



Sustainable Infrastructure

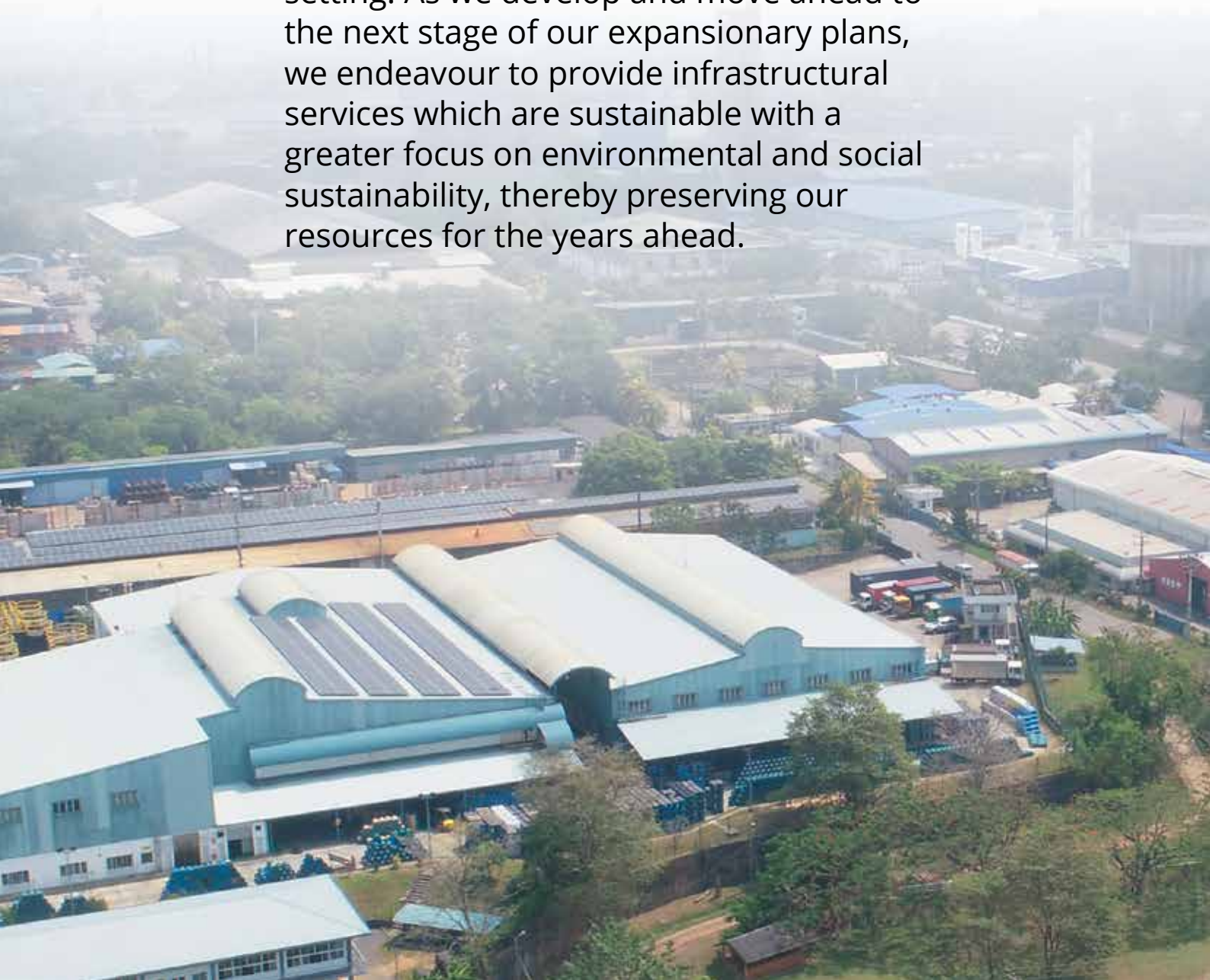
LANKA INDUSTRIAL ESTATES LTD

ANNUAL REPORT 2021/22



Sustainable Infrastructure

Lanka Industrial Estates Ltd has been recognised as a formidable infrastructure provider. With an established presence of 30 years, we have developed and created a service platform for industries to carry out business in a well developed infrastructural setting. As we develop and move ahead to the next stage of our expansionary plans, we endeavour to provide infrastructural services which are sustainable with a greater focus on environmental and social sustainability, thereby preserving our resources for the years ahead.



VISION

To be the most admired company in the country in providing industrial space and infrastructure.

MISSION

To assist in Sri Lanka's economic progress by providing industries with excellent infrastructure facilities within an enclave that protects both the industry and the environment.

OUR VALUES

INTEGRITY - We are open and honest in all areas of work

LEARNING - We invest in continuous learning to be competent as a corporate citizen

QUALITY - We take pride in maintaining rigorous standards for all our services

TEAMWORK - We believe our best performance produced not by individuals but by a team who trust each other

ACCOUNTABILITY - At LINDEL, we are individually and collectively responsible for our work , our words and our results

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"THE GROUP WAS SUCCESSFUL IN ACHIEVING A KEY FINANCIAL MILESTONE WITH ITS CONSOLIDATED REVENUE SURPASSING THE RS. 400 MN MARK. THE GROUP'S STRATEGY OF REVENUE DIVERSIFICATION BOOSTED REVENUE LEVELS FROM THE ADDITIONAL TENANCY AGREEMENTS, SOLAR POWER GENERATION, AND TREATED WATER SUPPLY."

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WHO WE ARE



Lanka Industrial Estates Ltd (LINDEL), is a subsidiary Company of DFCC Bank PLC. It was incorporated in 1992 as an alliance between DFCC Bank PLC and the Government of Sri Lanka, to develop as an industrial estate the site of the State Fertilizer Manufacturing Corporation at Sapugaskanda. As such, LINDEL is a private-sector-owned industrial estate developer and operator. The site at Sapugaskanda which is in excess of 100 acres in extent, held on a free-hold basis, is

fully developed and occupied by 38 tenants in various businesses such as Agriculture, Chemicals, FMCG, Logistics, Lubricants, Metal Fabrication, Packaging, and Power Generation. LINDEL provides the complete range of infrastructure and utilities to all its tenants and invests regularly in the maintenance and upgrading of all its services.

LINDEL's 100% owned subsidiary - Lindel Industrial Laboratories Limited (LILL) was set up in 1997 to initially monitor effluent and water quality for

LINDEL's tenants. However, the scope of services has now enlarged and LILL is now accredited by the Accreditation Scheme for Testing Laboratories (ASTEL) for the testing of other materials and parameters. It is also recognized by the Central Environmental Authority for the testing of certain environment protection license-related parameters. LILL's client base has also expanded to include several industries outside the industrial estate. In 2006, the Company became one of the first industrial laboratories to obtain the ISO 17025 Standard.

OUR PARENT COMPANY



DFCC Bank PLC

Established in 1955 as the first development bank in Sri Lanka and one of the oldest in the region, DFCC Bank has been the lender of choice for trailblazing Sri Lankan entrepreneurs and continues to be the preferred lender for "Green" development projects including waste-to-energy, the hydro, wind, and solar energy projects. Having honed its expertise in project lending for over six decades, the Bank turned to commercial banking in 2015. Today, DFCC Bank provides comprehensive development and commercial banking services and is at the forefront of pioneering digitally-enabled products and services, offering customers unparalleled service, convenience, and value.

Reach

DFCC Bank delivers its services through 139 branches island-wide. Customers have access to over 4,500 ATMs across the country via the LankaPay ATM network and can avail themselves of the Bank's services via online and mobile banking and DFCC MySpace, the Bank's self-banking solution.

Portfolio

DFCC Bank's primary lines of business include Consumer Banking, Corporate Banking, Treasury and Resource Mobilization, Branch Banking, International Banking, Card Operations, and Bancassurance.

MILESTONES

1992

Incorporation of Lanka Industrial Estates Limited (LINDEL) as a public Company.

1994

Initial development work of the site and infrastructure completed.

Agreements were signed with companies such as Unilever (Ceylon) Limited, Grip Engineering (Pvt) Ltd, Shin Kwang Lanka (Pvt) Ltd and Neil Fernando & Company.

1996

Received approval from the Central Environmental Authority for the issuance of environmental licenses for industries located within LINDEL.

Commissioned a 200-line telephone exchange for the exclusive use of the Industrial Estate.

1997

Subsidiary of LINDEL, Lindel Industrial Laboratories Limited (LILL), was incorporated as state-of-the-art industrial laboratory.

A 10 MW electric power sub-station funded by LINDEL was completed.

1999

Bulk urea storage building of the State Fertilizer Manufacturing Corporation was converted to a 50,000 sq. ft warehouse.

2001

Solid waste yard was converted to a proper solid waste disposal yard introducing a land fill site and converted solid waste in to revenue generating source.

2003

Total number of lessees increased to 20 for the first time with 92% occupancy. These tenants included Fortune 500 companies.

2005

LILL was accredited by Accreditation Scheme for Testing Laboratories (ASTEL) for water and fuel testing.

2006

LILL became one of the first industrial labs to obtain ISO 17025 standard.

2007

LINDEL surpassed Rs. 100 Mn in revenue for the first time in its history.

2012

Chevron Lubricants Lanka PLC reached an agreement with LINDEL to setup a state-of-the-art lubricant blending facility in a 4-acre block within the industrial estate.

Natural water spring at backyard of LINDEL was designed and converted to a spring water treatment plant which has a drawing capacity of water up to 20,000 Cu.m per month.

2014

The first 20kW net metering solar project was implemented at LINDEL office and followed by another two net metering projects of 20kW and 22 kW capacities.

2015

Surpassed the Rs. 200 Mn in revenue for the first time.

2018

Five-acre land plot was leased out to Diesel and Motor Engineering PLC together with a 50,000 Sq.ft building space.

First solar net plus project with a capacity of 432kW was commissioned at LINDEL.

2019

Surpassed Rs. 300 Mn in revenue for the first time.

2020

Surpassed Rs. 200 Mn Profit after tax for the first time.

Another solar net plus project with a capacity of 470kW was commissioned at LINDEL.

2021

Completed the renovation of igloo building with an investment of Rs. 80 Mn.

Won the Bronze award in Land and Property sector at the 56th Annual Report Awards organized by CA Sri Lanka.

2022

Celebrated 30 years of excellence

Completed another solar project of 544kW

ABOUT THIS REPORT



The Report

This is the Third Integrated Annual Report of Lanka Industrial Estates Limited. (LINDEL)

The report presents a detailed yet concise account of LINDEL's value creation process over the short, medium, and long term towards its stakeholders. It offers a detailed view of strategy, governance, and capital management; and detailed information about the financial performance in the context of the surrounding operating environment in 2021/22. The Report addresses all queries pertaining to making sound decisions about the Group and its activities.

Scope and Boundary

This Report considers the financial performance and non-financial performance of the Company. This Report represents a balanced review of LINDEL's financial, environmental and social performance, governance framework and how it has managed risks. There have been no changes in the scope of reporting and accounting policies from the previous year. Non-financial information in this report pertaining to the previous year has not been restated unless otherwise stated.

Report Structure

The Annual Report of the Company covers the period of twelve months from 1st April 2021 to 31st March 2022 which represents the annual reporting cycle. The most recent Annual Report covered the 12 month period

from 1st of April 2020 to 31st March 2021. The Company creates value through the Business Model, which takes inputs from the six capitals and transforms through business activities to produce outputs and outcomes that create value over time for its diverse stakeholders.

Reporting Principles

- Strategic focus
- Materiality
- Future orientation
- Comparability
- Connectivity

Non-Financial Information

To create a wider understanding of Company's performance, strategy and to improve the transparency in reporting, this Annual Report includes disclosures of non-financial information.

Materiality

LINDEL apply the principle of materiality in determining which information should be included in the Integrated Report. Accordingly, this report focuses on the issues, opportunities and challenges that have a material impact on the Company's operations.

Compliance

The Financial Statements of LINDEL have been prepared in accordance with the Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka. The Company has followed additional guidelines as established by the Companies Act No. 07 of 2007 and "Guidelines for the presentation of Annual Reports 2022" published by the Institute of Chartered Accountants of Sri Lanka.

For governance-related matters, where applicable, LINDEL voluntarily comply with the Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

For integrated and sustainability reporting, LINDEL has complied with Integrated Reporting Framework of International Integrated Reporting Council and United Nations Sustainability Development Goals.

External Assurance

The Group has obtained an independent opinion on the Financial Statements from its External Auditors Messrs KPMG (Chartered Accountants) which is set out on page 94 of this report.

External assurance for the sustainability reporting has not been obtained for this year.

Forward Looking Statements

This report includes forward-looking statements, which discuss the possible future financial position and results of LINDEL's operations. These statements, however, involve an element of risk and uncertainty. LINDEL is not under obligation and do not undertake responsibility to publicly update its forward-looking statements in response to the changes in its business backdrop after the date of publication.

Statement of the Board

The Board acknowledges its responsibility to ensure the integrity of the annual Integrated Report and is of the opinion that the report addresses all material issues that it believes has a bearing on the Group's capacity to create value over the short, medium and long-term. The report was unanimously approved by the Board and is signed on its behalf by Board.

Available Forms



Print
Available
on request



Online
Available in PDF
format at
www.lindel.lk



Queries

Any queries or questions regarding this report should be addressed to:

Financial Controller
Lanka Industrial Estates Limited
Pattiwila Road, Sapugaskanda, Makola
e-mail: linde@itmin.net
Tel: +94 11 2400318

FINANCIAL HIGHLIGHTS

| As at / Year ended | Group | | | Company | | |
|--------------------|-----------|-------------|----------|-----------|-------------|----------|
| | 31-Mar-22 | 31-Mar-21 | Change % | 31-Mar-22 | 31-Mar-21 | Change % |
| | | (Restated*) | | | (Restated*) | |

| Financial Performance | | | | | | |
|---|-----------|----------|--------|-----------|----------|---------|
| Revenue (Rs.'000) | 407,019 | 349,583 | 16.43 | 408,186 | 350,660 | 16.41 |
| Other operating income (Rs.'000) | 20,510 | 18,896 | 8.54 | 2,313 | 9,356 | (75.27) |
| Revaluation gain from investment properties | 1,030,142 | 102,441 | 905.60 | 1,030,142 | 102,441 | 905.60 |
| Operating profit (Rs.'000) | 1,248,936 | 273,257 | 357.06 | 1,247,174 | 272,678 | 357.38 |
| Profit before tax (Rs.'000) | 1,271,441 | 298,770 | 325.56 | 1,268,967 | 297,343 | 326.77 |
| Income tax expense (Rs.'000) | (342,550) | (77,180) | 343.83 | (341,541) | (76,682) | 345.40 |
| Profit after tax (Rs.'000) | 928,891 | 221,590 | 319.19 | 927,426 | 220,661 | 320.29 |

| Financial Position Highlights | | | | | | |
|--|-----------|-----------|-------|-----------|-----------|-------|
| Stated capital (Rs.'000) | 159,692 | 159,692 | - | 159,692 | 159,692 | - |
| Issued shares ('000)*** | 399,225 | 399,225 | - | 399,225 | 399,225 | - |
| Reserves and retained earnings (Rs.'000) | 6,338,607 | 5,576,389 | 13.67 | 6,329,271 | 5,568,834 | 13.66 |
| Current liabilities (Rs.'000) | 208,650 | 183,576 | 13.66 | 206,075 | 182,113 | 13.16 |
| Total liabilities (Rs.'000) | 2,235,156 | 1,916,936 | 16.60 | 2,231,741 | 1,914,518 | 16.57 |
| Current assets (Rs.'000) | 487,388 | 463,151 | 5.23 | 470,617 | 446,529 | 5.39 |
| Total assets (Rs.'000) | 8,733,455 | 7,653,017 | 14.12 | 8,720,704 | 7,643,044 | 14.10 |

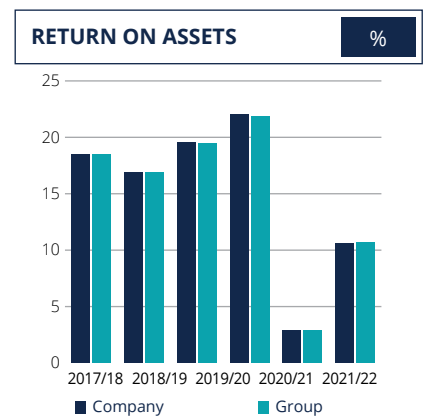
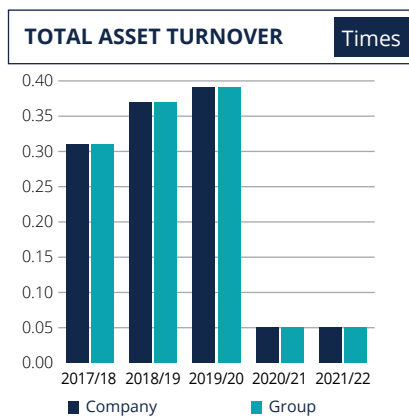
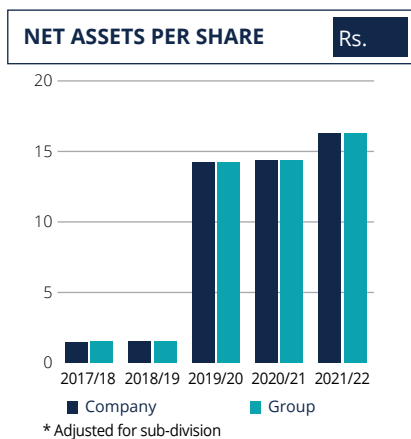
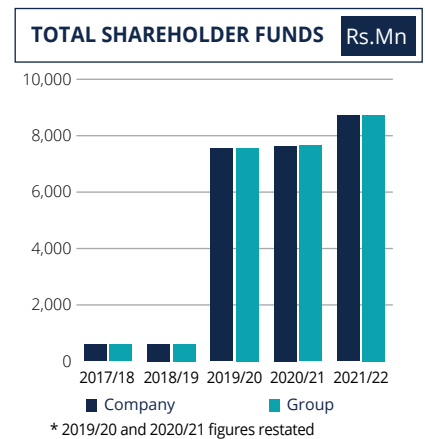
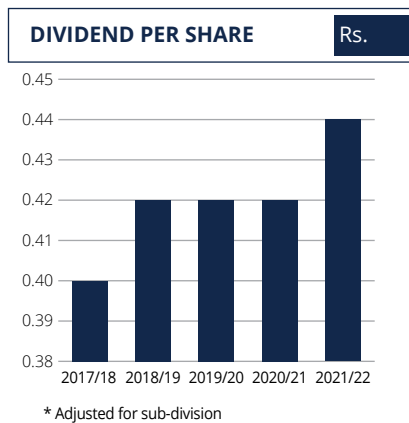
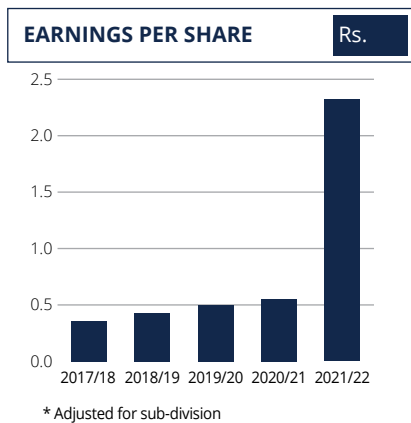
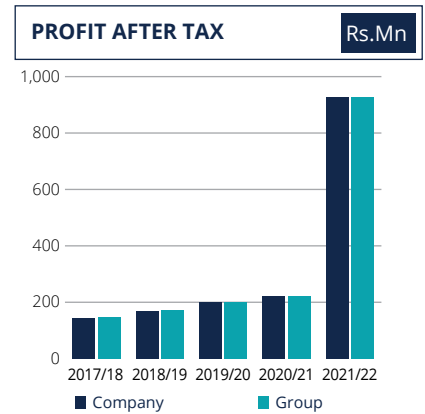
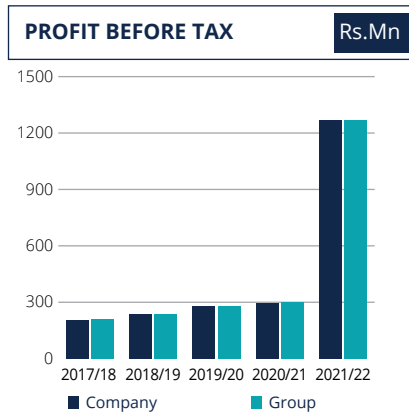
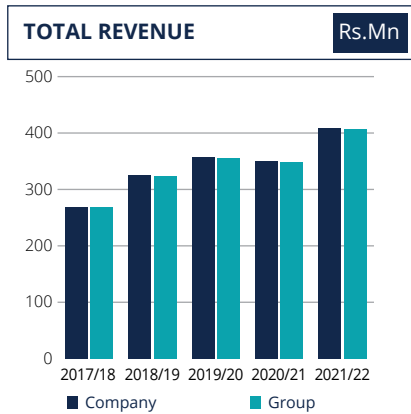
| Financial Ratios | | | | | | |
|---------------------------------|--------|----------|--------|--------|----------|---------|
| Earnings per share (Rs.) | 2.33 | 0.56*** | 316.07 | 2.32 | 0.55*** | 321.81 |
| Dividend per share (Rs.) | - | - | - | 0.44** | 10.50 | - |
| Operating profit margin (%) | 306.85 | 78.17 | 292.56 | 305.54 | 77.76 | 292.92 |
| Net profit margin (%) | 228.22 | 63.39 | 260.04 | 227.21 | 62.93 | 261.06 |
| Return on shareholder funds (%) | 14.29 | 3.86 | 270.02 | 14.29 | 3.85 | 271.04 |
| Return on assets (%) | 10.64 | 2.90 | 267.33 | 10.63 | 2.89 | 268.36 |
| Net assets per share (Rs.) | 16.28 | 14.37*** | 13.29 | 16.25 | 14.35*** | 13.27 |
| Total asset turnover (Times) | 0.05 | 0.05 | 2 | 0.05 | 0.05 | 2.02 |
| Current ratio (Times) | 2.34 | 2.52 | (7) | 2.28 | 2.45 | (6.86) |
| Quick asset ratio (Times) | 2.32 | 2.50 | (7) | 2.27 | 2.44 | (6.89) |
| Dividend payout Ratio (%) | - | - | - | 18.94 | 75.99 | (75.07) |
| Dividend cover (Times) | - | - | - | 0.2 | 1.32 | (83.19) |

* The comparative information has been restated on the account of the change in accounting policies. (Refer note 05 of Financial Statements)

**Proposed dividend

*** The Company sub divided its existing shares at 1:25 ratio in December 2021. Figures are adjusted for the subdivision.

FINANCIAL HIGHLIGHTS



AWARDS

Lanka Industrial Estates Ltd

bags

BRONZE AWARD

in its very first year in the
Annual Report Awards competition.

LINDEL's Annual Report for 2020/21 themed "From Resilience to Progress" won the 'Bronze Award' in the Land and Property sector at the 56th Annual Report Awards Competition organized by the Institute of Chartered Accountants of Sri Lanka.

This award received by LINDEL affirms the Company's ability to create intellectual capital value for its stakeholders.



OPERATIONAL HIGHLIGHTS



MANUFACTURED CAPITAL

Completion of
15,000 sq.ft
new warehouse

- Improvement of water treatment plants
- Completed the construction of new building for LILL



Human Capital

Expenses on Employees
Rs. 22 Mn

- Recognition of long standing employees
- Increased representation of female workforce



Social and Relationship Capital

Taxes paid to the government
Rs. 91 Mn

- Customer satisfaction ratio of **96%**
- Completed **04** CSR projects



Intellectual Capital

New website launch with an investment of
Rs. 0.3 Mn

- Won the Bronze award in Land Property sector at 56th Annual Report Award
- Recognized as a training partner for students by CA Sri Lanka



Nature Capital

Addition of another net plus solar system with an investment of
Rs. 50 Mn

- More than 50 trees planted
- Potable water produced per day - 1,295 Cu.





STEWARDSHIP

CHAIRMAN'S MESSAGE



“AS UNCERTAINTIES MOUNTED, THE GROUP FOCUSED ON OPTIMIZING THE REVENUE STREAMS WHILST MANAGING WORKING CAPITAL CYCLES. THE GROUP ADOPTED A LONG-TERM VIEW OF STRATEGY AND VALUE CREATION, REFLECTING OUR OPTIMISM THAT THE COUNTRY WILL EMERGE FROM THIS CRISIS SOONER, RATHER THAN LATER.”

Dear Shareholders,

It is my pleasure to present to you the third Integrated Annual Report of Lanka Industrial Estates Limited (LINDEL) for the financial year 2021/22 and welcome you to the 30th Annual General Meeting of the Company.

The report details the LINDEL Group, which comprises LINDEL and its wholly-owned laboratory services provider Lindel Industrial Laboratories Limited's journey through uncharted waters overcoming all odds and turning challenges into opportunities for growth.

CONTEXT TO PERFORMANCE

The economic impact of the COVID-19 pandemic highlighted existing imbalances in the Sri Lankan economy, creating pressure on the country's external sector. The sharp decline in tourism earnings and worker remittances in 2021, coupled with international debt payments led to

a gradual depletion of the country's foreign exchange reserves. As a result, businesses faced challenges in sourcing imported raw materials due to a shortage in foreign currency liquidity in the banking system. The crisis intensified in 2022, leading to shortages in essential items which have resulted in interruptions to the power supply. The Central Bank of Sri Lanka allowed the free float of the Sri Lankan Rupee in early March 2022, which triggered a sharp depreciation of the Sri Lankan Rupee causing significant liquidity pressure in the domestic foreign exchange market. The depreciation of the Rupee, together with the rise in global commodity prices also led to escalating inflationary pressures, with y-o-y headline inflation (NCPI) increasing to 21.5% in March 2022.

These external factors had a direct impact on our business with many of our tenants facing difficulties in procuring imported raw materials etc. As a result, the demand for

warehousing was subdued with many spaces being vacated during the year. Some of our tenants vacated the warehouses by transferring the tenancies to affiliated companies. The downturn in the business activity of our tenants compelled us to provide flexible payment terms by extending credit periods for rental payments. The prices of construction materials increased significantly along with a shortage of essential construction materials such as cement. This affected the construction and up-gradation activities initiated by us during the year. However, prudent cost optimization measures and timely purchasing enabled us to minimize the impact of price escalations to a certain extent.

As uncertainties mounted, the Group focused on optimizing the revenue streams of the Company whilst managing working capital cycles. The Group adopted a long-term view of strategy and value creation, reflecting our optimism that the country will

emerge from this crisis sooner, rather than later.

PERFORMANCE HIGHLIGHTS

Despite the adverse externalities and the challenges experienced the Group was focused on enhancing its revenue base by ensuring all properties were generating income. I am happy to announce that the Group reached the revenue milestone of LKR 400 Mn in the financial year under review. This represents a 16% increase in revenue compared to the previous financial year. This was mainly driven by additional income derived from the lease of the igloo building and the additional lease income from new buildings. The Group was successful in increasing its revenue base from laboratory services, sale of treated water, and solar energy net plus systems as well. The Group recorded an increase in profit before tax by 325% mainly driven by the significant increase in top-line revenue growth and revaluation gain from investment properties.

The Group forged ahead in a steadfast manner focused on its key strategic pillars of building the revenue base, cost optimization, building human capital, and sustainability. Thus the Company was successful in creating sustainable value for its stakeholders in a challenging business landscape. A detailed analysis of financial performance along with the Group's strategic imperatives are discussed in the Chief Executive Officer's Review on page 15 of this Annual Report.

During the year the Company was successful in revamping its present infrastructure facilities. A sum of Rs. 136 Mn was invested in capital expenditure to repair and upgrade the facilities within the compound. The igloo building which is the largest warehousing complex within the estate was refurbished and upgraded at a cost of Rs. 80 Mn. This was one of the largest investments made in recent years. Despite the challenges associated with the pandemic and the steep cost escalations and the scarcity of building materials, we were successful in handing over the completed building to our new tenant within the stipulated time frame. In addition, the Company made significant headway in building a new warehouse and carrying out much-

“WE ARE COMMITTED TO REDUCING THE ENVIRONMENTAL IMPACTS OF OUR OPERATIONS AND ARE DRIVING CONCERTED EFFORTS TO ENHANCE ENERGY EFFICIENCY, REDUCE WATER CONSUMPTION, AND RESPONSIBLE WASTE MANAGEMENT.”

needed refurbishments to elevate the facilities within the estate to deliver a superior infrastructure to our valued clientele.

During the year our sole subsidiary, Lindel Industrial Laboratories Ltd (LILL) moved its operations to the newly constructed building which enhanced the capacity and facilities of our laboratory creating a platform for greater value creation.

INTEGRATING SUSTAINABILITY

The pandemic has highlighted the inter-connectedness that exists between externalities such as income inequality, access to technology, climate change, and well-being. This has brought to light the critical importance of embedding sustainability into organizations' strategies. We are committed to reducing the environmental impacts of our operations and are driving concerted efforts to enhance energy efficiency, reduce water consumption, and responsible waste management.

The Group's consistent focus on sustainability was reinforced by the expansion of the solar facility of the industrial estate by expanding the capacity through an additional 544 kW to the existing solar grid. The rooftops of the buildings within our location have been utilized to install solar systems and currently, the Group possesses a total net plus solar capacity of approximately 1.5 MW supplying 1,035,022 kWh (units) during the period 2021/22 to

the national grid. LINDEL's total energy consumption is only about 403,776 kWh for the same period. Thus, the Company supplies the excess renewable energy to the national grid.

Given the pandemic and the deepening socio-economic vulnerabilities, the Company reached out to the community with many community-building programs which were timely and relevant in the current context. Group employees participated in a tree-planting initiative to conserve the natural environment.

CORPORATE GOVERNANCE

During the year the Board heightened its vigilance on the impending risks from the external environment. I welcome the three new Independent Non-Executive Directors; namely Mr. T. Dharamaraja, Mrs. Deepa Seneviratne, and Dr. K.A.S. Keeragala who were appointed to the Board. To enhance the governance structure of the Board, three sub-committees were appointed to enhance governance and corporate stewardship.

We have over the years placed significant emphasis on corporate reporting by following the integrated reporting format providing transparency and accountability to our stakeholders. Our efforts were recognized at the 56th Annual Report Awards organized by the Institute of Chartered Accountants with a Bronze award in the land and property sector thereby validating our continuous efforts to enhance our reporting standards.

WAY FORWARD

The main strategic priority of the year is to enhance the revenue base of the Group by strengthening the revenue streams derived from the investment property. With full occupancy rates being achieved within the Sapugaskanda Industrial Estate we hope to expand our footprint further by venturing into constructing the second industrial estate. This would enable us to enhance our revenue streams whilst providing a platform of support to local manufacturers leveraging our existing specialist skills and expertise within the logistics and warehousing sphere. This would also create employment opportunities for many.

CHAIRMAN'S MESSAGE

We hope to further enhance the infrastructure facilities within the industrial estate to create a superior value proposition for our clientele. The Group has also embedded sustainability within the business model to position itself as a sustainably driven industrial estate that is conscious of its environmental footprint. We envisage investing further in solar energy to reduce our carbon footprint and create a platform wherein our tenants would have access to these facilities.

LISTING OF LINDEL IN COLOMBO STOCK EXCHANGE

As approved by the shareholders at the Extraordinary General Meeting held in December 2021, the Board of Directors & Management of LINDEL has taken steps to list the shares of the company in the Colombo Stock Exchange with a view to broad base the shareholding structure. Although the required approvals have not been received from the regulators by 31st March 2022, we are hopeful that the listing process could be completed in due course.

VALUE TO SHAREHOLDERS

With a view to offering an affordable price to the prospective investors, with the approval of the shareholders the existing shares were sub-divided at a 1:25 ratio. As a result, the number of shares of the company increased from 15,969,205 to 399,230,125 shares.

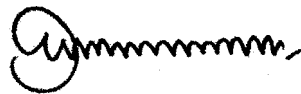
The Board of Directors has recommended a full & final cash dividend of Rs.0.44 per share amounting to Rs. 175 Mn to the existing Shareholders as of 31st March 2022.

Although the dividend amount per share in the past has been ranging around Rs. 8 to Rs.10, the proposed dividend of Rs.0.44 per share looks relatively lower than in the past due to the share sub-division. However, it should be noted that the dividend payout in the FY 2021/22 to the shareholders will be the highest dividend paid by the Company in its corporate history.

APPRECIATIONS

My sincere appreciation to my fellow Directors for their collective wisdom and guidance in charting our way through a turbulent year. Further, I take this opportunity to recognize the Group's management team and staff led by Mr. Rasika Cooray for their dedication and tireless efforts in building a strong business model for sustainable value creation. I offer my sincere gratitude to our valued tenants and business partners for placing their trust and confidence in our organization.

I also wish to extend my gratitude to the Shareholders namely DFCC Bank PLC and the Treasury of the Government of Sri Lanka, the officials of State departments/ agencies and the private sector for their continued support extended in conducting the activities of the company under challenging circumstances. Whilst thanking all for the confidence & trust placed on the Board of Directors & Management, we assure you of the continuous commitment to create enhanced value to all our stakeholders.



Lakshman Silva
Chairman

30th June 2022

CEO'S REVIEW



“THE GROUP WAS SUCCESSFUL IN ACHIEVING A KEY FINANCIAL MILESTONE WITH ITS CONSOLIDATED REVENUE SURPASSING THE RS. 400 MN MARK. THE GROUP’S STRATEGY OF REVENUE DIVERSIFICATION BOOSTED REVENUE LEVELS FROM THE ADDITIONAL TENANCY AGREEMENTS, SOLAR POWER GENERATION, AND TREATED WATER SUPPLY.”

Dear Shareholders,

The financial year under review proved to be an extraordinarily challenging year across many dimensions as the pandemic led to business interruptions as well as the deepening economic crisis adversely impacted the overall business sector. Against this challenging and volatile business landscape, the LINDEL Group recorded a noteworthy performance by unlocking its potential to deliver value creation to all stakeholders.

PERFORMANCE OVERVIEW

As Sri Lanka experienced a surge in COVID-19 infections which led to periodic lockdowns in 2021 along with a deepening of macro-economic vulnerabilities, the Group sharpened its focus on four key strategic priorities; namely building our top-line growth, cost optimization, environmental sustainability, and building our human capital.

Despite the economic headwinds which gripped the country, especially during the third and fourth quarters of the year, the Group made significant progress by completing and achieving one hundred per cent of all deliverables set for the year. Meanwhile the surge in global freights rates coupled with the sharp depreciation of the Sri Lankan Rupee in March 2022, resulted in a sharp increase in the cost of imports. This was further aggravated by supply chain disruptions stemming from import restrictions and the country’s crippling foreign exchange crisis. All these adverse externalities and the downturn in business activity resulted in some of the Group’s tenancy agreements being terminated prematurely. However, occupancy levels were restored by signing 4 new lease tenancy agreements, thus increasing the customer base from 34 to 38.

The Group was successful in achieving a key financial milestone with its consolidated revenue surpassing the Rs. 400 Mn mark. The Group’s strategy of revenue diversification boosted revenue levels from the additional tenancy agreements, solar power generation, and treated water supply.

The ban on fertilizer imports resulted in one of our main tenants vacating the warehousing premises which was one of the largest warehouses in the complex comprising nearly 54,000 sq. ft. In response, we renovated and converted this building to a fully-fledged manufacturing plant which was leased to Alumex PLC. Thus, generating additional revenue.

Lindel Laboratories Pvt Ltd recorded its highest revenue and profitability in its history mainly due to broad basing its revenue by providing laboratory services to external customers.

Total Revenue**Rs. 408 Mn****Total Assets****Rs. 8,720 Mn**

The Group was successful in generating an increase in profit before tax of Rs. 972 Mn which represents an increase of 325%. The Group recorded a profit after tax of Rs. 928 Mn which represents a 319% growth over the preceding year. During the year, LINDEL changed its accounting method for Investment properties from the cost method to the revaluation method. As a result, Company's and Group's profits were also increased significantly compared to previous years. Inflationary pressure drove operating expenses on an upward trajectory resulting in a 2% increase in operating expenses. The repair and maintenance expenses of the water and the wastewater treatment plants were completed during the year. An increase in policy rates during the latter part of the year caused interest rates to increase. The impact on the profitability levels of the overall increase in expenses was managed within acceptable parameters due to the increase in revenue.

CREATING VALUE FOR STAKEHOLDERS

As a Group which connects with its stakeholders, we were mindful and empathetic to the myriad of challenges in the external landscape which had a direct impact on our stakeholders. The pandemic induced externalities together with the sharp depreciation of the Rupee led to many of our tenants' businesses being affected. In response, we introduced several flexible payment schemes to our tenants.

With the pandemic intensifying with many new variants, we stepped up our health and safety protocols within our complex in order to contain and minimize the spread of the virus. An inhouse vaccination programme was conducted within the LINDEL Industrial Estate with the support of the Biyagama

“RECOGNIZING THE PIVOTAL IMPORTANCE OF SUSTAINABLE OPERATIONS AND CREATING AN ENVIRONMENTALLY FRIENDLY PLATFORM WITHIN OUR COMPLEX WE UPGRADED OUR SOLAR POWER INFRASTRUCTURE WITH A SIGNIFICANT INVESTMENT OF RS. 50 MN, GENERATING 1,035,022 KWH OF SOLAR POWER.”

MOH specifically aimed at vaccinating the workers within the premises. This enabled 1000 workers within the complex to be vaccinated in a convenient manner with minimal disruption to the work schedule.

Recognizing the difficult times and the economic downturn we reached out to the community with many CSR activities with the objective of providing redress to people in need. During the year the Group together with the staff contributed to the needy with dry rations. We also identified 30 needy school children to provide educational assistance. The Group also donated much needed medical equipment to the District Hospital Gampaha.

OUR EMPLOYEE VALUE PROPOSITION

The LINDEL team performed with dedication and commitment amidst a difficult operating environment during the pandemic. To provide a seamless service to our customers and other stakeholders we introduced the Work from Home concept during lockdown periods. Workplace safety practices were enhanced to create an environment which was safe and conducive. The team was appraised on a regular basis on the risks and impending developments. Employees who were infected with the

virus were supported with financial assistance and other forms of support.

A SUSTAINABLE OPERATION

Recognizing the pivotal importance of sustainable operations and creating an environmentally friendly platform within our complex we upgraded our solar power infrastructure with a significant investment of Rs. 50 Mn, generating 1,035,022 kWh of solar power. Adopting cleaner manufacturing processes and ensuring responsible consumption of resources is part of our business strategy. The shift to renewable energy sources is expected to reduce operating costs amidst soaring energy costs while also contributing to the national grid at a time when the nation is facing an energy crisis.

During the year we embedded environmentally friendly practices within our operations by taking mindful and conscious steps to reduce our carbon footprint by transitioning our meetings to virtual meetings etc. Reinforcing our commitment towards the UN Sustainability Goals (SDG's), we complied with 12 SDG's.

