list-style-type: none"> <li>• Job security</li> <li>• Remuneration</li> <li>• Occupational health and safety</li> <li>• Employee wellbeing</li> <li>• Learning &amp; development.</li> <li>• Labour standards</li> <li>• A conducive work environment</li> <li>• Career progression</li> <li>• Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with all regulatory requirements</li> <li>• Collaboration with industry bodies</li> <li>• Timely payments</li> </ul>	<ul style="list-style-type: none"> <li>• Engagement with local farmers and entrepreneurs</li> <li>• Support for community development</li> <li>• Sound corporate citizenry</li> <li>• Sustainable business practices</li> </ul>
<ul style="list-style-type: none"> <li>• Open door policy</li> <li>• HR partners</li> <li>• On site counsellors (apparel segment)</li> </ul>	<ul style="list-style-type: none"> <li>• Direct written/verbal communication</li> <li>• One on one consultations</li> </ul>	<p>Senior level engagement to investigate grievances/complaints and implement corrective/preventive measures.</p>
<p>Provide a safe and inspiring working environment supporting personal and professional growth through fair remuneration and talent development.</p>	<p>Continue to establish and maintain governance structures that comply with legal and other regulatory requirements necessary in the industries we operate in.</p>	<p>Engage in industry collaborations to strengthen economic development, enhance social sustainability and ensure environmental protection.</p>

# Our Strategy

**At Melstacorp PLC, as a diversified conglomerate we're redefining the future with a powerful blend of global reach and local impact. Our commitment to sustainable growth drives us to strategically invest in high-potential sectors through rigorous research and analysis.**

By diving deep into market insights before making moves, we uncover opportunities, manage risks, and understand market dynamics with precision. This strategic foresight ensures that our investments are both visionary and sustainable, perfectly aligned with our corporate goals and national interests, and ultimately deliver exceptional value to our stakeholders.

## VISION

**Pursue excellence. Make a difference.**

## MISSION

### Resilient

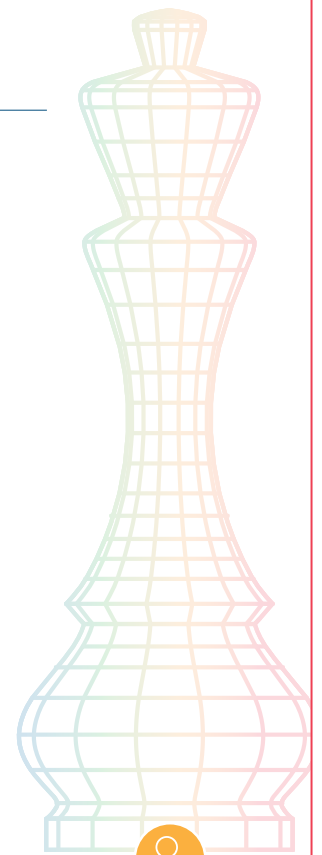
We pride ourselves on our ability to adapt quickly, act decisively and maintain operations even in the most difficult times.

### Reliable

Consistent quality, absolute integrity, and unfailing dependability are at the core of our businesses.

### Responsible

Our responsibility goes beyond financial success. It includes being one with nature, uplifting the lives of our citizens and looking after the best interests of our stakeholders.



## OUR OBJECTIVES



To achieve year-on-year profit growth, coupled with improved market share across all sectors



To expand our geographical presence



Continue to diversify into new segments



To reduce emissions across the Group and to reduce the resource footprint



To become an employer of choice

**Our strategy is underpinned by deep, insightful analysis, yet it rests on several fundamental pillars:**

External Environment Analysis



PESTEL Analysis



Porter's Five Forces Analysis



Internal Environment Analysis

## STRATEGIC FOCUS

Melstacorp’s strategic focus is anchored on five fundamental pillars that drive our long-term vision and operational excellence:



### Innovation and Digital

**Transformation:** We are committed to harnessing the power of technology and innovation to enhance operational efficiencies, improve customer experiences, and unlock new revenue streams. Investments in digitalisation and data analytics are enabling us to stay ahead of industry trends and drive value creation across all sectors.

### Operational Excellence and

**Synergy:** We prioritise operational excellence through continuous process optimisation, cost efficiency, and quality enhancement. By fostering collaboration across our diverse business units, we maximise synergies, enabling us to deliver superior products and services while maintaining competitive advantages in each sector.

### Strategic Investments and Portfolio Optimisation:

We continuously evaluate our portfolio to ensure alignment with our long-term objectives. Strategic acquisitions, divestitures, and capital allocation decisions are guided by our commitment to enhancing shareholder value and reinforcing our leadership positions in key industries.

### Sustainability and Social

**Responsibility:** Our strategy is underpinned by a strong commitment to sustainability and corporate social responsibility. We integrate environmental, social, and governance (ESG) principles into our operations, ensuring that our growth contributes positively to society and the environment. This includes reducing our carbon footprint, promoting ethical business practices, and supporting community development.

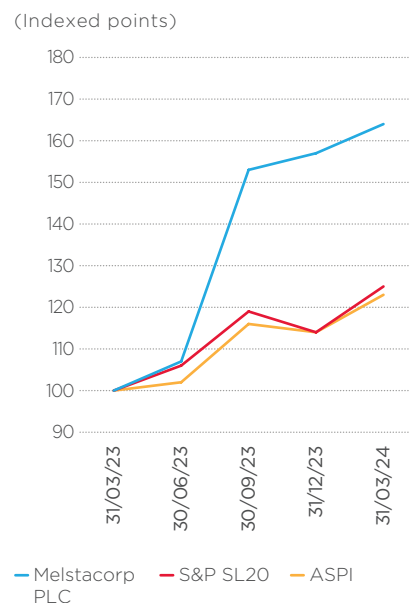
### Talent Development and Leadership:

Recognising that our people are our greatest asset, we invest in talent development and leadership training across all levels of the organisation. Our goal is to cultivate a high-performing, agile workforce that drives innovation and adapts to changing market conditions.

### Global Expansion and Market

**Penetration:** We continue to explore opportunities for global expansion and deeper market penetration, particularly in emerging markets. Our strategic partnerships and local market expertise position us to navigate diverse regulatory environments and cultural nuances, ensuring successful entry and sustained growth in new territories.

### Melstacorp Share Performance vs. Market (indexed)



2023/24	Melstacorp PLC	ASPI	S&P SL 20
% Change	65%	23%	24%

# Materiality

The selection of material topics has been based on their potential impact on value creation for our stakeholders. These topics are identified by considering stakeholder concerns, operating environment dynamics, and Melstacorp’s strategic priorities.

Outlined below is the process adopted for determining materiality:

## Identification of Issues

- Issues are identified through stakeholder engagement processes, an assessment of opportunities and risks in the operating environment, and an understanding of our strategic priorities

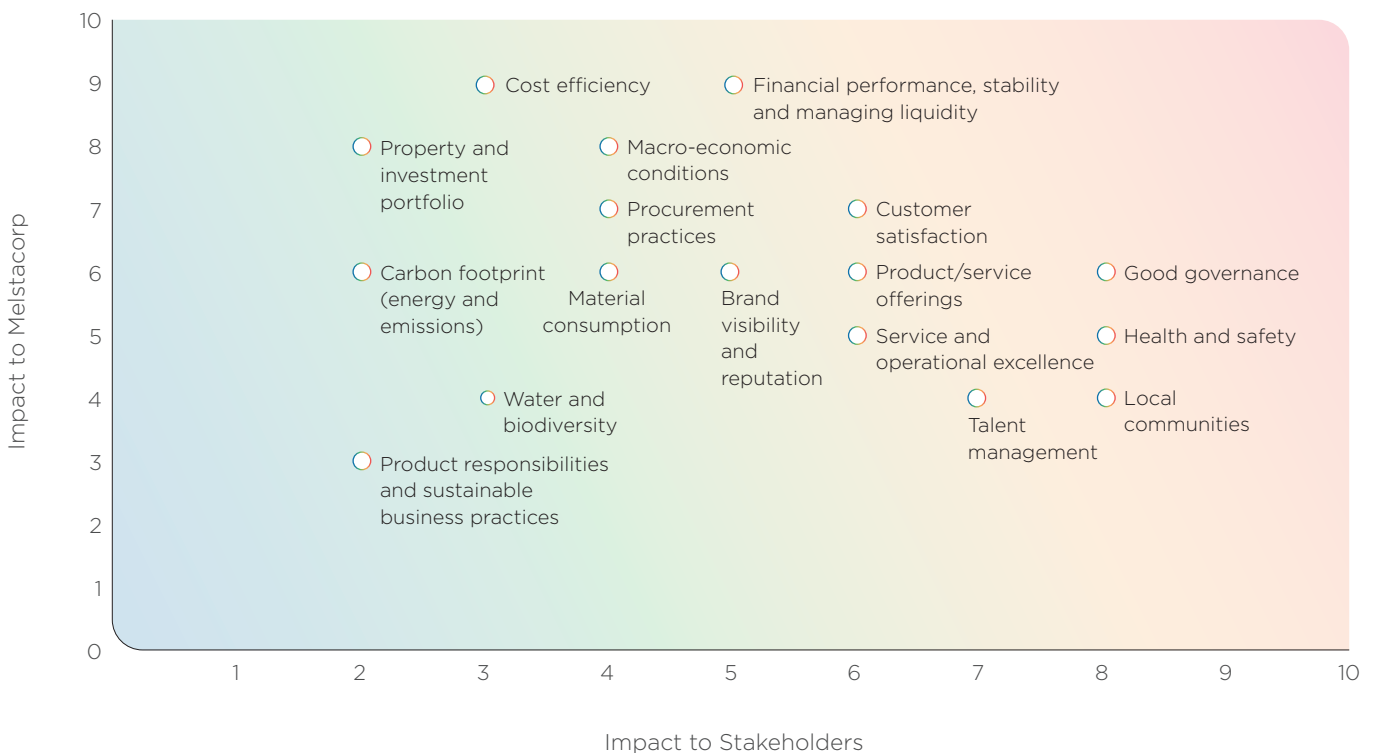
## Assessment of Issues

- These identified matters are then evaluated based on two primary criteria:
  - **Likelihood:** The probability of an issue occurring or affecting Melstacorp PLC.
  - **Potential Impact:** The extent to which an issue might affect our operations and strategies.

## Prioritisation of Issues

- A prioritised list is developed based on two factors:
  - **Influence on stakeholder decisions:** The level of impact an issue has on stakeholder decisions and perceptions.
  - **Impact on our strategy and operations:** How significantly an issue affects the organisation’s strategic direction and day-to-day operations.

## OUR MATERIAL TOPICS



Material Topic	Impact to Stakeholders	Impact to Melstacorp	Reference
Financial performance, stability and managing liquidity	5	9	Financial Capital on page 94
Macro-economic conditions	4	8	Risk Management on page 62 and Performance Review on pages 68 to 92
Customer satisfaction	6	7	Social and Relationship Capital 109
Service and operational excellence	6	5	Intellectual Capital on page 102
Cost efficiency	3	9	Financial Capital on page 94
Product/service offerings	6	6	Intellectual Capital on page 102
Property and investment portfolio	2	8	Financial Capital on page 94
Talent management	7	4	Human Capital on page 100
Good Governance	8	5	Corporate Governance on pages 22 to 43
Brand visibility and reputation	5	6	Intellectual Capital on page 102
Health and safety	8	4	Human Capital on page 100
Product responsibilities and sustainable business practices	2	3	Social and Relationship Capital on page 109
Procurement practices	4	7	Social and Relationship Capital on page 109
Carbon footprint (energy and emissions)	2	6	Natural Capital on page 112
Water and biodiversity	3	4	Social and Relationship Capital on page 109
Material consumption	4	6	Social and Relationship Capital on page 109
Local communities	8	3	Social and Relationship Capital on page 109

# Risk & Opportunities

**Managing risk is fundamental to steering an organisation’s sustainable growth and profitability. Accordingly, the Board has set in place a process to identify, measure, monitor, manage, and reporting risk, facilitating oversight by the Board. It also supports effective resource allocation based on the risks and opportunities entities face, building organisation resilience. This report details Melstacorp Group’s risk management practices and outlines the major risks and opportunities.**

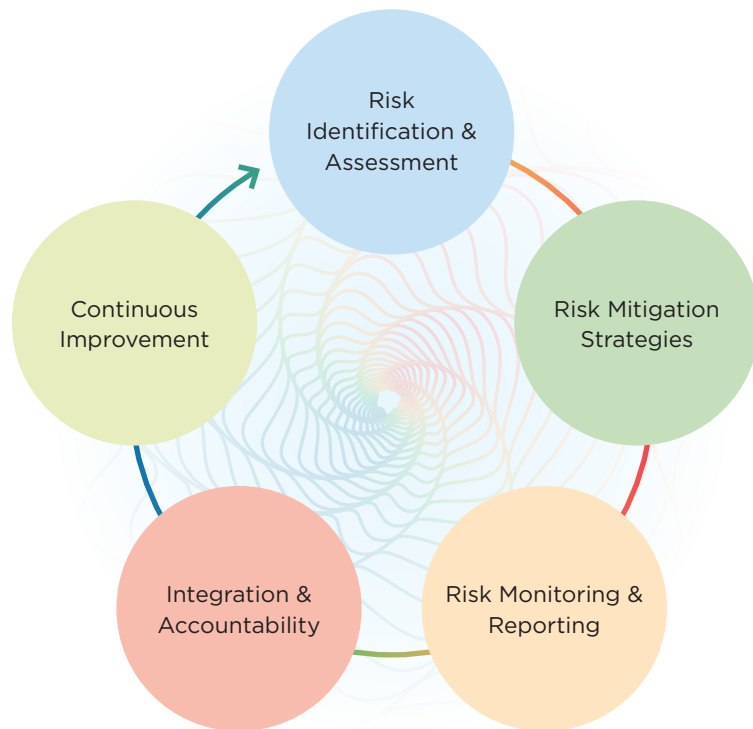
## RISK GOVERNANCE

As the Board bears ultimate responsibility for risk management, it is a regular agenda item at Board meetings. The Board reviews the risk reports and ensures that appropriate responses are formulated to mitigate or otherwise manage key risks and that sufficient resources are allocated. The Board is assisted by the audit committee who conduct a detailed review and report to the Board on key matters that can impact the stability of the Group and manage risks and returns within the Group’s risk appetite while pursuing corporate goals.

The Internal Audit & Risk Management Division is responsible for reviewing and consolidating risk assessments and guiding sectors on timely identification, assessment, and management of risks. Each sector is responsible for implementing risk management processes within the sector and providing risk information required by Melstacorp.

## Risk Management Framework

The Melstacorp Enterprise Risk Management (ERM) Framework is designed to safeguard the Company against uncertainties and ensure resilience in a dynamic business environment. The framework is built around the proactive identification, thorough assessment, and strategic mitigation of key risks that could potentially affect our business operations, financial performance, and overall reputation.



### 1. Risk Identification and Assessment

A systematic approach across all sectors supports identification of risks including strategic, operational, financial, and compliance risks. These risks are evaluated based on their potential impact and likelihood of occurrence. By categorising risks as high, medium, or low priority, we are able to allocate resources and attention where they are most needed. This comprehensive risk assessment process ensures that we stay ahead of potential challenges, enabling us to anticipate and address risks before they escalate.

### 2. Risk Mitigation Strategies

Mitigation strategies are designed to avoid, transfer, reduce, or accept risk. They might include operational improvements, stronger financial controls, or strategic projects to lessen the impact of risks. Integrating risk management into our decision-making aligns our actions with our risk appetite and objectives, allowing us to handle uncertainties and seize growth opportunities.

### 3. Risk Monitoring and Reporting

Continuous monitoring is an essential aspect of our ERM framework. Frequent risk assessments and



internal audits are carried out to identify emerging risks. The Audit Committee and Board review the reports and provide guidance on managing the same. Regular reporting also supports informed decision-making at the senior levels of the organisation.

#### 4. Integration and Accountability

The ERM framework is not a standalone process but is integrated into the daily operations of the Group's businesses. Risk management accountability is embedded across all levels of the organisation, ensuring that every employee understands their role in managing risks. This integrated approach fosters a risk-aware culture, where risk

considerations are factored into every business decision, from strategy formulation to operational execution.

#### 5. Continuous Improvement

The ERM framework is aligned with industry best practices and is regularly reviewed to remain relevant in a rapidly changing business landscape.

### KEY RISKS

#### Risk/ Opportunities



Beverages



Plantations



Maritime, Freight & Logistics






Tourism



Strategic Investments








Services

Risk Category/Risk Subcategory	Mitigation Plan	
<p><b>1. Climate Change</b></p> <p>Potential adverse impacts of intensify floods, wildfires, and other extreme weather events that may increase the group operations.</p>	 <p>Business Units to invest in sustainable practices, reduce carbon footprints, and adapt infrastructure to be more resilient to climate change, while continuously monitoring environmental regulations.</p>	Moderate
<p><b>2. Concentration Risk</b></p> <p>Concentration of investment portfolio in one or more sectors can result in volatility of earnings with consequential impacts on the Group's financial strength.</p>	 <p>The Melstacorp Group has a high level of exposure to the beverages sector. This is mitigated to some extent by DCSL's AAA (lka) rating from Fitch which is critical to the overall rating of Melstacorp. The Group continues to diversify into other avenues utilising the strong cashflows from this core investment.</p>	Moderate
<p><b>3. Reputation Risk</b></p> <p>Potential for negative public perception, events, or actions to damage Melstacorp PLC's reputation.</p>	 <p>The DCSL business model carries a high level of reputation risk as it is associated unhealthy consumption patterns and risks in the downstream supply chain. While comprehensive safeguards have been put in place, it is an inherent risk associated with the product and there is a high level of residual risk which is managed through high levels of alertness and awareness. Reputation risk associated with other sectors is moderate to low due to lower levels of residual risk associated with their business models.</p>	Moderate
		Moderate to Low

# Risk & Opportunities

Risk Category/Risk Subcategory	Mitigation Plan
<p><b>4. Geopolitical Risks</b></p> <p>Potential adverse effects on the Group's operations and performance due to political instability, diplomatic conflicts, regulatory changes, trade restrictions, and other actions taken by governments or political entities in various parts of the world.</p>	<div style="display: flex; justify-content: space-between; align-items: center;"> <div data-bbox="635 443 1029 504"> </div> <div data-bbox="1348 459 1460 492" style="text-align: right;"> <p><b>Moderate</b></p> </div> </div> <p>With supply chains spanning the globe and cross border investments, the Melstacorp Group subsidiaries are affected by geopolitical risks. These vary from impacts in source markets in the tourism sector, impacts on shipping routes in the Maritime, Freight &amp; Logistics sector and commodity price impacts across a number of sectors to name just a few. Businesses continue to diversify markets and suppliers to mitigate geopolitical risk but the level of residual risk remains high. Continuing conflicts in Europe and the Middle East, trade wars and elections in a number of countries exacerbate these risks at present. While they are monitored and businesses actively pursue alternate solutions, this is a critical risk for the Group.</p>
<p><b>5. Changes in Macroeconomic Variables</b></p> <p>Changes in macroeconomic variables and resultant policy direction have a significant impact on the businesses in countries we operate in.</p>	<div style="display: flex; justify-content: space-between; align-items: center;"> <div data-bbox="635 857 1029 918"> </div> <div data-bbox="1348 869 1460 902" style="text-align: right;"> <p><b>Moderate</b></p> </div> </div> <p>As countries remain economically vulnerable in a post-pandemic world, socioeconomic, fiscal and environmental policy directions are likely to be subject to significant change. These could result in volatile demand and supply conditions, supply chain disruptions, social and labour unrest, travel advisories and sanctions in key markets. Individual businesses are monitoring these potential developments and pursuing related actions to mitigate them where possible.</p>
<p><b>6. Market Risks</b></p> <p>Risks stemming from volatility in interest rates, foreign exchange rates, equity prices and commodity prices.</p>	<div style="display: flex; justify-content: space-between; align-items: center;"> <div data-bbox="635 1149 1029 1209"> </div> <div data-bbox="1348 1160 1460 1193" style="text-align: right;"> <p><b>Moderate</b></p> </div> </div> <p>While many of these variables have stabilised in Sri Lanka after a period of high volatility, market risk factors are at an elevated level globally due to high levels of uncertainty. Liquidity and capital buffers are strengthened while exposures are being reduced to build resilience at entity, sector and Group levels. These are reviewed regularly by Audit Committees and Boards to ensure that entities remain resilient to potential volatility.</p>
<p><b>7. People Related Risks</b></p> <p>Potential adverse impacts on the Group's workforce and talent pipelines including industrial action</p>	<div style="display: flex; justify-content: space-between; align-items: center;"> <div data-bbox="635 1440 1029 1500"> </div> <div data-bbox="1348 1451 1460 1485" style="text-align: right;"> <p><b>Moderate</b></p> </div> </div> <p>Many sectors have been affected by the economic migration of skilled employees across all categories. This has exerted pressure on salaries and wages, operational efficiencies and the effective functioning of internal controls. The sharp devaluation of the rupee and steep inflation in the previous year coupled with stabilisation of costs at high levels and increased taxation has resulted in a deterioration in lifestyles. These factors serve to increase dissatisfaction which may give rise to social unrest and trade union action, particularly as this is an election year. Businesses remain on high alert and are encouraged to formulate plans for retention of key employees to support the business growth aspirations.</p>
<p><b>8. Occupational Health &amp; Safety</b></p> <p>Certain aspects of our businesses can pose occupational health and safety risks to its employees such as chemical handling, operation and maintenance of machines and other infrastructure, etc.</p>	<div style="display: flex; justify-content: space-between; align-items: center;"> <div data-bbox="635 1821 1029 1881"> </div> <div data-bbox="1348 1832 1460 1865" style="text-align: right;"> <p><b>Moderate</b></p> </div> </div> <p>All sectors with elevated levels of occupational health and safety risks have obtained certification as they benchmarked international best practices to ensure the health and safety of their workforce. Information on injury rates, absenteeism and illness are recorded to monitor potential impacts.</p>

Risk Category/Risk Subcategory	Mitigation Plan
<b>9. Technology &amp; Digitalisation</b>	 <span style="float: right;"><b>Moderate to High</b></span>
<p>Technology and digitalisation are transforming businesses as we move into the next industrial era of artificial intelligence and environment friendly technologies.</p>	<p>Technology and digitalisation present opportunities for modernising our businesses as well as increasing operational efficiencies, improving accuracy of data capture and reporting, improved insights and scalability of operations. Failure to adapt could have significant negative impacts for the businesses.</p>
<b>10. Information &amp; Data Security</b>	 <span style="float: right;"><b>Moderate</b></span>  <span style="float: right;"><b>Moderate</b></span>
<p>Cybersecurity and information security present challenges due to the commercial value of these assets.</p>	<p>Tourism and Services sectors have high levels of exposure due to the personal information of customers retained and higher levels of connectivity of systems to outside systems. The Data Protection Act is now in effect and will carry penalties if not safeguarded adequately. These sectors have implemented comprehensive cybersecurity safeguards to prevent, detect and manage potential threats.</p> <p>Other businesses have less exposure as they are primarily B2B businesses. However, these businesses have also implemented measures to safeguard against cybersecurity breaches.</p>
<b>11. Legal &amp; Compliance Risk</b>	 <span style="float: right;"><b>Moderate to High</b></span>
<p>Many businesses within the Group are regulated and require special licenses to operate. Additionally, a number are public listed entities which need to comply with regulations of the Colombo Stock Exchange. All businesses need to comply with the laws of the countries in which they operate and sometimes in markets in which they do business. Additionally, many businesses also comply with certifications which are prerequisites for doing business with strategic partners.</p>	<p>All businesses within the Group are focused on regulatory and certification compliance, with a few going beyond requirements to lead the way in raising the bar for ESG compliance. The Intellectual Capital report and the Natural Capital report provide further information in this regard.</p>
<b>12. Supply Chain Risks</b>	 <span style="float: right;"><b>Moderate to High</b></span>
<p>Global supply chains in many of our businesses present potential vulnerabilities</p>	<p>Businesses assess and address supply chain vulnerabilities to mitigate related risks. Measures implemented to manage this key risk include:</p> <ul style="list-style-type: none"> <li>• Ensuring adequate inventory levels of frequently needed items including fuel</li> <li>• Collaborating with suppliers to minimise lead times.</li> <li>• Proactively communicating any potential delays to customers and provide regular progress updates.</li> <li>• Build relationships with multiple suppliers and create contingency plans for sourcing materials from different regions.</li> <li>• Monitoring/understanding of market changes/challenges</li> </ul>

# Risk & Opportunities

## OPPORTUNITIES

It is widely recognised that risks and opportunities go hand in hand, and organisations must embrace risk to advance. Below are the opportunities identified within these key risk areas.

Diversification into new businesses	<ul style="list-style-type: none"><li>• Further diversification of businesses will reduce concentration risk and grow its revenue streams, strengthen its market presence, and ensure long-term profitability across a broad spectrum of business activities</li></ul>
Strategic partnerships	<ul style="list-style-type: none"><li>• Grow partnerships to drive growth</li><li>• Leverage partnerships to expand into new markets</li></ul>
Technology-driven growth	<ul style="list-style-type: none"><li>• Digitalisation of processes</li><li>• Explore new business technologies</li></ul>
ESG	<ul style="list-style-type: none"><li>• Integrate ESG into business operations to differentiate</li></ul>

# Assessing Excellence



## Performance Review

- 68** Beverages
- 72** Tourism
- 75** Maritime, Freight & Logistics
- 79** Strategic Investment
- 83** Financial Services
- 86** Plantations
- 92** Services



# Beverages Sector



“ DCSL once again achieved a credit rating of AAA(Ika) with a stable outlook, as affirmed by Fitch Ratings Lanka—the highest rating on Sri Lanka’s national rating scale. ”

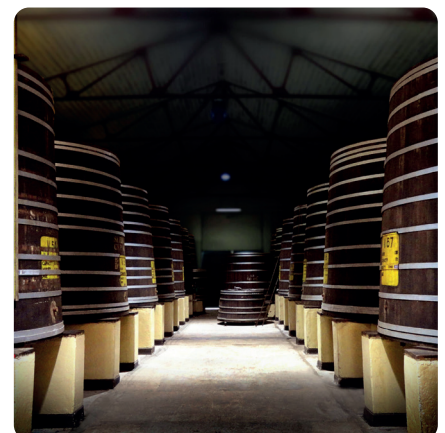
The Beverage sector of the Group includes Distilleries Company of Sri Lanka (DCSL), Periceyl Ltd, and the recent acquisition, DCSL Breweries. DCSL, with its esteemed legacy of producing the nation’s premier arrack, which caters to a diverse clientele both locally and internationally. As a significant contributor to the Group’s revenue and profitability, DCSL also plays a vital role in the Government’s tax collection. The Company remains at the forefront of innovation, continually adapting to shifting consumer preferences while maintaining its leadership position in Sri Lanka’s alcoholic beverages market. This sector accounts for 51% of the Group’s turnover. This year, DCSL once again achieved a credit rating of AAA(Ika) with a stable outlook, as affirmed by Fitch Ratings Lanka—the highest rating on Sri Lanka’s national rating scale.

In a strategic initiative to enhance its market presence, in January 2024, DCSL acquired 99.4% of the issued capital of Heineken Lanka Ltd. for Rs. 4.2 billion. This acquisition, which has led to the rebranding of the company as DCSL Breweries Lanka Ltd., enables DCSL to brew and distribute globally recognised beer brands such as Heineken, Tiger, and Anchor, alongside its own beer (for example, Bison). This milestone significantly advances DCSL’s expansion strategy and fortifies its position in the beverage industry with a diversified portfolio of prestigious brands.

## KEY ACHIEVEMENTS & CERTIFICATIONS

- Rated AAA (Ika) by Fitch Ratings Lanka (Pvt) Ltd.
- Consistently ranks within the top ten companies by market capitalisation in the Colombo Stock Exchange, reflecting steady returns and strong prospects.
- Market leader in alcoholic beverages.

As at 31 March	2024	2023	%
Revenue (Rs. Mn)	119,159	128,817	(7.5)
PBT (Rs. Mn)	23,807	31,686	(25)





**Rs.16,998 Mn**  
Property, Plant & Equipment



**1,176**  
Employees

## INDUSTRY OVERVIEW

The alcohol industry in Sri Lanka plays a crucial role in the economy, generating substantial revenue and providing significant employment opportunities. Beyond its direct contributions, the sector has a wide economic impact, supporting various ancillary industries such as packaging, agriculture, and logistics. The industry's demand for raw materials benefits the agricultural sector, including sugarcane, coconut, and corn industries. Additionally, the logistics industry thrives on the distribution networks needed to transport these products across the country, further enhancing the economic significance of the alcohol industry.

In 2023, hard liquor accounted for 64% of legal alcohol consumption in Sri Lanka, up slightly from 62% in 2022. However, the first five months of 2024 saw a notable decline, with this figure dropping to 57%.

To address economic turmoil from ineffective policies, the government has increased taxes on the alcohol industry by 64% through three adjustments in the past year. This has widened the gap between legal and illicit markets,

Consumer behaviour in Sri Lanka's alcohol market is influenced primarily by economic conditions, and social norms to a lesser demographical extent. As disposable income has declined, there has been a noticeable shift away from mainstream alcoholic beverages towards illicit alternatives. These factors and the increase in taxes have increased the Illicit alcohol consumption, over 50% of the market, as per experts. This would significantly impact public health concerns, social costs and will raise government healthcare burdens.

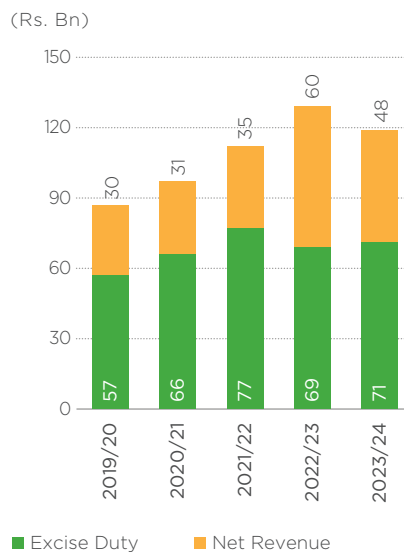
Despite these challenges, the alcohol industry in Sri Lanka still presents opportunities for growth. The expanding middle class, coupled with increasing urbanisation, is expected to drive future demand for premium alcoholic beverages. As urban areas grow and incomes rise, there is potential for a shift back towards higher-quality, legally produced alcohol products. Additionally, the anticipated recovery of the tourism sector post-pandemic could provide a further boost to the industry, as tourists often seek out local alcoholic beverages as part of their cultural experience. The combination of these factors suggests that, while the industry faces significant challenges, there are also avenues for future expansion and increased profitability.

## PERFORMANCE

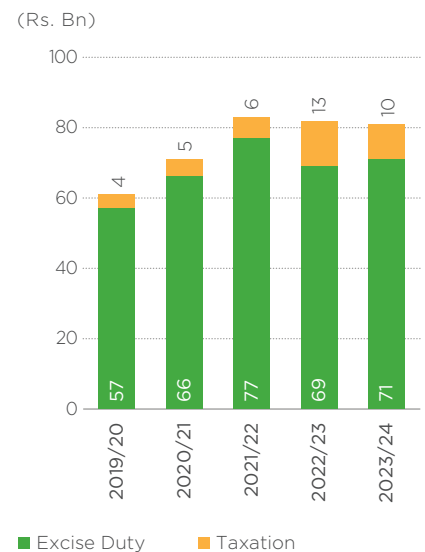
The AAA (Ika) rating from Fitch Ratings Lanka highlights the strong free cash flow, financial stability and the profitability of this business. Notably, DCSL remains among the top 10 corporates by market capitalisation, competing with diversified conglomerates and major banks, thereby affirming its significant value.

Gross Revenue experienced a decline of 7.5% over the year due to increased taxation, which heightened prices and spurred the growth of the illicit liquor market. This, coupled with pressures on household incomes, contributed to moderated demand. Rising costs of inputs and employment led to reduced margins, impacting profitability.

### Gross Revenue



### Taxes Paid



# Beverages Sector

## Key risks and opportunities

### Risks

- + Economic and political environment
- + Climate change
- + Changing consumer and beverage trends
- + Regulatory changes related to alcohol
- + High concentration on key products
- + Competition
- + Illicit market growth
- + Product safety

### Opportunities

- + Product diversification
- + Market expansion

Entities within the sector continue to uphold the Group's commitment to people and planet through multiple initiatives as set out below.



### People

Implemented comprehensive training programmes

Focused on health, safety, and machinery operation

Transitioned from fossil fuels to waste wood as a sustainable energy source in production



### Planet

Implemented comprehensive training programmes focused on health, safety, and machinery operation

Transitioned from fossil fuels to waste wood as a sustainable energy source in production



### Outlook

Distilleries Company of Sri Lanka (DCSL), a leading player in the Sri Lankan alcohol industry, is poised to navigate both challenges and opportunities in the coming years. As a dominant force in the local spirits market, particularly with its flagship brand of arrack, DCSL's outlook is influenced by a combination of economic conditions, regulatory dynamics, and evolving consumer preferences.

DCSL continues to benefit from its strong market position and brand recognition, which have helped it maintain a significant share of the domestic alcohol market. Despite the economic challenges in Sri Lanka, including inflation and fluctuating consumer spending, DCSL's robust portfolio and established distribution network provide a buffer against market volatility.

The Company operates in a highly regulated environment, with high excise duties and restrictive policies on advertising and distribution. While these regulations present ongoing challenges, DCSL has a proven track record of adapting to regulatory changes. The Company's ability to manage costs and navigate tax structures will be crucial in maintaining profitability.

Consumer trends towards premiumisation and the growing demand for craft spirits offer DCSL opportunities for product diversification. By leveraging its strong brand equity, DCSL can explore new product lines that cater to more discerning consumers, both within Sri Lanka and in potential export markets. The Company's focus on quality and innovation will be key to capturing this emerging demand.

DCSL's vertically integrated operations, from production to distribution, provide a competitive advantage in managing supply chain efficiencies. However, the Company must continue to invest in sustainable practices and





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modernise its production facilities to enhance operational efficiency and meet environmental standards.

With Sri Lanka's tourism sector showing signs of recovery, DCSL is well-positioned to capitalise on the growing demand from international visitors. Expanding its footprint in tourist hubs and exploring export opportunities in regional markets could drive future growth.

The primary risks to DCSL include economic instability, potential changes in regulatory policies, and shifts in consumer behaviour towards healthier lifestyles. Additionally, the ongoing impact of global economic conditions could affect both raw material costs and export potential.

Looking ahead, DCSL's ability to adapt to market conditions, invest in product innovation, and expand its market presence will be critical to sustaining growth. The Company's strong market position, coupled with strategic initiatives in premiumisation and sustainability, positions it well to weather challenges and capitalise on emerging opportunities in the Sri Lankan and regional alcohol markets.



# Tourism Sector

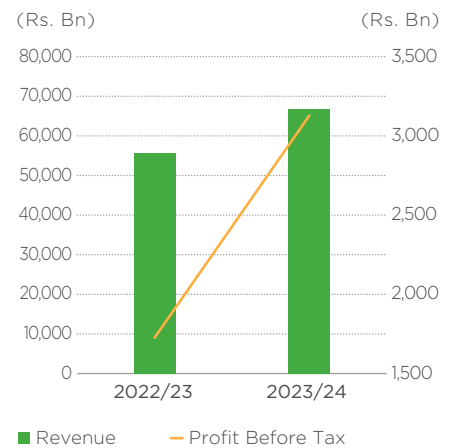


“ Significant growth in both revenue and profitability, driven by the recovery of international travel and the revitalization of Sri Lanka’s tourism industry. ”

Melstacorp Group’s Tourism sector spans the entire industry value chain, offering comprehensive services that include travel and hotels sub sectors. With a portfolio of 19 hotels across four countries, the sector provides diverse experiences ranging from sun-soaked beaches to cultural exploration, wellness retreats, and adventure tourism. This sector is strategically positioned to capitalise on the global resurgence in tourism.

The past year witnessed significant growth in both revenue and profitability, driven by the recovery of international travel and the revitalisation of Sri Lanka’s tourism industry. The sector’s ability to adapt to changing market conditions, coupled with its extensive geographic reach and diverse offerings, has solidified its standing as a critical contributor to the Group’s overall performance.

## Revenue & PBT



As at 31 March	2024	2023	%
Revenue (Rs.Mn)	66,605	55,208	21
PBT (Rs. Mn)	3,127	1,726	81



**Rs.92,399 Mn**  
Property, Plant & Equipment



**3,840**  
Employees

## KEY ACHIEVEMENTS & CERTIFICATIONS

- 100% increase in bottom line
- Leading destination management company in Sri Lanka
- Brown’s Beach Hotel ties up with Sentido for marketing hotel
- Aitken Spence Hotels was ranked among the Top companies in LMD’s Most Awarded Hall of Fame, solidifying its position as one of the most distinguished entities in Sri Lanka, garnering an impressive tally of 52 awards throughout 2023
- Aitken Spence Hotels received multiple awards at the prestigious South Asian Travel Awards (SATA) 2023.



## INDUSTRY OVERVIEW

Global tourism experienced a robust recovery in 2023, with international tourist arrivals increasing by 34% (reaching 88% of pre-pandemic levels). This resurgence was fuelled by strong pent-up demand and enhanced air connectivity, which enabled a steady rebound across many regions. Despite ongoing geopolitical tensions in the Middle East and the prolonged conflict in Russia affecting specific markets, the industry showed resilience, particularly in Asia, where recovery momentum extended into 2024.

The tourism industry, a vital driver of economic growth, continues to be shaped by shifting consumer preferences, with a growing emphasis on sustainable and experiential travel. Emerging trends, such as the increased demand for wellness tourism, eco-friendly accommodations, and cultural experiences, are influencing the sector's evolution. Additionally, the rapid adoption of digital technologies, including contactless services and personalised marketing, is transforming how the industry operates, improving efficiency and customer satisfaction.

Looking ahead, the global tourism sector is expected to continue its recovery trajectory, with a potential full return to pre-pandemic levels by 2025. The focus on sustainable practices, coupled with innovations in travel and hospitality services, will be key drivers of growth. For Sri Lanka, leveraging its unique offerings and investing in infrastructure and marketing will be crucial to capturing a larger share of the international tourism market.

### Sri Lanka

In 2023, Sri Lanka's tourism industry experienced significant growth, with tourist arrivals doubling to 1,487,303 between January and December. The main source countries were India, Russia, the UK, Germany, and China. In the first quarter of 2024, arrivals totalled 635,784 compared to 335,679 in the same period of 2023, with each month exceeding 200,000 tourists.

### Maldives

Tourist arrivals to the Maldives reached 1.88 million in 2023, marking a 12% rise from 2022. During the first quarter of 2024, tourist arrivals continued to be strong, with a 15.3% growth compared to the same period in 2023. Data from the Maldives Tourism Ministry indicates that India was the largest source of tourists in 2023, followed by Russia and China. Additionally, nine new resorts were opened in the Maldives in 2023, adding over 2,500 beds. The increasing room supply continues to put pressure on profit margins in the Maldives.

### India

India saw a significant rebound in tourism in 2023, with foreign arrivals jumping 64% to 92,36,108 visitors compared to 2022. However, the sector is still 15.5% below pre-pandemic levels from 2019, as per Ministry of Tourism data.

### Oman

Oman's tourism industry is thriving, with a 41.2% year-on-year rise in visitors, reaching 4.3 million in 2023. The Gulf Corporation Council remains the primary market for tourists, thanks to its close location and robust transport connections.

## PERFORMANCE

The Group's tourism sector demonstrated remarkable progress, achieving a revenue increase of 21% to Rs. 66.6 billion and a 81% rise in Profit Before Tax (PBT) to Rs. 3.1 billion for the year. This notable performance was driven by robust results across all major segments. High occupancy rates at our properties in Sri Lanka, the Maldives, and India, coupled with rising room rates, significantly enhanced the hotels segment's revenue. Additionally, expansion initiatives and strategic partnerships in our

destination management segment facilitated an increased influx of tourists. The airline GSA segment also saw revenue growth, attributed to an uptick in flight frequency.

Operational costs remained elevated, particularly in Sri Lanka, due to high inflation levels in 2023, although these costs have decreased substantially compared to the previous year. The appreciation of the rupee during the financial year negatively impacted profitability, with finance expenses rising sharply due to foreign exchange losses.

Addressing skilled labour shortages resulting from rising migration, we focused on capacity enhancement through targeted training and development, improving employee mobility across our properties. Efforts to enhance operational efficiency were bolstered by the digitalisation of processes and customer interfaces. We continued to strengthen relationships to enhance market access and tailor our offerings to key markets.

# Tourism Sector

The Group's Tourism Sector emerged as a major contributor to overall Group PBT, accounting for 28.3% of revenue and 10.6% of PBT. Its geographical diversification and strong presence across the travel value chain, along with enduring partnerships with global industry leaders, have ensured its resilience in a volatile market environment.

## Key risks and opportunities

### Risks

- ⊕ Geopolitical risks (Russia and ME)
- ⊕ Recession in Europe as SL and MAL are impacted
- ⊕ Currency depreciation in Russia
- ⊕ Continued appreciation of the SL rupee but costs remain at higher levels reached during the period of currency depreciation – volatility and uncertainty
- ⊕ Talent migration

### Opportunities

- ⊕ Sri Lanka forecast to have higher occupancy rates and rate growth, and a small increase in room inventory
- ⊕ Digitalisation,
- ⊕ Upliftment of properties
- ⊕ Driving operational efficiencies
- ⊕ Investing in sustainability

Entities within the sector continue to uphold the Group's commitment to people and planet through multiple initiatives as set out below.



### People

Leeds Certification: 3 Properties  
(2 Gold, 1 Bronze)

Travelife Certification: 6 hotels

ISO 14001: 2015 Certified  
Environmental Management  
Systems: 2 Hotels



### Planet

ISO 22000/HACCP: 2005  
Certified Food Safety Systems



## Outlook

The industry outlook remains favourable, with the UNWTO forecasting a full recovery of international tourism to pre-pandemic levels by 2024. However, the speed of this recovery in Asia and the potential impact of evolving economic and geopolitical risks will play a critical role in shaping the overall pace of recovery.

This positive global tourism outlook is expected to benefit the Group's hotel segment significantly. In Sri Lanka, recent increases in tourist arrivals indicate promising growth prospects. While the Maldives remains a stable market, it faces growing competition from the guest house sector due to price pressures. India also presents positive prospects, though operations in Oman may be affected by ongoing regional conflicts.

The Group's destination management segment is set to benefit from the post-pandemic resurgence, with tour operators developing innovative experiences to attract new customer segments. Enhanced connectivity and the gradual resumption of business travel further bolster the segment's outlook.

Although the Airline GSA segment continues to show promise, with a growing preference for international travel, the Sri Lankan air cargo market may face challenges from sluggish economic conditions and currency fluctuations. Price and margin pressures are anticipated across all segments, making investments in digitalisation, automation, and data analytics crucial for enhancing operational efficiency, improving customer experiences, and maintaining competitiveness in the rapidly evolving travel industry.



# Maritime, Freight & Logistics Sector



“ Entities in the sector have leveraged significant synergies to differentiate themselves by offering integrated solutions for freight and logistics needs. ”

The Maritime & Freight Logistics sector of the Group includes Aitken Spence Maritime and Freight Logistics, which has a longstanding reputation for excellence in the industry. With an extensive presence across the value chain, this sector leverages significant synergies and differentiates itself by offering integrated solutions for freight and logistics needs. The sector’s operations span four countries, playing a vital role in facilitating imports and exports that are essential to these economies. Aitken Spence’s enduring relationships with key principals and customers provide a distinct competitive advantage, further solidifying its leadership in the market.

In a strategic initiative to enhance its operational capabilities, the Group’s Maritime & Freight Logistics sector invested Rs. 1.6 billion in a state-of-the-art warehouse spanning 100,000 square feet. This facility, managed in collaboration with a global shipping corporation, highlights the sector’s commitment to expanding its infrastructure and service offerings. This strategic investment strengthens the sector’s ability to deliver comprehensive logistics solutions, aligning with the Group’s broader vision of sustained growth and market leadership.


## KEY ACHIEVEMENTS & CERTIFICATIONS

- Investment in a 100,000 sqft container freight station in the main logistics complex at Mabile
- Strengthened presence in bunkering segment with the chartering of a barge
- CINEC Campus
  - Expansion to Jaffna and Trincomalee
  - Commenced the Aviation School
  - Expanded its course offering to include a wider spectrum of courses including Health Sciences, Aviation and Hospitality.
- Liner Segment
  - Closer collaboration with principles to boost cargo volumes and increase market share in liner segment.
- Overseas Freight Segment
  - Commenced operations in Cambodia
  - Set up a regional office in Singapore

As at 31 March	2024	2023	%
Revenue (Rs.Mn)	15,242	22,356	(32)
PBT (Rs.Mn)	5,157	7,991	(35)



**Rs.9,630 Mn**  
Property, Plant & Equipment



**1,885**  
Employees

# Maritime, Freight & Logistics Sector

## LOCATIONS OF OPERATIONS

### Integrated Container Services

ISO 9001:2015 | ISO 14001:2015



Sri Lanka  
(5 locations)

### Port & Shipping Services

ISO 9001:2015 | ISO 14001:2015



Sri Lanka

Fiji

Mozambique

### Airline GSA (Cargo)



Sri Lanka

### Freight Forwarding & Courier

ISO 9001:2015 | ISO 14001:2015



Sri Lanka

Maldives

Myanmar



Bangladesh

Cambodia

### Maritime Education

ISO 9001:2005



Sri Lanka

Fiji

Seychelles



## INDUSTRY OVERVIEW

The Maritime & Freight Logistics industry is integral to global trade, serving as a fundamental pillar for the movement of goods across international borders. This industry is crucial in ensuring the efficient operation of global supply chains. With over 80% of global trade by volume transported by sea, maritime logistics is the primary mode of international trade. It encompasses a broad range of services, including port operations, terminal management, shipping, freight forwarding, and inland transportation. In the era of globalisation, there is an increasing demand for streamlined and reliable maritime services, as companies strive to optimise their operations to reduce costs and enhance delivery efficiency.

In 2023, global merchandise trade experienced a decline of 1.2%, primarily due to decreased demand in developed markets, sluggish economic performance in East Asia, and a decline commodity prices. The maritime industry is grappling with multiple challenges, including volatile fuel prices, stringent environmental regulations, and the imperative for technological advancements to enhance efficiency and sustainability. Furthermore, geopolitical tensions in the Red Sea and disruptions in the Panama Canal impacted maritime routes, resulting in elevated freight rates as the year progressed. The industry operates within a complex framework of international, national, and regional regulations, adding to its operational complexity.

### Sri Lanka

Container throughput at the Port of Colombo rose by 1.3% (YoY) to 6.949 million TEUs in 2023, primarily due to a 2.1% increase in transshipment volumes, which made up 83% of the total. The boost continued into 2024 due to the Red Sea crisis, with Colombo becoming a key transit point as major shipping lines rerouted vessels around the Cape of Good Hope to avoid disruptions and high insurance premiums caused by intensified attacks from Yemen's Houthi rebels.

### Bangladesh

In FY 2023, the Bangladeshi economy experienced a slowdown due to diminished export demand, inflationary pressures, and domestic shortages of electricity and fuel. Export growth saw a significant decrease over the year, and imports fell as well due to weakened domestic demand. This reduction in trade volumes had a direct negative impact on the revenue and profitability of the freight and logistics sector.

### Mozambique

Nacala Port, managed by Aitken Spence, is one of the country's five major ports and its third largest. After upgrading its infrastructure, the port hit a record in 2023, handling 3.1 million tons—12.5% more than in 2022. This increase was aided by the country's economic recovery in 2023, fuelled mainly by the launch of LNG production at the Coral South offshore facility.

### Fiji

Aitken Spence oversees Fiji's two largest ports: Suva, handling 100,000 TEUs, and Lautoka, with 40,000 TEUs capacity. Fiji's economy rebounded strongly post-pandemic, growing by 20% in 2022 and 8% in 2023, driven by a significant tourism recovery. This growth also benefited trade, transportation, construction, and port operations.

### Maldives

According to the Maldives Monetary Authority's update in February 2024, total exports from January to December rose by 10%, whereas total imports saw a slight decrease of 1% compared to the same period in 2022.

### Myanmar

Ongoing political instability and conflict have adversely affected Myanmar's economic performance, causing widespread declines across major sectors and a significant drop in trade volumes. Additionally, supply chain and logistical disruptions brought about by the conflict continue to hinder operations within the country.

### Cambodia

The Cambodian economy maintained strong performance in 2023, driven by a resurgence in tourism and solid growth in non-garment manufacturing. Our activities in Cambodia thrived with higher export volumes, although there was a dip in import volumes attributed to reduced imports of gold, garment materials, fuel, and vehicles.

### Key risks and opportunities

#### Risks

- ⊕ Volatility in freight rates
- ⊕ Fluctuating trade volumes
- ⊕ Growing shortage of skilled workers due to rising levels of migration from the country
- ⊕ Growing interest in studying overseas for tertiary education
- ⊕ Liberalisation of bunker trade and the privatisation of fuel stations affecting bunker operations

#### Opportunities

- ⊕ Shipping lines modifying their routes
- ⊕ Strategic location of the country's ports
- ⊕ Increased opportunities in the industry due to regional alliances such as BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation)
- ⊕ Increasing trend towards nearshoring.

### PERFORMANCE

The sector performance normalised after the record-breaking results of the previous year which saw sharp increases in freight rates boosted by a depreciating rupee. The impact of normalisation was exacerbated by lower import and export volumes, rising fuel prices, and the Rupee's appreciation against the USD. Consequently, consolidated revenue dropped by 32% to Rs. 15.1 billion, while profits decreased by 35% to Rs. 5.1 billion in FY 2023/24 due to significant declines in port management operations, liner shipping, freight forwarding, container logistics, and cargo GSA operations. Maritime education and overseas freight forwarding operations recorded exceptional performance with notable improvements in profitability and market share.

The Integrated logistics segment experienced a moderation in revenue while increasing fuel prices and the appreciation of the rupee impacted margins resulting in a 50% decrease in profitability. The Liner segment recorded 15% increase in cargo volumes driven by higher transshipment volumes which was

offset by the normalising of freight rates during the year. The overseas freight segment recorded a notable increase in profits and market share as operations in Bangladesh and Myanmar gathered momentum. The maritime education segment recorded 14% increase in profitability supported by focused expansion of its geographical presence and course offerings.

The sector focused on strengthening the customer value proposition implementing a customer relationship management system. This in turn led to implementation of solutions for tracking and tracing from purchase order to goods received note (GRN) such as SpenceViz and Spence Tracking. Investments in technology including a game-changing CHA/ Shipping solution for efficient job allocation and task management strengthened operational efficiencies. The sector continued its focus on diversifying revenue streams, customer growth, operational efficiency to transform the business to be more agile and resilient in an increasingly volatile business landscape. Strong relationships with global partners and principles continue to underpin growth of this sector.



# Maritime, Freight & Logistics Sector

Entities within the sector continue to uphold the Group's commitment to people and planet through multiple initiatives as set out below.



## People

Retaining and re-training people

Expansion of CINEC campuses to Jaffna and Trincomalee which are areas recovering from the civil war

Expansion of course offering at CINEC Campus



## Planet

Collective efforts implemented across the sector to drive resource efficiency including energy and water efficiency

Key risks include fluctuations in global trade conditions, potential geopolitical tensions, and evolving regulatory environments. The sector must navigate these challenges while maintaining operational efficiency and adapting to market changes.

Looking ahead, Aitken Spence Maritime & Freight Logistics is well-positioned to leverage its strengths and navigate industry complexities. Strategic investments, combined with a focus on diversification and innovation, will drive growth and deliver value to stakeholders, reinforcing the sector's role as a cornerstone of global trade.



## Outlook

Melstacorp's Maritime & Freight Logistics sector is well-positioned to capitalise on the expected global trade recovery in late 2024, coupled with favourable domestic conditions. With lifted import restrictions and rising freight rates driven by geopolitical developments and shipping disruptions, the sector is expected to experience increased profitability.

The sector is set to capitalise on higher transshipment volumes and elevated freight rates, particularly in the port and liner segments. Strengthened by robust global partnerships, Aitken Spence Maritime & Freight Logistics will explore new opportunities to enhance its market presence and profitability.

Recent strategic investments have put the container freight segment on a growth trajectory. Expansions at the Malabe container freight station and the integration of automation technologies with Power Apps have significantly bolstered warehousing and logistics capabilities. The sector is also diversifying into reefer and container conversion businesses to meet the growing demand for customised solutions.

The sector's international operations are set to grow through diversification into emerging markets such as Bangladesh. The pursuit of new General Sales Agent (GSA) acquisitions underscores the sector's commitment to expanding its global footprint and market presence.

The maritime education segment shows promise due to rising local demand for tertiary education. The sector's diverse course offerings and extensive presence are driving growth. Additionally, port operations in Fiji are projected to grow amid stable economic conditions, further strengthening the sector's regional presence.





# Strategic Investments Sector




“ The sector’s operations are crucial for advancing the nation’s socioeconomic development, particularly in the areas of infrastructure and energy. ”


The Strategic Investments sector encompasses a diverse portfolio that significantly contributes to the Group’s long-term growth and resilience. The sector’s operations are crucial for advancing the nation’s socioeconomic development, particularly in the areas of infrastructure and energy. Aitken Spence Group’s Printing and Apparels segments continue to uphold high standards of quality and innovation, reinforcing their positions in both domestic and international markets.

The Power segment, bolstered by Melstacorp’s direct investment in Bogo Power, plays a vital role in addressing the country’s energy needs. Bogo Power’s focus on renewable energy projects aligns with global sustainability trends and the national agenda for reducing carbon emissions. This investment reflects the Group’s commitment to sustainable development and its strategic priority of diversifying into sectors with long-term growth potential.

As at 31 March	2024	2023	%
Revenue (Rs.Mn)	13,693	18,229	(25)
PBT (Rs.Mn)	(3,038)	(1,063)	(186)



**Rs.24,714 Mn**  
Property, Plant & Equipment



**7,580**  
Employees

## KEY ACHIEVEMENTS

- Acquisition of Esquel Garments
- 170 GWh generated from diverse energy sources
- Incinerating 261,135 MT of solid waste through the Waste to Power plant, reducing landfills and release of toxins into the ground and ground water sources
- Perfect score achieved on the WRAP recertification audit

## LOCATIONS OF OPERATIONS

Company & Location	Type	Installed Capacity
<b>Power</b>		
Ace Power Embilipitiya	Thermal	100 Mw
Ace Wind Power Ambewela	Wind	3 Mw
Branford Hydro Power Matala	Hydro	2.5 MW
Western Power Wattala	Waste to Energy	10 Mw
Waltrim Lindula	Hydro	6.6 Mw
Sagar Solar Hambantota	Solar	10 Mw
Bogo Power Bogawantalawa	Hydro	4 MW
<b>Apparel</b>		
Koggala	• ISO 9001 2015	
Matugama	• SEDEX registered supplier	
	• Gold Certificate of Compliance-Worldwide Responsible Accredited Production	

# Strategic Investments Sector

Company & Location	Type	Installed Capacity
<b>Printing</b>		
	<ul style="list-style-type: none"> <li>• LEED Gold Certified facility</li> <li>• ISO 9001, ISO14001 and ISO 45001 certifications</li> <li>• Sedex member ethical audit by SMETA</li> <li>• Intertek certificate for ethical business practices and health and safety.</li> <li>• FSC Certification</li> </ul>	
<i>ISO 9001:2015   ISO 14001:2015</i> <i>ISO 9001:2005</i>		



## INDUSTRY OVERVIEW

The diversity of this sector necessitates a closer review of the industries that make up the sector as the variables that impact them are diverse.

### Power

Distribution of power is vested with the State-owned Ceylon Electricity Board (CEB) making it the sole customer for independent power producers. CEB is also a power generator and is the architect of the country's power generation and distribution infrastructure. Purchases from Independent Power Producers amounted to 4,004 Gwh or 26% of total power generated of 15,688 Gwh. The demand for energy continues to increase, necessitating expansion of power generating capabilities in the country. Sri Lanka is focused on clean energy for future expansions and renewable energy also has priority to the grid, making older thermal plants idle. The country's renewable energy generation accounted for 50% of overall electricity generation, significantly lower than the target of 70% by 2030.

### Apparel

The apparel industry experienced a moderation in demand due to high inflation in advanced economies and high levels of inventory with global fashion brands. The resultant excess manufacturing capacity gave rise to increasing competition among apparel manufacturers, exerting pressure on profit margins. This was exacerbated by the appreciation of the Sri Lankan rupee during the year reduced the competitiveness of Sri Lankan products. These factors combined to reduce the value of Sri Lankan apparel exports by 16.8% to Rs.1,598 Bn, reflecting the converging pressures faced by apparel manufacturers in the country.

### Printing

Demand for the printing and packaging meanwhile was negatively impacted by lower apparel exports and a general downturn in trade volumes. Printing is an intensely competitive industry in normal times and declining consumption and exports during the year served to elevate competition further. While prices of raw material stabilised during the year, costs remained elevated, continuing to exert pressure on margins. Sustainability continues to be a key trend in the industry shaping demand patterns, regulations and certification requirements. This presents opportunities for innovation and growth in niche segments, catering to key trends.

## PERFORMANCE

The Strategic Investments sector posted Rs. 13.6 billion in revenue for FY 2023/24 despite a difficult business environment. Reduced global apparel demand and falling disposable income in Sri Lanka hurt both the apparel and printing and packaging segments, with revenue dropping by 25% and a

similar decline in the latter segment. Increased operational costs in electricity, materials, and lower capacity utilisation further squeezed profitability. The acquisition of Esquiel Apparel enables the segment to expand and enhance the cost absorption capability as well as the customer offering, improving the competitiveness.

Revenue diversification was our main goal this year, aiming to expand our customer base and product range across all segments. The apparel segment acquired two manufacturing facilities to boost capacity in athleisure and active wear. The printing and packaging segment secured long-term contracts with three major new clients, expanding its market reach.

## Key risks and opportunities

### Risks

- ⊕ Difficulties in procuring land for renewable energy projects in Sri Lanka
- ⊕ Long delays in receiving payment
- ⊕ High interest rates
- ⊕ Restrictions on forex remittances required for overseas expansion
- ⊕ Subdued global demand
- ⊕ Appreciation of the rupee impacting profitability
- ⊕ Continued payment delays from CEB

### Opportunities

- ⊕ Increasing demand for clean energy
- ⊕ Country commitment to transition to low carbon economy
- ⊕ Overseas geographical diversification leveraging over 20 years of expertise in power generation
- ⊕ Increased demand for sustainable packaging options amidst growing importance of ESG considerations in end markets



Entities within the sector continue to uphold the Group's commitment to people and planet through multiple initiatives as set out below.



### People

10,000+ hours of training for employees in Apparel segment

Partnership with CMC for effective disposal of municipal solid waste

The construction of an access road to a village with 50 families in Hambantota is benefiting the local community by enhancing their access to essential services.

Educational initiative on waste management at Sathkoralaya Maha Vidyalaya Dikowita and Santha Maria College Uswetakeiyawa

"Ape Rahe Piyasa", an eco-friendly store, launched to sell homegrown produce and homemade food of our employees to inspire their entrepreneurial spirit



### Planet

220,616 MT of municipal waste kept away from landfills and repurposed to generate renewable energy

215,614 CO2e emissions reduced in total within the segment

25,800 Litres burnt oil responsibly repurposed or disposed

989 MWh of renewable energy generated through rooftop solar at the factory

## Outlook

The Strategic Investments sector of Melstacorp is set to navigate a landscape of evolving opportunities and challenges in the coming years. Encompassing the Printing, Apparels, and Power segments of Aitken Spence Group, alongside Melstacorp's direct investment in Bogo Power, this sector plays a critical role in the Group's long-term growth and resilience.

As global economic conditions stabilise, the Strategic Investments sector is well-positioned to capitalise on emerging market opportunities. The Printing and Apparels segments are expected to benefit from rising demand for high-quality products in both domestic and international markets. Additionally, the sector's significant contribution to the Group's overall value of Manufactured Capital underscores its importance in driving future growth.

The Power segment, supported by strategic investments in renewable energy through Bogo Power, is poised for expansion as the global push for sustainability intensifies. Investments in clean energy projects not only align with global trends but also position Melstacorp as a key player in Sri Lanka's energy transition. Continued focus on technological advancements

# Strategic Investments Sector

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and process automation across the sector will further enhance operational efficiency and market competitiveness.

The sector's international footprint is set to expand, particularly through strategic diversification into emerging markets. The Power segment, in particular, holds significant growth potential with ongoing projects aimed at increasing renewable energy capacity. This diversification is expected to mitigate risks associated with market volatility and provide a stable revenue stream for the Group.

Key challenges include fluctuations in global economic conditions, potential regulatory changes, and the need to continually invest in new technologies to maintain competitiveness. The sector must also navigate the complexities of operating in diverse international markets, where geopolitical risks and currency fluctuations could impact performance.

Looking ahead, the Strategic Investments sector is well-equipped to leverage its strengths and navigate the complexities of the global market. Strategic investments in technology, renewable energy, and market diversification will drive growth and deliver long-term value to stakeholders. By focusing on innovation and sustainability, the sector is positioned to play a pivotal role in Melstacorp's future success.



# Financial Services Sector



“ Continental Insurance is dedicated to delivering advanced, tailored insurance solutions across a diverse portfolio that includes Motor, Fire, Health, Marine, and now Life insurance. ”

## KEY ACHIEVEMENTS & CERTIFICATIONS

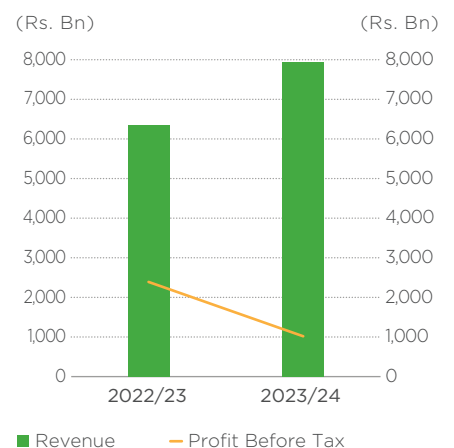
- CILL accounts for 7.8% of the general insurance gross written premiums (GWP) in the country, an increase over the 6.4% market share in 2023
- Certified as a Great Place to Work
- Fitch Ratings maintained rating of A-(lka) with a Rating Watch Negative Outlook. The Negative outlook is largely due to the elevated investment risk as assets under management comprise mainly government securities, corporate bonds and term deposits with domestic financial institutions.

The Financial Services Sector of Melstacorp Group encompasses Continental Insurance Lanka Limited, Continental Insurance Life Lanka Limited (CILLL), Aitken Spence Insurance Sector and MMBL Money Transfer. This sector plays a crucial role in the Group’s financial performance, contributing significantly to revenue while expanding its market presence through continual innovation and technology.

Under expert stewardship, Continental Insurance is dedicated to delivering advanced, tailored insurance solutions across a diverse portfolio that includes Motor, Fire, Health, Marine, and now Life assurance. In a notable development, Continental Insurance has demonstrated its growth trajectory by increasing its market share to 7.8% of the general insurance gross written premiums in Sri Lanka. The sector’s commitment to excellence is reflected in its Fitch Ratings A-(lka) rating with a Rating Watch Negative Outlook, highlighting both its strengths and the challenges related to investment risks. As part of its strategic focus, Continental Insurance is well-positioned to leverage opportunities from increased insurance awareness and digital advancements, underpinning its role in the Group’s broader success.

As at 31 March	2023/24	2022/23	%
Revenue (Rs.Mn)	8,405	6,763	24
PBT (Rs.Mn)	1,300	2,831	(54)

## Revenue & PBT



**Rs.118 Mn**  
Property, Plant & Equipment

**672**  
Employees

# Financial Services Sector

## INDUSTRY OVERVIEW

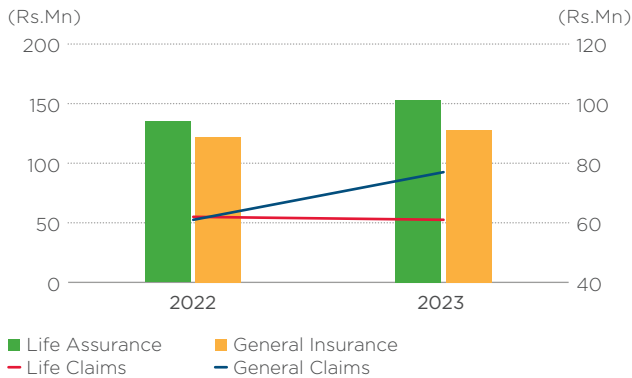
The Insurance sector in Sri Lanka demonstrated resilience and growth in 2023, recording a 9% increase in gross premiums to Rs. 280 billion for the year ending December 31. This growth was driven by a 13% rise in life assurance premiums and a 5% increase in general insurance premiums, reflecting heightened awareness of insurance benefits despite economic pressures from declining disposable income. The sector's total assets surged by 15% to Rs. 1.087 trillion, bolstered by the expansion in life assurance.