THE PATH AHEAD

Presently, the country is faced with an unprecedented economic crisis, which will undoubtedly create short-term pressures affecting overall growth and profitability targets. The sharp escalation of raw material prices have resulted in an increase in our expense structure necessitating price revisions within a short period of time. The crippling shortage in foreign currency has created a shortage of fuel and energy which has challenged business continuity.

Moving ahead with our unique positioning which has been created over the last three decades strengthened by the learnings from the post pandemic challenges we are resolute and steadfast in our focus to diversify and broad base our revenue sources. This has been a successful strategy which has contributed to enhancing our profitability levels over the last few years which we hope to pursue over the years by venturing into building a steady source of revenue from solar, water treatment and other value creation initiatives. This will infuse new

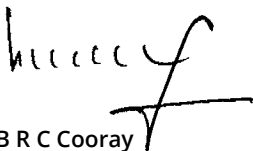
avenues for growth whilst broadening the offering our services to our valued clientele.

We have taken the steps to build and develop the second industrial estate which will enable LINDEL to attract additional revenue. The Group has been focused on building a sustainable business model over the years by investing in solar energy whilst introducing several environmentally friendly platforms of services for our tenants.

A NOTE OF APPRECIATION

I take this opportunity to convey my appreciation to the Chairman and the Board of Directors for their constant support and guidance extended to the Group. I extend a heartfelt thank you to the LINDEL team who demonstrated their unstinted support and dedication in achieving the objectives of the Group. I wish to recognize the business partners and service providers who ensured continuity of our services through a challenging period. I place my humble appreciation to our valued tenants who placed their confidence in us. We assure to provide superior customer service levels on a consistent basis.

I also wish to extend my appreciation to the officials of the Board of Investment, Central Environment Authority, Ceylon Electricity Board, Biyagama MOH office and the Sapugaskanda police station for the support extended to us in carrying out our services.



B R C Cooray
Chief Executive Officer

30th June 2022

BOARD OF DIRECTORS



Left to right

Dr. K.A.S. Keeragala | Ms. Deepa Seneviratne | Mr. T.W. de Silva | Mr. A.D. Tudawe | Mr. L.H.A.L. Silva - Chairman
Dr. R.M.K. Ratnayake | Mr. R. A. Dassanayake | Mr. T. Dharmarajah | Mr. W.D.R. Crishantha

MR. LAKSHMAN SILVA

Chairman/Non - Independent Non-Executive Director

Mr. L H A L Silva was appointed to the Board of Lanka Industrial Estates Ltd in 2017. He started his professional career with the Department of Inland Revenue of Sri Lanka and joined the DFCC Banking Group in 1987. He was appointed to the Board of DFCC Bank PLC in October 2015 and functioned as the Chief Executive Officer of DFCC Bank PLC from August 2017 to 31st December 2021. He was seconded to the service of DFCC Vardhana Bank in 2003 and functioned as the Chief Operating Officer of DFCC Vardhana Bank until his appointment as the Chief Executive Officer in January 2010. Mr. Silva held the position of Deputy Chief Executive Officer at DFCC Bank PLC since October 2015. He was the Chief Executive Officer and Executive Director of DFCC Vardhana Bank PLC from January 2010 to September 2015.

Mr. Silva was the Chairman of DFCC Consulting (Pvt) Limited and Synapsys Limited, subsidiary companies of DFCC Bank PLC, and the Chairman of Lanka Financial Services Bureau Limited, and Acuity Partners (Pvt) Limited, the joint venture company

of DFCC Bank PLC from Aug 2017 to 31st December 2021. He was also a Director of Lanka Ventures Limited, LVL Energy Fund, and Lanka Clear (Pvt) Limited until 31st December 2021. He furthermore, was a member of the Board of Directors of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) until 31st December 2021.

Mr. Silva was a member of the Board of Sustainable Energy Authority appointed by the Governor of the Central Bank of Sri Lanka to represent the development finance banks until 31st December 2021.

Mr. Silva is a Council member of the Ceylon Chamber of Commerce and the Employer's Federation of Ceylon. He is also a member of the Financial System Stability Committee of the Central Bank of Sri Lanka appointed by the Governor of the Central Bank.

Mr. Silva holds a B Com (Sp.) from the University of Kelaniya and an MBA from the Postgraduate Institute of Management of the University of Sri Jayewardenepura, Sri Lanka.

MR. AMAL TUDAWE**Non-Independent Non-Executive Director**

Mr Amal Tudawe was appointed to the Board of Lanka Industrial Estates Ltd., in 1992. Mr. Tudawe has over 40 years of experience in the field of Mechanical and Electrical Engineering inclusive of 5 Years in the UK and 3 Years in Australia. He has served Tudawe Brothers (Pvt) Ltd as Director of Engineering for over 35 years. The key strategic Business Unit responsible for the Mechanical (Heat, Ventilation, Air Conditioning, and Fire Detection and Protection Systems) and Electrical Engineering of the Tudawe Group, Tudawe Engineering Services (Pvt) Ltd was established under his stewardship and he heads it currently as its Managing Director.

He has served as an Electrical Engineering Consultant for Norman Disney & Young and Barry Webb & Associates of NSW, Sydney, Australia during the period 1994 to 1996.

His qualifications include BSc (Hons) Lond, MSc (Elect.Eng.) Lond, MIEE (UK) CP Eng (Aust), MIE (Aust), MIESL, and C.Eng.

MR. T.W DE SILVA**Non-Independent Non-Executive Director**

Mr. T. W de Silva was appointed to the Board of Lanka Industrial Estates Limited in 2005. He has a professional background in finance spanning over 35 years with experience in Financial Intermediation, Investment Banking, Project Financing, Corporate Banking and Strategic Planning.

Mr. de Silva began his career at George Steuart & Co. Ltd. where from 1982, he served for seven years as a Foreign Exchange & Money Broker intermediating in domestic and foreign currency markets. In 1989, he commenced a 30-year career at DFCC Bank during which he attained the position of Executive Vice President. He worked in Investment Banking and took part in capital market and corporate finance activities. He was also involved in the acquisition and founding of companies in the DFCC Group. Following on, Mr. de Silva assumed responsibility for Corporate Banking & Project Finance and subsequently served as Head of Lending for DFCC Bank. In the latter part of his career, he was engaged in the consolidation of DFCC Group and placed in charge of Strategic Planning, Investments and Subsidiaries.

Mr. de Silva is presently the Chairman of Lindel Industrial Laboratories Ltd., and a Director of DFCC Consulting (Pvt) Ltd. and Synapsys Ltd. He also served as a Director of companies in which DFCC has or had an interest. These include Acuity Partners (Pvt) Ltd., Acuity Securities Ltd., Guardian Acuity Asset Management Ltd., Lanka Ventures PLC, LVL Energy Fund PLC, National Asset Management Ltd and E-Channelling PLC.

Mr. de Silva holds a Master of Business Administration degree from the University of Warwick (UK) and is a Graduate Member of the Institute of Mechanical Engineers (UK). His professional development also includes domestic and international work placements and secondments.

DR. R. M. K RATNAYAKE**Non-Independent Non-Executive director**

Dr. R. M. K Ratnayake was appointed to the Board of Lanka Industrial Estates Limited in 2002. He is a Fellow of the United Nations University, Tokyo. He served as an Assistant Lecturer, at Colombo University, before joining the public service in 1972. He served as Director of Nutrition Policy, Ministry of Policy Planning, and concurrently Senior Assistant Secretary to the Ministry of Janasaviya. He also served as Additional Secretary Ministry of Finance and Planning, Secretary to a number of Cabinet Ministers since 1994, and Immediately prior to his retirement in 2008, he served as Secretary to the Ministry of Trade, Commerce, Consumer Affairs, Marketing Development, and Cooperatives.

Dr. Ratnayake was appointed as a member of the Presidential Commission on Cooperatives. He was a Commissioner of the SAARC Poverty commission. He served as a Director on the Boards of the Peoples Bank, National Savings Bank, and Sanasa Development Bank. He also served as the Chairman of Strike, Riot and Civil Commotion and Terrorism (SRCC&T) Fund and National Wealth Corporation. He was the Chairman of CWE, Lanka Sathosa, and the Consumer Affairs Authority. He is also a Director of SANASA Campus and SANASA International Ltd.

MR. R A DASSANAYAKE**Non-Independent Non-Executive Director**

Mr. R A Dassanayake was appointed to the Board of Lanka Industrial Estates Limited in 2019. Mr. R A Dassanayake is the Vice President of Strategic Planning and Subsidiaries of DFCC Bank PLC. He counts over 28 years of experience in banking, accounting, auditing, consulting, and advisory services. He is a director of several subsidiaries and associate companies of DFCC and is also a member of several management committees.

He has held positions as the Head of Budgeting and Planning of DFCC Vardhana Bank PLC, Chief Executive Officer and Chief Risk and Operations Officer of Lankaputhra Development Bank, and Partner, Audit Assurance and Consulting of BDO Partners Sri Lanka. He holds his Masters from PIM, University of Sri Jayawardenepura, and his first degree in Accountancy from the same university. He is also a Fellow member of CA Sri Lanka and an Associate of CIMA UK.

He holds Director positions at National Asset Management Ltd, Lanka Ventures PLC, Lindel Industrial Laboratories Ltd, LVL Energy Fund Limited, DFCC Consulting (Pvt) Limited, and Acuity Securities Ltd.

DR. K.A.S KEERAGALA**Independent Non-Executive Director**

Dr. K.A.S Keeragala was appointed to the Board of Lanka Industrial Estates Ltd., in February 2022. Dr. Keeragala has served in all parts of Sri Lanka in the capacities of assistant divisional secretary, divisional secretary, provincial secretary, additional secretary of line ministries such as health, and secretary of the State Ministry of Finance. The last position held by Dr. K A S Keeragala was as state secretary, Ministry of National Policies & Economics affairs secretary in 2019, and the State Ministry of Finance in 2018.

Dr. K A S Keeragala holds a Ph.D. in Management received from the Global University, California USA, and a Master of Arts (Economics) Specialized in Financial Markets, at the University of Colombo - Sri Lanka. Dr K A S Keeragala has also followed an MBA Program at PGIA, University of Peradeniya, and an M.Sc. (Management) Program at the University of Sri Jayewardenepura. Dr. K A S Keeragala also holds a Bachelor of Science (Public Administration) special Degree from the University of Sri Jayewardenepura and is an Attorney-at-Law of the Supreme Court of Sri Lanka.

MR.T. DHARAMARAJAH**Independent Non-Executive Director**

Mr.T. Dharamaraja was appointed to the Board of Lanka Industrial Estates Ltd., in December 2021. Mr. Dharamaraja is the Senior Partner (Audit & Assurance) of M/S Amerasekera & Company and serves as a Director of Renuka City Hotels PLC, Cargo Boat Development Company PLC, Raigam Wayamba Salterns PLC, Raigam Southern Salterns (Private) Limited, Hapugastenne Plantations PLC & Udapussellawa Plantations PLC, Management Applications (Pvt) Limited, and DHS Medical Group (Private) Limited.

He is a Member of the Council of the University of the Visual and Performing Arts, Postgraduate Institute of Indigenous Medicine, and a member of the Standing Committee on Management Studies of the University Grant Commission. He was a director of DFCC Bank PLC and DFCC Vardhana Bank, a Member of the Board of Management Postgraduate Institute of Management and Curriculum Development Committee of the National Institute of Education. He was also a Member of the Council of the Institute of Chartered Accountants of Sri Lanka and University of Sri Jayewardenepura. He is also a former president of the Association of Accounting Technicians of Sri Lanka.

Mr. T Dharamarajah holds a BSc. Management (Sp) Degree of the University of Sri Jayewardenepura and a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Association of Accounting Technicians of Sri Lanka, and Institute of Public Finance & Development Accountancy.

MR. W. D. R. CRISHANTHA**Non-Independent Non-Executive Director**

Mr. W D R Crishantha was appointed to the Board of Lanka Industrial Estates Ltd., in July, 2021. He is currently working as the Acting Additional Director General of the Department of External Resources of the Ministry of Finance. Prior to his current position, he has worked as Deputy Director in Debt Management Division in the same Department and as an Assistant Director at the Department of National Planning of the Ministry of Finance and Planning.

Mr. W D R Crishantha has obtained his Bachelor's degree from the University of Sri Jayewardenepura in Business Statistics. He also has a Post Graduate Diploma in Computer Technology from the University of Colombo School of Computing and a Graduate Diploma in International and Development Economics from Australian National University. Mr. Crishantha has completed his Master's Degree in Financial Economics from the University of Colombo.

He has also served as Director at Manthal Salt Ltd, National Transport Commission, Lanka Transformers Holdings (Pvt) Ltd., and the Institute of Indigenous Medicine. He currently serves as Director at Milco (Pvt) Ltd representing the General Treasury.

MRS. DEEPA SENEVIRATNE**Independent Non-Executive Director**

Mrs. Deepa Seneviratne was appointed to the Board of Lanka Industrial Estates Ltd., in December 2021. Mrs. Seneviratne is a retired director of the Central Bank of Sri Lanka and a member of Tax Default Advisory Commission – Inland Revenue Department.

Mrs. D Seneviratne has 32 years at the Central Bank of Sri Lanka in various capacities and under numerous departments holding diversified responsibilities as Deputy Director of Statistics, Additional Superintendent of Employees Provident Fund, Superintendent of Public Debt, Director of Information Technology, and Superintendent of Currency. She was also a Director of Sri Lanka Export Credit Insurance Cooperation and Canwill Holding (Pvt) Limited.

Mrs. C M D N K Seneviratne holds a BSc. of Arts degree in Statistics and Development Studies from the University of Sri Jayewardenepura and a Master in Economics from Ohio University (USA).

SENIOR MANAGEMENT



MR. B. R. C. COORAY CEO

Mr. B R C Cooray brings over 28 years of experience at LINDEL from his key roles across several different industries. He holds a MBA from the Cardiff Metropolitan University of UK is a member of the Certified Management Accountant (CMA), Australia, where he is an executive committee member of the local institute of CMA Australia and also a Certified Member of Sri Lanka Institute of Marketing.

He started his professional career at Hemas Group in 1996 and 1998; he joined the National Prawn Company (NPC) in Saudi Arabia After completing the initial assignment at NPC, Mr. Cooray joined MacBertan (Private) Limited in 2000, which is part of a leading conglomerate in Sri Lanka and also the very first heat insulation manufacturing plant in Sri Lanka. After eight years of a successful career in MacBertan, he moved to McLarens Lubricants cluster as the Head of Finance. While at McLarens Lubricants Cluster, he worked with Exxon Mobil Corporation and Sinopec Group. During this time, he was instrumental in many turnarounds and award-winning achievements for McLarens Lubricant Cluster.

He has participated in many programs both locally and overseas in addition to his years of experience. Before joining LINDEL, he was the General Manager of the Property cluster of McLarens group, which includes Property management, Project management, and Building construction.

MR. U. J. SENANAYAKE Senior Operations Manager

Mr. Upul Senanayake started his professional career as an Assistant Engineer at the National Water Supply and Drainage Board and also worked as a civil/site engineer at several engineering companies before joining LINDEL in 1999. As the Senior Operations Manager with more than 22 years of experience working at LINDEL, Mr. Senanayake handles engineering-related operational and management functions, infrastructure development and maintenance, project implementation and management, marketing of lands and buildings, and other related corporate management functions.

Mr. Senanayake has a bachelor's degree in Mechanical Engineering from the University of Peradeniya and a National Diploma in Technology in Civil Engineering from the University of Moratuwa.

He completed his MBA in Business Administration from the University of Colombo and is a lifetime member of the MBA Alumni of Colombo University. He is currently reading for his Ph.D. in Business Administration and is an associate member of the Doctor of Business Administration Alumni of Kelaniya University (DBAAKU)

MR. W. A. R. HEWAGE**Financial Controller**

Mr. Asintha Hewage started his career at KPMG Sri Lanka and then moved to the Corporate sector where he worked in various industries including Finance, Stock Brokering, and telecommunications. He has over 12 years of experience in Auditing, Financial Accounting, Management Accounting, and Taxation.

Mr. Hewage is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and an Associate Member of the Chartered Institute of Management Accountants (UK). He is also, a passed finalist of the Association of Accounting Technicians of Sri Lanka and has a Bachelor's Degree in Accounting (Special) from the University of Sri Jayewardenepura.

MR. S. D. JAYASURIYA**Technical and Quality Manager – Lindel Industrial Laboratories Limited**

Mr. Sulakshana D Jayasuriya is Heading the operations in Lindel Industrial Laboratories Limited. He has over 12 years of experience in the industry. Mr. Jayasuriya joined LILL in 2008 and was promoted to his current position in 2018.

He holds a Bachelor's degree in Chemistry from the College of Chemical Science (Ceylon) and Post Graduate Diploma in Analytical Chemistry from the University of Colombo. He is currently reading the M.BA in London Metropolitan University. He is the current Vice president of the Sri Lanka Association of Testing Laboratories (SLATL).

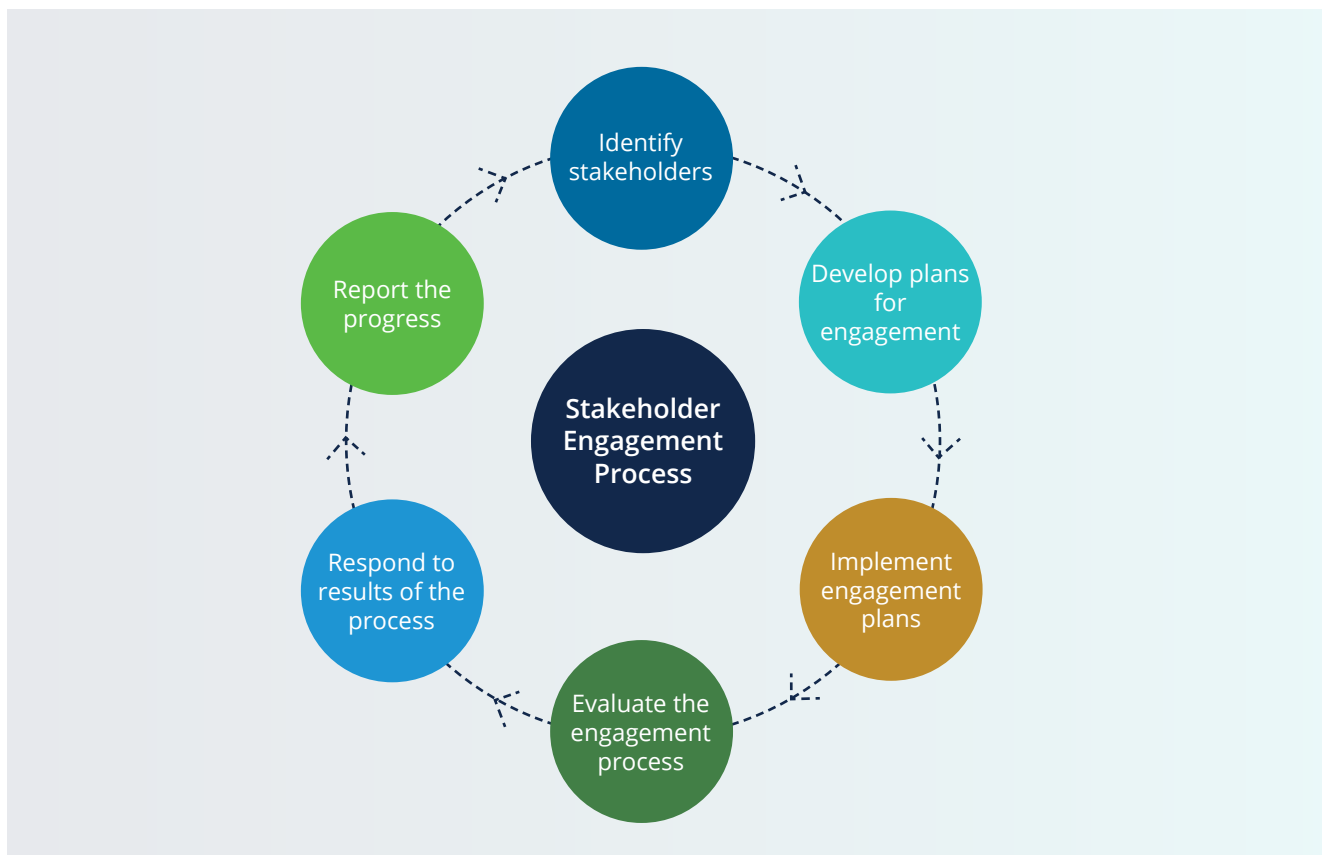


MANAGEMENT
REVIEW AND
CAPITAL
MANAGEMENT

STAKEHOLDER ENGAGEMENT

LINDEL's stakeholders are those individuals or entities who can be expected to be significantly affected by LINDEL's business activities, output or outcome, or whose actions can affect the LINDEL's ability to create value over time. All stakeholders would relate to the Company through being concerned with its performance in either one or more economic, social and environmental aspects.







Engaging with stakeholders is given the highest priority at LINDEL, as it significantly impacts all the business activities. Also, the LINDEL's image depends on the stakeholder perceptions and the behaviour, therefore their understanding, the changing behaviour and different reactions of the perceptions will guide LINDEL to enable powerful business strategies and reach overall strategic goals during the year. LINDEL's stakeholder mechanisms are reviewed regularly to ensure the most effective mechanisms are in place to engage with different stakeholder groups. LINDEL's process of engaging with stakeholders is given below.



LINDEL maintain regular stakeholder engagement through a formal and transparent mechanism that facilitates continuous communication, dialogue and feedback from its many and varied stakeholder groups while raising awareness of the need for sustainable resource consumption and sustainable practices. LINDEL also continue to seek new methods of communication that would help its stakeholders to give more feedback to improve its sustainability efforts.

LINDEL's Stakeholders

| | |
|--------------|-------------|
| Shareholders | Suppliers |
| Customers | Communities |
| Employees | Government |

| Stakeholder | Importance to LINDEL | Engagement Methods | Frequency of Engagement | Stakeholder Interest | Management Approach |
|--|---|---|---|--|---|
| Shareholders  | <ul style="list-style-type: none"> - Provide required capital for growth. | <ul style="list-style-type: none"> - Annual Report - Annual General Meeting - Monthly management accounts - Company website | <ul style="list-style-type: none"> - Annually - Annually - Monthly - As necessary | <ul style="list-style-type: none"> - Return on investment - Ethical corporate conduct and good governance - Risk management | <ul style="list-style-type: none"> - LINDEL commits to fulfil shareholder concerns and maintains a robust dividend policy - Transparent disclosures |
| Customers  | <ul style="list-style-type: none"> - Understanding customer needs and preferences is a prerequisite for retaining the customer. | <ul style="list-style-type: none"> - Customer survey - Company website - Meetings | <ul style="list-style-type: none"> - Annually - As necessary - As necessary | <ul style="list-style-type: none"> - After sales service - Continued access to facilities - Value for money | <ul style="list-style-type: none"> - Enhanced customer service - Fair and reasonable pricing - Improved customer complaint handling procedure |
| Suppliers  | <ul style="list-style-type: none"> - Suppliers and other partners enable LINDEL to deliver consistent customer services. | <ul style="list-style-type: none"> - Meetings - Written communications | <ul style="list-style-type: none"> - As necessary - As necessary | <ul style="list-style-type: none"> - Prompt settlement of payments - Long-lasting relationship | <ul style="list-style-type: none"> - LINDEL makes payments to suppliers on or before due dates - Maintaining effective relationship |
| Employees  | <ul style="list-style-type: none"> - Employees play a crucial role in delivering a quality service and achieving the strategic objectives. | <ul style="list-style-type: none"> - Staff meetings - Performance appraisals - Memo's | <ul style="list-style-type: none"> - As necessary - Annually - As necessary | <ul style="list-style-type: none"> - Skill development and career progression - Job security - Health and safety - Attractive reward schemes | <ul style="list-style-type: none"> - LINDEL offers a range of financial and non-financial benefits to employees - Continues training opportunities - Annual increments and bonuses |
| Government  | <ul style="list-style-type: none"> - Provides an enabling environment for LINDEL to operate. | <ul style="list-style-type: none"> - Meetings - Written communications | <ul style="list-style-type: none"> - As necessary - As necessary | <ul style="list-style-type: none"> - Compliance with rules and regulations - Payment of taxes on due dates | <ul style="list-style-type: none"> - Continues monitoring of compliance with regulations - Internal controls to ensure timely payment of taxes |
| Community  | <ul style="list-style-type: none"> - Strong ties with local communities is essential for the sustainability of our operations. | <ul style="list-style-type: none"> - Meetings - CSR initiatives | <ul style="list-style-type: none"> - As necessary - Annually | <ul style="list-style-type: none"> - Minimised impact on environment - Job opportunities | <ul style="list-style-type: none"> - LINDEL's practices ensure the impact to the environment is minimal - Every new tenant creates more job opportunities for the surrounding community |

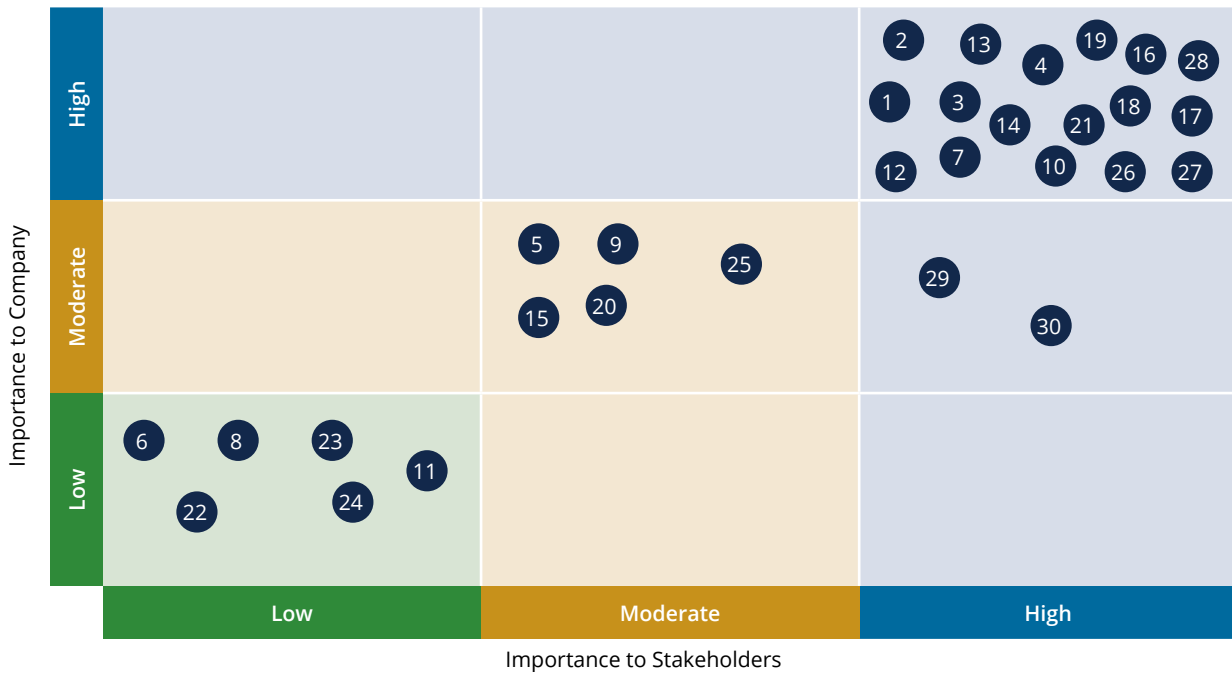
MATERIALITY

Material issues can be considered as issues which have a significant impact on Group or Company's Value Creation Process in the short, medium or long term. LINDEL identifies material issues by finding out whether the aspect has the ability to impact its operations, reputation, commercial viability, organizational goals, and the relationships with its stakeholders. After the identification, LINDEL continues to monitor the issues closely and measure the impact overall. The materiality analysis assists the Company to identify issues identified as material aspects from the perspective of stakeholders thereby enabling the creation of capital values while safeguarding the sustainability of business operations.

LINDEL's process of identifying and action plan for material issues is given below.



Identified material matters are mapped as per below two-dimensional matrix:



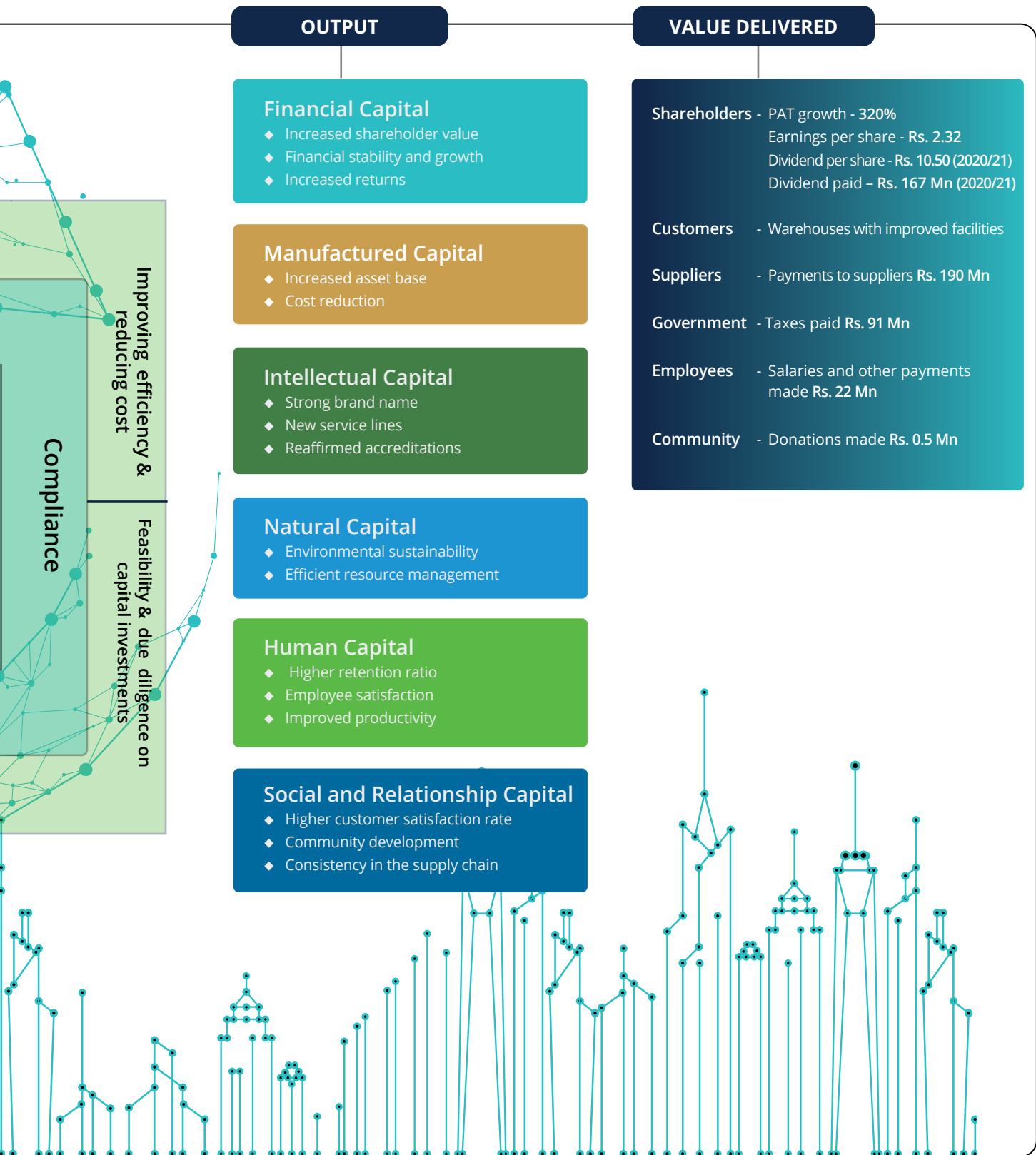
| | Matter | GRI Index Number | Impact to Company | Impact to Stakeholders | Relevant SDG |
|-----|--|------------------|-------------------|------------------------|--|
| | Economic | | | | |
| 1. | Economic Performance | 201 | ● | ● |    |
| 2. | Market Presence | 202 | ● | ● | |
| 3. | Indirect Economic Impacts | 203 | ● | ● | |
| 4. | Procurement Practices | 204 | ● | ● | |
| 5. | Anti-Corruption | 205 | ● | ● | |
| 6. | Anti-Competitive Behaviour | 206 | ● | ● | |
| 7. | Tax | 207 | ● | ● | |
| | Environmental | | | | |
| 8. | Materials | 301 | ● | ● |      |
| 9. | Energy | 302 | ● | ● | |
| 10. | Water and Effluents | 303 | ● | ● | |
| 11. | Bio Diversity | 304 | ● | ● | |
| 12. | Emissions | 305 | ● | ● | |
| 13. | Waste | 306 | ● | ● | |
| 14. | Environmental Compliance | 307 | ● | ● | |
| 15. | Supplier Environmental Assessment | 308 | ● | ● | |
| | Social | | | | |
| 16. | Employment | 401 | ● | ● |       |
| 17. | Labour/Management Relations | 402 | ● | ● | |
| 18. | Occupational Health and Safety | 403 | ● | ● | |
| 19. | Training and Education | 404 | ● | ● | |
| 20. | Diversity and Equal Opportunity | 405 | ● | ● | |
| 21. | Non Discrimination | 406 | ● | ● | |
| 22. | Freedom of Association and Collective Bargaining | 407 | ● | ● | |
| 23. | Child Labour | 408 | ● | ● | |
| 24. | Forced or Compulsory Labour | 409 | ● | ● | |
| 25. | Security Practices | 410 | ● | ● | |
| 26. | Local Communities | 413 | ● | ● | |
| 27. | Public Policy | 415 | ● | ● | |
| 28. | Customer Health and Safety | 416 | ● | ● | |
| 29. | Customer Privacy | 418 | ● | ● | |
| 30. | Socio-Economic Compliance | 419 | ● | ● | |

- High
- Moderate
- Low

VALUE CREATION AT LINDEL

Delivering its stakeholders value for their input is one of LINDEL's main goals. LINDEL use its capitals in order to create value for stakeholders. LINDEL strives to allocate its six capitals and other resources effectively and efficiently to assure that it continues to increase the value for all stakeholders.



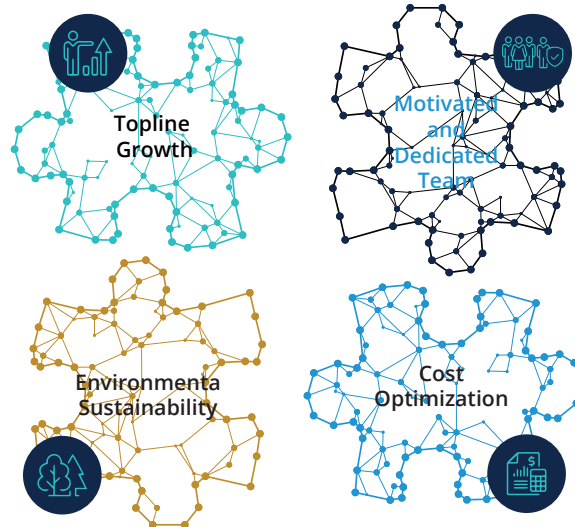


STRATEGY AND RESOURCE ALLOCATION

LINDEL believes that a prudent resource allocation process is imperative for the purpose of creating a sustainable value for its stakeholders during these difficult times. Resource allocation is part of LINDEL's corporate strategy. The success of LINDEL over the years is a result of prudent resource allocation to each strategy laid out by the Board of Directors and Senior Management.

During the last two years, the LINDEL's operating environment was significantly vulnerable and highly exposed to external factors. To cope with these vulnerabilities, LINDEL identified four key strategic priorities which will drive the Company to achieve its stakeholder objectives and create sustainable value.

LINDEL'S STRATEGIC PRIORITIES



TOPLINE GROWTH

LINDEL made more effort during the year to grow its topline by going beyond the organic growth of lease rental increments. As the sapuganskanda industrial estate is almost fully occupied, it's inevitable that LINDEL has to have more revenue streams that are continuously growing. Solar panels were upgraded to generate more revenue while Company looked for ways to increase the water sales as well. More details on this are available on Financial Capital report.

MOTIVATED AND DEDICATED TEAM

LINDEL strives to have a motivated and dedicated staff who can deliver under any circumstances to support Company's

strategic goals and objectives. During the year, the Company invested in developing its workforce and safeguarding its interests. More details on this are available in the Human Capital report.

ENVIRONMENTAL SUSTAINABILITY

While achieving financial success as a corporate, LINDEL is also determined to become a corporate which is contributing to environmental sustainability. Operating an industrial estate can have a major environmental impact and should be done according to all the relevant environmental guidelines. However, LINDEL over the years has successfully managed to operate the industrial estate with

minimal impact on the surrounding environment. More details on this are available in the Natural Capital report.

COST OPTIMIZATION

Cost optimization has been given a priority during the year mainly due to the vulnerability of the macro-environmental factors. LINDEL has taken several measures to reduce costs while strategies are formulated to create maximum value from the money spent on projects.

Resource Allocation for Strategic Priorities

| Strategic Priority | Initiatives | Resource Allocation |
|------------------------------|---|--|
| Topline Growth | <ul style="list-style-type: none"> - Renovate existing warehouses and convert them to multipurpose warehouses - Improvements to the water treatment plant - Construction of new warehouses | Capital expenditure Rs. 92 Mn |
| Motivated and Dedicated Team | <ul style="list-style-type: none"> - Employee training and development - Work-life balance activities - Rewards and recognition for long-standing employees | Staff costs - Rs. 22 Mn |
| Environmental Sustainability | <ul style="list-style-type: none"> - Investment in solar projects - Tree planting - Improvements to the wastewater treatment plant | Investment for solar panel upgrade - Rs. 50 Mn |
| Cost Optimization | <ul style="list-style-type: none"> - Close monitoring of each cost line with budget - Reduction of overhead costs with work from the initiative | Investment in providing work from facilities to employees - Rs. 400,000.00 |

OPERATING ENVIRONMENT

GLOBAL ECONOMY

Global economic recovery from the COVID-19 pandemic hinges on a delicate balance amid new waves of infection, labor market challenges, lingering supply-side constraints, and rising inflationary pressures weighing heavily on near-term growth prospects. The global economy grew by 6.1 percent in 2021 – the highest growth rate since 1976 – after contracting by 3.1 percent in 2020. The recovery of output in 2021 largely represented the resumption of household spending and investment, which had come to a screeching halt in 2020 amid lockdown measures worldwide. The world economy is projected to grow by 3.6 percent in

2022 and 2023, converging towards its long-term trend of around 3 percent per year between 2010 and 2019. But these aggregate figures mask a strong divergence in growth prospects as a significant number of developing countries are struggling to recover from the pandemic (World Economic Outlook – IMF April 2022)

Global inflation largely remained restrained, often below central bank targets, in the past decade, despite massive increases in global liquidity after the 2008–2009 global financial crisis. Global headline inflation surged to an estimated 5.2 percent in 2021, however,

more than 2 percentage points above its trend rate in the past 10 years. The rise was particularly pronounced in the United States and the euro area, and in Latin America and the Caribbean. Medium-term market-implied inflation expectations over a five-year period in the United States and the euro area increased slightly throughout 2021 but remained moderate, below 2.5 and 1.8 percent, respectively (IMF, 2021d). This would suggest that inflation expectations remain well-anchored and should allow inflation to return to its pre-pandemic rates if labor shortages and supply-side bottlenecks dissipate and global food and energy prices stabilize in 2022.

| | 2020 (revised) | 2021 (estimated) | 2022 (projected) | 2023 (projected) |
|---|-------------------|---------------------|---------------------|---------------------|
| World output | -3.1 | 6.1 | 3.6 | 3.6 |
| Advanced Economies | -4.5 | 5.2 | 3.3 | 2.4 |
| USA | -3.4 | 5.7 | 3.7 | 2.3 |
| Euro Area | -6.4 | 5.3 | 2.8 | 2.3 |
| United Kingdom | -9.3 | 7.4 | 3.7 | 1.2 |
| Japan | -4.5 | 1.6 | 2.4 | 2.3 |
| Emerging Markets and Developing Economies | -2.0 | 6.8 | 3.8 | 4.4 |
| China | 2.2 | 8.1 | 4.4 | 5.1 |
| India | -6.6 | 8.9 | 8.2 | 6.9 |

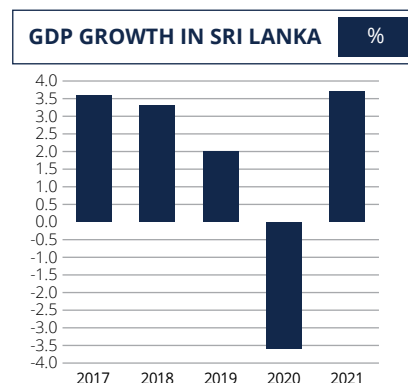
Source – World Economic Outlook – (IMF April 2022)



SRI LANKAN ECONOMY

According to the Central Bank Report for the year 2021, the Sri Lankan economy recorded a growth of 3.7% compared to a contraction of 3.6% in 2020. All sectors of the economy registered growth during the year (agriculture, forestry, and fishing by 2.0 percent; industry by 5.3 percent; and services by 3.0 percent). The performance of the agriculture,

forestry, and the fishing sector was buoyed by the notable growth recorded in the subcategories of growing cereals (except rice), oleaginous fruits, and tea, while the contraction in the growing of rice and other beverage crops weighed negatively on the sectoral performance. The majority of subcategories within the industries sector registered robust growth.



A notable exception was manufacturing activities related to coke and refined petroleum products which recorded a contraction of 26.8 percent due to occasional refinery shutdowns during the year. All subcategories in the services sector registered growth with IT programming, consultancy, and related activities, and the telecommunications sectors recorded sizeable growth of 17.5 percent and 16.2 percent, respectively, highlighting the increased usage of telecommunications services amid the pandemic and growth in the Information Technology/ Business Process Outsourcing (IT/ BPO) sector. The taxes less subsidies component of GDP grew by 4.9 percent in 2021 driven by improvements in tax revenues, when compared to 2020, in line with the post-COVID-19 recovery in economic activity and declines in subsidies. (Source - CBSL Annual Report 2021)

GDP Per Capita

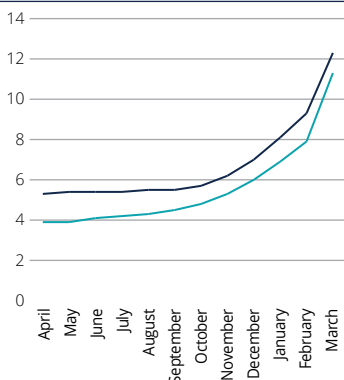
2021 – USD 3,815

2020 – USD 3,695

INFLATION

Headline inflation measured by the year-on-year change in the Colombo Consumer Price Index (CCPI), moved upward during 2021 starting from 4.2% in December 2020 to 12.1% in December 2021 with an annual average of 6.0% for 2021. Core inflation also showed the same upward trend increasing to 8.3% in December 2021 from 3.5% in December 2020, with an annual average of 4.4%.

CCPI AND NCPI 2021/22



FISCAL PERFORMANCE

Fiscal sector performance, which suffers from chronically high structural budget deficits caused by government expenditure overruns and government revenue slippages over the years deteriorated in 2021, further escalating the government debt stock. The fiscal strategy outlined in the Budget 2021 was aimed at ensuring macroeconomic stability while enhancing economic revival and poverty alleviation, although the envisaged fiscal outcomes were off the mark during 2021 as a result of overly optimistic fiscal targets, prominently in relation to government revenue, which was not adequately supported by felicitous fiscal policies. Government revenue declined to a historic low level of 8.7 percent of GDP in 2021 as against 9.1 percent of GDP in 2020.

actual revenue collection significantly deviated from the original budget estimate of 11.1 percent of GDP, owing to the loss of revenue flows which was a result of the tax relaxations implemented in late 2019 and early 2020, slower than an expected economic revival, as well as the continuation of some import restrictions. However, in nominal terms, government revenue recorded a moderate growth of 6.5 per cent, year-on-year. Income taxes, Value Added Tax (VAT), Ports and Airports Development Levy (PAL) and CESS levy contributed to the nominal growth in government revenue, although the revenue mobilized through import duty, excise duty and Special Commodity Levy (SCL) declined primarily due to import restrictions. The rate of growth in government revenue failed to keep pace with the rate of growth in national income in 2021, as in the past, mainly due to the continuation of a plethora of tax incentives introduced since late 2019 and additional direct and indirect concessionary tax reforms introduced since the onset of the pandemic and under the Budget 2021. On the other hand, government expenditure, in nominal terms, increased by 15.8 per cent, year-on-year, to Rs. 3,521.7 billion in 2021. Accordingly, government expenditure as a percentage of GDP increased to 21.0 per cent in 2021 from 20.2 per cent in 2020. Higher expenditure on salaries and wages and interest expenses, which stood at 11.3 per cent of GDP in 2021 and 130.0 percent of government revenue, drove the growth in recurrent expenditure. Moreover, capital expenditure and net lending increased by 57.2 per cent, year-on-year, due to the base effect, although public investment declined by 2.7 per cent in 2021. (Source – CBSL Report 2021)

REAL ESTATE AND INDUSTRIAL PROPERTY MARKET IN SRI LANKA

As the country experienced a surge in the Covid-19 pandemic for the second consecutive year, the real estate market was also hit by the drop in demand. During the latter part of 2021, citizens started actively participating in social and economic activities, defying the setback

due to Omicron. Grade A office market in Colombo witnessed a robust absorption driven by varied industry sources while the rentals continued to soften. The nation's macroeconomic performance and import bans reinforced the already swelling residential market. Despite declining hotel market indicators, Sri Lanka remained an attractive destination for tourists during the quarter with rapid growth in footfall. The retail market shifted towards a positive sentiment due to relaxation in social distancing rules. The industrial vertical too experienced heightened activities supported by the surge in exports, further strengthening the rental growth.

Similar to last year, island-wide lockdowns imposed by the government made it difficult for tenants to continue their businesses and added on to that the economic condition of the country made it even more challenging for some tenants. Accordingly, LINDEL offered certain rental concessions to its tenants this year as well and ensured the provision of uninterrupted service to its tenants amidst the difficulties caused by the pandemic and the country's economic downturn.

FUTURE OUTLOOK

As the country is going through its worst economic downturn in the history, the near-term outlook of the country indicates that the operating environment will continue to be under pressure due to unsustainable debt, foreign exchange liquidity, inflation, increasing interest rates and currency devaluation, resulting in extreme challenges for citizens and corporates. However, since the manufacturing industry is going to play a vital role in the country's economy in the coming years, LINDEL hopes to provide support to that segment with investment in quality infrastructure, while expanding its property portfolio via the addition of a few more industrial estates.

FINANCIAL CAPITAL

GOALS 2021/22

- Effective and efficient use of Company funds to create maximum value for stakeholders
- Strengthening the Financial Position
- Effective management of working capital

KEY PERFORMANCE INDICATORS

Revenue increase of **16%**

Revenue per employee
Rs. 40.7 Mn

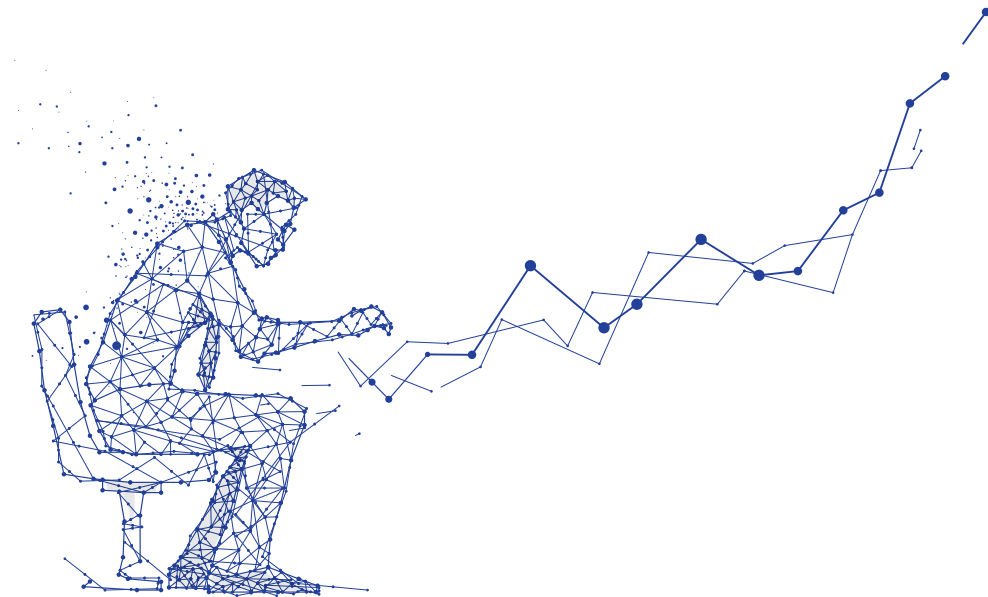
Other operating income increase of **8%**

ACHIEVEMENTS DURING THE YEAR

- Increase in Investment property value as a result of revaluation
- Generated a net operating cash flow of Rs. 282 Mn
- Return on assets over 10%
- Funding the expansion through internal funds

GOALS FOR 2022/23

- Further strengthen the property portfolio
- Maintain a healthy debtors' turnover period
- Surpass Rs. 450 Mn in Revenue
- Increase water sales by 10%



This section explains how LINDEL Group has utilized its Financial Capital in creating and delivering sustainable value to the stakeholders demonstrating progress during the financial year.

Please note that the following discussion and analysis should be read in conjunction with the Audited Consolidated Financial Statements of the Group and the Company for the period ended 31st March 2022.

LINK TO MATERIAL MATTERS

- Economic performance
- Market presence
- Indirect economic impacts
- Tax

RELATED SGDS



FINANCIAL YEAR AT A GLANCE

- Revenue surpassed Rs. 400 Mn by March 2022
- Final dividend of Rs. 10.50 per share was paid in September 2021
- Completed the renovation of the Igloo building with an investment of over Rs. 80 Mn in November 2021
- Change the accounting method for Investment Property from cost method to revaluation method with effect from 1st of April 2021.
- Completed another solar project with a capacity of 544 kW in March 2022

EXECUTIVE SUMMARY

Amidst extremely difficult market conditions, LINDEL was able to perform exceptionally well during the last financial year recording growth in topline. Group's focus was more inclined toward cost optimization while exploring new revenue avenues was also given priority. Revenue of the Company saw a growth of 16.4% which was supported by new lease agreements signed during the year as well as revenue generated from the newly renovated igloo building. LINDEL expanded its Investment property portfolio by adding a 15,000 sq ft new warehouse and new building premises of 5000 sq ft for its subsidiary company Lindel Industrial Laboratories Ltd. Operating expenses were increased by 1.9% during the financial year 2021/22 compared to the previous year. During the year, the Company changed its accounting policy for Investment Properties from the cost method to the revaluation method. Accordingly, the revaluation gain for the year 2021/22 was Rs. 1,030 Mn, and the previous year's restated revaluation gain was Rs. 102.4 Mn. Due to this, profits of the Company and Group grew significantly compared to previous years. The increase in expenses was mainly attributed to the increase in repair and maintenance expenses of plants and machinery. Net finance income was similar to the previous year's figure as policy rates were increased in the latter part of the year. Profit before tax saw

a growth of 326.8% while profit after tax was increased by 320.3% compared to the previous year.

With the revaluation of Investment Properties, the Company's and Group's total assets as of 31st March 2022 surpassed Rs. 8,700 Mn mark. Also, the Statement of Financial Position is restated as of 31st March 2021 and 1st of April 2020. As a result, total shareholder funds stood at Rs. 6,488 Mn for the Company as at 31st March 2022 while total liabilities surpassed Rs. 2,200 Mn as a result of differed tax impact from revaluation gain.

SUMMARY OF STATEMENT OF PROFIT OR LOSS

| | Group | | | Company | | |
|--|-----------|-----------|----------|-----------|-----------|----------|
| | 2021/22 | 2020/21 | Change % | 2021/22 | 2020/21 | Change % |
| Revenue | 407,019 | 349,583 | 16.4 | 408,186 | 350,660 | 16.4 |
| Other Operating Income | 20,510 | 18,896 | 8.5 | 2,313 | 9,356 | (75.3) |
| Fair Value gain on investment property | 1,030,142 | 102,441 | 905.6 | 1,030,142 | 102,441 | 905.6 |
| Total Expenses | (208,735) | (197,763) | (5.5) | (193,467) | (189,779) | (1.9) |
| Profit from operations | 1,248,936 | 273,157 | 357.2 | 1,247,174 | 272,678 | 357.4 |
| Net finance income | 22,505 | 25,613 | (12.1) | 21,793 | 24,665 | (11.6) |
| Profit before taxation | 1,271,441 | 298,770 | 325.6 | 1,268,967 | 297,343 | 326.8 |
| Income tax expense | (342,550) | (77,180) | (343.8) | (341,541) | (76,682) | (345.4) |
| Profit for the year | 928,891 | 221,590 | 319.2 | 927,426 | 220,661 | 320.3 |

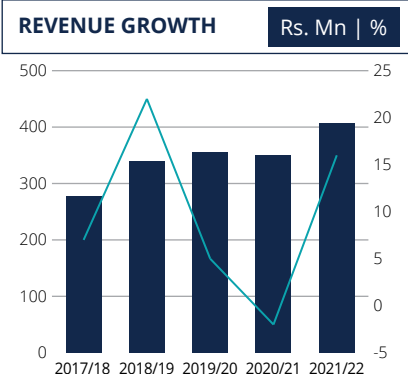
REVENUE

LINDEL's main income source is the lease and floor rental income generated from leasing and renting out the investment properties to its tenants. During the financial year under review, LINDEL recorded an impressive growth of 16.4% in revenue compared to previous year. This increase was mainly attributed to the lease rental income, which showed an increase of 19.1% and floor rental income which showed a growth 10.7%. Increase in lease and floor rental income was a result of the new agreements signed during the year. LINDEL started generating income from the Igloo building which has a capacity of 50,000 sq ft. Also, the new warehouse built at Lot 39 with a capacity of 15,000 sq ft was also handed over to the new tenant from November 2021. These two projects were instrumental for the growth in revenue during the year.

Total Group Revenue

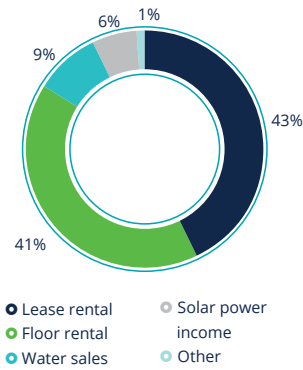
Rs. 407.0 Mn

2020/21 Rs. 349.5 Mn



FINANCIAL CAPITAL

REVENUE COMPOSITION



During the year under review, LINDEL was able to complete another net plus solar project with the capacity of 544kW. This has helped to increase the revenue from solar income by 51.9%. Water sales also saw a growth of 14.5% during the financial year 2021/22 as the tenants' demand for potable water increased. Solid waste disposal income was stagnated while income from pressurized water and common waste water treatment were also went up significantly.

OTHER OPERATING INCOME

During the financial year 2021/22 other operating income recorded an increase of 8.5% compared to previous financial year. Previous year other operating income included a one-off disposal of a vehicle for Rs. 7.3 Mn. Further, the laboratory arm of the Group performed exceptionally well during the year by growing its revenue to Rs. 20.3 Mn owing to the significant revenue generation from outside customers.

Group Other Income

Rs. 20.5 Mn

2020/21 – Rs. 18.8 Mn

Snap shot of the Revenue

| | Group | | | Company | | |
|------------------------------|---------|---------|----------|---------|---------|----------|
| | 2022 | 2021 | Change % | 2022 | 2021 | Change % |
| | Rs.'000 | Rs.'000 | | Rs.'000 | Rs.'000 | |
| Lease rentals | 177,486 | 149,001 | 19.1 | 177,486 | 149,001 | 19.1 |
| Floor rentals | 166,262 | 150,149 | 10.7 | 167,374 | 151,186 | 10.7 |
| Treated water sales | 36,714 | 32,078 | 14.5 | 36,766 | 32,113 | 14.5 |
| Solid waste disposal | 2,538 | 2,504 | 1.4 | 2,541 | 2,509 | 1.3 |
| Pressurized water | 352 | 157 | 124.2 | 352 | 157 | 124.2 |
| Common waste water treatment | 527 | 458 | 15 | 527 | 458 | 15 |
| Solar Power | 23,140 | 15,236 | 51.9 | 23,140 | 15,236 | 51.9 |
| | 407,019 | 349,583 | 16.4 | 408,186 | 350,660 | 16.4 |

EXPENSES

LINDEL's total operating expenses increased to Rs. 208.7 Mn from Rs. 197.8 Mn recorded in previous year. This increase was mainly attributed to the repair and maintenance expenses incurred during the year to improve the water treatment plant and wastewater treatment plant which was long overdue. Depreciation expenses were also increased due to the addition of new warehouse and improvements to the existing buildings.

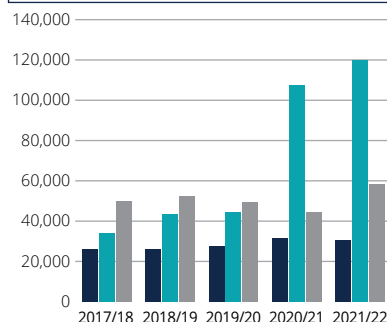
Total Group Expenses

Rs. 208.7 Mn

2020/21 – Rs. 183.3 Mn

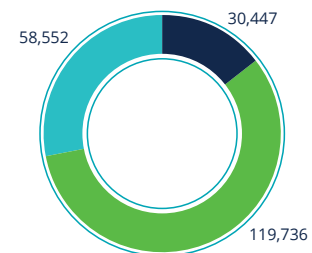
EXPENSES

Rs.Mn



■ Staff expenses
■ Depreciation and Amortization
■ Other operating expenses

GROUP EXPENSES RS.'000

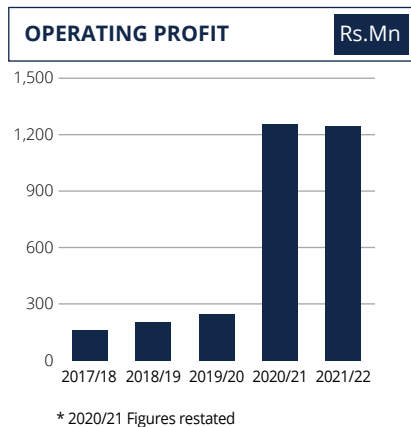


● Staff costs
● Depreciation and amortization
● Other operating costs

OPERATING PROFIT

The Company's operating profit grew by 357.4% amounting to Rs. 1,247.1 Mn for the twelve months period ended 31st March 2022. This growth was mainly supported by the increase in top-line which nullified the impact of increase in operating expenses.

Operating profit for this year included the revaluation gain of Rs. 1,030 Mn from investment property revaluation. Previous year figures were also restated to reflect the accounting policy change.

Operating Profit**Rs. 1,247.1 Mn****2020/21 Rs. 272.6 Mn****NET FINANCE INCOME**

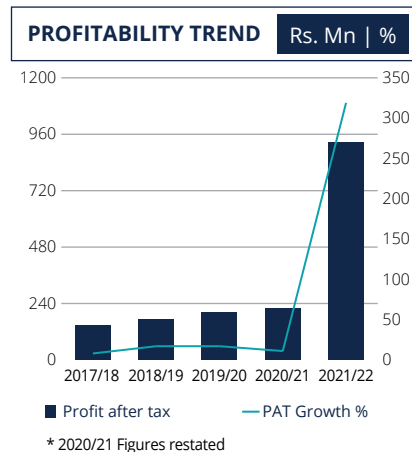
Net finance income of the Company for the year 2021/22 dropped by 11.6% to Rs. 21.8 Mn from Rs. 24.6 Mn in previous year as a result of reduced interest income from fixed deposits. However, a recovery in finance income was noted in the latter part of the year as a result of policy rate increase.

Net Finance Income**Rs. 21.8 Mn****2020/21 Rs. 24.6 Mn****TAX**

The Company's income tax expense marked a substantial increase of 345.4% to Rs. 341.5 Mn from Rs. 76.6 Mn recorded in last year. Previous year income tax expense included a reversal resulted from differed tax asset whereas this year differed tax liability was increased due to the taxable temporary difference created through revaluation gain from investment properties. A reconciliation of accounting profit with the tax expense is available in Note 25.1 to the financial statements.

PROFITABILITY

LINDEL recorded a profit before tax of Rs. 1,268.9 Mn for the financial year ended 31st March 2022 marking an increase of 326.8%. Consolidated profit before tax stood at Rs. 1,271.4 Mn compared to Rs. 298.8 Mn recorded in previous financial year. Profit after tax of the Company witnessed an increase of 320.3% where it went up from Rs. 220.7 Mn recorded in previous year to Rs. 927.4 Mn. Consolidated profit after tax was also increased to Rs. 928.8 Mn recording a growth of 319.2%.

Profit Before Tax**Rs. 1,268.9 Mn****2020/21 Rs. 297.3 Mn****Profit After Tax****Rs. 927.4 Mn****2020/21 Rs. 220.6 Mn****EARNINGS PER SHARE**

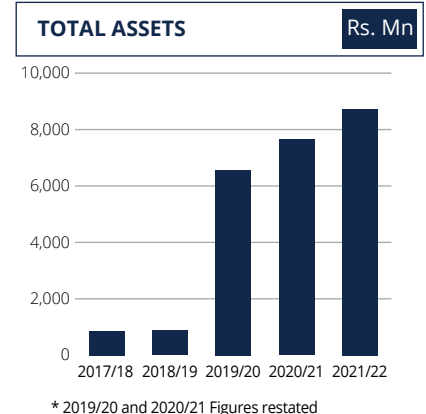
The Company's Earnings Per Share (EPS) for the year ended was Rs. 2.33 compared to Rs. 0.56 recorded in previous year. The Company sub divided its existing shares on the basis of 1:25 in December 2021.

EPS**Rs. 2.32****2020/21 Rs. 0.55****FINANCIAL POSITION****TOTAL ASSETS**

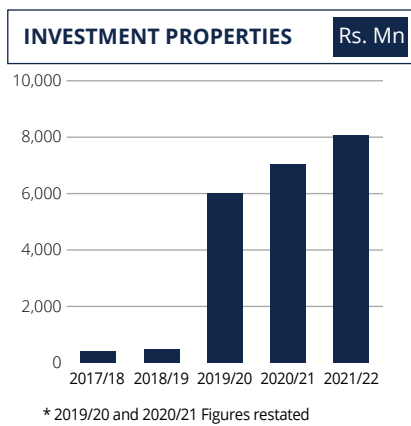
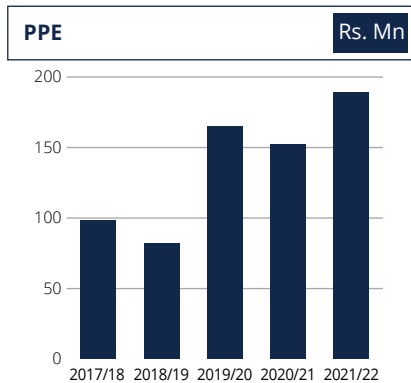
Total assets of the Group further strengthened by 14.1% to Rs. 8,733.4 Mn in 2021/22 compared to the year 2020/21 and property, plant and equipment, and investment properties accounted for 94.4% of the total assets. The Company's total assets grew by 14.1% during the year mainly due to the increase trade and other receivables from Rs. 28 Mn to Rs. 54 Mn.

Change of Accounting Method for Investment Properties

The Board of Directors of the Company decided to change the accounting method of investment properties to the fair value method from the cost method with effect from 01st of April 2021. Accordingly, the Company conducted the revaluation of its investment properties, and revalued amounts are taken to the financials. The impact of the accounting policy change is detailed in the Financial Statements and Notes to the financial statements.

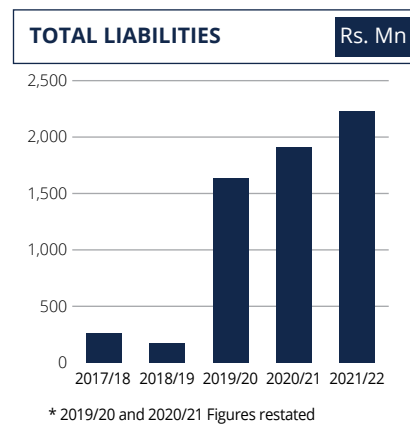
Group Total Assets**Rs 8,733.4 Mn****2020/21 Rs. 7,653.0 Mn**

FINANCIAL CAPITAL



TOTAL LIABILITIES

Total liabilities of the Group comprised of 91% (90% in 2020/21) long-term liabilities and 9% (10% in 2020/21) current liabilities. Long-term liabilities of the Company increased to Rs. 2,025 Mn which is mainly attributable to the increase in Deferred tax liability. The Company's current liabilities increased by Rs. 24 Mn compared to the previous year owing to the increase in current tax liability.



Snapshot of the Financial Position

| As at 31 March | Group | | | Company | | |
|---------------------------------|------------------|------------------|-------------|------------------|------------------|-------------|
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| | Rs.'000 | Rs.'000 | % | Rs.'000 | Rs.'000 | % |
| Assets | | | | | | |
| Property, plant and equipment | 189,309 | 152,490 | 24.1 | 186,329 | 152,139 | 22.5 |
| Investment properties | 8,056,758 | 7,037,376 | 14.5 | 8,056,758 | 7,037,376 | 14.5 |
| Investment in subsidiary | - | - | - | 7,000 | 7,000 | - |
| Total non-current assets | 8,246,067 | 7,189,866 | 14.7 | 8,250,087 | 7,196,515 | 14.6 |
| Inventories | 5,327 | 3,912 | 36.2 | 3,328 | 2,261 | 47.2 |
| Trade and other receivables | 58,914 | 30,311 | 94.4 | 54,352 | 28,190 | 92.8 |
| Amount due from related party | - | - | - | 1,651 | 847 | 94.9 |
| Short term deposits | | | | | | |
| Cash and cash equivalents | 423,147 | 428,928 | (1.3) | 411,286 | 415,231 | (1.0) |
| Total current assets | 487,388 | 463,151 | 5.2 | 470,617 | 446,529 | 5.4 |
| Total assets | 8,733,455 | 7,653,017 | 14.1 | 8,720,704 | 7,643,044 | 14.1 |

| As at 31 March | Group | | | Company | | |
|--|------------------|------------------|-------------|------------------|------------------|-------------|
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| | Rs.'000 | Rs.'000 | % | Rs.'000 | Rs.'000 | % |
| Equity and liabilities | | | - | | | |
| Stated capital | 159,692 | 159,692 | - | 159,692 | 159,692 | - |
| Reserves | 6,338,607 | 5,576,389 | 13.7 | 6,329,271 | 5,568,834 | 13.7 |
| Total equity | 6,498,299 | 5,736,081 | 13.3 | 6,488,963 | 5,728,526 | 13.3 |
| | | | - | | | |
| Deferred taxation | 1,924,564 | 1,665,906 | 15.5 | 1,924,903 | 1,666,260 | 15.5 |
| Refundable deposits | 96,163 | 60,864 | 58 | 96,163 | 60,864 | 58 |
| Employee benefits | 5,779 | 6,590 | (12.3) | 4,600 | 5,281 | (12.9) |
| Total non-current liabilities | 2,026,506 | 1,733,360 | 16.9 | 2,025,666 | 1,732,405 | 16.9 |
| | | | | | | |
| Accruals, deposits and advances received | 129,341 | 125,904 | 2.7 | 128,433 | 125,274 | 2.5 |
| Other liabilities | 31,236 | 33,268 | (6.1) | 30,206 | 32,779 | (7.8) |
| Current taxation | 47,950 | 24,236 | 97.8 | 47,411 | 23,957 | 97.9 |
| Bank overdraft | 123 | 168 | (26.8) | 25 | 103 | (75.7) |
| Total current liabilities | 208,650 | 183,576 | 13.7 | 206,075 | 182,113 | 13.2 |
| Total liabilities | 2,235,156 | 1,916,936 | 16.6 | 2,231,741 | 1,914,518 | 16.6 |
| Total equity and liabilities | 8,733,455 | 7,653,017 | 14.1 | 8,720,704 | 7,643,044 | 14.1 |

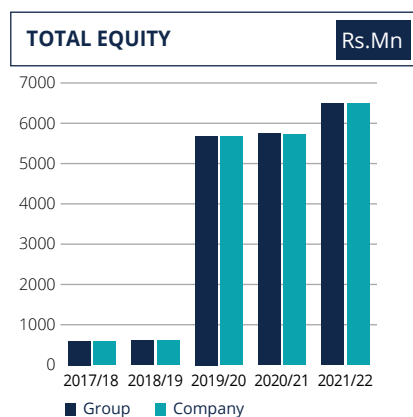
TOTAL EQUITY

Total equity in the Company as at 31st March 2022 amounted to Rs. 6,488.9 Mn showing a noteworthy increase of Rs.760.4 Mn compared to the previous year.

Total Equity

Rs. 6,488.9 Mn

2020/21 Rs 5,728 Mn



RETURN TO SHAREHOLDERS

The Company's dividend policy sought to find the correct balance between short term shareholder returns and supporting business expansion in the long term. Accordingly, the Company paid a sum of Rs. 167.6 Mn from the profit of the year 2020/21 as dividends which amounted to Rs. 10.50 per share. A solvency test was conducted as required under the Companies Act of 2017 which was approved by the Auditors and the Board of Directors.

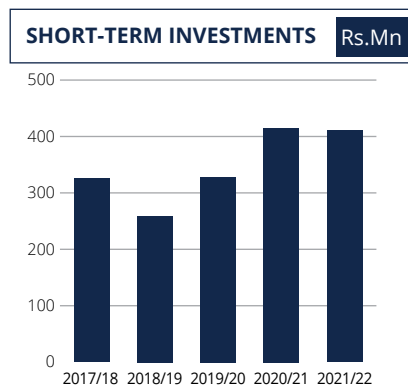
SHORT-TERM INVESTMENTS

Short-term investments in the Company stagnated during the year compared to the previous financial year mainly due to the cash outlay for capital expenditure. Short-term investments mainly consist of fixed deposits.

Cash and Cash Equivalents

Rs. 411.2 Mn

2020/21 Rs. 415.2 Mn



FINANCIAL CAPITAL

CASH FLOW

As a result of the increase in operational activity during the year, net cash flow from operating activities stood at Rs. 282.7 Mn during the year. Net cash outflow from investing activities amounted to Rs. 119.6 Mn during the year reflecting investments in PPE and investment properties. Net cash outflow from financing activities amounted to Rs. 166.9 Mn which reflected the dividend paid for the last financial year. Overall, the Company's cash and cash equivalent decreased by Rs. 3.8 Mn during the year under review.

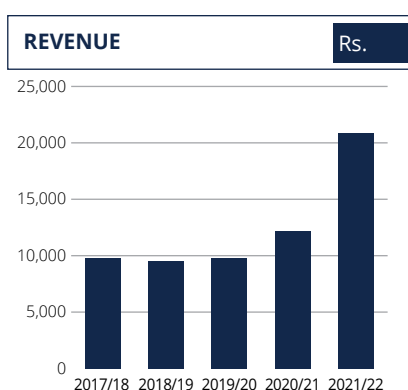
SUBSIDIARY COMPANY PERFORMANCE

LINDEL INDUSTRIAL LABORATORIES LIMITED (LILL)

Lindel Industrial Laboratories Limited is the fully owned sole subsidiary of Lanka Industrial Estates Limited, which operates as an industrial laboratory providing various kinds of testing services to a larger clientele including LINDEL's tenants. Amidst the difficult macro financial conditions, LILL managed to perform exceptionally well during the financial year 2021/22 and record historic results. This was mainly attributable to the significant growth in revenue from outside customers.

REVENUE

LILL's revenue for the year stood at Rs. 20.8 Mn which was an impressive 71.2% growth from the previous year. Significant growth in revenue was a result of two special projects carried out during the year. The Company is hoping to continue the testing for the same clients in next year as well. LILL focused on retaining outside customers during the year while enhancing testing capabilities by adding extra capacity.



EXPENSES

Total expenses of LILL for the year 2020/21 was Rs. 17.6 Mn which was an increase of 61% from the previous year. Other operating expenses was the major contributor of expenses accounting for Rs. 9.7 Mn, while staff expenses stood at Rs. 7.4 Mn.

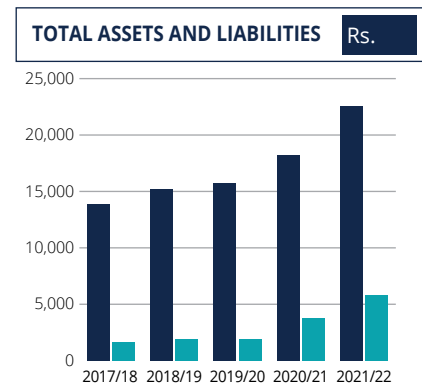
PROFITABILITY

LILL recorded an operating profit of Rs. 3.1 Mn for the year which is an increase of 168.3% compared to last year. Increase in operating profit is mainly attributable to the increase in revenue which eroded the effect of increased expenses. Profit before tax also saw an increase of 82% and stood at Rs. 3.8 Mn while the Company recorded a profit after tax of Rs. 3.0 Mn. Earnings per share stood at Rs. 4.29 as at 31st March 2021.



TOTAL ASSETS AND LIABILITIES

The Company achieved a total assets growth of 24.1% compared to the previous year. The year closed with the Company's total assets recording Rs. 22.5 Mn compared to Rs. 18.1 Mn recorded at 31st March 2021. Current assets which hold the biggest portion of assets stood at Rs. 19.7 Mn at the end of the year. The increase in assets is mainly attributable to the increase in trade and other receivables which saw a growth of 159.1% in line with the growth in revenue. Total liabilities saw a growth of 46% compared to the previous year and stood at Rs. 5.4 Mn.





MANUFACTURED CAPITAL

GOALS 2021/22

- Augmenting and rehabilitating the raw and wastewater treatment plants
- Increase the warehouse portfolio
- Increase the solar power net plus production capacity

KEY PERFORMANCE INDICATORS

Over **Rs. 23 Mn** income from solar

Investment property portfolio increased by **14%**

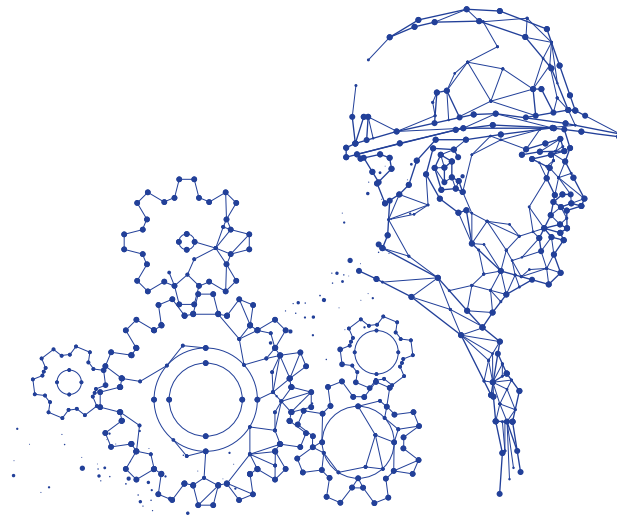
Total savings from process improvements - **Rs. 10 Mn**

ACHIEVEMENTS DURING THE YEAR

- Minimum interruption to operations due to power cuts
- Addition of new warehouse of **15,000 sq. ft**
- Addition of new solar power net plus connection of **544 kW**

GOALS FOR 2022/23

- Further improve the efficiency of water treatment plants
- New industrial estate development
- Implement a solar street light network system
- Enhance the CCTV security camera system



Manufactured Capital consists of the material goods and infrastructure including tools, technology, machines, buildings, and all forms of infrastructure that an organization possesses, leases or controls in contributing toward production and service provision. These tangible assets play an important role in the sustainability of the organization, supporting flexibility, responsiveness to market or societal needs, innovation and efficient service delivery, while also encouraging effective resource usage for enhanced productivity.

OVERVIEW

At LINDEL, Manufactured Capital includes plant and machinery (three water treatment facilities namely Raw Water Treatment Plant, Spring/Rain Water Treatment Plant and Industrial Waste Water Treatment Plant), buildings and warehouses, and other technological facilities (mainly solar panels). Apart from these assets, LINDEL possesses 10 mw power sub-station and 200 SLT connections within the industrial estate. These assets have

been vital in ensuring LINDEL's clientele's efficient and smooth operations within the premises. Furthermore, these assets play a significant role in LINDEL's success by directly contributing to the Company's operational efficiency thereby contributing toward overall profitability.

IMPROVEMENTS TO MANUFACTURED CAPITAL DURING THE YEAR

During the year, the Group invested Rs. 145 Mn in strengthening its

LINK TO MATERIAL MATTERS

- Economic Performance
- Indirect Economic Impacts
- Materials
- Energy
- Water and Effluents
- Waste

RELATED SGDS



MANUFACTURED CAPITAL

manufactured capital, of which 60.8% was directed towards enhancing the Group's investment properties. Since 2017, the Group has invested close to Rs. 466.7 Mn in investment properties. LINDEL's Net Book Value of property, plant and equipment (PPE) stood at Rs. 186.3 Mn while the Net Book Value of investment properties stood at Rs. 8,056 Mn. Upgrades carried out to the Manufactured Capital of LINDEL was funded exclusively through cash generated from its operations and retained earnings.

Group Capital Expenditure

Rs. 145 Mn

HIGHLIGHTS OF THE YEAR

RENOVATION OF IGLOO BUILDING

The Igloo Building is the largest investment property building that LINDEL possesses in terms of floor area. Spanning over 50,000 Sq. ft, this building has been a key contributor to LINDEL's rental income over the last 20 years of the Company. The previous tenant used this building as their fertilizer store and upon vacating the building in March 2020, the management decided to renovate it with a significant investment of over Rs. 80 Mn. This was one of the biggest investment property development projects undertaken by LINDEL in the recent years. Renovation of the Igloo building was a daunting task with the Covid-19 pandemic and cost fluctuations due to import restrictions. However, LINDEL managed to complete the project within a minimum time frame complying with all the customer requirements and handed over the building to its new tenant Alumex PLC in November 2021.