Profitability in the life assurance segment saw a notable improvement, with a 31% increase in profits for the year. Conversely, general insurance profitability declined by 12%, influenced by rising claims costs despite better investment income. Capital adequacy ratios across

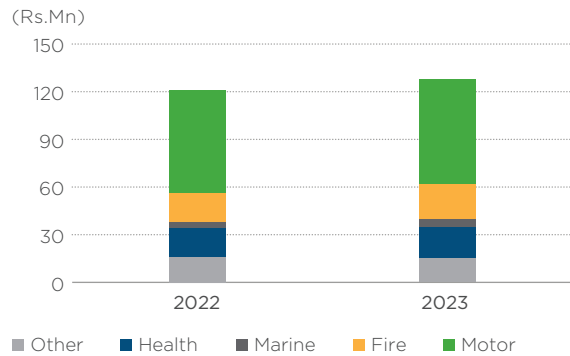
the sector improved, indicating robust balance sheet management. However, the sector remains heavily exposed to sovereign risk, with 46% of total assets invested in government securities.

Technology adoption is transforming the Sri Lankan insurance landscape, enhancing operational efficiency and customer engagement. The sector has increasingly integrated digital tools such as online policy management, automated claim processing, and data analytics to streamline operations and improve service delivery. These advancements are expected to drive growth by increasing accessibility and responsiveness, addressing evolving consumer expectations, and fostering innovation in product offerings.

### Insurance: GWP Growth



### General Insurance GWP by Category



## PERFORMANCE

The Financial Services sector recorded 24% top line growth as CILL increased market share and recorded a full year's operations in life assurance. Capital positions remain well above the regulatory ratios, comparing favourably with general insurers in the country.

### General Insurance

CIL General increased GWP by 28% to Rs.9.4 billion supported by growth in fire and health segments. Motor business continued to remain at a low ebb as import restrictions continue

to date. However, net claims incurred also increased by 40% exerting pressure on underwriting profits. Expense growth was curtailed to 25% through high levels of cost awareness and control. Investment income increased by 31% to Rs.947 million as assets under management increased by 5% to Rs.6.4 billion and yields were maximized with the volatility in financial markets.

Total assets increased by 4.7% to Rs.12.3 billion supported by increased assets under management and trade receivables.

### Life Assurance

Continental Life assurance recorded strong GWP growth to reach Rs.148 million in its first complete year of operations. A comprehensive product portfolio covering both mortgage protection and life from education of children to investment plans supported growth. Investment income increased by 46% over 2022 to Rs.130 million offsetting the operational loss of Rs.40 million. The Company also recorded a healthy profit before tax and after tax of Rs.90 million and Rs.54 million respectively.

## Key risks and opportunities

### Risks

- + Economic and political environment
- + Underwriting risk
- + Market risks (interest rates, equity price risk)
- + Climate change
- + Regulatory changes related to alcohol
- + Concentration on key products
- + Competition

### Opportunities

- + Low penetration rates
- + Product diversification
- + Market expansion
- + Digitalisation



Entities within the sector continue to uphold the Group's commitment to people and planet through multiple initiatives as set out below.



### People

CILL has been awarded the prestigious Great Place to Work certification for 2024.



### Planet

PET collection bin at our CPC premises.



### Outlook

Melstacorp's Financial Services sector is well-positioned to navigate the evolving landscape of the insurance industry, capitalising on emerging opportunities while addressing potential challenges. This sector continues to demonstrate resilience and adaptability in the face of a dynamic market environment.

Operating in a highly regulated and competitive environment, the Company faces ongoing challenges, including potential changes in regulatory policies, longer than expected time taken for economic conditions to recover, possible negative sovereign credit rating action etc. CILL's significant exposure to the government and financial sector underscores the importance of prudent risk management. Navigating these complexities will be crucial for maintaining profitability and ensuring long-term stability.

The sector stands to benefit from increased insurance awareness and digitalisation trends, offering significant growth potential. The rise in digital insurance platforms and the ongoing improvement in technological infrastructure present opportunities to enhance service delivery and customer engagement.

Looking ahead, Melstacorp's Financial Services sector is well-positioned to leverage its strong market presence and technological advancements to drive future growth. Strategic focus on innovation, digital transformation, and increased customer focus will be key to capitalising on emerging opportunities and addressing market challenges.



# Plantations Sector



“ Representing 37% of the Group’s workforce, this sector is integral to the socio-economic development of the country. ”

## KEY ACHIEVEMENTS & CERTIFICATIONS

### Balangoda

- Telbedde Estate won the Gold Medal for OPI Grade and Spring Valley Estate won the Silver Medal for Pekoe Grade at the 8th Asia Pacific Tea Competition 2023 held in Beijing, China.
- Galatura, Rambukkande, Mutwagalla & Wewila Estates obtained 116 top prices during the year.
- Achieved 164 top prices during the year for tea

### Madulsima

- Accreditation from the Rainforest Alliance (RA) and ISO 22000, marking our commitment to meeting the highest standards of environmental stewardship and food safety.

Melstacorp’s Plantations Sector comprises three distinguished entities: Balangoda Plantations PLC, Madulsima Plantations PLC, and Elpitiya Plantations PLC. Together, these plantations oversee 46 estates, including 18 dedicated to premium tea, 11 cultivating both tea and rubber, 4 focused exclusively on rubber, and 13 cultivating a combination of tea, rubber, palm oil, and other crops. Representing 37% of the Group’s workforce, this sector is integral to the socio-economic development of the country. Melstacorp is committed to optimising returns through strategic initiatives designed to enhance both the sector’s impact and sustainability.

As at 31 March	2024	2023	%
Revenue (Rs. Mn)	8,169	10,243	(20)
PBT (Rs. Mn)	1,348	3,421	(61)



**Rs.3,004 Mn**

Property, Plant & Equipment



**10,895**

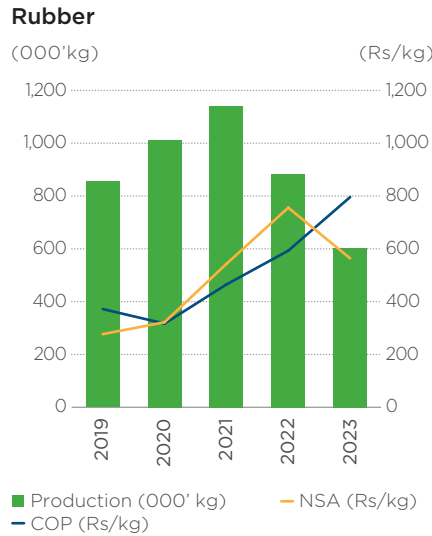
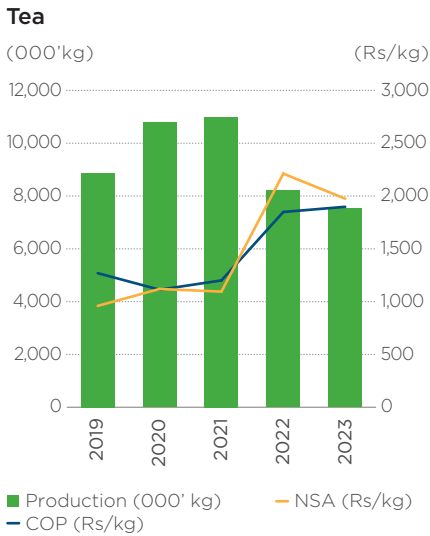
Biological Assets



**9,396**

Employees





## INDUSTRY OVERVIEW

### Tea

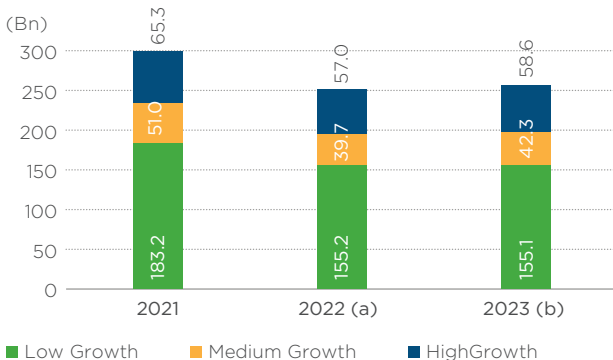
The global tea market reached \$120.7 billion in 2023, reflecting a 7.6% increase from 2022. In comparison, the coffee market was valued at \$138.2 billion, growing by 8.6% over the same period.

The Sri Lankan tea estate sector is a cornerstone of the national economy, renowned for high-quality Ceylon Tea with a strong global presence. The sector is a major foreign exchange earner and provides substantial employment in rural areas. It occupies around 3.1% of Sri Lanka's land area, compared to 11% for paddy cultivation. The sector includes 21 Regional Plantation Companies (RPCs) that contribute 30% of tea production and occupy 40% of the land. Two of the RPCs belong to the Melstacorp Group. Additionally, there are 427 small tea factory holders and approximately 500,000 small and medium estate holders involved in the industry.

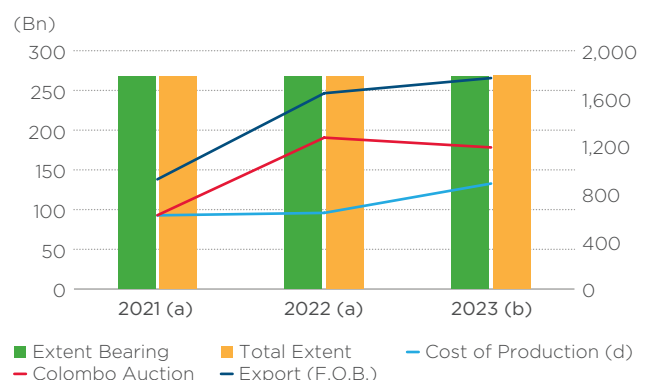
In 2023, Sri Lanka exported 242,000 metric tons of tea, a reduction from volumes of (2022: 251,000, 2021: 286,000). Further, the appreciation of the rupee in 2023 has negatively impacted the export-oriented industry by reducing profit margins. The sector faces several risks, including undue and potentially harmful levels of political interventions, which could threaten the industry. Strong union influence also could complicate operational activities. Furthermore, climate change poses a significant challenge, with severe weather events affecting crop yields and revenue.

Despite these challenges, the tea sector is increasingly focusing on sustainability, including organic farming and fair trade certification, to meet global consumer expectations and regulatory standards. The Sri Lankan tea estate plantation sector remains vital and dynamic, with its rich heritage and global recognition highlighting the need for strategic adaptations to secure its future and sustain its role in the national economy.

### Sri Lanka Tea Production



### Key Trends Relating to Tea Industry



# Plantations Sector

## INDUSTRY OVERVIEW

### Rubber

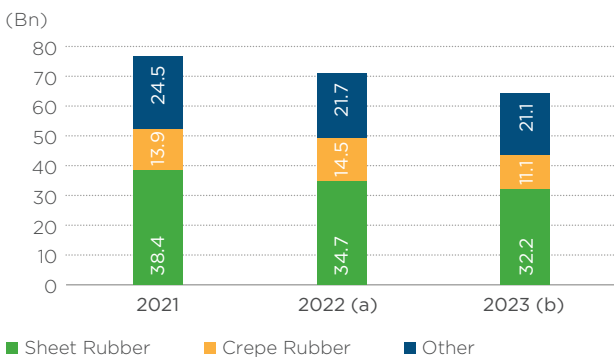
The global rubber market was valued at USD 45.93 billion in 2023 and is projected to reach USD 48.27 billion in 2024. By 2034, the market is expected to expand to approximately USD 79.38 billion. This growth reflects robust demand driven by applications across various industries, including automotive, industrial, and consumer goods.

In Sri Lanka, however, the rubber industry faces significant challenges. Production has experienced a notable decline due to limited expansion in both cultivation area and tapping. The current demand-

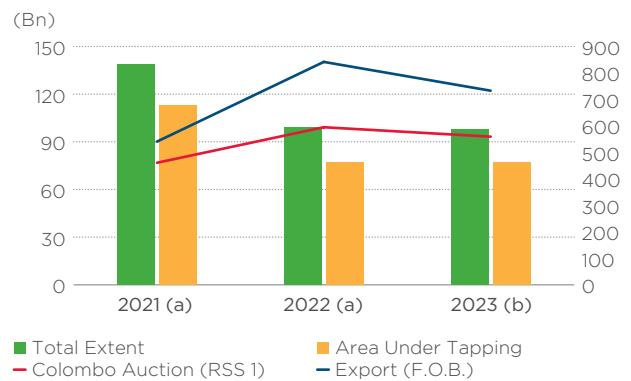
supply dynamics and pricing conditions offer minimal incentive for increasing cultivation. Additionally, an increase in rainy days has disrupted tapping operations, further affecting productivity.

The sector has also been severely impacted by Circular Leaf Spot Disease, compounded by the scarcity of essential agrochemicals and pesticides. This has led to a dramatic decrease in replanting activities, with only 96 hectares replanted this year—the lowest in a decade. The lack of new planting and ongoing challenges underscore the urgent need for comprehensive measures to revitalise the sector and address both environmental and operational hurdles.

### Sri Lanka Rubber Production



### Key Trends Relating to Rubber Industry



## PERFORMANCE

During the year under review, the sector faced a decline in revenue, primarily due to reduced production volumes in both rubber and tea, compounded by lower rubber prices. Tea production was particularly affected by a decrease in the quantity of bought leaf and drought conditions in the Badulla and Balangoda regions. Profitability was further impacted by rising costs, especially for fertiliser and energy, and the appreciation of the rupee in 2023, which negatively influenced auction prices linked to the dollar. Additionally, the sector continued to feel the effects of the prior year's fertiliser ban, contributing to the overall decline in performance.

### Key risks and opportunities

#### Risks

- ⊕ Climate change
- ⊕ Government intervention on wages and collective bargaining process
- ⊕ Volatility in returns

#### Opportunities

- ⊕ Crop diversification
- ⊕ Non-agricultural diversification
- ⊕ Certification and recognition for good agricultural practices and sustainability integration
- ⊕ Generating renewable energy

Entities within the sector continue to uphold the Group's commitment to people and planet through multiple initiatives as set out below.



### People

Enhancing the dignity of lives of our employees and inspiring them to overcome challenge

Housing and infrastructure development

Health and wellbeing awareness programmes and clinics

Organising community activities such as sporting and social events

Training & development



### Planet

Forestry Plantations Management

- Production forests - manages 376 hectares of protected plantations across 12 estates
- Protection forests - manages 376 hectares of protected plantations across 12 estates

Active participation in Biodiversity Sri Lanka

Biodiversity conservation

Sustainable soil development

Reducing fossil fuel consumption

Carbon footprint management

Water footprint management

Crop diversification



### Outlook

Melstacorp's Plantations Sector is strategically positioned to drive sustainable growth and operational excellence within a dynamic industry landscape. Our commitment to innovation and adaptability is central to effectively navigating market fluctuations and regulatory changes.

We are dedicated to enhancing productivity and operational efficiency through advanced agricultural practices and industry best practices, aiming to boost yields and overall effectiveness. Our focus on talent development ensures our workforce is well-equipped to meet evolving demands and challenges.

We adopt a holistic approach to estate management, concentrating on soil health, crop diversification, and resource optimisation. This strategy not only seeks to increase tea production but also promotes sustainable practices and environmental stewardship, supporting long-term sector viability and resilience to climate change challenges.

The Plantations sector faces significant challenges, including climate change, labour shortages due to workforce migration, and global issues affecting demand and prices. Exchange rate fluctuations, particularly the further appreciation of the rupee, could impact profitability. Additionally, undue political interference and union activity introduce complexities that require careful management. Despite these challenges, Melstacorp's commitment to innovation and sustainability equips us to address these issues effectively and seize future opportunities.



# Services Sector



“ The private healthcare sector is expected to experience sustained growth, driven by demographic shifts and increasing health concerns. ”

The Services sector encompasses a diverse array of businesses within the Melstacorp Group, including Property Management, Business Process Outsourcing, Technologies, Healthcare, and Elevators. As one of the Group’s most capital-intensive sectors, it accounts for 4.1% of the Group’s property, plant, and equipment (PPE).

## OPERATIONS

Company & Location	Main business
<b>Property Management</b>	
Aitken Spence Towers	194,000sq.ft of modern commercial space
Melsta Properties/ Melsta Towers/ Melsta House	4,203 Perches land and 230,861sq.ft building
<b>Healthcare</b>	
Melsta Hospitals	62 beds hospital located in Ragama
Melsta Laboratories	5 Modern lab and over 250 collection centres
Melsta Pharmacies	
<b>Elevators Agency</b>	
Agents for OTIS elevators, escalators and moving walkways in Sri Lanka and Maldives	
<b>Business Process Outsourcing</b>	
Belvantage	Call Centre Services Hosted Contact Centre Solutions Open Source Apps IT Consultancy
<b>Technologies</b>	
Melsta Technologies	IT Infrastructure Cyber Security Enterprise Cloud Solutions IT Managed Services

As at 31 March	2024	2023	%
Revenue (Rs.Mn)	3,440	4,052	(15)
PBT (Rs.Mn)	257	286	(10)

**Rs. 6,239 Mn**  
Property, Plant & Equipment

**1,118**  
Employees

## KEY ACHIEVEMENTS & CERTIFICATIONS

- Elevators
  - Commenced vertical transportation system consultancy with overseas clients
  - Commenced testing and offering value adding products and services relevant to all brands of vertical transportation systems
  - Implemented an integrated Customer Relationship Management System

## INDUSTRY OVERVIEW

The Services sector of Melstacorp is influenced by several subsectors, as illustrated in the chart below. The national Services sector contracted by 0.2% over the year, following a 2.6% decline in the previous period. The Construction sector faced negative growth due to the deferral of Government projects but began to show signs of recovery towards the end of the year, marked by a gradual uptick in private sector activity. High interest rates, which diminished disposable income, along with prevailing uncertainty, were significant factors contributing to the subdued performance of these subsectors.

### Healthcare

The Sri Lankan Private Healthcare sector is set for growth, driven by an aging population and rising non-communicable diseases, which increase the demand for advanced medical equipment and specialised care. As some clients seek treatments abroad, there is a significant opportunity for local providers to attract this market by improving domestic services.

### Business Process Outsourcing

In 2024, the Business Process Outsourcing (BPO) sector is expected to grow as economic stability returns and inflation remains in single digits. Rising demand for cost-effective, high-quality services will drive expansion. This environment presents opportunities for growth, provided firms can adapt to evolving market conditions and client needs.

### Property Management

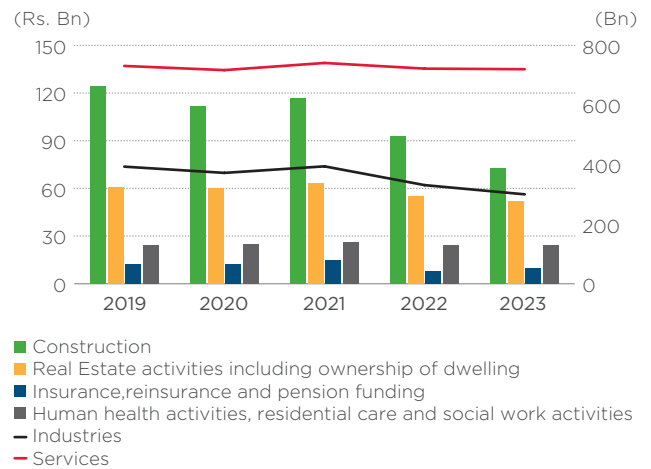
Demand for high-quality commercial spaces has been stagnant and the sector has faced challenges due to the economic downturn, limited growth, and a sluggish

recovery. However, once the economy gradually recovers, the market is poised for growth, presenting opportunities for premium pricing and enhanced service offerings. Firms that prioritise maintaining superior property standards and adapting to evolving market trends will be strategically positioned to capitalise on this growth and sustain a competitive advantage.

### Elevators

The Elevators sector in Sri Lanka has encountered stagnation due to the sluggish recovery of the construction industry, leading to limited growth in recent years. Once, the Construction sector begins to rebound, increased demand for elevators is anticipated, which will benefit both new installations and modernisation projects.

### Selected Movements in Sub-Sectors of the Economy



## PERFORMANCE

The Services Sector faced a challenging year in 2023/24, with revenue declining by 15% to Rs. 3,440 million from Rs. 4,052 million in the previous year. Profit Before Tax (PBT) also saw a 10% reduction, reaching Rs. 257 million. This performance reflects the sector's struggle with reduced consumer spending, rising operational costs, and increased competition. Despite these challenges, the sector remained resilient by focusing on cost optimization and exploring new service lines to position itself for future growth.

### Elevator Agency

The segment reported growth in turnover and a return to profitability, even amid the construction sector's slowdown. Service expansion played a crucial role in enhancing the bottom line, leveraging the expertise of skilled professionals within this niche market.

### Real Estate

The Property Management segment maintained revenue levels but saw a decline in profit due to rising operating costs, particularly for electricity, fuel, and wages. To address these challenges, energy

conservation initiatives were promoted among employees, an energy audit identified opportunities for efficiency improvements, and regular maintenance was sustained, despite difficulties in retaining skilled workers due to workforce migration.

### Healthcare

The Healthcare segment achieved substantial revenue growth and a slight increase in profit before tax, although elevated costs impacted overall profitability. The Pharmacy segment experienced a revenue decline, reflecting pressures on disposable income and compounded

# Services Sector

by increased operational costs, resulting in a loss. Nonetheless, the Hospital segment's profitability highlighted its growth potential, providing significant support to the overall performance of this segment.

## Business Process Outsourcing

Bellvantage achieved a 3.3% increase in revenue; however, the company's profitability for the year plummeted given the escalating costs driven by persistent inflationary pressures.

## Technologies

The sector experienced a reduction in revenue and profitability during the year, with rising personnel and administrative expenses exerted pressure on the bottom line following a strong performance in 2022/23.

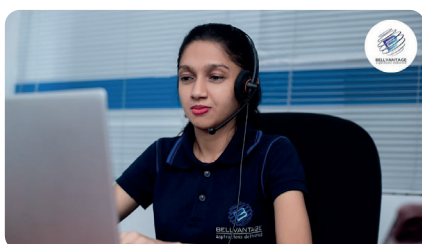
### Key risks and opportunities

#### Risks

- ⊕ Volatility of the Rupee and the resulting impact on the segment's profitability
- ⊕ Impact of inflationary pressures on operational expenses
- ⊕ Over supply and rental pressure for commercial real-estate
- ⊕ Reduced volumes of imports and resultant impact on cargo insurance
- ⊕ Shortages of healthcare professionals due to economic migration

#### Opportunities

- ⊕ Strong growth in inward remittances
- ⊕ Resurgence in the construction sector
- ⊕ Increasing demand for private healthcare



Entities within the sector continue to uphold the Group's commitment to people and planet through multiple initiatives as set out below.



### People

- 4 batches of NVQ Level 3 certified courses for elevator
- 4 batches of seafarers were trained on elevator maintenance
- Servicemen Stationery distribution through project "Hands for Hope" in Wadduwa, Sri Lanka
- Installed the elevator at Lions Eye Hospital free of charge, with the provision of free maintenance services for the next 5 years



### Planet

- MMBL Donated a waste management system to Point Pedro Hospital



### Outlook

Melstacorp's Services sector is poised for moderate growth in the coming year, with varying prospects across its subsectors.

#### Healthcare

The private healthcare sector is expected to experience sustained growth, driven by demographic shifts and increasing health concerns. The aging population and the rising prevalence of non-communicable diseases will continue to drive demand for advanced medical services. Local healthcare providers have a significant opportunity to capture market share by enhancing service quality and retaining patients who might otherwise seek treatment abroad.

#### Business Process Outsourcing

The Business Process Outsourcing (BPO) sector is projected to expand as economic conditions stabilize and inflation remains controlled. The sector's growth will be fuelled by increased demand for cost-effective and high-quality services. Firms that successfully adapt to changing client needs and leverage technological advancements will be well-positioned to capitalize on these opportunities.

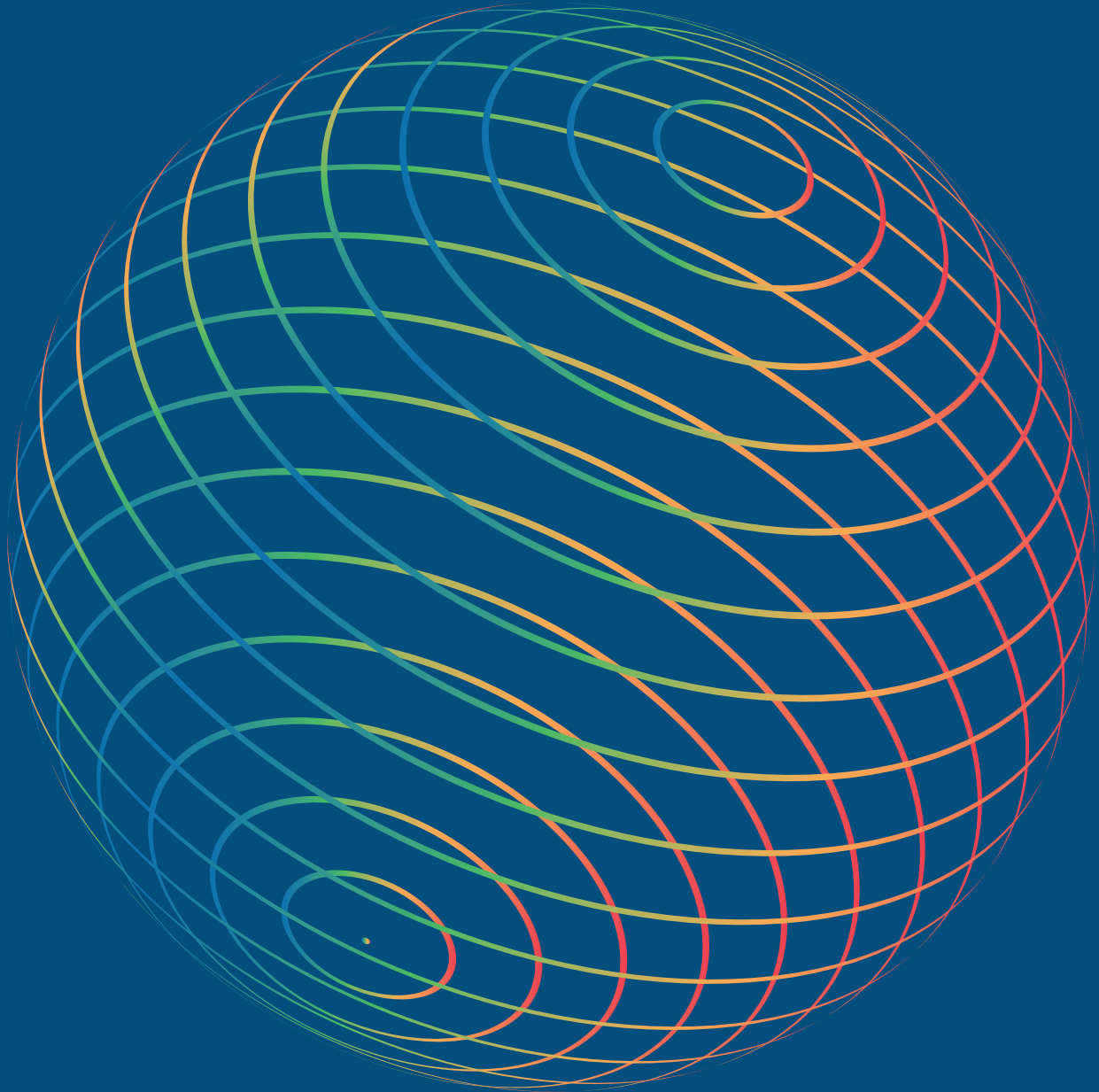
#### Property Management

While the Property Management sector has faced challenges due to economic stagnation, a gradual recovery in the broader economy is anticipated to drive demand for premium commercial spaces. Companies that focus on maintaining high property standards and offering tailored services will be able to capitalize on potential market growth and secure a competitive edge.

#### Elevators

As the construction industry shows signs of recovery, the elevators sector is expected to benefit from increased demand for both new installations and modernization projects. The anticipated rebound in construction activities presents a timely opportunity for growth, particularly for companies that are ready to meet the demand for quality and innovation.

# Sustaining Excellence



## Managing Our Resources

- 94** Financial Capital
- 100** Human Capital
- 102** Intellectual Capital
- 106** Manufactured Capital
- 109** Social & Relationship Capital
- 112** Natural Capital



# Financial Capital

“ Melstacorp Group maintained strong performance throughout the year, transcending excellence despite challenging economic conditions both in Sri Lanka and globally. The operational stability across most business segments underscores the effectiveness of the Group’s diversification strategy. Even amid these challenges, the Group has upheld its market dominance in the industries in which it operates. This resilience highlights Melstacorp’s ability to navigate economic fluctuations, maintain operational efficiency, and preserve its commanding presence in the industries in which it operates. ”



## Earning

**Rs.236 Bn**  
Revenue

**Rs.12.7 Bn**  
PAT

**Rs.41.3 Bn**  
EBIT

**Rs.29.5 Bn**  
PBT

## Liquidity and Funding

**54.8**  
Debt to Equity Ratio

**1.02**  
Current Ratio

**3.3**  
Interest Cover

**0.78**  
Quick Asset Ratio



## Profitability

**45.2%**  
Gross Profit Margin

**7.7%**  
Net Profit Margin

**23.6%**  
Operating Margin

**0.457**  
Asset Turnover

## Value to Shareholders

**Rs.8.23**  
Earnings per Share

**10.69**  
PE ratio

**Rs.98.97**  
Net Asset per Share

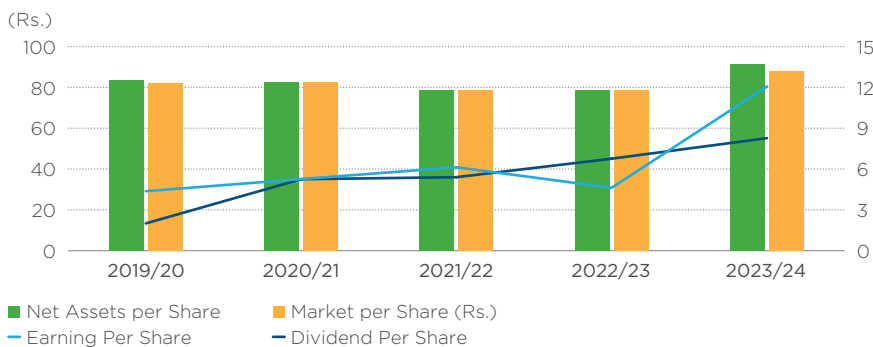
**Rs.88**  
Market Price per Share



## VALUE TO SHAREHOLDERS

In the year 2023/24, Melstacorp Group significantly enhanced shareholder value, evidenced by a notable increase in Earnings Per Share (EPS) to Rs. 12.07, up from Rs. 4.62 in the previous year. Net Assets per Share also rose to Rs. 91.61, compared to Rs. 78.70, while the Market Price per Share climbed to Rs. 88.00 from Rs. 54.80. Additionally, the Dividend Per Share was raised to Rs. 8.27 from Rs. 6.76, reflecting the Company's commitment to rewarding its shareholders. The Group continuously navigates the intricate investment landscape with the goal of discovering new opportunities to enhance returns. By staying agile in response to global market dynamics, regulatory changes, and shifting consumer preferences, Melstacorp Group remains focused on delivering high-quality products and strategic investments. The Group's dedication to innovation, sustainability, and brand equity ensures that, despite economic volatility, it remains committed to delivering consistent and substantial returns to its shareholders.

### Key Indicators

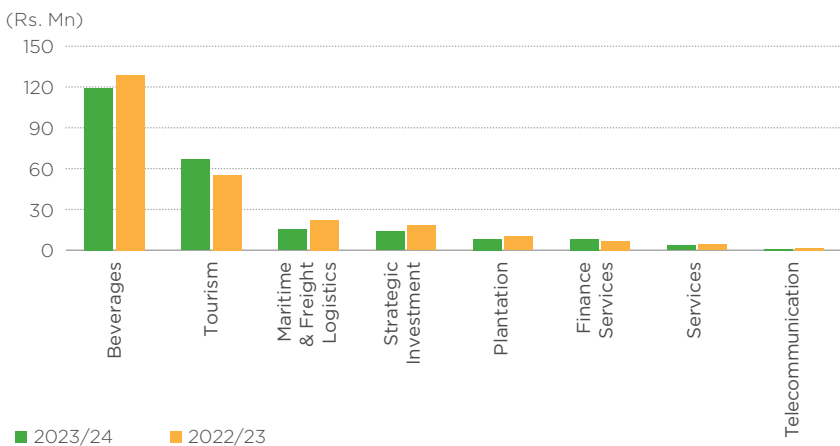


## REVENUE

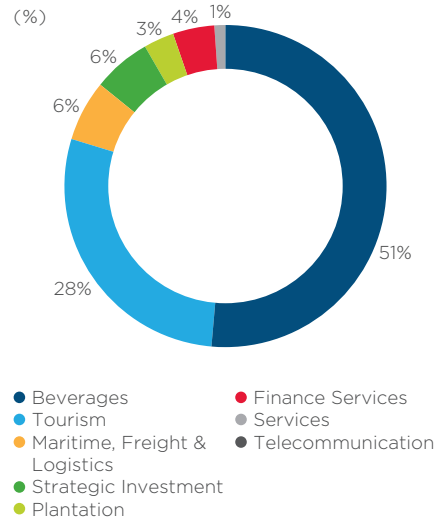
Melstacorp achieved a total gross revenue of Rs. 235,686 million for the year, representing a decrease of 4.7% compared to Rs. 247,261 million in the previous year. This reduction reflects the ongoing challenges across various sectors and shifts in market dynamics.

Revenue performance varied across its sectors. The Beverages segment experienced a 7.5% decline to Rs. 119,159 million, primarily due to continuous increases in customer duty, which raised prices and reduced discretionary income among consumers. Conversely, the Tourism sector showed strong

### Gross Turnover



### Gross Turnover



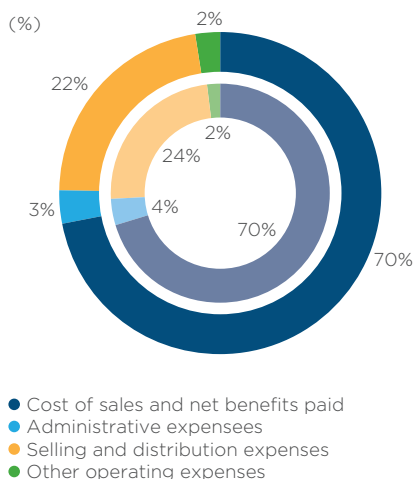
resilience with a 20.6% increase, reaching Rs. 66,605 million, fuelled by a rebound in travel demand. Maritime, Freight & Logistics and Strategic Investment faced notable declines of 31.8% and 24.9%, respectively, due to global supply chain. Plantation revenue fell by 20.3% amid fluctuating tea and rubber prices and adverse weather conditions. Finance Services grew by 24.3% to Rs. 8,405 million.

## OPERATING EXPENSES

For the fiscal year 2023/24, Melstacorp Group's total operational expenses amounted to Rs. 128,442 million, reflecting a 3.2% decrease from Rs. 132,632 million in 2022/23. This stability in expenses was achieved despite sector-specific challenges. Reductions in raw materials and consumables, particularly due to alternative arrangements in the Strategic Investments sector, helped balance increases in other direct operating expenses. The shift in cost burden to customers for certain raw materials played a key role in this reduction. However, operational costs rose in the Sri Lankan hotels and destination management segments due to heightened activities, with steep energy cost increases being a significant contributor. This balanced approach allowed Melstacorp to manage costs effectively while adapting to changing operational demands.

# Financial Capital

## Operating Expenses

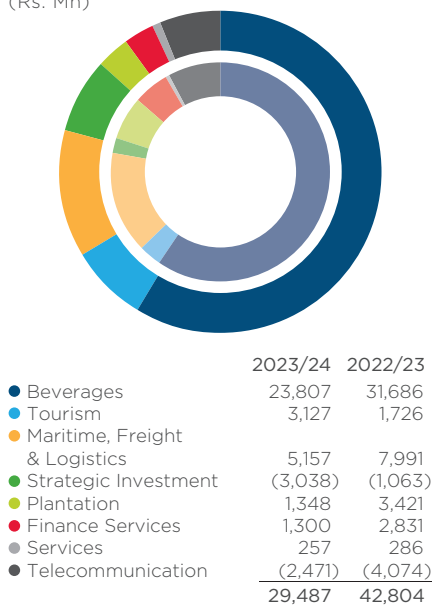


## PROFIT BEFORE TAX

For the year 2023/24, Melstacorp Group's profit before tax decreased to Rs. 29,487 million from Rs. 42,804 million in 2022/23. The Beverages segment remained the largest contributor but experienced a decline to Rs. 23,807 million from Rs. 31,686 million. The Plantation segment saw a sharp drop to Rs. 1,348 million, while the Tourism sector achieved

## Profit Before Tax - Segment

(Rs. Mn)



a notable increase, with profit more than doubling to Rs. 3,127 million. Maritime, Freight & Logistics reported a lower profit of Rs. 5,157 million, and Strategic Investments recorded a deeper loss of Rs. 3,038 million. The Services sector's profit decreased to Rs. 257 million, and Finance Services saw a reduction to Rs. 1,300 million. The Telecommunications sector, which faced continued challenges, decided to discontinue operations during the year, leading to a narrowed loss of Rs. 2,471 million.

## TAXATION

For the fiscal year 2023/24, Melstacorp Group's taxation expense totalled Rs. 16,769 million, down from Rs. 19,836 million in 2022/23. This decrease is primarily attributed to the lower revenue and profit from the Beverages sector, which experienced a significant decline. The reduced tax expense aligns with the overall drop in profitability, reflecting the impact of decreased sector performance on the Company's tax liabilities.

## PROFIT AFTER TAX

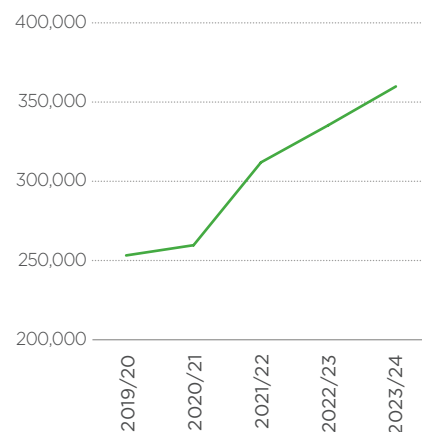
For the year 2023/24, Melstacorp Group reported a profit after tax of Rs. 12,718 million, a substantial decrease from Rs. 22,968 million in 2022/23. This decline in profit is largely due to decreased performance in the Beverages and Strategic Investment sectors, which significantly impacted overall profitability.

## TOTAL ASSETS

Total assets of Melstacorp Group increased to Rs. 360,189 million in 2023/24, up from Rs. 335,436 million in 2022/23. This growth in assets reflects the company's strategic investments and expansion efforts, underscoring its commitment to enhancing operational capabilities and market presence despite challenges in certain sectors.

## Total Asset

(Rs. Mn)

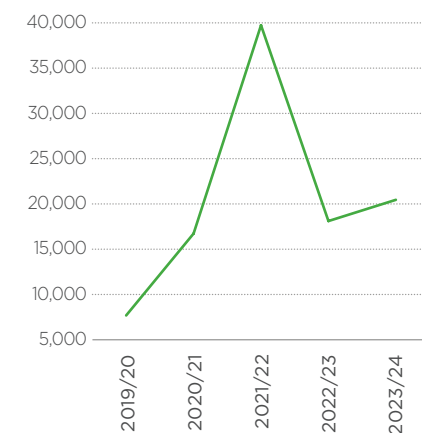


## CASHFLOW

For the fiscal year 2023/24, Melstacorp Group reported net cash flows generated from operating activities of Rs. 20,455 million, an increase from Rs. 18,110 million in 2022/23. This improvement reflects the company's enhanced operational efficiency and effective cash management practices, which have contributed to stronger cash flow performance despite the challenges faced in various sectors.

## Net Cash Flows Generated from Operating Activities

(Rs. Mn)



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## **FUTURE OUTLOOK**

Melstacorp Group's future outlook, following year 2023/24, is cautiously optimistic despite facing challenges in key sectors. The Company's focus will be the Beverages segment and reassessing Strategic Investments to improve returns. With significant growth in Tourism and Finance Services, there are opportunities for expansion, while enhanced operational efficiency and effective cash flow management provide a solid foundation for future investments. Addressing rising costs and leveraging growth in profitable sectors will be crucial for driving long-term success and maintaining a strong financial position.



# Human Capital

“ A team of 25,674 employees fuels our growth and performance, creating a competitive edge across eight industry segments. We offer a comprehensive employee value proposition that fosters retention, attracts top talent, and supports the Group’s aspirations. Our commitment to employee development includes honing skills, building competencies, and paving the way for career progression, ensuring our staff are equipped to perform effectively. ”



## GROUP HUMAN CAPITAL

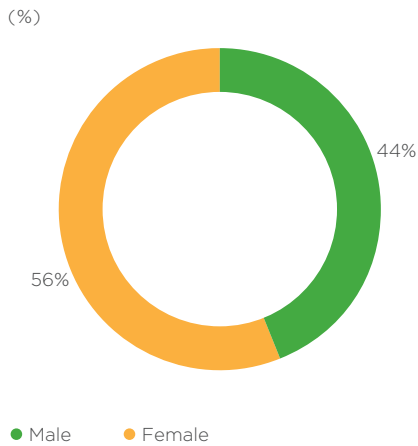
Our longevity and culture of achievement are driven by our people - dedicated individuals committed to exceeding expectations and setting new benchmarks. This dedication has

propelled the Group into a diversified conglomerate spanning multiple industries, consistently positioning us as a leader. The dynamism, motivation, and unwavering commitment of our team of 25,764

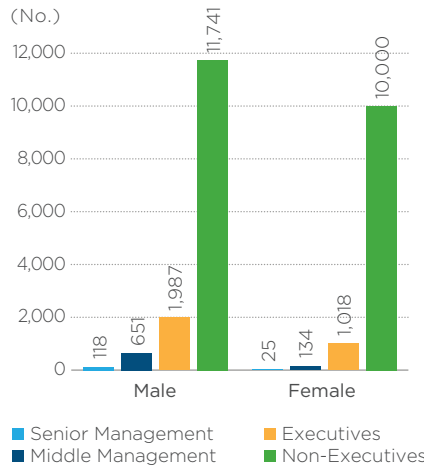
individuals have allowed us to overcome seemingly insurmountable challenges and achieve remarkable success against the odds.

The employee profile for the Group is given below.

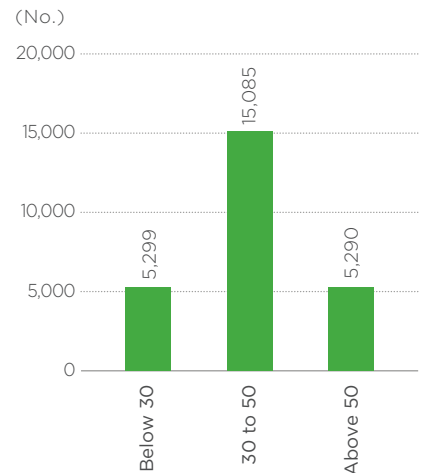
### By Gender - FY 2023/24



### By Employment Category and Gender- FY 2023/24



### By Age - FY 2023/24



## MANAGEMENT APPROACH

We are committed to creating a thriving work environment that attracts and retains top talent, recognising that our success depends

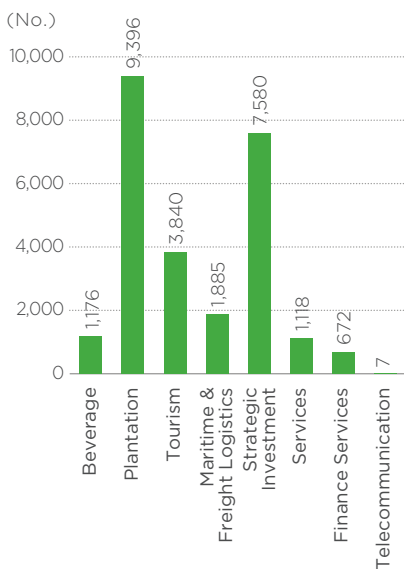
on a motivated and innovative team. Our HR value proposition fosters positive employee relations, provides opportunities for challenging work, personal development, and growth, and emphasises hiring, developing,

and retaining the most talented individuals. This approach ensures we have a committed and skilled workforce that drives our business forward.

## SECTOR-WISE HUMAN CAPITAL

The Plantations sector accounted for the largest share of the Group's Human Capital as of end-March 2024, representing 37% of the total workforce. The Strategic Investments sector followed closely, employing 30% of the total.

### No. of Employees Based on Sector - FY 2023/24



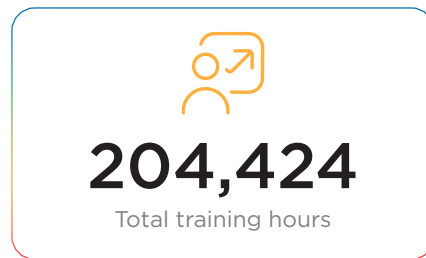
## HR GOVERNANCE FRAMEWORK

The Group General Manager of HR & Administration oversees the shared services of Human Resources at Melstacorp. HR operations are led by the Head of HR, supported by a team of managers responsible for areas such as HR Operations & Compliance, HR Development, Performance Management, and HR Analytics. Additionally, a team of executives is assigned to each business unit. The shared services HR team works closely with each business unit's HR representatives and the ESHA (Environmental, Social, and Health Affairs) team to ensure cohesive operations across all units.

## TRAINING AND DEVELOPMENT

We invest in our employees' development, creating a culture of continuous learning that empowers individuals and drives our success. Our training programmes include

on-the-job, off-the-job, external, hands-on, and internal initiatives, designed to enhance knowledge, update skills, and foster an empowered workforce that contributes to the group's aspirations. For example, DCSL has an annual training calendar and conducts a formal induction programme bi-annually for new recruits. The Company uses both internal and external training resources. The Company identifies training needs through a comprehensive approach that includes annual performance evaluations and periodic reviews throughout the year. These reviews include probation evaluations, objective setting and evaluation during role changes and promotions, and other relevant assessments, ensuring a holistic understanding of employee development needs. All employees underwent the annual performance appraisal during the year. The average training hours per employee amounted to 5.73 hours.



Leadership Programme at Kuruvita



Annual Day Out

## OCCUPATIONAL HEALTH AND SAFETY (OHS)

As a diversified conglomerate with interests in various economic activities, including manufacturing, we prioritise workplace safety. Our beverage sector, in particular, has implemented numerous measures to ensure a safe, hygienic, and healthy work environment for our team. This includes the provision of personal protective equipment to staff, providing training on general health and safety and other related aspects, and conducting 5S audits flagging health hazards that need management attention. Moreover, the Company has a contributory medical scheme that covers the hospitalisation

requirements of the employees. Our manufacturing processes adhere to industry guidelines and best practices in safety management, and we strive for a zero-accident workplace. Furthermore, we nurture a proactive and preventative culture, training team members to identify and address potential hazards, and fostering a culture of awareness and safety.

## EMPLOYEE WELL-BEING

We believe in investing in our employees, recognising that happy and motivated employees contribute to our success. Accordingly, a range of initiatives have been implemented, including competitive remuneration

# Human Capital

packages, comprehensive welfare programmes, and a focus on employee satisfaction, to create a rewarding and supportive work environment. The Beverages sector, in particular, goes above and beyond, hosting engaging events such as first working day celebrations, cricket tournaments, Women’s Day celebrations, Vesak lantern & card competitions, DCSL sports tournaments, annual quiz competitions, and Christmas get-togethers. The Company also offers performance-based incentives and maternity leave, demonstrating its commitment to supporting employees through challenging times.



Avurudhu celebration



DCSL Sports 2024 - Outdoor Games



DCSL Sports 2024



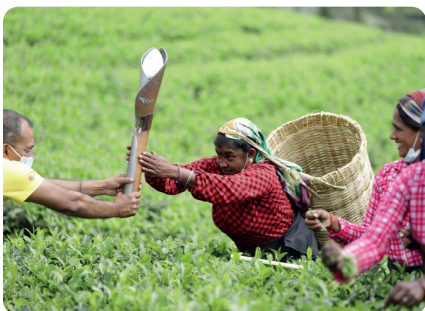
First day of work for the year



Autken Spence Travels



DCSL Sports 2024 - Indoor Games



Hosting the Queen’s Baton for Commonwealth Games



Sri Lanka National Quality Awards 2022

## FUTURE OUTLOOK

Our commitment to investing in our employees will remain a top priority, ensuring we attract and retain top talent while supporting the Group’s aspirations. We will continue to hone skills, build competencies, and pave the way for career progression, equipping our staff to perform effectively and contribute to our continued success.

# Intellectual Capital

“ Our Intellectual Capital comprising of our renowned brands, tacit knowledge and robust systems and processes have been instrumental in driving us forward in an increasingly competitive operating environment. We therefore continue to strategically invest in research and skills development, inculcate a culture of innovation and entrepreneurship, and adapt digital transformation to enhance our Intellectual Capital. ”



## PROFILE

### Our Intellectual Property



Brands



Awards & Accolades



Processes & Certifications



Tacit Knowledge

## Our Brands

Melstacorp’s diverse brand portfolio comprises recognisable names that continue to drive our market leadership position across the sectors we operate in.

Sector	Brands
Beverage	
Plantation	
Tourism	
Maritime, Freight & Logistics	

# Intellectual Capital

Sector	Brands
Strategic Investment	        
Services	        
Finance Services	  
Telecommunication	  

## Awards & Accolades

Many of the Group companies are leaders in various aspects of their operations within their industries. Recognition of excellence in operations is listed below.

- 

### Plantation

  - Telbedde Estate (Balangoda Plantations) won the Gold medal for OP1 Grade
  - Spring Valley Estate (Balangoda Plantations) won the Silver medal for PEKO Grade at the Asia Pacific Tea Competition 2023 held in Beijing, China
  - Balangoda Plantations achieved 164 top prices for tea.
- 

### Tourism

  - TUI Care Foundation Award 2023 for Sri Lankan Hotels
  - SATA Silver award for Best banquet Hotel In India
  - Desert Nights Resort in Oman was awarded Studios Quality Award and Best Luxury Desert Resort Award
  - SIA Won several top awards during the year including the Top 5 Cargo Carrier Award at 'Changi Airline Awards 2023', Best Air Cargo Carrier Asia at the 'Asian Freight, Logistics and Supply Chain Awards 2023' and Overall Carrier of the Year Award at the '10th Payload Asia Awards'. SIA was also named 'Airline of the Year' at the 'Air Transport World Annual Airline Industry Achievement Awards' 2023.
- 

### Maritime, Freight & Logistics

  - DBS Logistics Ltd - National Chamber of Commerce - Logistic Service Supplier Extra Large category - Bronze
  - DBS Logistics - Gulf Air - Top 10 Cargo Agents Award
  - DBS Logistics - Singapore Airlines - Top 10 Cargo Agents Award
  - DBS Logistics - CMA-CGM - Special Award for Compliance in Handling Sensitive Cargo
  - Qatar Airways Cargo - Best Station for E AWB Penetration in Indian Subcontinent & Middle East





### Strategic Investment

Aitken Spence Printing and Packaging won several awards including

- One Gold and one Silver Award at the “Sri Lanka Print Excellence Awards 2023” organised by SLAP
- Two Gold, 5 Silver and 01 Bronze awards at the ‘Sri Lanka Packaging Awards - Lanka Star 2023’



### Finance Services

- Continental Insurance Lanka Ltd. (CILL) has received the coveted Great Place to Work certification as a strong validation of a progressive workplace culture. (The certification for 2024)

### Other Intellectual Property

Operating Licenses

Portfolio recipes

Systems

Processes

Products


Tacit knowledge

### Processes and Certifications

Nearly 200 management systems make up the Melstacorp Group processes, facilitating efficient processing of goods, services, documentation, and management information. Many of these processes are covered by internal audit and assurance provided on key systems. Additionally, many companies have benchmarks key systems to global best practice and obtained certifications affirming compliance. The key certifications are listed below.

Sector	Certification
 <b>Plantation</b>	<ul style="list-style-type: none"> <li>• <b>Rainforest Alliance Certification</b> - Dunsinane Estate » Sheen Estate » Fernlands Estate » Meddecombra Estate » New Peacock Estate » Nayapane Estate</li> <li>• <b>FSC Certified Management Systems</b> - Bentota Estate » Deviturai Estate » Elpitiya Estate » Gulugahakanda Estate » Ketandola Estate » Lelwella Estate » Talgaswella Estate</li> <li>• <b>Sri Lanka organic agriculture production and processing (SLS 1324:2018)</b> - Elpitiya Plantations PLC</li> <li>• <b>ISO 22000/HACCP: 2005 Certified Food Safety Systems</b> - Dunsinane Tea Factory » Sheen Tea Factory » Fernlands Tea Factory » Meddecombra Tea Factory » Nayapana Tea Factory » New Peacock Tea Factory</li> </ul>
 <b>Tourism</b>	<ul style="list-style-type: none"> <li>• <b>ISO 22000/HACCP: 2005 Certified Food Safety Systems</b></li> <li>• <b>Travelife Gold Certified Hotels</b> - Heritance Ahungalla » Heritance Ayurveda Maha Gedara » Heritance Kandalama » Heritance Negombo » Heritance Tea Factory » RIU Ahungalla</li> <li>• <b>ISO 50001: 2011 Certified Energy Management Systems</b> - Heritance Ahungalla » Heritance Ayurveda Maha Gedara » Heritance Kandalama » Heritance Tea Factory</li> <li>• <b>LEED Gold Certified properties-</b> Heritance Kandalama, Heritance Negombo, Heritance Aarah</li> <li>• <b>Organic Certification of Sri Lanka Standards Institute (SLSI)</b> - Heritance Tea Factory</li> <li>• <b>ISO 14001:2015 Certified Environmental Management Systems</b> - Heritance Kandalama » Heritance Tea Factory. Aitken Spence Travels (Pvt) Ltd.</li> <li>• <b>Scuba Schools International (SSI) Diamond Status Certification for commitment to excellence and leadership</b></li> <li>• <b>Travelife Certified Operations</b> - Aitken Spence Travels (Pvt) Ltd</li> <li>• <b>ISO 45001:2018 for Occupational Health &amp; Safety</b> - Aitken Spence Travels (Pvt) Ltd</li> </ul>

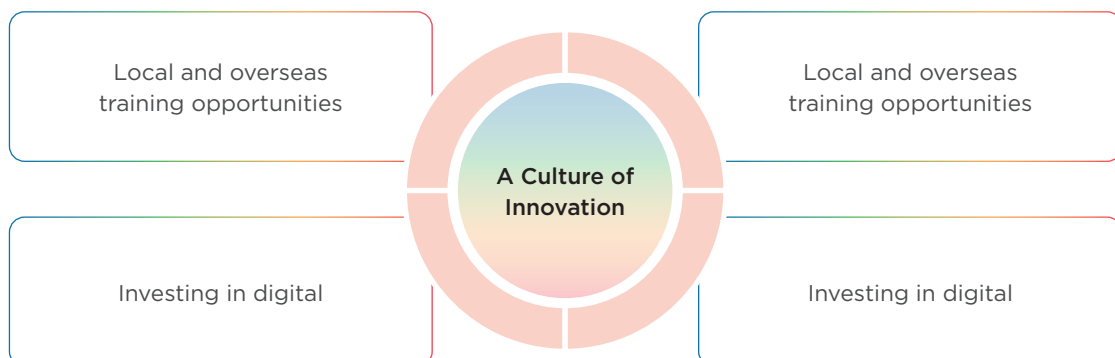
# Intellectual Capital

Sector	Certification
 <p><b>Maritime, Freight &amp; Logistics</b></p>	<ul style="list-style-type: none"> <li>• ISO 14001:2015 Certified Environmental Management Systems - Ace Aviation Services (Pvt) Ltd. » Ace Cargo (Pvt) Ltd. » Aitken Spence Cargo (Pvt) Ltd. » Logilink (Pvt) Ltd » Hapag Lloyd Lanka (Pvt) Ltd.</li> <li>• ISO 9001: 2015 Certified Quality Management Systems - Ace Aviation Services (Pvt) Ltd. » Ace Cargo (Pvt) Ltd. » Aitken Spence Cargo (Pvt) Ltd. » Aitken Spence Shipping Ltd. » Ace Distriparks (Pvt) Ltd » Hapag Lloyd Lanka (Pvt) Ltd. » Fiji Ports Terminal Ltd.</li> <li>• ISO 45001:2018 for Occupational Health &amp; Safety - Logilink (Pvt) Ltd » Ace Distriparks (Pvt) Ltd » Hapag Lloyd Lanka (Pvt) Ltd.</li> <li>• Authorised Economic Operator (AEO) - from Fiji Revenue and Customs- Fiji Ports Terminal Ltd.</li> </ul>
 <p><b>Strategic Investment</b></p>	<p><b>Apparel</b></p> <ul style="list-style-type: none"> <li>• Global Organic Textile Standard (GOTS) - Version 5.0</li> <li>• ISO 9001: 2015 Certified Quality Management Systems</li> <li>• Gold Certificate of Compliance - Worldwide Responsible Accredited Production (WRAP)</li> <li>• Sedex Registered Supplier</li> </ul> <p><b>Printing and packaging</b></p> <ul style="list-style-type: none"> <li>• ISO 14001:2015 Certified Environmental Management Systems</li> <li>• Forest Stewardship Council (FSC) Chain of Custody Certification</li> <li>• ISO 50001: 2011 Certified Energy Management Systems</li> <li>• ISO 9001: 2015 Certified Quality Management Systems</li> <li>• ISO 45001:2018 for Occupational Health &amp; Safety</li> <li>• Sedex Members Ethical Trade Audit (SMETA - 4 Pillar)</li> <li>• Intertek's Supplier Qualification Program - Achiever</li> </ul> <p>Services</p>
 <p><b>Services</b></p>	<ul style="list-style-type: none"> <li>• ISO 14001:2015 Certified Environmental Management Systems - Aitken Spence Elevators (Pvt) Ltd.</li> <li>• ISO 9001: 2015 Certified Quality Management Systems - Aitken Spence Elevators (Pvt) Ltd, Financial Shared Services Centre - Financial Accounting Outsourcing Division, Aitken Spence Corporate Finance (Pvt) Ltd</li> <li>• ISO 45001:2018 for Occupational Health &amp; Safety - Aitken Spence Elevators (Pvt) Ltd.</li> </ul>

## Enhancing our Intellectual Capital




### Fostering a culture of innovation

Melstacorp as an investment company relies on its subsidiaries to foster a culture of innovation and entrepreneurship. Many companies in the Group provide training opportunities, as well as recognise and reward innovation.



## Investing in Digital

Companies in the Melstacorp Group seek to transition processes to digital platforms to drive process efficiencies and connect with stakeholders more effectively. Significant investments have been made in transforming our people to work in a digital era, supporting our digital aspirations and integrating them into the workforce of the future.

Sector	Digital infrastructure
 <p><b>Services</b></p>	<p><b>Insurance</b></p> <ul style="list-style-type: none"> <li>• Implementation of a front end system for insurance</li> </ul> <p><b>Agency Representation</b></p> <ul style="list-style-type: none"> <li>• Completed full integration of suppliers and all products to a single customer/operational platform</li> <li>• Automation of supplier billing</li> </ul> <p><b>Elevated Agency</b></p> <ul style="list-style-type: none"> <li>• Rolled out a field force management system</li> <li>• Commenced a 24/7 dedicated call centre with a CRM system</li> </ul>
 <p><b>Tourism</b></p>	<ul style="list-style-type: none"> <li>• A new online based selling platform was introduced by the principal with the aim of improving direct sales and eliminating the need for intermediaries</li> <li>• Implementation of a cargo system for cargo operation.</li> </ul>
 <p><b>Plantation</b></p>	<ul style="list-style-type: none"> <li>• Adoption of precision agriculture practices and products in berry cultivation.</li> </ul>

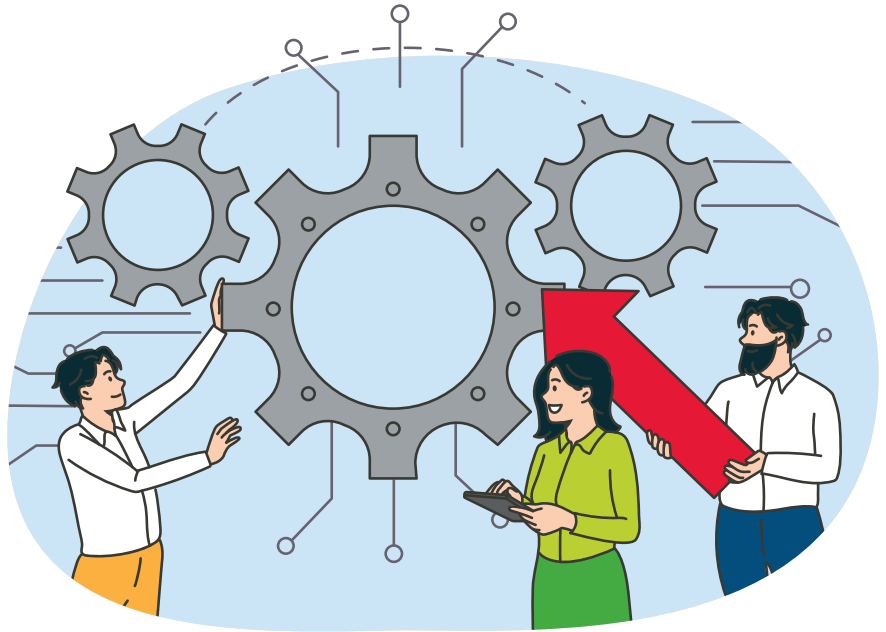
## Tacit Knowledge

With 25,674 employees working across the Group entities, the passing of tacit knowledge is critical to the continuity of operations across the Group and is a key differentiator to compete effectively.



# Manufactured Capital

“ Our strategic investments in Manufactured Capital have been pivotal to our success across eight segments. By nurturing this capital, we have significantly boosted revenue, enhanced service quality, improved productivity, and minimised our environmental footprint. ”



## GROUP MANUFACTURED CAPITAL

Our diverse Manufactured Capital, spanning 12 countries and encompassing 8 distinct business segments, underscores the scale and reach of our operations. From luxury hotels and state-of-the-art manufacturing facilities to hydropower plants and ultra-modern collision repair facilities, our assets represent a significant investment in our future. The Group's property, plant, and equipment amounted to Rs. 153 billion as at end-March 2024.

## MANAGEMENT APPROACH

We invest strategically to expand capacity, diversify our business, and enhance operations, creating long-term value for stakeholders while ensuring the Group's stability. Our commitment to maintaining exceptional service standards, guided by industry certifications, minimises downtime and ensures consistent performance.

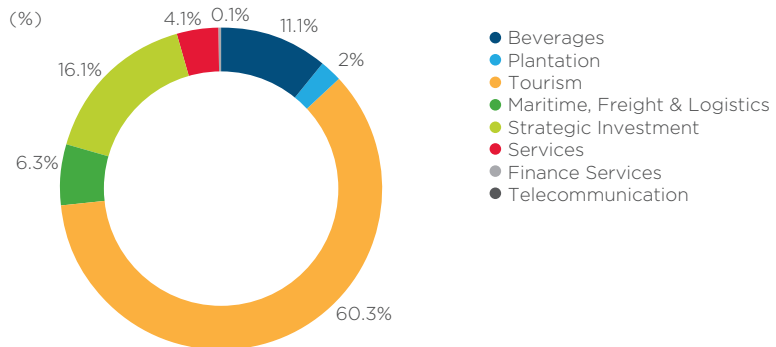
## SECTOR-WISE MANUFACTURED CAPITAL

As of the end of March 2024, the Group's Manufactured Capital was predominantly concentrated in the Tourism Sector, which accounted for 60% of the total. The Strategic Investment sector followed, holding an 16% share. During this period, property, plant, and machinery saw a net increase of Rs. 17 billion, primarily driven by the revaluation of assets within the Aitken Spence Group.



**Rs.153 Bn**  
Manufactured Capital

### Manufactured Capital



## SECTOR-WISE MANUFACTURED CAPITAL



### Beverages Sector

The Manufactured Capital of the Group's beverages sector portfolio encompasses manufacturing facilities from the Distilleries Company of Sri Lanka (DCSL), Periceyl Pvt Ltd., and DCSL Breweries Lanka Limited.