Igloo building after renovation

BUILDING OF NEW WAREHOUSE - LOT 39C

During 2021, LINDEL added another warehouse to its portfolio which was built in Lot 39C. The floor extent of the building is 15,000 Sq. ft with additional office space built as per tenant requirements. Despite the difficult economic conditions and risks caused by the pandemic, LINDEL managed to complete the project below the estimated budget within 6 months and handed over the warehouse to its new tenant S & D Chemical (Pvt) Ltd in December 2021.



New warehouse in Lot 39C

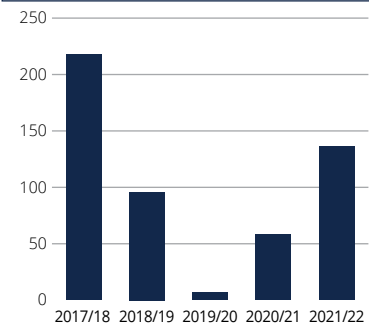
Other Manufactured Capital enhancements completed during the year;

- Repairing the water intake pumps and control panels
- Repairing the wastewater treatment plant final pit pumps
- Completed modifications to chemical mixing methods and installed flow

meters for raw effluent and chemical dosing pipelines at the wastewater treatment plant.

CAPITAL EXPENDITURE

Rs.Mn



WATER TREATMENT PLANT (WTP)

LINDEL's water treatment plant is one of its most significant assets as it is used to produce the water required for its entire clientele for their respective human consumption and industrial requirements. Over the years, LINDEL has carried out several rehabilitations and modifications to the plant, and thus, the plant is capable of producing 9,000 Cubic meters of treated water per day.

The plant was originally built during the 80's for the owners of the property, Fertilizer Corporation, which was later leased out to The National Water Supply and Drainage Board (NWS & DB) in 2001, and NWS & DB rehabilitated the plant spending nearly Rs. 40.0 Mn.

The operations of the water treatment plant mainly consist of the following components.

1. Raw Water Intake at Pattiwila (Kelani River Right Bank) consists of high lift vertical displacement pumps (03 Nos.) & pump house.
2. Raw Water Pipeline - 3.5 km long 14" Diameter Steel Pipeline.
3. 9000 Cu.m /day design capacity WTP including, 02 Settling tanks, 02 Clarifloculators, 04 Rapid Sand filters, 04 Air Compressors, 04 chemical dosing pumps, Chemical house, chemical mixing tanks, chlorine house and chlorine dosing pumps, 02 underground sumps, 04

high lift pumps, 03 No of storage tanks (total capacity 28,500 Cu.m), 8" diameter distribution pipe network and 630 Kva Transformer.



WASTEWATER TREATMENT PLANT

LINDEL has set up a wastewater plant in the industrial estate fulfilling the compulsory and mandatory infrastructure requirement to operate an Industrial Estate. The plant has a retaining capacity of 4500 Cu.m of industrial effluent and a treatment capacity of nearly 2000 Cu.m per day. The plant is equipped to carry out both biological and chemical treatment.



SPRING WATER TREATMENT PLANT

The spring water plant built in 2012 is used to pump water to the main plant for purification. This has a capacity of producing 4,500-9,000 Cu.m of water per month.

WAREHOUSES

The Company possesses 16 warehouses with a total capacity of over 500,000 Sq. ft. Of these, 98% of the warehouses were occupied by tenants at the end of the financial year. LINDEL's clients use these warehouses for varying purposes including storage of fertilizer, spare parts, tires, and chemicals.



SOLAR POWER PROJECTS

LINDEL's solar power initiative was one of the flagship projects of the Company, as it was the biggest initiative carried out towards increasing the utilization of renewable energy within its premises. LINDEL currently has 07 solar connections (both net metering and net plus). The solar panels of nearly 1.5MW capacity are connected to the National (CEB) grid which results in the receipt of additional revenue for the Company.

During the year, LINDEL upgraded the three existing net plus projects by adding another 544 kw capacity to the national grid which will provide an income of Rs. 20 Mn per annum. More details on this project are given in the Natural Capital report.



Fair Value of Investment Properties

Rs. 8,056 Mn

DIGITAL INFRASTRUCTURE

During the year under review, LINDEL invested Rs. 300,000 to revamp its website which was relaunched during LINDEL's 30th Anniversary celebratory event. More details on this are available in the Intellectual Capital report.

MANUFACTURED CAPITAL

NEW BUILDING FOR LILL

During the year, LINDEL completed the construction of a new building for its subsidiary Lindel Industrial Laboratories Ltd(LILL). LILL moved its operations to the new building in January 2022.



CHALLENGES FACED BY LINDEL DURING THE YEAR

In the backdrop of import restrictions and the surge of the Covid-19 pandemic, LINDEL had to cope with many challenges during the year when enhancing its manufacturing capital.

| Challenges | How LINDEL overcame the challenge |
|--|--|
| Cost fluctuations of construction materials | <ul style="list-style-type: none"> - Clauses were included in the construction agreements to minimize the impact on LINDEL - Some materials were purchased in advance to avoid cost fluctuations |
| Covid-19 pandemic | <ul style="list-style-type: none"> - Constructors were strictly instructed to adhere to all health regulations during the construction period. - Provided vaccination to construction workers with the assistance of the MOH |
| Shortage of construction materials | <ul style="list-style-type: none"> - Materials were purchased in advance directly from the manufacturers |
| Continuous supervision of construction work due to unavailability of transport modes | <ul style="list-style-type: none"> - LINDEL employees were provided with transport facilities |
| Thefts at construction sites | <ul style="list-style-type: none"> - LINDEL provided additional security personnel to construction sites - Installed CCTV camera systems |

WAY FORWARD

Since the Sapugaskanda industrial estate is fully occupied at the moment, the main focus for the next year will be to materialize the ongoing discussions for a new industrial estate. In addition, LINDEL will continue to invest in enhancing the facilities that it provides to its clientele while also focusing on the full utilization of the existing plants and machinery.

HUMAN CAPITAL

GOALS 2021/22

- Build a strong brand as an employer
- Maintain the high employee retention ratio
- Introduction of flexible working methods while maintaining high productivity levels

KEY PERFORMANCE INDICATORS

Retention ratio over **90%**
"Zero" workplace injuries
 Revenue per employee
Rs. 40.7 Mn

ACHIEVEMENTS DURING THE YEAR

- Female employee representation increased to 30%
- Conducted comprehensive training programs for employees
- Long service awards for employees
- Performance appraisals conducted for all employees
- Introduction of a critical illness cover for Group employees

GOALS FOR 2022/23

- Introduce flexible working hours for employees to overcome challenges imposed by the current economic situation
- Invest further in employee training and development
- Continue to retain LINDEL's talented workforce while attracting the best talent in the industry if any vacancies arise



Human Capital is one of the most important intangible assets of an organization that comes in the form of skills, knowledge, capacities, and attributes of its labor force. It is this aptitude that shapes the future of the Company gaining it a sustainable competitive advantage and efficiency in ushering in future progress. Therefore, LINDEL is dedicated to investing in the development of its people's capabilities and capacities to make them stronger individuals who are productive, innovative, and adaptive to the changing business environment.

MANAGEMENT APPROACH

LINDEL believes that its employees are imperative in achieving its goals and objectives while creating maximum value for its stakeholders. The Human Resource Policy of LINDEL which is in line with the DFCC Group HR policy focuses on developing a competent team who can make a significant impact on business outcomes. LINDEL believes that industrial estate, which is solely a service-oriented industry requires a skilled workforce with the necessary competencies, capabilities, experience

as well as motivation to innovate in achieving the Company's long-term strategic objectives.

LINDEL strives to maintain its people management policies on par with globally recognized standards. Starting from the point of recruitment, LINDEL instills its core values within its employees to achieve its strategic goals. LINDEL is also focused on developing its employees as professionals and for that purpose, employees are encouraged to pursue their higher studies to foster their career and personal progression.

LINK TO MATERIAL MATTERS

- Labor/Management Relations
- Occupational Health and Safety
- Training and Education
- Diversity and Equal Opportunity
- Non-Discrimination
- Freedom of Association and Collective Bargaining

RELATED SGDS



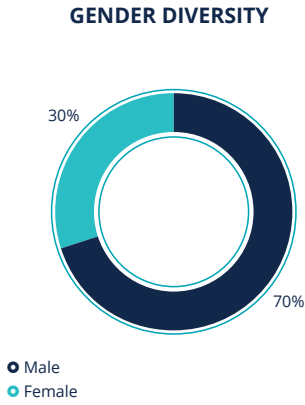
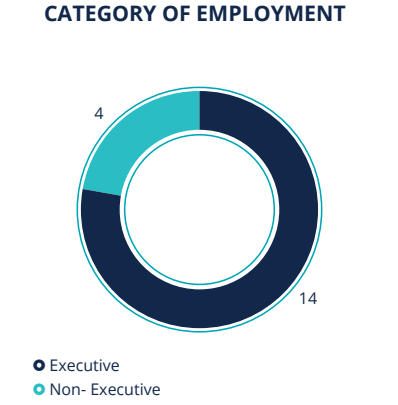
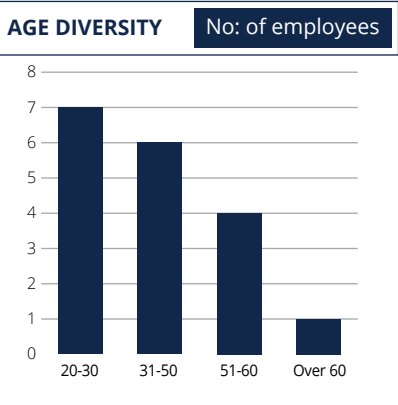
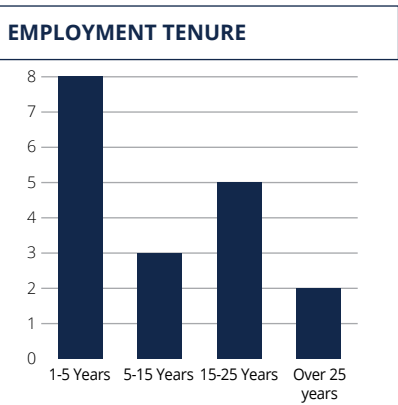
HUMAN CAPITAL

Furthermore, LINDEL uses the annual employee performance appraisal as a tool to explore possible career development avenues for the employees thereby encouraging them to fulfill their career and academic goals.

TEAM PROFILE

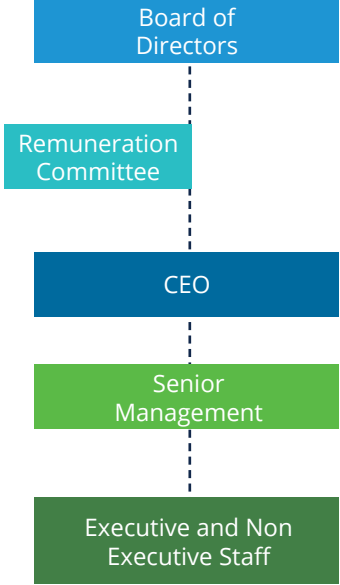
LINDEL has accumulated a talented and loyal group of employees over the years that have played a significant role in its success. Employee loyalty has been a key attribute in LINDEL's history as its turnover ratio throughout the previous years has been less than 10%.

Currently, LINDEL has a total of 18 employees in its workforce comprising of 14 executive and 4 non-executive staff members. During the year, LINDEL managed to increase its female employee representation to 30% from 10% recorded during the previous year.



the Company and it recommends any alterations required to the Board of Directors. The Company's policies are further supported by the robust governance structure in place which is a core part of Human Resource Management. LINDEL strives to uphold and comply with the laws and regulations governing labor in Sri Lanka and with international labor standards.

LINDEL's Reporting Structure



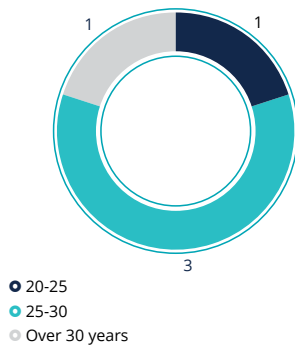
RECRUITMENT PROCESS

An effective recruitment and selection process ensures uncovering of competent candidates. As an industrial estate, a distinct industry segment, LINDEL is mindful of selecting a talent base that fits into the work environment of this nature. Hence, LINDEL has a well-planned formal recruitment process in place to identify and select the appropriate candidates for the relevant positions. However, due to the low turnover of the employees over the past few years, the new recruitments were minimal. During the year under review, five employees were recruited while two employees resigned from the workforce.

HR GOVERNANCE AND POLICIES

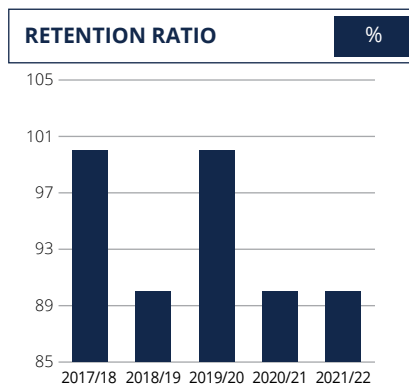
LINDEL, as a subsidiary of the DFCC Group, aligns its Human Resource Policy with the DFCC Group HR Policy. The DFCC Group HR team is responsible for managing the key HR functions of the Company with the consultation of the LINDEL CEO and Senior Management. LINDEL's HR policy is reviewed annually by the Remuneration Committee of

RECRUITMENTS BY AGE



EMPLOYEE RETENTION

LINDEL has been able to maintain an impressive record in employee retention and has in its ranks a high percentage of staff members with long years of service. Despite the adverse economic conditions, LINDEL continued to invest in its Human Capital via various means. Employees were rewarded with annual increments, bonuses, and health and safety measures while ensuring job security. These rewards ensured employee loyalty toward the Company which is further evident from the low turnover ratio of 10%.



SUCCESSION PLANNING

LINDEL focuses on developing future leadership and succession planning as a part of its retention process. Every Department Head is given the responsibility to groom their subordinates to take up leadership roles in the future. DFCC Group HR team together with the Remuneration Committee reviews the succession planning policy every two years and makes necessary changes.

LEARNING AND DEVELOPMENT

Despite having a small-sized team LINDEL values and recognizes everyone's contribution to the success of the Company especially during these times of difficulty and turmoil. Accordingly, the Company recurrently invests in capacity enhancement of its employees for which it has established a performance management system to identify their training needs along with a skill mapping process to identify their specialized skill requirements.

Capacity building of employees leads to enhanced productivity and performance which in turn consolidates the Company's stability and sustainability. Hence, at LINDEL, continuous measures were taken to improve the quality of

Some of the key training initiatives carried out during year;

| Description | No: of participants | Hours |
|---|---------------------|-------|
| Advance excel techniques | 1 | 5 |
| Microbiologic analysis | 2 | 10 |
| Introduction to laboratory QMS/ISO | 2 | 20 |
| Air quality measurement | 2 | 10 |
| Corporate governance frame-work under the new SEC Act | 2 | 2 |
| Professional email writing skills | 4 | 1 |

Average Training Hours per Employee

5.2

REWARDS AND BENEFITS

Providing employees with adequate benefits helps in retaining employees while enhancing the focus and productivity at the workplace as a result of heightened satisfaction in the workplace. LINDEL has put in place a structured remunerations policy to ensure fair and competitive compensation for all employees. The remuneration is regularly revised in response to market conditions and trends, following which these revisions are evaluated by the Remuneration Committee and Board of Directors before approval. Besides, a separate mechanism is also available to evaluate the periodic progress of employees on probation.

its employee cadre by providing them with exposure to various training and skill development opportunities thereby supporting them in their professional and personal growth.

Over the years, LINDEL has been able to reap the benefit of its skilled and knowledgeable workforce, which has encouraged the Company to invest more in capacity enhancement. During the year under review, LINDEL spent Rs. 74,000 for staff training programs on various subjects. Compared to previous years, this year also LINDEL had to limit the training offered for employees as part of the safety measures taken due to the COVID-19 pandemic and lack of transport facilities due to the energy crisis in the country.

LINDEL's performance management system ensures a balanced assessment of employee performance by setting up clear financial and value-driven objectives. Performance evaluation of each employee is carried out by respective the Department Heads through effective communication methods. Department Heads are encouraged to identify the development requirements for each subordinate and propose relevant training programs as well.

LINDEL provides an array of benefits to all its permanent employees including standard benefits, insurance, monetary donations, bonuses, and vehicle loans as outlined below.

BENEFITS TO EMPLOYEES

Guaranteed pay and allowances

- Travelling allowances
- Medical leave allowance

HUMAN CAPITAL

Variable Pay

- Performance bonus

Reimbursable Expenses

- Meal expenses for outstation work
- Professional membership fees
- Examination fee of professional exams upon passing the exam



Medical Benefits

- Hospitalization and surgical insurance cover for employees and family
- OPD expenses allowance
- Critical illness cover

Other benefits

- Staff trip for employees and family
- Maternity leave for 84 working days
- Death donation scheme
- Awarding of gold sovereigns for long-standing employees on retirement
- Corporate T-shirts

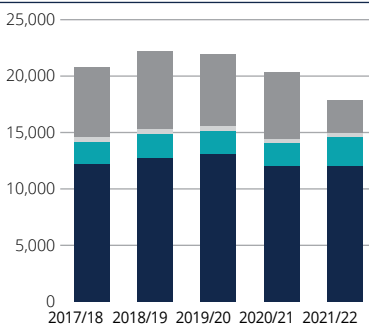


Long service awards for employees

Staff Coats

| Employee Benefits | 2021/22 | 2020/21 |
|--------------------------------------|---------|---------|
| Salaries and other related ex-penses | 12,033 | 12,025 |
| Employer's contribution to EPF | 1,962 | 1,972 |
| Employer's contribution to ETF | 392 | 394 |
| Staff bonus | 1,935 | 5,232 |
| Other staff costs | 5,204 | 4,958 |
| Gratuity | 1,059 | 720 |

STAFF RELATED EXPENSES



HEALTH AND SAFETY

The health and safety of LINDEL's employees are of utmost importance to the Company and all necessary precautions to avoid any accidents or health-related issues for the employees in the working environment have been established. However, it is important to highlight that given the nature of work at LINDEL, it does not pose any significant health risk for the employees. Hence, during the year under review, there were no reported incidents about injuries or occupational health.

COVID-19 PANDEMIC

With the surge of the COVID-19 pandemic during the year, LINDEL prioritized the health and safety of its employees and continued to allow the employees to work from home and provided necessary facilities for online operations. Besides this, within the industrial estate premises, LINDEL implemented safety measures to prevent the spread of the virus and as a

result, there were no COVID-19 positive cases reported from employees during the year. The staff meetings and most of the training programs were also conducted virtually during the year.

LINDEL's key responses;

- Implementing good hygiene practices at office premises
- Providing masks and sanitizers to employees
- Conducting random tests for employees
- Allowing employees to work from home

COLLECTIVE BARGAINING AGREEMENTS

As a result of our HR policies and equal treatment of employees, LINDEL has managed to eliminate the need for trade unions and collective bargaining agreements. LINDEL has not faced any type of industrial disputes during the year under review.

STAFF ENGAGEMENT AND WORK-LIFE BALANCE

LINDEL strives to create a working environment in which its employees are motivated to give their best for the Company. Furthermore, as a responsible business entity, LINDEL is committed to encouraging sound mental health of the employees in maintaining their work-life balance. To this end, the Group organizes activities such as an annual staff trip for the employees and their families, promoting fellowship and team bonding. However, due to the prevailing situation in the country, a staff trip was not organized during the year. Instead, employees were allowed to go on a trip with their families individually and the cost was reimbursed by the Company. Work-life balance practices are deliberately integrated into the organizational culture to minimize work-life conflicts thereby enabling employees to be more effective in their roles at work.

Following staff engagement activities were organized during the year;

- Annual trip for staff and families
- Year-end get-together
- Farewell parties of resigned employees

- Annual staff lunch on January 1st, 2022
- LINDEL's 30th Anniversary celebration
- Tree planting ceremony
- International Women's Day celebration



GENDER PARITY AT LINDEL

Gender parity was one of the most focused areas for LINDEL during the year under review. The Company is committed to promoting diversity and equal opportunity in the workplace in order to encourage an atmosphere where all staff embraces the benefit of working in a diverse community. This also provides a framework for fair and equitable treatment of all employees irrespective of their individual differences or any personal characteristics.

POLICY FRAMEWORK AND STANDARDS

LINDEL is aware that equality and non-discrimination are core human rights concepts. Hence, it has strengthened its Human Resource policies by adding new policies to safeguard the interests of its female employees while nurturing them to showcase their talents.

- ❑ Sexual harassment policy
- ❑ Grievance policy for female employees
- ❑ Women's Day celebration added to the annual event calendar

WORK PLACE PRACTICES

All-female employees at LINDEL are given the opportunity to express their opinions on Company policies and any changes required. The Company gives utmost importance to these suggestions by its female workforce and ensures effective communication between the Board of Directors and female employees. Furthermore, LINDEL has the following practices in place to ensure gender parity;

- ❑ Equal opportunity recruitment
- ❑ Special grievance handling mechanism for sexual harassment
- ❑ Flexible working policy
- ❑ Equal rewarding and recognition policy



HUMAN CAPITAL

INCIDENTS OF DISCRIMINATION

There were no reported incidents of discrimination on grounds of race, sex, religion, political opinion, social origin, or other relevant forms of discrimination during the year.

DFCC GROUP'S GRIEVANCE HANDLING PROCESS

DFCC Group's grievance policy is applicable for LINDEL and other subsidiaries as well. A grievance process is designed to give employees and employers a fair and objective system to raise and review serious issues and complaints without bias. Hence, DFCC Bank PLC has a robust grievance handling mechanism and a formal grievance policy that documents a clearly defined process of grievance management which is available to all staff members. In addition, a Grievance Committee was set up comprising cross-functional staff from across the network for employees to raise concerns and seek redress. Similarly, the Reach Out Committee was established a few years back to provide a dedicated avenue for female employees to surface personal or professional issues that they may be experiencing and to seek advice or redress.

LINDEL has a zero-tolerance policy against discrimination and harassment

No grievances were filed during the year under review.

CHILD LABOR AND LABOR LAW

LINDEL's human resource practices fully comply with the Shop and Office Employees Act No. 15 of 1954 and other statutory requirements which apply to the Group. LINDEL's recruitment process includes a thorough screening of candidates which will prevent the recruitment of any underage employees to the Group.

WAY FORWARD

Against the backdrop of the economic downturn of the country, the Company strives to look after its Human Capital by safeguarding its interests. Furthermore, LINDEL will continue to invest to develop its Human Capital to achieve its strategic goals while creating a win-win situation for both the organization and its employees.



INTELLECTUAL CAPITAL

GOALS 2021/22

- Revamp the existing website
- Increase the Group's digital presence through social media networks
- Higher retention ratio of long-standing employees

KEY PERFORMANCE INDICATORS

Cost savings from digitalization of functions

Retention ratio of **90%**

Increase in followers on **social media** pages

ACHIEVEMENTS DURING THE YEAR

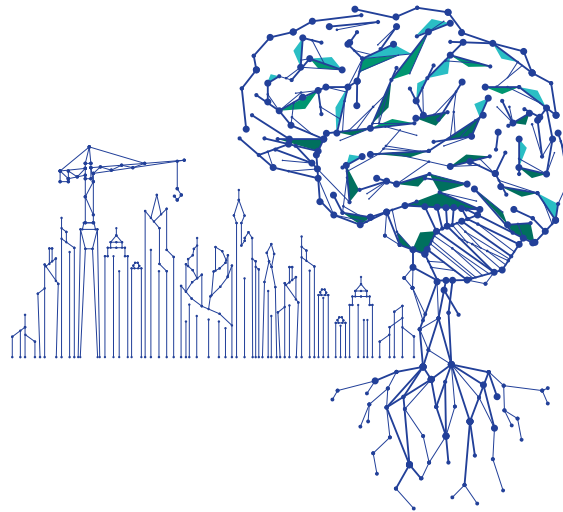
- Relaunch of the corporate website
- Winning the Bronze award for the annual report in the land and property sector at the Annual Report Awards organized by CA Sri Lanka
- Recognized as a training partner for Business Level students by CA Sri Lanka
- Recognition of long-standing employees

GOALS FOR 2022/23

- Enhance LINDEL's brand presence
- Continue to automate functions to improve efficiency

LINK TO MATERIAL MATTERS

- Training and Education



Intellectual Capital is the intangible value of a business that includes the expertise of its people, the values of its relationships, and the organizational processes that determine the organization's competitive advantage which ensures the Company's future earning potential.

MANAGEMENT APPROACH

LINDEL's Intellectual capital has been instrumental in its growth over the years and its competencies, innovation, and willingness to adapt to change have made it a strong contender in the industry. LINDEL's intellectual capital makes it a unique force backed by a strong parent Company (DFCC Bank PLC) and the strength of Government shareholding. The Company possesses an organizational knowledge that is unique to the Group, which has been accumulated over the years with extensive experience in wastewater management practices, infrastructure management, and production of water and it is this organisational knowledge that drives value creation for the stakeholders in the form of service excellence.

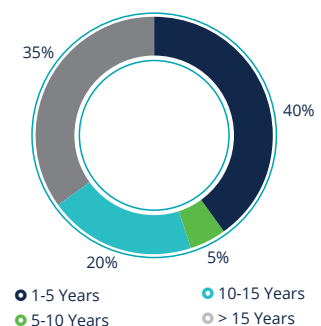
success and thus it continues to enhance individual knowledge, skills, experience, and know-how by providing exposure to various capacity development opportunities. The continued investments the Group made in training and development allowed its employees to develop and enhance their skill sets which are reflected in the quality of its services.

During the year, LINDEL carried out many training sessions for employees in addition to concentrating on acquiring the best skills and talent for its workforce. LINDEL also continued to invest in employee capacity development to keep them up to date on relevant knowledge and skills that are imperative to their job roles.

KNOWLEDGE AND SKILLS

The capabilities of highly skilled human resources are the backbone of LINDEL's

SERVICE PERIOD OF EMPLOYEES



RELATED SGDS



INTELLECTUAL CAPITAL

SYSTEMS AND PROCESSES

The Company's prudently designed processes, systems, and procedures ensure efficient business operations which in turn assures a high-quality service to all its clientele. The process and procedure manuals, management and accounting systems, and financial controls that LINDEL has introduced over the years have allowed it to carry out its business operations according to the required legal and statutory frameworks of the industry.

It is these systems that have enabled the Company and the Group to sustain themselves in the industry for nearly three decades and thus, moving ahead it will continue to uphold these processes, systems, and procedures while adjusting them to suit the changing customer requirements. The Group's industrial laboratory ensures that the highest standards of quality, health, and safety, as well as compliance, are followed at every stage of the testing process.

LINDEL winning the Bronze award for the Land and Property sector at the 56th Annual Report awards organized by CA Sri Lanka is a testament of its robust corporate governance practices and reporting standards.

CERTIFICATIONS

LINDEL continued to comply with two industry standards during the year under review which were mainly related to the Company's subsidiary- Lindel Industrial Laboratories Limited's product quality, health and safety, and sustainable business practices.

The certifications include;

1. ISO/IEC 17025:2017 Technical and Quality Management System

Lindel Industrial Laboratories Limited first obtained this certification in 2006 and continues to renew it every year. The scope of this certification includes quality processes, management practices, process improvements, risks and opportunities, and process integration.

Validity Period – 3 years



2. Central Environment Authority Certification (CEA) for Lindel Industrial Laboratories Limited

CEA certificate is required every 2 years after an inspection of the laboratory environment, quality control, and competence.

INNOVATION

LINDEL strives to create a culture that is driven by innovation. Continuous innovation is as important to LINDEL as

its expertise or infrastructure and thus it has invested in innovation over the years to improve its service standards to its tenants and optimize its costs.

NEW WEBSITE LAUNCH

LINDEL launched its new website www.lindel.lk at its 30th Anniversary celebratory event held at Galadari Hotel Colombo. The new website features comprehensive details on the Company's services, Board of Directors, Senior Management, and more. The total investment for the project was Rs. 300,000.



New website launch of LINDEL



LINDEL's new website

GROUP SYNERGIES

As a subsidiary of DFCC Bank PLC, LINDEL has the ability to obtain expertise from DFCC Group resources such as HR, Marketing, and Legal divisions. This synergy has helped LINDEL to achieve operational efficiency over the years as DFCC Bank PLC possesses the industry's best talents. Established as a fully-fledged commercial bank at present, DFCC Bank was Sri Lanka's pioneer development bank, incorporated in 1955 under an Act of Parliament, and is one of the first development banks to be instituted in Asia. Honed over the course of six decades, the expertise of the Bank's project lending team is unmatched in the industry and currently, DFCC Bank is at the forefront

of pioneering digitally enabled products and services, offering customers unparalleled value and benefits.



ETHICS AND CULTURE

LINDEL's corporate culture comprises the values, ethics, and policies of the Company that determines the way its management and the staff interact and handle the variable factors in the environment. It is this unique environment that has enabled LINDEL to be more innovative and differentiate itself from its competitors. Over the years, LINDEL has fostered an

employee-friendly culture that has been encouraging in delivering a customer-friendly service. LINDEL also encourages its customers to share their views, and express their suggestions through an annual customer feedback survey.

LINDEL keeps ethics and values at the forefront of its business decision-making and operations, and emphasizes integrity, fairness, and respect in all its business undertakings. LINDEL is committed to serving all clients in the best possible manner where it gives priority to ensuring their convenience over short-term gains. LINDEL understands that its reputation and the value of its brand are impacted by the way it encounters its current and potential customers and all other stakeholders.

BRAND AWARENESS

LINDEL's brand value is built on its superior service quality and the strong presence of the parent Company. Over the past few years, LINDEL has identified the requirement to integrate new strengths and communicate these new attributes which cater to evolving industry dynamics. LINDEL, during the year, invested Rs. 303,000 on brand awareness activities such as paper advertisements, email campaigns, and sponsorships.

Investment in Advertising

Rs. 303,000

AWARDS

LINDEL's Annual Report for 2020/21 themed "From Resilience to Progress" won the 'Bronze Award' in the Land and Property Organisation Category at the 56th Annual Report Awards Competition organized by the Institute of Chartered Accountants of Sri Lanka. This award received by LINDEL affirms the Company's ability to create intellectual capital value for its stakeholders.



WAY FORWARD

LINDEL looks forward to investing in improving its intellectual capital to achieve sustainable growth through further strengthening its control measures, systems, and procedures and the quality of its services which will ultimately add value to its brand.

Thursday 16th of June 2022

The Island
Online

HOME NEWS FEATURES SPORTS BUSINESS OPINION EDITORIAL FASHION POLITICS CLASSIFIEDS ARCHIVES

BUSINESS

Lanka Industrial Estates takes home Bronze award in Land and Property Sector at 56th Annual Report Awards organized by CA Sri Lanka

Published 5 months ago on 2022/01/18

(From left to right) - Samantha Kumarasiri - Assistant Accountant - LINDEL, Upul Senanayake - Senior Operations Manager - LINDEL, Asintha Hewage - Financial Controller - LINDEL, Rasika Coorsy - CEO - LINDEL, Manil Jayasinghe - President CA Sri Lanka, Sanjaya Bandara - Vice President - CA Sri Lanka, Chaaminda Kumarasiri - Chairman - Annual Report Awards Committee

LATEST

SOCIAL AND RELATIONSHIP CAPITAL



GOALS 2021/22

- Higher customer satisfaction
- Improve community well-being of surrounding areas
- Settle Company's supplier payments on time
- Comply with all relevant rules and regulations

KEY PERFORMANCE INDICATORS

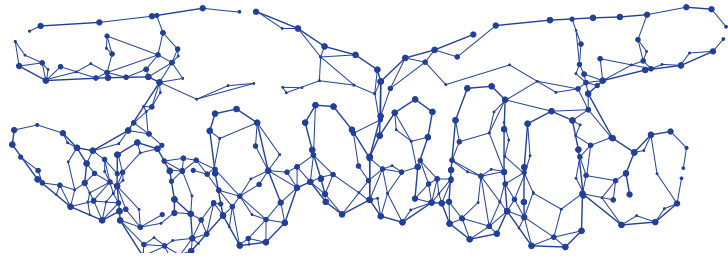
Customer satisfaction of **96%**
100% of tenant issues rectified
Zero interruptions to tenants due to power failures

ACHIEVEMENTS DURING THE YEAR

- **4** CSR projects completed
- **125** new jobs created within the industrial estate
- **Rs. 190 Mn** payments made to local suppliers
- **4** new lease agreements signed

GOALS FOR 2022/23

- Continue to provide high-quality service to tenants amidst challenges
- Increase stakeholder engagement through digital channels
- Create 250 more direct and indirect jobs



Social and Relationship Capital entails the mutually beneficial relationships and networks that the Company has nurtured with a variety of stakeholders in ensuring its long-term stability. These intangibles (shared values, commitments, and knowledge) form the basis of the Company's reputation and trust that was developed over the years. Hence, LINDEL continues to improve its relationships with clients, business partners, shareholders, and the community given the significant role they play in enhancing the Company's business operations towards ushering in sustainable growth.

MANAGEMENT APPROACH

LINDEL as a corporate entity strongly believes that its success is highly dependent on the successful relationships it builds with stakeholders such as customers, suppliers, community, and government. LINDEL also believes that for a Company to

remain sustainable in this dynamic operating environment it is imperative that it maintains a sound relationship with its key stakeholders to enable them to identify with their diverse and changing requirements while ensuring its business remains relevant and viable.

LINK TO MATERIAL MATTERS

- Local Communities
- Customer Health and Safety
- Customer Privacy
- Socio-Economic Compliance

RELATED SGDS





FOSTERING CUSTOMER RELATIONSHIPS

Customers are the most important element of LINDEL's business operations and hence, LINDEL remains committed to delivering to customer expectations. Over the years, it is these loyal customers who have placed their trust in LINDEL that has enabled the Company to create and deliver sustainable value to all its stakeholders. In line with the Corporate Governance requirements, LINDEL utilizes a strategic and integrated approach to building relationships with its customers.

With prices of all the materials escalating over the last many months and, increasing even at a much faster pace over the last six months, combined with the foreign exchange crisis, among others, the Company and its tenants are facing a huge challenge to sustain the businesses. However, the Company has taken every effort to ensure its tenants are provided with all necessary infrastructure to continue their business operations.

Since its inception, LINDEL has been deploying all the six capitals to deliver value to its customers in the best possible manner. Although the Company began its business operations by offering lands and infrastructure, it has expanded to offer other services such as solid waste disposal and wastewater disposal facilities, industrial laboratory services through the subsidiary, as well as fire water (water used for fire safety by tenants) which is provided through a separate pipeline.

CUSTOMER PROFILE

LINDEL has consistently strived to gauge a better understanding of its customer requirements and their financial as well as social needs, thus delivering to fulfill those customer requirements in an effective and efficient manner. LINDEL's prompt response to customer complaints has enabled it to take necessary corrective actions in a timely manner by referring those complaints to the relevant department heads. Moving forward, LINDEL will continue to improve relationships with its existing customers whilst actively venturing out to gain and secure new clients.

Currently, LINDEL's clientele includes;

- Hayleys Agro Fertilizers (Pvt) Ltd
- Hayleys Agriculture Holdings (Pvt) Ltd
- Chevron Lubricants Lanka PLC
- LTL Galvanizers (Pvt) Ltd
- Ceylon Oxygen Ltd
- Diesel and Motor Engineering PLC
- Dutch Lanka Engineering (Pvt) Ltd
- Innovative Pesticides Marketing Ltd
- JBF Industries Lanka (Pvt) Ltd
- Lanka Special Steels Ltd
- Mac Seeds (Pvt) Ltd
- Pan Asia Colored Yarn (Pvt) Ltd
- R.M Chemicals Ceylon (Pvt) Ltd
- Shinkwang Lanka (Pvt) Ltd

- St. Regis Packaging Lanka (Pvt) Ltd
- S & D Chemicals (Pvt) Ltd
- Alumex PLC
- Asia Power (Pvt) Ltd

During the year under review, LINDEL successfully conducted a customer survey with its clients to gauge their satisfaction with the services provided by the Company. According to the survey findings, over 96% of its clients are well satisfied with its service levels.



SOCIAL AND RELATIONSHIP CAPITAL

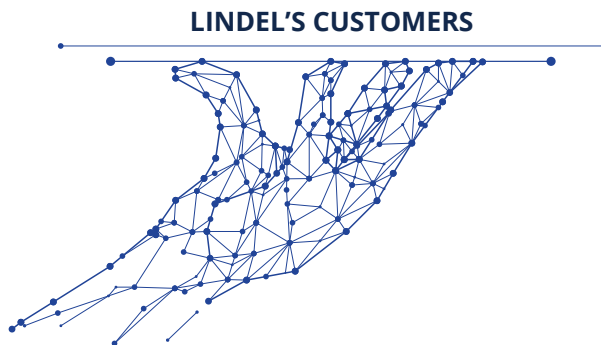
How LINDEL delivered value to customers

CUSTOMER SUPPORT

- Attending to tenants' complaints immediately
- Dedicated hotline and employee for customer support

QUALITY PRODUCTS AND SERVICES

- Improvements to the water treatment plant
- Renovation of warehouses
- Continuous quality testing of water produced at the water treatment plant



VALUE FOR MONEY

- No increase in prices of services during the year despite material cost fluctuations
- Handing over the projects on time
- Credit period extensions provided for payments

SOLUTIONING

- Additional security was provided to the industrial estate to safeguard tenants' properties
- Extended support and guidance to tenants to obtain relevant approvals from local councils and regulatory bodies

PRODUCT STEWARDSHIP

LINDEL's products and services are designed to offer its customers the highest value for their money while conserving the environment. LINDEL's staff ensures all the products and services offered to tenants are provided with the highest quality standards. Even during the lockdown periods, LINDEL staff attended to customer complaints and issues and rectified them immediately.

MARKETING COMMUNICATIONS

As LINDEL's Sapugasakanda industrial estate is fully occupied, LINDEL's marketing communications related to attracting customers were minimal

during the year 2021/22. However, with plans underway to start the second industrial estate, LINDEL hopes to conduct an aggressive marketing campaign to attract new tenants.

CUSTOMER PRIVACY

Protecting the valuable information of LINDEL's customers is of paramount importance to the Company. Hence, LINDEL has taken every step to protect customer data by deploying all the relevant data protection protocols with the assistance of the DFCC IT division and 3rd party suppliers. No complaints were received from any tenant on a breach of data privacy.

ENGAGING WITH SUPPLIERS

The Company's supplier base is a highly important component of its operations in ensuring that it meets the expected quality standards and customer requirements. Hence, LINDEL has been mindful of partnering with suppliers who comply with relevant quality standards to provide high-quality infrastructure to its clients. Against the backdrop of the adverse economic situation of the country, the Company focused on diversifying its supplier base and maintaining proactive engagement in securing supplies, thereby ensuring continued value creation for suppliers.

LINDEL considers supplier selection, development, and integration as vital elements of its business model, including their input, cooperation, and trust which are critical to the Company's success. LINDEL's suppliers mainly consist of local suppliers. Apart from regular suppliers registered to provide services such as security, water treatment plant management, cleaning, and maintenance, LINDEL has a list of suppliers registered with the Company to provide various services.

TYPES OF SUPPLIERS

Permanent

1. Security
2. Cleaning
3. Maintenance
4. WTP Management
5. IT services

Project base

1. Construction
2. Cleaning
2. Material providers
3. Service providers

The last financial year was an extremely difficult year for LINDEL and its suppliers as the forex crisis in the country led to a significant increase in material prices. However, LINDEL managed to complete the projects with the support of its suppliers while settling all the payments on time. LINDEL extended its support to suppliers by introducing manufacturers to buy materials using its relationship with the parent company.

SUPPLY CHAIN-RELATED CHALLENGES IN 2021/22

- Shortage of materials in the market
- Significant price fluctuations
- Unavailability of transport methods
- Lockdowns imposed due to Covid 19 pandemic

LINDEL engaged with its suppliers to create value in the following ways during the financial year 2021/22;

- Sharing technical know-how
- Site visits
- On-time payments
- Adherence to contracts
- Providing feedback

LINDEL's procurement process



COMMUNITY UPLIFTMENT

LINDEL strengthens its community relations by empowering the communities in which it operates. LINDEL is obligated to give back to the community of the surrounding areas in its industrial estate in several ways. A key contribution is the creation of job opportunities for the people living in the surrounding community in the companies within LINDEL premises. Currently of over 3500 employees who work for its tenants in the industrial estate, a significant proportion of the workforce is recruited from the local communities.

During the year under review, LINDEL extended its CSR activities to support the country's health sector as well as the education of the school children in surrounding areas.

Total Payments to Suppliers

Rs. 190 Mn

PROCUREMENT PROCEDURE

Currently, LINDEL works with over 15 suppliers with whom it has cultivated long-standing relationships. The Company constantly engages with them through regular meetings to update them on its quality expectations and the scope of work. While LINDEL maintains relevant documentation of any new suppliers who come on board with the Company, it also upholds complete transparency in its tender process with the assistance from the DFCC Bank's procurement division.

2. Donation of gift vouchers to children in surrounding communities to purchase school equipment

To celebrate the 30th Anniversary of the Company, LINDEL distributed gift vouchers to purchase school equipment to 30 students selected from surrounding areas.



CSR projects completed by LINDEL during the year;

1. Donation of essential medical equipment to District General Hospital Gampaha

During the surge of COVID-19 last year, LINDEL provided the District General hospital Gampaha with essential medical equipment required for its COVID-19 patients.



3. Donation of dry rations to cleaning staff

As a part of its CSR drive, LINDEL donated dry rations to its cleaning staff on the first working day of the year.

SOCIAL AND RELATIONSHIP CAPITAL



RELATIONSHIP WITH REGULATORS

As an industrial estate operator, LINDEL has to engage with various regulators relevant to its operations. LINDEL has been a regular taxpayer to the government over the years. Apart from taxes, LINDEL pays all the relevant fees to the government organizations on time.

Taxes Paid to the Government

Rs. 91 Mn

LINDEL engages with the following government institutions for various purposes on regular basis;

| Institution | Purpose |
|-------------------------------|--|
| Central Environment Authority | Complying with environmental regulations |
| Urban Development Authority | Approvals for development projects |
| Provisional councils | Approvals for development projects |
| Inland Revenue Department | Matters pertaining to taxes |
| Ceylon Electricity Board | Approvals for solar projects |

Compliance Report

| Measure of Compliance | Status |
|---|--|
| Negative environmental impacts in the supply chain and actions taken | No incidents of environmental impact from LINDEL operations were reported during the year under review. |
| Operations and suppliers at significant risk for incidents of child labour | No incidents of that nature were reported during the year under review. |
| Operations and suppliers at significant risk for incidents of forced or compulsory labor | No incidents of that nature were reported during the year under review. |
| Negative social impacts on society, the environment, labour practices or human rights in the supply chain and actions taken | The Company does not have any business activities which are subject to human rights reviews or impact assessments. |
| Incidents of non-compliance concerning the health and safety impacts of products and services | No incidents of non-compliance were reported during the year under review. |
| Non-compliance with laws and regulations in the social and economic arena | No incidents of non-compliance were reported during the year under review. |

WAY FORWARD

LINDEL expects that the country's economic situation will affect the entity and stakeholders continuously throughout the next year. Hence, the Company is determined to take all the effort to mitigate any impact of the current situation with the support of its stakeholders via effective communication and engagement. Furthermore, LINDEL will continue to foster its healthy relationship with all its stakeholders in the period ahead by upholding its values and delivering maximum output to meet their expectations.

NATURAL CAPITAL

GOALS 2021/22

- Reduction of paper usage within the work premises
- Improve the waste collection and recycling process
- Increase employee engagement in preserving natural resources

KEY PERFORMANCE INDICATORS

Power generation from solar panels - **1,035,022 kWh**

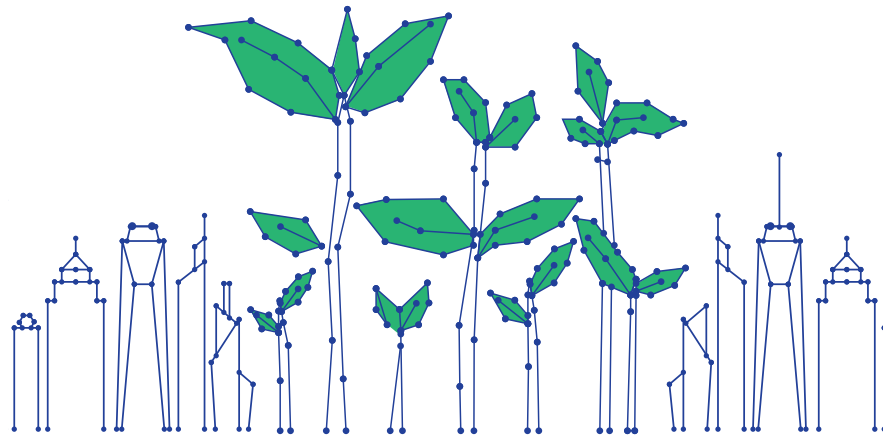
Amount of water purified during the year through water treatment plant - **472,940 m³**

ACHIEVEMENTS DURING THE YEAR

- Over 50 new plants were planted with the participation of employees and the Board of Directors
- Reduced the paper usage by increasing communication with stakeholders through emails
- Reduced the fuel consumption of office vehicles by arranging meetings via online platforms

GOALS FOR 2022/23

- Continue the investment in solar panels
- Improve digitalization of working environment to further reduce paper usage
- Implement the 3R model (Recycle, Reuse, Reduce) to manage waste



Natural Capital refers to the stock of renewable and non-renewable resources provided by the ecosystem such as land, minerals, energy, and water which are essential for human survival and economic activity. The fast depletion of these resources has been a serious concern at present given the increased risk of negative environmental consequences that threatens the sustainability of economies and industries across the globe. Therefore, all the accountable business entities are bound to pay attention to the impact of their business operations on the overall ecosystem and take measures where necessary to minimize any harmful impact on the environment.

MANAGEMENT APPROACH

As a responsible business entity, LINDEL understands the impact of its business operations on the ecosystem and has resolutely adopted appropriate environmental practices to minimize the negative impact. This includes the formulation of policies for better management of environmental issues

towards long-term sustainability and success of its business. LINDEL has consistently maintained policies to optimize the usage of energy, water, and other natural resources.

In the backdrop of the recent energy crisis in the country, LINDEL identified the importance of conserving energy

LINK TO MATERIAL MATTERS

- Energy
- Water and Effluents
- Bio-Diversity
- Emissions
- Waste
- Environmental Compliance

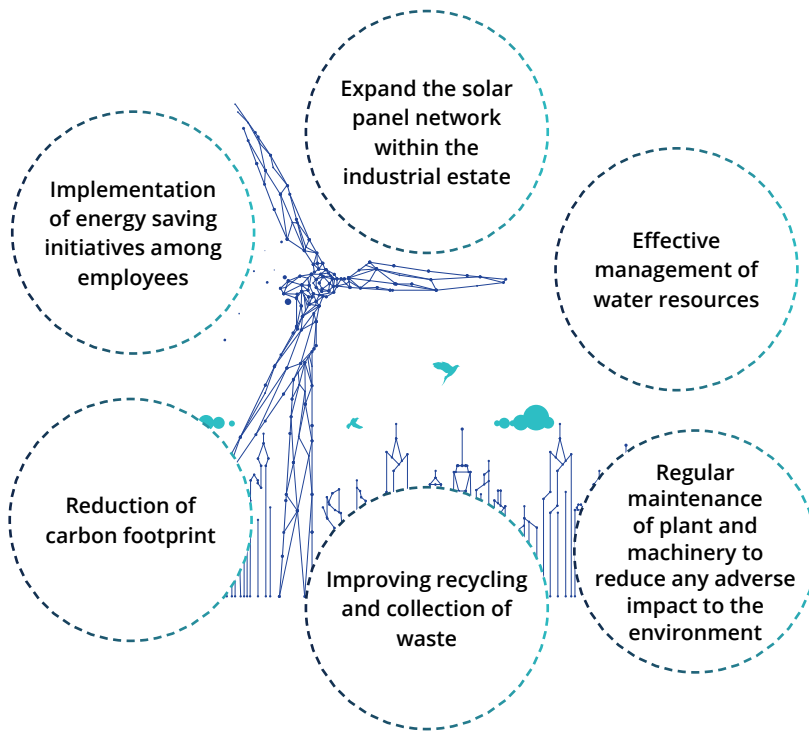
RELATED SGDS



NATURAL CAPITAL

and the need for further investment in renewable energy. As an industrial estate managing company, over the years LINDEL has complied with all the environmental rules and regulations to ensure its operations are conducted with minimum impact on the natural resources. Furthermore, LINDEL always encourages its employees to preserve energy within office premises.

LINDEL's Six point strategy to minimize environmental impact



MANAGING OUR IMPACTS

Since LINDEL is located in the outskirts of the commercial city of Colombo and very close to the Kelani River, which is the main portable water supply source for the communities living in both Colombo and Gampaha District, proper management and monitoring of environmental impacts due to the operation of the Company is of utmost importance. Industrial wastewater discharge, air emissions, and solid waste disposal are the main factors that could directly have an impact on the environment as a result of LINDEL's operation.

The environmental impact is regularly monitored by LINDEL management under the legal guidelines given by the Central Environment Authority (CEA) via the environmental division of the Board of Investment of Sri Lanka. All the tenants operating at LINDEL are under an agreement and legally bound to maintain the required laws and regulations in terms of protecting the environment.

CORPORATE BIODIVERSITY

Biodiversity is a fundamental component of long-term business survival. The most important levers for conserving biodiversity at the corporate level are corporate environmental management practices. At LINDEL, all the entities are well aware of each and every industrial operation as well as the impact on the environment as a result of their manufacturing operation. The efficient use of water, energy, and paper and the avoidance of waste and emissions are the fundamental components that are considered at the corporate level within LINDEL industrial estate to approach proper environmental management. All the entities are required to obtain the Environment Protection License (EPL) from the governing body, Central Environment Authority (CEA) to conduct their business inside LINDEL industrial estate, and LINDEL also has to obtain an EPL for the entire industrial estate.

LINDEL'S BIO-DIVERSITY POLICY STATEMENT

"To maintain the biodiversity across the land area of LINDEL and its surrounding, all the industrial occupants of LINDEL and their value chain shall adopt a precautionary approach for sustainable management of biodiversity in all decision-making processes, so that the variety of life is ensured in and around the industrial estate"

ORGANIZATIONAL REVIEW ON GLOBAL BIODIVERSITY ISSUE

At present Global Biodiversity faces a wide number of threats, including land-use change, habitat loss, fragmentation (e.g. due to agricultural expansion), over-exploitation of natural resources (e.g. unsustainable logging, hunting, and fishing), pollution (e.g. excess fertilizer use and marine litter), invasive alien species, etc. Implementing an effective global biodiversity framework will demand ambitious and widespread use of biodiversity policy instruments, and other measures, to promote sustainable patterns of production and consumption. It will also require governments and the private sector to scale up to protect biodiversity.

MANAGEMENT APPROACH TO BIO-DIVERSITY

LINDEL management is well aware of the environmental norms to be maintained and monitored at LINDEL. Apart from legal agreements entered by each and every tenant prior to the start of any business operation, LINDEL management itself is maintaining very strict standard guidelines to protect the environment and achieve sustainable biodiversity.

ENGAGEMENT WITH BIO-DIVERSITY

Bio-diversity within LINDEL and surrounding are addressed to all LINDEL tenants, and service providers in their respective lease and rent agreements and service contracts. LINDEL strictly monitors whether these parties are complying with all the rules and

regulations and if discrepancies are found, they will be informed to rectify the same with immediate effect.

LINDEL Management collaborated with a few other companies such as Unilever, Chevron Lubricants Lanka PLC, and its sole subsidiary, Lindel Industrial Laboratories Ltd to carry out tree planting activities and awareness programs during the period 2021/22.

MEASURING ORGANIZATIONAL IMPACT ON BIO-DIVERSITY

At LINDEL major risks from its operations to Biodiversity are the wastewater spillage and air emissions from industries. LINDEL maintains a strong monitoring program to avoid such spillages and unauthorized emissions as every tenant has to closely monitor air quality at their boundaries and storm water drainage paths.

LINDEL is maintaining a lush green 7-acre land strip as a green belt separating the industrial estate and the adjoining village. This strip consists of natural water springs, ponds, wetland, jungle, and homes for various species. The biodiversity in the area keeps on increasing as management continues to plant a variety of trees and can observe more and more species.



ENERGY MANAGEMENT

In today's context, prudent energy management is crucial for achieving improved energy efficiency. In this respect, LINDEL has taken several steps such as awareness building on energy management which has contributed greatly to reducing the electricity consumption at the workplace. LINDEL's renewable energy plan has helped to preserve the non-renewable energy usage of the Group at large. During the year LINDEL completed another solar net plus project with a capacity of 544 kW which will be connected to the national grid.



Further, as part of LINDEL's efforts to conserve electricity used, it has put in place many processes and best practices. This includes the use of low-energy consuming electronic devices, the use of electric vehicles, and energy-saving lighting and cooling systems.

Total Solar Net Plus Generation

1,035,022 kWh

To overcome the challenges posed by the fuel shortage and further manage the energy, LINDEL has taken the following steps;

- Flexible working hours
- Work from home facility
- Providing transport services for employees

Electricity Consumption

435,145 kWh

LINDEL'S USE OF RENEWABLE ENERGY AND SOLAR PROJECTS

LINDEL is located in an area that is exposed to direct sunlight for almost 365 days of the year. Many of the LINDEL's own building's roofs and transformers are already utilized to install solar systems and currently, the Company is having a total net plus solar capacity of 1.5 MW and has supplied 1,035,022 kWh (units) during the period 2021/22 to the national grid whereas the LINDEL's total energy consumption is only about 403,776 kWh for the same period. Evidently, LINDEL is providing renewable energy to the national grid more than double the energy consumed from the Ceylon Electricity Board's connections. LINDEL also possesses a 92 kw net metering solar system.

WATER MANAGEMENT

Water is one of the most valuable resources for LINDEL operations and thus, LINDEL has its own water treatment plant which produces 1500 m³ water per day which is meant for the use of in-house tenants. While the treated water is pumped to tenants through pipelines, LINDEL has taken the following measures to reduce the waste of water ;

- Education employees on water management
- Reuse and recycling of water where possible
- Continues monitoring of plants to prevent any leakages

Water Production of WTP

472,940 m³

NATURAL CAPITAL



Water treatment plant



SOLID WASTE MANAGEMENT

An industrial estate disposes high amounts of industrial waste regularly of which solid waste comprises a considerable percentage. This waste may pose a potential hazard to human health and the environment if they are improperly treated, stored, transported, disposed of, or managed. In comprehending this critical fact, the Company has put in place a sophisticated Solid Waste Disposal Management System to ensure that all the solid waste collected from the premises of tenants is properly separated into recyclable waste and non-recyclable waste and then disposed of accordingly.

The solid waste generated within the industrial estate is categorized into two main categories;

- As Bio-Degradable, Non-Hazardous Waste (Grass, papers, food waste etc.)
- Non-Bio-Degradable, Non-Hazardous

Over **84,000 KG** of solid waste safely disposed during the year

Waste (Polythene, poly sack etc.)

This process has been outsourced to a third-party contractor who has the necessary competency and experience in

this area of work. Further, the electronic waste generated by the Company such as toners and batteries is disposed of according to relevant regulations.

WASTEWATER MANAGEMENT

Being an industrial estate that caters to a clientele in different manufacturing and industrial sectors, LINDEL fully comprehends the responsibility that lies with it to eliminate wastewater in an environmentally friendly manner. To this end, LINDEL has established its own wastewater management system inside the industrial estate. LINDEL accepts only the pre-treated wastewater from its tenants' premises through the pipelines and then carries out the final treatment to meet the standards stipulated by the Central Environmental Authority (CEA), before releasing it into the Kelani river. Periodic laboratory tests are conducted to ensure wastewater disposed of is in line with regulatory guidelines LINDEL has appointed independent laboratories to assess the effectiveness of existing systems and to develop further improvements.



Waste water treatment plant

GIVE-BACK PROJECT

For the third consecutive year, LINDEL initiated a tree-planting project within the LINDEL premises at the beginning of the year 2021. This initiative, the "Give Back Project" first commenced in the year 2022 with all employees planting a tree on their first working day of the year which LINDEL continued for the third year in 2022. In addition to that,

the Board of Directors of the Company

More than **50 trees** planted

also took part in another tree-planting ceremony to mark the 30th anniversary of the Company.



Tree planting by the Board of Directors



Tree planting by employees

BUILDING AWARENESS

As a part of its energy management activities, LINDEL conducts employee awareness sessions every year to ensure all the employees have a better understanding of the importance of energy management. Further, the Company has taken steps to display energy management tips in washrooms, lunch rooms, and other public areas of office premises.

CARBON FOOTPRINT

As a responsible corporate citizen, LINDEL is well aware of its responsibility to act in a manner to reduce any impact on the environment. Hence, LINDEL is proactive in taking steps to reduce carbon footprint in a sustained manner through ongoing efforts to enhance energy efficiency and increased reliance on renewable energy through solar power generation. Few other notable initiatives taken for this purpose are;

- Instruct tenants to reduce any emissions harmful to the environment
- Upgrade plant and machinery to reduce emissions
- Move to more green energy generation

ENVIRONMENTAL LAWS RELATED TO THE INDUSTRY

Laws related to environmental protection and monitoring were set up by the Central Environmental Authority (CEA) of Sri Lanka. The laws related to the industrial operations at LINDEL are basically on maintaining the air quality, maintaining the required sound levels at the boundaries (during night time and daytime), and maintaining the quality standards of the wastewater discharge into the common pond and to the irrigation water streams and also disposal of solid waste.

WAY FORWARD

LINDEL strives to enhance the capacity of renewable energy usage in all areas of the industrial estate in the future to further reduce the Company's environmental impact while continuing to build a paperless environment within the office premises.

SUSTAINABILITY AT LINDEL

LINDEL considers sustainability as a key and integral part of its overall business strategy. LINDEL has understood the importance of being sustainable in all aspects of its operations. LINDEL's sustainability approach provides the foundation for incorporating the three pillars of sustainability; environmental, economic, and social considerations into its decision-making processes.










LINDEL firmly believes that profitability should be achieved with the highest level of ethics and integrity. Therefore, LINDEL has a sound corporate governance structure in place to ensure compliance with all the relevant rules and regulations. More details on LINDEL's corporate governance policy are given in the Corporate Governance Report on page 66.

Over the years, LINDEL's business operations were conducted considering all the environmental and social impacts. From its first integrated Annual Report in 2020, LINDEL has incorporated

social, environmental, and governance principles. LINDEL strives to commit to sustainable development and inclusive growth, transparent and visible through its corporate reporting process.

LINDEL's contribution towards the Sustainability Development Goals (SDG's)

| SDG | How LINDEL achieved SDG | Annual Report reference |
|---|---|--|
|  | <ul style="list-style-type: none"> - Providing dry rations to cleaning staff of the Company - Creating direct and indirect jobs for surrounding communities | Social and Relationship Capital |
|  | <ul style="list-style-type: none"> - Providing appropriate safety and health measure for employees - Donation of medical equipment to District Hospital Gampaha | Human Capital Social and Relationship Capital |
|  | <ul style="list-style-type: none"> - Donation of gift vouchers to purchase school equipment to children in surrounding communities - Providing training opportunities for employees | Social and Relationship Capital Human Capital |
|  | <ul style="list-style-type: none"> - By being an equal opportunity employer - Through gender parity policies of the group | Human Capital |
|  | <ul style="list-style-type: none"> - LINDEL has a sophisticated wastewater management system within the industrial estate | Natural Capital |
|  | <ul style="list-style-type: none"> - Continues investment in renewable energy - Energy preservation initiatives taken during the year - Moving into a digital environment to reduce paper usage - Complying with all the environmental protection rules and regulations | Natural capital |
|  | <ul style="list-style-type: none"> - LINDEL provides the highest standard of infrastructure to its tenants | Manufactured Capital |

CORPORATE GOVERNANCE REPORT



THE CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

On behalf of the Board of Lanka Industrial Estates Limited (LINDEL), I am pleased to present our Corporate Governance Report for the financial year ended 31st March 2022.

Good corporate governance practices are imperative for the growth and sustainability of any entity. Further, we at Lanka Industrial Estates Limited strongly believe that corporate governance helps us to maintain the trust kept in us by our stakeholders. The report below demonstrates how the Company has complied with the Corporate Governance Regulations and the Best Practices during the financial year ended 31st March 2022.

Lanka Industrial Estates Ltd's Board includes professionals from various disciplines, who guide the Company to achieve its goals and objectives while ensuring the highest standards of ethical conduct. During the year under review, the Board of Directors' collective efforts and experiences was crucial in navigating the Company through the various challenges Company had to cope with.

The governance framework of LINDEL is designed to strengthen the Board of Directors of the Company and Group, which will ultimately ensure the accountability and transparency in their roles to provide sustainable returns to our Stakeholders. Furthermore, Stakeholders.

We will continue to improve our corporate governance practices by complying with all the relevant rules and regulations while enhancing the sustainable value creation for our Stakeholders. We are committed to investing in and supporting our people so that the Company maintains an appropriate balance of management skills and capabilities as it grows and develops.

I together with the Board of Directors hereby confirm that we are not aware of any material violations of the provisions of the Code of Business Conduct and Ethics as the case may be by any Director or any member of the Senior Management of LINDEL.

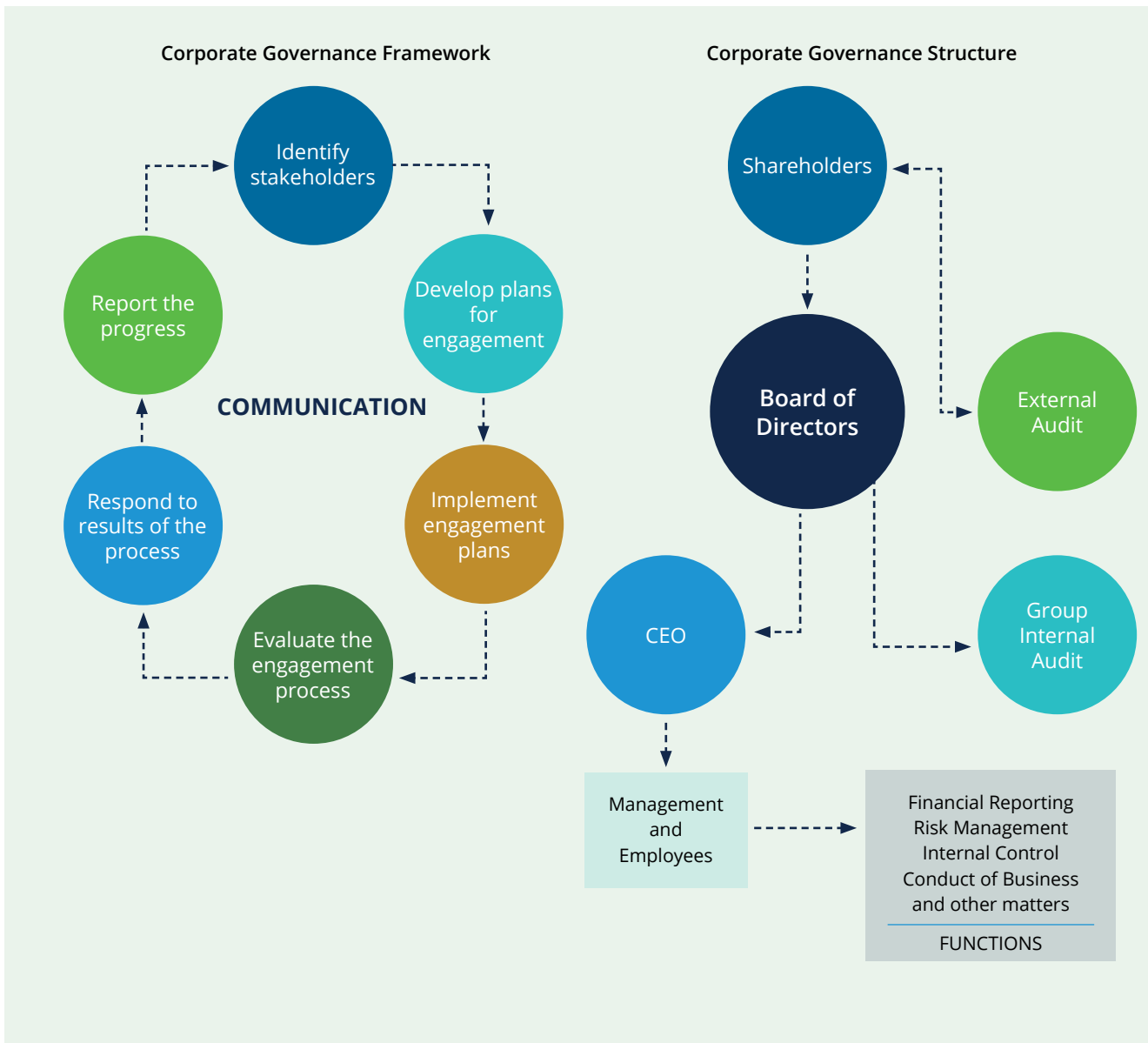
Lakshman Silva
Chairman

30 June 2022

CORPORATE GOVERNANCE

Corporate Governance signifies the manner in which companies are directed and controlled. Good governance is an essential ingredient in corporate success and sustainable economic growth. The Board of Directors of Lanka Industrial Estates Limited is committed to maintaining high standards of integrity, accountability, transparency, and business ethics in the governance of the Group.

From the beginning and even being a Limited Liability Company, Lanka Industrial Estates Limited and its subsidiary have continued to apply high corporate governance standards aimed at assuring the Company's ongoing sustainability. The organization's governance structure demonstrates its ability to create value in the short, medium and long-term to its Stakeholders. Headed by the Board of Directors, the Company's governance framework ensures sound corporate governance principles that reflect LINDEL's mission and core values and promote good governance practices across the business.



STATEMENT OF COMPLIANCE

The Board of Directors wishes to confirm to the best of their knowledge and belief that the Company has complied with all requirements in terms of regulations and statutory payments under the Companies Act No. 7 of 2007 and Inland Revenue Act No. 24 of 2017.

The Company has satisfied all requirements as per accepted labor regulations and financials are prepared according to the standards of SLFRSs and LKASs.

The Company's governance framework is based on the following key internal and external steering instruments;

| External Instruments | Internal Instruments – Mandatory |
|--|---|
| Companies Act No.7 of 2007 – Mandatory | Group Code of Ethics |
| Listing Rules of the Colombo Stock Exchange (CSE) – Voluntary | Articles of Association |
| Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended)- Voluntary | Human Resources Policies |
| Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 – Mandatory | Health and Safety Policies |
| Inland Revenue Act No. 24 of 2017 - Mandatory | Environmental Policies |
| Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka – 2017 – Voluntary | Internal control processes and procedures |
| Integrated Reporting Framework – Voluntary | Risk Management Framework |

BOARD OF DIRECTORS

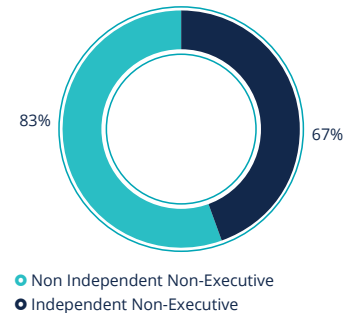
The Board of Directors are responsible for charting the strategic direction of the Company. The Board promotes a culture of openness, constructive dissent and productive dialogue in its Board Meetings.

Board comprises of professionals who have many years of experience in the corporate world. The Board gives leadership in setting the strategic direction and establishing a sound control framework and is accountable for the governance of the Company. The Board's composition reflects a sound balance of independence and anchors shareholder commitment.

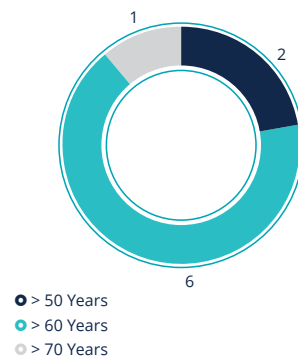
COMPOSITION OF THE BOARD OF DIRECTORS

| Mr. L.H.A.L Silva | Non-Independent Non-Executive Chairman | Appointed on 14 June 2017 |
|----------------------------|---|--------------------------------|
| Mr.T.W De Silva | Non- Independent Non-Executive Director | Appointed on 16 March 2005 |
| Mr.R.A Dassanayake | Non-Independent Non- Executive Director | Appointed on 26 September 2019 |
| Mr. W.D.R Crishantha | Non-Independent Non- Executive Director | Appointed on 26 July 2021 |
| Dr.R.K Ratnayake | Non-Independent Non-Executive Director | Appointed on 30 April 2002 |
| Mr.A. Tudawe | Non-Independent Non-Executive Director | Appointed on 06 April 1992 |
| Mr. T.Dharmaraja | Independent Non-Executive Director | Appointed on 16 December 2021 |
| Mrs. C.M.D.N.K Seneviratne | Independent Non-Executive Director | Appointed on 16 December 2021 |
| Dr.K.A.S Keeragala | Independent Non-Executive Director | Appointed on 09 February 2022 |

COMPOSITION OF THE BOARD



AGE DIVERSITY OF THE BOARD



RESPONSIBILITIES OF THE BOARD

The Board is responsible for the formulation and implementation of sound business strategies and is responsible for ensuring that the Company adheres to the relevant laws and regulations of the country, regulatory authorities and professional institutes.

ROLE OF THE BOARD OF DIRECTORS

1. Providing direction and guidance to the Company in the formulation of sustainable high-level medium and long-term strategies
2. Reviewing and approving annual plans and strategic plans.

CORPORATE GOVERNANCE REPORT

3. Approving and monitoring financial and other reporting practices adopted by the Group.
4. Reviewing HR processes with emphasis on top management succession planning.
5. Appointing and reviewing the performance of the CEO
6. Monitoring systems of governance and compliance
7. Overseeing systems of internal control, and risk management.
8. Determining discretions/authorities delegated from the Board to the executive levels.

COMPLIANCE WITH LAWS AND ACCESS TO PROFESSIONAL ADVICE

The Board acts in conformity with the laws of the country and the Board has tabled a compliance statement on statutory requirements on a quarterly basis at the Board meeting.

The Board of Directors are provided with the opportunity of seeking professional advice at the expense of the Company, whenever it is necessary; with regard to certain technical matters and other business affairs ensuring that the Directors possess sufficient knowledge and experience in making high-quality and independent decisions.

COMPANY SECRETARY

SSP Corporate Services (Pvt) Ltd acts as the Company Secretary to the Board of Lanka Industrial Estates Limited.

All Directors have independent and joint access to the Company Secretary who acts in a professional manner.

The Company Secretary advises the Board on matters relating to the Companies Act and other applicable rules and regulations and ensures that appropriate, timely and accurate information is submitted to the Board.

DIRECTORS' INDEPENDENCE

Directors are experienced leaders in their respective fields and exercise independent and unfettered judgment, promoting constructive Board

deliberations and objective evaluation of matters set before them.

PERFORMANCE EVALUATION OF CEO

The Board, in consultation with the CEO, sets reasonable Financial and Non-Financial targets in line with the short-, medium- and long-term objectives of the Company, which are to be achieved by the CEO every year. The performance of the CEO is evaluated by the Board at the end of each year, based on agreed objectives. The variable component of the CEO's remuneration is determined based on the achievement of these set targets.

BOARD MEETINGS AND ATTENDANCE

The Board Meetings are held at least once a quarter. Sufficient time is allocated at every meeting to ensure

all responsibilities are discharged satisfactorily. Timely information is provided before a meeting with the Agenda and Board Papers. Directors dedicate adequate time prior to a meeting to review Board Papers. Information provided covers the monthly accounts and comparison of performance against budget and previous year's results, with remedial action has taken when necessary. Senior Managers make presentations on the performance in their respective areas on request. When the Board requests additional information, that is also provided.

ATTENDANCE FOR BOARD MEETINGS

The Board held seven Board meetings during the year. Attendance of Directors at Board meetings is summarized below.

| Director | Board Meeting | Audit Committee | Remuneration Committee |
|--|---------------|-----------------|------------------------|
| Mr. L.H.A.L Silva | 7/7 | - | 1/1 |
| Mr.T.W De Silva | 7/7 | - | - |
| Mr.R.A Dassanayake | 7/7 | - | - |
| Mr. W.D.R Crishantha (Appointed on 26 July 2021) | 5/7 | 1/1 | - |
| Dr.R.K Ratnayake | 7/7 | - | - |
| Mr.A. Tudawe | 6/7 | - | - |
| Mr. T.Dharmaraja (Appointed on 16 December 2021) | 2/7 | 1/1 | 1/1 |
| Mrs. C.M.D.N.K Seneviratne (Appointed on 16 December 2021) | 2/7 | 0/1 | 1/1 |
| Dr.K.A.S Keeragala (Appointed on 09 February 2022) | 1/7 | - | - |

CHAIRMAN AND CEO

The roles of the Chairman and the CEO are clearly demarcated with clear distinction of responsibilities between them to ensure balance, accountability and authority between running the Board and the executive responsibility for the running of the Group's business.

As the Chairman, Mr. L.H.A.L Silva provides leadership to the Board to ensure that the Board conducts its duties efficiently and that the Board functions to ensure integrity and effectiveness of relationship between the non-executive and executive directors. The role of the CEO, Mr. B.R.C

Cooray is to implement the policies and the strategies approved by the Board and to develop and recommend the business plan and budgets that support the Group's long-term strategy and vision that would lead to generating shareholder value.

APPOINTMENTS TO THE BOARD AND RE-ELECTION

The appointments to the Board are made collectively, with the consent of the Directors taking into consideration the Board composition and the strategic input required.

All Directors' should be required to submit themselves for re-election at regular intervals. The Company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting (AGM) and one-third of the Directors to seek re-appointment by the shareholders at that meeting.

RE-APPOINTMENT BY THE SHAREHOLDERS AT THAT MEETING.

In terms of Section 210 of the Companies Act No. 7 of 2007, a Director who has reached 70 years of age vacates office at the AGM held after he attains the age of 70 years. A Director who has reached the Age of 70 years may be re-appointed in terms of Section 211 of the Companies Act.

INDUCTION AND TRAINING FOR DIRECTORS

On appointment, Directors are provided with an orientation pack with all relevant external and internal regulation, documents and a tour of the industrial estate premises. The Board of Directors recognize the need for continuous training and expansion of knowledge and skills required to effectively perform their duties. They undertake training and professional development in their personal capacity as they consider necessary.

DISCLOSURE OF INFORMATION IN RESPECT OF DIRECTORS

The details of the Directors, nature of expertise in relevant functional areas, attendance at Board Meetings, other directorships and Director's Interest in Contracts are disclosed under the relevant sections in the Annual Report.

MONITORING OF SUBSIDIARY COMPANY

The sole subsidiary of Lanka Industrial Estates Limited is managed by its respective Board according to the companies' Articles of Association and in the best interest of their stakeholders. Lanka Industrial Estates Limited monitors the performance of the subsidiary Company.

FINANCIAL ACUMEN

The Board includes directors who possess the necessary knowledge and experience to offer the Board guidance on financial matters.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Directors is responsible for formulating and implementing effective risk management and internal control systems to safeguard shareholder interests and the assets of the Company. These systems cover all controls, including financial, operational, and compliance, and are monitored and regularly reviewed for effectiveness by the Board. The DFCC Group Internal Audit Department supports the Audit Committee, reviewing the adequacy and effectiveness of the internal control systems and reporting to the Board of Directors on a regular basis.

BOARD SUB-COMMITTEES

Board has appointed the following Sub Committees in order to fulfill its oversight role more effectively.

- Audit Committee
- Remuneration Committee
- Related Party Transactions Review Committee

More details on these committees are available on respective committee reports.

ACCOUNTABILITY AND AUDIT

The Board is responsible for presenting a balanced, accurate and understandable assessment of the Company's, performance, financial position and prospects. Monthly performance reports are circulated within 20 days of each month end. The Company's financial statements are prepared in accordance with the Sri Lanka Financial Reporting

Standards laid down by the Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act, No. 7 of 2007.

The following specialised information requirements are also included in this Annual Report.

- The Annual Report of the Board of Directors on the Affairs of the Company on page 90 to 92 of this Report contains the declarations prescribed by the Code.
- The Statement of Directors' Responsibilities is given on page 88 of this Report.
- The Independent Auditor's Report on page 94 of this Report.

MAJOR AND MATERIAL TRANSACTIONS

There are no materially significant related party transactions or relationships between the Company and the Directors, subsidiary Company or related parties except for those disclosed in the Financial Statements for the year ended 31st March 2022.

FINANCIAL REPORTING

The Board monitors compliance to the regulatory requirements on financial reporting given in the Sri Lanka Accounting Standards (SLFRS & LKAS) issued by the Institute of Chartered Accountants of Sri Lanka, Companies Act No. 7 of 2007 and Listing Rules of the Colombo Stock Exchange.

The Board along with the Management reviewed the Quarterly Financial Statements and Annual Financial Statements for the year ended 31st March 2022 focusing on the quality and accuracy of the Financial Statements including compliance with the relevant regulatory requirements.

EXTERNAL AUDIT

The scope of the External Audit was assessed and discussed by the Board with the External Auditors and the Management before the commencement of the Audit. The Management Letter issued by the External Auditors was discussed with the Management and remedial actions were recommended wherever necessary.

The Board having evaluated the performance of the external Auditors, has recommended that Messrs. KPMG, Chartered Accountants of No: 32A Sir

CORPORATE GOVERNANCE REPORT

Mohamed Macan Markar Mawatha, Colombo 2, to be re-appointed as the External Auditors for the year ending 31st March 2023 subject to the approval of the Shareholders at the Annual General Meeting.