### Tourism Sector

The Group's Manufactured Capital was predominantly concentrated in the Tourism sector, which accounted for 60% of the total portfolio. This extensive investment in tourism encompasses 16 iconic properties strategically located across Sri Lanka, India, Oman, and the Maldives, highlighting the Group's commitment to delivering exceptional hospitality experiences and reinforcing its strong presence in key regional markets.



### Maritime and Freight Logistics Sector

The maritime capabilities include the most sophisticated maritime simulator in South Asia, enhancing training and operational efficiency. Freight and logistics sector include 3 pL warehouse, Inland container depot and container freight stations, Melsta Logistics manages a large fleet of vehicles, and handles logistics for most of the Group's companies. Formula World operates two state-of-the-art collision repair facilities equipped with cutting-edge technology.



### Strategic Investments Sector

The Manufactured Capital of the strategic investments sector is comprised of power generation, printing, and apparels. The power sector includes Bogo Power, a hydropower plant generating 4 MW of power for the national grid.



### Plantations Sector

The Manufactured Capital of the Group's Plantations sector portfolio encompasses tea and rubber factories and tea and rubber estates of Balangoda and Madulsima Plantations. These plantations cover 17,952 hectares with diverse tea estates in Uva, Sabaragamuwa and Central provinces.



### Financial Sector

The Manufactured Capital of the Financial sector includes the 58 strategically located branches of Continental Insurance across Sri Lanka.

# Manufactured Capital



## Services Sector

The Manufactured Capital of the Service sector is comprised of significant investments in properties, healthcare and IT/BPO.

Melsta Hospitals Ragama offers best-in-class facilities on par with industry standards. Melsta Laboratories is a standalone chain of advanced laboratories that currently provides services to regional private hospitals and collaborates with various collection centres. Operating from state-of-the-art facilities, Melsta Laboratories ensures the highest standards of diagnostic excellence.

Melsta Technologies is equipped with advanced infrastructure to support businesses including contact centre hosting, data processing, software development, software quality assurance, and IT consulting.



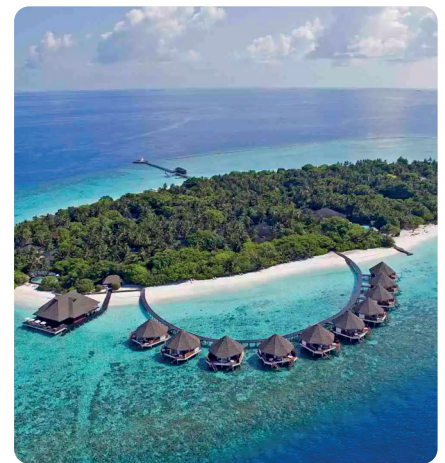
## Telecommunications Sector

The Telephone sector includes investment made in fixed wireless CDMA technology in Lanka Bell.

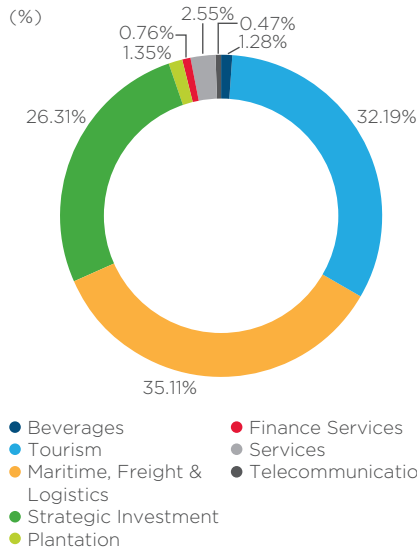
## VALUE ADDITION TO MANUFACTURED CAPITAL IN 2023/24

The Group's capital expenditure for the year amounted to Rs 5,877 million. Key investments during 2023/24 are as follows.

Sector	Value of Investment (Rs. Mn)
Beverages	75
Tourism	1,892
Maritime, Freight & Logistics	2,063
Strategic Investments	1,546
Plantation	79
Financial Services	45
Services	150
Telecommunication	27
<b>Total</b>	<b>5,877</b>



### Valuer of Investment



## FUTURE OUTLOOK

Looking ahead, our strategic investments in Manufactured Capital will remain central to Melstacorp's success across its diverse business segments. Committed to long-term value creation, we will continue to expand and refine our portfolio, leveraging our proactive approach to asset management. As we progress, our focus on operational excellence, sustainability, and resilience will drive our investments, ensuring continued growth and stability for the Group.



# Social & Relationship Capital

“Our success hinges on the strength of our relationships with customers, business partners, and communities. These connections are crucial to maintaining our leadership across diverse segments and driving continued growth. We strive to nurture these relationships by consistently creating long-term value for our stakeholders.”



## OUR CUSTOMERS

Our diverse customer base spans a range of sectors, reflecting our commitment to responsible and sustainable business practices. From travel enthusiasts seeking authentic experiences to eco-conscious consumers and investors prioritising ethical practices, we attract those who value sustainability and shared purpose. By adhering to industry standards and emphasising ethical operations, we foster a strong connection with customers who align with our values.

## PRODUCT RESPONSIBILITY

We uphold product and service responsibility, ensuring our offerings have no negative impact on the health and well-being of our customers or society at large. This commitment drives us to adhere to accepted internal and external standards for quality, encompassing social sustainability, occupational health and safety, food safety, and ESG principles. Transparency in communication and responsible marketing is also crucial, ensuring accurate and reliable information across all Group communications and branding.

In the Beverage sector, we educate consumers about the dangers of illicit brew and illegal liquor. Through awareness initiatives and outreach programmes, we aim to empower individuals to make informed choices about their beverage consumption. By highlighting the risks associated with these products, including potential health hazards and lack of quality control, we strive to promote responsible and safe drinking practices.

## CUSTOMER EXPERIENCE

Our subsidiary companies are dedicated to building enduring relationships with their customers through customer-centric policies, innovative solutions, and cutting-edge technology. By focusing on cost savings and value creation, they consistently exceed customer expectations.

### The initiatives include:

#### World-class data solutions and increased bandwidth capacity:

Our subsidiaries are providing customers with access to advanced data solutions and faster, more reliable internet connectivity, enhancing their digital experience

#### Streamlined claim processing through mobile technology:

CILL offers an Android mobile application for technical assessors, streamlining claim processing and increasing efficiency.

#### Comprehensive insurance solutions for luxury hospitality:

Continental Insurance (CILL) offers comprehensive policies tailored to the unique needs of large hotel chains operating luxury properties in Sri Lanka and the Maldives.

#### Enhanced online payment options:

We have implemented online premium payments to cater to the growing number of digital customers, offering greater convenience and ease of access.

# Social & Relationship Capital

## OUR SUPPLIERS

At Melstacorp, we believe in building strong, collaborative relationships with our suppliers. We recognise that effective partnerships require more than just transactional processes. Our Supplier Policy promotes a level playing field and equal opportunities for all, regardless of size or category. We foster open communication, emotional engagement, and a shared commitment to responsible behaviour, ensuring both Melstacorp and our suppliers benefit from a mutually beneficial partnership.

### Supplier development

Our diverse supply chain encompasses a wide range of businesses, from micro-entrepreneurs to SMEs and large corporations. We are committed to fostering a culture of responsibility throughout our supply chain, encouraging all partners to embrace best practices that promote:

- **Workplace Safety:** We emphasise a safe and healthy work environment for all employees, ensuring the well-being of the workforce of our partners.
- **Environmental Stewardship:** We encourage our suppliers to adopt sustainable practices that minimise their environmental impact and protect natural resources.
- **Employee Empowerment:** We expect our partners to treat their employees with respect, fairness, and dignity, ensuring fair labour practices and a positive work environment.
- **Community Engagement:** We value partners who are engaged in their communities, supporting local initiatives, and contributing to positive social change.
- **Human Rights and Labour Standards:** We expect our suppliers to uphold human rights, ensure fair labour practices, and prohibit child labour, slavery, harassment, and discrimination of any kind.
- **Integrity and Transparency:** We partner with suppliers who maintain high ethical standards, operate with integrity, and avoid fraudulent or corrupt practices.
- **Combating illegal and illicit trade practices:** We seek suppliers who support our efforts to combat these practices and promote a fair and transparent marketplace.
- **Compliance and Responsible Business Practices:** Our suppliers must comply with all applicable laws and regulations, prioritise environmental performance, and maintain a strong commitment to occupational health and safety.

Accordingly, we partner with suppliers who share our values and commitment to ethical and sustainable practices. By permeating our own best practices and high standards throughout the supply chain, we not only elevate the quality of our products but also contribute to a more responsible and sustainable industry.

Moreover, we provide ongoing support and guidance to our suppliers and business partners, helping them continuously improve their practices and embrace a shared commitment to responsibility.

## Supply chain sustainability

As a diversified group, we are committed to manufacturing excellence across sectors such as Beverage and Plantation. Our approach to quality starts with the supply chain, ensuring the sourcing and use of ingredients, resources, and raw materials meet stringent standards. We evaluate these materials before production begins, collaborating with local and international experts who conduct independent analysis and research. This collaborative approach ensures that our final products consistently meet the highest standards of quality.

## OUR COMMUNITIES

Our operations intertwine us with the communities we serve, presenting a unique opportunity to contribute to their socio-economic upliftment and empowerment meaningfully. We integrate surrounding communities into our supply chain, creating opportunities for local businesses and individuals. Through strategic Corporate Social Responsibility (CSR) initiatives, we invest in programmes that address community needs, such as housing, healthcare, and sanitation. Moreover, we comply with laws and regulations, ensuring our operations are conducted responsibly and ethically.

### Healthcare, housing, and sanitation

Balangoda and Madulsima Plantations focus on improving the lives of their estate communities by focusing on health, housing, and sanitation. Significant investments have been made in providing new housing and enhancing working conditions, creating a comfortable and safe environment for employees. Furthermore, numerous awareness programmes have been implemented to promote socio-economic growth, improve health and nutrition, enhance the living environment, empower youth, and build community capacity. Balangoda Plantations have initiated several projects to uplift the living standards with the assistance of the Plantation Human Development Trust.





Balangoda Plantations prioritises the health and well-being of its community by providing a comprehensive range of programmes and services. They manage child care centres and preschools within the plantations, ensuring a nurturing environment for children with full-time trained teachers and nutritional feeding programmes. Regular immunisation programmes at the centres guarantee access to essential healthcare for all estate children. To further promote health and wellness, the Company conduct awareness programmes on

improving the nutritional status of women and children, offer dental clinics, and provide education on cancer prevention and detection. Additionally, they conduct disaster management training and rehearsals for landslide situations, building resilience and preparedness within the community.

#### **FUTURE OUTLOOK**

Our future is anchored in a commitment to sustainable growth and creating shared value. We will continue to develop high-quality, sustainable competitive advantages

that exceed customer expectations and foster enduring trust and loyalty. The focus on innovation will drive both qualitative and quantitative, sustainable returns for our stakeholders. Simultaneously, we will continue to create economic and social value within the communities we serve, supporting both rural and urban economies and key industries essential to national development. By embracing a vision of shared prosperity and responsible growth, we are poised to play a leading role in shaping a more sustainable and equitable future.



# Natural Capital

“ We adopt sustainable practices, recognising the interconnectedness of our operations and the environment. Our efforts focus on maximising positive environmental impacts while proactively mitigating any adverse consequences. We are continuously working to advance sustainable management practices, implementing strategic interventions to optimise resource utilisation and minimise our environmental footprint. ”



## GROUP NATURAL CAPITAL

Melstacorp is committed to environmental responsibility and adheres to the standards set by the Central Environmental Authority. Regular audits ensure full transparency, allowing us to monitor and mitigate our environmental impact. We have consistently worked to improve our processes and systems, reducing our environmental footprint, and contributing to climate change mitigation efforts. Our efforts include improving waste and energy management in our manufacturing processes, reducing our carbon footprint through green initiatives, and decreasing our reliance on fossil fuels. We are also enhancing forest cover and food security by planting hardwood and fruit trees.

## MANAGEMENT APPROACH

We ensure all our processes and systems are as environmentally friendly as possible. We do not knowingly harm the environment and have implemented initiatives to minimise our impact. Our efforts include wastewater treatment, energy management, recycling programmes,

emission reduction, and forest conservation. We also strive to share our commitment to environmental best practices with our business partners, suppliers, and customers.

## BIODIVERSITY CONSERVATION

Operating across diverse industries and geographical regions, often in areas of significant biodiversity, we are committed to the preservation of these ecosystems.

### Madulsima Plantations (MPL)

As a steward of 7,369 hectares of Sri Lankan land, MPL manages a forestry plantation, overseeing the maintenance of 1,685 hectares dedicated to timber and fuel wood cultivation. Over the past five years, the company has planted 175,000 eucalyptus species across 178 hectares. Additionally, MPL manages 376 hectares of protected plantations across 12 estates and holds accreditation from the Rainforest Alliance and ISO 22000 standards.

### Balangoda Plantations (BPL)

BPL is committed to protecting the natural environment, adhering to the guidelines of the Central Environmental Authority, and aligning with the ethical standards of the Rainforest Alliance.

The Company embarked on a reforestation drive, which, while increasing its forest cover, also significantly impacted the challenges the country will face in the future of food security.

## WATER MANAGEMENT

Recognising the importance of water conservation, we place a strong emphasis on responsible water management, minimising our impact on water bodies.

### Madulsima Plantations (MPL)

The Company contributes to the water availability and water security of the estate and broader community. To conserve water, the Company has implemented the following:

Established forest-like ecosystems on marginal land extents and along water streams within its tea estates.

Is in the process of constructing micro-scale cascading reservoir systems to optimise water retention.

Set up shade stands to reduce ground temperatures, providing mulching material, and mitigating the impact of heavy rainfall.

Adopted forking and burying practices to improve soil permeability and enhance water filtration.

Implemented contour draining techniques to maximise rainwater harvesting.

### Distilleries Company Sri Lanka (DCSL)

DCSL utilises a sophisticated French distilling system, designed to be both environmentally friendly and energy efficient. The system's low evaporation rate during distillation significantly reduces energy consumption and emissions. Furthermore, DCSL operates advanced wastewater treatment plants and a zero-harm effluent management system, ensuring that waste, water, and effluents are managed within compliance norms. The treated wastewater, neutralised to safe levels, is reused, while methane generated during the purification process is utilised for factory consumption.

### The Collision Repair Centre

Has a waste-water treatment plant to maximise the usage of water.

### Distilleries Company Sri Lanka (DCSL)

To reducing reliance on fossil fuels and minimising foreign exchange expenditure.

## CARBON FOOTPRINT MANAGEMENT

We strive to minimise the emissions of our operations.

### Madulsima Plantations

The Company uses IPPC 2018 and ISO 14064-1 protocols to assess and quantify their emissions. This includes direct emissions from fossil fuels consumption and indirect emissions from electricity usage and third-party transport. The Company aims to achieve a carbon sink of 100g of CO<sub>2</sub> equivalent per kg of tea produced by year 2025.

### Melsta Logistics

The Company manages its fleet responsibly, implementing measures to monitor and control emission levels and fossil fuel usage, reducing its carbon footprint.

## ENERGY MANAGEMENT

Energy management is integral to our environmental focus, particularly within our manufacturing processes.

### Madulsima Plantations

Capitalising on its strategic location in the Central and Uva Provinces, MPL is looking at transitioning towards renewable energy. The abundance of sunlight in the Uva Province makes solar power generation a promising option. Furthermore, MPL is exploring the cultivation of fast-growing tree species and bamboo on abandoned tea lands and in water catchment areas, providing a sustainable solution for their thermal energy needs.

The Kirkoswald Mini-hydropower Project, under the umbrella of Bogo Power (Pvt) Limited, located within Madulsima Plantation, has received approval from the Sustainable Energy Authority of Sri Lanka. The project generates an average of 20.0 GWh of power, contributing to the national grid. The water required for the hydropower project is diverted and returned to the river within a short distance from the point of diversion.

## SUSTAINABLE LAND UTILISATION

We strive to optimise the utilisation of land. Accordingly, Madulsima Plantations has embarked on crop diversification by introducing cash crops such as cinnamon, pepper, coffee, and cardamom. This has enabled efficient land utilisation and contributed to the sustainable development of the regions where they operate.



## WASTE MANAGEMENT

We are committed to responsible waste disposal, minimising environmental impact, and protecting our land.

### The Collision Repair Centre

The Company implements an efficient waste management system, recycling disposable waste and converting organic waste into compost, which is used to nourish vegetation within the premises.

### Balangoda Plantations (BPL)

The Company has implemented a composting programme, which converted non-usable materials into compost, deemed for use in the three hectares that are being replanted with tea.

## MATERIAL MANAGEMENT

We strive to increase the use of renewable materials in our processing and packing processes.

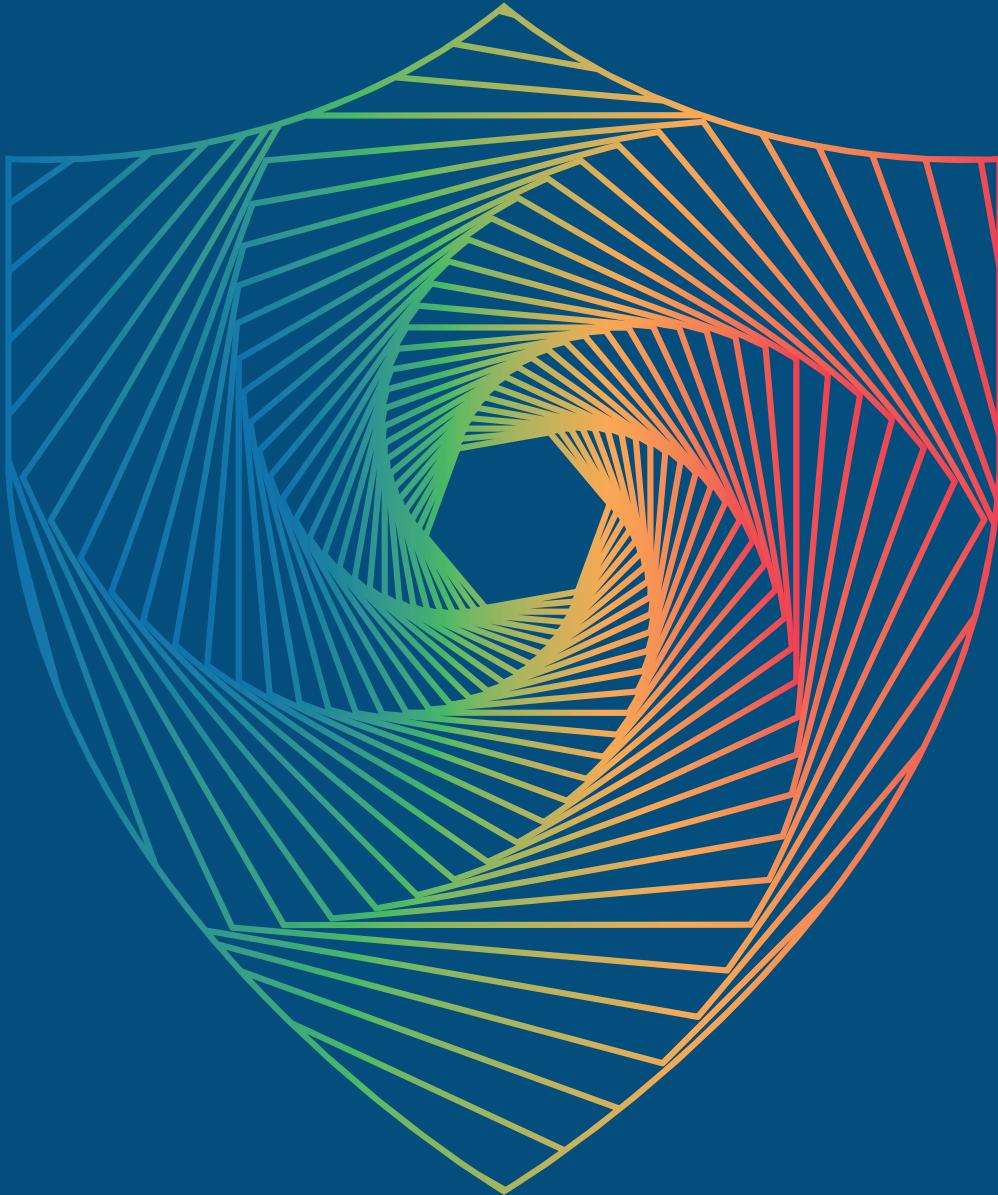
Our Beverage sector packaging gained emphasis to mitigate environmental impact with over 50% of the bottles used for alcohol and spirits being recycled and crates used for transport being reused. Cellophane, glass, aluminium, and plastic generated by the factory were outsourced to an external

party for reuse, while used labels were transformed into pulp. This also reduced the number of trees being felled.

## FUTURE OUTLOOK

We are committed to continuous improvement in our environmental sustainability efforts. We will continue to reduce our carbon footprint, optimise water usage, minimise energy consumption, and implement responsible waste management practices, ensuring a positive impact on our planet.

# Fortifying Excellence



## Financial Information

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# Statement of Directors' Responsibility

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The Directors are responsible under the Companies Act No. 07 of 2007, to ensure compliance of the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of the affairs of the Company and its Subsidiaries as at the Reporting date and the profit of the Company and its Subsidiaries for the financial year. The Directors are also responsible for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, the financial position and enable preparation of the Financial Statements.

The Board accepts the responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that proper accounting records have been maintained and appropriate accounting policies have been selected and applied consistently in the preparation of such Financial Statements which have been prepared and presented in accordance with Sri Lanka Accounting Standards and provide information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

Further, the Directors confirm that the Financial Statements have been prepared on a going concern basis and are of the view that sufficient funds and other resources are available within the Group to continue its operations and to facilitate planned future expansions and capital commitments. The Directors have taken adequate measures to safeguard the assets of the Group and in this regard have established appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities. The External Auditors were provided with all information and explanations necessary to enable them to form their opinion on the Financial Statements.

## COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge and belief that all statutory payments in relation to regulatory and statutory authorities that were due in respect of the Company and its Subsidiaries as at the reporting date have been paid or where relevant, provided for.

By Order of the Board,

**Corporate Services (Private) Limited**  
Secretaries  
Melstacorp PLC

27th August 2024  
Colombo

# Independent Auditor's Report



KPMG  
(Chartered Accountants)  
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## TO THE SHAREHOLDERS OF MELSTACORP PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Melstacorp PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2024, and the statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information set out on pages 124 to 268 of the annual report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for professional

Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company 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.

#### Impairment of Investment in Subsidiaries, Equity Accounted Investees and Goodwill on acquisition

Refer to the material accounting policies in Notes 3.4.3 "Intangible Assets", 3.4.7 B "Impairment of Non-Financial Assets", explanatory Note 20 "Investment in Subsidiaries", explanatory Note 21 "Investment in Equity Accounted Investees" and explanatory Note 16 "Intangible Assets" to the Financial Statements.

#### Risk Description

The Company has recorded investments in subsidiaries amounting to Rs. 64,162 Million and investments in equity-accounted investees amounting to Rs. 420 Million as at 31st March 2024. The Group has recorded Rs. 10,587 Million as investments in equity accounted investees and Rs. 6,316 Million as Goodwill on acquisition of subsidiaries as at 31st March 2024.

#### Our Response

Our audit procedures included;

- Obtaining an understanding of the management's impairment assessment process including the identification of impairment indicators.

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C.P. Jayatilake FCA  
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R.M.D.B. Rajapakse FCA  
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Ms. P.M.K. Sumanasekara FCA

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

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

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

# Independent Auditor's Report



Risk Description	Our Response
<p>As disclosed in Note 1.2 to the financial statements, the Company's principal operation is to manage these investments. As such, the valuation of these investments represents the most significant area of the Company to its stakeholders. Further, the value of these investments is significant to the financial statements. Therefore, any impairment of these investments in subsidiaries and impairment of investments in equity accounted investees will have significant impact on the financial performance of the Company and the Group respectively. Management performed the impairment assessment for investments with indicators of impairment and determined their recoverable amounts based on either value-in-use or fair value less cost to sell calculation.</p> <p>Goodwill on acquisition represents goodwill relating to the acquisition of diversified sector, plantation sector, real estate sector, part of the beverage sector and part of the healthcare sector. LKAS 36 - "Impairment of Assets" require the goodwill to be tested for impairment annually. As such, the Group has assessed the impairment of the goodwill as at 31st March 2024. Estimation of recoverable value for the related cash generating units involves certain significant assumptions and judgements.</p> <p>Considering these, we have identified the assessment of impairment of investments in subsidiaries, investments in equity accounted investees and the goodwill on acquisition of the Group and the Company as a key audit matter due to the significance of the amounts recognized in the financial statements and the level of estimation uncertainties involved in determining these amounts.</p>	<ul style="list-style-type: none"> <li>• Evaluating the reasonableness of the Group's key assumptions used in its cash flow projections such as discount rates, cost inflation and business growth with reference to the internally and externally derived sources where applicable.</li> <li>• Assessing the appropriateness and reasonableness of the valuation models used by the management in the calculation of recoverable values of the investments in subsidiaries and CGUs to which goodwill on acquisition is related to, by using our in-house business valuation specialists.</li> <li>• Assessing the mathematical accuracy of related computations, the appropriateness of input data and assumptions where applicable, used by the management in calculating the recoverable amounts of such investments.</li> <li>• Assessing the adequacy of disclosures in the Financial Statements in relation to the impairment of investments in subsidiaries, equity accounted investees and goodwill on acquisition of the Group and the Company.</li> </ul>





## Measurement of biological assets

Refer to the material accounting policies on Note 3.12.1 “Biological Assets” and explanatory Note 18 “Biological Assets” to the financial statements.

Risk Description	Our Response
<p>The Group has reported biological assets amounting to Rs. 10,895 Million as at 31st March 2024. This amount consists of bearer biological assets amounting to Rs. 2,919 Million and consumable biological assets amounting to Rs. 7,976 Million. Further, Rs. 1,025 Million has been recognized as the gain on change in the fair value of consumable biological assets for the year ended 31st March 2024.</p> <p>The valuation of consumable biological assets is based on significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. Management engaged an independent external valuation expert to assist in determining the fair value of consumable biological assets. Changes in the key assumptions such as discount rate, value per cubic meter and available timber content used for the valuation of consumable biological assets could have a material impact on the fair value gain or loss for the year and the carrying value of consumable biological assets as of the reporting date.</p> <p>Bearer biological assets mainly include mature and immature tea and rubber trees in identified plantation fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported profits as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point of which commercial harvesting could start depends on the soil condition, weather patterns and plant breed. Further, bearer biological assets are subject to impairment assessment which involves management judgement in assessing the impairment indicators and impairment assessment.</p>	<p>Our audit procedures for consumable biological assets included;</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and assessing the design and implementation and operating effectiveness of management’s key internal controls relating to valuation of consumable biological assets.</li> <li>• Assessing the objectivity and independence, competence and qualification of the external valuation expert.</li> <li>• Challenging the key assumptions and methodology used in the valuation, in particular the discount rate, average market price, expected timber content at harvest and harvesting plan.</li> <li>• Obtaining estate wise census books of timber trees and comparing the number of timber trees with the valuation report to ensure the completeness and accuracy of the data and checking the mathematical accuracy of the consumable biological assets valuation.</li> <li>• On sample basis, physically verifying trees during estate visits to assess the girth and height of the respective trees.</li> </ul> <p>Our audit procedures for bearer biological assets included;</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of and assessing the design and implementation and operating effectiveness of management’s key internal control in respect of capitalisation of bearer biological assets.</li> <li>• Obtaining schedules of costs incurred and capitalised under immature plantations as well as cost transferred to mature plantations by each estate and reconciling those balances to the general ledger on sample basis and verifying the reconciling items and obtaining explanations from management for any significant variances identified.</li> </ul>

# Independent Auditor's Report



Risk Description	Our Response
<p>We identified the measurement of biological assets as a key audit matter because the valuation of consumable biological assets involved significant assumptions and judgments exercised by the management and the independent valuation expert could be subjected to significant level of estimation uncertainty and management bias. Further, the impairment assessment for bearer biological assets requires management to exercise their judgment in determining the impairment indicators and in impairment assessment which is based on significant estimates.</p>	<ul style="list-style-type: none"> <li>• Testing the impairment assessment performed by the management, by challenging the impairment indicators identified and the judgements involved in impairment assessment.</li> <li>• Testing immature to mature cost transfer worksheet for selected estates to check whether the amount transferred during the year was consistent with the Company's accounting policy and industry norms.</li> <li>• Assessing the adequacy of the disclosures made for the biological assets in the Group financial statements in accordance with the relevant accounting standards.</li> </ul>

Recognition of Revenue	
<p>Refer to the material accounting policies in Note 3.5.1 "Revenue" and explanatory Note 6 "Revenue" to the financial statements.</p>	
Risk Description	Our Response
<p>The Group has recognized a revenue of Rs. 235,686 Million for the year ended 31st March 2024.</p> <p>Revenue is a key performance indicator used to evaluate the performance of the Group. Given the significance of the total value, the number of transactions, geographical locations and the dependence on IT systems over recognition of revenue, the recognition of revenue was considered as a key audit matter for the year ended 31st March 2024.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> <li>• Testing the design and operating effectiveness of key IT application and manual controls over revenue, in addition to evaluating the integrity of the general IT control environment.</li> <li>• Testing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with the underlying goods delivery notes and/or invoices to assess whether the related revenue had been recognised in the correct financial period.</li> <li>• Developing expectations over revenue amount for the year based on trend analysis considering historical sales patterns.</li> <li>• Testing, on a sample basis, revenue transactions recorded to the supporting documents to assess whether the revenue transactions have been recorded accurately.</li> <li>• Assessing the adequacy of the disclosures made in the financial statements in accordance with the relevant accounting standards.</li> </ul>



### Revaluation of Investment Properties, Lands and Buildings

Refer to the material accounting policies in Note 3.4.1 “Property, Plant and Equipment”, Note 3.4.4 “Investment Property” and explanatory Note 15 “Property, Plant and Equipment” and explanatory “Note 17” Investment Property to the financial statements.

Risk Description	Our Response
<p>The Company has recorded a fair value of investment properties amounting to Rs. 7,479 Mn as at 31st March 2024. Further, the Group has revalued lands, buildings and investment properties amounting to Rs. 34,400 Mn, Rs. 87,506 Mn and Rs. 8,800 Mn respectively as at 31st March 2024. The Group has engaged an independent external valuation specialists to determine the fair values of lands, buildings and investment properties as at 31st March 2024.</p> <p>We considered this as a key audit matter due to the significance of the judgements exercised by external valuation experts engaged by the management, estimation uncertainty and possible management bias.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> <li>Assessing the competency, objectivity and capabilities of the independent external valuers engaged by the management.</li> <li>Assessing the reasonableness of the valuer’s assumptions and methods used in the valuation and comparing the same with evidence of current market values.</li> <li>Engaging our own internal resources to assess the reasonability of the valuation technique, per perch and per square feet prices determined by the management specialist.</li> <li>Assessing the adequacy of disclosures made in relation to the revaluation of lands, buildings and investment properties in the Financial Statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions used.</li> </ul>

### Other Information

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

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

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

# Independent Auditor's Report



## Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3029.

Chartered Accountants  
Colombo

28th August 2024

# Consolidated Statement of Profit or Loss

For the year ended 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Gross revenue</b>	6	235,686,109	247,261,233	259,421	259,234
Excise duty		(70,966,255)	(69,179,430)	-	-
Cost of sales and net benefits paid	7	(90,345,477)	(95,501,445)	(9,531)	(9,696)
<b>Gross profit</b>		<b>74,374,377</b>	<b>82,580,358</b>	<b>249,890</b>	<b>249,538</b>
Other operating income	8	2,534,457	2,435,329	16,687,688	12,302,393
Selling and distribution expenses		(5,006,458)	(4,632,002)	-	-
Administrative expenses		(30,636,097)	(29,416,410)	(395,390)	(318,822)
Other operating expenses	9	(2,454,200)	(3,081,966)	(2,521,883)	(5,598,315)
<b>Results from operating activities</b>		<b>38,812,079</b>	<b>47,885,309</b>	<b>14,020,305</b>	<b>6,634,794</b>
Finance income	10.1	5,556,842	10,689,609	1,675,878	2,730,887
Finance costs	10.1.2	(15,866,769)	(16,886,856)	(1,094,590)	(2,363,980)
<b>Net finance income/(Costs)</b>		<b>(10,309,927)</b>	<b>(6,197,247)</b>	<b>581,288</b>	<b>366,907</b>
Share of profit of equity-accounted investees (net of tax)	21	984,653	1,115,651	-	-
<b>Profit before income tax expense</b>	11	<b>29,486,805</b>	<b>42,803,713</b>	<b>14,601,593</b>	<b>7,001,701</b>
Taxation	12	(16,768,953)	(19,835,803)	(537,699)	(1,623,355)
<b>Profit for the year</b>		<b>12,717,852</b>	<b>22,967,910</b>	<b>14,063,894</b>	<b>5,378,346</b>
<b>Profit attributable to:</b>					
Equity holders of the parent		9,595,291	17,222,179	14,063,894	5,378,346
Non controlling interest		3,122,561	5,745,731	-	-
		<b>12,717,852</b>	<b>22,967,910</b>	<b>14,063,894</b>	<b>5,378,346</b>
Basic earnings per share	13.1	8.23	14.78	12.07	4.62
Diluted earnings per share	13.2	8.23	14.78	12.07	4.62

The notes from pages 134 to 268 form an integral part of these financial statements. Figures in brackets indicate deductions.

# Consolidated Statement of Profit or Loss & Other Comprehensive Income

For the year ended 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Profit for the year		12,717,852	22,967,910	14,063,894	5,378,346
Other comprehensive income/(expense)					
Items that will never be reclassified to profit or loss					
Revaluation of property, plant and equipment	15	20,193,009	4,654,426	-	-
Equity investments at FVOCI - net change in fair value	10.2	12,281,401	(231,229)	11,454,718	(436,981)
Actuarial gain/(losses) on retirement benefit obligations	33	(73,421)	4,479	(684)	(1,607)
Share of other comprehensive income of equity-accounted investees (net of tax)	21	(45,625)	60,776	-	-
Income tax on other comprehensive income	22.1.1	(5,153,304)	(3,031,120)	205	(6,444)
		27,202,060	1,457,332	11,454,239	(445,032)
Items that are or may be reclassified to profit or loss					
Exchange Difference on translation of foreign operations		(3,056,207)	2,770,806	-	-
Net movement on Cashflow Hedges		1,501,550	(417,788)	-	-
Share of other comprehensive income of equity accounted investees	21	(507,197)	168,399	-	-
		(2,061,854)	2,521,417	-	-
<b>Total other comprehensive income/(expense) for the year</b>		<b>25,140,206</b>	<b>3,978,749</b>	<b>11,454,239</b>	<b>(445,032)</b>
<b>Total comprehensive income for the year</b>		<b>37,858,058</b>	<b>26,946,659</b>	<b>25,518,133</b>	<b>4,933,314</b>
Total comprehensive income attributable to:					
Equity holders of the parent		27,231,700	19,237,009	25,518,133	4,933,314
Non controlling interest		10,626,358	7,709,650	-	-
		37,858,058	26,946,659	25,518,133	4,933,314

The notes from pages 134 to 268 form an integral part of these financial statements.  
Figures in brackets indicate deductions.

# Consolidated Statement of Financial Position

As at 31 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	15	153,106,562	136,492,748	8,952	10,577
Intangible assets	16	6,477,388	5,866,940	1,634	1,574
Investment property	17	8,800,474	7,483,058	7,478,541	7,100,954
Biological assets	18	10,895,302	9,858,189	-	-
Right-of-use assets	19	18,203,799	20,771,732	14,609	21,913
Investments in subsidiaries	20	-	-	64,161,804	63,480,244
Investment in equity accounted investees	21	10,586,643	10,061,240	419,887	590,690
Deferred tax asset	22.1	8,089,100	7,402,472	11,221	12,167
Other non current financial investments	23	43,496,014	31,368,952	36,289,328	24,880,708
		259,655,282	229,305,331	108,385,976	96,098,827
<b>Current assets</b>					
Inventories	24	14,127,914	15,122,194	945	969
Produce on bearer biological assets	18.1.3	13,108	17,968	-	-
Trade and other receivables	25	40,720,669	37,162,725	73,367	29,208
Amounts due from related companies	36.1.1	1,298,286	566,377	479,062	616,862
Other current financial investments	23	27,911,831	29,516,425	5,454,571	4,835,440
Other current assets	26	551,040	566,399	-	-
Cash and cash equivalents	27	15,741,527	22,985,573	18,151	170,022
		100,364,375	105,937,661	6,026,096	5,652,501
Assets held for Sale	28	169,423	193,420	-	-
<b>Total assets</b>		<b>360,189,080</b>	<b>335,436,412</b>	<b>114,412,072</b>	<b>101,751,328</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Share capital and reserves</b>					
Stated capital	29	70,000,000	70,000,000	70,000,000	70,000,000
Reserves	30	60,434,042	42,973,589	23,134,294	11,679,576
Retained earnings/(Losses)		(15,090,850)	(14,517,121)	13,632,962	10,034,813
<b>Equity attributable to owners of the Company</b>		<b>115,343,192</b>	<b>98,456,468</b>	<b>106,767,256</b>	<b>91,714,389</b>
<b>Non controlling interest</b>		<b>59,970,421</b>	<b>52,335,859</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>175,313,613</b>	<b>150,792,327</b>	<b>106,767,256</b>	<b>91,714,389</b>



As at 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Non current liabilities</b>					
Interest bearing loans and borrowings	31	40,618,111	49,366,434	-	-
Lease liabilities	32	13,616,249	16,583,185	8,825	16,617
Retirement benefit obligations	33	4,533,430	4,014,696	20,793	16,697
Deferred tax liabilities	22.1	27,043,701	19,995,956	1,296,886	1,159,294
Other liabilities	34	507,727	662,930	-	-
		86,319,218	90,623,201	1,326,504	1,192,608
<b>Current liabilities</b>					
Trade and other payables	35	50,385,929	42,979,456	655,343	138,470
Other liabilities	34	17,506	17,512	-	-
Amount due to related companies	36.1.2	1,663,646	2,317,827	548,785	473,284
Income tax payable		4,731,823	6,443,553	232,546	595,281
Interest bearing loans and borrowings	31	9,533,449	10,087,618	-	-
Lease liabilities	32	2,717,191	2,579,560	7,789	7,242
Bank overdrafts and other short term borrowings	27	29,506,705	29,595,358	4,873,849	7,630,054
		98,556,249	94,020,884	6,318,312	8,844,331
<b>Total liabilities</b>		184,875,467	184,644,085	7,644,816	10,036,939
<b>Total equity and liabilities</b>		360,189,080	335,436,412	114,412,072	101,751,328
Net assets per share (Rs.)		98.97	84.48	91.61	78.70

The notes from pages 134 to 268 form an integral part of these financial statements.

I certify that the Financial Statements are prepared and presented in compliance with the requirements of the Companies Act No.7 of 2007.



**Prasanna Pinto**  
Group Financial Controller

The Board of directors is responsible for the preparation and presentation of these financial statements.  
Approved and signed for and on behalf of the Board of directors;



**D. H. S. Jayawardena**  
Chairman



**M. A. N. S. Perera**  
Managing Director

27th August, 2024  
Colombo

# Statement of Changes in Equity - Group

GROUP	Attributable to equity holders of parent										Non Controlling Interest	Total equity	
	Stated Capital	Revaluation Reserve	Capital Reserve	Reserve Fund	General Reserve	Exchange Fluctuation Reserve	Timber Reserve	Fair-value through OCI Reserve	Cash Flow Hedge Reserve	Retained Earnings/(Losses)			Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Balance as at 1st April 2022</b>	70,000,000	11,287,818	19,112,137	20,491	4,341,675	5,708,382	2,045,527	(2,875,372)	(855,538)	(2,147,254)	87,312,572	49,020,474	136,333,046
Adjustment on Surcharge tax levied under Surcharge Act	-	-	-	-	-	-	-	-	-	(3,761,801)	(3,761,801)	(481,250)	(4,243,051)
<b>Balance as at 1st April 2022 (Adjusted)</b>	70,000,000	11,287,818	19,112,137	20,491	4,341,675	5,708,382	2,045,527	(2,875,372)	(855,538)	(25,234,349)	83,550,771	48,539,224	132,089,995
<b>Total Comprehensive income for the year</b>													
Profit for the year	-	-	-	-	-	-	-	-	-	17,222,179	17,222,179	5,745,731	22,967,910
<b>Other comprehensive income</b>													
Equity investments at FVOCI – net change in fair value	-	-	-	-	-	-	-	(252,591)	-	-	(252,591)	21,362	(231,229)
Revaluation of property, plant and equipment	-	2,964,014	-	-	-	-	-	-	-	-	2,964,014	1,690,412	4,654,426
Net movement on Cashflow Hedges	-	-	-	-	-	-	-	-	(92,805)	-	(92,805)	(324,983)	(417,788)
Exchange Difference on translation of foreign operations	-	-	-	-	-	947,623	-	-	-	-	947,623	1,823,183	2,770,806
Actuarial gain/(losses) on retirement benefit obligations	-	-	-	-	-	-	-	-	(15,890)	-	(15,890)	20,369	4,479
Share of other comprehensive income of equity-accounted investees (net of tax)	-	31,286	-	-	-	82,114	-	-	-	982	114,382	114,793	229,175
Income tax on other comprehensive income	-	(1,684,438)	-	-	-	-	-	23,096	-	11,439	(1,649,903)	(1,381,217)	(3,031,120)
<b>Total other comprehensive income/(expense) for the year</b>	-	1,310,862	-	-	-	1,029,737	-	(229,495)	(92,805)	(3,469)	2,014,830	1,963,919	3,978,749
<b>Total comprehensive income/(expense) for the year</b>	-	1,310,862	-	-	-	1,029,737	-	(229,495)	(92,805)	17,218,710	19,237,009	7,709,650	26,946,659
<b>Transactions with owners directly recorded in the Equity</b>													
Dividends paid to non controlling interest	-	-	-	-	-	-	-	-	-	-	-	(3,228,913)	(3,228,913)
Share of net assets of equity accounted investees	-	-	-	-	-	-	-	-	-	99,867	99,867	94,582	194,449
Dividends paid/declared during the year (Note 14.1)	-	-	-	-	-	-	-	-	-	(4,719,858)	(4,719,858)	-	(4,719,858)
Transferred from/to retained earnings	-	-	-	-	1,151,543	-	288,294	-	-	(1,439,837)	-	-	-
Acquisition of Non Controlling Interest	-	271,08	-	-	72,775	143,161	-	(512)	(20,199)	(122,309)	100,024	(756,722)	(656,698)
Effect on changes in percentage holding of subsidiaries	-	121,162	-	-	-	-	386,837	1	-	(319,345)	188,655	(21,962)	166,693
<b>Total contributions by and distributions to owners</b>	-	148,270	-	-	1,224,318	143,161	675,131	(511)	(20,199)	(650,482)	(4,331,312)	(3,913,015)	(8,244,327)
<b>Balance as at 31st March 2023</b>	70,000,000	12,746,950	19,112,137	20,491	5,565,993	6,881,280	2,720,658	(3,105,378)	(968,542)	(14,517,121)	98,456,468	52,335,859	150,792,327

GROUP	Attributable to equity holders of parent										Non Controlling Interest	Total equity	
	Stated Capital	Revaluation Reserve	Capital Reserve	Reserve Fund	General Reserve	Exchange Fluctuation Reserve	Timber Reserve	Fair-value through OCI Reserve	Cash Flow Hedge Reserve	Retained Earnings/(Losses)			Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000			Rs.'000
<b>Balance as at 1st April 2023</b>	70,000,000	12,746,950	19,112,137	20,491	5,565,993	6,881,280	2,720,658	(3,105,378)	(968,542)	(14,517,712)	98,456,468	52,335,859	150,792,327
<b>Total Comprehensive Income for the Year</b>													
Profit for the year	-	-	-	-	-	-	-	-	-	9,595,291	9,595,291	3,122,561	12,717,852
<b>Other comprehensive income</b>													
Equity investments at FVOCI - net change in fair value	-	-	-	-	-	-	-	12,225,656	-	-	12,225,656	55,745	12,281,401
Revaluation of property, plant and equipment	-	8,952,220	-	-	-	-	-	-	-	-	8,952,220	11,240,789	20,193,009
Net movement on Cashflow Hedges	-	-	-	-	-	-	-	-	344,498	-	344,498	115,702	150,155
Exchange Difference on translation of foreign operations	-	-	-	-	-	(1,074,230)	-	-	-	-	(1,074,230)	(1,981,977)	(3,056,207)
Actuarial gain/(losses) on retirement benefit obligations	-	-	-	-	-	-	-	-	-	1,628	1,628	(75,049)	(73,421)
Share of other comprehensive income of equity-accounted investees (net of tax)	-	-	-	-	-	(259,391)	-	-	-	(24,392)	(283,783)	(269,039)	(552,822)
Income tax on other comprehensive income	-	(2,504,092)	-	-	-	-	-	(16,453)	-	(9,035)	(2,529,580)	(2,623,724)	(5,153,304)
<b>Total other comprehensive income/(expense) for the year</b>	-	6,448,128	-	-	-	(1,333,621)	-	12,209,203	344,498	(31,799)	17,636,409	7,503,797	25,140,206
<b>Total comprehensive income for the year</b>	-	6,448,128	-	-	-	(1,333,621)	-	12,209,203	344,498	9,563,492	27,231,700	10,626,358	37,858,058
<b>Transactions with owners directly recorded in the Equity</b>													
Dividends paid to non controlling interest	-	-	-	-	-	-	-	-	-	-	-	(3,455,342)	(3,455,342)
Share of net assets of equity accounted investees	-	-	-	-	-	-	-	-	-	119,397	119,397	113,195	232,592
Dividends paid/declared during the year (Note 14.1)	-	-	-	-	-	-	-	-	-	(10,465,266)	(10,465,266)	-	(10,465,266)
Transferred from/to retained earnings	-	-	-	-	(833,641)	-	647,754	-	-	185,887	-	-	-
Acquisition of Subsidiaries	-	-	-	-	-	-	-	-	-	-	-	327,860	327,860
Effect on changes in percentage holding of subsidiaries (Note 20.6)	-	(5,223)	-	-	-	-	(16,644)	(1)	-	22,761	893	22,491	22,334
<b>Total contributions by and distributions to owners</b>	-	(5,223)	-	-	(833,641)	-	631,110	(1)	-	(10,137,221)	(10,344,976)	(2,991,796)	(13,336,772)
<b>Balance as at 31st March 2024</b>	70,000,000	19,189,855	19,112,137	20,491	4,732,352	5,547,659	3,351,768	9,103,824	(624,044)	(15,090,850)	115,343,192	59,970,421	175,313,613

The notes from pages 134 to 268 form an integral part of these financial statements. Figures in brackets indicate deductions.

# Statement of Changes in Equity - Company

COMPANY	Stated Capital Rs.'000	Capital Reserve Rs.'000	Revaluation Reserve Rs.'000	Fair-value through OCI Reserve Rs.'000	Retained Earnings/ (Losses) Rs.'000	Total Rs.'000
Balance as at 1st April 2022	70,000,000	19,100,000	116,308	(7,092,825)	9,575,828	91,699,311
Adjustment on Surcharge tax levied under Surcharge Act	-	-	-	-	(198,378)	(198,378)
Balance as at 1st April 2022	70,000,000	19,100,000	116,308	(7,092,825)	9,377,450	91,500,933
Profit for the year	-	-	-	-	5,378,346	5,378,346
<b>Other Comprehensive Income</b>						
Equity investments at FVOCI – net change in fair value	-	-	-	(436,981)	-	(436,981)
Actuarial Loss on retirement benefit obligations	-	-	-	-	(1,607)	(1,607)
Income tax on other comprehensive income	-	-	(6,926)	-	482	(6,444)
<b>Total Other Comprehensive expense for the year</b>	-	-	(6,926)	(436,981)	(1,125)	(445,032)
<b>Total Comprehensive Income/ (expense) for the year</b>	-	-	(6,926)	(436,981)	5,377,221	4,933,314
<b>Transactions with Owners of the Company directly recognised into Equity</b>						
Dividend paid/declared (Note 14.1)	-	-	-	-	(4,719,858)	(4,719,858)
<b>Transactions with Owners of the Company directly recognised into Equity</b>	-	-	-	-	(4,719,858)	(4,719,858)
Balance as at 31st March 2023	70,000,000	19,100,000	109,382	(7,529,806)	10,034,813	91,714,389

<b>COMPANY</b>	<b>Stated Capital</b>	<b>Capital Reserve</b>	<b>Revaluation Reserve</b>	<b>Fair-value through OCI Reserve</b>	<b>Retained Earnings/ (Losses)</b>	<b>Total</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
<b>Balance as at 1st April 2023</b>	70,000,000	19,100,000	109,382	(7,529,806)	10,034,813	91,714,389
Profit for the year	-	-	-	-	14,063,894	14,063,894
<b>Other Comprehensive Income</b>						
Equity investments at FVOCI - net change in fair value	-	-	-	11,454,718	-	11,454,718
Actuarial Loss on retirement benefit obligations	-	-	-	-	(684)	(684)
Income tax on other comprehensive income	-	-	-	-	205	205
<b>Total Other Comprehensive Income / (Expense) for the year</b>	-	-	-	11,454,718	(479)	11,454,239
<b>Total Comprehensive Income for the year</b>	-	-	-	11,454,718	14,063,415	25,518,133
<b>Transactions with Owners of the Company directly recognised into Equity</b>						
Dividend paid/ (declared) (Note 14.1)	-	-	-	-	(10,465,266)	(10,465,266)
<b>Transactions with Owners of the Company directly recognised into Equity</b>	-	-	-	-	(10,465,266)	(10,465,266)
<b>Balance as at 31st March 2024</b>	70,000,000	19,100,000	109,382	3,924,912	13,632,962	106,767,256

The notes from pages 134 to 268 form an integral part of these financial statements.  
Figures in brackets indicate deductions.

# Consolidated Statement of Cash Flows

As at 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Cash Flow from Operating Activities</b>					
Profit before tax		29,486,805	42,803,713	14,601,593	7,001,701
<b>Adjustments for;</b>					
(Gain)/Loss on disposal of property, plant and equipment		(82,421)	(2,102)	-	-
(Gain)/Loss on retire/disposal of investment properties / assets held for sale		(42,189)	72,269	-	-
Depreciation of Property, Plant and Equipment	15	6,787,464	7,156,606	3,407	5,707
Amortization of Right of Use Assets	19	1,830,356	2,070,321	7,304	7,304
Provision for Retirement benefit obligation	33	1,011,760	522,573	6,989	6,230
Provision for /(reversal of) impairment on inventories		545,706	-	-	-
Provision/(reversal) of bad & doubtful debts and impairment of financial assets at amortized cost		2,052,253	1,102,379	-	-
Loss on revaluation of Land and buildings	21	21,178	-	-	-
Impairment of balance receivable from related parties		-	-	1,997,615	4,697,067
Impairment of investments in subsidiaries and joint ventures		-	-	320,803	901,249
Share of profit of equity-accounted investees, net of tax	18	(984,653)	(1,115,651)	-	-
Amortization, impairment and write-off of Biological Assets	16	240,948	151,379	-	-
Amortization of Intangible Assets	16	58,490	200,240	258	-
(Gain)/loss on change in fair value of financial assets at fair value through profit or loss		(50,852)	(125,128)	3,797	(86,059)
(Gain)/loss on disposal of financial investments		27,459	(420,045)	-	(97,185)
Gain on termination of Right of Use Assets		(4,068)	(10,842)	-	-
Deferred income recognized		(20,831)	(28,143)	-	-
Dividend Income	34	(422,014)	(784,725)	(16,307,262)	(11,687,830)
(Gain)/loss on change in fair value of Biological Assets		(1,020,256)	(518,220)	-	-
Impairment of Property, Plant and Equipment, investment properties and intangible assets	18.3	291,384	1,498,145	-	-
Fair value gain on investment property		(250,630)	(341,499)	(377,587)	(514,793)
Gain on Disposal of shares of Subsidiaries		-	-	(2,827)	(2,485)
Provision for Impairment of Investment in Subsidiaries		-	-	203,242	-
Interest income		(4,502,035)	(4,762,670)	(1,675,877)	(2,644,828)
Interest expense		11,822,616	13,783,069	1,090,794	2,363,980
<b>Operating profit/(loss) before working capital changes</b>		<b>46,796,470</b>	<b>61,251,669</b>	<b>(127,751)</b>	<b>(49,942)</b>
(Increase)/decrease in inventories		1,431,997	(5,414,186)	24	79
(Increase)/decrease in receivables		(4,023,122)	(3,078,797)	(1,957)	(1,303)
Increase/(decrease) in payables		6,499,633	(4,312,410)	516,875	62,022
(Increase)/decrease in Related Party Receivables / Payables		(1,386,090)	2,889	(30,106)	(71,714)
<b>Cash flows generated from/(used in) operations</b>		<b>49,318,888</b>	<b>48,449,165</b>	<b>357,085</b>	<b>(60,858)</b>
Interest paid		(11,131,874)	(11,177,896)	(1,018,099)	(2,244,810)
Income Tax and surcharge tax paid		(17,652,431)	(19,510,212)	(761,684)	(1,690,262)
Retiring Gratuity paid	33	(601,530)	(435,383)	(3,577)	(2,896)
Dividends Received		422,014	784,725	16,265,059	14,913,479
<b>Net Cash flows generated from operating activities</b>		<b>20,355,067</b>	<b>18,110,399</b>	<b>14,838,784</b>	<b>10,914,653</b>

As at 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Cash Flow from Investing Activities</b>					
Acquisition of Property, plant and equipment	15	(5,877,292)	(3,496,549)	(1,782)	(2,785)
Proceeds from disposal of shares of subsidiaries		23,483	6,142	23,483	6,142
Acquisition of Intangible Assets	16	(37,070)	(177,871)	(318)	(1,374)
Acquisition of investment property	17	(295,947)	(14,411)	-	-
Net Additions to Biological Assets	18	(252,944)	(270,908)	-	-
Sale of Consumable Biological Assets		-	27	-	-
Proceeds from liquidation of assets held for sale		66,186	1,878,448	-	-
Investment in Associates		(312,819)	-	-	-
Investment in joint ventures		-	(117,500)	(150,000)	(100,000)
Proceeds from sale of Property, plant and equipment		149,758	40,288	-	-
Interest received		4,502,035	4,762,670	189,042	40,603
Acquisition of non controlling interest		-	(656,698)	-	-
Net Proceeds from Disposal / (Acquisition) of Other Financial Investments	20.5	1,782,326	(2,436,151)	(46,834)	351,090
Acquisition of subsidiaries net of cash acquired		(4,925,455)	(1,499,440)	-	-
Investment in subsidiaries		-	-	(905,459)	(2,573,837)
Loans disbursed to Subsidiaries and Associates		-	-	(1,091,902)	(1,133,870)
Proceeds from settlement of Loans given to Subsidiaries		-	-	209,367	3,441,579
Dividend received from equity accounted investees		451,839	828,794	-	-
<b>Net Cash flows generated from/(used in) investing activities</b>		<b>(4,725,900)</b>	<b>(1,153,159)</b>	<b>(1,774,403)</b>	<b>27,548</b>
<b>Cash Flow from Financing Activities</b>					
Net Advances received from / (Settled to) subsidiaries and equity accounted investees		(140,628)	(130,408)	13,962	-
Settlement of advances obtained from subsidiaries		-	-	-	(19,000)
Lease payments made		(3,123,630)	(3,488,091)	(8,743)	(8,325)
Proceeds from interest bearing loans and borrowings	31.1	2,405,745	540,667	-	-
Repayments of interest bearing loans and borrowings	31.1	(7,951,375)	(10,045,511)	-	-
Dividend paid		(10,465,365)	(7,866,430)	(10,465,266)	(7,866,430)
Dividends paid by subsidiaries to minority shareholders		(3,455,342)	(3,228,913)	-	-
Repurchase of non voting shares		-	-	-	-
Capital raised by subsidiaries from minority shareholders		-	160,551	-	-
Government grants received		1,991	-	-	-
Receipt of Deferred Income	34	4,259	26,026	-	-
<b>Net Cash flows generated from/(used in) financing activities</b>		<b>(22,724,345)</b>	<b>(24,032,109)</b>	<b>(10,460,047)</b>	<b>(7,893,755)</b>
Net increase/(decrease) in cash and cash equivalents		(7,095,178)	(7,074,869)	2,604,334	3,048,446
Cash and cash equivalents at the beginning of the year		(6,609,785)	1,479,244	(7,460,032)	(10,508,478)
Effect of movements in exchange rates		(60,215)	(1,014,160)	-	-
<b>Cash and cash equivalents at the end of the year (Note 27)</b>		<b>(13,765,178)</b>	<b>(6,609,785)</b>	<b>(4,855,698)</b>	<b>(7,460,032)</b>
<b>Note B</b>					
<b>Analysis of cash and cash equivalents at the end of the year</b>					
Short term deposits	27	2,637,917	5,892,476	-	-
Cash at bank	27	13,029,924	17,043,369	18,151	170,022
Cash in transit	27	73,686	49,728	-	-
Bank overdraft and Other Short Term Borrowings	27	(29,506,705)	(29,595,358)	(4,873,849)	(7,630,054)
		(13,765,178)	(6,609,785)	(4,855,698)	(7,460,032)

The notes from pages 134 to 268 form an integral part of these financial statements.  
Figures in brackets indicate deductions.

# Notes to the Financial Statements

## 1. REPORTING ENTITY

### 1.1 Domicile & Legal Form

Melstacorp PLC (the “Company”) is a quoted public limited liability Company incorporated and domiciled in Sri Lanka. The Company has been registered under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007. The registered office and principal place of business of the Company is located at No.110, Norris Canal Road, Colombo 10.

On 21 January 2011, the name of Beruwala Distillery (Private) Limited was replaced with the name of Melstacorp (Private) Limited and the Company has changed its status into a Public Company with effect from 10 August 2011. The Ordinary Shares of the Company were listed in Colombo Stock Exchange on 30 December 2016.

The Consolidated Financial Statements of Melstacorp PLC, as at and for the year ended 31 March 2024 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

### 1.2 Principal Activities and Nature of Operation

#### 1.2.1 Company

Melstacorp PLC, manages a portfolio of holdings consisting of a range of diverse business operations, which together constitute the Company, and provides function based services to its subsidiaries and associates. Further the Company lease out its properties to external parties and its subsidiaries.

There were no significant changes in the nature of the principal business activities of the companies in the Group during the financial year under review.

### 1.3 Parent Enterprise and Ultimate Parent Enterprise

The immediate and ultimate parent entity of Melstacorp PLC is Milford Exports Ceylon (Private) Limited.

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards (referred “SLFRS/ LKAS”) as laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

Details of the Company’s and Group’s accounting policies and changes thereto, are included in note 3 to these financial statements.

These Financial Statements include the following components:

- Statements of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Company and the Group for the year under review.
- Statements of Financial Position providing the information on the financial position of the Company and the Group as at the year end.
- Statements of Changes in Equity depicting all changes in shareholders’ funds during the year under review of the Company and the Group.
- Statements of Cash Flows providing the information to the users, on the ability of the Company and the Group to generate cash and cash equivalents and utilisation of those cash flows.

- Notes to the Financial Statements comprising material Accounting Policies and other explanatory information.

### 2.2 Directors’ Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of Financial Statements as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards (SLFRSs/ LKASs).

### 2.3 Approval of Financial statements

The Consolidated Financial Statements for the year ended 31 March 2024 were approved and authorised for issue by the Board of Directors in accordance with Resolution of the Directors on 27th August 2024.

### 2.4 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

### 2.5 Functional and Presentation Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is the Company’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Property, Plant and Equipment- Land and Building	Fair value
Investment Property	Fair Value
Retirement benefit obligation	Present value of the defined benefit obligation
Financial Assets Measured at Fair Value Through Other Comprehensive Income	Fair Value
Financial Assets Measured at Fair value through profit or loss	Fair Value
Consumable Biological Assets	Fair Value
Lease liabilities	Present Value of future cash flows



## 2.6 Materiality and Aggregation

Each material class of similar item is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

## 2.7 Use of Judgments and Estimates

The preparation of Consolidated Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS and LKAS) requires management to make judgments, estimates and assumptions that affect the application of Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised prospectively. Information about assumptions and estimation uncertainties that have significant effect on the amounts recognised in the consolidated financial statements is included in following Notes;

**Note 15** – Revaluation of Land and Buildings

**Note 18** – Biological Assets

**Note 22.1** - Recognition of deferred tax assets: availability of future taxable profit against which carried forward tax losses can be used

**Note 33.1.2** – Measurement of defined benefit plan; key actuarial assumptions

**Note 41** – Recognition and measurement of provisions for contingencies; key assumptions about the likelihood and magnitude of an outflow of resources

**Note 20** – Consolidation : Whether the Group has de facto control over an investee

**Note 32** – lease term : whether the Group is reasonably certain to exercise extension options.

## 2.8 Going Concern

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements of the Group continue to be prepared on a going concern basis.

## 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Except as stated below, the Group has consistently applied all the accounting policies set out below to all periods presented in these financial statements.

### 3.1 Changes in Material Accounting Policies

The Group has adopted the following disclosures from 1st April 2023.

#### 3.1(a) Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 1st 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 required to recognise 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 components 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 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-of-use assets.

However, there was no impact on the Statement of Financial Position because the balances qualify for offset under LKAS 12. There was also no impact on the opening retained earnings as at 1st 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.

#### 3.1(b) Material Accounting Policy Information

The Group also adopted Disclosure of Accounting Policies (Amendments to LKAS 1) from 1st 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 3 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

# Notes to the Financial Statements

## 3.2 Basis of consolidation

The Financial Statements of the Company and Group comprise the Financial Statements of the Company and its Subsidiaries for the year ended 31 March 2024 other than Periceyl (Private) Limited, Continental Insurance Lanka Limited, Madulsima Plantations PLC, Balangoda Plantations PLC, Formular World PVT Ltd and Continental Insurance Life Lanka Ltd, DCSL Breweries Lanka Limited whose financial year ends on 31st December. The difference between the reporting date of the above companies and that of the parent does not exceed three months but adjustments are made for any significant transactions or events up to 31 March.

### 3.2.1 Business combinations

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

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

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

### 3.2.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

### 3.2.3 Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### 3.2.4 Loss of control

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

### 3.2.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 3.2.6 Interests in Equity Accounted Investees

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are contractual arrangements when by two or more parties agree to share control over an economic activity. Interests in associates and Joint ventures are accounted for using the equity method (equity accounted investees). They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence ceases.

## 3.3 Foreign Currency

### 3.3.1 Foreign currency transactions

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

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 determinate.

Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated. Foreign currency losses are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI

- Qualifying cash flow hedges to the extent that the hedges are effective

### 3.3.2 Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Sri Lanka rupees at the exchange rates at the reporting date. The income and expenses of the foreign operations are translated into Sri Lanka rupees at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the Exchange fluctuation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as a part of gain or loss on disposal. If the Group disposes of part of its interest in subsidiary but retains control, then the relevant

proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

## 3.4 Statement of Financial Position

### 3.4.1 Property, Plant & Equipment

#### 3.4.1.1 Freehold Assets Recognition

Property, plant & equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period. Property, Plant & Equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

#### Measurement

Items of property, plant & equipment are measured at cost or at fair value in the case of land and buildings less accumulated depreciation and accumulated impairment losses.

The cost of property, plant & equipment includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

#### Subsequent Cost

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future

economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss.

#### De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognising of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

#### Revaluation

The Group revalues its land and buildings at least once in every five years which is measured at its fair value at the date of revaluation less any accumulated depreciation and any accumulated impairment losses. On revaluation of land and building, any increase in the revaluation amount is credited to the revaluation reserve in shareholder's equity unless it offsets a previous decrease in value of the same asset that was recognised in the profit or loss. A decrease in value is recognised in the profit or loss where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

#### Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using straight-line basis over the estimated useful lives, and is generally recognised in profit or loss. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term or the useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

# Notes to the Financial Statements

Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows.

Freehold Buildings	20 - 50 years
Plant, Machinery & Equipment	10 - 20 years
Medical Equipment	10 years
Furniture & Fittings/ Office Equipment	10 years
Vats & Casks	10 years
Oil Storage Tanks	10 years
Computers equipment	03 - 05 years
Motor Vehicles	04 - 10 years
Empty Drums	02 years
Kitchen Equipment	10 years
Soft Furnishing, Crockery, Cutlery and Glassware	05 - 10 years
Speed Boats	05 years
Power Generation Plants	10 - 20 years or over the period of the power purchasing agreement

Power generating plants of some of the Group companies in the renewable energy segment that are not depreciated as above are depreciated on the unit of production basis. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## Capital Work-in-progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery, awaiting capitalisation.