INFORMATION TO THE BOARD

It is required that the Company's management to provide timely information to the Board in a form and of quality appropriate to enable it to discharge its duties. Procedures exist to ensure that Directors receive timely information on a monthly basis and a clear agenda and papers with guidance on contents. Directors also have open access to the management to obtain further information that could be required.

RELATIONS WITH SHAREHOLDERS

The Company strongly believes in engaging with its shareholders in a regular manner. The Annual General Meeting is used as for constructive engagement with shareholders. The Company engages with shareholders through an open and meaningful dialogue in order to understand their expectations. Shareholders are encouraged to be present, participate and vote at the Annual General Meeting. The Annual Report is circulated to the shareholders not less than 15 working days prior to the Annual General Meeting.

EMPLOYEE EMPOWERMENT

The Company has put in place the necessary processes, procedures, systems in place to make sure effective recruitment, development and retention of employees. The Company considers its employees to be a vital force which will drive the Organization towards its objectives. Constant dialogue and facilitation are also maintained ranging from work related issues to matters pertaining to general interest that could affect employee wellbeing. The Company fosters an open-door culture for its employees across all levels.

CORPORATE SOCIAL RESPONSIBILITY

The Board actively takes part in defining and overseeing the corporate culture and values, particularly in the corporate social responsibility policy. The Board continuously reviews the policies for sustainability, corporate culture and values, and on relations with Stakeholders, especially employees, and customers. The corporate social responsibility policy is structured in line with the business strategy and risk appetite and putting into place mechanisms to ensure that all Group know how they fit into these strategies and that their processes and mechanisms are consistent with those of the policy of the parent.

SHAREHOLDER VALUE

The Board continues to be committed to increasing shareholder value through sound commercial responsibility and sustainable business decisions that deliver steady growth in earnings.

ETHICAL STANDARDS

The Board is committed to maintaining high ethical standards in conducting its business and to communicate its values to its employees and agents and ensure their conduct is based on such values.

GOING CONCERN

The Board of Directors, after reviewing the financial position and the cash flow of the Company are of the belief that the Company has adequate resources to continue operations well into the foreseeable future. Therefore the Board adopts the going concern basis in preparing financial statements.

CODE OF CONDUCT AND ETHICS

The Group is committed to conducting its business operations with honesty, integrity and with respect to the rights and interests of all Stakeholders. The Group's Code of Conduct and Ethics articulates the standards of conduct expected of its' employees. The Board is not aware of any material violations of any of the provisions of the Code by any Director or employee of the Group

COMPLIANCE TABLE

Statement of Compliance pertaining to Companies Act No. 7 of 2007

Mandatory provisions

| Rule | Requirement | Complied | Annual Report Reference |
|-------------|---|----------|---|
| 168 (1) (a) | The nature of the business together with any change thereof | ☑ | Who We Are |
| 168 (1) (b) | Signed Financial Statements of the Group and the Company | ☑ | Financial Statements |
| 168 (1) (c) | Auditors' Report on Financial Statements | ☑ | Independent Auditors Report |
| 168 (1) (d) | Accounting Policies and any changes therein | ☑ | Notes to the Financial Statements |
| 168 (1) (e) | Particulars of the entries made in the Interests Register | ☑ | Annual Report of the Board of Directors |
| 168 (1) (f) | Remuneration and other benefits paid to Directors of the Company | ☑ | Notes to the Financial Statements |
| 168 (1) (g) | Corporate donations made by the Company | ☑ | Notes to the Financial Statements |
| 168 (1) (h) | Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period | ☑ | Board of Directors |
| 168 (1) (i) | Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered | ☑ | Notes to the Financial Statements |
| 168 (1) (j) | Auditors' relationship or any interest with the Company and its Subsidiaries | ☑ | Annual Report of the Board of Directors |
| 168 (1) (k) | Acknowledgement of the contents of this Report and signatures on behalf of the Board | ☑ | Annual Report of the Board of Directors |

Statement of Compliance under Section 7.10 of the Listing Rules of the CSE on Corporate Governance

Voluntary Provisions

| Rule | Subject | Requirement | Complied | Annual Report Reference |
|-----------|----------------------------------|--|----------|-------------------------------|
| 7.10.1(a) | Non-Executive Directors (NED) | At least 2 or 1/3 of the total number of Directors on the Board, whichever is higher, should be NEDs | ☑ | Board of Directors |
| 7.10.2(a) | Independent Directors (ID) | 2 or 1/3 of NEDs, whichever is higher, should be independent | ☑ | Board of Directors |
| 7.10.3(a) | Disclosure relating to Directors | The Board shall annually determine the independence or otherwise of the NEDs, and Names of each IDs should be disclosed in the Annual Report (AR) | ☑ | Board of Directors |
| 7.10.3(b) | Disclosure relating to Directors | The basis for the Board's determination of ID, if criteria specified for independence is not met | ☑ | Corporate Governance Report |
| 7.10.3(c) | Disclosure relating to Directors | A brief resume of each Director should be included in the AR including the Director's areas of expertise | ☑ | Board of Directors |
| 7.10.3(d) | Disclosure relating to Directors | Provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the CSE | ☑ | Board of Directors |
| 7.10.5 | Remuneration Committee (RC) | The Human Resources and Compensation Committee (equivalent of the RC with a wider scope) of the listed parent Company may function as the RC | ☑ | Remuneration Committee Report |
| 7.10.6 | Audit Committee (AC) | The Company shall have an AC | ☑ | Audit Committee Report |

CORPORATE GOVERNANCE REPORT

Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosure

Voluntary Provisions

| Rule | Requirement | Complied | Reference |
|--------|---|----------|--|
| (i) | Names of persons who were Directors of the Entity | ☑ | Board Directors |
| (ii) | Principal activities of the entity and its subsidiaries during the year, and any changes therein | ☑ | Management Discussion and Analysis |
| (iii) | The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held | ☑ | Investor Information |
| (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 | N/A | N/A |
| (v) | A statement of each Director's holding in shares of the Entity at the beginning and end of each financial year | ☑ | Annual Report of the Board of Directors |
| (vi) | Information pertaining to material foreseeable risk factors of the Entity | ☑ | Risk Management |
| (vii) | Details of material issues pertaining to employees and industrial relations of the Entity | ☑ | Materiality |
| (viii) | Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties | ☑ | Notes to the Financial Statements |
| (ix) | Number of shares representing the Entity's stated capital | ☑ | Notes to the Financial Statements/Investor Information |
| (x) | A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings | ☑ | Investor Information |
| (xi) | Financial ratios | ☑ | Financial Highlights |
| (xii) | Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year | ☑ | Notes to the Financial Statements |
| (xiii) | Details of funds raised through a public issue, rights issue and a private placement during the year | N/A | N/A |
| (xiv) | Information in respect of Employee Share Ownership or Stock Option Schemes | ☑ | Annual Report of the Board of Directors |
| (xv) | Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules | ☑ | Corporate Governance Report |

Voluntary Compliance with the Code of Best Practice on Corporate Governance 2017 issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka

| Reference to the Code | Governing Principle | Compliance Status | How We Complied |
|--------------------------|---|-------------------|---|
| A. Directors | | | |
| A.1 The Board | | | |
| A.1.1 | Board Meetings | ☑ | The Board has met seven times during the year and attendance for the Board Meetings is given in the Corporate Governance Report. |
| A.1.2 | Role of the Board | ☑ | Please refer Corporate Governance Report. |
| A.1.3 | Act in accordance with the laws of the country and obtain professional advice | ☑ | The Board seeks independent professional advice when deemed necessary and Board has made sure that all the Directors have adhered to all applicable laws , rules and regulations. |
| A.1.4 | Access to the Company Secretary | ☑ | Please refer Corporate Governance Report |
| A.1.5 | Independent judgment of the Directors | ☑ | The Board includes independent professionals who exercise independent judgment in discharging their duties. |
| A.1.6 | Dedication of adequate time and effort. | ☑ | Board Meeting dates are informed to all the Directors well in advance to give them sufficient time to review the Board Papers and request any additional information. |
| A.1.7 | Calls for resolutions | ☑ | Directors can call for a resolution to be presented to the Board where they feel it is in the best interest to the Company to do so. |
| A.1.8 | Training of Directors | ☑ | All of the directors in the Board are professionals with extensive experience and knowledge in their respective fields. Relevant local and foreign training opportunities are made available. |
| A.2 | Chairman and Chief Executive Officer (CEO) | ☑ | Please refer Corporate Governance Report |
| A.3 | Chairman's role | ☑ | Please refer Corporate Governance Report |
| A.4 | Financial Acumen | ☑ | Members of the Board and Management have sufficient financial knowledge and thus are able to provide guidance on financial matters |
| A.5 Board Balance | | | |
| A.5.1 | Non-Executive Directors | ☑ | All the Directors are Non- Executive Directors. |
| A.5.2 | Independent Non-Executive Directors | ☑ | Board comprises more than two Non- Executive Directors |
| A.5.3. | Independence of Non-Executive Directors | ☑ | All Independent Non-Executive Directors have met the criteria set out in the Listing Rules of CSE and this code to be recognising as an independent. |
| A.5.4 | Annual Declaration of Non-Executive Directors | ☑ | The Non-Executive Directors have submitted the required declaration, which was used for determining the independence of the Independent Directors. |

CORPORATE GOVERNANCE REPORT

| Reference to the Code | Governing Principle | Compliance Status | How We Complied |
|---|---|-------------------|--|
| A.5.5. | Determination of independence of the Directors | ☑ | All of the Independent Directors of the Company meet the criteria for independence specified in this rule |
| A.5.6 | Alternate Director | ☑ | N/A |
| A.5.7 | Senior Independent Director | ☑ | N/A |
| A.5.9 | Chairman conducting Meetings with Non-Executive Directors | ☑ | All the Directors are Non-Executive Directors. |
| A.5.10 | Recording concerns | ☑ | All the Board meeting proceedings are comprehensively recorded in the Board Minutes. |
| A.6 Supply of information | | | |
| A.6.1. | Providing appropriate and sufficient information | ☑ | Please refer Corporate Governance Report |
| A.6.2 | Providing relevant information prior to the Board Meetings | ☑ | Previous Meeting Minutes, Agenda and Papers required for Board Meeting are provided to Directors with adequate time to study them to facilitate its effective conduct. |
| A.7 Appointments to the Board | | | |
| A.7.1 | Formal and transparent procedure for Board appointments | ☑ | Board appointments follow a transparent and formal process |
| A.7.2 | Assessment of the capability of the Board to meet strategic demands of the Company. | ☑ | The Board assess its own capability to meet the strategic demands of the Company. |
| A.7.3 | Disclosure of new Board member | ☑ | Please refer Board of Directors. |
| A.8 Re-election | | | |
| A.8.1. / 8.2 | Appointment of Non-Executive Directors | ☑ | Non-Executive Directors are appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director, and their re-appointment are not automatic. |
| A.8.2 | Re-Election | ☑ | All Directors including the Chairman of the Board are subject to election by Shareholders at the first opportunity after their appointment, and to re-election thereafter are done in accordance with the Articles of Association of the Company |
| A.9 Appraisal of Board Performance | | | |
| A.9.1 and A.9.2 | Annual Performance Evaluation of the Board and its Sub Committees | ☑ | Board performance is reviewed and evaluated on self-appraisal basis. |
| A.9.3 | The Board should state how such performance evaluations have been conducted | ☑ | Please refer A.9.1 |
| A.10 Disclosure of information in respect of Directors | | | |
| A.10 | Disclosure of information in respect of Directors | ☑ | Please refer Board of Directors. |
| B. Directors Remuneration | | | |
| B.1.1 | Remuneration Committee | ☑ | Please refer Remuneration Committee Report |

| Reference to the Code | Governing Principle | Compliance Status | How We Complied |
|--|---|-------------------|--|
| B.1.2 | Composition of the Remuneration Committee | ☑ | Please refer Remuneration Committee Report |
| B.1.3 | Chairman and the members of Remuneration Committee | ☑ | Please refer Remuneration Committee Report |
| B.1.4 | Determination of remuneration of Non-Executive Directors | ☑ | Board of Directors are paid a Director fees based on the attendance for Board meetings. |
| B.2 The level and make up of | | | |
| Remuneration of Executive Directors | Remuneration of Executive Directors | N/A | There are no Executive Directors in the Board |
| B.3 Disclosure of remuneration | Disclosure of Remuneration | ☑ | Please refer Notes to the Financial Statements |
| C. RELATIONS WITH SHAREHOLDERS | | | |
| C.1 Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings | | | |
| C.1.1. | Notice of the AGM and Related Documents | ☑ | The Notice of Meeting and related documents are dispatched to the Shareholders at least 15 working days prior to the AGM, as per Section 135 of the Companies Act No.07 of 2007. |
| C.1.2 | Separate resolution for all separate issues | ☑ | The Company proposes separate resolutions on each item giving shareholders the opportunity to vote on each issue separately. |
| C.1.3. | Use of Proxy Votes | ☑ | As a matter of practice, proxy votes together with the votes of the shareholders present at the AGM are considered for each resolution. |
| C.1.4 | Availability of Chairman of the Board Sub Committees to respond to queries at the AGM | ☑ | Chairman and Directors are available at AGM to facilitate shareholder inquiries. |
| C.1.5 | Procedures of voting at the Annual General Meeting | ☑ | The Notice of Meeting outlines the procedure relating to voting at the Annual General Meeting. |
| C.2 Communication with shareholders | | | |
| C.2.1 | Communication Channels | ☑ | Please refer Stakeholder Engagement |
| C.2.2 | Policy and Methodology for Communication | ☑ | Please refer Stakeholder Engagement |
| C.2.3 | Implementation of Policy | ☑ | The implementation of the policy and the methodology is done through the adoption of the above mentioned channels of communication. |
| C.2.4 | Disclose the contact person for shareholder communications | ☑ | The Company Secretary is the contact person for all the matters pertaining to Shareholders |
| C.2.5 | Directors' awareness of major issues and concerns of Shareholders | ☑ | Chairman ensures that all Directors are aware of major issues and concerns of Shareholders. Such issues are discussed at Board Meetings. |
| C.2.7 | Response to shareholders | ☑ | Board of Directors answers all the queries raised by shareholders at AGM. |
| C.3 Major and Material Transactions | Disclosure of major transactions | ☑ | During the year there were no major transactions that should be disclosed. |

CORPORATE GOVERNANCE REPORT

| Reference to the Code | Governing Principle | Compliance Status | How We Complied |
|---|---|-------------------|---|
| D. Accountability and Audit | | | |
| D.1 Financial Reporting | | ☑ | |
| D.1.1 | The Board should present an Annual Report including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations and any deviation being clearly explained | ☑ | Annual Report is presented including financial statements that is true and fair, balanced and understandable and prepared in accordance with the relevant laws and regulations. |
| D.1.2 | The Board's responsibility in presenting balanced and understandable information | ☑ | The Board of Directors has taken all reasonable steps to ensure the accuracy and timeliness of financial information with a view of presenting the true and fair view of the interim and annual financial statements |
| D.1.3 | Declaration from the Chief Executive Officer and Chief Financial Officer | ☑ | Declarations are obtained from the CEO and Financial Controller that in their opinion the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company. |
| D.1.4 | Directors' Report in the Annual Report | ☑ | Please refer Annual Report of the Board of Directors. |
| D.1.5. | Statement of Directors' Responsibility | ☑ | Please refer Statement of Directors' Responsibilities. |
| D.1.6. | Management Discussion and Analysis | ☑ | Please refer Management Discussion and Analysis |
| D.1.7 | Summon an Extraordinary General Meeting to notify serious loss of capital | ☑ | Circumstances to summon an EGM did not arise during the year |
| D.1.8 | Disclosure of Related Party transactions | ☑ | Please refer Notes to the Financial Statements |
| D.2 Risk Management and Internal Control | | | |
| D.2.1 | Directors to review on Risk Management and Internal Controls | ☑ | The Board has taken the necessary steps to ensure the integrity of the Company's accounting and financial reporting systems and internal control systems remain effective via the review and monitoring of such systems on a periodic basis. |
| D.2.2 | Disclosures in the Annual Report on Risk Management and Internal Controls | ☑ | Please refer Risk Management |
| D.2.3 | Internal Audit | ☑ | The internal Audit function of the Company is handled by DFCC Bank Group Internal Audit team. The internal audit report is reviewed by Audit Committee and recommendations are implemented immediately on yearly basis. |
| D.2.4 | Maintaining sound system of internal control | ☑ | The Internal Auditors review the internal control system including internal control over financial reporting. |
| D.2.5 | Responsibilities of Directors to maintain a sound system of internal control | ☑ | Please refer Directors' Statement on Internal Controls. |
| D.3 Audit Committee (AC) | | | |
| D.3.1 | Composition of the Audit Committee | ☑ | Please refer Audit Committee Report |

| Reference to the Code | Governing Principle | Compliance Status | How We Complied |
|--|---|-------------------|--|
| D.3.2 | Duties of the Audit Committee and Terms of Reference of the Audit Committee | N/A | N/A |
| D.3.3 | Duties and responsibilities of the Committee | ☑ | The Board of Directors has the overall responsibility for overseeing the preparation of Financial Statements in accordance with the laws and regulations of the country, on the adoption of the best accounting policies. The Committee is also responsible for maintaining the relationship with the External Auditors. |
| D.4 Related Party Transactions Review Committee (RPTRC) | | | |
| D.4.1 | A related party and related party transactions | ☑ | Please refer Notes to the Financial Statements |
| D.4.2 | Related Party Transactions Review Committee (RPTRC) | ☑ | The Board overlooks the Related party transitions of the Company. The Board comprises of Non-Executive Directors out of which three are independent. |
| 5 Code of Business Conduct and Ethics | | | |
| D.5.1 | Disclosure of Code of Business Conduct & Ethics | ☑ | Group Code of Ethics ensures Business is conducted in ethical manner. |
| D.6 Corporate Governance disclosure | Disclosure of Corporate Governance | ☑ | Please refer Corporate Governance Report |
| E. Institutional Investors | | | |
| E.1 Shareholder Voting | | | |
| E.1.1 | Communication with Shareholders | ☑ | Please refer Stakeholder Engagement |
| E.2 | Evaluation of Governance Disclosures | ☑ | Please refer Corporate Governance Report |
| F. Other Investors | | | |
| F.1 | Investing/Divesting Decisions | ☑ | Please refer Stakeholder Engagement |
| F.2 Shareholder voting | | | |
| F.2.1 | Individual Shareholders should be encouraged to participate in General Meetings of Companies and exercise their voting rights | ☑ | Please refer Stakeholder Engagement |
| G. Internet of Things and Cyber Security | | | |
| G.1 | Identify connectivity and related cyber risks | ☑ | The Group implemented a comprehensive IT policy which covers the security of IT assets and the information assets. The Board of Directors and Senior Management continuously discussed the importance of cyber risk management and implement the ways to identify the risks. |
| G.3 | Include cybersecurity in the Board Agenda | ☑ | Please refer G.1 |
| G.4 | Obtain periodic assurance to review effectiveness of cybersecurity risk management | ☑ | Any risks identified are reported to the Board by Group IT team on regular basis. |
| G.5 | Disclosures in Annual Report | ☑ | Please refer Corporate Governance Report |
| Environment, Society and Governance (ESG) | Environment, Society and Governance (ESG) | ☑ | Reference is given in Capital reports to different sustainable reporting guidelines. |

RISK MANAGEMENT REPORT

OVERVIEW

Risk is associated with the overall operation of a business entity. These are things that impair its ability to provide investors and stakeholders with adequate returns. Therefore, risk management is vital for any entity irrespective of in which industry

it operates. As per the Corporate Governance Framework, the Board is responsible for ensuring an effective risk management process and a sound system of internal controls to safeguard shareholders' investments and the Company's assets. LINDEL is committed to continuously rectifying and strengthening the risk management framework to reflect changing elements in the operating environment and to ensure alignment with the Company's business strategy.

The COVID-19 pandemic forced entities not only in the country but across the world to rethink their strategies to mitigate various new risks. As a property management Company, LINDEL saw a significant rise in risks over the last year and swiftly adapted to the changes in the environment. LINDEL always believed that managing risk is an evolving process that needs to be relooked at in term of the changes to the operating environment. The success of the entity depends on how fast it can adapt to the changes by mitigating the new risks evolving from time to time.

Key risks identified during the year

1. Price Risk

- Price fluctuations of construction materials
- Price increase of service providers

2. Default risk

- Tenants may default their payments due to adverse economic conditions

3. Economic stress

During the year the economy of the country struggled as many industries were affected significantly. The Sri Lankan rupee depreciated considerably due to the lack of USD

reserves as income from the tourism industry and foreign remittances were subdued throughout the year.

4. Political instability

- Change in policy decisions

RISK MANAGEMENT PROCESS

The Risk Management Process of LINDEL has been designed to ensure the identification of any incident or circumstance that would negatively

affect the accomplishment of the Company's objectives. Further the Risk Management Process provides reasonable assurance regarding the achievement of financial and non-financial strategic objectives of the Company. Careful and adequate identification, evaluation, and management of risks is crucial in the sustainable value creation process of the Company which assures continuity of operations and achievement of financial, operational, and social objectives of the entity.



1. IDENTIFICATION OF RISKS

Identifying possible issues before they occur assures that risk-mitigation activities are planned and initiated when essential to mitigate negative impacts that hamper the continuity of a business and prevent it from achieving its objectives. Hence identifying the correct risks is the fundamental requirement of the Risk Management Process.

2. RISK ASSESSMENT

After identifying the risks, the Company assesses its exposure to those risks that could impact the day-to-day operations and estimates the damage those events could have on the organization's revenue and reputation. Effectively assessing the organization's risks help protect assets, improve decision making and optimize operational efficiency across the board to save money, time, and resources.

3. RISK MITIGATION PLAN

This is also referred to as Risk Response Planning. After identifying and assessing the risks LINDEL set out a plan to treat or modify these risks to achieve acceptable risk levels. To do this LINDEL creates risk mitigation strategies, preventive plans, and contingency plans in this stage. Furthermore, risk treatment measures for the highest ranking or most serious risks are added to the Project Risk Register.

4. IMPLEMENTATION AND MONITORING

Selected plans and actions are then implemented within the Company. The Senior Management will be responsible for ensuring that resources are provided, proposed actions are taken, and that they are having the desired effect.

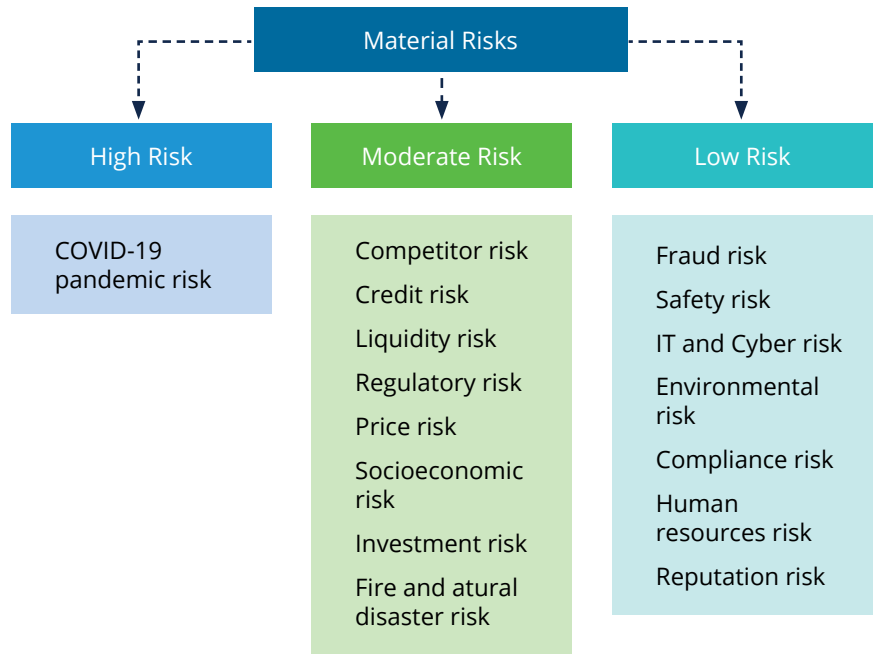
5. REVIEW AND UPDATE RISK PLAN

As the final step, the Company carried out a follow up review and updates the Risk Plan. Risk analysis results and management plans are updated periodically to check whether previously selected security controls are still applicable and effective and to evaluate the possible risk level changes in the business environment.

RISK GOVERNANCE

The Board is responsible for risk management of the Company and is assisted by internal auditors of DFCC Bank PLC who conduct risk-based audits annually and submit reports which include risk assessments and an evaluation of the strategies implemented to identify, measure, and monitor, manage and mitigate risks. Additionally, the Senior Management team monitors the risk landscape for emerging risks and communicates the same to the Board of Directors.

Internal and external audits are pivotal in the Risk Management Process. Reports of these audits are reviewed by the Board of Directors and action is taken to manage and mitigate any risks that have been identified. Significant audit findings by the Auditors are immediately reviewed by the Board of Directors. The Company's system of internal controls covers all policies and procedures, enabling significant strategic and operational risks to be managed. The Internal Audit team communicates with the finance department regularly to exchange information and perspectives. Issues identified at these discussions as being a potential risk are immediately subjected to a fuller investigation.



RISK MANAGEMENT REPORT

| Risk | Risk Assessment | Impact | Mitigation Actions |
|--------------------|-----------------|--|--|
| Competitor risk | ■ | Loss of new businesses due to competition and new entrants | <ul style="list-style-type: none"> - Improving service accessibility and expanding customer reach - Increased marketing efforts - Diversifying business operations to look for new income sources - Steps taken to build a long-lasting relationship with the customers |
| Default risk | ■ | Debtors defaulting payments | <ul style="list-style-type: none"> - Undertake comprehensive customer evaluation before taking a tenant on board - Obtaining security deposits from tenants - Continuous and close follow up with debtors - Impose penal interest on late payments |
| Liquidity risk | ■ | Inability to meet financial commitments | <ul style="list-style-type: none"> - Planned capital investments to ensure working capital requirements are met - Surplus cash is invested in fixed deposits only with licensed commercial banks - Maintaining a healthy rapport with banks to finance urgent funding requirements |
| Fraud risk | ■ | Financial frauds due to inadequate internal controls | <ul style="list-style-type: none"> - Regular review of controls and changes are being made to the processes - Internal audits are carried out periodically and findings are shared with the Board of Directors on any significant deviations of controls |
| Safety risk | ■ | Risk for health and safety of staff, tenants, and public | <ul style="list-style-type: none"> - Complying with all industrial safety standards - Regular maintenance of safety equipment and tools - Introduction of new procedures for social distancing |
| IT and Cyber risk | ■ | Potential loss of data due to a cyber attack | <ul style="list-style-type: none"> - Continuous monitoring of potential threats to the information system by a dedicated 3rd party supplier - Deploying the latest cyber security software to prevent any cyber attack - Making staff aware of any threats and maintaining information security |
| Regulatory risk | ■ | The risk from changes in laws and regulations can impact the business operations | <ul style="list-style-type: none"> - Maintaining a sound corporate governance practice to keep up with industry best standards - Continuous review of changes in laws and regulations - Monthly compliance report sent to the Board of Directors for review |
| Environmental risk | ■ | Adverse impact on the environment from entity's operations | <ul style="list-style-type: none"> - Raising awareness among employees on minimizing the impact on the environment - Strictly adherence to waste disposal guidelines imposed by relevant authorities |

| Risk | Risk Assessment | Impact | Mitigation Actions |
|--------------------------------|-----------------|---|--|
| COVID-19 pandemic risk | High | Risk of the virus spreading in the industrial estate and disrupting the operations of the tenants | <ul style="list-style-type: none"> - Continuous communication with tenants on the safety measures taken to prevent the spread of the virus - Adhering to all the guidelines issued by the health officials - Maintaining social distance in day-to-day operations and enabling remote working facilities for employees |
| Price risk | Moderate | An increase in raw material prices will result in higher costs | <ul style="list-style-type: none"> - Securing low prices through long term relationships with suppliers - Calling for competitive quotations |
| Compliance risk | Low | Environmental and other laws disrupt operations | Complying with all the laws applicable and closely monitoring any deviations throughout the year |
| Human resources risk | Low | Loss of employees for better career aspects | <ul style="list-style-type: none"> - Continuous engagement and hosting social and welfare events - Training and development opportunities provided for the employees - Open door policy for employees to express their concerns to their superiors - Remuneration packages are benchmarked to ensure that they remain competitive, including incentive arrangements where appropriate - Regular staff meetings were arranged to convey key management decisions to keep the employees informed on significant changes |
| Socioeconomic risk | Moderate | Political and economic policies may hurt revenue and new businesses | <ul style="list-style-type: none"> - Continuous review of prices and negotiations with clients to ensure minimal impact on the revenue - Pre-budget any possible adverse policy changes and account for the impact on the business. |
| Reputation risk | | Negative impact on corporate image and brand which will ultimately lead to loss of business | <ul style="list-style-type: none"> - Maintenance of highest ethical conduct in all business activities - Maintaining a strong relationship with key stakeholders and ensuring their needs are satisfied - Engage in various activities to develop the well-being of the surrounding communities |
| Investment risk | Moderate | Failure of major investments to give expected returns | <ul style="list-style-type: none"> - Conduct feasibility studies and obtain Board approval for all the major investments - Making accurate project estimates using expert advice |
| Fire and natural disaster risk | Moderate | Fire or natural disasters can affect the Company's properties and assets | <ul style="list-style-type: none"> - Obtaining comprehensive insurance policies covering all assets |

- High
- Moderate
- Low

AUDIT COMMITTEE REPORT



Dear Shareholder,

I am pleased to present the report of the Audit Committee for the year ended 31st March 2022. In this report, I would like to share the way we carried out the responsibilities bestowed upon the Audit Committee during the financial year 2021/22.

Audit Committee of Lanka Industrial Estates Ltd was formed in December 2021 and held its first and only meeting for the financial year 2021/22 on 25th March 2022.

PURPOSE OF THE AUDIT COMMITTEE

The Audit Committee of Lanka Industrial Estates ("the Company") Ltd is delegated with the authority by the Board of Directors of the Company primarily to assist the Board in its oversight of the integrity of the Financial Statements of the Company, to assess the adequacy of the risk management framework of the Company, assess the independence and the performance of the Company's external audit function and internal audit functions, and review compliance of the Company with legal and regulatory requirements.

CHARTER OF THE AUDIT COMMITTEE

The Audit Committee Charter is periodically reviewed and revised with the concurrence of Board of Directors to make sure that new developments relating to the function of the Committee. The terms of reference of the Committee are clearly defined in the Charter of the Audit Committee.

Rules on Corporate Governance under Listing Rules of the Colombo Stock Exchange and "Code of Best Practice on Cooperate Governance" issued jointly by Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka further regulate the composition, roles and functions of the Audit Committee.

RESPONSIBILITIES OF THE AUDIT COMMITTEE

The audit committee has been formed with the following terms of reference;

- Recommending the appointment, re-appointment and removal of the external auditors.
- Monitoring and reviewing effectiveness of the Company's internal control and risk management procedures.
- Monitoring and reviewing effectiveness of the internal audit function and the scope of work.
- Reviewing monthly, quarterly and annual financial statements to ensure quality, transparency, integrity, accuracy and compliance with accounting standards, laws and regulations
- Assisting the Board to discharge its responsibilities on ensuring the quality of financial reporting and information

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee appointed by and responsible to the board of Directors, comprises of the following two Independent Non-Executive Directors and a Non Independent Non-Executive director.

- Mr. T Dharmarajah – Independent Non-Executive Director - Chairman of the Committee
- Mrs. C M D N K Seneviratne - Independent Non-Executive Director
- Mr. W D K Crishantha – Non-Independent Non-Executive Director

The above members have significant, recent and relevant financial experience as required by the Code of Best Practice in Corporate Governance, issued by the

Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

Brief profiles of each member are given on pages 18 to 20 of this report.

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

The Company Secretary acts as the Secretary to the Audit Committee.

REGULAR ATTENDEES BY INVITATION

The following members of the corporate management team also regularly attended the meetings by invitation of the Committee.

Mr. B.R.C Cooray – Chief Executive Officer

Mr. W.A.R Hewage – Financial Controller

COMPLIANCE

The Audit Committee reviewed the reports submitted by the management and the Internal Auditors on compliance with applicable laws and regulations. The Committee is satisfied that laws and regulations have been duly complied with and the statutory payments have been made on a timely basis.

EXTERNAL AUDIT

The Audit Committee assists the Board in assessing the independence and evaluating the performance of the External Auditors and in making recommendations for the engagement of the Auditors. The Board of Directors has reviewed the independence and objectivity of the Independent External Auditors, Messrs KPMG, Chartered Accountants. The Audit Committee has not met with the External Auditors during the financial year as committee was appointed in December 2021. The Board of Directors has received a declaration from the External Auditors, confirming that they do not have any relationships or interest in the Company or its subsidiaries.

APPOINTMENT OF EXTERNAL AUDITORS

The Board of Directors has recommended to the Board of Directors that Messrs KPMG, Chartered Accountants continue as Auditors for the financial year ending 31st March 2022.

FINANCIAL REPORTING

The Audit Committee reviewed the Interim Financial Statements and Annual Financial Statements for the year ended 31st March 2022 prior to their publication. For quarterly statements, the Committee reviewed any significant areas of judgment that materially impacted reported results, key points of disclosure and presentation to ensure adequacy, clarity and completeness of the Interim Financial Statements.

MEETINGS OF AUDIT COMMITTEE

The Audit Committee meets as often as may be deemed necessary or appropriate in its judgment, and at least quarterly each year. During the year under review there were one virtual meeting via MS teams and attendance of the Committee members are given below;

| Director | Attendance |
|---------------------------|------------|
| Mr.T. Dharamarajah | 1/1 |
| Mrs.C.M.D.N.K Seneviratne | 0/1 |
| Mr. W.D.K Crishantha | 1/1 |

EVALUATION OF THE COMMITTEE

Since the committee was appointed in December 2021, no evaluation was carried out for this year by the other Board members.

SUPPORT TO THE COMMITTEE

The Committee received the necessary support and information from the management of the Company and

the Subsidiaries during the year to enable them to carry out its duties and responsibilities effectively.

CONCLUSION

The Audit committee with the corporation of the Management, reviewed the Internal controls of the Company and its subsidiaries and methods to improve the same. The Committee is satisfied with the implementation of the Group's internal controls and Risk Management Framework and that the Group's assets are adequately safeguarded.

The Committee is also satisfied that the application of appropriate accounting policies provides reasonable assurance that the Financial Statements of the Group are true and fair.



T. Dharamarajah
Chairman
Audit Committee

30 June 2022

REMUNERATION COMMITTEE REPORT



Dear Shareholder,

I am pleased to present the report of the Remuneration Committee for the year ended 31st March 2022. In this report, I would like to share the way we carried out the responsibilities bestowed upon the committee during the financial year 2021/22.

The Remuneration Committee of Lanka Industrial Estates Ltd was formed in December 2021 and held its first and only meeting for the financial year 2021/22 on 25th March 2022.

PURPOSE OF THE REMUNERATION COMMITTEE

The Committee was established for the purpose of recommending the remuneration of the staff including the Senior Management and make recommendations to the Board of Directors on other HR related matters.

CHARTER OF THE REMUNERATION COMMITTEE

The Charter determines the terms of reference for the Nomination and Remuneration Committee which defines the objectives, duties and responsibilities, composition, etc. of the Committee.

COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration Committee appointed by and responsible to the board of directors comprises of the following Non-Executive Directors;

- Mr. L.H.A.L Silva –Non-Executive Director - Chairman of the Committee
- Mrs. C M D N K Seneviratne - Independent Non-Executive Director
- Mr..T.Dharmarajah - Independent Non-Executive Director

MEETINGS OF THE COMMITTEE

The Remuneration Committee meets as may be deemed necessary or appropriate in its judgment, and at once in each financial year. During the year under review, there was one virtual meeting via MS teams and the attendance of the Committee members is given below;

| Director | Attendance |
|---------------------------|------------|
| Mr.L.H.A.L Silva | 1/1 |
| Mrs.C.M.D.N.K Seneviratne | 1/1 |
| Mr.T. Dharmarajah | 1/1 |

CONCLUSION

The Committee is satisfied that it has performed the responsibilities that were delegated to it by the Board for the year under review and the necessary objectives were achieved for the year under review.

Lakshman Silva
Chairman
Remuneration Committee

30 June 2022

RELATED PARTY TRANSACTION REVIEW COMMITTEE REPORT



Dear shareholder,

I am pleased to present the report of the Related Party Transactions Review Committee for the year ended 31st March 2022. In this report, I would like to share the way we carried out the responsibilities bestowed upon the committee during the financial year 2021/22.

PURPOSE OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

The Committee was established to ensure on behalf of the Board, that all related party transactions of the Company are consistent with the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

CHARTER OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

The Charter of the Related Party Transactions Review Committee clearly sets out the purpose, membership, authority, duties, and responsibilities of the Committee.

COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee appointed by and responsible to the board of directors comprises of the following Non-Executive Directors;

- Mr..T.Dharmarajah - Independent Non-Executive Director - Chairman of the committee
- Mr. T.W de Silva - Non - Independent Non-Executive Director
- Mr. R.M.K Ratnayake - Non - Independent Non-Executive Director

MEETINGS OF THE COMMITTEE

No meetings were held during the financial year 2021/22.

The committee was formed in December 2021. However, there were no meetings held during the financial year 2021/22, as there were no material related party transactions that took place during the said period under review.

CONCLUSION

The Committee is satisfied that it has performed the responsibilities that were delegated to it by the Board for the year under review and the necessary objectives were achieved for the year under review.

T. Dharmarajah
Chairman
Related Party Transactions
Review Committee

30 June 2022





FINANCIAL INFORMATION

FINANCIAL CALENDAR

Audited Financial Statements

| | |
|------------------------|----------------|
| Financial year 2020/21 | 07th July 2021 |
|------------------------|----------------|

| | |
|------------------------|----------------|
| Financial year 2021/22 | 30th June 2022 |
|------------------------|----------------|

Meetings

29th Annual General meeting held on 27th August 2021

30th Annual General meeting to be held on 28th July 2021

Dividends

First and final dividend for the year 2020/21 of Rs. 10.50 per share was paid on 23rd September 2021

First and Final dividend for the year 2021/22 of Rs. 0.44 per share is to be paid on 28th September 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

This Statement of Directors' Responsibility is to be read in conjunction with the Report of the Auditors and, is made to distinguish the respective responsibilities of the Directors and of the Auditors, in relation to the Financial Statements contained in this Annual Report.

The Directors are required by the Companies Act No. 07 of 2007, to prepare Financial Statements for every financial year, which give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year, and of the income and expenditure of the Company and of the Group for the financial year. The Directors confirm that the Financial Statements of the Company for the year ended 31 March 2021 presented in the report have been prepared in accordance with the Sri Lanka Accounting Standards/SLFRS and the Companies Act No. 07 of 2007. In preparing the Financial Statements, the Directors have selected appropriate accounting policies and have applied them consistently. Reasonable and prudent judgments and estimates have been made and applicable accounting standards have been followed and the Financial Statements have been prepared on a going concern basis.

The Directors are of the view that adequate funds and other resources are available within the Company for the Company to continue in operation for the foreseeable future. The Directors have taken all reasonable steps expected

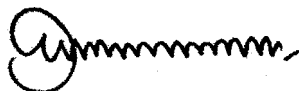
of them to safeguard the assets of the Company and of the Group and to establish appropriate systems of internal controls in order to prevent, deter and detect any fraud, misappropriation, or other irregularities. The Directors have also taken all reasonable steps to ensure that the Company and its subsidiaries maintain adequate and accurate accounting books of record which reflect the transparency of transactions and provide accurate disclosure of the Company's financial position.

The Directors are required to provide the Auditors with every opportunity to take whatever steps and undertake whatever inspection they consider appropriate for the purpose of enabling them to give their Audit Report. The Directors are of the view that they have discharged their responsibilities in this regard.

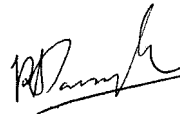
COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties, and levies payable by the Company and its Subsidiaries, all contributions, levies, and taxes payable on behalf of the employees of the Company and its Subsidiaries, and all other known statutory dues as were due and payable by the Company and its Subsidiaries as at the end of the reporting period have been paid or, where relevant provided for.

For and on behalf of the Board of Directors of
Lanka Industrial Estates Ltd



L.H.A.L. Silva
Chairman



R. A. Dassanayake
Director

30th June 2022

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

The following statement was issued as per the Code of Corporate Governance issued jointly by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka (SEC).

RESPONSIBILITY

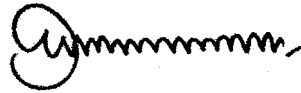
The Board is responsible for the adequacy and effectiveness of Lanka Industrial Estates Limited's system of internal controls. It is designed to manage the Company's key risk areas within an acceptable risk profile. In this light, the system of internal controls can only provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

INTERNAL CONTROL PROCESS

The Board reviews the effectiveness of the risk management framework and internal controls, the effectiveness of the audit, review of compliance, and internal audit processes. Internal Auditors review the effectiveness of risk management practices and the internal controls of the Company whilst the External Auditors review the internal controls over the financial reporting process

CONFIRMATION

The Board of Directors of Lanka Industrial Estates Limited confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs), requirements of the Companies Act No. 7 of 2007 and any other regulatory requirements. The consolidated financial statements for the year ended 31st March 2022 have been audited by Messrs. KPMG, Chartered Accountants.



Lakshman Silva
Chairman



Ravi Dassanayake
Director

30th June 2022

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Lanka Industrial Estates Limited has the pleasure of presenting its report along with the Audited Consolidated Financial Statements for the year ended 31 March 2022. The details set out herein provide the pertinent information required under the Companies Act No. 07 of 2007 and adherence to best accounting practices.

LEGAL FORM

Lanka Industrial Estates Limited is a Public Company incorporated on 12th March 1992 and domiciled in Sri Lanka.

PRINCIPAL BUSINESS ACTIVITIES

The nature of the business of the Company and the Group are described below as required by Section 168 (1) (a) of the Companies Act No. 07 of 2007. There have been no material changes to the activities of the Company or any of its subsidiaries during the period under review, subject to what is stated below.

COMPANY

The main activities of the Lanka Industrial Estates Limited are to lease lands and provide infrastructure facilities to industries.

SUBSIDIARIES

Lindel Industrial Laboratories Limited

The principal activities of LINDEL Industrial laboratories Limited are to provide support services such as water and effluent testing facilities to industries.

PARENT ENTITY

The Company's ultimate Parent and the controlling entity is DFCC Bank PLC, which is incorporated in Sri Lanka.

VISION, MISSION, AND VALUES

The company's vision mission and values are available on page 02. The Directors and all the employees conduct their activities with the highest level of ethical standards and integrity in achieving the aspiration and purpose.

REVIEW OF BUSINESS AND FUTURE OUTLOOK

The financial and operational performance, during the year ended 31st March 2022 and future business

developments of the Company and the group, are provided in the Chairman's Message, CEO's Review and Management Review, and Capital Management. These reports, which form an integral part of the Annual Report of the Board of Directors, together with the Audited Financial Statements, reflect the state of affairs of the Company and group.

FINANCIAL STATEMENTS

The Financial Statements of the group and the Company duly signed by the Directors are provided on pages 95 to 125 and the Auditor's Report on the Financial Statements is provided on page 94 of this Annual Report. These reports form an integral part of the Annual Report of the Board of Directors and together with the Audited Financial

Statements provide a fair review of the performance of the Company and the Group during the financial year ended 31st March 2022.

REVENUE

The Revenue of the Group was Rs. 407.0 Mn (2021 - Rs. 349.5 Mn) and Company was Rs. 408.1 Mn (2021 - Rs. 350.6 Mn) The analysis thereof is given in Note 10 to the Financial Statements.

FINANCIAL RESULTS

The Company recorded a profit after tax of Rs. 927.4 Mn for the year (2020/21 - Rs. 220.6 Mn) whilst the Consolidated profit after tax was Rs. 928.8 Mn (2020/21 Rs. 221.5 Mn). A synopsis of the Company's consolidated performance is presented below;

| As at 31st March | Group (Rs.'000) | | Company (Rs.'000) | |
|---|-----------------|----------|-------------------|----------|
| | 2021/22 | 2020/21 | 2021/22 | 2020/21 |
| Profit from operations | 1,248,936 | 273,157 | 1,247,174 | 272,678 |
| Net finance income | 22,505 | 25,613 | 21,793 | 24,665 |
| Profit before tax | 1,271,441 | 298,770 | 1,268,967 | 297,343 |
| Income tax expense | (342,550) | (77,180) | (341,541) | (76,682) |
| Profit after tax | 928,891 | 221,590 | 927,426 | 220,661 |
| Other comprehensive income for the year | (1,005) | (1,332) | 688 | (974) |
| Total comprehensive income for the year | 929,896 | 220,258 | 928,114 | 219,687 |
| Earnings per share (Rs.) | 2.33 | 0.56 | 2.32 | 0.55 |

DIVIDENDS

The Directors recommended a first and final dividend of Rs. 0.44 per share for the year under review to be approved by the shareholders at the forthcoming Annual General Meeting to be held on 28th July 2022.

ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The accounting policies adopted in the preparation of Financial Statements of the Company and the group are given at pages 99 to 109 of this Annual Report as required by Section 168 (1) (d) of the Companies Act.

PROPERTY PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

The net book value and fair value of property plant and equipment and

investment property as of the reporting date amounted to Rs. 186.2 Mn (Rs. 152.1 Mn 2020/21) and Rs. 8,056.7 Mn (Rs. 7,037.3 Mn 2020/21). The details of Property, plant, and equipment and their movements are shown in Note 6 to the Financial Statements. The details of the Investment property are shown in Note 7 to the Financial Statements.

INVESTMENTS

Details of investments held by the Company are disclosed in Note 08 to the financial statements on page 113.

STATED CAPITAL AND RESERVES

The Stated Capital of the Company as of 31st March 2022 was Rs. 159,692,050/- consisting of Rs. 399,230,125 ordinary voting shares. The Company sub-divided

its shares for a 1:25 ratio in December 2021. The total group equity was Rs. 6,498.2 Mn as of 31st March 2022.

EXPOSURE TO RISK, INTERNAL CONTROL AND RISK MANAGEMENT

The Directors acknowledge their responsibility for the Company's system of internal control. The systems are designed to provide reasonable assurance that the assets of the Company are safeguarded and to ensure that proper accounting records are maintained. The Board of Directors has reviewed the system of internal control and is satisfied with the systems and measures in effect at the date of signing this Annual Report.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of Corporate Governance, the process by which the Company is directed and managed. The Corporate Governance Report is given on pages 65 to 77 in this Annual Report.

FUTURE DEVELOPMENTS

The outlook for the Company in the short-term and long-term has been discussed in the Chairman's Message and CEO's Review in pages 12 to 17 of this report.

DIRECTORS OF THE COMPANY

The names of the persons who held office as Directors of the Company during the financial year ended 31st March 2022 are given below:

Mr.L.H.A.L. Silva – Chairman/ Non-Executive Director

Mr.T.W de Silva - Non-Independent Non-Executive Director

Mr. A.D Tudawe – Non-Independent Non-Executive Director

Mr. W.D.R Crishantha – Non-Independent Non-Executive Director

Dr. R.M.K Ratnayake – Non-Independent Non-Executive Director

Mr. Ravi Dassanayake – Non-Independent Non-Executive Director

Mr.T.Dharmaraja - Independent Non-Executive Director

Mrs. C.M.D.N.K Seneviratne - Independent Non-Executive Director

Dr. K.A.S Keeragala - Independent Non-Executive Director

Profiles of the Directors are given on pages 18 and 20 of the Annual Report.

DIRECTORS' REMUNERATION AND OTHER BENEFITS

Directors' remuneration and other benefits of Directors are given in Note 23

| As at 31st March | Shareholding as of 31 March 2022 | Shareholding as of 31 March 2021 |
|----------------------------|----------------------------------|----------------------------------|
| Mr. L.H.A.L Silva | Nil | Nil |
| Mr.T.W De Silva | Nil | Nil |
| Mr. W.D.R Crishantha | Nil | N/A |
| Dr.R.M.K Ratnayake | Nil | Nil |
| Mr.R.A Dassanayake | Nil | Nil |
| Mr.A.Tudawe | Nil | Nil |
| Mr.T.Dharmaraja | Nil | N/A |
| Mrs. C.M.D.N.K Seneviratne | Nil | N/A |
| Dr. K.A.S Keeragala | Nil | N/A |

DIRECTOR'S DISCLOSURE OF INTEREST

As per requirements of the Companies Act, No. 07 of 2007 an Interest Register is maintained by the Company. Directors have made declarations of their interests in other companies conforming to Sections 192 (1) and 192 (2) of the Companies Act, No. 07 of 2007, and they are recorded in the Directors' Interest Register.

BOARD AND BOARD SUB-COMMITTEE MEETINGS

The number of Board meetings, Audit Committee meetings, Remuneration Committee meetings, and Related Party Transactions Review Committee meetings held during the year and the attendance of Directors at these meetings are given on pages 82,84, and 85.

NEW APPOINTMENTS AND RESIGNATION

The following Directors were appointed to the Board in the capacity of Independent Non-Executive Directors during the year:

Mr. T. Dharmaraja - Appointed on 16th December 2021

Mrs. C.M.D.N.K Seneviratne - Appointed on 16th December 2021

Dr. K.A.S Keeragala - Appointed on 9th February 2022

The following Director was appointed as a Non-Executive Director during the year:

to the Financial Statements on page 103 as required by Section 168 (1) (f) of the Companies Act No. 07 of 2007.

DIRECTORS SHAREHOLDING

The relevant interests of Directors in the shares of the Company as of 31st March 2022 and 31st March 2021 are as follows.

Mr. W.D.R. Crishantha – Appointed on 26th July 2021

The following Non-Executive Director resigned from the Board during the year:

Dr. A.Saarrankan resigned from the Board on 26th July 2021.

The Board wishes to place on record the Company's sincere appreciation to Dr. A. Saarrankan for the valuable contribution extended to the Company during his tenure on the Board.

RE-ELECTION OF DIRECTORS

Messrs. L.H.A.L. Silva and A.D. Tudawe, Directors retire by rotation pursuant to Article 99 of the Articles of Association of the Company and being eligible offer themselves for re-election.

Messrs. W.D.R. Crishantha, T. Dharmarajah, Dr. K.A.S. Keeragala and Ms. C.M.D.N.K. Seneviratne retire pursuant to Article 105 of the Articles of Association of the Company and being eligible offer themselves for re-election.

RE-APPOINTMENT OF DIRECTOR

A resolution for the re-appointment of Dr. R.M.K. Ratnayake, who is over 70 years of age will be proposed at the Annual General Meeting in terms of Section 211 of the Companies Act No.07 of 2007. Dr. R.M.K. Ratnayake's re-appointment is recommended by the Directors.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

RELATED PARTY TRANSACTIONS

Transactions if any that could be classified as Related Party Transactions in terms of LKAS 24 "Related Party Disclosures" are given in Note 27 to the Financial Statements.

STATUTORY PAYMENTS

The Board of Directors confirms that to the best of their knowledge, all taxes, duties, and levies payable by the Company and its subsidiaries, all contributions, levies, and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries and all other known statutory dues as were due and payable by the Company and its subsidiaries as at year-end have been paid or, where relevant provided for.

SHARE INFORMATION AND SUBSTANTIAL SHAREHOLDING

Information relating to earnings, dividends, net assets, and shareholders is available on the Investor Information on page 120 and Financial Highlights on page 07 of the Annual Report

EMPLOYEE SHARE OWNERSHIP SCHEME

The Company did not have any employee share ownership/option scheme during the year.

HUMAN RESOURCES

During the year Company continued to invest in the development of its human resource and implement effective HR practices to ensure maximum contribution towards the achievement of its corporate objectives and goals.

ENVIRONMENT PROTECTION

Lanka Industrial Estates Limited and its subsidiaries have not engaged in any activities, which have caused detriment to the environment. The activities are carried out in accordance with the Group Environmental Management System to preserve the environment.

AUDITOR'S REPORT

The Auditors' Report on the Financial Statements is given on page 76 of this Annual Report.

APPOINTMENT OF AUDITORS

The Company's Independent External Auditors, Messrs. KPMG, Chartered

Accountants, who were appointed by a resolution passed at the 29th Annual General Meeting, have carried out an audit on the Financial Statements of the Company and the Consolidated Financial Statements of the Group for the year ended 31st March 2022 and expressed their opinion which appears on page 94 of this Annual Report. The retiring Auditor, Messrs. KPMG has intimated their willingness to continue in office, and a resolution to reappoint them as auditors and authorize the Directors to fix their remuneration; will be proposed at the Annual General Meeting.

AUDITOR'S REMUNERATIONS

The details of fees paid to the Auditors for the Company and its subsidiary are set out in Note 23 to the Financial Statements. As far as the Directors are aware, the Auditors have no other relationship with the Company and its subsidiary.

DONATIONS

Details of donations made by the Company are given on page 57 in the Social and Relationship Capital Report.

RATIOS

Ratios relating to performance and equity are given in Financial Highlights on page 7.

EVENTS AFTER THE REPORTING PERIOD

Circumstances giving rise to disclosure in the Financial Statements since the reporting date have been disclosed in Note 32 to the financial statements. No circumstances have arisen since the reporting date that would require adjustments in the Financial Statements.

COMPLIANCE WITH THE TRANSFER PRICING REGULATIONS

All transactions entered into with associated persons during the period are on an arm's length basis and are comparable with transactions carried out with non - associated persons.

EXPOSURE TO RISK

The Company and Group have a structured risk management process in place to support their operations. The risk management report referred in pages 78 to 81 elaborates on these practices and the risk factors.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the knowledge and belief of the Directors, the Company has not engaged in any activities contravening the laws and regulations of the country.

GOING CONCERN

The Board of Directors is satisfied that the Company and its subsidiaries will have adequate resources to continue its operations without any disruption in the foreseeable future. Accordingly, the Directors consider that it is appropriate to prepare Financial Statements on a going concern basis.

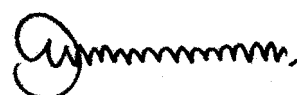
ANNUAL GENERAL MEETING

The 30th Annual General Meeting of the Company will be held as a virtual meeting, on the 28th July 2022 at 3.00 p.m The notice of the Annual General Meeting is on page 137 of the Annual Report.

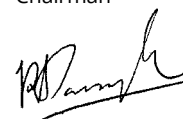
ACKNOWLEDGMENT OF THE CONTENT OF THE REPORT

As required by the Companies Act No. 07 of 2007, the Board of Directors does hereby acknowledge the contents of this Annual Report

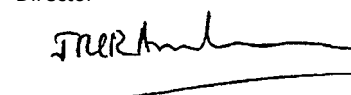
For and on behalf of the Board



L.H.A.L. Silva
Chairman



R.A Dassanayake
Director



SSP Corporate Services (Private) Limited
Company Secretaries

30 June 2022

CHIEF EXECUTIVE OFFICER'S AND FINANCIAL CONTROLLER'S STATEMENT OF RESPONSIBILITY

Lanka Industrial Estates Ltd (the Company) and the Consolidated Financial Statements of the Company and its subsidiaries (the Group) as at 31 March 2022 are prepared and presented in accordance with the following requirements:

- Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka),
- Companies Act No. 07 of 2007,
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995,
- Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission Sri Lanka.

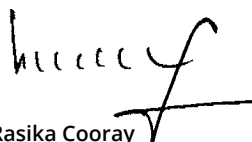
The significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with our External Auditors and the Board of Directors. The Board of Directors, the Chief Executive Officer, and the Financial Controller of the Company accept responsibility for the integrity and the integrity and objectivity of these Consolidated Financial Statements.

We confirm that to the best of our knowledge, the Financial Statements, Accounting Policies, and other financial information pertaining to material financial conditions, and cash flows contained in this Annual Report were acquired legitimately. We confirm that the Group has mandatory resources to pursue its operations and has justification to be classified as a going concern basis in formulating these Financial Statements. The objectivity of these Consolidated Financial Statements.

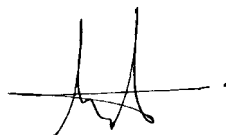
The Company and the Group have taken proper and sufficient care in installing a system of internal control and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis.

The Consolidated Financial Statements of the Company were audited by Messrs KPMG, Chartered Accountants and their report is given on page 94 of the Annual Report. The Board of Directors of the Company meets annually with the internal audit team and the External Auditors to review their audit plans, assess the manner in which these Auditors are performing their responsibilities, and to discuss their reports on, internal controls and financial reporting issues.

We confirm that the Company has complied with all applicable laws and regulations and guidelines and that there are no material litigations that are pending against the Company other than those disclosed in the Financial Statements in the Annual Report.



Rasika Cooray
Chief Executive Officer



Asintha Hewage
Financial Controller

INDEPENDENT AUDITOR'S REPORT



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

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

TO THE SHAREHOLDERS OF LANKA INDUSTRIAL ESTATES LIMITED

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of Lanka Industrial Estates Limited ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at March 31, 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 95 to 127.

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 March 31, 2022, and of their financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

BASIS FOR OPINION

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

OTHER INFORMATION

Management is responsible for the other information. The other information

comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Sri Lanka Accounting and Auditing Standards website at: <http://slaasc.com/auditing/auditorsresponsibility.php>. This description forms part of our auditor's report.

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.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka

June 30, 2022

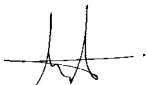
STATEMENT OF FINANCIAL POSITION

| | Notes | GROUP | | | COMPANY | | |
|--|-------|------------------|----------------------|----------------------|------------------|----------------------|----------------------|
| | | 31st March 2022 | 31st March 2021 | 1st April 2020 | 31st March 2022 | 31st March 2021 | 1st April 2020 |
| | | Rs.'000 | Restated* Rs.'000 | Restated* Rs.'000 | Rs.'000 | Restated* Rs.'000 | Restated* Rs.'000 |
| Assets | | | | | | | |
| Non Current Assets | | | | | | | |
| Property, plant and equipment | 6 | 189,309 | 152,490 | 165,265 | 186,329 | 152,139 | 164,802 |
| Investment properties | 7 | 8,056,758 | 7,037,376 | 6,985,000 | 8,056,758 | 7,037,376 | 6,985,000 |
| Investment in subsidiary | 8 | - | - | - | 7,000 | 7,000 | 7,000 |
| Total non current assets | | 8,246,067 | 7,189,866 | 7,150,265 | 8,250,087 | 7,196,515 | 7,156,802 |
| Current assets | | | | | | | |
| Inventories | 9 | 5,327 | 3,912 | 3,328 | 3,328 | 2,261 | 2,027 |
| Trade and other receivables | 10 | 58,914 | 30,311 | 58,054 | 54,352 | 28,190 | 56,803 |
| Amount due from related party | 11 | - | - | - | 1,651 | 847 | 445 |
| Cash and cash equivalents | 12 | 423,147 | 428,928 | 340,908 | 411,286 | 415,231 | 328,298 |
| Total current assets | | 487,388 | 463,151 | 402,290 | 470,617 | 446,529 | 387,573 |
| Total assets | | 8,733,455 | 7,653,017 | 7,552,555 | 8,720,704 | 7,643,044 | 7,544,375 |
| Equity and liabilities | | | | | | | |
| Equity | | | | | | | |
| Stated capital | 13 | 159,692 | 159,692 | 159,692 | 159,692 | 159,692 | 159,692 |
| Reserves | 14 | 6,338,607 | 5,576,389 | 5,523,809 | 6,329,271 | 5,568,834 | 5,516,825 |
| Total equity | | 6,498,299 | 5,736,081 | 5,683,501 | 6,488,963 | 5,728,526 | 5,676,517 |
| Non current liabilities | | | | | | | |
| Deferred taxation | 15 | 1,924,564 | 1,665,906 | 1,649,676 | 1,924,903 | 1,666,260 | 1,649,799 |
| Refundable deposits | 16 | 96,163 | 60,864 | 60,453 | 96,163 | 60,864 | 60,453 |
| Employee benefits | 17 | 5,779 | 6,590 | 4,518 | 4,600 | 5,281 | 3,926 |
| Total non current liabilities | | 2,026,506 | 1,733,360 | 1,714,647 | 2,025,666 | 1,732,405 | 1,714,178 |
| Current liabilities | | | | | | | |
| Accruals, deposits and advances received | 18 | 129,341 | 125,904 | 98,248 | 128,433 | 125,274 | 97,845 |
| Other liabilities | 19 | 31,236 | 33,268 | 13,227 | 30,206 | 32,779 | 13,165 |
| Current taxation | 20 | 47,950 | 24,236 | 41,816 | 47,411 | 23,957 | 41,798 |
| Bank overdraft | 12 | 123 | 168 | 1,116 | 25 | 103 | 872 |
| Total current liabilities | | 208,650 | 183,576 | 154,407 | 206,075 | 182,113 | 153,680 |
| Total liabilities | | 2,235,156 | 1,916,936 | 1,869,054 | 2,231,741 | 1,914,518 | 1,867,858 |
| Total equity and liabilities | | 8,733,455 | 7,653,017 | 7,552,555 | 8,720,704 | 7,643,044 | 7,544,375 |

* The comparative information has been restated on the account of the change in accounting policies (Refer note 05)

The annexed notes to the Financial Statements form an integral part of these Financial Statements.

These Financial Statements are in compliance with the requirements of Companies Act, No 7 of 2007.



W.A.R Hewage
Financial Controller

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

Signed for and on behalf of the Board.



L.H.A.L Silva
Chairman

30th June 2022



R.A Dassanayake
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| For the year ended 31 March | Notes | GROUP | | COMPANY | |
|--|-------|------------------|----------------------|------------------|----------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | Rs.'000 | Restated* Rs.'000 | Rs.'000 | Restated* Rs.'000 |
| Revenue | 21 | 407,019 | 349,583 | 408,186 | 350,660 |
| Other operating income | 22 | 20,510 | 18,896 | 2,313 | 9,356 |
| Increase in fair value of investment property | | 1,030,142 | 102,441 | 1,030,142 | 102,441 |
| Staff expenses | | (30,447) | (31,296) | (22,585) | (25,301) |
| Depreciation and amortisation | | (119,736) | (121,903) | (119,381) | (121,523) |
| Other operating expenses | | (58,552) | (44,564) | (51,501) | (42,955) |
| Profit from operations | 23 | 1,248,936 | 273,157 | 1,247,174 | 272,678 |
| Net finance income | 24 | 22,505 | 25,613 | 21,793 | 24,665 |
| Profit before taxation | | 1,271,441 | 298,770 | 1,268,967 | 297,343 |
| Income tax expense | 25 | (342,550) | (77,180) | (341,541) | (76,682) |
| Profit for the year | | 928,891 | 221,590 | 927,426 | 220,661 |
| Other comprehensive income | | | | | |
| Item that will not be reclassified to profit or loss | | | | | |
| Actuarial Gain / (loss) on defined benefit plans | 17 | 1,323 | (1,753) | 905 | (1,283) |
| Related tax | 15 | (318) | 421 | (217) | 309 |
| Total other comprehensive Income / (expense) for the year | | 1,005 | (1,332) | 688 | (974) |
| Total comprehensive income for the year | | 929,896 | 220,258 | 928,114 | 219,687 |
| Basic earnings per share (Rs.) | 26 | 2.33 | 0.56 | 2.32 | 0.55 |

* The comparative information has been restated on the account of the change in accounting policies (Refer note 05)

The annexed notes to the financial statements form an integral part of these financial statements.

Figures in brackets indicate deductions

STATEMENT OF CHANGES IN EQUITY

| Group | Stated Capital Rs.'000 | General Reserve Rs.'000 | Retained Earnings Restated* Rs.'000 | Total Restated* Rs.'000 |
|--|------------------------------|-------------------------------|--|-------------------------------|
| Balance as at 1 April 2020 as previously reported | 159,692 | 40,000 | 443,379 | 643,071 |
| Fair value gain from investment properties, net of tax (Refer Note 05) | - | - | 5,040,430 | 5,040,430 |
| Restated Balance as at 1 April 2020 | 159,692 | 40,000 | 5,483,809 | 5,683,501 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 221,590 | 221,590 |
| Other Comprehensive Loss for the Year | - | - | (1,332) | (1,332) |
| Total comprehensive income for the year | - | - | 220,258 | 220,258 |
| Transaction with owners of the Company, recognized directly in equity | | | | |
| Dividend paid | - | - | (167,678) | (167,678) |
| Balance as at 31 March 2021 | 159,692 | 40,000 | 5,536,389 | 5,736,081 |
| Balance as at 1 April 2021 | 159,692 | 40,000 | 5,536,389 | 5,736,081 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 928,891 | 928,891 |
| Other comprehensive loss for the year | - | - | 1,005 | 1,005 |
| Total comprehensive income for the year | - | - | 929,896 | 929,896 |
| Transaction with owners of the Company, recognized directly in equity | | | | |
| Dividend paid | - | - | (167,677) | (167,677) |
| Balance as at 31 March 2022 | 159,692 | 40,000 | 6,298,607 | 6,498,299 |

| Company | Stated Capital Rs.'000 | General Reserve Rs.'000 | Retained Earnings Restated* Rs.'000 | Total Restated* Rs.'000 |
|--|------------------------------|-------------------------------|--|-------------------------------|
| Balance as at 1 April 2020 as previously reported | 159,692 | 40,000 | 436,395 | 636,087 |
| Fairvalue gain from investment property, net of tax (Refer Note 05) | - | - | 5,040,430 | 5,040,430 |
| Restated Balance as at 1 April 2020 | 159,692 | 40,000 | 5,476,825 | 5,676,517 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 220,661 | 220,661 |
| Other Comprehensive Income for the Year | - | - | (974) | (974) |
| Total comprehensive income for the year | - | - | 219,687 | 219,687 |
| Transaction with owners of the Company, recognized directly in equity | | | | |
| Dividend paid | - | - | (167,678) | (167,678) |
| Balance as at 31 March 2021 | 159,692 | 40,000 | 5,528,834 | 5,728,526 |
| Balance as at 1 April 2021 | 159,692 | 40,000 | 5,528,834 | 5,728,526 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 927,426 | 927,426 |
| Other Comprehensive Loss for the Year | - | - | 688 | 688 |
| Total comprehensive income for the year | - | - | 928,114 | 928,114 |
| Transaction with owners of the Company, recognized directly in equity | | | | |
| Dividend paid | - | - | (167,677) | (167,677) |
| Balance as at 31 March 2022 | 159,692 | 40,000 | 6,289,271 | 6,488,963 |

* The comparative information has been restated on the account of the change in accounting policies (Refer note 05)

The annexed notes to the Financial Statements form an integral part of these Financial Statements.

Figures in brackets indicate deductions

STATEMENT OF CASH FLOWS

| As at 31 March | GROUP | | COMPANY | |
|---|------------------|----------------------|------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs.'000 | Restated* Rs.'000 | Rs.'000 | Restated* Rs.'000 |
| Cash flow from operating activities | | | | |
| Profit before taxation | 1,271,441 | 298,770 | 1,268,967 | 297,343 |
| Adjustments for: | | | | |
| Depreciation property, plant and equipment | 16,822 | 19,120 | 16,467 | 18,739 |
| Depreciation investment property | 102,914 | 102,784 | 102,914 | 102,784 |
| Fair gain on Investment property | (1,030,142) | (102,441) | (1,030,142) | (102,441) |
| Dividend income | - | - | (700) | (700) |
| Provision for doubtful debts | 2,095 | (149) | 1,573 | (149) |
| Provision for employment benefit | 1,430 | 966 | 1,059 | 720 |
| Profit on disposal of property, plant and equipment | - | (7,300) | - | (7,300) |
| Amortisation of prepaid rent and security deposits | (9,261) | - | (9,261) | (5,352) |
| Interest expense on rent and security deposits | 10,637 | - | 10,637 | 5,444 |
| Interest income | (23,881) | (25,706) | (23,169) | (24,757) |
| Operating profit before working capital changes | 342,055 | 286,044 | 338,346 | 284,331 |
| Increase / decrease in trade and other receivables | (31,281) | 8,156 | (28,172) | 9,030 |
| Increase in inventories | (1,415) | (584) | (1,067) | (234) |
| Increase in accruals, deposits and advances received | 2,061 | 27,657 | 1,783 | 27,429 |
| Increase in refundable deposits | 35,299 | 411 | 35,299 | 411 |
| Decrease / increase in other liabilities | (2,032) | 20,042 | (2,573) | 19,614 |
| Increase in amount due to related party | - | - | (804) | (402) |
| Net cash generated from operations | 344,688 | 341,726 | 342,812 | 340,179 |
| Employee benefits paid | (919) | (646) | (834) | (647) |
| Income tax paid | (59,913) | (59,175) | (59,226) | (58,759) |
| Net cash generated from operating activities | 283,855 | 281,905 | 282,752 | 280,773 |
| Cash flow from investing activities | | | | |
| Interest received | 23,881 | 26,505 | 23,169 | 25,502 |
| Purchase of property, plant and equipment | (53,641) | (6,345) | (50,657) | (6,076) |
| Purchase/Improvements of investment properties | (92,154) | (52,719) | (92,154) | (52,719) |
| Proceeds received on disposal of property, plant and equipment | - | 7,300 | - | 7,300 |
| Net cash used in investing activities | (121,914) | (25,259) | (119,642) | (25,993) |
| Cash flow from financing activities | | | | |
| Dividend received | - | - | 700 | 602 |
| Dividend paid | (167,677) | (167,678) | (167,677) | (167,678) |
| Net cash used in financing activities | (167,677) | (167,678) | (166,977) | (167,076) |
| Net (Decrease) / increase in cash and cash equivalents | (5,736) | 88,968 | (3,867) | 87,704 |
| Cash and cash equivalents at the beginning of the year | 428,760 | 339,792 | 415,128 | 327,426 |
| Cash and cash equivalents at the end of the year (Note 12) | 423,024 | 428,760 | 411,261 | 415,128 |

* The comparative information has been restated on the account of the change in accounting policies (Refer note 05)

The annexed notes to the financial statements form an integral part of these financial statements.

Figures in brackets indicate deductions

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting entity

Lanka Industrial Estates Limited, ("the Company") is a public Company incorporated on 12 March 1992 and domiciled in Sri Lanka.

1.2 Consolidated Financial Statements

The Consolidated Financial Statements for the year ended 31st March 2022 comprise of the Company and its subsidiary, Lindel Industrial Laboratories Limited (together referred to as the "Group"). Lindel Industrial Laboratory Limited is a fully owned subsidiary of the Company.

1.3 Principal Activities and Nature of Operations

The main activities of the Company are to lease lands and provide infrastructure facilities to industries. The principal activity of the Lindel Industrial Laboratories Limited is providing support services such as water and effluent testing facilities to industries.

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

1.4 Parent Entity and Ultimate Parent Entity

The immediate and ultimate holding Company of Lanka Industrial Estates Limited is DFCC Bank PLC.

1.5 Registered office and place of business

The registered office is situated at 73/5, DFCC Building, Galle Road, Colombo 3. The principal place of business is situated at Lanka Industrial Estate, Pattiwila Road, Sapugaskanda, Makola.

1.6 Number of employees Company

Employees as at 31 March 2022 was 10. (2021: 13)

Group

Employees as at 31 March 2022 was 19. (2021: 18)

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka (ICASL) and comply with the requirements of the Companies Act No. 7 of 2007.

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently which no adjustments being made for inflationary factors affecting the financial statements except for Employee Benefits and Investment Properties measured at fair value.

2.3 Functional and Presentation Currency

The consolidated Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional currency. Except as indicated, financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee value.

2.4 Comparative Figures

Certain comparative figures in the financial statement has been restated and reclassified as a result of change in significant accounting policy during the year.

2.5 Use of Estimate and Judgments

The preparation of the Financial Statements of the Company and the Group in conformity with SLAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and

expenses. Actual results may differ from these estimates.

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Deferred taxation (Note 3.2.b)
- Employee benefits (Note 3.12)
- Investment Properties (Note 3.5)
- Impairment of financial and non-financial assets (Note 3.9)
- Provisions (Note 3.10)
- Useful life of PPE (Note 3.4)

Going concern

These financial statements have been prepared on the basis that the Company and the Group would continue as a going concern for foreseeable future.

In light of ongoing economic crisis of the country the Group has assessed its going concern and a detailed disclosure of its assessment are provided in the financial statements. In preparing the financial statements for the year ended 31st March 2022, the management has assessed the possible effects of the ongoing economic crisis of the country on the businesses of the Group to determine their ability to continue as a going concern. Based on currently available information, the management is satisfied that having taken into consideration factors that could impact the revenue, supply chain, cash flows and accessibility to funds and costs,

NOTES TO THE FINANCIAL STATEMENTS

the Group would continue as a going concern.

Consequent to giving due consideration to the presentations by management, the Directors are satisfied that the Group have adequate resources to continue as a going concern for a foreseeable future. The Group has positive net asset, positive working capital and cash flow positions for the next twelve months. Furthermore, 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 continue to be prepared on a going concern basis.

2.6 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature of function are presented separately unless they are immaterial.

3 SIGNIFICANT ACCOUNTING POLICIES

A number of amendments are effective from 1st April 2021 that do not have a material effect on Group's financial statements.

During the year, the Group has changed its accounting policy of Investment Properties from cost model to fair value model as per LKAS 40: Investment Property. The comparative figures are restated as if the change in accounting policy occurred as at 1st April 2020 and 31st March 2021 as required by LKAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, other than the change in policy indicated above.

3.1 Basis of Consolidation

The Group's Financial Statements comprise consolidation of the Financial Statements of the

Company and its Subsidiary in terms of the Sri Lanka Accounting Standard-SLFRS 10 on 'Consolidated Financial Statements'.

3.1.1 Business Combination

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

3.1.2 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 Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an entity.

The cost of an acquisition is measured at fair value of the consideration, including contingent consideration. The acquired identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition. Subsequent to the initial measurement the Group continues to recognize the investments in Subsidiary at cost.

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.

There are no significant restrictions on the ability of Subsidiaries to transfer funds to the Parent (the Company) in the form of cash dividend or repayment of loans and advances.

The subsidiary of the Company has been incorporated in Sri Lanka.

3.1.3 Loss of Control

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

Subsequently, it is accounted for as an Associate or in accordance with the Group's Accounting Policy for financial instruments depending on the level of influence retained.

3.1.4 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.1.5 Accounting for investment in subsidiaries

When separated financial statements are prepared, investments in subsidiaries are accounted for using the cost method. Investments in subsidiaries are stated in the Company's Statement of Financial Position at cost less accumulated impairment losses.

3.1.6 Financial Period

The Consolidated Financial Statements are prepared to a

common financial year ended 31 March. The accounting policies of Subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

3.2 Income Tax Expense

As per the Sri Lanka Accounting Standards - LKAS 12 on 'Income taxes', tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxes. Income tax expense is recognized in the profit or loss except to the extent it relates to items recognized directly in Equity through Other Comprehensive Income (OCI).

(a) Current Taxation

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of 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, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

(b) Deferred Taxation

Deferred tax is recognized 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 measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.3 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the report date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized in profit or loss. Non-monetary items that are measured in terms of historical

cost in a foreign currency are translated using the exchange rate at the date of the transaction.

ASSETS AND BASES OF VALUATION

Assets classified as current on the Statement of Financial Position are cash or those which are expected to be realized in the normal operating cycle of the Group or within one year from the reporting date, whichever is earlier. Assets other than current assets are those, which the Group intends to hold beyond a period of one year calculated from the reporting date.

3.4 Property, Plant and Equipment

a) Recognition and measurement

Items of Property Plant and Equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of Property Plant and Equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When 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.

The gain or loss on disposal of an item of Property Plant

NOTES TO THE FINANCIAL STATEMENTS

and Equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of Property Plant and Equipment and recognised in other income/ other expenses in profit or loss.

b) Subsequent costs

The cost of replacing a component of an item of Property, Plant and Equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of Property Plant and Equipment are recognised in profit or loss as incurred.

c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

However, there were no borrowing costs in the Group during the financial periods under review.

d) Depreciation

The Group provides depreciation from the date the assets are available for use up to the date of disposal, at the following rates on a straight-line basis over the periods appropriate to the estimated useful lives of the different types of assets.

The estimated useful lives for the current and comparative years are as follow:

| | |
|---------------------------|----------|
| Office buildings | 20 Years |
| Electricity installations | 20 Years |

| | |
|---------------------------------|----------|
| Solar power project | 20 Years |
| Telecommunication installations | 10 Years |
| Plant and machinery | 10 Years |
| Furniture and fittings | 5 Years |
| Lab and other equipment | 5 Years |
| Data processing equipment | 4 Years |
| Motor vehicles | 4 Years |
| Office equipment | 4 Years |
| Lab glassware | 2 Years |

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

e) Impairment

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

f) Capital Work in progress

Capital work-in-progress represents the accumulated cost of the materials and other costs directly related to the construction of an asset. Capital work-in-progress is transferred to the respective asset accounts at the time it is substantially completed and ready for its intended use.

g) De-recognition

The carrying amount of an item of Property, Plant and Equipment is derecognized on disposal or when no future economic benefits are expected from it. The gain or loss arising from the de-recognition of an item of Property, Plant and Equipment

is included in the Income Statement when the item is derecognized.

When replacement costs are recognized in the carrying amount of an item of Property, Plant and Equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspection is derecognized.

3.5 Investment Property Before change in accounting policy

Basis of Measurement

Investment Property is measured initially at cost, including transaction costs.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Subsequent Measurement

The Company subsequently measures its investment property under the cost model at cost less accumulated depreciation less any accumulated impairment losses.