## 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 losses 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.

## 3.4.2 Leases

### 3.4.2.1 Group acting as a lessee

At commencement or modification of a contract that contains a lease component, the Group allocates consideration in the contract to each lease component on the basis of its stand-alone price.

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.

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

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.

The Group determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of the lease asset.

- Lease payments included in the measurement of lease liability includes
- Fixed payments
- Variable lease payments that depend on an index or rate
- Amount expected to be payable under residual value guarantee
- The exercise price under a purchase option that the Company is reasonably certain to exercise

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 or if there is a fixed in substance lease payment.

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

The Group presents the right-of-use asset and the lease liability as separate line items in the Statement of Financial Position.

### Short term leases and leases of low value assets

The Group elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on the straight-line basis.

#### 3.4.2.1 The Group acting as a lessor

When the Group acts as the lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of risks and rewards incidental to ownership of the underlying asset. If this is the case, lease is a finance lease; if not it is an operating lease.

#### 3.4.3 Intangible Assets

An intangible asset is recognised if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 38 "Intangible Assets". Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

#### Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Goodwill acquired in a business combination is tested annually for impairment or more frequently if events or changes in circumstance indicate that it might be impaired and carried at cost less accumulated impairment losses.

Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which goodwill arose.

#### 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.

#### Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using straight-line basis over the estimated useful lives from the date that they are available for use, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for the current and comparative periods are as follows: Computer software 3 years.

#### 3.4.4 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of the business, use in the production or supply of goods or services or administrative purpose. Investment properties are initially measured at its cost including related transaction costs and subsequently at fair value with any change therein recognised in profit or loss.

Investment properties are derecognised when disposed or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on the retirement or disposal is recognised in the profit or loss in

the year of retirement or disposal. Transfers are made to investment property, when there is a change in use. Where a Group company occupies in a significant portion of an investment property of a subsidiary, such investment properties are treated as property, plant & equipment the consolidated financial statements and accounted for as per LKAS 16 Property, Plant & Equipment unless such properties are originally acquired with the intention of capital appreciation.

#### 3.4.5 Inventories

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. The general basis on which cost is determined is: all inventory items, except manufactured inventories and work-in progress are measured at weighted average directly attributable cost.

Manufactured inventories and work in progress are measured at weighted average factory cost which includes all direct expenditure and appropriate shares of production overhead based on normal operating capacity.

#### 3.4.6 Financial Instruments

##### 3.4.6.1 Recognition and initial measurement

The Group initially recognises receivables and deposits on the date they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes 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 an 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.

# Notes to the Financial Statements

## 3.4.6.2 Classification and subsequent measurement

### 3.4.6.2.1 Financial Assets

On initial recognition, a financial asset is classified as measured at; amortised cost; FVOCI –debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequently to their 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 payment of principal and interest on the principal amount outstanding.

On the 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 assets 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 objectives 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 the 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 asset managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation about future sales activity.

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

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

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
<b>Debt investments at FVOCI</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

### Financial Assets - Assessment whether contractual cash flows are solely payment of principal and interest:

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative cost), as well as a profit margin.

In assessing whether the contractual cash flows are solely payment of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers;

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

The prepayment feature is consistent with the solely payment 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 addition compensation for early termination of the contract.

### B. Financial Liabilities Financial Liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost of FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### 3.4.6.2.2 Derecognition Financial Assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

#### Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and

the consideration paid (including any noncash assets transferred or liabilities assumed) is recognised in profit or loss.

#### Offsetting

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

#### 3.4.6.3 Hedge accounting and cash flow hedge

'Hedging' is a process of using a financial instrument to mitigate all or some of the risk associated to a hedged item. 'Hedge accounting' changes the timing of recognising the gains and losses on either the hedged item or the hedging instrument so that both are recognised in profit or loss or other comprehensive income in the same accounting period in order to record the economic substance of the relationship between the hedged item and instrument.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on a prospective basis according to SLFRS 09 - 'Financial Instruments' requirements.

# Notes to the Financial Statements

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

## Cash Flow Hedge

A hedge of an exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset, liability or a highly probable forecast transaction that could affect the profit or loss is classified as a cash flow hedge.

When a non-derivative financial liability is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the non-derivative financial liability is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the non-derivative financial liability that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the non-derivative financial liability is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting (after taking into account any rebalancing of the hedging relationship) or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of the hedging reserve are immediately reclassified to profit or loss.

## 3.4.7 Impairment Financial Assets A Non-derivative financial assets

The Group recognises loss allowances for Expected Credit Loss (ECL) on:

- Financial assets measured at amortised cost;

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk has not increased significantly since initial recognition which are measured at 12-month ECLs:

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and

qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group 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 365 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.

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.

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 and debt securities at FVOCI are credit-impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset occurred.

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- 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 allowance 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 expectation of recovering a financial asset in its entirety or a portion thereof. The Group initially makes an assessment with respect to the timing and amount to write off based on whether there is a reasonable expectation of recovery.

#### B. Non Financial Assets

The carrying amounts of the Company's non-financial assets, other than, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

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

Impairment losses are recognised in Profit or Loss. Impairment losses recognised in respect of CGUs are allocated reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

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

#### 3.4.8 Stated Capital

Ordinary Shares are classified as equity. 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.

#### 3.4.9 Employee Benefits

##### a. Defined Contribution Plans

Defined contribution plan is a postemployment benefit plan under which contributions are made into a separate fund and the entity will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan are recognised as an employee benefit expense in profit or loss in the periods during services is rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

##### Employees' Provident Fund (EPF)

The Group entities and employees contribute 12% and 8% respectively on the basic salary of each employee to the above mentioned fund.

##### Employees' Trust Fund (ETF)

The Group entities contributes 3% of the basic salary of each employee to the Employees' Trust Fund.

##### b. Defined Benefit Plans

A defined benefit plan is a postemployment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The valuation is performed annually by a qualified actuary using the projected unit credit method. When the valuation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or

# Notes to the Financial Statements

reductions in future contributions to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss. The Group recognises all actuarial gains and losses arising from defined benefit plans directly in the other comprehensive income and all expenses related to defined benefit plan in personnel expense in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the result in changing benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises the gains and losses on the settlement of a defined benefit plan when the settlement occurs.

## c. Short Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

## 3.4.10 Provisions, Contingent Assets and Contingent Liabilities

Provisions are recognised, if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

All the contingent liabilities are disclosed, as Notes to the Financial Statements unless the outflow of resources is made contingent assets if exits are disclosed when inflow of economic benefit is probable.

## 3.4.11 Commitments

All material commitments as at the reporting date have been identified and disclosed in the Notes to the Financial Statements.

## 3.5 Statement of Profit or Loss and Other Comprehensive Income

### 3.5.1 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The Group recognises revenue when it transfers the promised good or service to a customer. Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating intragroup sales.

SLFRS 15 established a comprehensive framework for determining whether, how much and when to recognise revenue. Revenue is measured based on the consideration specified in a contract with a customer. Under SLFRS 15, the Group revenue is recognised when a customer obtains control of the goods or services. Standard also gives guidelines for determining the timing of the transfer of control ie: at a point in time or over time requires judgement.

Under SLFRS 15, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur.

## a. Sale of goods

Revenue from sale of goods is recognised on accrual basis at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties and free maintenance). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any)

## b. Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period irrespective of whether the service is billed.

When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer.

However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and records the revenue at the net amount that it retains for its agency services.

### c. Royalty Income

Royalty income is recognised on an accrual basis in accordance with the substance of the agreement.

### 3.5.2 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale is capitalised as part of that asset.

Borrowing costs that are not capitalised are recognised as expenses in the period which they are incurred and charged to the statement of profit or loss.

The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with the in LKAS 23 - 'Borrowing Costs'.

### 3.5.3 Finance Income and Expenses

Finance income comprises interest income on funds invested gains on the disposal of financial assets. Interest income is recognised as it accrues in the profit or loss, using the effective interest method.

Finance cost comprise interest expenses on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available for sale financial assets, impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

### 3.5.4 Taxation

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

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

#### a. Current Income Tax

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. Current tax payable also includes any tax liability arising from the tax on dividend income.

Current tax assets and liabilities are offset only if certain criteria are met.

#### b. 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 the following temporary differences:

- 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 to the extent that the

Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

A deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Temporary differences in relation to a right-of-use asset and lease liability are regarded as a net package (net of right- of- use asset and lease liability) for the purpose of recognising deferred tax.

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 substantively enacted at the reporting date and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset only if certain criteria are met.

# Notes to the Financial Statements

## 3.6 Subsequent Events

All material post reporting date events have been considered and where appropriate adjustments or disclosures have been made in the respective Notes to the Financial Statements.

## 3.7 Earnings Per Share

The Group presents basic and diluted Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group 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.

## 3.8 Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (Business Segment) or in providing products or services within a particular economic environment (Geographical Segment), which is subject to risks and rewards that are different from those of other segments.

The activities of the segments are described in Note 05 to the Financial Statements.

## 3.9 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the 'Indirect Method' of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard - LKAS 7 'Statement of Cash Flows.' Cash and cash equivalents comprise short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

## 3.10 Comparative Figures

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the financial statements in order to enhance the understanding of the current period's financial statements and to enhance the interpretation comparability.

Where necessary, comparative figures have been reclassified to conform to the current year's presentation in order to provide a better presentation.

## 3.11 Grants and Subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Grants and subsidies which intend to compensate an expense or loss already incurred or received for

the purpose of immediate financial support with no future related costs, are recognised in the income statement in the period in which the grant becomes receivable.

Grants and subsidies related to assets are immediately recognised in the statement of financial position as deferred income, and recognised in the income statement on a systematic and rational basis over the useful life of the asset.

When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and recognised in the income statement over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by Governments or related institutions with an interest rate below the applicable market rate, the effect of this favourable interest is regarded as a Government grant.

## 3.12 Policies Specific to Plantation Sector

### 3.12.1 Biological Assets

#### 3.12.1.1 Immature and Mature Plantations

Biological assets are classified into mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specification. Tea, rubber, other plantations and nurseries are classified as biological assets.

	No. of years	Rate %
Buildings & Roads	40	2.5
Plant & Machinery	20/25	4.00/5.00
Motor Vehicles	15/20	5.00/6.67
Equipment	8/4	12.50/25
Furniture & Fittings	10	10
Water Sanitation's	20	5
Mature Plantations (Replanting and New Planting)	-	-
Tea	33 1/3	3
Rubber	20	5
Coffee	10	10
Citrus	10	10

	No. of years	Rate %
Bare land	53	1.89
Improvements to land	30	3.33
Mature Plantations (Tea & Rubber)	30	3.33
Buildings	25	4
Machinery	15	6.67
Mini Hydro Scheme	10	10
Citrus	10	10

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological asset includes tea plants, those that are not intended to be sold or harvested, however used to grow for harvesting agriculture produce. Consumable biological assets includes managed timber trees those that are to be harvested as agricultural produce from biological assets or sold as biological assets.

The entity recognise the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 - "Property Plant & Equipment" as per the ruling issued by Institute of Chartered Accountants of Sri Lanka.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilising, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long- term loans used for financing immature plantations. The expenditure incurred on bearer biological assets (Tea, Rubber, Timber fields) which comes into bearing during the year, is transferred to mature plantations. Expenditure incurred on consumable biological assets is recorded at cost at initial recognition and thereafter at fair value at the end of each reporting period.

Permanent impairments to biological asset are charged to the statement of profit or loss in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

The managed timber trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. Key assumptions and sensitivity analysis are given in Note 18.2.1 and 18.2.2.

# Notes to the Financial Statements

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

The gain or loss arising on initial recognition of biological assets at fair value less cost to sell and from a change in fair value less cost to sell of biological assets are included in profit or loss for the period in which it arises.

### 3.12.1.2 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

Infilling costs that are not capitalised have been charged to the Income Statement in the year in which they are incurred.

### 3.12.1.3 Land Development Cost

These costs have been capitalised and amortised over the remaining lease period.

Permanent land development costs are those costs incurred in making major infrastructure development and building new access roads on leasehold lands.

Permanent impairments to land development costs are charged to the statement of profit or loss in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

## 3.12.2 Depreciation and Amortisation

### (a) Depreciation

Depreciation is recognised in statement of profit or loss on a straight-line basis over the estimated useful economic lives of each part of an item of property, plant & equipment. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Lease period of land acquired from JEDB/SLSPC will be expired in year 2045. The estimated useful lives for the current and comparative periods are as follows:

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset is classified as held for sale or is derecognised. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is less. No depreciation is provided for immature plantations.

### (b) Amortisation

The leasehold rights of assets taken over from SLSPC are amortised in equal amounts over the shorter of the remaining lease periods and the useful lives as follows:

## 3.12.3 Deferred Income

### 3.12.3.1 Grants and Subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. Where loans or similar assistance are provided by Governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional Government grant. Assets are amortised over their useful lives as follows:

Buildings	40 years
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## 3.13 Policies Specific to Insurance Sector

### 3.13.1 Insurance Contracts

As permitted by SLFRS 4 Insurance Contracts, the Group continues to apply the existing accounting policies for Insurance Contracts that were applied prior to the adoption of SLFRS.

### Product Classification

SLFRS 4 requires contracts written by insurers to be classified as either "insurance contracts" or "investment contracts" depending on the level of insurance risk transferred.

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by

comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are those contracts that transfer significant financial risk and no significant insurance risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

All the products sold by the Group are insurance contracts and therefore classified as Insurance contracts under the SLFRS 4 – Insurance Contracts. Thus, the Group does not have any investment contracts within its product portfolio as at the reporting date.

### **3.13.2 Deferred Acquisition Costs (DAC)**

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred and amortised over the period in which the related revenues are earned. All other acquisition costs are recognised as an expense when incurred.

The DAC is applicable only to Non – Life Insurance Contracts. In line with the available regulatory guidelines

from the Insurance Board of Sri Lanka (IBSL), the DAC is calculated based on the 365 days basis.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the statement of comprehensive income. No such indication of impairment was experienced during the year. DAC is derecognised when the related contracts are either settled or disposed- off.

### **3.13.3 Reinsurance**

The Group cedes insurance risk in the normal course of business to recognised re-insurers through formal reinsurance arrangements. Reinsurance assets include the balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses. Amounts recoverable from re-insurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the re-insurer’s policies and are in accordance with the related reinsurance contract.

Reinsurance is recorded gross in the statement of financial position unless a right to offset exists. Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the re-insurer. The impairment loss, if any is recorded in the statement of profit or loss.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

### **3.13.4 Premium Receivable**

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration receivable. Collectability of premiums is reviewed on an ongoing basis.

According to the Premium Payment Warranty (PPW) directive issued by the Insurance Board of Sri Lanka (IBSL), all Non-Life insurance policies are issued subject to PPW and are cancelled upon the expiry of 60 days if not settled except some selected customers where Group has allowed extra period for settlements.

### **3.13.5 Insurance Provision – Non – Life Insurance**

Non - Life Insurance contract liabilities include the outstanding claims provision including IBNR / IBNER and provision for unearned premiums.

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries.

Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these cannot be known with certainty at the reporting date.

The valuation of Unearned Premium Reserve is measured in accordance with guidelines of the Regulation

# Notes to the Financial Statements

of Insurance Industry Act, No. 43 of 2000 (i.e. based on the 365 days basis). The Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) claims reserve are actuarially computed. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

## Liability Adequacy Test (LAT)

As required by the SLFRS 4- Insurance Contracts, the Group performed a Liability Adequacy Test (LAT) in respect of Non - Life Insurance contract liabilities with the assistance of the external actuary.

### 3.13.6 Revenue Recognition

#### 3.13.6.1 Insurance Premiums

##### a) Non - Life Insurance Business

Gross written premiums - Non - Life Insurance comprise the total premiums received /receivable for the whole period of cover provided by contracts entered into during the accounting period. Gross Written Premium is generally recognised is written upon inception of the policy. Upon inception of the contract, premiums are recorded as written and are earned primarily on a prorata basis over the term of the related policy coverage.

Rebates that form part of the premium rate, such as no claim rebates, are deducted from the gross premium.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated on 365 days basis in accordance with the Regulation of Insurance Industry Act, No. 43 of 2000. However, for those contracts for which the period of risk differs significantly

from the contract period, premiums are earned over the period of risk in proportion to the amount of insurance protection provided. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums which is included under liabilities.

##### b) Reinsurance Premiums

Gross reinsurance premiums on insurance contracts are recognised as an expense on the earlier of the date when premiums are payable or when the policy becomes effective.

Reinsurance premiums are decided based on rates agreed with reinsurers. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts (using 365 days basis in accordance with the Regulation of Insurance Industry Act, No. 43 of 2000).

#### 3.13.6.2 Policy Income

Insurance contract policyholders are charged for policy administration services and other contract fees. These fees are recognised as revenue upon receipt or becoming due and is classified under other income.

### 3.13.7 Benefits, Claims and Expenses

#### a) Gross Benefits and Claims Non - Life Insurance Business

Non - Life insurance claims include all claims occurring during the year, whether reported or not together with claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Claims outstanding are assessed by review of individual claim files and estimating changes in the ultimate cost of settling claims.

The provision in respect of Claims Incurred But Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) is actuarially valued to ensure a more realistic estimation of the future liability based on the past experience and trends. Actuarial valuations are performed on a semiannual basis. Whilst the Directors consider that the provisions for claims are fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events.

This may result in adjustments to the amounts provided. Such amounts are reflected in the financial statements for that period.

The methods used to estimate claims and the estimates made are reviewed regularly.

##### b) Reinsurance Claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

### 3.13.8 Net Deferred Acquisition Expenses

Acquisition expenses, representing commissions, which vary with and are directly related to the production of business, are deferred and amortised over the period in which the related written premiums are earned.

Reinsurance commission is also treated in the same manner within deferred acquisition costs.

### 3.13.9 Premium income (GWP) and other sundry sales related taxes

Revenue, expenses and assets are recognised net of the amount of sales taxes and premium taxes except where the premium or sales tax incurred on the purchase of assets services is not recoverable from the taxation authority, in which case, the sale tax is recognised as a part of



the cost of acquisition of the asset or as a part of the expense item, as applicable.

### 3.14 Policies Specific to Telecommunication Sector

#### 3.14.1 Depreciation

The estimated useful lives used are as follows;

Buildings	8 years
Shelters and other equipment	5 years
Vehicles	5 years
Furniture and fittings	5 years
Computer software	3 years
Leasehold improvements	5 years
Leased equipment	3 - 10 years
Office/Other equipment	1 - 5 years
Digital Electronic Switches	10 years
Network Equipment	10 years
Towers	10 years
Customer premise equipment	1 - 10 years
FLAG project assets	5 - 15 years
WiMAX	5 - 10 years

#### 3.14.2 Intangible Assets

##### 3.14.2.1 License Fees and Access Rights

Separately acquired licenses and access rights are shown at historical cost. Expenditures on license fees and access rights that is deemed to benefit or relate to more than one financial year is classified as intangible assets and is being amortised over the agreement period on a straight line basis.

##### 3.14.2.2 Amortisation

Amortisation is recognised in the statement of profit or loss on a straight line basis over the estimated useful lives of intangible assets from the date that they are available for

use. The estimated useful lives for the current and comparative periods are as follows:

Computer software	3 - 5 years
FLAG access rights	15 years
Licenses	10 years

#### 3.14.3 Revenue

Revenue from services rendered in the course of ordinary activities is measured at fair value of the consideration received or receivable net of trade discounts and volume rebates.

Revenue is recognised when persuasive evidence exist, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The revenue is recognised as follows:

##### 3.14.3.1 Domestic and International Call Revenue, Rental Income

Revenue for call time usage by customers is recognised as revenue as services are performed on accrual basis.

Fixed rental is recognised as income on a monthly basis in relation to the period of the rental.

##### 3.14.3.2 Revenue from other Network Operators and International Settlements

The revenue received from other network operators, local and international, for the use of the Group's telecommunication network are recognised, net of taxes, based on usage taking the traffic minutes/ per second rates stipulated in the

relevant agreements and regulations and based on the terms of the lease agreements for fixed rentals. Revenue arising from the interconnection of voice and data traffic between other telecommunications operators is recognised at the time of transit across the Group's network and presented on gross basis.

The relevant revenue accrued is recognised under income in the statement of profit or loss and interconnection expenses recognised under operating costs in the statement of profit or loss.

##### 3.14.3.3 Revenue from Broadband

Revenue from broadband service is recognised on usage and the fixed rental on a monthly basis when it is earned net of taxes, rebates and discounts.

##### 3.14.3.4 Revenue from other Telephony Services

The revenue from Data services and other telephony services are recognised on an accrual basis based on fixed rental contracts entered between the Group and subscribers.

##### 3.14.3.5 Installation Revenue

The installation revenue relating to Code Divisional Multiple Access (CDMA) and non CDMA connections are deferred over the expected life of the customer on the network.

##### 3.14.3.6 Service Agreements Revenue

Capacity contracts which convey the right to use a specified capacity in an identified fiber cable are accounted as service arrangements. Customers are charged on a monthly basis based on usage, and the contracts are for a short- term.

##### 3.14.3.7 Prepaid Card Revenue

Revenue from the sale of prepaid card on CDM A, Internet is recognised upon activation of the said card as the period of expiry of the card and the non- refundable nature of the amounts are considered immaterial to the revenue recognition process.

# Notes to the Financial Statements

## 4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Institute of Chartered Accountants of Sri Lanka has issued the following amendments to Sri Lanka Accounting Standards (SLFRSs/LKASs) which will become applicable for financial period beginning on or after 1st April 2024.

Accordingly, the Group has not applied these amendments in preparing these Financial Statements. The following amendments are not expected to have a significant impact on the Financial Statements.

- Classification of liabilities as current or non-current (Amendments to LKAS 1).

Under the existing LKAS 1 requirement, Group classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that right to defer settlement must have substance and exist at the end of the reporting period.

- Non-Current Liabilities with Covenants (Amendments to LKAS 1)
- Lease liability in a sale and leased back (Amendment to SLFRS 16).
- Supplier Finance Arrangements (Amendments to LKAS 7 and SLFRS 7).
- Lack of Exchangeability (Amendments to LKAS 21).

Further, the Institute of Chartered Accountants of Sri Lanka has issued the following amendments to Sri Lanka Accounting Standards (SLFRSs/LKASs) which will become applicable for financial period beginning on or after 1st April 2025. Accordingly, the Group has not applied these standards in preparing these Financial Statements.

- SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information
- SLFRS S2 – Climate Related Disclosures

## 5 OPERATING SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), which is subject to risks and rewards that are different from those of other segments.

Segmental information is presented in respect of the Group's business segments. The business segments are determined based on the Group's management and internal reporting structure. Inter-segment transfers are based on fair market prices. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### 5.1 Segment revenues

For the year ended 31 March,	External revenue	
	2024 Rs.'000	2023 Rs.'000
Beverages	119,158,729	128,816,798
Plantation	8,168,505	10,243,162
Tourism	66,605,031	55,208,296
Maritime & Freight Logistics	15,241,958	22,355,983
Strategic Investment	13,692,629	18,229,367
Services	3,439,712	4,052,322
Finance Services	8,404,563	6,763,289
Telecommunication	974,982	1,592,016
<b>Total gross revenue</b>	<b>235,686,109</b>	<b>247,261,233</b>
Excise duty	(70,966,255)	(69,179,430)
<b>Total net revenue</b>	<b>164,719,854</b>	<b>178,081,803</b>

### 5.2 Segment profits

For the year ended 31 March,	External revenue	
	2024 Rs.'000	2023 Rs.'000
Beverages	23,807,258	31,685,950
Plantation	1,348,175	3,420,500
Tourism	3,126,869	1,725,868
Maritime & Freight Logistics	5,157,102	7,991,131
Strategic Investment	(3,037,849)	(1,062,580)
Services	256,899	286,173
Finance Services	1,299,725	2,831,102
Telecommunication	(2,471,374)	(4,074,431)
<b>Profit before income tax expense</b>	<b>29,486,805</b>	<b>42,803,713</b>
Taxation	(16,768,953)	(19,835,803)
<b>Profit for the year</b>	<b>12,717,852</b>	<b>22,967,910</b>

# Notes to the Financial Statements

## 5.3 Other segmental information

	Reporting segment												Eliminations/ other consolidated adjustments			Group Total				
	Beverages		Telecommunication		Plantation		Financial Services		Tourism sector		Maritime and freight logistics sector		Strategic investments		Services sector		2023	2024	Rs.'000	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	Rs.'000				Rs.'000
<b>For the year ended 31 March,</b>																				
Purchase of PPE	74,999	154,610	27,358	138,863	79,194	77,708	44,562	36,584	1,891,672	2,059,907	2,063,276	593,906	1,546,336	354,498	149,895	100,473	-	587,292	3,496,549	
Additions to intangible assets	-	-	-	162,249	-	23	-	5,119	11,760	1,330	876	2,535	5,809	5,601	18,625	1,013	-	37,070	177,870	
Depreciation of PPE	525,085	508,085	929	402,395	245,967	245,555	30,069	25,728	4,054,679	4,150,039	514,409	550,685	997,211	876,634	211,114	240,345	208,001	157,140	6,787,464	7,156,606
Amortization and impairment of intangible assets	-	-	136	132,849	568	578	584	1,938	26,724	29,493	1,960	3,630	20,538	21,363	7,980	10,388	-	58,490	200,239	
Amortization of bearer biological assets at finance lease (UEDB/SLPC)	-	-	-	-	135,560	122,219	-	-	-	-	-	-	-	-	-	-	-	-	135,560	122,219
Interest expense	146,242	209,553	1,532,986	1,813,420	1,220,733	1,685,562	137,393	40,708	7,050,679	7,026,846	247,263	304,976	4,949,720	7,344,883	183,202	237,090	(3,239,163)	(4,535,930)	12,229,055	14,127,108

	Reporting segment												Eliminations/ other consolidated adjustments			Group Total				
	Beverages		Telecommunication		Plantation		Financial Services		Tourism sector		Maritime and freight logistics sector		Strategic investments		Services sector		2023	2024	Rs.'000	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	Rs.'000				Rs.'000
<b>As at 31 March,</b>																				
Property, plant and equipment	7,639,221	4,486,489	4,905	14,484	3,004,452	3,173,992	117,708	103,330	71,047,734	77,714,256	9,091,398	7,741,426	24,017,659	23,476,344	5,107,41	5,371,014	33,076,744	14,465,413	153,066,562	136,492,748
Intangible assets	55,084	-	-	136	1,255	1,671	5,000	5,585	22,539	39,203	3,905	4,889	50,658	65,387	22,875	12,234	6,316,172	5,737,835	6,477,398	5,866,940
Investment property	-	-	-	-	452,755	389,051	33,149	-	72,000	72,000	501,400	486,900	9,037,798	8,660,274	8,063,423	6,667,677	(9,360,051)	(8,792,844)	8,800,474	7,483,058
Biological assets	-	-	-	-	10,895,302	9,958,192	-	-	-	-	-	-	-	-	-	-	-	-	10,895,302	9,958,192
Total assets	38,154,075	32,309,278	603,789	1,301,113	17,475,768	18,902,457	14,971,009	13,247,504	116,258,029	122,262,777	31,331,772	31,678,368	180,613,769	173,230,695	19,513,793	18,047,550	(58,732,324)	(75,543,331)	360,189,080	335,456,411
Total liabilities	26,033,764	18,840,967	19,330,402	16,336,937	14,725,023	15,011,74	9,612,820	7,273,355	84,724,033	90,920,227	10,334,151	10,819,014	44,532,621	50,862,126	6,082,775	5,591,016	(30,108,821)	(310,0821)	184,875,467	184,644,085
Retirement benefit obligations	371,243	326,801	19,653	27,620	2,255,286	2,187,598	109,688	68,770	722,615	572,034	477,517	393,166	450,347	338,925	127,003	97,782	-	-	4,533,430	4,014,696
Deferred tax assets	77,359	433,769	-	11,466	1,186,146	1,617,205	121,484	64,478	440,260	754,125	437,974	197,950	1,113,405	859,900	183,766	147,863	3,888,706	2,360,930	8,089,100	6,447,686
Deferred tax liabilities	2,509,403	1,660,072	-	852	4,350,017	3,663,152	62,666	23,739	3,991,865	3,691,660	1,257,761	1,459,680	2,107,898	2,004,980	2,743,273	2,293,150	10,020,818	4,243,885	27,043,701	19,041,170
Income tax payable	3,266,114	4,408,351	285	-	956	-	291,525	283,840	377,739	407,387	409,543	553,165	346,705	765,091	38,956	25,720	-	-	4,731,823	6,443,554

## 6 REVENUE

### 6.1 Revenue Streams

For the year ended 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Revenue from contracts with customers</b>				
Sales of goods	216,735,507	150,727,227	-	-
Rendering of services	18,668,033	96,142,600	259,421	259,234
Other revenue	282,569	391,406	-	-
<b>Total gross revenue (Note 6.2)</b>	<b>235,686,109</b>	<b>247,261,233</b>	<b>259,421</b>	<b>259,234</b>

### 6.2 Business segment analysis of gross revenue

For the year ended 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Beverages	119,158,729	128,816,798	-	-
Plantation	8,168,505	10,243,162	-	-
Tourism	66,605,031	55,208,296	-	-
Maritime & Freight Logistics	15,241,958	22,355,983	-	-
Strategic Investment	13,692,629	18,229,367	259,421	259,234
Services	3,439,712	4,052,322	-	-
Finance Services	8,404,563	6,763,289	-	-
Telecommunication	974,982	1,592,016	-	-
<b>Total gross revenue</b>	<b>235,686,109</b>	<b>247,261,233</b>	<b>259,421</b>	<b>259,234</b>

### 6.3 Geographical segment analysis of gross revenue

For the year ended 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Sri Lanka	192,617,778	198,430,355	259,421	259,234
Maldives	34,795,425	38,590,691	-	-
Other countries	8,272,906	10,240,187	-	-
<b>Total gross revenue</b>	<b>235,686,109</b>	<b>247,261,233</b>	<b>259,421</b>	<b>259,234</b>

### 6.4 Timing of revenue recognition

For the year ended 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Products and services transferred at a point in time	218,804,195	153,579,239	-	-
Products and services transferred over time	16,881,914	93,681,994	259,421	259,234
<b>Total gross revenue</b>	<b>235,686,109</b>	<b>247,261,233</b>	<b>259,421</b>	<b>259,234</b>

# Notes to the Financial Statements

## 6.5 Performance obligations

Information about the Group's performance obligations are summarised below;

Type of product/ services	Nature and timing of satisfaction of performance obligation	Revenue recognition
<b>Rendering of services</b>		
<b>Telecommunication sector</b>		
Monthly rental (Fixed)	The Company charges a rental from their customer for maintaining telephony packages and connections. It is charged on a monthly basis along with the monthly usage bill.	The fixed charge is recognised as an income on a monthly basis.
Call revenue	The Company charges a usage charge based on their customers call usage in a monthly basis.	Revenue is recognised when a call is made based on the usage at the rate determined for the package.
Broadband revenue	The Company charges a usage charge based on their customers internet usage on a monthly basis.	The revenue is recognised based on the usage.
Installation revenue	The Company charges a non-refundable fee in part as compensation for costs incurred in setting up the connection.	The revenue is recognised based on the identified performance obligation. Performance obligation is deemed satisfied upon the completion of the installation. Revenue is recognised at that time.
Receipts from other network operators	The company charges other network operators, local and international, for the use of the Company's telecommunication network are recognised, net of taxes, based on usage taking the traffic minutes/per second rates stipulated in the relevant agreements and regulations and based on the terms of the lease agreements for fixed rentals.	Revenue is recognised based on the usage of the subsidiary's network by other users.
Flag and Site rental revenue	The Company lends the towers owned by the Company and sublends the FLAG cable to other network operators.	Rental income to be recognised over the period.
<b>Diversified sector</b>		
<b>Tourism</b>		
Hotel operation	Main revenue of the Group's hotel operation is provision of rooms for guest accommodation (apartment revenue).	Revenue recognition for the Group's hotel operation is at point of time. Apartment revenue is recognised on the rooms occupied on a daily basis over the period of the stay, while the revenue from other sources such as food and beverage sales, are accounted for at the time of consumption/service. Invoices to customers are raised on completion of the hotel stay.

Type of product/ services	Nature and timing of satisfaction of performance obligation	Revenue recognition
	<p>“Diamond Club” a loyalty programme, allows customers to accumulate points when they patronise the Group’s hotels in Sri Lanka which could be redeemed for future hotel accommodation. Component of the revenue attributable to the diamond points is deferred and recognised when points are redeemed.</p>	Fair value of the points issued are deferred and recognised as revenue upon redemption.
Hotel management services	Consists of fees for providing management and marketing services to hotels. Fees for Hotel management services are calculated as a percentage of revenue and operating profit of the hotels.	Revenue for hotel management services is recognised at each month end.
Inbound and outbound travels	Main activity of the Group companies in the inbound and outbound travel segment is selling of tour packages and other destination management services. Customers are invoiced for the services at the commencement of the tour and the revenue is recognised at that point in time.	Revenue from sale of tour packages is recognised on the start date of the tour.
Airline General Sales Agent (GSA)	Overriding Commission from the Airlines is recognised on flown basis where as the ticketing commission from the airline is recorded on the date of the sale.	Revenue recognition at point in time.
<b>Maritime and logistics</b>		
Maritime and port services	Operations of the Group’s maritime segment includes provision of services of a shipping agent, supply of marine lubricants, representation of liner shipping agencies and global container services as an agent of the principal shipping line. Revenue for segment represents the commission derived from the services rendered to the shipping lines. Revenue from the port operation and management services performed by the Group is recognised on the completion of the operation.	Commission income is recognised upon the departure of the vessel. Revenue is recognised at the point of time on completion of the port services.
	Revenue from the port operation and management services performed by the Group is recognised on the completion of the operation.	Revenue is recognised at a point in time on completion of the port services.
Freight forwarding and courier	Revenue from freight forwarding and courier operations of the Group is recorded when the cargo is loaded to the vessel.	Revenue recognition for the freight forwarding and courier operation is at the point in time.

# Notes to the Financial Statements

Type of product/ services	Nature and timing of satisfaction of performance obligation	Revenue recognition
Integrated logistics	Revenue from Group's container freight station (CFS) operations and the depot operations is recognised upon dispatch of the container from the yard, income from transport and other special operations are recognised upon completion of the activity while the revenue from warehouse and renting of reefer containers are recognised on a monthly basis over the period of the hire.	At point of time for CFS, depot, transport and other special operations and over time for warehouse and renting of reefer containers.
Airline GSA (Cargo)	Commission income from airline GSA is recognised when cargo is handed over to the airline.	Revenue recognition at point in time.
<b>Strategic investments</b>		
Power generation	Revenue from thermal power generation is recognised based on the actual amount of electricity generated and supplied to the national grid as a variable component and a fixed component referred to as capacity charge calculated based on the minimum guaranteed energy amount as specified in the power purchase agreement (PPA), while the Revenue from renewable power, namely wind, hydro and waste, is recorded based on a fixed tariff in terms of the respective PPAs. Invoices for the generation of power are raised on a monthly basis.	Revenue is recognised on the last day of the month based on the power generated during the month.
<b>Services sector</b>		
Inward money transfer	The inward money transfer segment of the Group acts as a representative of the Western Union Network (France) SAS. Representative base compensation is recognised by the Company upon the completion of the inward money transfer.	Revenue is recorded at the point when inward money transfer is completed.
Elevator agency	Revenue on installation of elevators are recognised in the income statement by reference to the stage of completion at the reporting date. Stage of completion is measured by reference to the percentage of work done to date. Revenue for free maintenance inbuilt in the contract is deferred until installation is completed and there after recognised monthly once the maintenance period commences. However, invoices to customers are raised as per the contract terms.	Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on estimate of work completed.



Type of product/ services	Nature and timing of satisfaction of performance obligation	Revenue recognition
Insurance	Commission income on the sale of insurance policies are recognised upon collection of the insurance premium while revenue from survey and other insurance services are recognised upon completion of the professional service.	Revenue recognised for commission income and fees for professional services is at point in time.
Property management (Renting of property)	Income for the property management companies are derived from renting of properties owned by them. Invoices for renting of property are issued on a monthly basis over the period of the rental agreement.	Revenue is recognised over time during the period of the rent agreements
Water bottling operation for the use in the hotel sector	Customers obtain control of bottled water upon sale of the item. Invoices are generated and revenue is recognised at the point in time when the bottles are dispatched from the Group's warehouse.	Revenue is recognised when the water bottles are dispatched from the Group's warehouse.
Printing and packaging (Supply of value added printing and packaging products and services)	Customers obtain control of goods when the goods are delivered to them. Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods. Invoices are generated and revenue is recognised at the point in time when the goods are delivered.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises.
Manufacturing of apparels	Customers obtain control of goods when the garments are handed over to the nominated freight forwarding company who is an agent of the customer. Invoices are generated and revenue is recognised at that point in time.	The Group recognises revenue when the manufactured garments are handed over to the nominated freight forwarding company.
<b>Sale of goods</b>		
<b>Beverages</b>		
Liquor Bottles	Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or services to a contract.	Revenue from the sale of goods is recognised on the point which the goods are handed over to the customer.
<b>Plantation</b>		
Sale of produce from plantation	Black tea produce is sold at the Colombo tea Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer.	Revenue from sale of other crops are recognised at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

# Notes to the Financial Statements

## 7 COST OF SALES AND NET BENEFITS PAID

This includes all the directly attributable costs of sale of goods and rendering of services. Further, net insurance benefits and claims paid, net change in insurance claims outstanding and underwriting and net acquisition costs in insurance businesses are included.

## 8 OTHER OPERATING INCOME

For the year ended 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Gain on change in fair value of biological assets	18.3	1,020,256	518,220	-	-
Amortisation of Government grants	34.1	16,566	14,479	-	-
Gain on sale of property, plant and equipment		102,741	27,945	-	-
Gain on acquisition of investment property		31,835	-	-	-
Gain on termination of ROU asset		4,068	10,842	-	-
Fees and commission income		59,270	45,491	-	-
Rent income		138,333	146,802	-	-
Laboratory commissions		65,379	60,188	-	-
Sale of timber		941	19,897	-	-
Sundry income		377,152	434,797	13	99
Dividend income from subsidiary companies		-	-	15,890,725	11,333,602
Dividends from equity securities - at FVOCI		271,299	354,108	271,297	354,105
Dividends from equity securities - at FVTPL		150,715	10,572	145,239	124
(Loss)/Gain on disposal of fair value through profit and loss investments		(27,459)	420,045	-	97,185
Gain from Changes in Fair Value of Investment Properties	17	250,630	341,499	377,587	514,793
Gain on disposal of shares of subsidiaries		-	-	2,827	2,485
Reversal of provision for impairment		30,542	14,477	-	-
Gain on Disposal of Assets Held for Sale		42,189	-	-	-
Reversal of long outstanding liabilities and provisions		-	15,967	-	-
		2,534,457	2,435,329	16,687,688	12,302,393

## 9 OTHER OPERATING EXPENSES

For the year ended 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Net impairment of financial assets measured at amortised cost		1,928,187	963,232	223	-
Provision for Impairment of amounts receivable from subsidiaries	23.3.1.1/ 36.1.3.1	-	-	1,997,614	4,697,067
Bad debts written-off		-	340,190	-	-
Loss on disposal of property plant and equipment		20,320	25,843	-	-
Loss on retirement of investment properties / assets held for sale		-	72,269	-	-
Impairment of investment in subsidiaries	20.3	-	-	203,243	39,938
Impairment of investment in joint ventures	21.1	-	-	320,803	861,310
Impairment of immature biological assets	18.1.2	96,052	22,066	-	-
Write-off of bearer biological assets	18.1.2	9,336	7,097	-	-
Other expenses		108,920	153,124	-	-
Provision for license fee renewal		100,000	-	-	-
Impairment of Property Plant and Equipment, intangible assets and Investment Properties	15/16/17	191,385	1,498,145	-	-
		2,454,200	3,081,966	2,521,883	5,598,315

## 10 FINANCE INCOME AND FINANCE COSTS

### 10.1 Recognised in profit and loss

#### 10.1.1 Finance income

For the year ended 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Interest income and net change in fair value of government securities classified as FVTPL	92,063	126,329	-	-
Interest income on financial assets measured at FVOCI	25,103	51,051	-	-
Interest income on financial assets measured at amortised cost	4,384,869	4,585,290	1,675,878	2,644,828
Reversals of impairment losses on financial investments	2,074	1,418	-	-
Foreign exchange gain	995,922	5,800,393	-	-
Gain on change in fair value of financial assets at fair value through profit or loss	56,811	125,128	-	86,059
	5,556,842	10,689,609	1,675,878	2,730,887

# Notes to the Financial Statements

## 10.1.2 Finance costs

For the year ended 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Interest expense on financial liabilities measured at amortised cost</b>					
Interest expense on lease liabilities	32	1,060,071	1,257,081	1,498	1,990
Interest on bank overdraft and Long/short term borrowings		10,762,545	12,525,988	379,644	1,465,126
Interest on related party current accounts		-	-	709,651	896,864
Other finance charges		406,439	344,039	-	-
Foreign exchange loss		3,631,755	2,756,279	-	-
Loss on change in fair value of financial assets at fair value through profit or loss		5,959	3,469	3,797	-
		15,866,769	16,886,856	1,094,590	2,363,980
<b>Net finance (costs)/income recognised in profit or loss</b>		<b>(10,309,927)</b>	<b>(6,197,247)</b>	<b>581,288</b>	<b>366,907</b>

**10.1.3** The above finance income and finance costs include the following interest income and expense in respect of assets (liabilities) not at fair value through profit or loss:

For the year ended 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Total interest income on financial assets	4,502,035	4,762,670	1,675,878	2,644,828
Total interest expense on financial liabilities	11,822,616	13,783,069	1,090,793	2,363,980

## 10.2 Recognised in other comprehensive income

For the year ended 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Equity investments at FVOCI – net change in fair value	12,281,401	(231,229)	11,454,718	(436,981)

## 11 PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is stated after charging all expenses including the following;

For the year ended 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Remuneration to directors and fees		957,599	947,393	18,195	55,451
Auditor's remuneration		-	-	-	-
Audit - KPMG		62,695	54,019	1,238	1,125
- Other auditors		22,958	26,893	-	-
Non-audit - KPMG		20,472	13,971	652	-
- Other auditors		17,653	14,972	-	-
Personnel costs	11.1	26,690,350	25,406,347	244,954	130,638
Depreciation and amortisation					
Depreciation of property plant and equipment	15	6,787,464	7,156,603	3,408	5,321
Amortisation of intangible assets	16	58,490	200,240	258	386
Amortisation of bearer biological assets	18	135,560	122,219	-	-
Amortisation of Right of Use Assets assets	19	1,830,356	2,070,322	7,304	7,304
Donations		15,708	13,367	14,371	12,953
Loss on revaluation of Property Plant and Equipment		21,178	-	-	-
Direct Operating expenses relating to Investment Properties		16,690	16,501	9,531	9,696

### 11.1 Personnel costs

For the year ended 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Salaries, wages and other benefits		23,994,457	23,436,560	217,800	110,890
Employee benefits					
Defined contribution plans- EPF and ETF		1,684,133	1,447,217	20,165	13,518
Defined benefit plans	33.11	1,011,760	522,570	6,989	6,230
<b>Total</b>		<b>26,690,350</b>	<b>25,406,347</b>	<b>244,954</b>	<b>130,638</b>

# Notes to the Financial Statements

## 12 TAXATION

For the year ended 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Current tax expense	12.1	15,960,279	18,204,539	398,956	1,260,425
Deferred tax charged	22.1.1	808,674	1,631,264	138,743	362,930
		16,768,953	19,835,803	537,699	1,623,355

### 12.1 Current tax expense

For the year ended 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Current tax charge	12.1.1	12,911,838	17,467,233	413,133	1,273,336
(Over)/under provision in respect of previous years		45,429	(35,689)	(14,177)	(12,911)
Withholding tax on dividends paid by subsidiaries		3,003,012	771,521	-	-
Write off of tax receivables		-	1,474	-	-
		15,960,279	18,204,539	398,956	1,260,425

### 12.1.1 Numerical reconciliation of accounting profits to income tax expense

For the year ended 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Profit before income tax expense		29,486,805	42,803,713	14,601,593	7,001,701
Share of results of equity accounted investees		(984,653)	(1,115,651)	-	-
Dividend income from group companies		15,890,725	11,333,602	-	-
Other consolidation adjustments		(2,382,775)	(7,379,848)	-	-
		42,010,102	45,641,816	14,601,593	7,001,701
Profit before income tax after adjustments		42,010,102	45,641,816	14,601,593	7,001,701
(-) Income not subject to tax		(19,951,504)	(13,436,048)	(16,687,676)	(5,804,691)
(-) Income from other sources		(3,726,241)	(9,574,636)	(1,675,877)	(6,706,896)
(+) Disallowable expenses		20,166,021	28,874,485	3,552,124	5,641,112
(-) Allowable deductions		(15,535,946)	(12,215,460)	(88,932)	(88,449)
(+) Tax losses incurred	12.3	17,092,721	14,857,049	298,768	-
<b>Taxable profit from business</b>		40,055,153	54,147,206	-	42,777
Taxable profit from business		40,055,153	54,147,206	-	42,777
(+) Income from other sources		3,726,241	9,574,636	1,675,877	6,706,896
(-) Tax losses utilised	12.3	(6,919,240)	(7,674,693)	(298,768)	-
<b>Balance taxable income</b>		36,862,154	56,047,149	1,377,109	6,749,673

For the year ended 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Income tax at,				
Standard rate of 30%	2,308,909	1,899,643	413,133	372,086
Standard rate of 24% (From 01/04/2022 to 30/09/2022)	-	850,042	-	250,614
Standard rate of 15% on dividend income (From 01/10/2022 to 31/03/2023)	-	382,704	-	382,704
Standard rate of 14% on dividend income (From 01/04/2022 to 30/09/2022)	-	275,913	-	267,932
Special rate of 40% on liquor business	9,577,131	12,535,316	-	-
Concessionary rates	47,762	586,333	-	-
Other rates	-	160	-	-
Varying rates on off - shore profits	978,036	937,122	-	-
Total current tax charge	12,911,838	17,467,233	413,133	1,273,336
Average statutory income tax rate (%)	35.03%	31.17%	30.00%	18.87%

## 12.1.2 Effective tax rate

For the year ended 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Effective tax rate	12.1.2.1	30.74%	38.27%	2.83%	18.19%

### 12.1.2.1 Reconciliation of effective tax rate

For the year ended 31 March,	Group			
	2024		2023	
	Rs.'000	%	Rs.'000	%
Profit before income tax after adjustments	42,010,102		45,641,816	
Income tax expense at the average statutory income tax rate	14,715,028	35.03%	14,224,386	31.17%
Income not subject to tax	(6,988,484)	-16.64%	(4,187,378)	-9.17%
Disallowable expenses	7,063,624	16.81%	9,004,991	19.73%
Allowable expenses	(5,441,831)	-12.95%	(3,813,165)	-8.35%
Tax losses incurred	5,987,128	14.25%	4,630,236	10.14%
Tax losses utilised	(2,423,627)	-5.77%	(2,391,837)	-5.24%
Qualifying payments	-	0.00%	-	0.00%
Current tax expense	12,911,838	30.74%	17,467,233	38.27%

# Notes to the Financial Statements

For the year ended 31 March,	Company			
	2024		2023	
	Rs.'000	%	Rs.'000	%
Profit before income tax after adjustments	14,601,593		7,001,700	
Income tax expense at the average statutory income tax rate	4,380,481	30.00%	1,320,881	18.87%
Income not subject to tax	(5,006,306)	-34.29%	(1,095,064)	-15.64%
Disallowable expenses	1,065,638	7.30%	1,064,204	15.20%
Allowable expenses	(26,680)	-0.18%	(16,685)	-0.24%
Current tax expense	413,133	2.83%	1,273,336	18.19%

## 12.2 Applicable Rates and exemptions, Concessions or holidays granted on income tax

### 12.2.1 Application of substantively enacted tax rates

With the exception of companies that benefit from income tax exemptions or are subject to concessionary rates or special rates as described below, the income tax provisions for companies have been computed based on their adjusted tax profits at the standard rate of 30%. (Up to 30th September 2022: 24% and 30% thereafter)

- Companies with specified sources exempt from income tax are given in note 12.2.1.2
- Companies with specified sources liable to income tax at concessionary rates are given in note 12.2.2
- Companies incorporated in Sri Lanka and operating outside Sri Lanka are given in note 12.2.3
- Distilleries Company of Sri Lanka PLC and DCSL Breweries Lanka Limited are liable for income tax at the standard rate of 40% on its profit from liquor business.

#### 12.2.1.2 Companies with specified sources exempt from income tax

Company	Basis	Statute Reference	Period
Ahungalla Resorts Ltd	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2029/2030
Negombo Beach Resorts (Pvt) Ltd	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2029/2030
Sagasolar Power (Pvt) Ltd	Construction and operation of a solar power plant	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2027/2028
Upper Waltrim Hydropower (Pvt) Ltd	Construction and operation of a hydro power plant	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	7 years ending 2023/2024



In addition, the Inland Revenue Act No. 24 of 2017 and its amendments thereto specifies the following income tax exemptions, which are available to companies operating in the Group.

Company	Basis	Period
Aitken Spence Elevators (Private) Limited Aitken Spence Hotel Managements (Pvt) Ltd Aitken Spence Hotel Managements Asia (Pvt) Ltd Aitken Spence Hotels International (Pvt) Ltd Aitken Spence International Consulting (Pvt) Limited	Gains and profits from any service rendered in or outside Sri Lanka to any person to be utilised outside Sri Lanka, where the payment for such services is received in foreign currency and remitted to Sri Lanka through a bank	Open ended
Aitken Spence PLC Aitken Spence Ports International Ltd Aitken Spence Travels (Pvt) Ltd Royal Spence Aviation (Pvt) Ltd	Gains and profits from any foreign source (other than above) derived in foreign currency and remitted to Sri Lanka through a bank	
Aitken Spence Agriculture (Pvt) Ltd Elpitiya Plantations PLC Balangoda Plantations PLC Madulsima Plantations PLC	Gains and profits from sale of produce from agro farming	5 years ending 31st March 2024

#### All companies incorporated in Sri Lanka

- Interest or discount earned by any person on any sovereign bond denominated in foreign currency, including Sri Lanka Development Bonds, issued by or on behalf of the Government of Sri Lanka.
- Interest derived in foreign currency on any foreign currency account opened in any commercial bank or in any specialised bank, with the approval of the Central Bank of Sri Lanka.
- Dividend paid by a resident company to a member to the extent that dividend payment is attributable to, or derived from, another dividend received by that resident company or another resident company.

### 12.2.2 Companies with specified sources liable to income tax at concessionary rates

#### 12.2.2.1 Companies liable to income tax at concessionary rates under the BOI Law

Company	Basis	Income Tax Rate*
Ace Power Embilipitiya (Pvt) Ltd	Construction and operation of a thermal power generation plant	15%
Aitken Spence Apparels (Pvt) Ltd	Set up and operate a project to manufacture garments and exports	15%
Ace Wind Power (Pvt) Ltd	Construction and operation of a wind power plant	20%
Aitken Spence Property Developments (Pvt) Ltd	Construction and operation of a luxury office building complex	20%
Branford Hydropower (Pvt) Ltd	Construction and operation of a hydro power plant	20%
Logilink (Pvt) Ltd	Operation of a warehousing facility	20%

\* Concessionary income tax rates referred to above are granted after the initial tax exemption period, in terms of Section 17 of BOI Law No. 4 of 1978.

# Notes to the Financial Statements

## 12.2.3 Companies incorporated in Sri Lanka and operating outside Sri Lanka

Company	Countries Operated	Tax Status
Aitken Spence Hotels International (Pvt) Ltd	Maldives	Income derived from Maldives is subject to 10% withholding tax.
Aitken Spence Hotel Managements Asia (Pvt) Ltd	Maldives, Oman	Business profits arising in Oman is liable to tax at 15% and income derived from Maldives is subject to 10% withholding tax.
Aitken Spence Ports International Ltd	Mozambique, Fiji	Income derived from Mozambique and Fiji are subject to withholding tax at 15% and 20% respectively.

Profits and income referred to above are exempt from income tax in Sri Lanka as per the Inland Revenue Act No. 24 of 2017 and its amendments thereto

## 12.2.4 Overseas Operations

Companies incorporated and operating outside Sri Lanka are liable for income tax in accordance with the provisions of the foreign jurisdictions applicable to the respective companies. Set out below are the Income tax rates applicable for the companies in the relevant foreign jurisdictions.

Country	Company	Income Tax Rate
British Virgin Islands	Crest Star (B.V.I.) Ltd	Nil
Oman	Aitken Spence Resorts (Middle East) LLC	15%
Maldives	Ace Aviation Services Maldives Pvt Ltd	15%
	Ace Resorts Pvt Ltd	15%
	A.D.S. Resorts Pvt Ltd	15%
	Cowrie Investment Pvt Ltd	15%
	Interlifts International Pvt Ltd	15%
	Jetan Travel Services Company Pvt Ltd	15%
	Spence Maldives Pvt Ltd	15%
	Unique Resorts Pvt Ltd	15%
Fiji	Fiji Ports Terminal Ltd	25%
	Fiji Ports Corporation Ltd	25%
	Fiji Ships Heavy Industries Ltd	25%
	Serendib Investments Ltd	25%
Myanmar	Aitken Spence Travels Myanmar Ltd	25%
	Ace Aviation Myanmar Ltd	25%
India	Aitken Spence Hotel Services Pvt Ltd	25.17%
	PR Holiday Homes Pvt Ltd	25.17%
	Aitken Spence Hotel Managements (South India) Pvt Ltd	25.17%
Bangladesh	Ace Bangladesh Ltd	27.5%
Singapore	Aitken Spence International Pte. Ltd	17%
	Aitken Spence Cargo Singapore Pte. Ltd	17%
Cambodia	Aitken Spence Cargo (Cambodia) Co, Ltd	20%

- Dividends paid by companies registered in the Maldives and Cambodia are subject to withholding tax of 10% and 14% respectively as per provisions of the Maldives Income Tax Act and the regulations issued thereto.
- Dividends remitted to Sri Lanka from the above companies are exempt from income tax under the third schedule to the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

### 12.3 Tax losses

For the year ended 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Losses brought forward	60,014,132	52,916,126	-	-
Adjustments due to finalisation of taxes of previous year	(477,739)	112,677	-	-
Tax losses incurred during the year	17,092,721	14,857,049	298,768	-
Losses utilised	(6,919,240)	(7,674,693)	(298,768)	-
Write off of unclaimable tax losses	(717,105)	(197,027)	-	-
Losses carried forward	68,992,769	60,014,132	-	-

Accumulated tax losses can be carried forward up to 6 years from the initial date of origination.

## 13 EARNINGS PER SHARE

### 13.1 Basic earnings per share

Basic earnings per share has been calculated by dividing the profit attributable to ordinary share holders of the Group/ Company by the weighted average number of ordinary shares outstanding during the year.

For the year ended 31 March,	Group		Company	
	2024	2023	2024	2023
Profit attributable to equity holders of the company (Rs.'000)	9,595,291	17,222,179	14,063,894	5,378,346
Weighted average numbers of ordinary shares (000)	1,165,397,072	1,165,397,072	1,165,397,072	1,165,397,072
Basic earnings per share (Rs.)	8.23	14.78	12.07	4.62

### 13.2 Diluted earnings per share

There were no potential dilutive ordinary shares outstanding at any time during the year. Therefore, diluted Earnings per Share is same as Basic Earnings per Share shown above.

## 14 DIVIDEND PER SHARE

### 14.1 Equity dividend on ordinary shares proposed and paid during the year

For the year ended 31 March,	Company			
	2024		2023	
	Per share Rs.	Total Rs.'000	Per share Rs.	Total Rs.'000
First Interim Dividend 2022/23	-	-	2.35	2,738,683
Second Interim Dividend 2022/23	-	-	1.70	1,981,175
Third interim Dividend 2022/23	2.71	3,158,226	-	-
First Interim Dividend 2023/24	4.27	4,976,246	-	-
Second Interim Dividend 2023/24	2.00	2,330,794	-	-
		10,465,266		4,719,858

# Notes to the Financial Statements

## 15 PROPERTY, PLANT AND EQUIPMENT

	Note	Cost or valuation											At the end of the year Rs.'000
		At the beginning of the year Rs.'000	Additions during the year Rs.'000	Revaluation during the year Rs.'000	Adjustment on revaluation Rs.'000	Disposals/write-offs Rs.'000	Transfers Rs.'000	Transferred (to) Intangible Assets Rs.'000	Capitalisation of depreciation (property, plant and equipment and right-of-use assets) Rs.'000	Transferred (to)/ From Investment Properties Rs.'000	Acquisition of Subsidiary Rs.'000	Exchange Difference Rs.'000	
<b>Freehold</b>													
Land	15.2	33,947,666	24,432	1,083,329	-	-	-	-	-	-	5,200	(660,345)	34,400,282
Land improvements		180,096	-	-	-	-	-	-	-	-	-	-	180,096
Buildings	15.2	94,593,066	801,069	19,088,502	(16,275,289)	(3,936)	2,105,414	-	-	(25,642)	501,000	(4,707,708)	96,076,476
Improvements to Buildings		939,151	1,419	-	-	-	-	-	-	-	-	-	940,570
Civil constructions		679,095	-	-	-	-	69,258	-	-	-	-	-	748,353
Plant, machinery & other equipment	15.7	52,695,180	1,398,308	-	-	(377,056)	463,441	(10,650)	-	-	3,227,277	(1,773,735)	55,622,765
Motor vehicles		6,400,223	137,966	-	-	(161,603)	21,249	-	-	-	35,555	(119,687)	6,313,703
Furniture, fittings & office equipment	15.7	8,186,699	196,383	-	-	(79,557)	11,962	-	-	-	254,752	(337,800)	8,232,439
Computer equipment & software	15.7	418,638	12,464	-	-	(8,460)	3,057	-	-	-	-	-	425,699
Electro mechanical equipment		300,458	656	-	-	-	-	-	-	-	-	-	301,114
Digital electronic Switches	15.7	1,573,373	-	-	-	-	-	-	-	-	-	-	1,573,373
Medical equipment	15.7	711,746	70,620	-	-	(9,165)	-	-	-	-	-	-	773,201
Network equipment	15.7	2,341,905	-	-	-	-	-	-	-	-	-	-	2,341,905
Towers	15.7	1,038,547	-	-	-	-	-	-	-	-	-	-	1,038,547
Customer premise equipment		3,780,293	13,009	-	-	-	-	-	-	-	-	-	3,793,302
Returnable packing materials		-	-	-	-	-	-	-	-	-	1,415,037	-	1,415,037
Water projects & sanitation		86,490	-	-	-	-	-	-	-	-	-	-	86,490
Shelters and other equipment	15.7	529,525	119	-	-	(4,316)	-	-	-	-	-	-	525,328
FLAG project	15.7	41,505	-	-	-	-	-	-	-	-	-	-	41,505
LTE Project	15.7	2,682,132	-	-	-	-	-	-	-	-	-	-	2,682,132
WI-Max		232,535	-	-	-	-	-	-	-	-	-	-	232,535
Fire fighting equipment		4,883	-	-	-	-	-	-	-	-	-	-	4,883
Oil storage tanks		315	-	-	-	-	-	-	-	-	-	-	315
Vats & casks		72,918	-	-	-	-	-	-	-	-	-	-	72,918
Drums		80	-	-	-	-	-	-	-	-	-	-	80
<b>Total freehold property, plant &amp; equipment</b>		<b>211,436,519</b>	<b>2,656,445</b>	<b>20,171,831</b>	<b>(16,275,289)</b>	<b>(644,093)</b>	<b>2,674,381</b>	<b>(10,650)</b>	<b>-</b>	<b>(25,642)</b>	<b>5,438,821</b>	<b>(7,599,275)</b>	<b>217,823,048</b>
<b>Leasehold</b>													
Furniture, fittings & equipment		14,028	-	-	-	-	-	-	-	-	-	-	14,028
Immovable (JEDB/SLSPC) assets on finance lease	15.1	636,202	-	-	-	-	-	-	-	-	-	-	636,202
Leasehold improvements		-	-	-	-	-	-	-	-	-	-	-	-
<b>Total leasehold property, plant &amp; equipment</b>		<b>650,230</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>650,230</b>
Capital work in progress	15.7	796,800	3,220,847	-	-	(6,679)	(2,674,381)	(152)	5,705	-	167,295	(31,917)	1,477,518
<b>Total property, plant &amp; equipment</b>		<b>212,883,549</b>	<b>5,877,292</b>	<b>20,171,831</b>	<b>(16,275,289)</b>	<b>(650,772)</b>	<b>-</b>	<b>(10,802)</b>	<b>5,705</b>	<b>(25,642)</b>	<b>5,606,116</b>	<b>(7,631,192)</b>	<b>219,950,796</b>
- Recognised under non-current													
- Recognised under current*													

The exchange difference has arisen as a result of the translation of property, plant and equipment of foreign operations which are accounted for in foreign currencies and translated to the reporting currency at the reporting date.

	Accumulated depreciation, amortisation and impairment										Carrying value	
	At the beginning of the year	Charge for the year	Adjustment on revaluation	Impairment during the year	Other transfers	Disposals / write-offs	Transferred (to) Intangible Assets	Acquisition of Subsidiary	Exchange Difference	At the end of the year	As at 31 March 2024	As at 31 March 2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
-	-	-	-	-	-	-	-	-	-	-	34,400,282	33,947,666
96,179	4,889	-	-	-	-	-	-	-	-	101,068	79,028	83,917
23,524,499	2,661,028	(16,275,289)	-	-	-	(1,638)	-	-	(1,338,318)	8,570,282	87,506,194	71,068,567
101,415	44,971	-	76,089	-	-	-	-	-	-	222,475	718,095	837,736
365,080	33,953	-	-	-	-	-	-	-	-	399,033	349,320	314,015
27,365,608	3,035,289	-	-	(841)	(335,736)	(10,650)	2,009,664	(1,301,350)	30,761,984	24,860,781	25,329,572	
4,899,376	363,884	-	7,924	-	(160,919)	-	35,555	(100,048)	5,045,772	1,267,931	1,500,847	
5,705,138	514,637	-	12,607	841	(61,738)	-	191,502	(213,484)	6,149,503	2,082,936	2,481,561	
381,306	17,064	-	327	-	(10,955)	-	-	-	387,742	37,957	37,332	
164,952	15,023	-	-	-	-	-	-	-	179,975	121,139	135,506	
1,573,373	-	-	-	-	-	-	-	-	1,573,373	-	-	
406,498	70,406	-	67,626	-	(8,253)	-	-	-	536,277	236,924	305,248	
2,341,905	-	-	-	-	-	-	-	-	2,341,905	-	-	
1,038,547	-	-	-	-	-	-	-	-	1,038,547	-	-	
3,780,293	-	-	13,009	-	-	-	-	-	3,793,302	-	-	
-	-	-	-	-	-	-	1,089,148	-	1,089,148	325,889	-	
81,329	1,161	-	-	-	-	-	-	-	82,490	4,000	5,161	
529,525	-	-	-	-	(4,197)	-	-	-	525,328	-	-	
41,505	-	-	-	-	-	-	-	-	41,505	-	-	
2,682,132	-	-	-	-	-	-	-	-	2,682,132	-	-	
232,535	-	-	-	-	-	-	-	-	232,535	-	-	
4,753	68	-	-	-	-	-	-	-	4,821	62	130	
315	-	-	-	-	-	-	-	-	315	-	-	
70,167	334	-	-	-	-	-	-	-	70,501	2,417	2,751	
80	-	-	-	-	-	-	-	-	80	-	-	
75,386,510	6,762,707	(16,275,289)	177,582	-	(583,436)	(10,650)	3,325,869	(2,953,200)	65,830,093	151,992,955	136,050,009	
14,028	-	-	-	-	-	-	-	-	14,028	-	-	
408,556	24,757	-	-	-	-	-	-	-	433,313	202,889	227,646	
-	-	-	-	-	-	-	-	-	-	-	-	
422,584	24,757	-	-	-	-	-	-	-	447,341	202,889	227,646	
16,303	-	-	-	-	-	-	-	-	16,303	1,461,215	780,497	
75,825,397	6,787,464	(16,275,289)	177,582	-	(583,436)	(10,650)	3,325,869	(2,953,200)	66,293,737	153,657,059	137,058,152	
										153,106,562	136,492,748	
										550,497	565,404	
										153,657,059	137,058,152	

\* Consequent to the expiry of the short term power purchase agreement (PPA) signed between Ace Power Embilipitiya (Pvt) Ltd., a subsidiary company and the Ceylon Electricity Board (CEB) on 4th March 2024, discussions concerning an extension to the PPA are ongoing with the CEB. As the outcome of these discussions are uncertain property, plant and equipment of Ace Power Embilipitiya (Pvt) Ltd., continued to be treated under current assets.

# Notes to the Financial Statements

## 15 PROPERTY, PLANT AND EQUIPMENT

### Cost / Valuation

Company	Motor Vehicle	Computer Equipment	Furniture and Fittings	Office Equipment	Tools Equipment	Total 2024	Total 2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1st April 2023	11,550	10,449	6,721	4,257	4,370	37,347	34,999
Additions during the year	-	1,170	5	608	-	1,783	2,785
Disposals during the year	-	-	-	-	-	-	(437)
<b>Balance as at 31st March 2024</b>	<b>11,550</b>	<b>11,619</b>	<b>6,726</b>	<b>4,865</b>	<b>4,370</b>	<b>39,130</b>	<b>37,347</b>

### Accumulated Depreciation

Company	Motor Vehicle	Computer Equipment	Furniture and Fittings	Office Equipment	Tools Equipment	Total 2024	Total 2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1st April 2023	11,138	7,899	3,919	2,926	888	26,770	21,886
Charged during the year	412	1,450	658	451	437	3,408	5,321
Depreciation of PPE disposals during the year	-	-	-	-	-	-	(437)
<b>Balance as at 31st March 2024</b>	<b>11,550</b>	<b>9,349</b>	<b>4,577</b>	<b>3,377</b>	<b>1,325</b>	<b>30,178</b>	<b>26,770</b>

### Carrying Amount

Company	Motor Vehicle	Computer Equipment	Furniture and Fittings	Office Equipment	Tools Equipment	Total 2024	Total 2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 31 March 2023	412	2,550	2,802	1,331	3,482	10,577	13,113
As at 31 March 2024	-	2,270	2,149	1,488	3,045	8,952	10,577

## 15.1 Immovable (JEDB/SLSPC) assets on finance lease

### Group

For the year ended 31 March,	2024								2023
	Unimproved lease land	Improvement to land	Other vested assets	Buildings	Plant & Machinery	Water Supply Scheme	Mini Hydro Scheme	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Capitalised value (June 1992)</b>									
Balance at the beginning of the year	5,317	15,702	151,815	29,981	420,747	3,347	9,293	636,202	636,202
<b>Balance at the end of the year</b>	<b>5,317</b>	<b>15,702</b>	<b>151,815</b>	<b>29,981</b>	<b>420,747</b>	<b>3,347</b>	<b>9,293</b>	<b>636,202</b>	<b>636,202</b>
<b>Amortisation</b>									
As at beginning of the year	3,060	15,702	151,815	29,981	195,358	3,347	9,293	408,556	383,512
Amortisation for the year	102	-	-	-	24,655	-	-	24,757	25,044
<b>At the end of the year</b>	<b>3,162</b>	<b>15,702</b>	<b>151,815</b>	<b>29,981</b>	<b>220,013</b>	<b>3,347</b>	<b>9,293</b>	<b>433,313</b>	<b>408,556</b>
<b>Carrying amount</b>									
As at beginning of the year	2,257	-	-	-	225,389	-	-	227,646	252,690
<b>As at the end of the year</b>	<b>2,155</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,734</b>	<b>-</b>	<b>-</b>	<b>202,889</b>	<b>227,646</b>

These assets are being amortised in equal annual amounts over the following periods.

Mature plantations-Tea	30 years
Unimproved Land	53 Years
Plant &Machinery	20 Years
Buildings	25 years
Water supply scheme	30 Years
Mini hydro Scheme	10 Years

In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka, all immovable assets in these estates under finance leases have been taken into the books of the Company retroactive to 18 June 1992. For this purpose, the Board of Directors of the Company decided, that these assets be stated at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of the Company. These assets are taken into the Statement of Financial Position as at 18 June, 1992.

# Notes to the Financial Statements

## 15.2 Revaluation of Land and Buildings

### 15.2.1 Details of land and building stated at valuation

#### Distilleries Company of Sri Lanka PLC

A Valuation of freehold Lands and Buildings of Distilleries Company of Sri Lanka PLC was carried out by incorporated valuer Mr. S. Sivaskanthan as at 31st March 2024 using "Comparable market value" method and incorporated in the financial statements of the company. The surplus on revaluation of Land and Buildings has been credited to the revaluation reserve while loss has been charged to Profit and Loss. The directors of the Company are of the view that carrying amounts of there lands and buildings have not changed significantly compared to the fair value as at 31st March 2024.

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No.18,Sri Saddatissa Road , Kaluhara North, Kaluthara	56,730	-	-	1A - OR - 23P	-	Estimated price per perch	-	310,000	-	Positively correlated sensitivity
No.375/1 -2, Dutugamunu Mawatha, Mawilmada, Kandy	21,000	-	-	0A - 1R - 20P	-	Estimated price per perch	-	350,000	-	Positively correlated sensitivity
No.35/12, Bandarawaththa Road, Seeduwa.	1,785,419	2,230,854	15	15A - 2R - 17P	184,377	Estimated price per perch	Estimated price per Square feet	714,768	3,250- 17,000	Positively correlated sensitivity
No.65/84, Distillery Road, Seeduwa.	581,815	291,687	22	5A - 2R - 15.10P	101,446	Estimated price per perch	Estimated price per Square feet	650,000	3,000- 6,250	Positively correlated sensitivity
No.35/13, Distillery Road, Seeduwa.	13,336	-	-	0A - OR - 16.7P	-	Estimated price per perch	-	798,563	-	Positively correlated sensitivity
No.35/13B, Distillery Road, Seeduwa.	13,336	-	-	0A - OR - 16.7P	-	Estimated price per perch	-	798,563	-	Positively correlated sensitivity
No.37/8A, Distillery Road, Seeduwa.	10,600	-	-	0A - OR - 13.25P	-	Estimated price per perch	-	800,000	-	Positively correlated sensitivity
No.37/20A, Distillery Road, Seeduwa.	5,600	-	-	0A - OR - 8P	-	Estimated price per perch	-	700,000	-	Positively correlated sensitivity
Hatton - Norwood Road,Dickoya	-	136,811	4	-	18,286	Estimated price per perch	Estimated price per Square feet	-	4,000- 10,000	Positively correlated sensitivity
1st Lane, New Nuge Road, Peliyagoda.	-	57,500	4	-	15,406	Estimated price per perch	Estimated price per Square feet	-	4,250- 6,500	Positively correlated sensitivity
No.375,Dutugemunu Mawatha, Mawilmada, Kandy.	67,340	-	-	1A - 3R - 16P	15,406	Estimated price per perch	Estimated price per Square feet	210,438	-	Positively correlated sensitivity



## DCSL Breweries Lanka Limited

A Valuation of freehold Lands and Buildings of DCSL Breweries Company Limited was carried out by incorporated valuer Mr. S. Sivaskanthan as at 31st March 2024 using "Comparable market value" method and "Depreerated Replacement Cost" method incorporated in the financial statements of the Group. The Board of Directors of the Group are of the view that the fair values of lands and buildings based on the revaluation carried out as at 31st March 2024 represent the market value of the properties at the date of acquisition of the subsidiary. Therefore, revaluation surplus related to these properties were considered as a part of the fair value of identifiable assets at the date of acquisition.

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
Arankele - Doluwa road, Hakirilla, Wewalagama.	2,400	-	-	1A - 2R - 20P	-	Estimated price per perch	-	9,375	-	Positively correlated sensitivity
Millawa, Kurunegala.	2,800	-	-	0A - OR - 28P	-	Estimated price per perch	-	100,000	-	Positively correlated sensitivity
Kandy road, Kottikapola, Mawathagama.	-	501,000	10	-	98,214	Estimated price per perch	Estimated price per Square feet	195,000	4,000- 17,500	Positively correlated sensitivity

# Notes to the Financial Statements

## Melstacorp PLC

Free hold Land and Building of the company were revalued by Mr. S. Sivaskanthan, F.I.V (Sri Lanka) an independent professional valuer on 31st March 2024 on “contractor’s Principle Basis” and incorporated in the financial statements of the company. The surplus on revaluation credited to revaluation reserve while loss has been charged to Profit and Loss in the consolidated financial statements. As these assets are leased out among subsidiaries, the company has classified these properties as investment properties.

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No 140/1, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	16,300	-	-	0A-0R- 19.75P		Estimated price per perch	-	825,000	-	Positively correlated sensitivity
No 136, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	247,200	-	-	1A-1R- 24.72P		Estimated price per perch	-	1,100,000	-	Positively correlated sensitivity
No 16 & 18, Bandarawatta Road, Seeduwa.	122,400	-	-	0A-2R- 22P		Estimated price per perch	-	1,200,000	-	Positively correlated sensitivity
Residential Premises at Medagama Road, Welikamulla, Badulla	19,762	1,938	1	0A-3R- 37.20P	1,522 sq.ft	Estimated price per perch	Construction cost per Square feet	120,000- 135,000	5,150	Positively correlated sensitivity
Industrial Premises at Seed Station Road, Nawalayathanna, Katugastota	32,262	65,888	8	0A-2R- 27.54P	13,214.5 sq.ft	Estimated price per perch	Depreciated construction cost	300,000	5,400- 8,600	Positively correlated sensitivity
Industrial Premises at Seed Station Road, Nawalayathanna, Katugastota	217,862	161,838	13	4A-4R- 4.16P	34,050 sq.ft	Estimated price per perch	Depreciated construction cost	265000 300,000	3,600- 8,200	Positively correlated sensitivity
Commercial premises at Dambulla road, Muththetugala, Kurunegala.	103,550	46,450	2	0A-2R- 29P	10,122.5 sq.ft	Estimated price per perch	Depreciated construction cost	950,000	2,550- 8,000	Positively correlated sensitivity
No 165, Harichandra Mawatha, Anuradhapura.	89,757	70,143	3	0A-3R- 21.35P	11,301 sq.ft	Estimated price per perch	Construction cost per Square feet	635,000	4,600- 7,650	Positively correlated sensitivity
No 152, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	43,300	104,650	2	1R-3.3P	18,920 sq.ft	Estimated price per perch	Depreciated construction cost	1,000,000	4,850- 7,400	Positively correlated sensitivity
No 152/2, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	8,750	10,550	1	10P	1,975 sq.ft	Estimated price per perch	Depreciated construction cost	875,000	7,650	Positively correlated sensitivity

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No 59, Distilleries Road, Bandarawatta, Seeduwa.	26,455	3,445	1	24.05P	980 sq.ft	Estimated price per perch	Depreciated construction cost	1,100,000	7,000	Positively correlated sensitivity
No 61 & 61/1 Distilleries Road, Bandarawatta, Seeduwa.	14,724	12,076	1	12.27P	1,910 sq.ft	Estimated price per perch	Depreciated construction cost	1,200,000	7,650	Positively correlated sensitivity
No 150/1 & 150/1A, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	33,750	9,100	1	37.5P	1,625 sq.ft	Estimated price per perch	Depreciated construction cost	900,000	7,000	Positively correlated sensitivity
No 150, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	18,750	16,450	2	18.75P	2,771 sq.ft	Estimated price per perch	Depreciated construction cost	1,000,000	7,000	Positively correlated sensitivity
No 144, Munidasa Kumaratunga Mawatha, Bandarawatta, Seeduwa.	22,850	6,450	1	22.85P	1,470 sq.ft	Estimated price per perch	Depreciated construction cost	1,000,000	7,650	Positively correlated sensitivity
Factory Premises at Habarakada Road, Nawagamuwa, Ranala, Kaduwela.	256,000	172,600	1	10A-OR- OP	56,530 sq.ft	Estimated price per perch	Depreciated construction cost	160,000	6,000- 7,650	Positively correlated sensitivity
No 68 & 68A, Attidiya Road, Ratmalana.	301,120	146,380	3	1A-OR- 28.2P	30,113 sq.ft	Estimated price per perch	Depreciated construction cost	1,600,000	3,850- 7,400	Positively correlated sensitivity
No 459, Wackwella Road, Kalegana, Galle.	75,075	33,025	3	0A-1R- 37P	8,129 sq.ft	Estimated price per perch	Depreciated construction cost	975,000	6,000- 7,650	Positively correlated sensitivity
Industrial Premises at Galle Road, Beruwala.	312,396	130,004	8	2A-1R- 19.08P	15,279 sq.ft	Estimated price per perch	Depreciated replacement cost	635,000- 950,000	4,600- 14,850	Positively correlated sensitivity
No 823 & 823/1- 4 Srimavo Bandaranayake Mawatha, Colombo 14.	1,084,890	256,510	6	2A-1R- 14.10P	86,500 sq.ft	Estimated price per perch	Depreciated replacement cost	2,900,000	2,600- 6,650	Positively correlated sensitivity
No 161, 161A & 161B, Tangalle Road, Ambalantota.	41,704	38,796	8	0A-1R- 24.16P	7,657 sq.ft	Estimated price per perch	Construction cost per Square feet	650,000	4,500- 7,650	Positively correlated sensitivity
Gampaha Road, Udugampola	157,675	71,125	2	1A-3R- 35.35P	18,124 sq.ft	Estimated price per perch	Estimated price per Square feet	500,000	7,000- 7,400	Positively correlated sensitivity

# Notes to the Financial Statements

## Melsta Properties (Pvt) Ltd

Free hold Land and Building of the company were revalued by Mr. S. Sivaskanthan, F.I.V (Sri Lanka) an independent professional valuer on 31st March 2024 on “contractor’s Principle Basis” and incorporated in the financial statements of the company. In this valuation technique, the valuer has used the contractors cost method as a reference price to value properties. The surplus on revaluation credited to revaluation reserve while loss has been charged to profit and loss.

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No 110, Norris Canal Road, Colombo 10.	2,959,000	187,900	2	1A-1R-15.20P	30,000 sq.ft	Estimated price per perch	Depreciated replacement cost	13,750,000	7,650-11,800	Positively correlated sensitivity
No 133, Temple Road, Deshashtra, Kaluthara	269,352	172,748	21	04A - 00R -33.38P	60,810 sq.ft	Estimated price per perch	Depreciated replacement cost	400,000	2,400-9,000	Positively correlated sensitivity
No 69/1, Rajapaksha Broadway, Negombo	199,375	45,425	3	0A - 1R - 28.75P	8,576 sq.ft	Estimated price per perch	Depreciated replacement cost	2,900,000	6,400-8,000	Positively correlated sensitivity
No 68/1, Saravanai Road, Batticola.	208,692	45,708	5	3A - 0R - 11.04P	10,688 sq.ft	Estimated price per perch	Depreciated replacement cost	425,000	2,000-7,250	Positively correlated sensitivity
No 87, Station Road, Vavunia	165,217	73,658	5	0A - 3R - 33.69P	12,300 sq.ft	Estimated price per perch	Depreciated replacement cost	1,075,000	3,350-6,650	Positively correlated sensitivity
No 41, Old Ferry Road, Deshashtra, Kaluthara	91,922	51,579	11	01A - 1R - 04.27P	22,686 sq.ft	Estimated price per perch	Depreciated replacement cost	450,000	2,000-4,000	Positively correlated sensitivity
No 156, Orr’s Hill Road, Trincomalee.	62,944	27,956	4	0A - 1R - 38.68P	5,168.25 sq.ft	Estimated price per perch	Depreciated replacement cost	800,000	4,850-8,700	Positively correlated sensitivity
No 215/9, Jayamalapura, Nawalapitiya, Gampola.	103,220	46,880	4	0A - 3R- 38.8P	7,737 sq.ft	Estimated price per perch	Depreciated replacement cost	650,000	6,000-7,750	Positively correlated sensitivity
No 118,120, Kunupallela Road, Badulla.	93,072	27,678	10	0A - 2R - 08.67P	9,950 sq.ft	Estimated price per perch	Depreciated replacement cost	1,050,000	2,150-8,000	Positively correlated sensitivity
Dummalakotuva, Kurunegala Road, Dankotuva.	85,570	5,330	3	2A - 1R - 38.0P	8,083.5 sq.ft	Estimated price per perch	Depreciated replacement cost	215,000	525-4,850	Positively correlated sensitivity
Teak Store Warehouse, Palathota, Kaluthara South.	44,344	22,656	12	01A OR 32.8P	15,551 sq.ft	Estimated price per perch	Depreciated replacement cost	230,000	4,100-9,000	Positively correlated sensitivity
Mirishena Warehouse, Ethanamadala Road, Kaluthara North.	68,614	21,186	10	01A - 02R -23.90P	10,335 sq.ft	Estimated price per perch	Depreciated replacement cost	260,000	4,100-9,000	Positively correlated sensitivity

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No 7/11, Kandy Road, Kaithadi.	66,300	-	-	2A - 0R - 11.59P	-	Estimated price per perch	-	200,000	-	Positively correlated sensitivity
No 150, Coastal Road, Thalwila, Marawila.	41,600	-	-	2A - 0R -00.0P	-	Estimated price per perch	-	130000	-	Positively correlated sensitivity
No 669, Beach Road, Gurunagar, Jaffna.	40,000	-	-	3R - 12.96P	-	Estimated price per perch	-	300,000	-	Positively correlated sensitivity
No 125, Norwood Road, Dickoya.	20,100	-	-	0A - 3R-9.60P	-	Estimated price per perch	-	155,000	-	Positively correlated sensitivity
No 125, Norwood Road, Dickoya.	8,523	-	-	0A - 1R - 8.70	-	Estimated price per perch	-	175,000	-	Positively correlated sensitivity

#### Browns Beach Hotel PLC

Freehold land of the company was revalued by Mr. K.C.B Condegama (A.I.V. Sri Lanka) an independent professional valuer on 20th March 2024 on "Current Fair Value Market Value" as at the 31st March 2024 and revaluation surplus has been credited to the revaluation reserve.

Freehold buildings of the company was revalued by Mr. J.M.J.Fernando (F.I.V. Sri Lanka) a Chartered Valuation Surveyor on 20th February 2024 on "Current Fair Market Value" as at the 31st March 2024 has been credited to the revaluation reserve.

Location	Land Extent	Building Area Sq.M	No of Buildings	Revalued Amount Rs.'000
No. 175 Lewis Place, Negombo	1027.73	43,422.40	4	4,593,690

#### Melsta Hospitals Ragama (Pvt) Ltd

The fair value of the land and buildings were determined by an external independent property valuer, having appropriate recognised professional qualifications and experience in the category of the property being valued. The valuer has used the cost approach where the current construction cost of similar properties have been considered in determining the fair values.

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No 110, Norris Canal Road, Colombo 10.	653,310	951,690	8	1A - 1R - 17.77P	55,413 sq.ft	Estimated price per perch	Depreciated replacement cost	1,300,000	7,500- 11,500	Positively correlated sensitivity

# Notes to the Financial Statements

## Madulsima Plantations PLC

The fair value of the Building was determined by an external independent property valuer, having appropriate recognised professional qualifications and experience in the category of the property being valued. The valuer provides the fair value of the property.

Location (Region)	Estate	Revalued Amount	No of Buildings	Significant Unobservable Inputs	Range of Estimates for unobservable inputs( Estimated Price per sq.ft)	Sensitivity of fair value to unobservable inputs
Madulsima	Battawatte	50,669,373	552	Estimated Replacement cost per Sq.Ft.	850-3,500	Positively correlated sensitivity
Metigahatenne	Cocogalla	49,419,438	303	Estimated Replacement cost per Sq.Ft.	850-4,500	Positively correlated sensitivity
Madulsima	Galloola	40,692,764	260	Estimated Replacement cost per Sq.Ft.	500-4,500	Positively correlated sensitivity
Madulsima	Mahadowa	84,413,345	737	Estimated Replacement cost per Sq.Ft.	800-3,000	Positively correlated sensitivity
Madulsima	Uvakellie	12,144,942	303	Estimated Replacement cost per Sq.Ft.	850-2,850	Positively correlated sensitivity
Madulsima	Verellapatna	71,839,795	438	Estimated Replacement cost per Sq.Ft.	850-3,250	Positively correlated sensitivity
Passara	El Teb	72,475,733	1,030	Estimated Replacement cost per Sq.Ft.	1,200-3,500	Positively correlated sensitivity
Pitamaruawa	Roeberry	76,127,258	918	Estimated Replacement cost per Sq.Ft.	1,200-3,000	Positively correlated sensitivity
Bogawantalawa	Kew	52,044,665	613	Estimated Replacement cost per Sq.Ft.	1,800-4,000	Positively correlated sensitivity
Bogawantalawa	Kirkoswald	132,483,547	1,182	Estimated Replacement cost per Sq.Ft.	500-4,000	Positively correlated sensitivity
Bogawantalawa	Theresia	51,740,490	639	Estimated Replacement cost per Sq.Ft.	850-3,500	Positively correlated sensitivity
Norwood	Venture	77,131,361	572	Estimated Replacement cost per Sq.Ft.	750-3,750	Positively correlated sensitivity
Badulla	Head Office	6,361,215	2	Estimated Replacement cost per Sq.Ft.	1,820-1,840	Positively correlated sensitivity

## Balangoda Plantations PLC

Buildings of the Company are stated based on a valuation performed by Mr.W.M Chandrasena, R I C S ( Sri Lanka) an external, independent Chartered Valuer, as at 31 December 2020 using "Depreciation Replacement Cost" method. The details of which are as follows,

Region	Estate	Location	Valuation of Building Rs.	No of Buildings	Extent Building (Sq. Ft)	Significant Unobservable Inputs	Range of estimates for unobservable inputs	Significant Unobservable Inputs
Rathnapura	Galatura	Galatura Estate, Kiriella	83,729,690	25	46,592	Estimated replacement cost of a Sq. Ft. adjusted for wear and tear	Rs.700-8,000	Positively correlated sensitivity
Rathnapura	Mahawela	Mahawela Estate, Ratnapura	74,477,370	43	89,433	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.500-7,000	Positively correlated sensitivity
Rathnapura	Mutwagalla	Mutwagalla Estate, Kiriella	31,203,470	32	43,819	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.700-4,000	Positively correlated sensitivity
Rathnapura	Millawitiya	Millawitiya Estate, Ratnapura	9,957,537	14	16,686	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.600-2,700	Positively correlated sensitivity
Rathnapura	Palmgarden	Palmgarden Estate, Ratnapura	78,551,642	46	147,912	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.700- 3,000	Positively correlated sensitivity
Rathnapura	Rambukkande	Rambukkande Estate, Ratnapura	43,834,853	27	44,096	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.850-7,500	Positively correlated sensitivity
Balangoda	Balangoda	Balangoda Estate, Balangoda	79,218,183	48	102,313	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	RS.1,000-3,500	Positively correlated sensitivity
Balangoda	Cecilton	Cecilton Estate, Balangoda	58,993,479	24	67,151	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.750-3,250	Positively correlated sensitivity
Balangoda	Meddakande	Meddakande Estate, Balangoda	56,816,679	37	79,985	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	RS.700-3,000	Positively correlated sensitivity
Balangoda	Non Pareil	Non Pareil Estate, Belihuloya	43,912,047	35	67,082	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.750-4,500	Positively correlated sensitivity
Balangoda	Pettiagalla	Pettiagalla Estate, Balangoda	44,430,088	22	52,145	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.1,000-3,250	Positively correlated sensitivity

# Notes to the Financial Statements

Region	Estate	Location	Valuation of Building Rs.	No of Buildings	Extent Building (Sq. Ft)	Significant Unobservable Inputs	Range of estimates for unobservable inputs	Significant Unobservable Inputs
Balangoda	Rasagalla	Rasagalla Estate , Balangoda	69,544,898	45	100,200	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.750-3,000	Positively correlated sensitivity
Balangoda	Rye/Wikiliya	Rye/Wikiliya Estate, Balangoda	20,929,730	27	40,004	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.1,000-3,000	Positively correlated sensitivity
Balangoda	Walaboda	Walaboda Estate, Balangoda	9,292,261	10	12,309	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.1,000-3,500	Positively correlated sensitivity
Badulla	Cullen	Cullen Estate, Badulla	16,517,550	22	24,480	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.600-4,500	Positively correlated sensitivity
Badulla	Gowerakelle	Gowerakelle Estate, Badulla	14,140,847	20	27,709	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.1,500-2,500	Positively correlated sensitivity
Badulla	Glen Alpin	Glen Alpin Estate, Badulla	106,926,463	61	129,968	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.600-3,000	Positively correlated sensitivity
Badulla	Spring Valley	Spring Valley Estate, Badulla	148,483,468	76	193,989	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.500-3,500	Positively correlated sensitivity
Badulla	Telbedde	Telbedde Estate, Badulla	106,482,761	80	151,870	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.700-3,000	Positively correlated sensitivity
Badulla	Ury	Ury Estate, Badulla	105,888,553	52	136,174	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.700-3,500	Positively correlated sensitivity
Badulla	Wewesse	Wewesse Estate, Badulla	69,141,986	43	91,390	Estimated replacement cost per Sq. Ft. adjusted for wear and tear	Rs.500-3,200	Positively correlated sensitivity



## Aitken Spence PLC

Company	Location	Last revaluation date	Estimated price per perch (Significant unobservable inputs) Rs.	Extent	Carrying amount as at 31.03.2024 Rs.'000	Revaluation surplus Rs.'000	Carrying amount at cost Rs.'000
Aitken Spence PLC (a)	315, Vauxhall Street, Colombo 02	31.12.2022	12,500,000	1 A 0 R 12.78 P	2,154,224	2,153,067	1,157
	316, K. Cyril C. Perera Mw., Colombo 13	30.09.2022	4,250,000	1 A 0 R 20.37 P	747,028	742,037	4,991
	170, Sri Wickrema Mw., Colombo 15	10.12.2022	1,500,000	3 A 3 R 31.00 P	942,350	899,389	42,961
	Moragalla, Beruwala	13.12.2022	475,000	10 A 1 R 23.97 P	790,000	789,046	954
	290/1, Inner Harbour Road, Trincomalee	17.10.2022	525,000	0 A 1 R 4.95 P	23,500	23,500	-
Ace Containers (Pvt) Ltd (a)	775/5, Negombo Road, Wattala	22.12.2022	625,000	22 A 0 R 24.88 P	2,215,500	2,120,947	94,553
	385, Colombo Road, Welisara	22.12.2022	725,000	8 A 3 R 12.23 P	1,023,000	936,327	86,673
	No.377, Negombo Road, Welisara, Ragama	22.12.2022	750,000	1 A 1 R 17.80 P	163,000	75,935	87,065
Ace Distriparks (Pvt) Ltd (a)	80, Negombo Road, Wattala	22.12.2022	1,750,000	2 A 2 R 17.03 P	729,800	360,238	369,562
Ahungalla Resorts Ltd (a)	"Ahungalla Resorts", Galle Road, Ahungalla	24.12.2022	" 523,500 - 600,000 "	12 A 3 R 35.21 P	1,113,500	213,623	899,877
Aitken Spence (Garments) Ltd (a)	222, Agalawatte Road, Matugama	20.12.2022	125,000	2 A 3 R 0 P	55,000	49,840	5,160
Aitken Spence Hotel Holdings PLC (a)	"Heritance Ahungalla", Galle Road, Ahungalla	24.12.2022	475,000	11 A 3 R 34.02 P	825,000	806,798	18,202
	"Heritance Ahungalla", Galle Road, Ahungalla	24.12.2022	475,000	0 A 0 R 39.26 P	18,500	13,293	5,207
Aitken Spence Hotel Managements (South India) Ltd (b)	144/7, Rajiv Gandhi Salai, Kottivakkam, OMR, Chennai, India	11.11.2022	13,000,000	0 A 3 R 15.14 P	1,707,891	839,700	868,191
Aitken Spence Property Developments Ltd (a)	90, St.Rita's Estate, Mawaramandiya	14.12.2022	325,000	3 A 0 R 25.08 P	164,000	139,572	24,428
	100, St.Rita's Estate, Mawaramandiya	25.01.2024	370,000	1 A 0 R 0.00 P	59,000	4,761	54,239
Aitken Spence Resorts (Middle East) LLC (c)	Al Hamriya, Sultanate of Oman	15.02.2022	7,500,000	5 A 0 R 8.00 P	6,043,108	785,966	5,257,142
Branford Hydropower (Pvt) Ltd (a)	225, Gangabada Road, Kaludawela, Matale	08.10.2022	60,000	2 A 0 R 14.00 P	20,000	9,467	10,533

# Notes to the Financial Statements

Company	Location	Last revaluation date	Estimated price per perch (Significant unobservable inputs) Rs.	Extent	Carrying amount as at 31.03.2024 Rs.'000	Revaluation surplus Rs.'000	Carrying amount at cost Rs.'000
Clark Spence and Company (Pvt) Ltd (a)	24-24/1, Church Street, Galle	20.12.2022	5,500,000	0 A 1 R 27.90 P	373,450	373,415	35
Heritage (Pvt) Ltd (a)	Moragalla, Beruwala	13.12.2022	375,000	5 A 3 R 6.80 P	347,500	336,420	11,080
Kandalama Hotels Ltd (a)	Kandalama, Dambulla	18.10.2022	370	169 A 2 R 22.00 P	10,000	2,616	7,384
Logilink (Pvt) Ltd (a)	309/4 a, Negombo Road, Welisara	22.12.2022	525,000	2 A 1 R 9.50 P	193,500	111,009	82,491
Meeraladuwa (Pvt) Ltd (a)	Meeraladuwa Island, Balapitiya	27.12.2022	43,500 - 86,500	29 A 2 R 9.00 P	226,350	126,088	100,262
Neptune Ayurvedic Village (Pvt) Ltd (a)	Ayurvedic village - Moragalla, Beruwala	13.12.2022	252,000	0 A 0 R 19.30 P	4,860	796	4,064
Perumbalam Resorts (Pvt) Ltd (d)	Cochin - Kerala, India	23.01.2023	171,000	4 A 0 R 9.00 P	111,065	96,852	14,213
PR Holiday Homes (Pvt) Ltd (d)	Cochin - Kerala, India	22.01.2023	172,000	14 A 0 R 7.52 P	387,380	188,668	198,712
Turyaa (Pvt) Ltd (a)	418, Parallel Road, Kudawaskaduwa, Kalutara	13.12.2022	550,000	5 A 1 R 37.90 P	440,000	420,235	19,765
	49, Sea Beach Road, Kalutara	13.12.2022	700,000	0 A 1 R 30.32 P	39,775	38,287	1,488
	Kudawaskaduwa, Kalutara	13.12.2022	550,000	1 A 3 R 33.20 P	172,000	115,221	56,779
	Kudawaskaduwa, Kalutara	13.12.2022	550,000	0 A 1 R 34.30 P	40,000	30,826	9,174
Vauxhall Investments Ltd (a)	316, K. Cyril C. Perera Mw., Colombo 13	30.09.2022	4,250,000	0 A 1 R 21.08 P	252,972	231,133	21,839
Vauxhall Property Developments Ltd (a)	305, Vauxhall Street, Colombo 02	31.12.2022	12,500,000	0 A 2 R 24.73 P	1,305,776	1,291,045	14,731
					22,699,029	14,326,117	8,372,912

The above lands have been revalued on the basis of current market value by independent, qualified valuers who have recent experience in the location and category of property being valued.

- a Valuation of the land was carried out by Mr. K.C.B Condegama, F.I.V (Sri Lanka).
- b Valuation of the land was carried out by CBRE South Asia Pvt. Ltd, India.
- c Valuation of the land was carried out by R. Tulsian Global, Oman.
- d Valuation of the land was carried out by Mr. T.T. Kripananda Singh, B.Sc.(Engg.) Civil, FIE, FIV, C.(Engg.) (India).

### Melsta Logistics (Pvt) Ltd

Free hold Land and Building of the company were revalued by Mr. S. Sivaskanthan, F.I.V (Sri Lanka) an independent professional valuer on 31st March 2024 on “contractor’s Principle Basis” and incorporated in the financial statements of the group. In this valuation technique, the valuer has used the contractors cost method as a reference price to value properties. The surplus on revaluation credited to revaluation reserve while loss has been charged to profit and loss.

Location	Revalued Amount Rs.'000	Number of Buildings	Building Area Sq.Ft.	Significant Unobservable Inputs Buildings	Range of estimates for unobservable input Per sq. ft Buildings (Rs)	Sensitivity of fair value to unobservable inputs
Seed Farm Road, Nawayalthenna, Katugastota,Kandy	356,000	5	37,547 sq.ft	Depreciated construction cost	7,500-11,500	Positively correlated sensitivity
No.160,Negombo Road, Seeduwa,	145,400	5	44,136 sq.ft	Depreciated construction cost	3,750-8,750	Positively correlated sensitivity

### 15.3 Gross carrying value of fully depreciated assets

The cost of the fully depreciated assets of the Group and the Company amounts to Rs.33,297Mn. (Rs.28,664Mn-2022/23) and Rs.25.7Mn (Rs.15.5Mn-2022/23) respectively as at reporting date.

### 15.4 Property plant and equipment that have been pledged

The property plant and equipment that are pledged for long term borrowings are disclosed in Note 43 to these financial statements.

### 15.5 Borrowing cost - capitalised

Borrowing cost capitalised during the year is disclosed in Note 31 to these financial statements.

# Notes to the Financial Statements

## 15.7 Provision for impairment of Property, plant and equipment

### (a) Melsta Laboratories (Private) Limited

Melsta Laboratories (Private) Limited is a fully owned subsidiary of Melsta Health (Private) Limited. Considering the continuous losses, obsolescence of medical equipments and the decline in operations of the Company, the Board of Directors of Melsta Laboratories (Private) Limited assessed its Property, Plant and Equipment for impairment as at 31st March 2024. As such, following provisions for impairment were recognised in the financial statements as at 31st March 2024.

Description	Impairment amount Rs.'000
Improvements to buildings	76,089
Motor vehicles	7,924
Computer equipment & software	327
Medical equipment	67,626
	151,966

Considering the specialized nature of these equipments, the Board of Directors of the Group has assumed the recoverable value to be zero.

### (b) Lanka Bell Limited

Lanka Bell Limited is a fully owned subsidiary of Milford Holdings (Private) Limited. Considering the continuous losses, obsolescence of technology and rapid decline in operations and consequent to the termination of External Gateway License during the year ended 31st March 2023, the Board of Directors of Lanka Bell Limited assessed its Property, Plant and Equipment for impairment as at 31st March 2024. As such, following provisions for impairment were recognised in the financial statements as at 31st March 2024.

Description	Impairment amount Rs.'000
Furniture, fittings & office equipment	12,607
Customer premise equipment	13,009
	25,616

Recoverable value of the equipments, furniture & fittings were considered as zero as at the reporting date.

## 16 INTANGIBLE ASSETS

For the year ended 31 March,	Group							2023 Total Rs.'000
	2024							
	License fees Rs.'000	FLAG cable Rs.'000	Software cost and implementation Rs.'000	Software cost and implementation (WIP) Rs.'000	Goodwill on acquisition (Note 16.3) Rs.'000	Other Rs.'000	Total Rs.'000	
<b>Cost/carrying value</b>								
Balance at the beginning of the year	1,487,266	2,797,761	906,470	6,374	6,735,678	36,260	11,969,809	11,355,726
Acquisitions of subsidiaries during the year	-	-	508,900	-	646,086	-	1,154,986	331,364
Exchange Difference	-	-	(21,285)	-	(67,752)	-	(89,037)	113,174
Additions	-	-	37,070	-	-	-	37,070	177,871
Other transfers	-	-	26,240	-	-	(26,240)	-	-
Transferred to Assets Held for Sale	-	-	-	-	-	-	-	(100)
Transfers from property, plant and equipment	-	-	10,802	-	-	-	10,802	-
Disposals	-	-	(1,296)	-	-	-	(1,296)	(8,226)
<b>Balance at the end of the period</b>	<b>1,487,266</b>	<b>2,797,761</b>	<b>1,466,901</b>	<b>6,374</b>	<b>7,314,012</b>	<b>10,020</b>	<b>13,082,334</b>	<b>11,969,809</b>
<b>Accumulated amortisation and impairment</b>								
Balance at the beginning of the year	1,487,266	2,797,761	785,398	-	997,840	34,604	6,102,869	5,377,147
Exchange Difference	-	-	(19,582)	-	-	-	(19,582)	17,506
Acquisitions of subsidiaries during the year	-	-	453,815	-	-	-	453,815	-
Amortised during the year	-	-	58,490	-	-	-	58,490	200,240
Impaired during the year	-	-	-	-	-	-	-	516,292
Other transfers	-	-	25,011	-	-	(25,011)	-	-
Transferred to Assets Held for Sale	-	-	-	-	-	-	-	(90)
Transfers from property, plant and equipment	-	-	10,650	-	-	-	10,650	-
Disposals	-	-	(1,296)	-	-	-	(1,296)	(8,226)
<b>Balance at the end of the period</b>	<b>1,487,266</b>	<b>2,797,761</b>	<b>1,312,486</b>	<b>-</b>	<b>997,840</b>	<b>9,593</b>	<b>6,604,946</b>	<b>6,102,869</b>
<b>Carrying value</b>								
As at beginning of the year	-	-	121,072	6,374	5,737,838	1,656	5,866,940	5,978,579
<b>As at end of the year</b>	<b>-</b>	<b>-</b>	<b>154,415</b>	<b>6,374</b>	<b>6,316,172</b>	<b>427</b>	<b>6,477,388</b>	<b>5,866,940</b>

# Notes to the Financial Statements

For the year ended 31 March,	Company			2023
	2024			
	Software cost and implementation Rs.'000	Software cost and implementation (WIP) Rs.'000	Total Rs.'000	Total Rs.'000
<b>Cost/carrying value</b>				
Balance at the beginning of the year	6,358	1,374	7,732	6,358
Additions during the year	318	-	318	1,374
<b>Balance at the end of the period</b>	<b>6,676</b>	<b>1,374</b>	<b>8,050</b>	<b>7,732</b>
<b>Accumulated amortisation and impairment</b>				
Balance at the beginning of the year	6,158	-	6,158	5,772
Amortised during the year	258	-	258	386
<b>Balance at the end of the period</b>	<b>6,416</b>	<b>-</b>	<b>6,416</b>	<b>6,158</b>
<b>Carrying value</b>				
As at beginning of the year	200	1,374	1,574	586
<b>As at end of the year</b>	<b>260</b>	<b>1,374</b>	<b>1,634</b>	<b>1,574</b>

## 16.1 License fees

- (i) License fee represents the operator license fee of Rs. 408Mn paid as a renewal of operating licence fee and it is amortised over 10 years commencing from 1st March 2016.
- (ii) The External Gateway License fee of Rs. 102Mn is amortised over a period of 10 years, commencing from 28th February 2013.
- (iii) The Wi-Max 2365-2380 MHz License Fee of Rs. 510.2Mn was paid in 2011/12 and 2012/13 and operations commenced on 1st July 2013.

Considering the decline in operations, these license are fully impaired as at the reporting date.

## 16.2 FLAG cable

FLAG cable represents the expenditure incurred on under sea fiber optic cable link and the landing station, which enables the Company to offer direct global connectivity and a complete end-to-end data connectivity solution. The total expenditure is amortised over the license period of 15 years on a straight line basis from August 2008.

### 16.3 Goodwill on acquisition

The Goodwill on acquisition represents following amounts

For the year ended 31 March,	Group	
	2024 Rs.'000	2023 Rs.'000
Diversified sector	5,598,224	5,665,976
Plantation sector	71,862	71,862
Beverage sector	447,998	-
Real estate sector	198,088	-
	6,316,172	5,737,838

**16.3.1** The Group has assessed the goodwill on acquisition for impairment in accordance with LKAS 36 - "Impairment of Assets" and as per the assessment no impairment was recognised during the year ended 31st March 2024 (2023: Nil).

In assessing the impairment, the Group identified the components related to the Goodwill as separate cash generating units. The recoverable value of these CGUs have been calculated as follows,

#### 16.3.1.1 Diversified Sector

The recoverable amount of the components in diversified sector was determined with reference to its fair value less cost to sell as at 31st March 2024. In determining the fair value less cost to sell, the Group has considered a combination of valuation techniques that considers the net assets values of companies within the diversified sector and market-based sector multiples of the companies operated in each sector. Key assumptions used in the calculation of the fair value less cost to sell are,

The Group does not have any commitments that would require considerable time to be fulfilled over disposal of the sector prior to a possible disposal

Costs of obtaining approvals are not material.

Non - Marketability adjustment for non-listed components within the range of 10% - 60%

Fair value measurement under this method could be classified as a level 3 valuation.

# Notes to the Financial Statements

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## 16.3.1.2 Healthcare Sector

Consequent to the Group's assessment of impairment on Goodwill on Consolidation, a full provision of impairment amounting to Rs. 352.6 Mn was recognised for the Goodwill of Healthcare Sector during the year ended 31st March 2022. The recoverable value of this CGU was determined with reference to its Fair Value less cost to sell measured using the net assets value of the sub-group. Fair Value determined under this approach could be classified as a Level-3 Fair Value measurement. In estimating the recoverable value of the Group assumed that costs related to realisation of the recoverable value as immaterial.

## 16.3.1.3 Plantation sector

Recoverable value of plantation sector has been determined based on fair value less cost to sell calculation that considers the market values of these companies adjusted appropriately to reflect the conditions applicable to the cash generating unit. Fair value estimated under this method could be classified as a Level 3 fair value measurement. Following key assumptions were used in the estimation.

Control premium 10% - 15%

Costs related to sale of the investment is not material.  
Regulatory approvals will be granted for the transaction.

The applicable control premium has been determined based on comparable historical transactions.

## 16.3.1.4 Beverage sector

The recoverable amount of the component in the beverage sector was determined with reference to its fair value less cost to sell as at 31st March 2024. As discussed in note 20.5.1 to these financial statements, the Group has acquired the subsidiary on 10th January 2024. The Board of directors of the parent company assumed that the recoverable value of this subsidiary has not significantly deviated from the consideration paid at the time of acquisition and the consideration paid on the acquisition of the subsidiary reflects the best evidence of the CGU's recoverable value as at 31st March 2024. In estimating the recoverable value of the component, the Group assumed that costs related to realisation of the recoverable value as immaterial.

## 16.3.1.5 Real estate sector

The recoverable amount of the component in the real estate sector was determined with reference to its fair value less cost to sell as at 31st March 2024. As discussed in note 20.5.2 to these financial statements, the Group has acquired the subsidiary on 12th October 2023. Since the acquisition was made during the year ended 31st March 2024, the Board of directors of the Group assumed that the recoverable value of this subsidiary has not significantly deviated from the consideration paid at the time of acquisition and the consideration paid on the acquisition of the subsidiary reflects the best evidence of the CGU's recoverable value as at 31st March 2024. In estimating the recoverable value of the component, the Group assumed that costs related to realisation of the recoverable value as immaterial.



## 17 INVESTMENT PROPERTY

As at 31 March,	Group				
	Land	Building	Capital Work In Progress	Total	
	Rs.'000	Rs.'000	Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Valuation</b>					
Balance at the beginning of the year	6,779,166	690,089	13,803	7,483,058	7,473,414
Acquisition of Subsidiary	500,500	258,500	-	759,000	-
Additions during the year	183,648	16,974	95,325	295,947	14,411
Change in fair value during the year	212,458	38,172	-	250,630	341,499
Provision for Impairment	-	-	(13,803)	(13,803)	-
Transfers from/ (to) property, plant and equipment	-	25,642	-	25,642	(346,266)
<b>Balance at the end of the period</b>	<b>7,675,772</b>	<b>1,029,377</b>	<b>95,325</b>	<b>8,800,474</b>	<b>7,483,058</b>

As at 31 March,	Company			
	Land	Building	Total	
	Rs.'000	Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Cost/Valuation</b>				
Balance at the beginning of the year	5,501,254	1,599,700	7,100,954	6,586,161
Additions	-	-	-	-
Change in fair Value	362,551	15,036	377,587	514,793
<b>Balance at the end of the period</b>	<b>5,863,805</b>	<b>1,614,736</b>	<b>7,478,541</b>	<b>7,100,954</b>

# Notes to the Financial Statements

## 17.1 Revaluation of Investment Properties

### 17.1.1 Valuation details

#### Melstacorp PLC

A valuation of investment properties of Melstacorp PLC was carried out by incorporated valuers Mr. Sivaskanthan F.I.V (Sri Lanka) by using "Contractor's Principle Method" and incorporated in the financial statements of the group as at 31st March 2024.

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No 451, Galle Road, Kollupitiya, Colombo 03	570,640	0	-	0A-OR-20.38P	-	Estimated price per perch		28,000,000		Positively correlated sensitivity
No. 63, Norris Canal Road, Maradana, Colombo 10.	259,400	21,500	2	25.94P	5,642	Estimated price per perch	Depreciated construction cost	10,000,000	7,400-7,650	Positively correlated sensitivity
No.04, Alfred House Garden, Colombo 03 (Geethajalie Place)	527,350	98,050	1	0A-OR-19.9P	12,768	Estimated price per perch	Depreciated construction cost	26,500,000	12,800	Positively correlated sensitivity
No.453, Galle Road, Colombo 03.	1,063,313	31,388	1	39.75P	9,652	Estimated price per perch	Depreciated construction cost	26,750,000	7,650	Positively correlated sensitivity
No.20. Bandarawatte Road, Seeduwa	163,800	94,000	2	0A-1R-38P	17,332	Estimated price per perch	Depreciated construction cost	2,100,000	7,000	Positively correlated sensitivity
No 146 & 146/1, Munidasa, Kumaratunga Mawatha, Bandarawatta, Seeduwa	32,769	9,381	2	0A-OR-36.41P	2,284	Estimated price per perch	Depreciated construction cost	900,000	4,500-6,500	Positively correlated sensitivity

## Aitken Spence PLC

The open market value of the below property was determined based on director's valuation as at 31st March 2024.

Location	Significant Unobservable Inputs	Extent	Original Cost Rs.'000	Revalued Amount Rs.'000
Irakkakandi Village, VC Road, Nilaweli	77,000 - 260,000	113A-1R-1P	1,631,904	1,631,258

## Melsta Tower (Pvt) Ltd

Free hold Land and Buildings classified as investment properties of this subsidiary were revalued by Mr.S.Sivaskanthan, F.I.V (Sri Lanka) an independent professional valuer on 31st March 2024 on "contractor's Principle Basis".

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No 136, Vipulasena Mw,Colombo 10.	1,068,750	-	-	0A-2R-38.75P	-	Estimated price per perch	-	9,000,000	-	Positively correlated sensitivity
No 140/1, Vipulasena Mw,Colombo 10.	137,400	-	-	0A-0R-15.27P	-	Estimated price per perch	-	9,000,000	-	Positively correlated sensitivity
No 128, Vipulasena Mw,Colombo 10.	377,100	15,800	2	0A-1R-1.90P	3,255	Estimated price per perch	Depreciated construction cost	9,000,000	6,500-8,250	Positively correlated sensitivity
No 140, Vipulasena Mw,Colombo 10.	196,175	6,825	1	0A-0R-20.65P	1,920	Estimated price per perch	Depreciated construction cost	9,500,000	6,500-8,250	Positively correlated sensitivity

## Melsta House (Pvt) Ltd

Free hold Land and Buildings classified as investment properties of this subsidiary were revalued by Mr.S.Sivaskanthan, F.I.V (Sri Lanka) an independent professional valuer on 12th October 2023 on "contractor's Principle Basis". The Board of Directors of the Group are of the view that the fair values of lands and buildings based on the revaluation carried out as at 12th October 2023 represent the market value of the properties at 31st March 2024.

Location	Revalued Amount Rs.'000		Number of Buildings	Land Extent	Building Area Sq.Ft.	Significant Unobservable Inputs		Range of estimates for unobservable input		Sensitivity of fair value to unobservable inputs
	Land	Buildings				Land	Buildings	Per perch Land (Rs)	Per sq. ft Buildings (Rs)	
No.201,De Saram Place, Colombo 10	500,500	258,500	1	38.5 P	25,653	Estimated price per perch	Depreciated construction cost	13,000,000	13,000	Positively correlated sensitivity

# Notes to the Financial Statements

## Balangoda Plantations PLC

Investment Property of the Company are stated based on a valuation performed by Mr.W.M Chandrasena, R I C S (Sri Lanka) an external, independent Chartered Valuer, as at 31 December 2023 using Depreciation Replacement Cost method. The details of which are as follows

Region	Estate	Location	Revalued Amount (Rs)	Number of Buildings	Building Area	Significant Unobservable Inputs	Range of estimates for unobservable input Buildings(Rs)	Significant Unobservable Inputs
			Buildings	Nos	Sq,Ft			
Rathnapura	Mutwagalla	Tea Factory- Mutwagalla Estate, Kiriella	53,323,194	8	40,556	Estimated replacement cost per Sq.Ft adjusted for wear and tear	2,500-4,000	Positively correlated sensitivity
Rathnapura	Millawitiya	Tea Factory- Millawitiya Estate, Ratnapura	45,717,589	4	34,475	Estimated replacement cost per Sq.Ft adjusted for wear and tear	900-4,000	Positively correlated sensitivity
Rathnapura	Palmgarden	Restaurant- Palmgarden Estate,Ratnapura	8,517,585		4,500	Estimated replacement cost per Sq.Ft adjusted for wear and tear	4,200	Positively correlated sensitivity
Balangoda	Rye/ Wikilliya	Tea Factory- Rye/ Wikilliya Estate, Balangoda	185,488,837	19	139,052	Estimated replacement cost per Sq.Ft adjusted for wear and tear	1,600-4,600	Positively correlated sensitivity
Badulla	Gowerakelle	Tea Factory- Gowerakelle Estate, Badulla	74,929,510	3	37,030	Estimated replacement cost per Sq.Ft adjusted for wear and tear	4,000-4,700	Positively correlated sensitivity
Balangoda	Non-Perial	Holiday Bungalow-Non-Perial Estate Balangoda	13,153,172	1	4,465	Estimated replacement cost per Sq.Ft adjusted for wear and tear	6,500	Positively correlated sensitivity
Rathnapura	Palmgarden	Tea Factory- Palmgarden Estate, Rathnapura	53,230,261	1	45,168	Estimated replacement cost per Sq.Ft adjusted for wear and tear	1,100-4,500	Positively correlated sensitivity
Balangoda	Agarsland	Tea Factory- Agarsland Estate, Rasagalla Balangoda	18,394,943	1	19,228	Estimated replacement cost per Sq.Ft adjusted for wear and tear	2,000-3,800	Positively correlated sensitivity

### 17.1.2 Sensitivity of assumptions employed in investment property valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the investment property valuation.

#### Melstacorp PLC

For the year ended 31 March,	Increase/ (Decrease) in Land & Building at Melstacorp	2024			
		Land		Building	
		Sensitivity Effect on Statement of profit or loss Increase/ (Reduction) in results for the year (Rs.'000)	Sensitivity Effect on Statement on Investment Property Increase/ (Decrease) in results in the assets (Rs.'000)	Sensitivity Effect on Statement of profit or loss Increase/ (Reduction) in results for the year (Rs.'000)	Sensitivity Effect on Statement on Investment Property Increase/ (Decrease) in results in the assets (Rs.'000)
No 451, Galle Road, Kollupitiya, Colombo 03	5%	28,532	28,532	-	-
	-5%	(28,532)	(28,532)	-	-
No 146 & 146/1, Munidasa, Kumaratunga Mawatha, Bandarawatta, Seeduwa	5%	1,638	1,638	469	469
	-5%	(1,638)	(1,638)	(469)	(469)
No 63, Norris Canal Road, Maradana, Colombo 10.	5%	12,970	12,970	1,075	1,075
	-5%	(12,970)	(12,970)	(1,075)	(1,075)
No.04, Alfred House Garden, Colombo 03 (Geethajalie Place)	5%	26,368	26,368	4,903	4,903
	-5%	(26,368)	(26,368)	(4,903)	(4,903)
No.453, Galle Road, Colombo 03. (Green Cabin)	5%	53,166	53,166	1,569	1,569
	-5%	(53,166)	(53,166)	(1,569)	(1,569)
No.20, Bandarawatta Road, Seeduwa.	5%	8,190	8,190	4,700	4,700
	-5%	(8,190)	(8,190)	(4,700)	(4,700)

# Notes to the Financial Statements

## Melsta Tower (Pvt) Ltd

For the year ended 31 March,	Increase/ (Decrease) in Land & Building at Melsta Tower (Pvt) Ltd	2024			
		Sensitivity Effect on Statement of profit or loss Increase/ (Reduction) in results for the year (Rs.'000)	Sensitivity Effect on Statement on Investment Property Increase/ (Decrease) in results in the assets (Rs.'000)	Sensitivity Effect on Statement of profit or loss Increase/ (Reduction) in results for the year (Rs.'000)	Sensitivity Effect on Statement on Investment Property Increase/ (Decrease) in results in the assets (Rs.'000)
No.136, Vipulasena Mw, Colombo 10	5%	53,438	53,438	-	-
	-5%	(53,438)	(53,438)	-	-
No.128, Vipulasena Mw, Colombo 10.	5%	18,855	18,855	790	790
	-5%	(18,855)	(18,855)	(790)	(790)
No.140, Vipulasena Mw, Colombo 10.	5%	9,809	9,809	341	341
	-5%	(9,809)	(9,809)	(341)	(341)
No.140/1, Vipulasena Mw, Colombo 10.	5%	6,870	6,870	-	-
	-5%	(6,870)	(6,870)	-	-

## Melsta House (Pvt) Ltd

For the year ended 31 March,	Increase/ (Decrease) in Land & Building at Melsta Tower (Pvt) Ltd	2024			
		Sensitivity Effect on Statement of profit or loss Increase/ (Reduction) in results for the year (Rs.'000)	Sensitivity Effect on Statement on Investment Property Increase/ (Decrease) in results in the assets (Rs.'000)	Sensitivity Effect on Statement of profit or loss Increase/ (Reduction) in results for the year (Rs.'000)	Sensitivity Effect on Statement on Investment Property Increase/ (Decrease) in results in the assets (Rs.'000)
No.201 ,De Saram Place, Colombo 10	5%	25,025	25,025	12,925	12,925
	-5%	(25,025)	(25,025)	(12,925)	(12,925)

## 18 BIOLOGICAL ASSETS

As at 31 March,	Note	Group	
		2024 Rs.'000	2023 Rs.'000
Bearer biological assets	18.1	2,919,429	2,940,930
Consumer biological assets	18.2	7,975,873	6,917,259
		10,895,302	9,858,189

## 18.1 Bearer biological assets

As at 31 March,	Note	Group	
		2024 Rs.'000	2023 Rs.'000
On finance lease (JEDB/SLSPC)	18.1.1	5,100	16,183
Investments after formation of the plantation company/ in new Plantation	18.1.2	2,914,329	2,924,747
		2,919,429	2,940,930

### 18.1.1 On finance lease (JEDB/SLSPC)

In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka prevailed at the time of privatisation of plantation estates, all immovable assets in these estates under finance leases have been taken into the books of the Company retroactive to 18th June 1992. For this purpose, the Board decided at its meeting on 8th March, 1995, that these assets be stated at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of the Company.

For the year ended 31 March,	Mature Plantations	
	2023 Total Rs.'000	2022 Total Rs.'000
<b>Cost</b>		
Balance as at the beginning of the year	417,888	417,887
Balance as at the end of the year	417,888	417,887
<b>Accumulated amortisation</b>		
Balance as at the beginning of the year	401,704	390,519
Amortisation for the year	11,084	11,185
Balance as at the end of the year	412,788	401,704
<b>Carrying amount</b>	5,100	16,183

# Notes to the Financial Statements

## 18.1.2 Investments after formation of the plantation companies/ in new Plantation

For the year ended 31 March,	2024			2023
	Immature Plantations Rs.'000	Mature Plantations Rs.'000	Total Rs.'000	Total Rs.'000
<b>Cost</b>				
Balance as at the beginning of the year	1,607,932	3,103,437	4,711,369	4,487,282
Additions/ Transfers in during the year	219,446	-	219,446	233,079
Disposals/ Transfers out	(99,518)	99,518	-	(27)
Write-off during the year	(204)	(15,210)	(15,414)	(8,965)
Balance as at the end of the year	1,727,656	3,187,745	4,915,401	4,711,369
<b>Accumulated amortisation and impairment</b>				
Balance as at the beginning of the year	728,634	1,057,988	1,786,622	1,655,390
Charge for the year	-	124,476	124,476	111,034
Provision for impairment	85,791	10,261	96,052	22,066
Write-off During the year	-	(6,078)	(6,078)	(1,868)
Balance as at the end of the year	814,425	1,186,647	2,001,072	1,786,622
<b>Carrying amount at the end of the year</b>	<b>913,231</b>	<b>2,001,098</b>	<b>2,914,329</b>	<b>2,924,747</b>

Investments in bearer plants since the formation of the Balangoda Plantations PLC and Madulsima Plantations PLC have been classified as shown above and mainly includes tea and rubber plantations. Bearer plants are stated at cost less accumulated depreciation and impairment in accordance with LKAS 16 - "Property, plant and equipment".

The immature plants are classified as mature plants when they are ready for commercial harvesting.

### 18.1.2.1 Impairment of bearer biological assets

The Company has performed an impairment assessment on immature biological assets and identified that some of immature plantations are non existing and / or untappable. Accordingly, the management has performed a calculation of provision for impairment on such immature fields based on the costs incurred after considering the recoverable amount of untappable trees based on fair value less cost to sell.



### 18.1.3 Produce on Bearer Biological Assets

For the year ended 31 March,	Group	
	2024 Rs.'000	2023 Rs.'000
Balance as at the beginning of the year	17,968	5,568
Change in fair value less cost to sell	(4,860)	12,400
<b>Balance as at the end of the year</b>	<b>13,108</b>	<b>17,968</b>

The volume of produce growing on bearer plants are measured using the estimated crop of the last harvesting cycle of the year as follows:

Tea - Three days crop (50% of 6 days cycle)

Rubber - One days crop (50% of 2 days cycle)

Produce that grows on mature bearer plantations are measured at fair value less cost to sell. The value of the unharvested green leaves is measured using the Tea Commissioner's formula for bought leaf and rubber crop is fair valued using RSS prices.

### 18.2 Consumable biological assets

As at 31 March,	Group	
	2024 Rs.'000	2023 Rs.'000
Balance as at the beginning of the year	6,917,259	6,373,610
Increase due to development	33,498	37,829
Decrease due to harvest/transfer	-	-
Gain arising from changes in fair value less cost to sell	1,025,116	505,820
<b>Balance as at the end of the year</b>	<b>7,975,873</b>	<b>6,917,259</b>

# Notes to the Financial Statements

## 18.2.1 Information about Fair value measurements using significant unobservable inputs (Level 3)

### Balangoda Plantations PLC

The valuation of consumable biological assets was carried by Mr Chadrasena Weerasinghe, an independent Chartered Valuation Surveyor, using Discounted Cash Flows (DCF) methods. The Valuation Report dated 31 December 2023 has been prepared based on the physically verified timber statistics provided by the Company. The future cash flows are determined by reference to current timber prices. The fair value measurement for the consumable biological assets has been categorised as Level 3 fair value based on the inputs to the valuation technique used.

#### Valuation techniques and significant unobservable inputs

Type Valuation	Technique Used	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
<b>Standing timber</b>	<b>Discounted cash flows</b>	<b>Determination of Timber Content</b>	
Standing timber older than 4 years.	<p>The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per- tree basis.</p> <p>Expected cash flows are discounted using a risk adjusted discount rate of 17% (2022: 22.5%)</p>	<p>Timber trees in inter-crop areas and pure crop areas have been identified field-wise and species were identified and harvestable trees were separated, according to their average girth and estimated age.</p> <p>Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size.</p> <p><b>Determination of Price of Timber</b></p> <p>Trees have been valued as per the current timber prices per cubic meter based on the price list of the State Timber Corporation and prices of timber trees sold by the estates and prices of logs sawn timber at the popular timber traders in Sri Lanka.</p> <p>In this exercise, following factors have been taken into consideration.</p> <ol style="list-style-type: none"> <li>Cost of obtaining approval of felling.</li> <li>Cost of felling and cutting into logs.</li> <li>Cost of transportation.</li> <li>Sawing cost.</li> <li>Cost of sale.</li> <li>Exclusion of trees located in restricted area specialised in the circular no 2019/01 dated on 6 November 2019 issued by the Ministry of Plantation Industries.</li> </ol> <p>Accordingly, prices falling within the range of Rs. 150 - 50,000 per cubic ft. has been considered in the valuation</p> <p><b>Risk-adjusted discount rate</b></p> <p>2023 - 17% (Risk Premium 3.5%) 2022 - 22.5% (Risk Premium 3.5%)</p>	<p>The estimated fair value would increase/ (decrease) if;</p> <ul style="list-style-type: none"> <li>the estimated timber content were higher/ (lower).</li> <li>the estimated timber prices per cubic meter were higher/(lower).</li> <li>the estimated selling related costs were lower/(higher).</li> <li>the estimated maturity age were higher/(lower).</li> <li>the risk-adjusted discount rate were lower/(higher).</li> </ul>

## Madulsima Plantations PLC

The valuation of consumable biological assets was carried by Mr Weerasinghe Chadrasena, an independent Incorporated Valuation Surveyor, using Discounted Cash Flows (DCF) methods. The Valuation Report dated 31 December 2023 has been prepared based on the physically verified timber statistics provided by the Company. The future cash flows are determined by reference to current timber prices. The fair value measurement of the consumable biological assets have been categorised as level 3 fair value based on the inputs to the valuation technique used.

### Valuation techniques and significant unobservable inputs

Non Financial Assets	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs	Relationship pf Unobservable inputs to Fair Value
Standing timber older than 4 years	Discounted Cash Flow Method The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree per- tree basis.	Discounting factor	17% (2022-22%)	The higher the discount rate, the lower the fair value
		Optimum rotation (Maturity)	25-35 years	Lower the rotation period, the higher the fair value
		Price per cu.ft	Rs.150/- Rs.700/- per Cu.Ft	The higher the price per cu.ft, the higher the fair value
Young plants (Age less than 4 years)	Cost Techniques The cost techniques consider the cost of creating a comparable plantation, taking in to account the cost of infrastructure, cultivation and preparation, buying and planting young trees with an estimate profit that would apply to this activity.	Estimated cost of cultivation and preparation per hectare	Rs. 250,000 - Rs. 350,000	The estimated fair value would increase (decrease) if; The estimated cost of infrastructure, cultivation and preparation and buying and planting trees were higher/ (lower).
		Estimated cost of buying and planting young plants per hectare	Rs. 62,000 - Rs. 65,000	

In determining the fair value, highest and best use of timber, current condition of the trees and expected timber content at harvesting have been considered. Also, the valuers have made reference to market evidence of transaction prices of the each company, and the market prices of timber corporation, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

The biological assets of the Group are mainly cultivated in leased lands. When measuring the fair value of the biological assets, it was assumed that these concessions can and will be renewed at normal circumstances. Timber content expects to be realised in future and is included in the calculation of the fair value that takes into account the age of the timber plants and not the expiration date of the lease.

### The Group is exposed to the following risks relating to its timber plantations.

#### Regulatory and environmental risks

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

#### Supply and demand risk

The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

# Notes to the Financial Statements

## Climate and other risks

The Company's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys. The Company also insures itself against natural disasters such as floods, land slides and hurricanes.

## Key assumptions used in the valuation

1. The harvesting is approved by the PMMD and Forest Department based on the forestry development plan
2. The prices adopted are net of expenditure
3. Though the replanting is a condition precedent for harvesting, yet the cost are not taken in to consideration.

## 18.2.3 Sensitivity Analysis

### Sensitivity variation sales price

Values as appearing in the statement of financial position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets :

Managed Timber	-10% Rs.'000	10% Rs.'000
As at 31st December, 2023	(815,226)	815,225
As at 31st December, 2022	(691,726)	691,726

### Sensitivity variation discount rate

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied. Simulations made for timber trees show that a rise or decrease by 1% of the discount rate has the following effect on the net present value of biological assets:

Managed Timber	-1% Rs.'000	1% Rs.'000
As at 31st December, 2023	322,229	(294,159)
As at 31st December, 2022	326,952	(151,304)

## 18.3 Gain / (Loss) on fair value of biological assets

For the year ended 31 March,	Note	Group	
		2024 Rs.'000	2023 Rs.'000
From Consumable biological assets	18.2	1,025,116	505,820
From produce on bearer biological assets	18.1.3	(4,860)	12,400
		1,020,256	518,220

## 19 RIGHT-OF-USE ASSETS

### 19.1 Movement during the year

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as right-of-use assets.

As at 31 March,	Group				2023
	2024				Total
	Right-of-Use Land	Right-of-Use buildings	Right-of-Use Motor Vehicles	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cost</b>					
Balance at the beginning of the year	31,742,152	5,169,865	-	36,912,017	33,545,126
Acquisition of subsidiaries	5,098	102,919	60,275	168,292	63,464
Exchange difference	(2,324,181)	(549,078)	-	(2,873,259)	3,163,381
Termination of leases	-	(30,036)	-	(30,036)	-
Operating leases pre-paid	103,128	-	-	103,128	-
Remeasurement during the year	202,146	(29,073)	-	173,073	67,612
Additions	216,355	196,533	-	412,888	134,834
Disposals	(12,566)	(23,183)	-	(35,749)	(62,400)
<b>Balance at the end of the year</b>	<b>29,932,132</b>	<b>4,837,947</b>	<b>60,275</b>	<b>34,830,354</b>	<b>36,912,017</b>
<b>Accumulated depreciation</b>					
Balance at the beginning of the year	12,787,542	3,351,748	-	16,139,290	13,021,919
Remeasurement during the year	(4,177)	(19,736)	-	(23,913)	(5,070)
Acquisition of subsidiaries	2,353	63,909	47,006	113,268	6,060
Exchange difference	(1,020,199)	(371,479)	-	(1,391,678)	1,072,492
Charge for the year	1,400,158	430,198	-	1,830,356	2,070,322
Capitalised under property, plant and equipment	5,705	-	-	5,705	-
Termination of leases	-	(20,249)	-	(20,249)	-
Disposals	(12,566)	(14,201)	-	(26,767)	(26,433)
<b>Balance at the end of the year</b>	<b>13,158,816</b>	<b>3,420,190</b>	<b>47,006</b>	<b>16,626,012</b>	<b>16,139,290</b>
<b>Carrying amount as at 31st March</b>					
- Recognised under non-current	16,772,773	1,417,757	13,269	18,203,799	20,771,732
- Recognised under current *	543	-	-	543	995
<b>Carrying amount as at 31st March</b>	<b>16,773,316</b>	<b>1,417,757</b>	<b>13,269</b>	<b>18,204,342</b>	<b>20,772,727</b>

# Notes to the Financial Statements

As at 31 March,	Company		
	2024		2023
	Right-of-Use buildings Rs.'000	Total Rs.'000	Total Rs.'000
<b>Cost</b>			
Balance at the beginning of the year	36,521	36,521	36,521
Balance at the end of the year	36,521	36,521	36,521
<b>Accumulated depreciation</b>			
Balance at the beginning of the year	14,608	14,608	7,304
Charge for the year	7,304	7,304	7,304
Balance at the end of the year	21,912	21,912	14,608
<b>Carrying amount as at 31st March</b>	<b>14,609</b>	<b>14,609</b>	<b>21,913</b>

\* Consequent to the expiry of the short term power purchase agreement (PPA) signed between Ace Power Embilipitiya (Pvt) Ltd., a subsidiary company and the Ceylon Electricity Board (CEB) on 04th March 2024, discussions concerning an extension to the PPA are ongoing with the CEB. As the outcome of these discussions are uncertain right-of-use assets of Ace Power Embilipitiya (Pvt) Ltd., continued to be treated under current assets.

## 19.2 Amounts recognised in profit or loss on SLFRS 16 - Leases

	Note	Group		Company	
		2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Depreciation expense of right-of-use assets	19.1	1,830,356	2,070,322	7,304	7,304
Interest on lease liabilities	32	1,060,071	1,257,081	1,498	1,990

## 19.3 Amounts recognised in statement of cash flows on SLFRS 16 - Leases

	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Total cash outflow for leases	3,123,630	3,488,091	8,743	8,326

## 19.4 Details of right-of-use assets relating to leased properties

Company	Nature of the leasing activity	Location of the leased property	Unexpired lease periods as at 31.03.2024
Ace Apparels (Pvt) Ltd	Land	Koggala - Sri Lanka	40 years
Ace Containers (Pvt) Ltd	Yard and Warehouse facilities	Wattala - Sri Lanka	30 years
Ace Container Terminals (Pvt) Ltd	Land	Biyagama - Sri Lanka	1 - 4 years
Ace Container Terminals (Pvt) Ltd	Land	Katunayake - Sri Lanka	64 years
Ace Distriparks (Pvt) Ltd	Land	Mihinthale - Sri Lanka	20 years
Ace Distriparks (Pvt) Ltd	Warehouse facilities	Welisara and Wattala - Sri Lanka	1 - 2 years
Ace Power Embilipitiya (Pvt) Ltd	Land	Embilipitiya - Sri Lanka	01 year
Ace Windpower (Pvt) Ltd	Land	Ambewela - Sri Lanka	09 years
Aitken Spence Agriculture (Pvt) Ltd	Land	Dambulla - Sri Lanka	19 years
Aitken Spence Cargo (Pvt) Ltd	Warehouse facilities	Mulleriyawa - Sri Lanka	1 - 2 years
Aitken Spence Hotel Managements (Pvt) Ltd	Warehouse facilities	Colombo 02 - Sri Lanka	05 years
Aitken Spence Property Developments (Pvt) Ltd	Land	Colombo 02 - Sri Lanka	02 years
Global Parcel Delivery (Pvt) Ltd	Warehouse facility	Ingiriya - Sri Lanka	03 years
Hethersett Hotels Ltd	Land	Nuwara Eliya - Sri Lanka	71 years
Kandalama Hotels (Pvt) Ltd	Land	Dambulla - Sri Lanka	19 years
Waltrim Hydropower (Pvt) Ltd	Land and building	Nuwara Eliya - Sri Lanka	17 years
Western Power Company (Pvt) Ltd	Land	Muthurajawela - Sri Lanka	23 years
ADS Resorts (Pvt) Ltd	Island	North Male' Atoll - Maldives	03 years
Cowrie Investments (Pvt) Ltd	Island	Raa Atoll - Maldives	25 years
Cowrie Investments (Pvt) Ltd	Island	Raa Atoll - Maldives	41 years
Jetan Travel Services Company (Pvt) Ltd	Island	South Male' Atoll - Maldives	19 years
Unique Resorts (Pvt) Ltd	Island	South Male' Atoll - Maldives	22 years
Fiji Ports Terminal Ltd	Wharfs used for ports operations	Suva - Fiji	05 years

The Group leases office space, office equipment, motor vehicles e.t.c with contract terms of one to five years. These leases are either short term (term leases than one year) and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The value of right-of-use assets pledged by the Group as security for interest-bearing liabilities obtained from banks amounted to Rs. 5,744.4 million (2022/2023 - Rs. 4,766.8 million).

## 19.5 Right to use of land-Madulsima Plantations PLC and Balangoda Plantations PLC

The Right of Use - Lands consist of the lease rights on Janatha Estates Development Board/Sri Lanka State Plantations Corporation Estates. Leases have been executed for a period of 53 years. All of these leases are retroactive to 18 June 1992 the date of formation of the Company. The leasehold right to the land on all of these estates have been taken into the books of the Company on 18 June 1992 immediately after formation of the Company, in terms of the ruling obtained from the Urgent Issues Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka.

# Notes to the Financial Statements

## 19.5.1 Leasehold rights to bare land of JEDB / SLSPC estate assets and immovable (JEDB / SLSPC) estate assets of finance lease acquired by the Government of Sri Lanka

The Government of Sri Lanka has initiated actions under provisions of the Land Acquisition Act No.28 of 1964, to acquire lands from lands leased to the Company in Agarsland Estate, Cecilton Estate, Rasagalla Estate, Non Pareil Estate, Balangoda Estate and Rye Wikiliya Estate located in Balangoda region; Mutuwagala Estate, Palmgarden Estate, Millawitiya Estate, Galauthura Estate and Rambukkanda Estate located in Ratnapura region, and Glen Alpin Estate, Telebedde Estate, Ury Estate and Wewesse Estate located in Badulla region.

The Government of Sri Lanka has already acquired a total land extent of 202.89 hectares (refer Note A below) and also there are no lands in the process of acquiring as at 31 December 2023.

## 19.5.1 Leasehold rights to bare land of JEDB / SLSPC estate assets and immovable (JEDB / SLSPC) estate assets of finance lease acquired by the Government of Sri Lanka

(A) List of lands acquired by the Government as at 31 December 2023

Company	Region	Estate	Purpose of Acquisition	Extent (Hectares)
Balangoda Plantations PLC	Balangoda	Cecilton Estate	Expansion of an Village	7.21
	Balangoda	Non Perial Estate	Construction of R/Non Paeril Tamil Vidyalaya	0.81
	Balangoda	Non Perial Estate	Construction of Army camp	36.18
	Balangoda	Non Perial Estate	Construction of R/Karagastalawa Maha Vidyalaya	1.21
	Balangoda	Non Perial Estate Widening of Road	Widening of Road	0.38
	Balangoda	Non Perial Estate	Widening of Road	0.3
	Balangoda	Non Perial Estate	Village Alienation	12.09
	Balangoda	Agarsland Estate	Construction of R/Wellawala Mukalana Tamil School	0.81
	Balangoda	Agarsland Estate	Village Alienation	6.79
	Balangoda	Rasagalla Estate	Village Alienation	7.87
	Balangoda	Rasagalla Estate	Village Alienation	4.34
	Balangoda	Rasagalla Estate	Village Alienation	2.37
	Balangoda	Rasagalla Estate	Construction of Estate Hospital - Rasagalla	0.81
	Balangoda	Rye Wikiliya Estate	Construction of Balangoda Pinnawala Police Station	1
	Balangoda	Rye Wikiliya Estate	Village Alienation	2.02
	Ratnapura	Mutwagala Estate	Construction of North Karadana Police Post	0.06
	Ratnapura	Palmgarden Estate	Construction of an Industrial Estate	34.49
	Ratnapura	Palmgarden Estate	Village Alienation	5.26
	Badulla	Glen Alpin Estate	Expansion of Uva Wellassa University	10.1
	Badulla	Glen Alpin Estate	Construction of an Industrial Zone	9.49
Badulla	Telebedde Estate	Construction of a Lake	1.62	
Badulla	Ury Estate	Village Alienation	2.9	
Badulla	Wewesse Estate	Expansion of Uva Wellassa University	17.81	
Ratnapura	Galuthara Estate	Construction of Houses for Flood Victims	1.18	
Ratnapura	Millawitiya Estate	Village Alienation	11.86	
Ratnapura	Mutwagala Estate	Village Alienation	4.9	
Ratnapura	Rambukkanda Estate	Construction of Houses for Flood Victims	3.49	



Company	Region	Estate	Purpose of Acquisition	Extent (Hectares)
	Ratnapura	Rambukkanda Estate	Construction of Houses for Flood Victims	4.78
	Balangoda	Balangoda Estate	Build a Mini Hydro Project	0.66
	Badulla	Ury Estate	Construction of Peradeniya Badulla Highway	0.01
	Badulla	Wewesse Estate	Construction of Peradeniya Badulla Highway	2.91
	Badulla	Telbedde Estate	Construction of a Rural Hospital	0.37
	Badulla	Glen Alpin Estate	Relocation of Diyangalla Tamil School	0.4
	Ratnapura	Palmgarden Estate	Relocation of Ratnapura Tamil Maha Vidyalaya	2.02
Madulsima Plantations PLC	Madulsima	El-Teb	Lower Division No 01 Tamil School	0.81
	Madulsima	Mahadowa	Lower Division No 01 Tamil School	0.44
	Madulsima	Mahadowa	Hospital Development	0.81
	Madulsima	Mahadowa	Chengaladi Road Expansion	0.12
	Madulsima	Uvakellie	Tamil School	0.8
	Madulsima	Veralapatana	Expansion of Madulsima town	0.81
	Madulsima	Veralapatana	Police Station & Quarters	0.6
				202.89

No adjustments have been made to the financial statements in respect of these lands acquired as the compensation receivable on these acquisitions are not known and the Government Valuation is pending as at 31 December 2023. Accordingly, the transactions pertaining to those acquisitions are incomplete as at 31 December 2023.

## 20 INVESTMENTS IN SUBSIDIARIES

As at 31 March,	Note	Company	
		2024 Rs.'000	2023 Rs.'000
Quoted Investments	20.1	57,324,187	57,344,843
Unquoted Investments	20.2	11,529,493	10,624,034
		68,853,680	67,968,877
Less: Provision for impairment of investments in subsidiaries	20.3	(4,691,876)	(4,488,633)
		64,161,804	63,480,244

# Notes to the Financial Statements

## 20.1 Quoted Investments

As at 31 March,	2024				2023			
	Number of shares	Effective holding	Market Value Rs.'000	Cost Rs.'000	Number of shares	Effective holding	Market Value Rs.'000	Cost Rs.'000
Balangoda Plantations PLC	35,268,300	74.61%	1,766,942	2,188,449	35,601,185	75.31%	2,360,359	2,209,105
Browns Beach Hotel PLC	54,273,234	41.88%	705,552	726,399	54,273,234	41.88%	656,706	726,399
Distilleries Company of Sri Lanka PLC	4,252,264,664	92.44%	114,385,919	31,527,517	4,252,262,664	92.44%	83,344,348	31,527,517
Aitken Spence PLC	208,410,213	51.33%	27,145,430	21,858,971	208,410,213	51.33%	27,301,738	21,858,971
Madulsima Plantations PLC	94,429,833	55.71%	934,855	1,022,851	94,429,833	55.71%	1,057,614	1,022,851
			144,938,698	57,324,187			114,720,765	57,344,843

## 20.2 Unquoted Investments

As at 31 March,	2024			2023		
	Number of shares	Effective holding	Cost Rs.'000	Number of shares	Effective holding	Cost Rs.'000
Milford Holdings (Pvt) Limited	333,067,925	98.36%	3,350,000	333,067,925	98.36%	3,350,000
Periceyl (Pvt) Limited	200,000,000	100.00%	6,750	200,000,000	100.00%	6,750
Continental Insurance Lanka Limited	120,000,007	100.00%	1,164,000	120,000,007	100.00%	1,164,000
Melsta Logistics (Pvt) Limited	90,000,000	100.00%	571,486	90,000,000	100.00%	571,486
Bogo Power (Pvt) Limited	993,000,000	99.30%	993,250	993,000,000	99.30%	993,250
Bellvantage (Pvt) Limited	5,000,100	100.00%	75,000	5,000,100	100.00%	75,000
Melsta Properties (Pvt) Limited	158,994,901	100.00%	1,589,949	158,994,901	100.00%	1,589,949
Melsta Tower (Pvt) Limited	65,751,636	100.00%	657,516	65,751,636	100.00%	657,516
Melsta Technologies (Pvt) Limited	1,000,000	100.00%	10,000	1,000,000	100.00%	10,000
Melsta Health (Pvt) Ltd	197,600,002	100.00%	1,976,000	197,600,002	100.00%	1,976,000
Timpex (Pvt) Limited	15,611,662	51.03%	156,897	15,611,661	51.03%	156,897
Splendor Media (Pvt) Limited	100,002	100.00%	50,686	100,002	100.00%	50,686
Texpro Industries Limited (a)	2,250,002	3.85%	22,500	2,250,000	3.85%	22,500
Melsta House (Pvt) Ltd	419,443	100.00%	905,459	-	-	-
			11,529,493			10,624,034

### 20.3 Provision for impairment of investment in subsidiaries

As at 31 March,	Company	
	2024 Rs.'000	2023 Rs.'000
Balance at the beginning of the year	4,488,633	4,448,695
Provision made during the year	203,243	39,938
<b>Balance at the end of the year</b>	<b>4,691,876</b>	<b>4,488,633</b>

The provision for impairment of investments in subsidiary companies as at 31st March 2024 are attributable to followings.

As at 31 March,	Company	
	2024 Rs.'000	2023 Rs.'000
Milford Holdings (Pvt) Limited	3,350,000	3,350,000
Splendor Media (Pvt) Limited	50,686	50,686
Timpex (Pvt) Ltd	156,897	156,897
Melsta Health (Pvt) Ltd	1,111,793	908,550
Texpro Industries Limited	22,500	22,500
	<b>4,691,876</b>	<b>4,488,633</b>

#### 20.3.1 Milford Holdings (Pvt) Limited

The recoverable value of Milford Holdings (Pvt) Limited was calculated with reference to its net assets value (Rs: Nil) held as at 31st March 2024. (Level 3 Valuation)

#### 20.3.2 Splendor Media (Pvt) Limited

The recoverable value of Splendor Media (Pvt) Limited was calculated with reference to its net assets value (Rs: Nil) held as at 31st March 2024. (Level 3 Valuation)

#### 20.3.3 Timpex (Pvt) Ltd/ Texpro Industries Limited

The recoverable value of Timpex (Pvt) Ltd and Texpro Industries Limited were calculated with reference to its net assets value (Rs: Nil) held as at 31st March 2024. (Level 3 Valuation)

#### 20.3.4 Melsta Health (Private) Limited

The recoverable value of Melsta Health (Private) Limited was calculated with reference to its net assets value per share (Rs. 4.37) held as at 31st March 2024 (Level 3 Valuation)

# Notes to the Financial Statements

## 20.4 Group holdings in subsidiaries

	Subsidiary		Sector	Principal Activity	Reporting date	Reason for using a different period	Indirectly holding through	2024	
								No. of shares	Effective ownership interest
1	Aitken Spence PLC	SPEN	Tourism Maritime, Freight & Logistics Strategic Investment Services	Tourism Maritime & Freight Logistics Strategic Investment Services	31-Mar	-		208,410,213	51.33%
2	Balangoda Plantations PLC	BPL	Plantations	Cultivation and processing of Tea & Rubber	31-Dec	To comply with the rules and regulations in the Plantation sector		35,268,300	74.61%
3	Bell Solutions (Pvt) Ltd	BSL	Telecommunication	Information & Communication Technology	31-Mar	-	LB	100,000	98.36%
4	Bellvantage (Pvt) Ltd	BV	Services	BPO,KPO & Software Development	31-Mar	-		5,000,100	100%
5	Bogo Power (Pvt) Ltd	BP	Strategic Investment	Generation and sale of Hydro Electric Energy	31-Mar	-		993,000,000	99.50%
6	Browns Beach Hotel PLC	BBH	Tourism	Leisure	31-Mar	-	SPENCE	102,900,337	55.95%
7	Continental Insurance Lanka Limited	CIL	Financial Services	General Insurance Services	31-Dec	To comply with the rules and regulations in the Insurance sector		120,000,007	100%
8	Lanka Bell Ltd	LB	Telecommunication	Telecommunication Services	31-Mar	-	MH	50,719,061	98.36%
9	Distilleries Company of Sri Lanka PLC	DCSL	Beverages	Beverage	31-Mar	-		4,252,264,664	92.44%
10	Melsta Logistics (Pvt) Ltd	ML	Maritime, Freight & Logistics	Logistics	31-Mar	-		90,000,000	100%
11	Milford Holdings (Pvt) Ltd	MH	Strategic Investment	Investment Holding Company	31-Mar	-		333,067,925	98.36%
12	Negombo Beach Resorts (Pvt) Ltd	NBR	Tourism	Leisure	31-Mar	-	BBH	91,400,001	55.95%
13	Periceyl (Pvt) Ltd	PCL	Beverages	Distribution of locally manufactured Foreign Liquor	31-Dec	To operate in line with foreign strategic alliances		200,000,000	100%
14	Splendor Media (Pvt) Ltd	SM	Services	Media Buying & Creative Services	31-Mar	-		100,002	100%

	Subsidiary		Sector	Principal Activity	Reporting date	Reason for using a different period	Indirectly holding through	2024	
								No. of shares	Effective ownership interest
15	Telecom Frontier (Pvt) Ltd	TF	Telecommunication	Telecommunication Services	31-Mar	-	LB	100,000	98.36%
16	Texpro Industries Ltd	TEXP	Strategic Investment	Dyeing and Printing Woven Fabrics	31-Mar	-	TIM	49,086,522	44.69%
17	Timpex Ltd	TIM	Strategic Investment	Investment Holding Company	31-Mar	-		15,611,661	51.03%
18	Melsta Properties (Pvt) Ltd	MP	Services	Management of Real Estate	31-Mar	-		158,994,901	100%
19	Melsta Tower (Pvt) Limited	Tower	Services	Real Estate	31-Mar	-		65,751,636	100%
20	Melsta Technology (Pvt) Limited	TECH	Services	IT Services	31-Mar	-		1,000,000	100%
21	Madulsima Plantations PLC	MPL	Plantations	Cultivation and processing of Tea	31-Dec	-		94,429,833	55.71%
22	Melsta Health (Pvt) Ltd	HEALTH	Services	Investment holding company	31-Mar	-		197,600,002	100.00%
23	Melsta Laboratories (Pvt) Ltd	MLAB	Services	Dianostic services	31-Mar	-	HEALTH	30,000,001	100.00%
24	Hospital Management Melsta (Pvt) Ltd	HMM	Services	Healthcare services	31-Mar	-	HEALTH	25,225,001	100.00%
25	Melsta Healthcare Colombo (Pvt) Ltd	MHCOL	Services	Healthcare services	31-Mar	-	HEALTH	13,000,000	100.00%
26	Melsta Hospitals Ragama (pvt) Ltd	MHR	Services	Healthcare services	31-Mar	-	MHCOL	180,725,000	100.00%
27	Melsta Healthcare Colombo North (Pvt) Ltd	MHNC	Services	Healthcare services	31-Mar	-	MHR	25,362,500	100.00%
28	Melsta Pharmaceuticals (Pvt) Ltd	PHARMA	Services	Healthcare services	31-Mar	-	HEALTH	1,700,000	100.00%
29	Formula World (Pvt) Ltd	PHARMA	Maritime, Freight & Logistics	Automobile Servicing and Logistics	31-Dec	-	CIL	1,000,000	100.00%
30	Continental Insurance Life Lanka Ltd	CLIFE	Financial Services	Life Insurance	31-Dec	-	CIL	50,000,000	100.00%
31	Melsta House (Pvt) Ltd	MHOUSE	Services	Real Estate	31-Mar	-		419,443	100.00%
32	DCSL Breweries Lanka Limited	DBL	Beverages	Beverage	31-Dec	-	DCSL	1,446,476,178	91.90%

# Notes to the Financial Statements

## 20.5 Acquisition of subsidiaries

### 20.5.1 Acquisition of Heineken Lanka Limited (Currently known as DCSL Breweries Lanka Limited)

On 10th of January 2024, Distilleries Company of Sri Lanka PLC acquired 99.42 % of the shares and voting interest in DCSL Breweries Lanka Limited (formally known As Heineken Lanka Limited). For the consolidation purpose the Group has announced the effective date of aquisition as 31st December 2023.

#### 20.5.1.1 Consideration Trasferred

The following table summaries the acquisition date fair value of each major class of consideration transferred.

	Note	Amount Rs.000
Cash		803,962
Settlement of Existing Liability in the company	20.5.1.1.1	3,366,016
<b>Total Consideration Transferred</b>		<b>4,169,978</b>

#### 20.5.1.1.1 Settlement of Existing Liability in the company

The Group has settled external debts amounting to Rs. 3.37 Bn of DCSL Breweries Lanka Limited as an consideration transferred on the acquisition of the company.

#### 20.5.1.1.2 Acquisition - related costs

The Company has incurred acquisition related costs of Rs. 2 Mn on legal fees and due diligence. These costs have been included in "administrative expenses.

#### 20.5.1.1.3 Identifiable assets acquired and liabilities assumed

The following table summerises the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	Amount Rs. 000
Property, plant and equipment	15	2,280,247
Right of use asset	19	55,024
Intangible assets	16	55,084
Inventory		983,423
Trade and other receivables		1,793,677
Cash and Cash equivalents		14,613
Deffered Tax Liability	22	(177,379)
Lease Liabilities	32	(66,608)
Retirement benefit obligations	33	(67,045)
Trade and other payables		(805,820)
Bank overdrafts		(15,376)
<b>Total identifiable net assets acquired</b>		<b>4,049,840</b>

#### 20.5.1.1.4 Goodwill on Acquisition

Goodwill arising from the acquisition has been recognised as follows;

	Note	Amount Rs.000
Consideration Transferred	20.5.1	4,169,978
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities		327,860
Fair value of identifiable net assets		(4,049,840)
<b>Goodwill on Acquisition</b>		<b>447,998</b>

#### 20.5.1.1.5 Consideration paid net of cash acquired

	Group Rs.'000
Consideration transferred	4,169,978
Less:	
Cash and cash equivalents acquired	763
	4,170,741

#### 20.5.2 Acquisition of Lanka Tours (Pvt) Ltd (Currently known as Melsta House (Pvt) Ltd)

On 12th October 2023, Melstacorp PLC acquired 100 % of the shares and voting interest in Lanka Tours (Pvt) Ltd (subsequently changed the name as Melsta House (Pvt) Ltd)

##### 20.5.2.1 Identifiable assets acquired and liabilities assumed

The following table summarises the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	Amount Rs. 000
Investment property	17	759,000
Trade and other receivables		823
Cash and Cash equivalents		286
Deffered Tax Liability	22	(202,112)
Trade and other payables		(1,020)
Income tax payable		(65)
<b>Total identifiable net assets acquired</b>		556,912

##### 20.5.2.2 Goodwill on Acquisition

	Amount Rs.000
Consideration Transferred (Cash paid)	755,000
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities	-
Fair value of identifiable net assets	(556,912)
<b>Goodwill on Acquisition</b>	198,088

##### 20.5.2.3 Consideration paid net of cash acquired

	Amount Rs.'000
Consideration transferred	755,000
Less:	
Cash and cash equivalents acquired	(286)
	754,714

#### 20.6 Changes in ownership without change in control

##### Balangoda Plantations PLC

The Group has disposed 337,650 shares of Balangoda Plantations PLC during the year ended 31st March 2024 which resulted a percentage decrease of holding from 75.31% to 74.61%.

# Notes to the Financial Statements

## 20.8 Significant judgements and assumptions made in determining whether the group has control

Although the Group owns less than half of the voting rights of Texpro Industries Private Limited (TEXP), the Group assessed that it is able to govern the financial and operating policies of TEXP by virtue of de facto control on the basis that the remaining share holders are widely depressed and there is no indication to believe that all of them will exercise their votes collectively.

## 20.9 Disclosure of the interest that non-controlling interests have in the group's activities and cash flows

### 20.9.1 Nature of interests in subsidiaries with material NCI

Name of the subsidiary	Aitken Spence PLC (SPEN)	Balangoda Plantations PLC (BPL)	Browns Beach Hotels PLC (BBH)	Madulsima Plantations PLC (MPL)
Principal place of business	No.815, Vauxhall Street, Colombo 02.	In the areas of Ratnapura, Balangoda and Badulla	No. 175, Lewis Place, Negombo	In the areas of Badulla and Bogawantalawa.
Proportion of ownership interest held by non controlling interest	48.67%	25.39%	44.05%	44.29%
Profit / (loss) allocated to non controlling interest (Rs. '000)	2,948,623	17,540	(205,708)	(459,840)
Accumulated non controlling interest at the end of the reporting period (Rs. '000)	59,488,919	796,854	(289,176)	(171,497)

### 20.9.2 Summarised financial information of subsidiaries that have material NCI

As at/ for the year ended,	BPL		MPL		BBH		SPEN	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Dividends paid to non controlling interests	-	-	-	-	-	-	2,082,534	2,463,891
Current assets	738,314	3,005,829	707,309	547,831	715,040	492,004	68,313,086	75,099,033
Non current assets	7,603,031	7,247,483	8,427,114	7,961,309	4,591,237	4,795,209	136,728,958	142,250,127
Current liabilities	1,710,089	3,819,694	5,586,229	4,706,109	3,279,851	2,706,805	56,578,053	58,153,100
Non current liabilities	3,493,293	3,153,285	3,935,412	3,192,081	2,682,870	2,769,105	62,744,022	72,980,043
Revenue	4,129,862	6,070,594	4,038,643	4,172,568	1,295,243	660,084	96,248,837	96,988,994
Profit/(Loss) After Tax	69,070	556,926	(1,038,258)	(203,485)	(466,967)	(1,017,004)	4,451,749	8,076,369
Other comprehensive income	43,655	(155,750)	40,091	(252,008)	(780)	(21,447)	(2,264,215)	4,228,823
Total comprehensive income	112,725	401,176	(998,167)	(455,493)	(467,747)	(1,038,451)	2,187,534	12,305,192
<b>Cash Flows</b>								
Cash flows from operating activities	581,461	1,456,163	179,931	910,461	(216,304)	(240,497)	11,916,413	3,460,593
Cash flows from investing activities	(147,899)	(122,628)	(170,806)	(213,485)	9,641	21,965	(4,048,714)	(438,667)
Cash flows from financing activities	(2,866,427)	1,227,672	69,623	(538,965)	229,490	(2,593)	(8,487,954)	(14,310,046)



## 21 INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

As at 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Recognised in the statement of financial position</b>					
Investment in joint ventures	21.1	2,386,388	2,118,552	419,887	590,690
Investment in associates	21.2	8,200,255	7,942,688	-	-
<b>Carrying amount as at 31st March</b>		<b>10,586,643</b>	<b>10,061,240</b>	<b>419,887</b>	<b>590,690</b>
<b>Recognised in the income statement</b>					
Share of profit from investment in joint ventures	21.1.2	13,736	69,550	-	-
Interest in associates	21.2.2	970,917	1,046,101	-	-
<b>Share of profit of equity-accounted investees (net of tax) for the year ended 31 March</b>		<b>984,653</b>	<b>1,115,651</b>	<b>-</b>	<b>-</b>
<b>Recognised in the statement of profit or loss and other comprehensive income</b>					
Share of profit from investment in joint ventures	21.1.2	(45,619)	29,288	-	-
Share of profit from investment in associates	21.2.2	(507,203)	199,887	-	-
<b>Share of other comprehensive income of equity-accounted investees (net of tax) for the year ended 31 March</b>		<b>(552,822)</b>	<b>229,175</b>	<b>-</b>	<b>-</b>

Share of other comprehensive income of equity-accounted investees (net of tax) is further analysed as ;

	Group	
	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Items that will not be reclassified to profit or loss	(45,625)	60,776
Items that are or may be reclassified to profit or loss	(507,197)	168,399
	<b>(552,822)</b>	<b>229,175</b>

# Notes to the Financial Statements

## 21.1 Investment in joint ventures

	Country of incorporation	Group				Company			
		No. of shares	Holding %	As at 31st March		No. of shares	Holding %	As at 31st March	
				2024 Rs.'000	2023 Rs.'000			2024 Rs.'000	2023 Rs.'000
Aitken Spence C & T Investments (Pvt) Ltd (a) (b) (Ordinary shares - Unquoted)	Sri Lanka	14,170,000	50	141,700	141,700	-	-	-	-
Aitken Spence Engineering Solutions (Pvt) Ltd (a) (Ordinary shares - Unquoted)	Sri Lanka	20,000	50	2,000	2,000	-	-	-	-
CINEC Campus (Pvt) Ltd (a) (formally Colombo International Nautical and Engineering College (Pvt) Ltd) (consolidated with CINEC Skills (Pvt) Ltd) (Ordinary shares - Unquoted)	Sri Lanka	253,334	40	502,950	502,950	-	-	-	-
Spence Seahorse Marine (Pvt) Ltd (a) (Ordinary shares - Unquoted)	Sri Lanka	18,222,991	50	182,230	22,500	-	-	-	-
Melsta GAMA (Pvt) Ltd	Sri Lanka	16,020,000	50	1,602,000	1,452,000	16,020,000	50	1,602,000	1,452,000
Ace Bangladesh Ltd (a) (Ordinary shares - Unquoted)	Bangladesh	172,970	49	32,587	32,587	-	-	-	-
Aitken Spence Cargo (Cambodia) Co. Ltd (Ordinary shares - Unquoted)	Cambodia	10,000	50	3,089	-	-	-	-	-
<b>Carrying amount as at 31st March</b>				<b>2,466,556</b>	<b>2,153,737</b>			<b>1,602,000</b>	<b>1,452,000</b>
Provision for impairment of investments				-	-			(1,182,113)	(861,310)
Opening cumulative net assets accruing to the group net of dividend				(35,185)	165,976			-	-
Group's share of total comprehensive income for the year				(31,883)	98,838			-	-
Dividends received for the year				(13,100)	(299,999)			-	-
<b>Equity value of investments</b>				<b>2,386,388</b>	<b>2,118,552</b>			<b>419,887</b>	<b>590,690</b>

### 21.1.2 Summarised financial information of joint ventures - Group

The following analyses, in aggregate, the carrying amount, share of profit and other comprehensive income of individually immaterial joint ventures.

As at	2024 Rs.'000	2023 Rs.'000
Carrying amount of interest in joint ventures	2,386,388	2,118,552
Group's share of :		
- Profit for the year (net of tax)	13,736	69,550
- Other comprehensive income for the year (net of tax)	(45,619)	29,288
<b>Total comprehensive income for the year</b>	<b>(31,883)</b>	<b>98,838</b>

## 21.2 Investment in associates

	Country of incorporation	Group			
		No. of shares	Holding %	As at 31 March,	
				2024 Rs.'000	2023 Rs.'000
Aitken Spence Plantation Managements PLC (a) (b) (consolidated with Elpitiya Plantations PLC (a) (b)) (Ordinary shares - Quoted)	Sri Lanka	8,295,860	38.95	165,000	165,000
Fiji Ports Corporation Ltd (a) (consolidated with Fiji Ships Heavy Industries Ltd) (Ordinary Shares - Unquoted)	Fiji	14,630,970	20	2,351,255	2,351,255
Serendib Investments Ltd (Ordinary Shares - Unquoted)	Fiji	1,750,000	25	151,215	151,215
Amethyst Leisure Ltd (c) (consolidated with Paradise Resort Pasikudah (Pvt) Ltd (c)) (Ordinary shares - Unquoted)	Sri Lanka	432,425,223	35.74%	569,205	569,205
Ace Aviation Myanmar Ltd (Ordinary shares - Unquoted)	Myanmar	1,525,000	33.33*	20,075	20,075
<b>Carrying amount as at 31st March</b>				<b>3,256,750</b>	<b>3,256,750</b>
Provision for impairment of investments				(30,570)	(30,570)
Opening cumulative net assets accruing to the group net of dividend				4,716,508	3,804,866
Group's share of total comprehensive income for the year				463,714	1,245,988
Dividends received for the year				(438,739)	(528,795)
Share of net assets recognised in equity				232,592	194,449
<b>Equity value of investments</b>				<b>8,200,255</b>	<b>7,942,688</b>

### 21.2.2 Summarised financial information of associates - Group

The following analyses, in aggregate, the carrying amount, share of profit and other comprehensive income of individually immaterial associates.

For the year ended 31 March,	2024 Rs.'000	2023 Rs.'000
Carrying amount of interest in associates	8,200,255	7,942,688
Group's share of :		
- Profit for the year (net of tax)	970,917	1,046,101
- Other comprehensive income for the year (net of tax)	(507,203)	199,887
<b>Total comprehensive income for the year</b>	<b>463,714</b>	<b>1,245,988</b>

# Notes to the Financial Statements

## 21.2.3 Inter-company shareholdings - investment in associates

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2024	Percentage holding (%)		
				Investor holding %	Group holding %	Non-controlling holding %
Amethyst Leisure Ltd	Sri Lanka	Aitken Spence Hotel Holdings PLC	134,666,055	27.89%		
	Sri Lanka	Distilleries Company of Sri Lanka PLC	214,080,060	27.35%	35.74%	64.26%
Ace Aviation Myanmar Ltd	Myanmar	Aitken Spence Cargo (Pvt) Ltd	1,525,000	33.33%	33.33%	66.67%

## 22 DEFERRED TAX ASSET AND LIABILITIES

### 22.1 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

As at 31 March,	Group					
	2024			2023		
	Assets Rs.'000	Liabilities Rs.'000	Net Rs.'000	Asset Rs.'000	Liabilities Rs.'000	Net Rs.'000
Accelerated depreciation for tax purposes on property, plant and equipment	-	19,124,331	19,124,331	-	13,120,196	13,120,196
Biological assets	-	3,270,037	3,270,037	-	2,578,469	2,578,469
Provision for impairment of receivables	(383,547)	-	(383,547)	(266,498)	-	(266,498)
Other Provisions	(219,138)	-	(219,138)	(113,886)	-	(113,886)
Financial assets at FVOCI	(11,640)	-	(11,640)	(26,312)	-	(26,312)
Defined benefit obligations	(1,339,046)	-	(1,339,046)	(1,167,204)	-	(1,167,204)
On Right-of-Use Asset	-	927,838	927,838	-	955,634	955,634
On lease liability	(979,720)	-	(979,720)	(1,001,455)	-	(1,001,455)
Other Items	-	8,751	8,751	-	7,934	7,934
Revaluation Surplus on Freehold Land and building	-	3,378,193	3,378,193	-	3,167,493	3,167,493
Unrealised exchange gain	-	204,825	204,825	(571,051)	-	(571,051)
Unutilised tax loss carry-forwards	(5,156,009)	-	(5,156,009)	(4,256,066)	-	(4,256,066)
Undistributed profits of consolidated entities	-	129,726	129,726	-	166,230	166,230
	(8,089,100)	27,043,701	18,954,601	(7,402,472)	19,995,956	12,593,484

As at 31 March,	Company					
	2024			2023		
	Assets Rs.'000	Liabilities Rs.'000	Net Rs.'000	Asset Rs.'000	Liabilities Rs.'000	Net Rs.'000
Property, plant and equipment	-	1,292,503	1,292,503	-	1,152,720	1,152,720
Retirement benefit obligation	(6,238)	-	(6,238)	(5,009)	-	(5,009)
On Right-of-Use Asset	-	4,383	4,383	-	6,574	6,574
On lease liability	(4,983)	-	(4,983)	(7,158)	-	(7,158)
	(11,221)	1,296,886	1,285,665	(12,167)	1,159,294	1,147,127

### 22.1.1 Movement in recognised deferred tax assets and liabilities

For the year ended 31 March,	Group 2024					
	Balance as at 1st April 2023	Acquisition of Subsidiary	Charged/(credited) in			Balance as at 31st March 2024
			Profit or loss	Other comprehensive income	Exchange Difference	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Property, plant and equipment	13,120,196	305,775	694,559	5,121,340	(117,539)	19,124,331
Biological assets	2,578,469	-	692,284	-	(716)	3,270,037
Provision for impairment of receivables	(266,498)	-	(118,751)	-	1,702	(383,547)
Provisions	(113,886)	-	(105,252)	-	-	(219,138)
Financial assets at FVOCI	(26,312)	-	-	14,672	-	(11,640)
Defined benefit obligations	(1,167,204)	(26,818)	(134,655)	(11,725)	1,356	(1,339,046)
On Right-of-Use Asset	955,634	-	(28,638)	-	842	927,838
On lease liability	(1,001,455)	(4,633)	26,368	-	-	(979,720)
Other Items	7,934	-	-	-	817	8,751
Revaluation Surplus on Freehold Land	3,167,493	202,112	-	29,017	(20,429)	3,378,193
Unrealised exchange gain	(571,051)	-	775,876	-	-	204,825
Unutilised tax loss carry-forwards	(4,256,066)	(96,945)	(956,613)	-	153,615	(5,156,009)
Undistributed profits of consolidated entities	166,230	-	(36,504)	-	-	129,726
	12,593,484	379,491	808,674	5,153,304	19,648	18,954,601

# Notes to the Financial Statements

For the year ended 31 March,	2023					
	Balance as at 1st April 2022	Acquisition of Subsidiary	Charged/(credited) in			Balance as at 31st March 2023
			Profit or loss	Other comprehensive income	Exchange Difference	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property, plant and equipment	9,613,802	-	2,475,057	977,476	53,861	13,120,196
Biological assets	863,683	-	1,714,786	-	-	2,578,469
Provision for impairment of receivables	(78,801)	-	(184,660)	-	(3,037)	(266,498)
Provisions	(4,147)	-	(109,739)	-	-	(113,886)
Financial assets at FVOCI	(1,744)	-	-	(24,568)	-	(26,312)
Defined benefit obligations	(508,368)	-	(650,905)	(5,809)	(2,122)	(1,167,204)
From Net of Right-of-Use Asset & Lease Liability	(3,729)	(2,124)	(39,399)	-	(569)	(45,821)
Other Items	(762)	7,001	-	1,750	(55)	7,934
Revaluation Surplus on Freehold Land	1,098,567	-	(13,345)	2,082,271	-	3,167,493
Unrealised exchange gain	(159,735)	-	(411,316)	-	-	(571,051)
Unutilised tax loss carry-forwards	(2,814,003)	-	(1,315,445)	-	(126,618)	(4,256,066)
Undistributed profits of consolidated entities	-	-	166,230	-	-	166,230
	8,004,763	4,877	1,631,264	3,031,120	(78,540)	12,593,484

For the year ended 31 March,	Company 2024			
	Balance as at 1st April 2023	Charged/(credited) in		Balance as at 31st March 2024
		Profit or loss	Other comprehensive income	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property, plant and equipment	1,152,720	139,783	-	1,292,503
Retirement benefit obligation	(5,009)	(1,024)	(205)	(6,238)
On Right-of-Use Asset	6,574	(2,191)	-	4,383
On lease liability	(7,158)	2,175	-	(4,983)
	1,147,127	138,743	(205)	1,285,665

For the year ended 31 March,	2023			Balance as at 31st March 2023  Rs.'000
	Balance as at 1st April 2022  Rs.'000	Charged/(credited) in		
		Profit or loss  Rs.'000	Other comprehensive income  Rs.'000	
Property, plant and equipment	780,810	364,984	6,926	1,152,720
Retirement benefit obligation	(2,822)	(1,705)	(482)	(5,009)
On Right-of-Use Asset	2,645	3,929	-	6,574
Other Lease	(2,880)	(4,278)	-	(7,158)
	777,753	362,930	6,444	1,147,127

## 22.2 Unrecognised net deferred tax assets & liabilities

Deferred tax assets/(Liabilities) have not been recognised in respect of the following items:

For the year ended 31 March,	Group	
	2024 Rs.'000	2023 Rs.'000
Property, plant & equipment & intangible assets	1,112	1,112
Net Right-of-Use Asset	(140)	(140)
Retirement benefit obligation	1,462	1,462
Impairment of trade receivables	159,424	159,424
Tax losses	10,367,032	7,891,495
<b>Net deferred tax asset/(liabilities) not recognised</b>	<b>10,528,890</b>	<b>8,053,353</b>

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

# Notes to the Financial Statements

## 23 OTHER FINANCIAL INVESTMENTS

For the year ended 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Non current investments</b>					
Financial investments at fair value through OCI	23.1	38,497,260	26,492,054	35,521,860	24,067,142
Financial investments at amortised cost	23.3	4,998,754	4,876,898	767,468	813,566
		43,496,014	31,368,952	36,289,328	24,880,708
<b>Current investments</b>					
Financial investments at Fair value through profit or loss (FVTPL)	23.2	818,973	841,647	87,333	44,296
Financial investments at amortised cost	23.3	27,092,858	28,674,778	5,367,238	4,791,144
		27,911,831	29,516,425	5,454,571	4,835,440

Details relating to unobservable inputs and the level of which the fair value measurement is classified are disclosed in Note 38 to these financial statements. The Boards of each component within the Group has determined these investments to be held for strategic investment purposes. Therefore, these are classified as investments at fair value through other comprehensive income.

### 23.1 Financial investments at fair value through OCI

For the year ended 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Non current investments</b>					
Quoted equity securities	23.1.1	38,028,118	25,808,526	35,521,860	24,067,142
Unquoted equity securities	23.1.2	275,911	302,540	-	-
Government Securities	23.1.3	193,231	181,940	-	-
Quoted Debt securities	23.1.4	-	199,048	-	-
		38,497,260	26,492,054	35,521,860	24,067,142



### 23.1.1 Quoted equity securities - Non current assets

As at 31 March,	Group					
	2024			2023		
	No. of shares	Cost Rs.'000	Fair value Rs.'000	No. of shares	Cost Rs.'000	Fair value Rs.'000
<b>Diversified investments</b>						
John Keells Holdings PLC	128,917,111	19,456,851	25,009,920	128,917,111	19,456,851	18,048,396
Vellibal One PLC	2,842	71	125	2,842	71	86
		19,456,922	25,010,045		19,456,922	18,048,482
<b>Bank finance &amp; insurance</b>						
Commercial Bank of Ceylon PLC	51,132,469	6,277,359	4,995,642	48,290,843	6,277,359	3,071,287
Seylan Bank PLC	17,968	1,235	844	17,120	1,235	570
DFCC Bank PLC	26,633,027	4,189,413	2,024,110	25,973,794	4,189,413	1,140,250
Hatton National Bank PLC	13,696,840	3,007,241	2,465,431	13,138,456	3,007,241	1,701,430
National Development Bank PLC	6,358	148	409	5,996	148	192
		13,475,396	9,486,436		13,475,396	5,913,729
<b>Beverage, food &amp; tobacco</b>						
Lanka Milk Foods (CWE) PLC	12,836,074	1,747,259	3,491,412	12,836,074	1,747,259	1,806,677
Nestle Lanka PLC	-	-	-	1,372	2,932	1,242
		1,747,259	3,491,412		17,50,191	1,807,919
<b>Manufacturing</b>						
Pelwatte Sugar Industries PLC	33,140,501	926,473	-	33,140,501	926,473	-
TEEJEY Lanka PLC	889,500	13,343	32,022	889,500	13,343	28,197
		939,816	32,022		939,816	28,197
<b>Hotel and travels</b>						
John Keells Hotels PLC	-	-	-	140,000	3,897	2,310
The Kingsbury Hotel PLC	410,000	6,178	4,428	410,000	6,178	3,485
		6,178	4,428		10,075	5,795
<b>Hospitals</b>						
Ceylon Hospitals PLC - Non Voting	34,655	2,257	3,775	40,040	2,608	4,404
		2,257	3,775		2,608	4,404
<b>Total quoted equity securities - FVOCI</b>		35,627,828	38,028,118		35,635,014	25,808,526

# Notes to the Financial Statements

As at 31 March,	Company					
	2024			2023		
	No. of shares	Cost Rs.'000	Fair value Rs.'000	No. of shares	Cost Rs.'000	Fair value Rs.'000
<b>Diversified investments</b>						
John Keells Holdings PLC	128,917,111	19,456,851	25,009,920	128,917,111	19,456,851	18,048,396
		19,456,851	25,009,920		19,456,851	18,048,396
<b>Bank finance &amp; insurance</b>						
Commercial Bank of Ceylon PLC	51,131,771	6,277,359	4,995,574	48,290,086	6,277,359	3,071,249
Seylan Bank PLC	17,968	1,235	844	17,120	1,235	570
DFCC Bank PLC	26,633,027	4,189,413	2,024,110	25,973,794	4,189,413	1,140,250
		10,468,007	7,020,528		10,468,007	4,212,069
<b>Beverage, food &amp; tobacco</b>						
Lanka Milk Foods (CWE) PLC	12,836,074	1,747,259	3,491,412	12,836,074	1,747,259	1,806,677
		1,747,259	3,491,412		1,747,259	1,806,677
<b>Manufacturing</b>						
Pelwatte Sugar Industries PLC	33,140,501	926,473	-	33,140,501	926,473	-
		926,473	-		926,473	-
<b>Total quoted equity securities - FVOCI</b>		<b>32,598,590</b>	<b>35,521,860</b>		<b>32,598,590</b>	<b>24,067,142</b>

## 23.1.2 Unquoted equity securities

As at 31 March,	Group					
	2024			2023		
	No. of shares	Cost Rs.'000	Fair value Rs.'000	No. of shares	Cost Rs.'000	Fair value Rs.'000
International Distilleries Lanka Ltd	100	3	3	100	3	3
W.M.Mendis & Co., Ltd	200	4	4	200	4	4
Rainforest Ecolodge (Pvt) Ltd	3,500,000	35,000	8,793	3,500,000	35,000	12,880
Business Process Outsourcing LLC	30,000	8,640	-	30,000	8,640	-
Floatels India (Pvt) Ltd	716,037	84,128	250,254	716,037	84,128	272,494
SLFFA Cargo Services Ltd (Ordinary shares)	1,243,000	3,223	16,802	1,243,000	3,223	17,125
Ingrin Institute of Printing & Graphics	10,000	100	55	10,000	100	34
		131,098	275,911		131,098	302,540

## 23.1.3 Government Securities

As at 31 March,	Group			
	2024		2023	
	Carrying Value	Fair Value Rs.'000	Carrying Value	Fair Value Rs.'000
<b>Non Current Investments</b>				
Treasury bonds	211,083	193,231	228,601	181,940
	211,083	193,231	228,601	181,940

### 23.1.4 Quoted Debt securities

As at 31 March,	Group			
	2024		2023	
	No of instruments	Fair Value Rs.'000	No of instruments	Fair Value Rs.'000
<b>Non Current Investments</b>				
DFCC Bank PLC	-	-	2,000,000	199,048
			-	199,048

These debentures were matured during the year ended 31st March 2024.

The Group designated the investments shown above as equity securities measured at FVOCI, because these equity securities represent investments that the Group intends to hold for long term for strategic purposes.

### 23.2 Financial investments at Fair value through profit or loss (FVTPL)

For the year ended 31 March,	Note	Group		Company	
		2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Quoted equity securities	23.2.1	280,802	142,024	87,333	44,296
Investments in unit trusts	23.2.2	538,171	699,623	-	-
		818,973	841,647	87,333	44,296

#### 23.2.1 Quoted equity securities

As at 31 March,	Group				Company			
	2024		2023		2024		2023	
	No. of shares	Fair value Rs.'000	No. of shares	Fair value Rs.'000	No. of shares	Fair value Rs.'000	No. of shares	Fair value Rs.'000
<b>Bank finance &amp; insurance</b>								
Vallibal Finance PLC	-	-	45,296	1,363	-	-	-	-
LB Finance PLC	-	-	31,772	1,271	-	-	-	-
Nation Trust Bank PLC	-	-	52,411	2,421	-	-	-	-
Commercial Bank of Ceylon PLC	365,350	35,695	345,046	41,735	-	-	-	-
DFCC Bank PLC (Ordinary shares)	29,470	2,240	28,741	611	-	-	-	-
Cargills Bank PLC	15,447,755	122,037	-	-	5,854,200	46,248	-	-
Hatton National Bank PLC - Voting	238,937	35,900	226,315	4,060	-	-	-	-
		195,872		51,461		46,248		-
<b>Hotel and travels</b>								
The Kingsbury Hotel PLC	1,237,200	13,362	1,237,200	12,248	-	-	-	-
John Keells Hotels PLC	-	-	388,850	7,349	-	-	-	-
		13,362		19,597		-		-
<b>Construction and Engineering</b>								
Colombo Dockyard PLC	13,543	657	13,543	123	-	-	-	-
		657		123		-		-

# Notes to the Financial Statements

As at 31 March,	Group				Company			
	2024		2023		2024		2023	
	No. of shares	Fair value Rs.'000	No. of shares	Fair value Rs.'000	No. of shares	Fair value Rs.'000	No. of shares	Fair value Rs.'000
<b>Manufacturing</b>								
Kelani Cables PLC	3,988	973	3,988	1,036	-	-	-	-
Dipped Products PLC	58,227	1,625	58,227	1,694	-	-	-	-
Royal Ceramics Lanka PLC	38,503	1,016	38,503	1,090	-	-	-	-
Lanka Wall Tiles PLC	24,158	1,019	24,158	1,244	-	-	-	-
Bukit Darah PLC	72,200	29,403	72,200	30,974	72,200	29,403	72,200	30,974
Hela Apparel Holdings PLC	666,667	4,067	666,667	5,333	666,667	4,067	666,667	5,333
		38,103		41,371		33,470		36,307
<b>Diversified Investments</b>								
John Keells Holdings PLC	100,000	19,100	100,000	13,525	-	-	-	-
Mangata Holding SA	-	-	71,660	1,620	-	-	-	-
Softlogic Holdings PLC	180,000	1,620	180,000	2,862	-	-	-	-
Browns Investments PLC	139,043	654	139,043	973	-	-	-	-
LOLC Holdings PLC	2,651	942	2,651	1,055	-	-	-	-
Expolanka Holdings PLC	7,946	1,138	7,946	1,448	-	-	-	-
Vallibal One PLC	45,296	1,739	-	-	-	-	-	-
Carson Cumberbatch PLC	29,400	7,615	29,400	7,989	29,400	7,615	29,400	7,989
		32,808		29,472		7,615		7,989
<b>Total quoted equity securities -FVTPL</b>		280,802		142,024		87,333		44,296

## 23.2.2 Investments in unit trusts

As at 31 March,	Group				Company			
	2024		2023		2024		2023	
	No. of shares	Fair value Rs.'000	No. of shares	Fair value Rs.'000	No. of shares	Fair value Rs.'000	No. of shares	Fair value Rs.'000
JB Vantage Money Market Fund	641,151	27,655	641,151	22,120	-	-	-	-
NDB Wealth Money Plus Fund	10,414,164	330,004	19,244,230	491,663	-	-	-	-
First Capital Money Market Fund	13,350	39,028	13,350	31,097	-	-	-	-
NDB Wealth Money Fund	3,408,156	107,998	4,994,500	127,602	-	-	-	-
Asia Security Money Market Fund	1,136,123	16,318	1,136,123	13,320	-	-	-	-
Comtrust Money Market Fund	1,034,376	17,168	1,034,376	13,821	-	-	-	-
<b>Total unit trust investment -FVTPL</b>		538,171		699,623		-		-

### 23.3 Financial investments at amortised cost

As at 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Non current investments</b>					
Corporate debentures		1,604,994	1,368,889	50,042	50,042
Sri Lanka Development Bonds		-	929,857	-	-
Sri Lanka Sovereign Bonds		100,891	189,082	-	-
Term Deposits		3,292,869	2,389,070	-	-
Loans granted to subsidiaries	23.3.1	-	-	717,426	763,524
		4,998,754	4,876,898	767,468	813,566
<b>Current investments</b>					
Government Securities	23.3.2	1,073,587	620,032	-	-
Corporate debentures		202,860	328,523	-	-
Bank Deposits	23.3.3	25,816,411	27,726,223	-	-
Loans granted to subsidiaries	23.3.1	-	-	5,367,238	4,791,144
		27,092,858	28,674,778	5,367,238	4,791,144

#### 23.3.1 Loans granted to subsidiaries

As at 31 March,	Note	Company	
		2024 Rs.'000	2023 Rs.'000
Balangoda Plantations PLC		902,689	937,943
Madulsima Plantations PLC		4,862,519	4,141,311
Negombo Beach Resorts (Pvt) Ltd		809,438	809,438
Lanka Bell Limited		4,954,942	4,520,842
Formula World (Pvt) Ltd		46,337	-
Provision for impairment	23.3.1.1	(5,491,261)	(4,854,866)
		6,084,664	5,554,668
Loans recoverable within one year		5,367,238	4,791,144
Loans recoverable after one year		717,426	763,524
		6,084,664	5,554,668

The Company has granted loans to its subsidiary companies at a interest rate of AWPLR+(0.5%-2%) per annum.

# Notes to the Financial Statements

## 23.3.1.1 Provision for impairment

As at 31 March,	Company	
	2024 Rs.'000	2023 Rs.'000
Balance at the beginning	4,854,866	3,012,994
Net charge for the year	636,395	1,841,872
Balance at the end	5,491,261	4,854,866

## 23.3.2 Government Securities

Government securities consist of Treasury bills which are measured at amortised cost using the effective interest rate.

## 23.3.3 Bank Deposits

Bank deposits include fixed and call deposits which are measured at amortised cost using the effective interest rate. These financial assets are expected to be recovered through contractual cash flows.

## 23.4 Investments that have been pledged

The investments that are pledged for liabilities are disclosed in Note 43 to these financial statements if any.

## 24 INVENTORIES

As at 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Raw materials		5,187,499	4,273,653	-	-
Packing material		2,029,924	2,454,089	-	-
Work in progress		1,482,709	1,892,879	-	-
Finished goods		2,016,873	2,372,218	-	-
Drugs, disposables, Reagents and vaccine		137,691	170,736	-	-
Harvested crop		439,729	460,827	-	-
Produce Stock		430,872	332,990	-	-
Biological Assets-Nurseries		21,202	14,442	-	-
CDMA and Non - CDMA equipment		725,136	693,876	-	-
Input materials, consumables and spares		3,477,717	3,719,660	945	969
Goods in transit		-	13,061	-	-
		15,949,352	16,398,431	945	969
Provision for slow moving and obsolete inventories	24.1	(1,821,438)	(1,276,237)	-	-
		14,127,914	15,122,194	945	969

## 24.1 Provision for slow moving and obsolete inventories

As at 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance as at 01st April	1,276,237	577,009	-	-
Exchange difference	(505)	273	-	-
Charge for the year	560,468	699,403	-	-
Written-off during the period	(14,762)	(448)	-	-
Balance as at 31st March	1,821,438	1,276,237	-	-

## 24.2 Inventories that have been pledged

The Inventories that are pledged for long term borrowings are disclosed in Note 43 to these financial statements if any.

## 25 TRADE AND OTHER RECEIVABLES

As at 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Financial assets</b>					
Trade receivables		28,716,723	25,401,358	1,660	882
Other financial receivables		3,365,679	3,137,587	207	192
Insurance contract receivables		3,458,840	2,382,055	-	-
Employee related debtors		196,025	151,915	-	-
Refundable deposits and advances		436,660	4,503,708	896	146
		36,173,927	35,576,623	2,763	1,220
Provision for impairment loss on financial assets	25.1	(5,962,175)	(3,459,183)	(223)	-
		30,211,752	32,117,440	2,540	1,220
<b>Non financial assets</b>					
Prepayments and advances		9,977,548	4,484,823	8,489	6,643
Accrued income		70	30,435	42,203	-
Deferred Revenue asset		20,700	28,421	14,254	21,142
Other non financial receivables		110,399	197,852	5,881	-
Tax Receivables		400,200	303,754	-	203
		10,508,917	5,045,285	70,827	27,988
		40,720,669	37,162,725	73,367	29,208

### 25.1 Provision for impairment

As at 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance as at 01st April	3,459,183	2,356,804	-	-
Acquisition of subsidiaries	450,739	-	-	-
Net charge for the year	2,052,253	1,102,379	223	-
Balance as at 31st March	5,962,175	3,459,183	223	-

# Notes to the Financial Statements

## 26 OTHER CURRENT ASSETS

As at 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Property, plant and equipment	15	550,497	565,404	-	-
Right-of-use asset	19	543	995	-	-
		551,040	566,399	-	-

## 27 CASH AND CASH EQUIVALENTS

As at 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Favourable balances classified under current assets</b>					
Short term deposits	27.1	2,637,917	5,892,476	-	-
Cash at bank and Cash in hand		13,029,924	17,043,369	18,151	170,022
Cash in transit		73,686	49,728	-	-
<b>Total</b>		<b>15,741,527</b>	<b>22,985,573</b>	<b>18,151</b>	<b>170,022</b>
<b>Unfavourable balances classified under current liabilities</b>					
Bank overdrafts and Other short term borrowings		(29,506,705)	(29,595,358)	(4,873,849)	(7,630,054)
<b>Total</b>		<b>(29,506,705)</b>	<b>(29,595,358)</b>	<b>(4,873,849)</b>	<b>(7,630,054)</b>
		<b>(13,765,178)</b>	<b>(6,609,785)</b>	<b>(4,855,698)</b>	<b>(7,460,032)</b>

### 27.1 Short term deposits

As at 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Government securities which matures within 3 months	500,388	11,011	-	-
Fixed deposits / Call Deposits which matures within 3 months	2,137,529	5,881,465	-	-
	2,637,917	5,892,476	-	-

#### 27.1.1 Short term deposits that have been pledged

The Short term deposits that are pledged for long term borrowings are disclosed in Note 43 to these financial statements if any.



## 28 ASSETS HELD FOR SALE

Consequent to the decision made by the Group to divest from the ship owning business in 2007/2008 and the sale of ships by the Group's ship owning companies, the Group recognised the fair values of the investments in Ceyaki Shipping (Pvt) Ltd and Ceyspence (Pvt) Ltd under assets classified as held for sale. Further, the fair values of the Group's investment in Spence International (Pvt) Ltd., Aitken Spence Overseas Travel Services (Pvt) Ltd and Western Power Holdings (Pvt) Ltd are also treated under assets classified as held for sale upon the decision made to liquidate these companies. The decision to liquidate Aitken Spence Overseas Travel Services (Pvt) Ltd and Western Power Holdings (Pvt) Ltd were made during the current financial year. The liquidation of these companies are not yet concluded.

During the period under review subsidiary company Ace Resorts (Pvt) Ltd., disposed its leasehold rights of the Raafushi Island which was previously included under assets classified as held for sale.

As at 31 March,	Group	
	2024 Rs.'000	2023 Rs.'000
Share of net assets of equity accounted investees classified as held for sale	149,125	149,125
Net current assets of group companies classified as held for sale	20,298	20,298
Carrying amount of the property, plant and equipment classified as held for sale	-	23,997
	169,423	193,420

There were no discontinued operations recognised in the income statement during the year.

## 29 STATED CAPITAL

As at 31 March,	2024		2023	
	No. of shares	Value of shares Rs.'000	No. of shares	Value of shares Rs.'000
Balance at the beginning of the year	1,165,397,072	70,000,000	1,165,397,072	70,000,000
Balance as at end of the year	1,165,397,072	70,000,000	1,165,397,072	70,000,000

As at 31 March,	Group / Company 2024	Group / Company 2023
	No. of shares	No. of shares
Fully Paid Voting Shares	1,165,397,072	1,165,397,072
	1,165,397,072	1,165,397,072

The Company's stated capital consist of fully paid ordinary shares which provides entitlement to its holders to receive dividends as declared from time to time and to vote per share at a meeting of the Company.

# Notes to the Financial Statements

## 30 RESERVES

As at 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Capital reserves</b>					
Revaluation reserve	30.1	19,189,855	12,746,950	109,382	109,382
Capital reserve	30.2	19,112,137	19,112,137	19,100,000	19,100,000
Reserve fund	30.3	20,491	20,491	-	-
<b>Total capital reserves</b>		<b>38,322,483</b>	<b>31,879,578</b>	<b>19,209,382</b>	<b>19,209,382</b>
<b>Revenue reserves</b>					
General reserve	30.4	4,732,352	5,565,993	-	-
Exchange fluctuation reserve	30.5	5,547,659	6,881,280	-	-
Timber reserve	30.6	3,351,768	2,720,658	-	-
Fair value reserve	30.7	9,103,824	(3,105,378)	3,924,912	(7,529,806)
Cash flow hedge reserve	30.8	(624,044)	(968,542)	-	-
<b>Total revenue reserves</b>		<b>22,111,559</b>	<b>11,094,011</b>	<b>3,924,912</b>	<b>(7,529,806)</b>
<b>Total reserves</b>		<b>60,434,042</b>	<b>42,973,589</b>	<b>23,134,294</b>	<b>11,679,576</b>

### 30.1 Revaluation reserve

Revaluation reserve relates to the amount by which the Group has revalued its property, plant and equipment. There were no restrictions on distribution of these balances to the shareholders.

### 30.2 Capital reserve

Capital reserve comprises profits retained in order to utilise for the capital commitments. This is a non distributable reserve.

### 30.3 Reserve fund

Reserve fund was created to comply with the Direction No.1 of 2003 (Capital funds) issued by the Central Bank. The Company is required to transfer 5% of annual profits to this reserve fund as long as the capital funds are not less 25% of total deposit liabilities.

### 30.4 General reserve

General reserve reflects the amount the Group has reserved over the years from its earnings.

### 30.5 Exchange fluctuation reserve

Exchange fluctuation reserve comprises of all foreign exchange differences arising from the translation of foreign subsidiaries in the Group.

### 30.6 Timber reserve

This represents the unrealised gains arising from the fair value of consumable biological assets ( Timber plantations) until the assets are derecognised or impaired.

### 30.7 Fair value reserve

This represents the cumulative net change in the fair value of equity securities designated at fair value through OCI.

### 30.8 Cash flow hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

## 31 INTEREST BEARING LOANS AND BORROWINGS

### 31.1 Term loans

As at 31 March,	Group	
	2024 Rs.'000	2023 Rs.'000
Balance as at 01st April	59,454,052	60,967,666
Acquisition of subsidiaries	-	996,235
Exchange difference	(3,378,126)	5,646,907
New loans obtained	2,405,745	540,667
Capital repayment	(7,951,375)	(10,045,511)
Interest expense		
- Charged to the income statement	6,117,393	6,847,094
- Interest expenses Capitalised	16,912	1,132,438
- Converted to new loans	-	(1,132,438)
Interest paid	(6,522,798)	(5,512,736)
Transaction cost	9,757	13,730
<b>Balance as at 31st March</b>	<b>50,151,560</b>	<b>59,454,052</b>
Repayable within one year	9,533,449	10,087,618
Repayable after one year	40,618,111	49,366,434
	<b>50,151,560</b>	<b>59,454,052</b>

#### 31.1.1 Browns Beach Hotel PLC

##### Shareholder Loans - Stassen Exports (Pvt) Ltd

Term Loans includes a Shareholder Loan advanced by Stassen Exports (Pvt) Ltd to Browns Beach Hotel PLC which is Repayable in 7 years with a grace period of two years. Interest linked to AWPLR+1%. No security provided. Date of Loan disbursement was 24th July 2017. The Group has ceased charging interest after 31-01-2022 with the view of converting the same to Equity.

# Notes to the Financial Statements

## 31.1.2 Analysed by credit terms and security details of Term Loans

Company	Bank / financial institution/ Lender	Loan No.	Sector	Currency	Interest rate basis
Aitken Spence PLC	Hatton National Bank	Loan 1	Tourism	USD	SOFR
		Loan 2	Tourism	USD	SOFR
		Loan 3	Tourism	USD	Fixed rate
		Loan 4	Tourism	USD	Fixed rate
		Loan 5	Tourism	USD	SOFR
		Loan 6	Tourism	LKR	Fixed rate
		Loan 7	Tourism	USD	SOFR
		Loan 8	Tourism	LKR	Fixed rate
		Loan 9	Tourism	LKR	Fixed rate
		Loan 10	Tourism	LKR	Fixed rate
		Loan 11	Tourism	LKR	Fixed rate
		Loan 12	Strategic	LKR	AWPLR
		Loan 13	Strategic	LKR	AWPLR
		Loan 14	Strategic	LKR	Fixed rate
		Loan 15	Strategic	LKR	AWPLR
		Loan 16	Service	LKR	AWPLR
		Loan 17	Maritime & Logis	LKR	AWPLR
DFCC Bank		Loan 1	Tourism	USD	SOFR
		Loan 2	Tourism	LKR	AWPLR
		Loan 3	Tourism	LKR	AWPLR
		Loan 4	Tourism	LKR	AWPLR
		Loan 5	Strategic	LKR	AWPLR
		Loan 6	Strategic	LKR	Fixed rate
		Loan 7	Strategic	LKR	68% - Fixed rate & 32% - AWPLR
		Loan 8	Strategic	LKR	Fixed rate
		Loan 9	Strategic	LKR	AWPLR
The Hongkong and Shanghai Banking Corporation		Loan 1	Tourism	EUR	EURIBOR
		Loan 2	Tourism	OMR	CBO T-Bill rate
		Loan 3	Tourism	USD	SOFR
		Loan 4	Tourism	EUR	EURIBOR
People's Bank		Loan 1	Tourism	USD	SOFR
		Loan 2	Tourism	USD	SOFR
		Loan 3	Tourism	USD	Fixed rate
		Loan 4	Strategic	LKR	AWPLR
		Loan 5	Strategic	LKR	Fixed rate
ABANCA Corporation Bancaria		Loan 1	Tourism	EUR	EURIBOR
DEG - German Investment Corporation		Loan 1	Strategic	USD	SOFR
Bank of Ceylon		Loan 1	Strategic	LKR	AWPLR
		Loan 2	Strategic	LKR	Fixed rate

Secured	Repayment terms	Maturity	LKR equivalent 31.03.2024 Rs.'000
Yes	Repayment commenced. Monthly instalments.	Mar-2030	9,014,014
Yes	Repayment commenced. Monthly instalments.	Mar-2026	1,037,795
Yes	60 Monthly instalments starting Aug-2024.	Jul-2031	753,411
Yes	Fully settled during the financial year.	Sep-2023	-
Yes	Fully settled during the financial year.	Mar-2024	-
No	Fully settled during the financial year.	Sep-2023	-
Yes	Fully settled during the financial year.	Oct-2023	-
No	Fully settled during the financial year.	Sep-2023	-
No	Fully settled during the financial year.	Sep-2023	-
No	Fully settled during the financial year.	Oct-2023	-
No	Fully settled during the financial year.	Oct-2023	-
Yes	30 Quarterly instalments starting Jun-2024.	Jun-2031	1,773,543
Yes	Repayment commenced. Monthly instalments.	Jun-2027	188,556
Yes	Repayment commenced. Monthly instalments.	May-2024	65,654
Yes	Repayment commenced. Quarterly instalments.	Jul-2029	56,606
No	Repayment commenced. Monthly instalments.	May-2025	49,200
No	72 Monthly instalments starting Dec-2025.	Dec-2031	500,000
			13,438,779
Yes	Repayment commenced. Monthly instalments.	Mar-2030	6,628,974
Yes	Repayment commenced. Monthly instalments.	Oct-2029	962,481
Yes	Restructured during the financial year.	Apr-2023	-
Yes	Restructured during the financial year.	Apr-2023	-
Yes	30 Quarterly instalments starting Jun-2024.	Jun-2031	1,773,081
Yes	Repayment commenced. Monthly instalments.	Sep-2026	236,672
Yes	Repayment commenced. Monthly instalments.	Aug-2025	94,594
Yes	Repayment commenced. Monthly instalments.	May-2024	65,655
Yes	Repayment commenced. Monthly instalments.	Jan-2026	18,625
			9,780,082
Yes	Repayment commenced. Monthly instalments and 75% final balloon payment.	Apr-2025	4,631,180
Yes	Repayment commenced. Quarterly instalments.	May-2028	1,636,009
Yes	Bullet repayment at maturity.	Mar-2026	1,445,690
Yes	Repayment commenced. Monthly instalments and 75% final balloon payment.	Jul-2024	247,731
			7,960,610
Yes	Repayment commenced. Quarterly instalments.	Oct-2026	2,541,758
Yes	Repayment commenced. Monthly instalments.	Nov-2024	255,708
Yes	Repayment commenced. Monthly instalments.	Nov-2024	146,724
Yes	30 Quarterly instalments starting Jun-2024.	Jun-2031	2,659,620
Yes	Repayment commenced. Monthly instalments.	May-2024	98,482
			5,702,292
Yes	Repayment commenced. Quarterly instalments and 72% final bullet repayment at maturity.	Jul-2026	4,423,674
			4,423,674
No	Repayment commenced. Semi-annual instalments.	Jan-2026	2,448,598
			2,448,598
Yes	30 Quarterly instalments starting Jun-2024.	Jun-31	1,773,738
Yes	Repayment commenced. Monthly instalments.	May-24	65,655
			1,839,393

# Notes to the Financial Statements

Company	Bank / financial institution/ Lender	Loan No.	Sector	Currency	Interest rate basis
	Habib Bank	Loan 1	Tourism	USD	SOFR
		Loan 2	Tourism	LKR	AWPLR
	Muslim Commercial Bank	Loan 1	Strategic	LKR	AWPLR
	Commercial Bank of Ceylon	Loan 1	Strategic	LKR	AWPLR
		Loan 1	Strategic	LKR	76% - Fixed rate & 24% - AWPLR
		Loan 1	Strategic	LKR	AWPLR
	Transaction cost to be amortised				
	<b>Total</b>				
Negombo Beach Resort (Pvt) Ltd	Hatton National Bank	Loan 1	Tourism	LKR	Linked to AWPLR
		Loan 2	Tourism	LKR	Linked to AWPLR
		Loan 3	Tourism	LKR	Linked to AWPLR
		Loan 4	Tourism	LKR	Linked to AWPLR
		Loan 5	Tourism	LKR	Linked to AWPLR
		Loan 6	Tourism	LKR	Linked to AWPLR
	Stassen Exports (pvt) Ltd	Shareholder Loan 1	Tourism	LKR	Linked to AWPLR
	<b>Total</b>				
Texpro Industries (Pvt) Ltd	Hatton National Bank	Loan 1	Dyeing & Printing of greige	USD	Linked to LIBOR
	Bank of Ceylon	Loan 1	Dyeing & Printing of greige	USD	Linked to LIBOR
	People's Bank	Loan 1	Dyeing & Printing of greige	USD	Linked to LIBOR
	<b>Total</b>				
Melsta Laboratories (Pvt) Ltd	Commercial Bank of Ceylon PLC	Loan 1	Healthcare	LKR	Fixed Annual Interest Rate
		Loan 2	Healthcare	LKR	Fixed Annual Interest Rate
	<b>Total</b>				
<b>Total</b>					

Secured	Repayment terms	Maturity	LKR equivalent 31.03.2024 Rs.'000
Yes	Repayment commenced. Monthly instalments.	Feb-2026	863,765
Yes	Repayment commenced. Quarterly instalments.	Mar-2026	535,332
			1,399,097
Yes	Fully settled during the financial year.	Aug-23	-
			-
YES	72 Monthly instalments starting Feb-2025.	Feb-2031	400,000
YES	Repayment commenced. Monthly instalments.	Oct-2026	177,354
YES	72 Monthly instalments starting Feb-2025.	Feb-2031	100,000
			677,354
			(8,698)
			47,661,181
Yes	120 Monthly instalments commencing from March 2017	Feb-2027	919,344
Yes	120 Monthly instalments commencing from November 2017	Feb-2027	522,500
Yes	Jaya-Isuru-Scheme repayable in 24 monthly instalments commencing from October 2019	Sep-2021	62,609
Yes	Interest of two term loans from April 2019 to March 2020 have accrued and capitalized to a term loan	Feb-2027	178,802
Yes	Interest of two term loans from April 2021 to March 2022 have accrued and capitalized to a term loan		143,173
Yes	Interest of two term loans from April 2021 to July 2023 have accrued and capitalized to a term loan		130,213
No	Repayable in 7 years with a grace period of two years.	Jul-2024	189,943
			2,146,584
Yes	59 Equal monthly installments of USD 8,400 + USD 4,400 in 60th Month	Sep-2026	99,713
			99,713
Yes	First 24 Months - \$ 3000 and 25- 60 months at \$ 9,223	Mar-2027	103,006
			103,006
Yes	47 Equal monthly installments of USD 8,330 + USD 8,490 in 48th Month	May-2026	81,711
			81,711
			284,430
No	48 monthly instalments commencing from Jan 2022	Dec-2025	21,866
No	48 monthly instalments commencing from March 2022	Feb-2026	37,500
			59,366
			50,151,560

# Notes to the Financial Statements

## 32 LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities recognised due to application of SLFRS 16 - Lease, and its movements for the period ended 31 March 2024.

As at 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Balance as at 1 April</b>	19,162,745	19,272,129	23,859	30,195
Exchange difference	(1,425,464)	1,938,328	-	-
Remeasurement of Right of Use Asset and other adjustments	202,195	72,682	-	-
New leases obtained	415,247	134,834	-	-
Payment of lease liabilities	(3,123,630)	(3,488,091)	(8,743)	(8,326)
Termination of existing leases	(33,739)	(50,045)	-	-
Acquisition of Subsidiaries	66,608	25,827	-	-
Interest expense				
- Charged to the income statement	1,060,071	1,257,081	1,498	1,990
- Capitalised under property, plant and equipment	9,407	-	-	-
<b>Balance as at 31st March</b>	<b>16,333,440</b>	<b>19,162,745</b>	<b>16,614</b>	<b>23,859</b>
<b>Current portion of lease liabilities</b>	<b>2,717,191</b>	<b>2,579,560</b>	<b>7,789</b>	<b>7,242</b>
<b>Non-current portion of lease liabilities</b>	<b>13,616,249</b>	<b>16,583,185</b>	<b>8,825</b>	<b>16,617</b>
	<b>16,333,440</b>	<b>19,162,745</b>	<b>16,614</b>	<b>23,859</b>

The above lease liability consist of the lease liabilities relating to the following components recognised within the group.

Component	Asset type
Balangoda Plantations PLC	Lease hold right to JEDB/SLSPC Land
Aitken Spence PLC	Lease hold right of lands, Buildings, Motor vehicles used in the business
Madulsima Plantations PLC	Lease hold right to JEDB/SLSPC Land
Melstacorp PLC	Lease hold right to building

## 33 RETIREMENT BENEFIT OBLIGATIONS

### 33.1 Movement in present value of defined benefit obligations

As at 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance as at beginning of the year		4,014,696	3,912,802	16,697	11,756
Acquisition of subsidiaries		67,045	-	-	-
Benefits paid by the plan		(601,530)	(435,383)	(3,577)	(2,896)
Exchange Difference		(31,962)	19,186	-	-
Expense recognised in the in the income statement	33.1.1	1,011,760	522,570	6,989	6,230
Actuarial (gain) / loss recognised in other comprehensive income		73,421	(4,479)	684	1,607
<b>Balance as at the end of the year</b>		<b>4,533,430</b>	<b>4,014,696</b>	<b>20,793</b>	<b>16,697</b>



The retirement benefit obligations of the Group is based on both internally developed method as recommended by Sri Lanka Accounting Standard No 19 “Employee Benefits” and the actuarial valuation carried out by Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries.

### 33.1.1 Expense recognised in the in the income statement

As at 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Current service costs	330,420	105,345	5,314	4,671
Interest costs	681,340	417,225	1,675	1,559
	1,011,760	522,570	6,989	6,230

A long term Treasury Bond rates of “12% - 13.75%”. (2023: 15% - 18.88%) have been used to discount future liabilities taking into consideration remaining working life of eligible employees.

### 33.1.2 Actuarial assumptions

Principal actuarial assumptions at the reporting date

As at 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Discount rate (%)	12%-13.75%	15% - 18.88%	12.63%	18.88%
Future salary increases (%)	5%-15%	5%-17%	10.00%	10%
Retirement age (years)	60-75 Years	60-75 Years	60-75 Years	60-75 Years
Staff turnover (%)	10-40%	10-37%	17.39%	36.92%

### 33.1.3 Maturity analysis of the payments

As at 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Within one year	487,348	541,384	391	1,183
Between 1-2 years	745,590	755,271	-	-
Between 2-5 years	897,128	829,009	1,047	583
Beyond 5 years	2,403,364	1,889,032	19,355	14,931
	4,533,430	4,014,696	20,793	16,697

# Notes to the Financial Statements

## 33.3 Sensitivity of assumptions used

If one percentage increase/(decrease) in the assumptions, would have the following effects,

Effect on retirement benefit obligation liability,

As at 31 March,	Group		Company		Group		Company	
	2024				2023			
	Discount rate	Salary increment rate	Discount rate	Salary increment rate	Discount rate	Salary increment rate	Discount rate	Salary increment rate
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Increase by 1%	(249,433)	306,726	(893)	957	(201,728)	250,595	340	(376)
Decrease by 1%	297,484	(260,416)	943	(921)	238,283	(215,390)	(351)	370
Effect on Comprehensive Income,								
Increase by 1%	249,433	(306,726)	893	(957)	201,728	(250,595)	(340)	376
Decrease by 1%	(297,484)	260,416	(943)	921	(238,283)	215,390	351	(370)

## 34 OTHER LIABILITIES

As at 31 March,	Note	Group	
		2024 Rs.'000	2023 Rs.'000
<b>Non current liabilities</b>			
Deferred grants and subsidies	34.1	229,862	244,437
Amounts due to equity accounted investees	34.3	277,865	418,493
		507,727	662,930
<b>Current liabilities</b>			
Deferred revenue	34.2	17,506	17,512
		17,506	17,512

### 34.1 Deferred grants and subsidies

As at 31 March,	Group	
	2024 Rs.'000	2023 Rs.'000
Balance at the beginning of the year	244,437	258,916
Grants received during the year	1,991	-
Amortisation for the year	(16,566)	(14,479)
Balance at the end of the year	229,862	244,437

The Balangoda Plantation PLC and Madulsima Plantation PLC have received funding from the Plantation Housing and Social Welfare Trust and Plantation Development Project (PDP) for the development of workers facilities such as re-roofing of line rooms, latrines, water supply, sanitation and roads etc. The amounts spent are included under the relevant classification of property, plant & equipment and the grant component is reflected under Deferred Grants and Subsidies. Grants are amortised over the life of the assets for which they are being deployed.

The above amount represent funding received by Balangoda Plantations PLC and Madulsima Plantations PLC from various governmental and non-governmental Institutions for social and infrastructure development of estates.

### 34.2 Deferred revenue

As at 31 March,	Group	
	2024 Rs.'000	2023 Rs.'000
Balance at the beginning of the year	17,512	5,150
Revenue received during the year	4,259	26,026
Deferred revenue recognised during the year	(4,265)	(13,664)
Balance at the end of the year	17,506	17,512
Deferred revenue to be recognised within one year	17,506	17,512
Deferred revenue to be recognised after one year	-	-
	17,506	17,512

This balance represents the revenue received in advance related to the telecommunication sector of the Group.

### 34.3 Amounts due to equity accounted investees

This represents the long term advances received by Aitken Spence PLC group from its equity accounted investees.

## 35 TRADE AND OTHER PAYABLES

As at 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Financial liabilities</b>					
Trade payables		15,481,794	9,944,826	-	-
Insurance contract liabilities		6,420,545	5,506,340	-	-
Dividend payable		-	11,065	-	-
Other financial liabilities		10,870,927	11,181,893	30,409	9,151
Refundable advances and deposits		1,773,802	1,089,072	425,750	-
		34,547,068	27,733,196	456,159	9,151
<b>Non financial liabilities</b>					
Accrued expenses		3,332,246	3,531,764	12,436	3,345
Other non financial liabilities		4,350,518	4,121,623	-	-
Direct and indirect taxes payables	35.1	7,717,867	7,244,746	3,997	7,871
Unclaimed dividends		438,230	348,127	182,751	118,103
		15,838,861	15,246,260	199,184	129,319
		50,385,929	42,979,456	655,343	138,470

# Notes to the Financial Statements

## 35.1 Direct and indirect taxes payables

As at 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Excise duty payable	3,954,673	4,353,367	-	-
Value added tax (VAT) payable	1,946,394	1,816,948	2,924	3,045
Other statutory payables	1,816,800	1,074,431	1,073	4,826
	7,717,867	7,244,746	3,997	7,871

## 36 RELATED PARTY DISCLOSURES

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS 24) "Related Party Disclosures", the details of which are reported below. The Pricing applicable to such transactions is based on the assessment of risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated Customers.

Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

### 36.1 Balances with related parties

#### 36.1.1 Amounts due from related parties

As at 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Subsidiaries	36.1.3	-	-	479,062	616,862
Equity accounted investees	36.1.4	1,282,766	552,907	-	-
Other related companies	36.1.5	15,520	13,470	-	-
		1,298,286	566,377	479,062	616,862

#### 36.1.2 Amounts due to related parties

As at 31 March,	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Subsidiaries	36.1.3	-	-	548,785	473,284
Equity accounted investees	36.1.4	1,191,127	1,767,170	-	-
Other related companies	36.1.5	472,519	550,657	-	-
		1,663,646	2,317,827	548,785	473,284

### 36.1.3 Subsidiaries

As at 31 March,	Group				Company			
	Amounts due from		Amounts due to		Amounts due from		Amounts due to	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Bell Solutions (Pvt) Ltd	-	-	-	-	493,032	183,532	-	-
Bellvantage (Pvt) Ltd	-	-	-	-	-	-	197	113
Continental Insurance Lanka Limited	-	-	-	-	9,950	9,916	-	-
Distilleries Company of Sri Lanka PLC	-	-	-	-	-	-	533,713	471,354
Lanka Bell Ltd	-	-	-	-	-	-	193	53
Melsta Health (Pvt) Ltd	-	-	-	-	245,881	145,881	-	-
Melsta Laboratories (Pvt) Ltd	-	-	-	-	14,069	654	-	-
Melsta Logistics (Pvt) Ltd	-	-	-	-	108	543	-	-
Melsta Properties (Pvt) Ltd	-	-	-	-	-	-	14,682	1,592
Melsta Technologies (Private) Limited	-	-	-	-	1,038	524	-	-
Melsta Tower (Private) Limited	-	-	-	-	-	6,225	-	-
Milford Holdings (Pvt) Ltd	-	-	-	-	4,550,475	3,818,206	-	-
Periceyl (Pvt) Ltd	-	-	-	-	3	3	-	-
Splendor Media (Pvt) Ltd	-	-	-	-	11,812	23,112	-	-
Telecom Frontier (Pvt) Ltd	-	-	-	-	2,288	2,288	-	-
Texpro Industries Ltd	-	-	-	-	34,500	22,500	-	-
Melsta Healthcare Colombo (Pvt) Ltd	-	-	-	-	494,439	420,792	-	-
Formula World (Pvt) Ltd	-	-	-	-	-	-	-	172
	-	-	-	-	5,857,595	4,634,176	548,785	473,284
Provision for impairment of amounts due from subsidiaries (Note 36.1.3.1)	-	-	-	-	(5,378,533)	(4,017,314)	-	-
	-	-	-	-	479,062	616,862	548,785	473,284

#### 36.1.3.1 Provision for impairment

As at 31 March,	Company	
	2024 Rs.'000	2023 Rs.'000
Balance at the beginning	4,017,314	1,162,119
Net charge for the year	1,361,219	2,855,195
Balance at the end	5,378,533	4,017,314

### 36.1.4 Equity accounted investees

Balances due from/due to joint ventures, Ace Bangladesh Ltd, Aitken Spence C & T Investments (Pvt) Ltd, Aitken Spence Engineering Solutions (Pvt) Ltd, CINEC Campus (Pvt) Ltd, CINEC Skills (Pvt) Ltd, EcoCorp Asia (Pvt) Ltd and balances due from/due to associates, AEN Palm Oil Processing (Pvt) Ltd, Aitken Spence Plantation Management PLC, Browns Beach Hotels PLC, Elpitiya Plantations PLC, Negombo Beach Resorts (Pvt) Ltd, Paradise Resort Pasikudah (Pvt) Ltd, Serendib Investments Ltd are reflected under amount due from/ due to equity accounted investees.

# Notes to the Financial Statements

## 36.1.5 Other related companies

As at 31 March,	Note	Group				Company			
		Amounts due from		Amounts due to		Amounts due from		Amounts due to	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Ambewela Products (Pvt) Ltd		49	65	-	-	-	-	-	-
Elpitiya Plantations PLC		-	741	-	227	-	-	-	-
Lanka Aluminium Industries PLC		-	-	10,608	8,529	-	-	-	-
Lanka Dairies (Pvt) Ltd		442	95	28	-	-	-	-	-
Lanka Milk Foods (CWE) PLC		3,463	1,948	1,613	211	-	-	-	-
Milford Exports Ceylon (Pvt) Ltd		3,610	3,386	87,223	135,713	-	-	-	-
Stassen Exports (Pvt) Limited	36.1.6	4,989	4,458	373,040	405,958	-	-	-	-
Stassen International (Pvt) Limited		95	-	-	-	-	-	-	-
Stassen Foods (Pvt) Ltd		621	1,443	7	19	-	-	-	-
Stassen Natural Foods (Pvt) Ltd		21	-	-	-	-	-	-	-
Melsta GAMA (Pvt) Ltd		120	-	-	-	-	-	-	-
United Dairies Lanka (Pvt) Ltd		124	-	-	-	-	-	-	-
Merbok MDF Lanka (Private) Limited		1,986	1,334	-	-	-	-	-	-
		15,520	13,470	472,519	550,657	-	-	-	-

**36.1.6** This represents the an interest free loan amounting to USD 1.212Mn from Stassen Exports (Private) Limited to Texpro Industries Limited. The Company has to settle this loan on demand. Hence, it has been classified under current liabilities and no fair value adjustments have been made.

## 36.2 Transactions with Related Parties

### 36.2.1 Transactions with Subsidiaries, Associates and Other Related Companies

Name of the Company	Names of Directors	Nature of Interest	Nature of Transaction	Transaction Value Rs.'000
Distilleries Company of Sri Lanka PLC	Mr.D.H.S.Jayawardena	Subsidiary Co.	Dividends received	14,031,706
	Mr.C.R.Jansz		Rent Income	293,870
	Mr.M.A.N.S.Perera		RPT Current A/C Interest Charged by DCSL	71,196
	Capt.K.J.Kahanda			-
	Mr.N.De.S.Deva Aditya		Reimbursement of expenses by Melstacorp incurred on behalf of DCSL	71,196
	Dr.Naomal Balasuriya		Reimbursement of expenses by DCSL incurred on behalf of Melstacorp	8,613
	Mr.D.Hasitha.S Jayawardena		Short term loans received	105,440,000
	Ms.D.S.T Jayawardena		Short term loans settled	109,085,000
	Dr. R.A. Fernando (Appointed w.e.f 02-01-2024)		Interests on short term loans	637,244

Name of the Company	Names of Directors	Nature of Interest	Nature of Transaction	Transaction Value Rs.'000
Splendor Media (Pvt) Ltd.	Ms.D.S.T Jayawardena	Subsidiary Co.	Purchase of fixed assets	573
			Working capotal loans settlements	45,000
			Working capotal loans granted	33,700
			Reimbursement of expenses by Melstacorp incurred on behalf of Splendor	-
Periceyl (Pvt) Limited	Mr. D.H.S.Jayawardena	Subsidiary Co.	Dividend Received	595,469
	Mr. C.R.Jansz		Short term loans received	384,212
	Mr.D.Hasitha.S Jayawardena		Short term loans settled	384,212
	Mr.M.A.N.S.Perera		Interests on short term loans	1,667
Milford Holding (Pvt) Ltd	Mr. D.H.S.Jayawardena	Subsidiary Co.	Capital repayment	-
	Mr. C.R.Jansz		Interest on RPT Advances received	7,752
	Capt.K.J.Kahanda		Interest on RPT Advances Given	719,821
			Capital repayment of advances received	19,200
Bellvantage (Private) Ltd	Mr.M.A.N.S.Perera	Subsidiary Co.	Dividend Received	63,751
	Mr.L.U.D.Fernando		Rent charged	-
			Raimbersement of expenses incurred by BV on behalf of Melstacorp	-
			Services Obtained	1,089
			Raimbersement of expenses incurred by Melstacorp on behalf of Bellvantage	-
Melsta Health (Pvt) Ltd	Mr. D.H.S.Jayawardena	Subsidiary Co.	Additional capital granted	100,000
	Mr. C.R.Jansz		Reimbursement of expenses	2,193
	Mr.D.Hasitha.S Jayawardena		Refund of advances	-
	Mr.M.A.N.S.Perera			-
	Dr.Naomal Balasuriya			-
Melsta Logistic (Pvt) Limited	Mr.M.A.N.S.Perera	Subsidiary Co.	Vehicle Rentals and repaires	2,405
	Mr.L.U.D.Fernando		Ground rent charged	2,463
			Interest Charged on RPT Current A/C	-
			Dividend Received	229,500
Negombo Beach Resort (Pvt) Ltd	Mr. D.H.S.Jayawardena	Subsidiary Co.	Interest income on Loans	-
	Mr.M.A.N.S.Perera		Interest settled	-
	Mr.N.De.S.Deva Aditya			

# Notes to the Financial Statements

Name of the Company	Names of Directors	Nature of Interest	Nature of Transaction	Transaction Value Rs.'000	
Melsta Properties (Pvt) Ltd	Capt.K.J.Kahanda	Subsidiary Co.	Interest Charged on RPT Current A/C	619	
			Short term loans received	13,962	
			Capital and Interest Repaid	-	
			Reimbursement of expenses	-	
			Rentals charged	8,104	
			Dividends received	33,786	
Bogo Power (Pvt) Ltd	Mr. D.H.S.Jayawardena	Subsidiary Co.	Dividend Received	42,203	
	Mr. C.R.Jansz				
	Mr.M.A.N.S.Perera				
Balangoda Plantations PLC	Mr. D.H.S.Jayawardena	Subsidiary Co.	Loans Granted	-	
			Mr. C.R.Jansz	Interest on Loans	151,663
			Mr.D.Hasitha.S Jayawardena	Settlement of Loans with Int.	195,156
			Mr.M.A.N.S.Perera	Reimbursement of expenses	9,367
				Dividends received	60,522
			Refund on over subscribed shares	-	
Madulsima Plantations PLC	Mr. D.H.S.Jayawardena	Subsidiary Co.	Reimbursement of expenses	25,608	
	Mr.D.Hasitha.S Jayawardena		Interest on Loans	715,906	
	Mr. C.R.Jansz		Settlement of Loans with Int.	20,422	
	Mr.M.A.N.S.Perera				
Continental Insurance Lanka Ltd		Subsidiary Co.	Dividend Received	-	
			Capital Infuced	-	
			Insurance Claims received	-	
			Insurance premiums paid	4,357	
Lanka Bell Ltd	Mr. D.H.S.Jayawardena	Subsidiary Co.	Telephone and Internet charges	668	
	Mr. C.R.Jansz		Settlement of loans	-	
	Mr.M.A.N.S.Perera		Advances given	634,100	
			Loans settled	200,000	
Melsta Tower (Pvt) Ltd	Mr.M.A.N.S.Perera	Subsidiary Co.	Settlements received	6,225	
	Mr.L.U.D.Fernando				
Melsta Technologies (Pvt) Ltd		Subsidiary Co.	Dividends received	-	
			Short Term Advances settled	-	
			Purchase of IT Equipments and Software	-	
			Rent income	1,049	
			Reimbursement of expense incurred by MC on behalf of MTECH	40,782	



Name of the Company	Names of Directors	Nature of Interest	Nature of Transaction	Transaction Value Rs.'000
Bell Solutions (Pvt) Ltd	Mr. D.H.S.Jayawardena	Subsidiary Co.	Purchase of IT Equipments and Software	387
	Mr.M.A.N.S.Perera		Loans Granted	309,500
Aitken Spence Travels (Pvt) Ltd	Mr. D.H.S.Jayawardena	Subsidiary Co.	Services obtained	329
	Ms.D.S.T Jayawardena		Purchase of Fixed Assets	
Bellactive (Pvt) Ltd	Mr. D.H.S.Jayawardena	Subsidiary Co.	Loans granted	
	Mr.M.A.N.S.Perera		Loans settled	
			Rent income	
Aitken Spence PLC	Mr. D.H.S.Jayawardena	Subsidiary Co.	Dividends received	833,641
	Mr.C.R.Jansz			
	Ms.D.S.T Jayawardena			
	Mr.N.De.S.Deva Aditya			
	Mr.M.A.N.S.Perera			
Aitken Spence Printing and Packaging (Pvt) Ltd	Mr. D.H.S.Jayawardena	Subsidiary Co.	Printing Services Obtained	2,581
Melsta Hospitals Ragama (Pvt) Ltd	Mr.C.R.Jansz	Subsidiary Co.	Settlement of short term funds advanced by MC	-
	Mr.D.Hasitha.S Jayawardena			
	Mr.M.A.N.S.Perera			
Melsta Healthcare Colombo (Pvt) Ltd	Mr.C.R.Jansz	Subsidiary Co.	Interest charged on share holder loan	73,647
	Mr.M.A.N.S.Perera			
	Mr.L.U.D.Fernando			
Stassen Exports (pvt) Ltd	Mr.D.H.S.Jayawardena		Reimbursement of expenses	425
	Mr.C.R.Jansz			
	Mr.D.Hasitha.S Jayawardena			
Melsta Laboratories (Pvt) Ltd	Mr.M.A.N.S.Perera	Subsidiary Co.	Rent income	14,104
	Mr.L.U.D.Fernando		Laboratory services obtained	-
			Reimbursement of expenses made bt MLAB on behalf of Melstacorp	1,821
Hospital Management Melsta (Pvt) Ltd	Mr.D.H.S.Jayawardena	Subsidiary Co.	Purchase of medical consumables	-
	Mr.M.A.N.S.Perera			
Formula World (Pvt) Ltd			Vehicle reparaie charges	699
			Interest charged on Term Loan	3,337
			Term Loan Granted	43,000

# Notes to the Financial Statements

Name of the Company	Names of Directors	Nature of Interest	Nature of Transaction	Transaction Value Rs.'000
Lanka Milk Foods (CWE) PLC	Mr.D.H.S.Jayawardena	Affiliated Co.	Dividend Received	80,867
	Mr.C.R.Jansz			
	Mr.D.Hasitha.S Jayawardena			
	Ms..D.S.T Jayawardena			
Melsta GAMA (Pvt) Ltd	Mr.D.H.S.Jayawardena	Subsidiary Co.	Additional Capital Granted	150,000
	Cap.K.J.Kahanda			
	Mr.L.U.D.Fernando			
Texpro Industries Limited	Mr.D.H.S.Jayawardena	Subsidiary Co.	Temporary Financial Assistance made	27,000
			Settlement of Temporary Financial Assistance made	15,000
Melsta House (Pvt) Ltd	Mr.L.U.D.Fernando	Subsidiary Co.	Capitalization of debt to equity	150,459
	Mr.M.A.N.S.Perera		Additional funds granted	150,459
	Mr.D.Hasitha.S Jayawardena			

### 36.2.2 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard (LKAS 24) "Related Party Disclosures", Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including executive and non-executive Directors) and their immediate family member have been classified as Key Management Personnel of the Company.

The immediate family member is defined as spouse or dependent. Dependent is defined as anyone who depends on the respective Director for more than 50% of his/her financial needs.

### 36.2.2.1 Compensations to Key Management Personnel

There were no compensation paid to Key Management Personnel during the year other than those disclosed below.

For the year ended 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Short term employee benefits	1,714,224	1,436,856	111,099	76,088
Post employment benefits	1,331	9,530	-	-

### 36.2.2.2 Loans to Directors

There were no loans granted to Directors during the year.

**36.2.3** There are no non-recurrent related party transactions exceeding 10% of equity and the 5% of the total assets of the entity as per audited financial statements, whichever is lower (CSE Ruling).

**36.2.4 The Recurrent Related Party Transactions, where the aggregate value of the recurrent Related Party Transactions exceeds 10% of the Group 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, the Listed Entity. (CSE Ruling).**

Name of Related Party	Relationship	Nature of transaction	Aggregate value of Related Party Transactions entered into during the financial year (Rs.'000)	Aggregate value of Related Party Transactions as a % of Net Revenue/ Income	Terms and Conditions of the Related Party Transactions
Distilleries Company of Sri Lanka PLC	Subsidiary	Short-term loans received during the year	105,440,000	45%	Short Term Deposits are accepted at the rate of median of Average Weighted Prime Lending Rate (AWPR) and Average Weighted New Deposit Rate (AWNDR) reviewed weekly.
Distilleries Company of Sri Lanka PLC	Subsidiary	Short terms loans settled during the year	109,085,000	46%	

This inter-company lending/borrowing arrangement between Melstacorp PLC and the Company was introduced due to a significant increase in interest rates spread in bank deposit rates and bank lending rates prevailed during the period. The shareholders of the Company approved this arrangement in an Extraordinary General Meeting held on 24.11.2022 to comply with section 9.1.2 of CSE listing rules.

# Notes to the Financial Statements

## 37 FINANCIAL INSTRUMENTS

### 37.1 Accounting classification of financial instruments

#### 37.1.1 Accounting classification of financial assets

As at 31 March,	Note	Group							
		Assets at amortised cost		Assets at fair value through profit and loss (FVTPL)		Assets at Fair Value through OCI		Total	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Assets as per balance sheet</b>									
<b>Non Current Assets</b>									
Other non current financial investments	23	4,998,754	4,876,898	-	-	38,497,260	26,492,054	43,496,014	31,368,952
<b>Current Assets</b>									
Trade and other receivables	25	30,211,752	32,117,440	-	-	-	-	30,211,752	32,117,440
Amounts due from related companies	36.1.1	1,298,286	566,377	-	-	-	-	1,298,286	566,377
Other current financial investments	23	27,092,858	28,674,778	818,973	841,647	-	-	27,911,831	29,516,425
Cash and cash equivalents	27	15,741,527	22,985,573	-	-	-	-	15,741,527	22,985,573
<b>Total</b>		<b>79,343,177</b>	<b>89,221,066</b>	<b>818,973</b>	<b>841,647</b>	<b>38,497,260</b>	<b>26,492,054</b>	<b>118,659,410</b>	<b>116,554,767</b>

As at 31 March,	Note	Company							
		Assets at amortised cost		Assets at fair value through profit and loss (FVTPL)		Assets at Fair Value through OCI		Total	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Assets as per balance sheet</b>									
<b>Non Current Assets</b>									
Other non current financial investments	23	767,468	813,566	-	-	35,521,860	24,067,142	36,289,328	24,880,708
<b>Current Assets</b>									
Trade and other receivables	25	2,540	1,220	-	-	-	-	2,540	1,220
Amounts due from related companies	36.1.1	479,062	616,862	-	-	-	-	479,062	616,862
Other current financial investments	23	5,367,238	4,791,144	87,333	44,296	-	-	5,454,571	4,835,440
Cash and cash equivalents	27	18,151	170,022	-	-	-	-	18,151	170,022
<b>Total</b>		<b>6,634,459</b>	<b>6,392,814</b>	<b>87,333</b>	<b>44,296</b>	<b>35,521,860</b>	<b>24,067,142</b>	<b>42,243,652</b>	<b>30,504,252</b>

### 37.1.2 Accounting classification of financial liabilities

As at 31 March,	Note	Group					
		Financial liabilities at fair value through profit or loss		Financial liabilities measured at amortised cost		Total	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Liabilities as per balance sheet</b>							
<b>Non current liabilities</b>							
Interest bearing loans and borrowings	31	-	-	40,618,111	49,366,434	40,618,111	49,366,434
Lease Liability	32	-	-	13,616,249	16,583,185	13,616,249	16,583,185
<b>Current Liabilities</b>							
Trade and other payables	35	-	-	34,547,068	27,733,196	34,547,068	27,733,196
Amount due to related companies	36.1.2	-	-	1,663,646	2,317,827	1,663,646	2,317,827
Interest bearing loans and borrowings	31	-	-	9,533,449	10,087,618	9,533,449	10,087,618
Bank overdrafts and other short term borrowings	27	-	-	29,506,705	29,595,358	29,506,705	29,595,358
Lease Liability	32	-	-	2,717,191	2,579,560	2,717,191	2,579,560
<b>Total</b>		-	-	132,202,419	138,263,178	132,202,419	138,263,178

As at 31 March,	Note	Company					
		Financial liabilities at fair value through profit or loss		Financial liabilities measured at amortised cost		Total	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Liabilities as per balance sheet</b>							
<b>Non current liabilities</b>							
Lease Liability	32	-	-	8,825	16,617	8,825	16,617
<b>Current Liabilities</b>							
Trade and other payables	35	-	-	456,159	9,151	456,159	9,151
Amount due to related companies	36.1.2	-	-	548,785	473,284	548,785	473,284
Bank overdrafts and other short term borrowings	27	-	-	4,873,849	7,630,054	4,873,849	7,630,054
Lease Liability	32	-	-	7,789	7,242	7,789	7,242
<b>Total</b>		-	-	5,895,407	8,136,348	5,895,407	8,136,348

# Notes to the Financial Statements

## 38 FAIR VALUE MEASUREMENT

### 38.1 Fair value measurement hierarchy

The Group and the Company use the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation techniques:

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

**Level 2:** inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly

**Level 3:** techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

As at 31 March,	Note	Group							
		Level 1		Level 2		Level 3		Total	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Non Current Assets</b>									
Property Plant and Equipment	15								
Freehold land		-	-	-	-	34,400,282	33,947,666	34,400,282	33,947,666
Freehold Buildings						87,506,194	71,068,567	87,506,194	71,068,567
Investment Properties	17								
Freehold land		-	-	-	-	7,675,772	6,779,164	7,675,772	6,779,164
Freehold Buildings		-	-	-	-	1,029,377	690,089	1,029,377	690,089
Consumable biological assets		-	-	-	-	7,975,873	6,917,259	7,975,873	6,917,259
Other non current financial investments	23								
Fair Value Through OCI	23.1								
Quoted equity securities	23.1.1	38,028,118	25,808,526	-	-	-	-	38,028,118	25,808,526
Unquoted equity securities	23.1.2	-	-	-	-	275,911	302,540	275,911	302,540
Government Securities	23.1.3	193,231	181,940	-	-	-	-	193,231	181,940
Quoted Debt securities	23.1.4	-	-	-	-	-	199,048	-	199,048
<b>Current Assets</b>									
Other current financial investments	23								
Fair value through profit or loss (FVTPL) financial investments	23.2								
Quoted equity securities	23.2.1	280,802	142,024	-	-	-	-	280,802	142,024
Investments in unit trusts	23.2.2	538,171	699,623	-	-	-	-	538,171	699,623
<b>Total</b>		<b>39,040,322</b>	<b>26,832,113</b>	<b>-</b>	<b>-</b>	<b>138,863,409</b>	<b>119,904,333</b>	<b>177,903,731</b>	<b>146,736,446</b>

As at 31 March,	Note	Company							
		Level 1		Level 2		Level 3		Total	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Non Current Assets</b>									
Investment Property	17	-	-	-	-	7,478,541	7,100,954	7,478,541	7,100,954
Other non current financial investments	23								
Fair Value Through OCI	23.1								
Quoted equity securities	23.1.1	35,521,860	24,067,142	-	-	-	-	35,521,860	24,067,142
<b>Current Assets</b>									
Other current financial investments	23								
Fair value through profit or loss (FVTPL) financial investments	23.2								
Quoted equity securities	23.2.1	87,333	44,296	-	-	-	-	87,333	44,296
<b>Total</b>		<b>35,609,193</b>	<b>24,111,438</b>	<b>-</b>	<b>-</b>	<b>7,478,541</b>	<b>7,100,954</b>	<b>43,087,734</b>	<b>31,212,392</b>

## 38.2 Reconciliation of fair value measurement of “Level 3” financial instruments

For the year ended 31 March,	Group Unquoted equity securities Rs.'000
Balance as at 31st March 2023	302,540
Total gains and losses recognised in other comprehensive income	-
- Net change in fair value of financial assets measured at FVOCI (unrealised)	(26,629)
Balance as at 31st March 2024	275,911

### 38.2.1 Transfers between levels of fair value hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the year.

### 38.2.2 Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used by both the Group and the Company in measuring Level 2 and Level 3 fair values, and the significant unobservable inputs used.

# Notes to the Financial Statements

## 38.2.2.1 Assets and liabilities measured at fair value - Recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value
<b>Property, plant and equipment</b>			
Freehold land	<p><b>Market comparable method</b></p> <p>This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.</p>	Price per perch of land	<p>Estimated fair value would increase (decrease) if ;</p> <ul style="list-style-type: none"> <li>– Price per perch increases (decreases)</li> </ul>
Freehold Building	<p><b>Market comparable method</b></p> <p>This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.</p>	Price per Sq Ft of Building	<p>Estimated fair value would increase (decrease) if ;</p> <ul style="list-style-type: none"> <li>– Price per Sq Ft increases (decreases)</li> </ul>
<b>Investment Properties</b>			
Investment land	<p><b>Market comparable method</b></p> <p>This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.</p>	Price per perch of land	<p>Estimated fair value would increase (decrease) if ;</p> <ul style="list-style-type: none"> <li>– Price per perch increases (decreases)</li> </ul>
Investment Building	<p><b>Market comparable method</b></p> <p>This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.</p>	Price per Sq Ft of Building	<p>Estimated fair value would increase (decrease) if ;</p> <ul style="list-style-type: none"> <li>– Price per Sq Ft increases (decreases)</li> </ul>



Assets and liabilities	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value
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#### Other financial assets

Unquoted equity securities	Net assets basis	Carrying value of assets and liabilities adjusted for market participant assumptions.	Variability of inputs are insignificant to have an impact on fair values.
	Market return on a comparable investment	Current market interest rates	Not applicable

#### Derivative financial assets / liabilities

Forward foreign exchange contracts	<b>Market comparison technique</b> The fair values are based on quotes from banks and reflect the actual transactions of similar instruments.	Forward exchange rates as at reporting date.	Not applicable
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#### 38.2.2.2 Assets and liabilities for which fair values are disclosed - Recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs
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#### Investment property

Freehold land	<b>Market comparable method</b> This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	Price per perch of land
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#### Other financial assets

Unquoted debt securities	Discounted cash flows	Current market interest rates
Other bank deposits		
Interest-bearing liabilities	Discounted cash flows	Current market interest rates

# Notes to the Financial Statements

## 38.2.2.3 Assets and liabilities measured at fair value - Non-recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs
Assets classified as held for sale	Valued at the cash available with the disposal group held for sale.	Not applicable

## 39 AMOUNT DUE FROM THE SECRETARY TO THE TREASURY ON ACCOUNT OF SLIC

### a) In respect of Shares

As per the Judgment delivered by the Supreme Court of the Democratic Socialist Republic of Sri Lanka on 4 June 2009 it was declared and directed that the shares of SLIC purported to have been sold to Distilleries Consortium on 11 April 2003 along with any shares purchased from employees as per SSPA shall be deemed to have been held for and on behalf of the Secretary to the Treasury.

As directed by the said judgment, the Secretary to the Treasury returned Rs.5,716 Mn in 2010/11 that was paid by Group Subsidiary Milford Holdings (Pvt) Limited (MHL) to purchase shares from SLIC.

### b) In respect of Profits Earned

Furthermore, MHL was entitled to retain the profits of SLIC derived by MHL from 11 April 2003 to 04 June 2009 in lieu of the interest for the aforesaid investment. The Secretary to the Treasury was directed to cause profits of SLIC to be computed and audited from the date of the last audited Reporting of SLIC to 04 June 2009 to enable MHL to obtain such profits.

However, Secretary to the Treasury has not yet determined the value of profits to be retained by the MHL; hence no adjustments were made to the financial statements in this regards.

The Group has initiated legal actions to recover the said dues.

## 40 IMPACT OF REVIVAL OF UNDERPERFORMING ENTERPRISES AND UNDERUTILISED ASSETS BILL - PELWATTE SUGAR INDUSTRIES PLC GROUP (PSIP)

Consequent to the enactment and passage of the above Act of Parliament on 9 November 2011, the state officials are occupying the land leased to PSIP. As the leasing of the land to PSIP was done in 1985, and the above mentioned Act empowers the vesting of land leased during a period of 20 years before the enactment of the Act. The Company believes that the land that was used by PSIP have not been vested in the state. At this moment the management is unable to comment further on the implications on the ruling as the Company is awaiting instructions by the Secretary to the Treasury.

Financial results up to 30 September 2011 were consolidated to Group results for the year ended 31 March 2012. Subsequent financial results have not been incorporated to the Group results due to non accessibility of the information. Subsequently a Compensation Tribunal was formed as required by the Act. Without assuming any liability or without any prejudice to, or impact on its rights, PSIP has submitted a claim to the Compensation Tribunal.

Commercial High Court of Western Province (Colombo Civil) issued a winding-up order of Pelwatte Sugar Industries PLC on 13 March 2013. The Court has appointed P.E.A. Jayewickreme and G.J. David, as the Liquidators.

## 41 CONTINGENT LIABILITIES

Based on the available information, the Management is of the view that there are no material litigation or claims that could have material impact on the financial position on the group. Accordingly, no provision has been made for legal claims in the Financial Statements.

### 41.1 Distilleries Company of Sri Lanka PLC

Supreme court case No. SC/Appeal 31/2009 (Commercial high court of Colombo Case No. 147/2005) (1) . A . Pliant filed by the Censtar International (Pvt) Ltd against the company claiming a sum of Rs. 17,982,358.38 with interest and costs. A claim in reconvention filed for Rs. 500,000,000/- and the matter was argued 24.10.2023 and delivery of the judgement has been reserved with no further date.

## 41.2 Aitken Spence PLC-Group

Contingent liabilities as at 31.03.2024 on corporate guarantees given by Aitken Spence PLC to subsidiaries within the group and equity-accounted investees amounted to Rs. 9,368.6 million and Rs. 17.5 million respectively. Contingent liabilities as at 31.03.2024 on corporate guarantees given by subsidiaries and equity-accounted investees to other companies in the Group amounted to Rs. 18,316 million. Neither Aitken Spence PLC nor subsidiaries and equity-accounted investee have given corporate guarantees on behalf of companies outside the Group including other related companies listed in note 40.3 -40.7 to the financial statements.

Tax Appeals Commission decided in favour of Aitken Spence Travels (Pvt) Ltd., a subsidiary of the Group which was assessed by the Department of Inland Revenue on Income tax for the years of assessment 2009/2010, 2010/2011 and 2011/2012. The Department of Inland Revenue appealed against the above determination to the Court of Appeal for the above years of assessment. The Court of Appeal decided in favour of the company for the years of assessment 2009/2010 and 2010/2011. The Department of Inland Revenue appealed against the Court of Appeal decision for the year of Assessment 2009/2010 and 2010/2011 to the Supreme Court. The Supreme Court hearing the appeal for the year of assessment 2009/2010 refused to grant leave to proceed. Therefore the judgement of the Court of Appeal which was decided in favour of the Company will prevail. The contingent liability on income tax and penalties for year of assessment 2010/2011 and 2011/2012, pending hearing in the Supreme Court and the Court of Appeal are estimated to be Rs. 69.8 million and Rs. 80.6 million respectively. Based on expert advice and the decision of the Tax Appeals Commission, the Court of Appeal and the judgement given by the Supreme Court in relation to year of assessment 2009/2010, the directors are confident that the ultimate resolution would be in favour of the Company.

Cey Spence (Pvt) Ltd which was previously an equity accounted investee and was proposed to be liquidated, and the share of net assets of which is reflected under assets classified as held for sale in the consolidated financial statements of the Group was issued an income tax assessment under the Inland Revenue Act in relation to the year of assessment 2007/2008. The Court of Appeal hearing the appeal has determined the income tax assessment in favour of the Department of Inland Revenue. Pursuant to the determination of the Court of Appeal the company has appealed against the determination to the Supreme Court. The contingent liability to the Group is estimated to be Rs. 70 million inclusive of any penalties. Based on expert advice the directors are confident that the ultimate resolution of the case will not have a material adverse impact on the financial statements of the Group.

Action was instituted in the Commercial High Court in 2009 by a prospective buyer for the repayment of the advance monies and other related amounts paid by them, for the purchase of a ship which was owned by Ceyaki Shipping (Pvt) Ltd., (an Associate company) which is classified as held for sale in the consolidated financial statements of the Group. The company contested the action as it deemed that the amount was not due and owing to the prospective buyer. The Commercial High Court delivered a determination in favour of the prospective buyer in March 2013. Consequently Ceyaki Shipping (Pvt) Ltd., appealed to the Supreme Court against the determination of the Commercial High Court. The directors are confident that the ultimate resolution of the case will not have a material adverse impact on the financial statements of the Group.

## 41.3 Distilleries Company of Sri Lanka PLC

The Company has received an income tax assessment dated 9th August 2022 from the Commissioner General of Inland Revenue imposing an additional income tax liability of Rs. 4.1 Bn and a penalty of Rs. 2.0 Bn against the Company for the year of assessment 2016/17 in relation to the Group's restructuring transactions.

The Company filed a writ application in the Court of Appeal challenging the legality of the assessment(s). Following the completion of oral and written submissions by the parties, the Court of Appeal issued an interim order on 28th June 2023, restraining the Commissioner General of Inland Revenue from taking any further steps pursuant to the Letter of Intimation, the Notice of Assessment, the Penalty Notice, and the Tax in Default Notice until a final determination is made on this petition.

Subsequently, on 28th July 2023, the Hon. Attorney General applied for Special Leave to appeal to the Supreme Court against the interim order. The interim order, delivered on 28th June 2023, was set aside, and in the Supreme Court case bearing No. SC/SPL/LA 205/23, the Hon. Attorney General has undertaken to inform the Inland Revenue Department not to take action until the application for interim relief is supported afresh. The case is now due to be called on 26th September 2024.

Having considered the procedural and substantive grounds against the assessment raised, the Company is of the view that this assessment is not likely to result in any tax liability to the Company.

# Notes to the Financial Statements

## 41.4 Melstacorp PLC

The Company has received an income tax assessment dated 9th August 2022 from the Commissioner General of Inland Revenue imposing an additional income tax liability of Rs. 11.4 Bn and a penalty of Rs. 5.7 Bn against the Company for the year of assessment 2016/17 in relation to the Group's restructuring transactions.

The Company filed a writ application in the Court of Appeal challenging the legality of the assessment(s). Following the completion of oral and written submissions by the parties, the Court of Appeal issued an interim order on 28th June 2023, restraining the Commissioner General of Inland Revenue from taking any further steps pursuant to the Letter of Intimation, the Notice of Assessment, the Penalty Notice, and the Tax in Default Notice until a final determination is made on this petition.

Subsequently, on 28th July 2023, the Hon. Attorney General applied for Special Leave to appeal to the Supreme Court against the interim order. The interim order, delivered on 28th June 2023, was set aside, and in the Supreme Court case bearing No. SC/SPL/LA 206/23, the Hon. Attorney General has undertaken to inform the Inland Revenue Department not to take action until the application for interim relief is supported afresh. The case is now due to be called on 26th September 2024.

Having considered the procedural and substantive grounds against the assessment raised, the Company is of the view that this assessment is not likely to result in any tax liability to the Company.

## 42 CAPITAL AND OTHER COMMITMENTS

There were no material capital expenditure approved by the Board of Directors as at 31 March 2024 other than followings;

### 42.1 Aitken Spence PLC

Commitments for capital expenditure for subsidiaries

	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Approximate amount approved but not contracted for	8,778,916	6,043,519
Approximate amount contracted for but not incurred	1,016,261	1,646,051
	9,795,177	7,689,570

The above includes Rs. 9,428.9 million (2022/2023 - Rs. 7,442.4 million) for the acquisition of property, plant and equipment and Rs. 366.3 million (2022/2023 - Rs. 247.2 million) for the acquisition of intangible assets.

Commitments for capital expenditure for joint ventures

	31.03.2024 Rs.'000	31.03.2023 Rs.'000
Approximate amount approved but not contracted for	125,577	93,388
Approximate amount contracted for but not incurred	22,834	27,707
	148,411	121,095

The amount shown is the Group's share of capital commitments by joint ventures.

The above includes Rs. 138.4 million (2022/2023 - 121.1) for the acquisition of property, plant and equipment and Rs. 10 million (2022/23 - Nil) for the acquisition of intangible assets.

### 43 ASSETS PLEDGED

Following assets have been pledged as securities for liabilities.

Company	Nature of Liability	Security		Value of the assets pledged (Rs.'000) 2024
		Description	Asset type	
Balangoda Plantations PLC	Permanent overdraft facility	Primary mortgage over the lease hold rights of Walaboda Estates.	Property, Plant and Equipment	489,500
Texpro Industries (Pvt) Ltd	Long term loan	The Company has provided existing primary floating mortgage bond for USD 3.262 Mn over land, building and immovable machinery at Ranala as collateral against the bank facility and borrowings.	Property, Plant and Equipment	434,250
Negombo Beach Resorts (Pvt) Ltd	Long term loan	Freehold land and building of the Hotel has been mortgaged.	Property, Plant and Equipment	4,593,690
Aitken Spence PLC	Term Loans and overdrafts	Property, Plant and Equipment of the group were pledged	Property, Plant and Equipment	32,809,654
		Equity shares invested in subsidiaries were pledged	Investments in Subsidiaries	7,204,447
		right-of-use assets pledged by the Group as security for interest-bearing liabilities obtained from banks	Right of Use Assets	5,744,367

### 44 EVENTS AFTER THE REPORTING PERIOD

There were no other material events occurring after the reporting period that requires adjustments to or disclosure in the Financial Statements other than the items disclosed below

#### Interim dividend

The Board of Directors of the Company has approved and paid the third interim ordinary dividend of Rs. 2/- per share for the year 2023/2024 in June 2024.

#### Proposed wage increase - Plantation sector

On 13th August 2024, the Department of Labour issued an Extraordinary Gazette No. 2397/27 under the wage board ordinance, proposing an amendment to the minimum rate of daily wage. Accordingly, it was proposed a daily wage rate of Rs. 1,350/- including the daily budgetary relief allowance and a productivity-based incentive of Rs. 350 for workers in the Tea Growing and Manufacturing Trade and the Rubber Growing and Raw Rubber Manufacturing Trade, bringing the total daily wage to Rs. 1,700/-. Further, any objection to the aforesaid proposal will be received by the Chairman of the wage Board until 12.00 noon on 28th August 2024.

# Notes to the Financial Statements

## 45 FINANCIAL RISK MANAGEMENT

Financial instruments used by the Group in its business activities contain multiple variables that are affected by various market and environmental conditions. Such variations are generally not within the control of the users, and therefore cause fluctuations in values of financial instruments. Fluctuations in value could result in a situation undesirable to the Group thereby exposing it to risk. These risks need to be managed, as unmanaged risks can lead to unplanned outcomes where the Group could fall short of its financial and budgetary objectives. The Group has adopted a financial risk management strategy aimed at minimising the risks associated with the use of financial instruments by establishing several policies and guidelines that are followed by the companies in the Group. These policies and guidelines are reviewed from time to time and updated to reflect current requirements in accordance with the developments in the operating environment.

Group's core business of beverage is essentially a cash business hence has a short cash cycle. This results in low financial risk adding to greater degree of control of finance. Other sectors such as Telecommunication, Plantation, Insurance, Finance and other diversified holdings exercise policies stemming from Melstacorp's practices of effective financial risk management as common members of the board ensures uniformity. Continental Insurance is exceptional and adhere to an even higher degree of management to comply with IBSL regulatory compliance/guidelines respectively.

### Financial Instruments

Group's financial instruments consist of ASSETS - its portfolio of equity investments, deposits in banks, accounts receivable. LIABILITIES - Loan obligations, accounts payable and accrued liabilities such excise duty, taxes and payroll.

### Financial Risk Management Objectives and Policies

Whilst 'risk management' is ingrained in the business from the Board down to operational level, financial risk management at Group is entrusted to a niche of in-house financial professionals ably supported by external economists, financial consultants, legal counsel, tax experts, banks and auditors.

In the normal course of business, the Group is exposed to financial risks that have the potential to negatively impact its financial performance. This is further accredited by the AAA/Stable rating assigned by Fitch this year.

This part of the report covers the financial impact that could arise from market risk, credit risk and liquidity risk, the most important elements of the financial risk that the Group is subject to.

The Group has exposure to the following risks from financial instruments



### 45.1 Market risk

Fluctuations of those market driven variables that affect cashflows arising from financial instruments can result in the actual outcome being different to expected cashflows thereby creating the market risk. Variables such as interest rates and exchange rates can move in directions different to those originally expected and the consequent cashflows could be different to the originally anticipated cashflows.

Market risk could result in the revenues and expenses of the Group being adversely affected and impacting the profit attributable to the shareholders. In order to identify, manage and minimise the market risk, the Group has put into practice a number of policies and procedures.

### 45.1.1 Currency risk

The currency risk arises when a financial transaction is denominated in a currency other than that of the reporting currency of an entity. The Group has operations in a number of regions across the globe and conducts business in a variety of currencies. The Group's worldwide presence in many geographies exposes it to the currency risk in the form of transaction and translation exposure.

Transaction exposure arises where there are contracted cashflows (receivables and payables) of which the values are subject to unanticipated changes in exchange rates due to contracts being denominated in a foreign currency. Translation exposure occurs due to the fluctuations in foreign exchange rates and arises to the extent to which financial reporting is affected by exchange rate movements when the reporting currency is different to those currencies in which revenues, expenses, assets and liabilities are denominated.

As the Group transacts in many foreign currencies other than the Sri Lankan rupee which is the reporting currency, it is exposed to currency risk on revenue generation, expenses, investments and borrowings. The Group has significant investments in the Maldives, India, Oman and Fiji where the net assets are exposed to foreign currency translation risk. Revenue generations and expenses incurred in these geographies are exposed to foreign currency transaction risk.

The total interest-bearing liabilities of the Group denominated in US dollar and Euro amounted to Rs. 33.6 billion (2023: Rs. 43.4 billion). The overseas investments made by the Group during the financial year were mostly financed through US dollar denominated borrowings from international and local banks. The translation exposure resulting from foreign currency borrowings has been hedged to a great extent by the acquisition of financial assets denominated in matching foreign currencies. A significant portion of the foreign currency borrowings have been made by the Group companies with incomes in foreign currencies, especially in the tourism and strategic investments sectors. Transaction exposures are usually minimised by selectively entering into forward contracts when future cashflows can be estimated with reasonable accuracy with regard to amounts as well as timing. The Group treasury monitors foreign exchange markets on a continuous basis and advises on appropriate risk mitigating strategies.

The Group actively evaluates the possibility of employing hedge accounting to mitigate the exposure to currency risk by designating an effective relationship between foreign currency denominated transaction with assets or liabilities. Hedge accounting enables to minimise the timing differences in recognising foreign currency translation impact to the income statement or other comprehensive income statement and to effectively capture the economic substance of the transaction.

#### Significant movement in exchange rates during the year ended 31st March 2024

	Lowest Level		Highest Level		Spread	Year end rate
	Rate	Date	Rate	Date		
USD/LKR	290.55	01.06-2023	330.44	26.07.2023	39.89	300.44
EUR/LKR	310.8	01.06.2023	365.64	27.07.2023	54.84	326.03

# Notes to the Financial Statements

## Foreign currency sensitivity

The main foreign currencies of the Group transacts in are the US dollar and the Euro. The exposure to other foreign currencies is not considered as they are mostly related to foreign operations. In order to estimate the impact of the currency risk on financial instruments, a reasonable movement in the USD/ LKR and EUR/LKR exchange rates is assumed based on the observable trend in the market. Due to the significant volatility observed in exchange rates especially during the latter part of the financial year and thereafter, a fluctuation of 40% is considered for the sensitivity analysis as at reporting date, compared to a fluctuation of 5% considered in the last financial year. In the calculation of this risk, it is assumed that all other variables are held constant. The sensitivity analysis relates only to assets and liabilities depicted in Financial Statements as at the end of the financial year.

	Effect on profit before tax			Effect on equity
	USD net financial assets / (liabilities) USD'000	EUR net financial assets / (liabilities) EUR'000	USD Forward Contracts USD'000	USD'000
<b>As at 31st March 2024</b>				
Net exposure	85,037	(27,259)	-	146,524
LKR depreciates by 10% (Rs.'000)	2,318,068	(889,161)	-	4,402,165
LKR appreciates by 10% (Rs.'000)	(2,318,068)	889,161	-	(4,402,165)
<b>As at 31st March 2023</b>				
Net exposure	75,750	(25,235)	-	125,685
LKR depreciates by 15% (Rs.'000)	3,570,632	(1,670,304)	-	14,774,546
LKR appreciates by 15% (Rs.'000)	(3,570,632)	1,670,304	-	(14,774,546)

The effect on the equity arises from the investments made by the Group in the Maldives, India, Oman, Fiji and Myanmar. We have not accounted for the sensitivity arising in any of the other investments as the Group's exposure to such is not significant.

### 45.1.2 Interest rate risk

Values of financial instruments could fluctuate depending on the movements in interest rates giving rise to interest rate risk. This is a consequence of the changes in the present values of future cashflows derived from financial instruments. Value fluctuations in financial instruments will result in mark to market gains or losses in investment portfolios and could have an impact on reported financial results of the Group.

The Group's investment portfolio consists of a range of financial instruments with both fixed and variable interest rates such as treasury bills and treasury bonds which are subject to interest rate risk. Liabilities with variable interest rates such as AWPLR and LIBOR linked borrowings would expose the Group to cashflow risk as the amount of interest paid would change depending on the changes in market interest rates.

Investments with fixed interest rates would expose the Group to variations in fair values during the marking to market of portfolios. Suitable strategies are used by the Group treasury to manage the interest rate risks in portfolio investments. Using long term interest rate forecasts in order to determine the most suitable duration of investments with the objective of overcoming the re-investment risk as well as to minimise any adverse impact in marking to market of the portfolio is one of the often-used strategies. Interest rate swaps could be used when there is a need to hedge the risks on debt instruments with variable rates. Close monitoring of market trends is carried out to improve the accuracy of such decisions.



The Group treasury monitors the interest rate environment on a continuous basis to advise the sector finance managers on the most suitable strategy with regard to borrowings. The Group usually negotiates long term borrowings during the periods in which interest rates are low in order to extend the favourable impact to future reporting periods.

#### Significant movement in interest rates during the year ended 31st March 2024

	Lowest Level		Highest Level		Spread (basis points)	Year end rate %
	Rate %	Date	Rate %	Date		
LKR Interest rate (Weekly AWPLR)	10.69	Mar-24	22.63	Apr-23	1194	10.69
USD Interest rate - LIBOR (3 months)	4.895	Apr-23	5.426	Oct-23	53	5.298

The following table demonstrate the sensitivity to a reasonably possible change in, with all other variables held constant, of the profit before tax. A reasonably possible of +/- 8% is used, consistent with current trends in interest rates.

	Strengthening (Weakening)	Effect on Profit before Tax	
		Consolidated Rs.'000	Company Rs.'000
As at 31 March 2024	800	(5,210,370)	(610,404)
	(800)	5,210,370	610,404
As at 31 March 2023			

#### 45.1.3 Equity price risk

The Group has adopted the policy that its investment in subsidiaries, joint ventures and associate companies are recorded at cost as per LKAS 27 and 28 standards and therefore are scoped out from the Sri Lanka Accounting Standards, SLFRS 9 - Financial Instruments.

Investments made by the Group which do not belong to the above categories are classified as financial assets and recorded at fair value in financial statements.

Carrying values of equity investments of the Group as at the reporting date are stated as follows

- Quoted equity securities: Rs. 38.3 billion (as at 31.03.2023; Rs. 25.95 Billion)
- Unquoted equity securities: Rs. 275.9 million (as at 31.03.2023; Rs. 302.5 million)

Certain companies of the Group have their major equity investment portfolios held on a long term basis; hence immune to daily fluctuations. Those are classified as financial investments at fair value through OCI (FVTOCI). Further, a small trading portfolio is managed by two reputed Unit Trust companies licensed by the SEC and individual companies manage their own short term portfolios as well. These investments are held by compiling with group investment policies. Safe Custodian agreements with banks are in place that adds a control dimension.

The Group manages the equity price risk through diversification of its investments to each sector. Further the Management daily monitors the reports of the equity portfolios.

# Notes to the Financial Statements

The extend of diversification of short term equity investments (FVTPL) are analysed below.

As at 31 March,	Group				Company			
	2024		2023		2024		2023	
	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
Bank finance and insurance	195,872	69.8%	51,461	36.2%	46,248	53.0%	-	0.00%
Construction and engineering	657	0.23%	123	0.1%	-	0.0%	-	0.00%
Diversified holdings	32,808	11.7%	29,472	20.8%	7,615	8.7%	7,989	18.04%
Hotel and travels	13,362	4.8%	19,597	13.8%	-	0.0%	-	0.00%
Manufacturing	38,103	13.6%	41,371	29.1%	33,470	38.3%	36,307	81.96%
	280,802	100.0%	142,024	100.0%	87,333	100.0%	44,296	100.0%

## 45.2 Credit Risk

The risk assumed by an entity resulting from the risk of a counterparty defaulting on its contractual obligations in relation to a financial instrument or a customer contract is known as the credit risk. The Group's exposure to credit risk arises from its operating and investing activities including transactions with banks in placing deposits, foreign exchange transactions and through the use of other financial instruments. The maximum credit risk of the Group and the Company is limited to the carrying value of these financial assets as at the reporting date.

### Maximum Credit Exposure

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows,

As at 31 March,	Note	Group				Company			
		2024		2023		2024		2023	
		Rs.'000	% from total exposure	Rs.'000	% from total exposure	Rs.'000	% from total exposure	Rs.'000	% from total exposure
Trade and other receivables	45.2.1	36,173,927	29%	35,576,623	30%	2,763	0%	1,220	0%
Amounts due from related companies	45.2.2	1,298,286	1%	566,377	0%	479,062	1%	616,862	2%
Loans granted to related parties		-	0%	-	0%	6,084,664	14%	5,554,668	18%
Financial investments at FVOCI		38,497,260	31%	26,492,054	22%	35,521,860	84%	24,067,142	79%
Financial investments at FVTPL		818,973	1%	841,647	1%	87,333	0%	44,296	0%
Corporate debt securities	45.2.3	1,807,854	1%	1,896,460	2%	50,042	0%	50,042	0%
Government securities	45.2.4	1,868,097	1%	1,931,922	2%	-	0%	-	0%
Deposits with bank	45.2.5	31,246,809	25%	35,996,758	30%	-	0%	-	0%
Cash at bank	45.2.6	13,029,924	10%	17,043,369	14%	18,151	0%	170,022	1%
		124,741,130	100%	120,345,210	100%	42,243,875	100%	30,504,252	100%

### 45.2.1 Trade and other receivables

Trade receivables consist of recoverable from a large number of customers spread across diverse industries, segments and geographies. More than 90% of the Group's trade receivables are due for settlement within 90 days as at the end of the financial year. The credit policy for each segment of business varies due to the diversity of operations in the Group. The credit policies that best suit their respective business environment are developed for each sector and the responsibility rests with the heads of finance and the senior management teams.

Group companies formulate their credit policies subsequent to analysing credit profiles of customers. In this regard factors such as the credit history, legal status, market share, geographical locations of operations, and industry information are considered. References from bankers or credit information databases are obtained when it is considered necessary. Each Group company has identified credit limits for their customers. In the event a customer does not meet the criteria or the stipulated benchmark on a transaction, then the business is carried out with such customers only up to the value of the collaterals or advances obtained.

As the large majority of Beverage accounts receivable balances are collectable from licensed retailers, management believes that the sector's credit risk relating to accounts receivable is at an acceptably low level.

The Group has observed higher credit risk in telecommunication sector due to large number of small customers. However, risk is managed and mitigated by adopting timely disconnection policy and converting customer to prepaid mode.

The requirement for an impairment is analysed at each reporting date on an individual basis for major customers. Additionally, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively.

The group's maximum exposure to credit risk from Insurance contract receivables are mainly consist with Premium Receivables.

Some of the actions specific to Premiums Receivables in Non-Life Insurance are shown below.

- Premium Payment Warranty (PPW) is strictly implemented and all Non - Life Insurance policies with payments outstanding for more than 60 days are cancelled.
- Follow-up meetings on debt collection are conducted with the participation of finance, distribution and underwriting officials on a monthly basis.
- Claim settlements are processed only after reviewing the position of outstanding receivables.

#### 45.2.2 Amounts due from related companies

The amounts due from related parties mainly consist of receivables from associates and other related ventures and those are closely monitored by the group.

#### 45.2.3 Corporate debt securities

The Corporate debt securities are entirely consist of Corporate Debentures which are listed in Colombo Stock Exchange which are guaranteed by local and foreign credit rating agencies as BBB or Better.

An Analysis of credit ratings of the issuers of debenture are as follows,

Credit Rating	Group				Company			
	2024		2023		2024		2023	
	Amount Rs.'000	% from total exposure	Amount Rs.'000	% from total exposure	Amount Rs.'000	% from total exposure	Amount Rs.'000	% from total exposure
AA-	660,556	37%	612,787	34%	50,042	100%	50,042	100%
A+	647,193	36%	680,091	38%	-	0%	-	0%
A	136,655	8%	259,515	14%	-	0%	-	0%
A-	103,911	6%	103,911	6%	-	0%	-	0%
BBB+	176,963	10%	112,345	6%	-	0%	-	0%
BBB	22,246	1%	49,583	3%	-	0%	-	0%
No Ratings *	60,330	3%	78,228	4%	-	0%	-	0%
	1,807,854	100%	1,896,460	105%	50,042	100%	50,042	100%

\* However minor portion of investments have been made on corporate debt instruments which does not backed with credit ratings. However those investments were made after having a thorough credit assessment on respective companies and after obtaining collaterals such as Mortgage bonds and personal guarantees.

# Notes to the Financial Statements

## 45.2.4 Government securities

Government securities are referred to as risk free instruments in its nature.

## 45.2.5 Deposits with bank and cash at bank

The Group has a number of bank deposits in Sri Lankan rupees and other currencies. These deposits have been placed in several banks in order to minimise the credit risk in accordance with the policy directions provided by the Board. In order to further minimise the credit risk, the Group's exposure and credit ratings of banks are regularly monitored and a diversified investment portfolio is maintained. In the event of any weakening of credit metrics of a bank the Group may decide to liquidate its investments and move to an institution with a higher credit rating.

As at 31 March, (Fitch national credit rating scale or equivalent)	Group			
	2024		2023	
	Amount of deposits Rs.'000	Concentration %	Amount of deposits Rs.'000	Concentration %
AAA	1,961,543	6.28%	2,896,775	8.05%
AA-	-	0.00%	42,929	0.12%
A+	1,899	0.01%	42,929	0.12%
A	27,090,060	86.69%	29,795,981	82.77%
A-	1,754,900	5.62%	2,777,442	7.72%
BBB	214,171	0.69%	220,036	0.61%
BBB-	196,127	0.63%	233,784	0.65%
BB+	30,858	0.10%	32,395	0.09%
<b>Total gross carrying amount</b>	<b>31,247,659</b>	<b>100.00%</b>	<b>35,999,342</b>	<b>100.00%</b>
Impairment of bank deposits	(851)		(2,584)	
<b>Total net carrying amount</b>	<b>31,246,808</b>		<b>35,996,758</b>	

Further the cash at bank is mainly consist of favourable balances in Savings, money market and current accounts of private and government commercial banks.

## 45.3 Liquidity risk

Liquid assets of a company consist of cash and assets which can be converted to cash in a short period of time to settle liabilities as they arise. Liquidity is an important factor in the operations of a business as it is an essential requirement for the successful operation of an entity.

A shortage of liquidity would have a negative impact on stakeholder confidence in a business entity and hampers its operations. The Group has ensured that it maintains sufficient liquidity reserves to meet all its operational and investment requirements by closely monitoring and forecasting future funding needs and securing funding sources for both regular and emergency requirements.

Shortening the working capital cycle is one of the main practises preferred in ensuring that there is sufficient liquidity at a given time. Adequate short-term working capital facilities provided by banks are available to all the Group companies which are utilised in the event of a requirement. These facilities are available at favourable rates and have been mostly provided without collateral. The Group maintains a constant dialogue with the banking sector institutions to ensure that there are sufficient working capital facilities available whenever required and closely monitors their utilisation.

The Group has implemented procurement and vendor evaluation policies to prevent payment of excessive prices to suppliers and to obtain favourable credit periods in order to ensure a strong working capital position. Special attention has been given to cash inflows and outflows both at a consolidated and sector levels. The maturity profile of the Group's investments is monitored and adjusted to meet expected future cash outflows in the short, medium and long terms.

Funding requirements of the sectors and the parent company are evaluated at regular intervals by analysing business expansion strategies. The Group has adopted a conservative investment strategy in order to preserve the scarce capital as well as to minimise the risk. At opportune moments funds are mobilised by accessing capital markets. The Group attempts to minimise future interest expenses on borrowings by negotiating favourable interest rates with the respective lenders and makes use of attractive interest rates offered by international banks on foreign currency denominated funding mostly to finance its overseas investments.

The table below summarises the maturity analysis of the Group's financial liabilities based on contractual undiscounted payments.

#### Group

As at 31st March 2024	On demand Rs.'000	Less than 1 year Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Interest bearing liabilities	-	13,830,738	16,976,504	7,470,605	11,873,712	50,151,559
Bank overdrafts and other short term borrowings	28,784,653	722,052	-	-	-	29,506,705
Trade and other payables	43,076,385	7,309,544	-	-	-	50,385,929
Amounts due to related companies	(6,938,759)	8,602,405	-	-	-	1,663,646
	64,922,279	30,464,739	16,976,504	7,470,605	11,873,712	131,707,839

#### Group

As at 31st March 2023	On demand Rs.'000	Less than 1 year Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Interest bearing liabilities	-	15,805,263	14,038,968	14,970,069	14,639,754	59,454,054
Bank overdrafts and other short term borrowings	28,711,959	883,399	-	-	-	29,595,358
Trade and other payables	34,385,991	8,593,466	-	-	-	42,979,457
Amounts due to related companies	2,317,827	-	-	-	-	2,317,827
	65,415,777	25,282,128	14,038,968	14,970,069	14,639,754	134,346,696

# Notes to the Financial Statements

## Company

As at 31st March 2024	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest bearing liabilities	-	-	-	-	-	-	-
Bank overdrafts and other short term borrowings	4,873,849	-	-	-	-	-	4,873,849
Trade and other payables	655,343	-	-	-	-	-	655,343
Amounts due to related companies	548,785	-	-	-	-	-	548,785
	6,077,977	-	-	-	-	-	6,077,977

## Company

As at 31st March 2023	On demand	Less than 3 months	3 to 12 months	1 to 2 years	2 to 5 years	More than 5 years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest bearing liabilities	-	-	-	-	-	-	-
Bank overdrafts and other short term borrowings	7,630,054	-	-	-	-	-	7,630,054
Trade and other payables	138,468	-	-	-	-	-	138,468
Amounts due to related companies	473,284	-	-	-	-	-	473,284
	9,814,355	-	-	-	-	-	8,241,806

## 46 FINANCIAL CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group's may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As at 31 March,	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Total interest bearing loans and borrowing	50,151,560	59,454,052	-	-
Lease Liabilities	16,333,440	19,162,745	16,615	23,859
Bank overdrafts and other short term borrowings	29,506,705	29,595,358	4,873,849	7,630,054
Less: cash & cash equivalents	(15,741,527)	(22,985,573)	(18,151)	(170,022)
Net Debt	80,250,178	85,226,582	4,872,313	7,483,891
<b>Total Equity</b>	<b>175,313,615</b>	<b>150,792,326</b>	<b>106,767,256</b>	<b>91,714,389</b>
<b>Total Capital</b>	<b>255,563,793</b>	<b>236,018,908</b>	<b>111,639,569</b>	<b>99,198,280</b>
Gearing Ratio	31%	36%	4%	8%

# Statement of Value Added

## VALUE ADDED

For the year ended 31 March,	2024		2023	
	Group Rs,000	Company Rs,000	Group Rs,000	Company Rs,000
Gross Turnover	235,686,109	259,421	247,261,233	259,234
Other Operating Income	2,534,457	16,687,688	2,435,329	12,302,393
Finance Income	5,556,842	1,675,878	10,689,609	2,730,887
Share of Profits of Equity Accounted Investees	984,653	-	1,115,651	-
	244,762,061	18,622,987	261,501,822	15,292,514

## VALUE DISTRIBUTED

For the year ended 31 March,	2024			
	Group		Company	
	Rs,000	As a % of Total	Rs,000	As a % of Total
To the State as Taxes	86,926,534	35.5%	413,133	2.2%
Operating Expenses	98,345,424	40.2%	2,808,045	15.1%
To the Employees	26,690,350	10.9%	244,954	1.3%
To Providers of Debt Capital	11,168,984	4.6%	1,089,295	5.8%
To the Shareholders as Dividends	11,589,814	4.7%	13,110,718	70.4%
Retained with the Business				
As Depreciation	8,912,917	3.6%	3,666	0.0%
As Retained Earnings	1,128,038	0.5%	953,176	5.1%

For the year ended 31 March,	2023			
	Group		Company	
	Rs,000	As a % of Total	Rs,000	As a % of Total
To the State as Taxes	87,383,969	33.4%	1,260,425	8.2%
Operating Expenses	103,320,717	39.5%	6,148,104	40.2%
To the Employees	25,406,347	9.7%	130,638	0.9%
To Providers of Debt Capital	12,873,496	4.9%	2,361,990	15.4%
To the Shareholders as Dividends	5,967,596	2.3%	2,738,683	17.9%
Retained with the Business				
As Depreciation	9,549,384	3.7%	13,011	0.1%
As Retained Earnings	17,000,313	6.5%	2,639,663	17.26%

# Shareholder Information

## 1 STOCK EXCHANGE LISTING

The Issued Ordinary Shares of the company are listed with the Colombo Stock Exchange.

Ticker Symbol - MELS.N0000

Market Sector - Diversified

## 2 DISTRIBUTION OF SHAREHOLDING

As at Holding	31 March 2024			31 March 2023		
	No. of share Holders	Total Holding	% of Holding	No. of share Holders	Total Holding	% of Holding
1-1,000	7,343	3,190,489	0.27	7,885	3,478,184	0.30
1,001-10,000	4,179	15,452,055	1.33	4,642	16,994,545	1.46
10,001-100,000	758	22,951,225	1.97	924	28,366,743	2.43
100,001-1,000,000	118	36,658,473	3.14	136	46,295,004	3.97
1,000,001 & Over	27	1,087,144,830	93.29	39	1,070,262,596	91.84
<b>TOTAL</b>	<b>12,425</b>	<b>1,165,397,072</b>	<b>100.00</b>	<b>13,626</b>	<b>1,165,397,072</b>	<b>100.00</b>

## 3 ANALYSIS OF SHAREHOLDING

As at Holding	31 March 2024			31 March 2023		
	No. of share Holders	Total Holding	% of Holding	No. of share Holders	Total Holding	% of Holding
Individuals	12,100	379,841,129	32.59	13,219	320,683,249	27.52
Institutions	325	785,555,943	67.41	407	844,713,823	72.48
<b>TOTAL</b>	<b>12,425</b>	<b>1,165,397,072</b>	<b>100.00</b>	<b>13,626</b>	<b>1,165,397,072</b>	<b>100.00</b>
Resident	12,320	964,349,821	82.75	13,542	987,198,906	84.71
Non Resident	105	201,047,251	17.25	84	178,198,166	15.29
<b>TOTAL</b>	<b>12,425</b>	<b>1,165,397,072</b>	<b>100</b>	<b>13,626</b>	<b>1,165,397,072</b>	<b>100.00</b>

## 4 MARKET PRICE

	31 March 2024	31 March 2023
Last Traded	88.0	54.8
Highest	94.0	61.6
Lowest	52.0	29.5



## 5 TWENTY FIVE LARGEST SHAREHOLDERS

RANK	Shareholding as at 31 March NAME	2024		2023	
		NO. OF SHARES	%	NO. OF SHARES	%
1	MILFORD EXPORTS (CEYLON) (PVT) LIMITED	498,819,000	42.80	498,819,000	42.80
2	MR. M.A. YASEEN	157,108,880	13.48	136,776,670	11.74
3	LANKA MILK FOODS (CWE) LIMITED	151,846,000	13.03	151,846,000	13.03
4	MRS. L.E.M. YASEEN	68,000,028	5.83	54,759,348	4.70
5	COMMERCIAL BANK OF CEYLON PLC/M.A. YASEEN	39,000,000	3.35	39,000,000	3.35
6	MRS. R.R.TAKAHASHI	31,500,000	2.70	1,200,000	0.10
7	COMMERCIAL BANK OF CEYLON PLC/L.E.M. YASEEN	25,000,000	2.15	52,200,000	4.48
8	MRS. P.M.P.G.N. PRIYADARSHANI	15,700,000	1.35	9,374,922	0.80
9	MR. L.E. BADER	13,286,987	1.14	13,439,523	1.15
10	MR. D.H.S. JAYAWARDENA	13,014,200	1.12	13,014,200	1.12
11	MRS. S.M. CHRYSOSTOM	11,390,000	0.98	11,390,000	0.98
12	SSBT-AL MEHWAR COMMERCIAL INVESTMENTS L.L.C.	11,186,000	0.96	6,186,000	0.53
13	STASSEN EXPORTS (PVT) LIMITED	8,746,800	0.75	8,746,800	0.75
14	MR. D.HASITHA.S. JAYAWARDENA	7,531,332	0.65	7,531,332	0.65
15	RUBICOND ENTERPRISES LIMITED	5,943,859	0.51	5,943,859	0.51
16	MCSEN RANGE PRIVATE LIMITED	5,459,864	0.47	5,459,864	0.47
17	BBH-REDWHEEL FRONTIER MARKETS EQUITY MASTER FUND LIMITED	4,937,755	0.42	4,937,755	0.42
18	HATTON NATIONAL BANK PLC-CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND	4,892,920	0.42	NIL	0.00
19	MELLON BANK N.A.-ACADIAN FRONTIER MARKETS EQUITY FUND	2,254,951	0.19	1,226,666	
20	RENUKA HOTELS PLC	2,000,000	0.17	2,000,000	0.17
21	CAPITAL ALLIANCE PLC	1,785,714	0.15	NIL	0.00
22	MR. M.J. FERNANDO (DECEASED)	1,603,308	0.14	1,603,308	0.14
23	INVENCO CAPITAL PRIVATE LIMITED	1,508,384	0.13	NIL	0.00
24	MR. M.V. THEAGARAJAH	1,200,000	0.10	1,200,000	0.10
25	HATTON NATIONAL BANK PLC A/C NO 3	1,200,000	0.10	1,200,000	0.10
		1,084,915,982	93.09	1,027,855,247	88.20
	OTHERS	80,481,090	6.91	137,541,825	11.80
	<b>TOTAL</b>	<b>1,165,397,072</b>	<b>100.00</b>	<b>1,165,397,072</b>	<b>100.00</b>
	Percentage of Shares held by the public	41.61%		41.60%	
	Total No. of share holders who hold the public holding	12,418		13,619	

## 6 FLOAT ADJUSTED MARKET CAPITALISATION

The Public Holding of the Company as at 31 March 2024 was 41.61% comprising of 12,418 shareholders and the Float adjusted Market Capitalisation of Rs.42,670,529,704.00 Interm of Rule 7.13 1(a) of the listing rule of CSE , the Company Qualifies with the Minimum Public Holding Requirement under the Option One.

# Summarised Financial Information

In Rs. 000 - Company	2024	2023	2022	2021	2020	2019	2018
<b>RESULTS</b>							
Gross Turnover	259,421	259,234	263,618	257,463	212,752	209,203	228,319
Net Turnover	259,421	259,234					
Dividend income							
From subsidiaries	15,890,725	11,333,602	263,618	6,373,594	6,029,869	3,331,648	810,307
From equity accounted investees	-	-	10,709,293	-	-	-	91,595
From other short term and long term investments	422,014	364,680	598,046	614,543	690,371	896,023	715,347
Finance income	1,675,878	2,730,887	1,005,956	1,116,172	2,026,350	1,322,939	870,786
Finance expenses	1,094,590	2,363,980	673,625	720,226	(1,592,872)	(637,473)	(92,763)
Profit / (Loss) before Tax	14,601,593	7,001,701	8,613,539	7,147,372	5,359,804	4,214,914	3,270,441
Profit / (Loss) after Tax	14,063,894	5,378,346	7,141,221	6,130,825	5,095,778	3,796,145	2,801,605
<b>FUNDS EMPLOYED</b>							
Stated Capital	70,000,000	70,000,000	70,000,000	89,100,000	89,100,000	89,100,000	89,100,000
Reserves	23,134,294	11,679,576	12,123,483	-4,983,549	(1,877,918)	(3,708,246)	(981,720)
Retained Earnings	13,632,962	10,034,813	9,575,828	11,930,964	8,710,425	5,945,377	2,421,286
Shareholders Funds	106,767,256	91,714,389	91,699,311	96,047,415	95,932,507	91,337,132	90,539,566
Total Borrowings	4,873,849	7,630,054	10,721,143	9,364,103	10,262,646	16,460,961	300,739
Non Current Liabilities net of Borrowings	1,326,505	1,192,608	816,427	612,186	594,221	555,001	431,132
Current Liabilities net of Borrowings	1,444,463	1,214,277	4,447,783	927,560	794,283	3,826,370	334,110
<b>ASSETS EMPLOYED</b>							
Non-current assets	108,385,978	96,098,827	95,115,846	94,941,043	97,592,040	94,134,676	80,533,198
Current assets	6,026,095	5,652,501	12,568,818	12,010,220	9,991,617	18,044,791	11,072,349
	114,412,073	101,751,328	107,684,664	106,951,263	107,586,657	112,179,467	91,605,547
<b>CASHFLOW</b>							
Net cashflow from operating activities	14,838,785	10,914,653	6,958,083	4,837,876	4,744,195	3,640,998	857,204
Net cashflow from investing activities	(1,774,404)	27,548	(1,753,392)	(1,045,779)	6,761,753	(23,212,454)	(1,429,763)
Net cashflow from financing activities	(10,460,047)	(7,893,755)	(6,359,826)	(2,945,095)	(5,278,992)	2,900,805	501,972
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>2,604,334</b>	<b>3,048,446</b>	<b>(1,155,135)</b>	<b>847,002</b>	<b>6,226,956</b>	<b>(16,670,651)</b>	<b>(70,587)</b>
<b>KEY INDICATORS</b>							
Earnings per share (Rs.)	12.07	4.62	6.13	5.26	4.37	3.26	2.4
Net assets per share (Rs.)	91.61	78.70	78.69	82.42	82.32	78.37	77.69
Market value per share (Rs) year end	88.00	54.8	41.1	44	23.50	36.00	58.1
Return on shareholders' funds	13%	6%	8%	6%	5%	4%	3%
Dividends per share (Rs.)	8.27	6.76	5.4	5.25	2.00	-	2.44
Dividend payout	68.53%	146.48%	88.12%	99.81%	45.80%	0.00%	101.67%
Dividend yield	9.4%	12.3%	13.10%	11.93%	8.50%	0.00%	4.20%

# Company Management

<p><b>M. A. N. S. Perera</b> FCA, MBA Managing Director</p>	<p><b>Maj. Gen. (Rtd) Dampath Fernando</b> RWP. RSP. VSV. U SP. psc. MBA(UK) Director Operations - Plantations (BPL/MPL) / Group General Manager HR &amp; Admin</p>
<p><b>Prasanna Pinto</b> MBM,BBA,FCA, FSCMA Group Financial Controller</p>	<p><b>Prasanna Karunanayake</b> B.Sc. (Eng), MBCS, ACMA, CGMA Group Chief Information Officer</p>
<p><b>Ms. Nuwanthi C. Goonawardena</b> LL.M London (International Business and Commercial Law), MBA (UK), ACCS (SL), Attorney-at-Law, Notary Public, Commissioner for Oaths, Registered Company Secretary Head of Legal</p>	<p><b>Ms. Anjana Weerasinghe</b> MBA (UOC) (Merit), B.B. Mgt (Hons), ACA Group Chief Internal Auditor</p>

# Group Directory

<p><b>A Aitken Spence PLC</b> <b>Board of Directors</b> D. H. S. Jayawardena – Chairman Dr. M. P. Dissanayake – Deputy Chairman &amp; Managing Director Ms. D. S. T. Jayawardena - Joint Deputy Chairperson &amp; Joint Managing Director Dr. R. M. Fernando J. M. S. Brito C. H. Gomez N. de S. Deva Aditya R. N. Asirwatham C. R. Jansz M. A. N. S. Perera (Appointed w.e.f. 25.04.2023)</p>	<p>Secretaries : Aitken Spence Corporate Finance (Private) Limited <b>Registered Office</b> 315, Vauxhall Street, Colombo 02 Tel: +94 11 2308308 Fax : +94 11 2445406 Web: www.aitkenspence.com <b>Co. Reg. No.</b> PQ 120 <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>B Balangoda Plantations PLC</b> <b>Board of Directors</b> D. H. S. Jayawardena – Chairman / Managing Director C. R. Jansz M. A. N. S. Perera D. Hasitha S. Jayawardena Dr. A. Shakthevale D. S. K. Amarasekera K. Dayaparan</p>	<p>Secretary : P. A. Jayatunga <b>Registered Office</b> 110, Norris Canal Road, Colombo 10 Tel: +94 11 2522871-2 Fax: +94 11 2522913 <b>Co. Reg. No.</b> PQ 165 <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Bell Solutions (Pvt) Limited</b> <b>Board of Directors</b> D. H. S. Jayawardena – Chairman Dr. T. K. D. A. P. Samarasinghe – Managing Director M. A. N. S. Perera D. S. C. Mallawaarachchi</p>	<p>Secretary : Ms. C. M. Chandrapala <b>Registered Office</b> 110, Norris Canal Road, Colombo 10 Tel: +94 11 5335000 <b>Co. Reg. No.</b> PV 61398 <b>Auditors :</b> Messrs Amarasekara &amp; Company (Chartered Accountants)</p>
<p><b>Bellactive (Pvt) Limited</b> <b>Board of Directors</b> D. H. S. Jayawardena – Chairman Dr. T. K. D. A. P. Samarasinghe – Managing Director M. A. N. S. Perera D. S. C. Mallawaarachchi</p>	<p>Secretary : Ms. C. M. Chandrapala <b>Registered Office</b> 110, Norris Canal Road, Colombo 10 Tel: +94 11 5335000 <b>Co. Reg. No.</b> PV 61396 <b>Auditors :</b> Messrs Amarasekara &amp; Company (Chartered Accountants)</p>

# Group Directory

<p><b>B Bellvantage (Private) Limited</b>  <b>Board of Directors</b>            Dr. T. K. D. A. P. Samarasinghe            L. U. D. Fernando            M. A. N. S. Perera            P. Karunanayake            D. S. C. Mallawarachchi (Resigned w.e.f. 31.10.2023)</p>	<p>Secretary : Ms. N. C. Gunawardena  <b>Registered Office</b>            110, Norris Canal Road, Colombo 10  <b>Co. Reg. No.</b> PV : 65022  <b>Auditors</b> : Messrs Amarasekara &amp; Company (Chartered Accountants)</p>
<p><b>Bogo Power (Pvt) Limited</b>  <b>Board of Directors</b>            D. H. S. Jayawardena – Chairman            C. R. Jansz            M. A. N. S. Perera            Dr. N. M. Abdul Gaffar            K. Dayaparan</p>	<p>Secretary : P. A. Jayatunga  <b>Registered Office</b>            833, Sirimavo Bandaranaike Mawatha, Colombo 14            Tel: +94 11 2522871-2 Fax: +94 11 2522913  <b>Co. Reg. No.</b> PV 64901  <b>Auditors</b> : Messrs Ernst &amp; Young (Chartered Accountants)</p>
<p><b>Browns Beach Hotels PLC</b>  <b>Board of Directors</b>            D. H. S. Jayawardena – Chairman            Dr. M. P. Dissanayake            Ms. D. S. T. Jayawardena            N. de S. Deva Aditya            C. R. Stanislaus            M. A. N. S. Perera            R. N. Asirwatham</p>	<p>Secretaries : Aitken Spence Corporate Finance (Private) Limited  <b>Registered Office</b>            315, Vauxhall Street, Colombo 02            Tel: +94 11 2308308 Fax: +94 11 2308099  <b>Co. Reg. No.</b> PQ 202  <b>Auditors</b> : Messrs KPMG (Chartered Accountants)</p>
<p><b>C Continental Insurance Lanka Limited</b>  <b>Board of Directors</b>            G. D. C. De Silva - Managing Director            T. S. A. Fernandopulle            C. P. Abeywickrema            T. F. Daetwyler            Ms. B. D. C. Cooke            T. R. A. Angunawela</p>	<p>Secretaries : P. W. Corporate Secretarial (Pvt) Limited  <b>Registered Office</b>            79, Dr. C. W. W. Kannangara Mawatha, Colombo 07            Tel : +94 11 5200300  <b>Co. Reg. No.</b> PB 3784  <b>Auditors</b> : Messrs KPMG (Chartered Accountants)</p>
<p><b>Continental Insurance Life Lanka Limited</b>  <b>Board of Directors</b>            G. D. C. De Silva - Managing Director            C. P. Abeywickrema            T. F. Daetwyler</p>	<p>Secretaries : P. W. Corporate Secretarial (Pvt) Limited  <b>Registered Office</b>            79, Dr. C. W. W. Kannangara Mawatha, Colombo 07            Tel : +94 11 5200300  <b>Co. Reg. No.</b> PB00247558  <b>Auditors</b> : Messrs KPMG (Chartered Accountants)</p>
<p><b>D DCSL Breweries Lanka Limited</b>  <b>Board of Directors</b>            D. H. S. Jayawardena - (Appointed w.e.f. 11.01.2024)            D. Hasitha S. Jayawardena - (Appointed w.e.f. 11.01.2024)            C. R. Jansz- (Appointed w.e.f. 11.01.2024)            Capt. K. J. Kahanda (Retd.) -(Appointed w.e.f. 11.01.2024)            C.P. Amerasinghe -(Appointed w.e.f. 11.01.2024 &amp; Resigned w.e.f. 04.03.2024)            M. A. N. S. Perera (Appointed w.e.f. 01.02.2024)            L. U. D. Fernando - (Appointed w.e.f. 01.02.2024)            D.S.T. Jayawardena - (Appointed w.e.f. 01.02.2024)            B.D.C. Cooke - (Appointed w.e.f. 01.02.2024)            V.J. Senaratne - (Appointed w.e.f. 01.02.2024)            N.C. Gunawardena (Appointed w.e.f. 01.02.2024)</p>	<p>Secretary: Central Corporate and Consultancy Services (Private) Limited  <b>Registered Office</b>            110, Norris Canal Road, Colombo 10            Tel: +94 11 5900300            Fax: +94 11 5900333  <b>Co. Reg. No.</b> PB 910  <b>Auditors</b> : Messrs KPMG (Chartered Accountants) (Appointed w.e.f. 01.01.2024)</p>

**D DCSL Brewery (Private) Limited****Board of Directors**

D. H. S. Jayawardena - Chairman  
 C. R. Jansz  
 Capt. K. J. Kahanda (Retd.)  
 D. Hasitha S. Jayawardena  
 L. U. D. Fernando  
 Dr. T. K. D. A. P. Samarasinghe (Resigned w.e.f. 01.12.2023)

Secretary : Ms. N. C. Gunawardena

**Registered Office**

110, Norris Canal Road, Colombo 10

Tel: +94 11 5900300

Fax: +94 11 5900333

Co. Reg. No. PV 00215865

Auditors : Messrs KPMG (Chartered Accountants)

**DCSL Group Marketing (Private) Limited****Board of Directors**

S.K.S.D. Amaratunge - (Appointed w.e.f. 12.03.2024)  
 N.N. Nagahawatte - (Appointed w.e.f. 12.03.2024)  
 L. U. D. Fernando - (Appointed w.e.f. 12.03.2024)  
 D. Hasitha S. Jayawardena - (Appointed w.e.f. 12.03.2024)  
 Capt. K. J. Kahanda (Retd.) - (Appointed w.e.f. 12.03.2024)  
 R.M.C. Rajapakshe (Appointed w.e.f. 12.03.2024)  
 N.C. Gunawardena - (Appointed w.e.f. 12.03.2024)

Secretary : Ms. N. C. Gunawardena

**Registered Office**

110, Norris Canal Road, Colombo 10

Tel: +94 11 5900300

Fax: +94 11 5900333

Co. Reg. No. PV 00297383

Auditors : Messrs KPMG (Chartered Accountants)

**Distilleries Company of Sri Lanka PLC****Board of Directors**

D. H. S. Jayawardena - Chairman  
 C. R. Jansz  
 Capt. K. J. Kahanda (Retd.) - Managing Director  
 N. de S. Deva Aditya Dr. A. N. Balasuriya  
 D. Hasitha S. Jayawardena  
 Ms. D. S. T. Jayawardena  
 M. A. N. S. Perera  
 Dr. R.A. Fernando (Appointed w.e.f. 6.02.2024)  
 Ms. V. J. Senaratne - (Alternate to Capt. K. J. Kahanda (Retd.) (Ceased to be a Director w.e.f 1/1/2024)

Secretary : Ms. V. J. Senaratne

**Registered Office**

110, Norris Canal Road, Colombo 10

Tel: +94 11 5507000 / 2695295 -7

Fax: +94 11 2696360

Co. Reg. No. PQ 112

Auditors : Messrs KPMG (Chartered Accountants)

**F Formula World (Private) Limited****Board of Directors**

G. D. C. De Silva  
 T. S. A. Fernandopulle  
 C. Abeywickremara

Secretary : P. W. Corporate Secretarial (Pvt) Limited

**Registered Office**

No. 79, C.W.W. Kannangara Mawatha, Colombo 7.

Tel: +94 11 5200200

Co. Reg. No. PV 00225362

Auditors : KPMG (Chartered Accountants)

**H Hospital Management Melsta (Private) Limited****Board of Directors**

D. H. S. Jayawardena  
 Dr. K. T. Iraivan

Secretary : Ms. N. C. Gunawardena

**Registered Office**

110, Norris Canal Road, Colombo 10

Tel: +94 11 5288625 Fax: +94 11 2695794

Co. Reg. No. PV 130982

Auditors : Messrs KPMG (Chartered Accountants)

**L Lanka Bell Limited****Board of Directors**

D. H. S. Jayawardena - Chairman  
 Dr. T. K. D. A. P. Samarasinghe - Managing Director  
 C. R. Jansz  
 M. A. N. S. Perera  
 D. S. C. Mallawaarachchi

Secretary : Ms. C. M. Chandrapala

**Registered Office**

110, Norris Canal Road, Colombo 10

Tel: +94 11 5335000

Fax: +94 11 5545988

Co. Reg. No. PB 306

Auditors : Messrs KPMG (Chartered Accountants)

<p><b>M Madulsima Plantations PLC</b>  <b>Board of Directors</b>            D. H. S. Jayawardena – Chairman / Managing Director            C. R. Jansz            M. A. N. S. Perera            D. Hasitha S. Jayawardena Dr. A. Shakthevale            D. S. K. Amarasekera            K. Dayaparan</p>	<p>Secretary : P. A. Jayatunga  <b>Registered Office</b>            833, Sirimavo Bandaranaike Mawatha, Colombo 14            Tel: +94 11 2522871-2            Fax: +94 11 2522913  <b>Co. Reg. No.</b> PQ 184  <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Melsta Health (Private) Limited</b>  <b>Board of Directors</b>            D. H. S. Jayawardena – Chairman            C. R. Jansz            M. A. N. S. Perera            Dr. K. T. Iraivan (Appointed w.e.f. 15.06.2023)            D Hasitha S. Jayawardena Dr. A. N. Balasuriya</p>	<p>Secretary : Ms. V. J. Senaratne  <b>Registered Office</b>            110, Norris Canal Road, Colombo 10            Tel: +94 11 5288625 Fax : +94 11 2695794  <b>Co. Reg. No.</b> PV 118630  <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Melsta Healthcare Colombo (Private) Limited</b>  <b>Board of Directors</b>            M. A. N. S. Perera            L. U. D. Fernando            Dr. K. T. Iraivan            D. S. C. Mallawaarachchi (Resigned w.e.f. 31.10.2023)</p>	<p>Secretary : Ms. N. C. Gunawardena  <b>Registered Office</b>            110, Norris Canal Road, Colombo 10            Tel: +94 11 5288625 Fax : +94 11 2695794  <b>Co. Reg. No.</b> PV 130988  <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Melsta Hospitals Colombo North (Private) Limited</b>  <b>Board of Directors</b>            C. R. Jansz - Chairman            D. Hasitha S. Jayawardena            Dr. K. T. Iraivan</p>	<p>Secretary : Ms. N. C. Gunawardena  <b>Registered Office</b>            110, Norris Canal Road, Colombo 10.            Tel : +94 11 5288625 Fax: +94 11 2695794  <b>Co. Reg. No.</b> PV 89856  <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Melsta Hospitals Ragama (Private) Limited</b>  <b>Board of Directors</b>            C. R. Jansz – Chairman            M. A. N. S. Perera            D. Hasitha S. Jayawardena            Dr. K. T. Iraivan</p>	<p>Secretary : Ms. N. C. Gunawardena  <b>Registered Office</b>            110, Norris Canal Road, Colombo 10.            Tel : +94 11 5288625 Fax: +94 11 2695794  <b>Co. Reg. No.</b> PV 77421  <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Melsta Laboratories (Private) Limited</b>  <b>Board of Directors</b>            M. A. N. S. Perera            L. U. D. Fernando            D. S. C. Mallawaarachchi (Resigned w.e.f. 31.10.2023)            Dr. K. T. Iraivan (Appointed w.e.f. 01.06.2023)            Dr. A. C. Jayakody</p>	<p>Secretary : Ms. N. C. Gunawardena  <b>Registered Office</b>            110, Norris Canal Road, Colombo 10            Tel: +94 11 5288625 Fax: +94 11 2695794  <b>Co. Reg. No.</b> PV 130983  <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Melsta Logistics (Pvt) Limited</b>  <b>Board of Directors</b>            M. A. N. S. Perera            L. U. D. Fernando            T. Q. Fernando (Resigned w.e.f. 24.04.2022)            D. S. C. Mallawaarachchi (Resigned w.e.f. 31.10.2023)</p>	<p>Secretary : Ms. N. C. Gunawardena  <b>Registered Office</b>            160, Negombo Road, Seeduwa            Tel: +94 11 5223300            Fax: +94 11 5223322            Web: www.crc.lk  <b>Co. Reg. No.</b> PV 14051  <b>Auditors :</b> Messrs Amarasekara &amp; Company (Chartered Accountants)</p>

**M Melsta Pharmaceuticals (Private) Limited****Board of Directors**

M. A. N. S. Perera  
 L. U. D. Fernando  
 N. Nagahawatte  
 Dr. K. T. Iraivan (Appointed w.e.f. 01.06.2023)

Secretary : Ms. N. C. Gunawardena

**Registered Office**

110, Norris Canal Road, Colombo 10  
 Tel: +94 11 5288625 Fax: +94 11 2695794  
 Co. Reg. No. PV 124904  
 Auditors : Messrs KPMG (Chartered Accountants)

**Melsta Properties (Pvt) Limited****Board of Directors**

Capt. K. J. Kahanda (Retd.)  
 S. Rajanathan  
 R. R. P. L. S. Ratnayake

Secretary : Ms. N. C. Gunawardena

**Registered Office**

110, Norris Canal Road, Colombo 10  
 Tel: +94 11 5900300 Fax : +94 11 2695794  
 Co. Reg. No. PV 78422  
 Auditors : Messrs KPMG (Chartered Accountants)

**Melsta Technologies (Pvt) Limited****Board of Directors**

B. K. J. P. Rodrigo  
 P. Karunanayke  
 D. A. C. Peiris (Resigned w.e.f. 10.09.2023)  
 D. M. Welikandage

Secretary : Ms. N. C. Gunawardena

**Registered Office**

110, Norris Canal Road, Colombo 10  
 Tel: +94 11 5288625 Fax : +94 11 2695794  
 Co. Reg. No. PV 104028  
 Auditors : Messrs KPMG (Chartered Accountants)

**Melsta Tower (Pvt) Limited****Board of Directors**

M. A. N. S. Perera  
 L. U. D. Fernando  
 Ms. S. A. Atukorale  
 D. S. C. Mallawaarachchi (Resigned w.e.f. 31.10.2023)

Secretary : Ms. N. C. Gunawardena

**Registered Office**

110, Norris Canal Road, Colombo 10  
 Tel: +94 11 5900300 Fax : +94 11 2695794  
 Co. Reg. No. PV 90157  
 Auditors : Messrs KPMG (Chartered Accountants)

**Milford Holdings (Pvt) Limited****Board of Directors**

D. H. S. Jayawardena – Chairman  
 C. R. Jansz  
 Capt. K. J. Kahanda (Retd.)  
 D. Hasitha S. Jayawardena (Appointed w.e.f. 25.04.2024)

Secretary : Ms. N. C. Gunawardena

**Registered Office**

110, Norris Canal Road, Colombo 10  
 Tel: +94 11 2695295-7 Fax: +94 11 2696360  
 Co. Reg. No. PV 5944  
 Auditors : Messrs KPMG (Chartered Accountants)

**P Pelwatte Agriculture & Engineering Services (PVT) Limited****Board of Directors**

D. A. de S. Wickramanayake  
 C. S. Weeraratne

Secretaries : Managers & Secretaries (Pvt) Limited

**Registered Office**

27, Melbourne Avenue, Colombo 04  
 Tel: +94 11 2589390 Fax: +94 11 2500674  
 Co. Reg. No. PV 66850  
 Auditors : Messrs Ernst & Young (Chartered Accountants)

**Pelwatte Sugar Distilleries (Pvt) Limited****Board of Directors**

Capt. K. J. Kahanda (Retd.) - Managing Director  
 D. A. de S. Wickramanayake

Secretaries : Managers & Secretaries (Pvt) Limited

**Registered Office**

27, Melbourne Avenue, Colombo 04  
 Tel: +94 11 2589390 Fax: +94 11 2500674  
 Co. Reg. No. PV 10221  
 Auditors : Messrs Ernst & Young (Chartered Accountants)

<p><b>P Pelwatte Sugar Industries PLC</b>  <b>Board of Directors</b>            D. H. S. Jayawardena            Capt. K. J. Kahanda (Retd.)            R. Wettewa            D. A. de S. Wickramanayake            D. H. J. Gunawardena            C. S. Weeraratne            D. A. E. de S. Wickramanayake            K. K. U. Wijeyesekera</p>	<p>Secretaries : Managers &amp; Secretaries (Pvt) Limited  <b>Registered Office</b>            27, Melbourne Avenue, Colombo 04            Tel: +94 11 2589390 Fax: +94 11 2500674  <b>Co. Reg. No.</b> PQ 30  <b>Auditors :</b> Messrs Ernst &amp; Young (Chartered Accountants)</p>
<p><b>Periceyl (Pvt) Limited</b>  <b>Board of Directors</b>            D. H. S. Jayawardena – Chairman            C. R. Jansz            S. K. S. D. Amarathunga            D. Hasitha S. Jayawardena            M. A. N. S. Perera</p>	<p>Secretary : Ms. V. J. Senaratne  <b>Registered Office</b>            110, Norris Canal Road, Colombo 10            Tel: +94 11 2808565            Fax: +94 11 5551777  <b>Co. Reg. No.</b> PV 5529  <b>Auditors :</b> Messrs Ernst &amp; Young (Chartered Accountants)</p>
<p><b>S Splendor Media (Pvt) Limited</b>  <b>Board of Directors</b>            Ms. D. S. T. Jayawardena – Chairperson            Ms. G. Chakravarthy            N. N. Nagahawatte            O. A. R. P. Obeyesinghe</p>	<p>Secretary : Ms. N. C. Gunawardena  <b>Registered Office</b>            110, Norris Canal Road, Colombo 10            Tel: +94 11 5639501            Fax: +94 11 5373344  <b>Co. Reg. No.</b> PV 1230  <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>T Texpro Industries Limited</b>  <b>Board of Directors</b>            D. H. S. Jayawardena – Chairman            J. D. Peiris – Managing Director            H. I. Munasinha (Resigned w.e.f. 31.10.2023)            D. S. C. Mallawaarachchi (Resigned w.e.f. 31.10.2023)</p>	<p>Secretaries : Ms. N. C. Gunawardena  <b>Registered Office</b>            1st Floor, Lakshman's Building,            321, Galle Road, Colombo 03            Tel: +94 11 2565951  <b>Co. Reg. No.</b> PB 748  <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>
<p><b>Timpex (Pvt) Limited</b>  <b>Board of Directors</b>            D. H. S. Jayawardena – Chairman            J. D. Peiris – Managing Director            H. I. Munasinha (Resigned w.e.f. 31.10.2023)            D. S. C. Mallawaarachchi (Resigned w.e.f. 31.10.2023)</p>	<p>Secretaries : Ms. N. C. Gunawardena  <b>Registered Office</b>            1st Floor, Lakshman's Building,            321, Galle Road, Colombo 03            Tel: +94 11 2565951  <b>Co. Reg. No.</b> PV 17863  <b>Auditors :</b> Messrs KPMG (Chartered Accountants)</p>



## Joint Venture

### Melsta Gama (Private) Limited

#### Board of Directors

D. H. S. Jayawardena  
M. S. Mawzoon  
V. M. Fernando (Resigned w.e.f. 15.10.2023)  
M. T. Siddique  
Capt. K. J. Kahanda (Retd.)  
L. U. D. Fernando  
S. Gurung  
D. Hasitha S. Jayawardena (Alternate to D. H. S. Jayawardena)

Secretaries : Corporate Services (Private) Limited

#### Registered Office

6, Flower Terrace, Colombo 04.

Tel: +94 11 257 4042 Fax: +94 11 2575045

Co. Reg. No. PV 123310

Auditors : Messrs KPMG (Chartered Accountants)

## Associates

### Amethyst Leisure Limited

#### Board of Directors

Ms. D. S. T. Jayawardena - Chairperson  
Ms. V. J. Senaratne  
C. M. S. Jayawickrama  
B. G. D. L. P. Wijeratne  
M. A. N. S. Perera (Appointed w.e.f. 17.05.2023)

Secretaries : Aitken Spence Corporate Finance (Private) Limited

#### Registered Office

315, Vauxhall Street, Colombo 02

Tel: +94 11 2308308 Fax: +94 11 2308099

Co. Reg. No. PQ 202

Auditors: Messrs KPMG (Chartered Accountants)

# Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held on Thursday, 19th September 2024 at 11.00 a.m. via the zoom platform at the “Mini Auditorium” of the Distilleries Company of Sri Lanka PLC located at No. 110, Norris Canal Road, Colombo 10, to consider and if thought fit to pass the following resolutions:

1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements of the Company for the year ended 31st March 2024 and the report of the auditors thereon.
2. To re-appoint M/s. KPMG, Chartered Accountants, as the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed with by the Board of Directors and to audit the Financial Statements of the Company for the accounting period ending 31st March 2025.
3. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. D. H. S. Jayawardena who has reached the age of 82 years.

“IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. D. H. S. Jayawardena who has reached the age of 82 years prior to the Annual General Meeting and that he shall accordingly be re-appointed”

4. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. C. R. Jansz who has reached the age of 71 years.

“IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. C. R. Jansz who has reached the age of 71 years prior to the Annual General Meeting and that he shall accordingly be re-appointed”

5. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. N. de S. Deva Aditya who has reached the age of 76 years.

“IT IS HEREBY RESOLVED that the age limit referred to in section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. N. de S. Deva Aditya who has reached the age of 76 years prior to the Annual General Meeting and that he shall accordingly be re-appointed”

6. To re-elect as a Director Mr. Lintotage Udaya Damien Fernando who retires from office at the end of this Annual General Meeting in terms of Article 86 of the Articles of Association of the Company and being eligible has offered himself for re-election.

7. To elect Dr. Ravindra Fernando who retires in terms of the Article 93 of the Articles of Association of the Company, as a Director.
8. To consider and if thought fit to pass the following Special Resolutions to amend the Articles of Association of the Company to comply with the requirements introduced by section 9 of the Listing Rules of the Colombo Stock Exchange that are currently in force:

**(a) Special Resolution 1:**

To amend Article 78 (1) of the Articles of Association of the Company in terms of section 92 of the Companies Act, No. 07 of 2007 to increase the minimum number of Directors from the existing three (03) to five (05) Directors; and the maximum number of Directors from the existing eleven (11) to a maximum of twelve (12) Directors.

“IT IS HEREBY RESOLVED THAT article 78 (1) of the Articles of Association of the Company be amended by replacing “the Directors of the Company shall not be less than three (3) and not more than eleven (11)” as follows: “The Directors of the Company shall not be less than five (05) and not more than twelve (12)”.”

**(b) Special Resolution 2:**

To amend Article 79 B (1) (a) of the Articles of Association of the Company in terms of section 92 of the Companies Act, No. 07 of 2007 to increase number of Nominee Directors of the Company from five (05) to seven (07) Directors.

“IT IS HEREBY RESOLVED THAT article 79 B (1) (a) of the Articles of Association of the Company be amended by replacing the words “five (05)” to “seven (07)” for the said Article 79 B (1) (a) to read as follows: “So long as MILFORD EXPORTS(CEYLON)(PRIVATE) LIMITED holds 40% of the aggregate of the issued shares of the Company, it shall be entitled to nominate and appoint seven (07) Directors on the Board. Such Directors shall be known as Nominee Directors.”

**(c) Special Resolution 3:**

To amend Article 119 of the Articles of Association of the Company in terms of section 92 of the Companies Act, No. 07 of 2007 to comply with the requirements introduced by section 9 of the Listing Rules of the Colombo Stock Exchange in relation to the appointment of alternate directors.

“IT IS HEREBY RESOLVED that Article 119 of the Articles of Association be deleted in its entirety and be substituted with the following new articles numbered as 119, 119 (A), 119 (B), 119 (C) and 119 (D):

"119 Any Director may at any time by notice in writing under his hand to the registered office of the Company or by notice sent by facsimile transmission or by email, appoint any person approved by the Directors to be an Alternate Director of the Company to act in his place in exceptional circumstances and the following provisions under this heading shall apply to any person so appointed.

119 (A) If an Alternate Director is appointed by and for a Non-executive Director, such Alternate Director should not be an executive of the Company.

119 (B) If an Alternate Director is appointed by and for 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 said rules. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made.

119 (C) The attendance of any Alternate Director at any meeting, including a board committee meeting, shall be counted for the purpose of quorum.

119 (D) Subject to Article 119 (C) above, a Director appointed by another Director to be his alternate director shall thereupon be entitled to exercise (in addition to his own right of voting as a Director) such appointer's rights at meetings of the Board."

**(d) Special Resolution 4:**

To amend the Article 122 of the Articles of Association of the Company in terms of section 92 of the Companies Act, No. 07 of 2007 to comply with the requirements introduced by section 9 of the Listing Rules of the Colombo Stock Exchange in relation to the appointment of Alternate Directors by ensuring that the maximum period of appointment of an Alternate Director does not exceed one (01) year from the date of appointment.

"IT IS HEREBY RESOLVED that the preamble of Article 122 of the Articles of Association of the Company be amended by deleting and replacing the words "for a specified period or until the happening of a specified event" with "for a period not exceeding one (01) year from the date of appointment or until the happening of a specified event within the period of one (01) year from the date of appointment" for the said preamble of Article 122 of the Articles of Association of the Company to read as follows:

"An Alternate Director may be appointed for a period not exceeding one (01) year from the date of appointment or until the happening of a specified event within the period of one (01) year from the date of appointment, but he shall ipso facto cease to be an Alternate Director in any of the following events, that is to say:-"

**(e) Special Resolution 5:**

To insert a new article to the Articles of Association of the Company as Articles 111 (A) in terms of section 92 of the Companies Act, No. 07 of 2007.

"IT IS HEREBY RESOLVED THAT the following article be included as a new article after Article 111 of the Articles of Association of the Company with the said new article being numbered as 111 (A):

"Notwithstanding any other provision in these Articles suggesting the contrary, so long as the shares of the company are listed on the Colombo Stock Exchange, a Director having a material personal interest in a matter being considered at a Board meeting to approve a related party transaction (within the meaning of the Listing Rules of the Colombo Stock Exchange) shall not:

- (a) be present while the matter is being considered at the meeting and
- (b) vote on the matter."

9. To approve the donations and contributions made by the Directors during the year under review, and to authorise the Directors to determine contributions to charities for the ensuing year.

By Order of the Board

**CORPORATE SERVICES (PRIVATE) LIMITED**

Secretaries

**MELSTACORP PLC**

Colombo, on this 27th day of August 2024

**NOTES:**

1. The Annual General Meeting of Melstacorp PLC will be held as a virtual meeting via the online meeting platform Zoom by participants joining in person or proxy and through audio or audio visual means in the manner specified below.
  - I. Shareholder Participation
    - a. Any Shareholder entitled to attend and vote is entitled to appoint a proxy or proxies in his/her stead. A form of proxy accompanies this notice. A proxy need not be a Shareholder of the Company.

# Notice of Meeting

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- b. The shareholders are encouraged to appoint a Director of the Company as their proxy to represent them at the meeting.
  - c. The shareholders may also appoint any other persons other than a Director of the Company as their proxy and the proxy so appointed shall participate at the meeting through audio or audio visual means only.
  - d. The shareholders who wish to participate at the meeting will be able to join the meeting through audio or audio visual means, via the online meeting platform Zoom. To facilitate this process, the shareholders are required to furnish the details of the shareholder and proxy holder, if any, by perfecting Annexure II to the circular to shareholders uploaded to the company website and the website of the Colombo Stock Exchange and forward same to [agm2024@melsta.com] or by post to the registered address of the company No. 110, Norris Canal Road, Colombo 10. Sri Lanka, to reach the Company not less three (3) days before the date appointed for holding the meeting so that the meeting login information could be forwarded to the e-mail address as provided. The circular to the shareholders will be posted to all the shareholders along with the Notice of Meeting and the Form of Proxy.
  - e. To facilitate the appointment of proxies, the Form of Proxy uploaded to the company website and Colombo Stock Exchange website and the duly filled Form of Proxy should be sent to reach the Registrars of the Company via e mail [agm2024@melsta.com] or by post to the registered address of the company No. 110, Norris Canal Road, Colombo 10. Sri Lanka, not less than thirty six (36) hours before the time fixed for the meeting.
2. Voting in respect of the resolutions sought to be passed will be registered by using the online meeting platform Zoom or another designated ancillary online application. All of such procedures will be explained to the shareholders prior to the commencement of the meeting.
  3. Shareholders can use the "Q&A Forum" to communicate your questions/concerns as and when required.
  4. The Annual Report of the Company for the year 2023/24 will be available for perusal of the Company website [www.melstacorp.com](http://www.melstacorp.com) and the Colombo Stock Exchange website on [www.cse.lk](http://www.cse.lk).
  5. For any questions please contact please contact Ms. Kavinga Boralessa, Melstacorp PLC during office hours. Telephone : + 94115900221, +94 115900300, , Ext: 221, E-mail: [agm2024@melsta.com](mailto:agm2024@melsta.com).

## II. Shareholder's Queries

The shareholders are hereby advised that if they wish to raise any queries, such queries should be sent to reach the Company, via e-mail to [agm2024@melsta.com] or by post to the registered address of the Company No. 110, Norris Canal Road, Colombo10, Sri Lanka not less than three (03) days before the date of the meeting. This is in order to enable the Company to compile the queries and forward the same to the attention of the Board of Directors so that same could be addressed at the meeting.

# Form of Proxy

Folio No.

I/We.....

of.....being a shareholder / shareholders of

Melstacorp PLC hereby appoint Don Harold Stassen Jayawardena\* or failing him Cedric Royle Jansz\* or failing him Mellawatantrige Anton Niroshan Sampath Perera\* or failing him Niranjan de Silva Deva Aditya\* or failing him Kolitha Jagath Kahanda\* or failing him Adrian Naomal Balasuriya\* or failing him Don Hasitha Stassen Jayawardena\* or failing him Don Therese Stasshani Jayawardena\* or failing her Lintotage Udaya Damien Fernando \* or failing him Reyaz Mihular\* or failing him Ravindra Fernando\* or failing him.....

of..... as my/our\* proxy to vote for me/us on my/our behalf for/ or against the resolution and/or to speak at the Annual General Meeting of the Company to be held on the 19th day of September 2024 and at any adjournment thereof.\* Please delete the inappropriate words.

	For	Against
1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements of the Company for the year ended 31st March 2024.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-appoint M/s KPMG, Chartered Accountants, as the auditors of the Company and authorize the Board of Directors to fix their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint Mr. D. H. S. Jayawardena in terms of Section 210 of the Companies Act No. 7 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint of Mr. C. R. Jansz in terms of Section 210 of the Companies Act No. 7 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint of Mr. N. de S. Deva Aditya in terms of Section 210 of the Companies Act No. 7 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect as a Director Mr. Lintotage Udaya Damien Fernando who retires from office at the end of this Annual General Meeting in terms of Article 86 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
7. To elect Dr. Ravindra Fernando who retires in terms of the Article 93 of the Articles of Association of the Company, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
8. To consider and if thought fit to pass the following Special Resolutions to amend the Articles of Association of the Company:		
<b>(a) Special Resolution 1:</b>		
To amend Article 78 (1) of the Articles of Association of the Company to increase the minimum number of Directors from the existing three (03) to five (05) Directors; and the maximum number of Directors from the existing eleven (11) to a maximum of twelve (12) Directors.	<input type="checkbox"/>	<input type="checkbox"/>
<b>(b) Specials Resolution 2:</b>		
To amend Article 79 B (1) (a) of the Articles of Association of the Company to increase number of Nominee Directors of the Company from five (05) to seven (07) Directors.	<input type="checkbox"/>	<input type="checkbox"/>
<b>(c) Specials Resolution 3:</b>		
To amend Article 119 of the Articles of Association of the Company to comply with the requirements introduced by section 9 of the Listing Rules of the Colombo Stock Exchange in relation to the appointment of alternate directors by deleting and substituting the same with new articles numbered as 119, 119 (A), 119 (B), 119 (C) and 119 (D) as per Special Resolution 8 (c) proposed in the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

# Form of Proxy

For      Against

**(d) Specials Resolution 4:**

To amend the Article 122 of the Articles of Association of the Company to ensure that the maximum period of appointment of an Alternate Director does not exceed one (01) year from the date of appointment in accordance with section 9 of the Listing Rules of the Colombo Stock Exchange

**(e) Special Resolution 5:**

To insert a new article to the Articles of Association of the Company as Articles 111 (A) regarding the rights of a Director to vote at a Board meeting to approve a related party transactions in which the said Director has a material personal interest as per Special Resolution 8 (e) proposed in the Notice of Meeting.

9. To approve the donations and contributions made by the Directors during the year under review, and to authorise the Directors to determine contributions to charities for the ensuing year.

\* Please delete the inappropriate words.

\*\* Please write your Folio Number which is given on the top left of the address sticker

.....  
Signature of Shareholder

Dated this .....day of.....2024

**Notes:**

1. Proxy need not be a shareholder of the Company.
2. In terms of Article 72 of Articles of Association of the Company.  
The instrument appointing a proxy shall be in writing and, In the case of an individual shall be signed by the appointor or by his attorney; and in the case of a corporation shall be signed as provided by its Articles of Association by person/s authorised to do so, on behalf of the corporation. The Company may, but shall not be bound to require evidence of the authority of any person so signing, A proxy need not be a shareholder of the Company.
3. In terms of Article 73 of the Articles of Association of the Company.  
The instrument appointing a proxy, and the power of attorney (if any) under which it is signed, or a notarially certified copy of such power, or any other document necessary to show the validity of or otherwise relating to the appointment of the Proxy shall be deposited for inspection at the Office or sent by electronic mail to an electronic mail account notified by the Company to the Shareholders in writing not less than thirty-six hours before the time appointed for holding the meeting or adjourned meeting, or in the case of a poll before the time appointed for taking of the poll at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid, provided however in the case of a meeting called by shorter notice as set out in Section 135(3) of the Act a proxy and any other documents as aforesaid shall be valid if deposited at the Office or received by electronic mail to an electronic mail account notified by the Company to the Shareholders in writing not less than twenty-four hours before the time appointed for holding the meeting called by such shorter notice or such adjourned meeting.
4. In terms of Article 67 of the Articles of Association of the Company.  
In the case of joint-holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint-holders, and for this purpose seniority shall be determined by the order in which the name stands in the Register of Shareholders in respect of the joint holding.
5. Instructions as to completion are noted overleaf;

#### Instructions as to completion

1. Kindly perfect the Form of Proxy by filling in the mandatory details required above, signing in the space provided and filling in the date of signature.
2. If the Form of Proxy is signed by an Attorney, the relative power of attorney should also accompany the proxy form for registration, if such power of attorney has not already been registered with the Company.
3. In the case of a Company / Corporation, the Form of Proxy shall be executed in the manner specified in the Articles of Association of Melstacorp PLC.
4. In the absence of any specific instructions as to voting, the proxy may use his / her discretion in exercising the vote on behalf of his appointer.
5. Duly filled forms of proxy should be sent to reach the Company via e-mail to **agm2024@melsta.com** or by post to the registered address of the Company No: 110, Norris Canal Road, Colombo 10, Sri Lanka, **not less than thirty-six (36) hours before the time appointed for the holding of the meeting.**

# Notes

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# Corporate Information

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## Company Name

Melstacorp PLC

## Domicile and Legal Form of the Holding Company

Public Limited Liability Company Incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange

## Registration No.

PB 11755 PQ

## Ultimate Parent Company

Milford Exports (Ceylon) (Pvt) Ltd.

## Registered Office

110, Norris Canal Road,  
Colombo 10, Sri Lanka.  
Tel: +94 11 5900300  
Fax: +94 11 5900333  
Web: www.melstacorp.com

## Board of Directors

Mr. D. H. S. Jayawardena  
Mr. C. R. Jansz  
Mr. M. A. N. S. Perera  
Capt. K. J. Kahanda (Retd.)  
Mr. N. de S. Deva Aditya  
Dr. A. N. Balasuriya  
Mr. D. Hasitha S. Jayawardena  
Ms. D. S. T. Jayawardena  
Mr. L. U. D. Fernando  
Mr. M. R. Mihular (Appointed w.e.f. 01.04.2023)  
Dr. R.A. Fernando (Appointed w.e.f. 12.02.2024)  
Ms. V. J. Senaratne (Alternate Director to Mr. N.De.S.Deva Aditya) (Ceased to be a Director w.e.f 1/1/2024)

## Audit Committee

Mr. M. R. Mihular - Chairman (Appointed w.e.f. 01.04.2023) Dr. A. N. Balasuriya  
Mr. N. de S. Deva Aditya  
Mr. D. Hasitha S. Jayawardena

## Remuneration Committee

Dr. A. N. Balasuriya - Chairman  
Mr. N. de S. Deva Aditya  
Mr. D. Hasitha S. Jayawardena

## Related Party Transactions Review Committee

Mr. M. R. Mihular - Chairman (Appointed w.e.f. 01.04.2023)  
Dr. A. N. Balasuriya  
Mr. D. Hasitha S. Jayawardena

## Nomination Committee

Mr. N. de S. Deva Aditya - Chairman  
Mr. C. R. Jansz  
Mr. D. Hasitha S. Jayawardena

## Company Secretary

Corporate Services (Private) Limited  
No.216, De Saram Road,  
Colombo 10, Sri Lanka.  
Tel: +94 11 4605100 Fax: +94 11 4718220

## Registrars

Central Depository Systems (Pvt) Ltd.  
Registrar Services and Corporate Actions Unit  
No.341/5, M & M Center, Kotte Road,  
Rajagiriya, Sri Lanka.  
Tel: +94 11 2356456  
Fax: +94 11 2440396

## Auditors

Messrs KPMG (Chartered Accountants)  
32A, Sir Mohamed Macan Marker Mawatha,  
Colombo 03, Sri Lanka.

## Bankers

Bank of Ceylon  
Commercial Bank of Ceylon PLC  
DFCC Bank PLC  
Hatton National Bank PLC

## Credit Rating

The Company has been assigned 'AAA (Ika)' National Long Term Rating with a Stable Outlook by Fitch Ratings Lanka Limited.



[www.melstacorp.com](http://www.melstacorp.com)

**Melstacorp PLC**

110, Norris Canal Road, Colombo 10, Sri Lanka  
Tel: +94 11 5 900 300 | Fax: +94 11 5 900 333