Depreciation is charged on a straight-line basis to write off the cost less any estimated residual value of property over its estimated useful lives as follows:

| | |
|-----------------------|----------|
| Buildings | 20 Years |
| Site improvement | 10 Years |
| Buildings improvement | 10 Years |

After change in accounting policy

Basis of Measurement

The Company changed its

accounting policy on Investment Property from cost model to fair value model during the year.

Investment Properties are those which are held either to earn rental income or for capital appreciation or for both. Investment Properties are stated at fair value. An external, independent valuer, having an appropriate recognized professional qualification and recent experience in the location and category of property being valued, values the portfolio every year.

Investment property initially measured at cost and subsequently at fair value with any change there in recognized in Profit or loss. Any gain or loss on disposal of investment property is recognized in profit or loss. Rental income from investment property is recognized as Revenue on a straight-line basis over the term of lease. Lease incentive granted are recognized as an integral part of the total rental income over the term of lease.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

Derecognition

Investment Property is derecognized when either they have been disposed of or when the Investment Property is permanently withdrawn from use and no future economic benefit is expected from its

disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the Income Statement in the period of derecognition.

3.6 Financial Instruments

3.6.1 Financial assets

Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (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.

Classification and subsequent measurement of financial assets

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

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

A financial asset is measured at

amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Financial assets - Business model assessment

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

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

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

Financial assets -Assessment whether contractual cash flows

are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at amortized cost

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

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

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

3.6.2 Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3.6.3 Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its

contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3.6.4 Offsetting

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

3.7 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the Weighted Average Cost basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.8 Fair Value Measurement

'Fair value' is the price that would be received to sell an

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

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

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

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

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical

asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Use of assumptions and estimation uncertainty

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

NOTES TO THE FINANCIAL STATEMENTS

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3.9 Impairment of Assets

3.9.1 Financial instruments and contract assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime Expected Credit Loss (ECL).

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.

Credit-impaired financial assets

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

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

3.9.2 Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that

generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognized in profit or loss.

3.10 Liabilities and Provisions

Liabilities classified as Current Liabilities in the statement of financial position are those obligations payable on demand or within one year from the reporting date. Items classified as non-current liabilities are those obligations, which expire beyond a period of one year from the reporting date.

All known liabilities have been accounted for in preparing the Financial Statements. Provision and liabilities are recognized when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions

A provision is recognized 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.11 Leases

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

Group uses the definition of a lease in SLFRS 16.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

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

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the

gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

3.12 Employee benefits

3.12.1 Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.12.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognized as an expense in profit and loss when incurred.

Employee Provident Fund

All employees of the Group are members of the Employees' Provident Fund (EPF). The Group and employees contribute 12% and 8% respectively of the salary to EPF.

Employees Trust Fund

All employees of the Group are members of the Employees' Trust Fund (ETF). The Group contributes 3% of the salary of each employee to ETF.

3.12.3 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 – Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date.

The Group measures the present value of retirement benefits of gratuity using an internally generated formula.

The liability is not externally funded nor actuarially valued.

Actuarial gains and losses

The re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized in Other Comprehensive Income.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

3.13 Revenue recognition

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

NOTES TO THE FINANCIAL STATEMENTS

| Type of product/ service | Nature and timing of satisfaction of performance obligations, including significant payment terms | Revenue recognition policies |
|---|--|---|
| Lease rental and Floor rental | This includes rental income earned from renting out investment property owned by the Group. | Revenue is recognized point in time as the rent income is recognized on a straight-line basis over the term of the agreement. |
| Treated water sales, Solid waste disposal, Pressurized water, Common waste water treatment, Solar Power and Carrying out industrial laboratory tests. | This includes income earned from waste water treatment, solar power generation, and solid waste disposal by the Group. | Revenue is recognized point in time. |

3.14 Expenditure Recognition

Expenditure is recognized in the financial statements as they are incurred and recognized on an accrual basis.

Operating Expenses

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to the statement of profit or loss.

3.15 Finance Income and Expenses

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

3.16 Statement of cash flows

The Cash Flow Statement has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Cash Flow Statements.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

4 NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

A number of new standards are effective for annual periods beginning after 1 April 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

4.1 Onerous contracts - Cost of Fulfilling a Contract (Amendments to LKAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after

1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Group has analyzed the contracts existing at 31 December 2021 and determined that if it considered both the incremental costs and an allocation of other direct costs to fulfil the contracts for the purposes of the onerous contracts assessment, as required by the amendments, then none of these contracts would be identified as onerous.

4.2 OTHER STANDARDS

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

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SLFRS 16)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and equipment: Proceeds before Intended Use (Amendments to LKAS 16)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

- Reference to Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to LKAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17

Insurance Contracts.

- Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to LKAS 8)

policy of Investment property from Cost model to Fair Value model. The change in accounting policy has been accounted by restating the each of the affected financial statement line items for prior period. The following table summarized the impact on the Group's consolidated financial statement and Company's individual financial statement.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

During the year, the Group did a voluntary change in accounting

5.1 Consolidated statement of Financial Position

| Impact of change in accounting policy | | | | | | |
|---------------------------------------|------------------------|-------------|-------------|------------------------|-------------|-------------|
| As at 1st April 2020 Rs.'000 | Group | | | Company | | |
| | As previously reported | Adjustments | As restated | As previously reported | Adjustments | As restated |
| Investment property | 352,855 | 6,632,145 | 6,985,000 | 352,855 | 6,632,145 | 6,985,000 |
| Total assets | 920,410 | 6,632,145 | 7,552,555 | 912,230 | 6,632,145 | 7,544,375 |
| Deferred taxation | 57,961 | 1,591,715 | 1,649,676 | 58,084 | 1,591,715 | 1,649,799 |
| Total liabilities | 277,339 | 1,591,715 | 1,869,054 | 276,143 | 1,591,715 | 1,867,858 |
| Reserves | 483,379 | 5,040,430 | 5,523,809 | 476,395 | 5,040,430 | 5,516,825 |
| Total equity | 643,071 | 5,040,430 | 5,683,501 | 636,087 | 5,040,430 | 5,676,517 |

| Impact of change in accounting policy | | | | | | |
|---------------------------------------|------------------------|-------------|-------------|------------------------|-------------|-------------|
| As at 31st March 2021 Rs.'000 | Group | | | Company | | |
| | As previously reported | Adjustments | As restated | As previously reported | Adjustments | As restated |
| Investment property | 383,194 | 6,654,182 | 7,037,376 | 383,194 | 6,654,182 | 7,037,376 |
| Total assets | 998,835 | 6,654,182 | 7,653,017 | 988,862 | 6,654,182 | 7,643,044 |
| Deferred taxation | 49,605 | 1,616,301 | 1,665,906 | 49,959 | 1,616,301 | 1,666,260 |
| Total liabilities | 300,635 | 1,616,301 | 1,916,936 | 298,217 | 1,616,301 | 1,914,518 |
| Reserves | 538,508 | 5,037,881 | 5,576,389 | 530,953 | 5,037,881 | 5,568,834 |
| Total equity | 698,200 | 5,037,881 | 5,736,081 | 690,645 | 5,037,881 | 5,728,526 |

5.2 Consolidated statement of Profit or loss and Other Comprehensive Incomes

| Impact of change in accounting policy | | | | | | |
|--|------------------------|-------------|-------------|------------------------|-------------|-------------|
| For the year ended 31st March 2021 Rs.'000 | Group | | | Company | | |
| | As previously reported | Adjustments | As restated | As previously reported | Adjustments | As restated |
| Revaluation gain on Investment property | - | 102,441 | 102,441 | - | 102,441 | 102,441 |
| Depreciation and amortization | (41,499) | (80,404) | (121,903) | (41,119) | (80,404) | (121,523) |
| Income tax expense | (52,594) | (24,586) | (77,180) | (52,095) | (24,587) | (76,682) |
| Profit for the year | 224,139 | (2,549) | 221,590 | 223,210 | (2,549) | 220,661 |
| Total comprehensive income for the year | 222,807 | (2,549) | 220,258 | 222,236 | (2,549) | 219,687 |

NOTES TO THE FINANCIAL STATEMENTS

6 PROPERTY, PLANT AND EQUIPMENT

| Group | Plant | | | | | | | | | | | Total 2021 Rs.'000 |
|-------------------------------|--------------------------------|--|-----------------------------------|---|--|--|------------------------------|----------------------------------|-----------------------------|---|----------------|--------------------------|
| | Office buildings Rs.'000 | Electrical installations Rs.'000 | Solar Power project Rs.'000 | Furniture and fittings Rs.'000 | Plant machinery and telecom installations Rs.'000 | Lab and other equipment Rs.'000 | Motor vehicles Rs.'000 | Computer glassware Rs.'000 | Lab equipment Rs.'000 | Office/data processing equipment Rs.'000 | WIP Rs.'000 | |
| Balance as at 1 April | 13,960 | 68,994 | 112,001 | 1,989 | 153,200 | 18,294 | 23,027 | 2,153 | 1,472 | 5,977 | 1,067 | 401,539 |
| Additions | - | 252 | - | 1,258 | - | 1,680 | - | - | 77 | 1,126 | 49,248 | 6,345 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | (5,750) |
| Balance as at 31 March | 13,960 | 69,246 | 112,001 | 3,247 | 153,200 | 19,974 | 23,027 | 2,153 | 1,549 | 7,017 | 50,315 | 402,134 |
| Accumulated Depreciation | | | | | | | | | | | | |
| Balance as at 1 April | 9,171 | 55,621 | 16,363 | 1,856 | 118,339 | 17,476 | 23,027 | 1,889 | 1,472 | 4,430 | - | 236,274 |
| Charge for the year | 523 | 894 | 5,600 | 78 | 8,423 | 416 | - | 142 | 19 | 727 | - | 19,120 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | (5,750) |
| Balance as at 31 March | 9,694 | 56,515 | 21,963 | 2,017 | 126,762 | 17,892 | 23,027 | 2,031 | 1,491 | 5,157 | - | 249,644 |
| Carrying amount | | | | | | | | | | | | |
| As at 31 March 2022 | 4,266 | 12,731 | 90,038 | 1,230 | 26,438 | 2,082 | - | 122 | - | 1,860 | 50,315 | 189,309 |
| As at 31 March 2021 | 4,789 | 13,373 | - | 133 | 34,861 | 818 | - | 264 | - | 1,547 | 1,067 | 152,490 |

| Company | Plant | | | | | | | | | | | Total 2021 Rs.'000 |
|--|--------------------------------|--|-----------------------------------|---|--|--|------------------------------|----------------------------------|-----------------------------|---|----------------|--------------------------|
| | Office buildings Rs.'000 | Electrical installations Rs.'000 | Solar Power project Rs.'000 | Furniture and fittings Rs.'000 | Plant machinery and telecom installations Rs.'000 | Lab and other equipment Rs.'000 | Motor vehicles Rs.'000 | Computer glassware Rs.'000 | Lab equipment Rs.'000 | Office/data processing equipment Rs.'000 | WIP Rs.'000 | |
| Balance as at 1 April | 13,960 | 68,994 | 112,001 | 1,206 | 153,200 | 3,385 | 23,027 | 2,153 | - | 4,988 | 1,067 | 383,655 |
| Additions | - | 252 | - | 174 | - | - | - | - | - | 982 | 49,248 | 6,076 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | (5,750) |
| Reclassified from investment property | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31 March | 13,960 | 69,246 | 112,001 | 1,380 | 153,200 | 3,385 | 23,027 | 2,153 | - | 5,970 | 50,315 | 383,981 |
| Accumulated Depreciation | | | | | | | | | | | | |
| Balance as at 1 April | 9,171 | 55,621 | 16,363 | 1,073 | 118,334 | 2,765 | 23,027 | 1,889 | - | 3,599 | - | 218,853 |
| Charge for the year | 523 | 894 | 5,600 | 61 | 8,428 | 154 | - | 142 | - | 665 | - | 18,739 |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | (5,750) |
| Reclassified from investment property- depreciation offset | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as at 31 March | 9,694 | 56,515 | 21,963 | 1,134 | 126,762 | 2,919 | 23,027 | 2,031 | - | 4,264 | - | 231,842 |
| Carrying amount | | | | | | | | | | | | |
| As at 31 March 2022 | 4,266 | 12,731 | 90,038 | 246 | 26,438 | 466 | - | 123 | - | 1,706 | 50,315 | 186,329 |
| As at 31 March 2021 | 4,789 | 13,373 | 95,638 | 133 | 34,866 | 620 | - | 264 | - | 1,389 | 1,067 | 152,139 |

Cost of fully depreciated Property plant and equipment as at reporting date is Rs. 128,435,452 /- (2021 - Rs. 124,303,279/-). Company does not have any pledged Assets as at reporting date.

7 INVESTMENT PROPERTIES

| Group/Company | Land | Buildings and improvements | Capital work in progress | Total 2022 | Total 2021 Restated |
|---|------------------|----------------------------|--------------------------|------------------|---------------------|
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Cost | | | | | |
| Restated Balance as at 01 April | 4,935,525 | 2,058,275 | 43,576 | 7,037,376 | 6,985,000 |
| Additions | - | 92,154 | - | 92,154 | 52,719 |
| Transferred from CWIP | - | 38,818 | (38,818) | - | - |
| Accumulated depreciation on Revalued Assets | - | (102,914) | - | (102,914) | (102,784) |
| Change in fairvalue during the year | 746,772 | 283,370 | - | 1,030,142 | 102,441 |
| Balance as at 31 March | 5,682,296 | 2,369,704 | 4,758 | 8,056,758 | 7,037,376 |
| Accumulated Depreciation | | | | | |
| Restated Balance as at 01 April | - | - | - | - | - |
| Charge for the year | - | 102,914 | - | 102,914 | 102,784 |
| Accumulated depreciation on Revalued Assets | - | (102,914) | - | (102,914) | (102,784) |
| Balance as at 31 March | - | - | - | - | - |
| Carrying amount | | | | | |
| As at 31 March 2022 | 5,682,296 | 2,369,704 | 4,758 | 8,056,758 | |
| As at 31 March 2021 | 4,935,525 | 2,058,275 | 43,576 | | 7,037,376 |

7.1 During the year, the Group has changed its accounting policy of Investment Properties from cost model to fair value model as per LKAS 40: Investment Property. The comparative figures are restated as if the change in accounting policy occurred as at 1st April 2020 and 31st March 2021 as required by LKAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

7.2 Measurement of fair values

The fair value of properties was determined by external independent property valuer, Mr. G.W.G. Abeygunawardene (FRICS), Chartered Valuation Surveyor having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The fair value measurement for all of properties has been categorised as Level 3 fair value based on the input to the valuation technique used.

NOTES TO THE FINANCIAL STATEMENTS

7.2.1 Valuation Technique and Significant Unobservable Inputs

The following table shows the valuation technique used in measuring the fair value of properties, as well as the significant unobservable inputs used.

| Description | Extend | Effective date of valuation | Valuation technique | Significant Unobservable Inputs | Interrelationship between Key Unobservable Inputs and Fair Value Measurements |
|---|-----------------|-----------------------------|---------------------|--|---|
| Land plots located at Lanka Industrial Estate, Pattiwila Road, Sapugaskanda, Makola | 12,906 perches | 31st March 2022 | Market Approach | Outright value : Rs. 500,000 - Rs. 810,000 per perch Market Rental : 4.25% of outright value | Outright Value & Market Rental : Positive correlated sensitivity |
| Buildings located at Lanka Industrial Estate, Pattiwila Road, Sapugaskanda, Makola | 513,464 Sq. ft. | 31st March 2022 | Market Approach | Outright value : Rs. 9,500 - Rs. 5,250 per Sq. ft. Market Rental : 4.25% - 5% of outright value | Outright Value & Market Rental : Positive correlated sensitivity |

7.3 Rental income earned from investment properties during the year ended 31 March 2022 amounted to Rs.344,860,000/- (2020/21: Rs. 300,187,000/-) for Company and Rs. 343,748,000/- (2020/21 Rs. 299,150/-) for the Group. Direct operating expenses incurred by the Group amounted to Rs. 74,086,000 (2020/21: Rs. 68,256,000).

| | | COMPANY | |
|------------------|---|---------|---------|
| As at 31st March | | 2022 | 2021 |
| | | Rs.'000 | Rs.'000 |
| 8 | INVESTMENT IN SUBSIDIARY | | |
| | 699,994 ordinary shares in Lindel Industrial Laboratories Limited | 7,000 | 7,000 |

The Board of Directors has assessed the potential impairment loss of investment in Lindel Industrial Laboratories Limited as at 31 March 2022. Based on the assessment no provision was required as at the reporting date in respect of the investments in subsidiary.

| | | GROUP | | COMPANY | |
|----------------|-----------------------|---------|---------|---------|---------|
| As at 31 March | | 2022 | 2021 | 2022 | 2021 |
| | | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| 9 | INVENTORIES | | | | |
| | Chemicals | 2,480 | 1,906 | 481 | 255 |
| | Spareparts | 1,792 | 1,914 | 1,792 | 1,914 |
| | Stationeries | 66 | 92 | 66 | 92 |
| | Construction material | 989 | - | 989 | - |
| | | 5,327 | 3,912 | 3,328 | 2,261 |

| As at 31 March | GROUP | | COMPANY | |
|--|---------|---------|---------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| 10 TRADE AND OTHER RECEIVABLES | | | | |
| Trade receivables | 41,789 | 26,026 | 36,705 | 24,067 |
| Less: Provision for doubtful debts (Note 10.1) | (2,543) | (8,060) | (2,021) | (8,060) |
| Trade receivable | 39,246 | 17,966 | 34,684 | 16,007 |
| Advances, deposits and prepayments | 18,578 | 12,345 | 18,578 | 12,183 |
| Other Receivable | 1,090 | - | 1,090 | - |
| | 58,914 | 30,311 | 54,352 | 28,190 |
| 10.1 Provision for doubtful debts | | | | |
| Balance at the beginning of the year | 8,060 | 12,414 | 8,060 | 12,414 |
| Charge / reversal during the year | 2,095 | (4,354) | 1,573 | (4,354) |
| Write off during the period | (7,612) | - | (7,612) | - |
| Balance at the end of the year | 2,543 | 8,060 | 2,021 | 8,060 |
| 11 AMOUNT DUE FROM RELATED PARTY | | | | |
| Lindel Industrial Laboratories Limited | - | - | 1,651 | 847 |
| | - | - | 1,651 | 847 |
| 12 CASH AND CASH EQUIVALENTS | | | | |
| Fixed deposits | 405,379 | 407,705 | 395,872 | 396,396 |
| Savings deposits | 17,454 | 20,302 | 15,173 | 17,974 |
| Cash in hand and at bank | 314 | 921 | 241 | 861 |
| | 423,147 | 428,928 | 411,286 | 415,231 |
| Bank overdraft | (123) | (168) | (25) | (103) |
| Cash and cash equivalents for the purpose of statement of cash flows | 423,024 | 428,760 | 411,261 | 415,128 |
| 13 STATED CAPITAL | | | | |
| Issued and fully paid | | | | |
| 399,230,125 ordinary shares (2021: 15,969,215 shares) | 159,692 | 159,692 | 159,692 | 159,692 |
| | 159,692 | 159,692 | 159,692 | 159,692 |

The Company received approval to subdivide 1 ordinary share in existence into 25 ordinary shares at the Extraordinary General Meeting held on 24 December 2021. On this basis, the 15,969,215 shares in issue as at 24 December 2021 were subdivided into 399,230,125 shares.

NOTES TO THE FINANCIAL STATEMENTS

| As at 31 March | GROUP | | COMPANY | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| 14 RESERVES | | | | |
| General reserve | 40,000 | 40,000 | 40,000 | 40,000 |
| Retained earnings | 6,298,607 | 5,536,389 | 6,289,271 | 5,528,834 |
| | 6,338,607 | 5,576,389 | 6,329,271 | 5,568,834 |
| 15 DEFERRED TAXATION | | | | |
| Deferred tax assets (Note 15.1) | 1,996 | 2,614 | 1,589 | 2,252 |
| Restated Deferred tax liabilities (Note 15.2) | (1,926,559) | (1,668,520) | (1,926,492) | (1,668,512) |
| Restated net deferred tax liability | (1,924,564) | (1,665,906) | (1,924,903) | (1,666,260) |
| 15.1 Deferred tax assets | | | | |
| Balance as at 01 April | 2,614 | 2,449 | 2,252 | 2,238 |
| (Reversal) / origination of Temporary difference to profit and loss due to during the year | (936) | 110 | (880) | 28 |
| Reversal of Temporary difference to profit and loss due to income tax rate change | - | (366) | - | (323) |
| Origination of Temporary difference to OCI due to during the year transactions | 318 | 491 | 217 | 360 |
| Reversal of Temporary difference to OCI due to income tax rate change | - | (70) | - | (51) |
| Balance as at 31 March | 1,996 | 2,614 | 1,589 | 2,252 |
| 15.2 Restated deferred tax liabilities (Restated) | | | | |
| Balance as at 01 April | 1,668,520 | 1,652,125 | 1,668,512 | 1,652,037 |
| Origination of Temporary difference to profit and loss due to during the year transactions | 258,039 | 25,099 | 257,980 | 25,177 |
| Reversal of Temporary difference to profit and loss due to income tax rate change | - | (8,704) | - | (8,702) |
| Balance as at 31 March | 1,926,559 | 1,668,520 | 1,926,492 | 1,668,512 |

15.3 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| | Group | | | | Company | | | |
|--|---------------------------------|-----------------------|---------------------------------|-----------------------|---------------------------------|-----------------------|---------------------------------|-----------------------|
| | 2022 | | 2021 | | 2022 | | 2021 | |
| | Temporary difference Rs.'000 | Tax effect Rs.'000 | Temporary difference Rs.'000 | Tax effect Rs.'000 | Temporary difference Rs.'000 | Tax effect Rs.'000 | Temporary difference Rs.'000 | Tax effect Rs.'000 |
| Deferred tax assets | | | | | | | | |
| Employee benefits | 5,777 | 1,386 | 6,591 | 1,582 | 4,600 | 1,104 | 5,281 | 1,268 |
| Bonus payable | - | - | 4,301 | 1,032 | - | - | 4,100 | 984 |
| Trade receivable provision | 2,543 | 610 | - | - | 2,021 | 485 | - | - |
| | 8,320 | 1,996 | 10,892 | 2,614 | 6,621 | 1,589 | 9,381 | 2,252 |
| Deferred tax liabilities (Restated) | | | | | | | | |
| Property, plant and equipment | 262,598 | 63,024 | 217,578 | 52,219 | 262,321 | 62,957 | 217,544 | 52,211 |
| Revaluation gain | 7,764,728 | 1,863,535 | 6,734,586 | 1,616,301 | 7,764,728 | 1,863,535 | 6,734,586 | 1,616,301 |
| | 8,027,326 | 1,926,559 | 6,952,164 | 1,668,520 | 8,027,049 | 1,926,492 | 6,952,130 | 1,668,512 |
| Net deferred tax liabilities (Restated) | | (1,924,564) | | (1,665,906) | | (1,924,903) | | (1,666,260) |

15.4 Deferred tax for the year ended 31 March 2022 has been provided at the rate of 24% (2021 ; 24%)

| | GROUP | | COMPANY | |
|-------------------------------|---------|---------|---------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| As at 31 March | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| 16 REFUNDABLE DEPOSITS | | | | |
| Security deposits | 92,142 | 57,354 | 92,142 | 57,354 |
| Rent deposits | 4,021 | 3,510 | 4,021 | 3,510 |
| | 96,163 | 60,864 | 96,163 | 60,864 |

Carrying values of the deposits together with their costs;

| Group/ Company | 2022 | | 2021 | |
|-------------------|---------|----------------|---------|----------------|
| | Cost | Carrying Value | Cost | Carrying Value |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Security deposits | 152,034 | 92,142 | 120,671 | 57,354 |
| Rent deposits | 8,679 | 4,021 | 8,679 | 3,510 |
| | 160,713 | 96,163 | 129,350 | 60,864 |

The long term liabilities includes present value adjustment relating to the security deposits and rent deposits using average weighted lending rate (AWLR).

NOTES TO THE FINANCIAL STATEMENTS

17 EMPLOYEE BENEFITS

17.1 Defined contribution plans

Following contributions have been made to Employees' Provident Fund and Employees' Trust Fund during the year.

| As at 31 March | GROUP | | COMPANY | |
|--|--------------|--------------|--------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Employees' Provident Fund | | | | |
| Employers' contribution | 2,577 | 2,463 | 1,962 | 1,972 |
| Employees' contribution | 1,718 | 1,642 | 1,308 | 1,315 |
| Employees' Trust Fund | 515 | 493 | 392 | 394 |
| 17.2 Defined benefit plan | | | | |
| Present value of unfunded obligation (Note 17.2.1) | 5,779 | 6,590 | 4,600 | 5,281 |
| | 5,779 | 6,590 | 4,600 | 5,281 |
| 17.2.1 Movement in the present value of the employee benefits unfunded obligation | | | | |
| Balance as at 1 April | 6,591 | 4,518 | 5,281 | 3,925 |
| Provision during the year (Note 17.2.1.a) | 1,429 | 966 | 1,059 | 720 |
| Actuarial (gain) / loss during the year (Note 17.2.1.b) | (1,323) | 1,753 | (905) | 1,283 |
| | 6,698 | 7,237 | 5,435 | 5,928 |
| Payments during the year | (919) | (647) | (834) | (647) |
| Balance as at 31 March | 5,779 | 6,590 | 4,600 | 5,281 |

| As at 31 March | GROUP | | COMPANY | |
|---|--------------|------------|--------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| 1721.a Provision recognized in profit or loss | | | | |
| Current service cost | 582 | 659 | 375 | 451 |
| Interest on obligation | 847 | 307 | 684 | 269 |
| | 1,429 | 966 | 1,059 | 720 |
| 1721.b Provision recognised in the Statement of other comprehensive income | | | | |
| Actuarial (gain) / loss during the year | (1,323) | 1,753 | (905) | 1,283 |

The company measures the present value of retirement benefits of gratuity based on an internally generated model using formula.

| As at 31 March | 2022 | 2021 |
|-----------------------|--------|--------|
| Discount rate | 15.30% | 8.00% |
| Salary increment rate | 5.94% | 6.80% |
| Staff turnover | 12.37% | 12.37% |

| As at 31 March | GROUP | | COMPANY | |
|--|----------|----------|----------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| 18 ACCRUALS, DEPOSITS AND ADVANCES RECEIVED | | | | |
| Accruals | 21,630 | 16,226 | 18,760 | 15,633 |
| Rent advances | 36,388 | 37,859 | 36,388 | 37,859 |
| Prepaid security deposit | 56,389 | 51,942 | 58,385 | 51,942 |
| Prepaid rent deposit | 1,328 | 1,583 | 1,328 | 1,583 |
| Advances received | 5,729 | 6,337 | 5,729 | 6,337 |
| Retention money | 7,877 | 3,208 | 7,843 | 3,171 |
| Security deposit - current | - | 8,749 | - | 8,749 |
| | 129,341 | 125,904 | 128,433 | 125,274 |
| 19 OTHER LIABILITIES | | | | |
| Payable to contractors | 30,206 | 32,779 | 30,206 | 32,779 |
| Sundry creditors | 1,030 | 489 | - | - |
| | 31,236 | 33,268 | 30,206 | 32,779 |
| 20 CURRENT TAXATION | | | | |
| Balance as at 1 April | 24,236 | 41,816 | 23,957 | 41,798 |
| Provision recognised during the year | 78,306 | 68,177 | 77,412 | 67,632 |
| Under/(Over) provision in respect of prior years | 5,269 | (7,136) | 5,269 | (7,130) |
| Payments during the year | (59,856) | (58,994) | (59,226) | (58,759) |
| Set off against withholding tax credits & ESC | - | (19,627) | - | (19,584) |
| Balance as at 31 March | 47,950 | 24,236 | 47,411 | 23,957 |

NOTES TO THE FINANCIAL STATEMENTS

21 REVENUE

Group generates revenue primarily from lease rental, floor rental, treated water sales, waste disposal, supply of pressurized water, waste water treatment and solar power generation. For performance obligation and revenue recognition policies please refer note 3.13.

21.1 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major product/service lines and timing of revenue recognition.

| For the year ended 31 March | GROUP | | COMPANY | |
|---|---------|---------|---------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| MAJOR PRODUCT /SERVICE LINES | | | | |
| Lease rentals | 177,486 | 149,001 | 177,486 | 149,001 |
| Floor rentals | 166,262 | 150,149 | 167,374 | 151,186 |
| Treated water sales | 36,714 | 32,078 | 36,766 | 32,113 |
| Solid waste disposal | 2,538 | 2,504 | 2,541 | 2,509 |
| Pressurized water | 352 | 157 | 352 | 157 |
| Common waste water treatment | 527 | 458 | 527 | 458 |
| Solar Power | 23,140 | 15,236 | 23,140 | 15,236 |
| | 407,019 | 349,583 | 408,186 | 350,660 |
| Timing of revenue recognition | | | | |
| Products transferred over time | 343,748 | 299,150 | 344,860 | 300,187 |
| Products transferred at a point in time | 63,271 | 50,433 | 63,326 | 50,473 |
| | 407,019 | 349,583 | 408,186 | 350,660 |
| 22 OTHER OPERATING INCOME | | | | |
| Profit on disposal of fixed assets | - | 7,300 | - | 7,300 |
| Foreign exchange gain | 45 | 8 | 45 | 8 |
| Laboratory tests | 18,897 | 10,240 | - | - |
| Sundry income (Note 22.1) | 1,568 | 1,348 | 1,568 | 1,348 |
| Dividend received | - | - | 700 | 700 |
| | 20,510 | 18,896 | 2,313 | 9,356 |

22.1 Sundry income included proceeds received from third parties in respect of using Company roads for the purpose of transportation.

23 PROFIT FROM OPERATIONS

Profits from operations is stated after charging all expenses including the following;

| For the year ended 31 March | GROUP | | COMPANY | |
|---|---------|---------|---------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Staff costs (Note 23.1) | 30,447 | 31,296 | 22,585 | 25,301 |
| Depreciation - Property plant and equipment | 16,822 | 19,120 | 16,467 | 18,739 |
| Amortisation - Investment properties | 102,914 | 102,784 | 102,914 | 102,784 |
| Directors' fees and emoluments | 558 | 234 | 540 | 216 |
| Auditors' remuneration - audit fees and expenses | 660 | 640 | 550 | 530 |
| Charge / (reversal) of provision for doubtful debts | 2,095 | (4,354) | 1,573 | (4,354) |
| 23.1 Staff costs | | | | |
| Salaries and wages | 15,984 | 15,813 | 12,033 | 12,025 |
| Contribution to employees' provident fund | 2,577 | 2,463 | 1,962 | 1,972 |
| Contribution to employees' trust fund | 515 | 493 | 392 | 394 |
| Staff bonus | 2,584 | 5,948 | 1,935 | 5,232 |
| Provision for employee benefits | 1,430 | 965 | 1,059 | 720 |
| Other staff costs | 7,357 | 5,614 | 5,204 | 4,958 |
| | 30,447 | 31,296 | 22,585 | 25,301 |
| 24 NET FINANCE INCOME | | | | |
| Finance income | | | | |
| Interest income on fixed deposits | 21,307 | 24,636 | 20,661 | 23,720 |
| Interest income on savings deposits | 2,574 | 1,023 | 2,508 | 991 |
| Amortisation of prepaid rent and security deposits | 9,261 | 5,352 | 9,261 | 5,352 |
| Other finance income | - | 46 | - | 46 |
| | 33,142 | 31,057 | 32,430 | 30,109 |
| Finance expenses | | | | |
| Interest expense on rent and security deposits | 10,637 | 5,444 | 10,637 | 5,444 |
| | 10,637 | 5,444 | 10,637 | 5,444 |
| | 22,505 | 25,613 | 21,793 | 24,665 |
| 25 INCOME TAX EXPENSE (RESTATED) | | | | |
| Current tax expense | | | | |
| Current tax on profits for the year (Note 25.1) | 78,306 | 68,177 | 77,412 | 67,632 |
| Under/(Over) provision in respect of prior year | 5,269 | (7,136) | 5,269 | (7,130) |
| | 83,575 | 61,041 | 82,681 | 60,502 |
| Deferred tax expense | | | | |
| Deferred tax asset (reversal) / origination during the year | 936 | (256) | 880 | (295) |
| Deferred tax liability reversal during the year (Restated) | 258,039 | 16,395 | 257,980 | 16,475 |
| | 258,975 | 16,139 | 258,860 | 16,180 |
| | 342,550 | 77,180 | 341,541 | 76,682 |

NOTES TO THE FINANCIAL STATEMENTS

25.1 Reconciliation of the accounting profit and the income tax expense

| For the year ended 31 March | GROUP | | COMPANY | |
|---------------------------------|---------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Profit before taxation | 1,271,441 | 298,770 | 1,268,967 | 297,343 |
| Other Source of income | (1,030,142) | (102,441) | (1,030,842) | (103,141) |
| Disallowable expenses | 124,344 | 124,747 | 123,693 | 124,096 |
| Allowable expenses | (39,776) | (37,006) | (39,676) | (36,906) |
| Exempt income | - | - | - | - |
| Business income | 325,867 | 284,070 | 322,142 | 281,392 |
| Investment income | 700 | - | 700 | 700 |
| Income tax expense at 24% | 78,208 | 68,177 | 77,314 | 67,534 |
| Income tax expense at 14% | 98 | - | 98 | 98 |
| Total income tax expense | 78,306 | 68,177 | 77,412 | 67,632 |

26 BASIC EARNINGS PER SHARE

Basic earnings per share has been calculated by dividing the net profit attributable to the ordinary shareholders by weighted average number of ordinary shares in issue as at reporting date as shown below.

| For the year ended 31 March | GROUP | | COMPANY | |
|---|-------------|---------------------|-------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs.'000 | Restated Rs.'000 | Rs.'000 | Restated Rs.'000 |
| Profit attributable to the ordinary shareholders (Rs.000) | 928,891 | 221,590 | 927,426 | 220,661 |
| Weighted average number of shares | 399,230,125 | 399,230,125 | 399,230,125 | 399,230,125 |
| Earnings per share (Rs.) | 2.33 | 0.56 | 2.32 | 0.55 |

27 RELATED PARTY TRANSACTIONS

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standards - 24 Related Party Disclosures, the details of which are reported below.

(a) Transactions with Key Management Personnel

The Board of Directors of the Company have the authority and responsibility of planning, directing and controlling the activities of the Company. Accordingly, the Board of Directors of the Company have been identified as the key management personnel ("KMP") of the Company. The compensation paid to KMP's is as follows:

As DFCC Bank PLC is the ultimate parent of the Company and the Board of Directors of DFCC Bank PLC has the authority and responsibility of planning, directing and controlling the activities of the Company, the Directors of DFCC Bank PLC have also been identified as KMP of the Company.

| For the year ended 31 March | GROUP | | COMPANY | |
|------------------------------|---------|---------|---------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Short term employee benefits | 240 | 240 | 216 | 216 |

(b) Transactions with related parties

| Company | Nature of transaction | Relationship | Transaction amount | |
|--|--------------------------------------|------------------------------|--------------------|---------|
| | | | 2022 | 2021 |
| | | | Rs.'000 | Rs.'000 |
| DFCC Bank PLC | Interest income | Parent company | 22,679 | 23,720 |
| | Renting of Storage Space | | 1,331 | 2,930 |
| | Obtaining of Laboratory Services | | 1,958 | 1,935 |
| | Renting of Office Space | | 1,112 | 1,037 |
| Lindel Industrial Laboratories Limited | Sale of Water | Subsidiary Company | 52 | 35 |
| | Reimbursement of Administration cost | | 390 | 390 |
| DFCC Consulting (Pvt) Ltd | Consulting service for solar project | Subsidiary of parent Company | 400 | - |

28 FAIR VALUES OF FINANCIAL INSTRUMENTS**Accounting classification and Fair values****28.1 Fair value of financial instruments carried at amortised cost**

The fair values of financial assets and liabilities, together with the carrying amounts of which are shown in the statement of financial position, are as follows.

| Group | Carrying Amount | Fair Value (Rs.) | | | | Total |
|-------------------------------|-----------------|------------------|----------|---------------|---------|----------------|
| | | Level 1 | Level 2 | Level 3 | | |
| As at 31 March 2022 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Financial Assets | | | | | | |
| Trade and other receivables | 58,914 | - | - | 58,914 | | 58,914 |
| Cash and cash equivalents | 423,147 | 423,147 | - | - | | 423,147 |
| Total financial assets | 482,061 | 423,147 | - | 58,914 | | 482,061 |

| Group | Carrying Amount | Fair Value (Rs.) | | | | Total |
|--------------------------------|-----------------|------------------|----------|----------------|---------|----------------|
| | | Level 1 | Level 2 | Level 3 | | |
| As at 31 March 2022 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Financial Liabilities | | | | | | |
| Refundable deposits | 96,163 | - | - | 96,163 | | 96,163 |
| Deposits and advances received | 129,341 | - | - | 129,341 | | 129,341 |
| Other liabilities | 31,236 | - | - | 31,236 | | 31,236 |
| Bank overdraft | 123 | 123 | - | - | | 123 |
| Total liabilities | 256,863 | 123 | - | 256,740 | | 256,863 |

NOTES TO THE FINANCIAL STATEMENTS

| Group | Fair Value (Rs.) | | | | |
|--|----------------------------|--------------------|--------------------|--------------------|------------------|
| | Carrying Amount Rs.'000 | Level 1 Rs.'000 | Level 2 Rs.'000 | Level 3 Rs.'000 | Total Rs.'000 |
| As at 31 March 2021 | | | | | |
| Financial Assets | | | | | |
| Trade and other receivables | 30,311 | - | - | 30,311 | 30,311 |
| Cash and cash equivalents | 428,928 | 428,928 | - | - | 428,928 |
| Total financial assets | 459,239 | 428,928 | - | 30,311 | 459,239 |
| Financial Liabilities | | | | | |
| Refundable deposits | 60,864 | - | - | 60,864 | 60,864 |
| Deposits and advances received | 125,904 | - | - | 125,904 | 125,904 |
| Other liabilities | 33,268 | - | - | 33,268 | 33,268 |
| Bank overdraft | 168 | 168 | - | - | 168 |
| Total liabilities | 220,204 | 168 | - | 220,036 | 220,204 |
| Company | | | | | |
| As at 31 March 2022 | | | | | |
| Financial Assets | | | | | |
| Trade and other receivables | 54,352 | - | - | 54,352 | 54,352 |
| Amount due from related parties | 1,651 | - | - | 1,651 | 1,651 |
| Cash and cash equivalents | 411,286 | 411,286 | - | - | 411,286 |
| Total financial assets | 467,289 | 411,286 | - | 56,003 | 467,289 |
| Financial Liabilities | | | | | |
| Refundable deposits | 96,163 | - | - | 96,163 | 96,163 |
| Accruals, deposits and advances received | 128,433 | - | - | 128,433 | 128,433 |
| Other liabilities | 30,206 | - | - | 30,206 | 30,206 |
| Bank overdraft | 25 | 25 | - | - | 25 |
| Total liabilities | 254,827 | 25 | - | 254,802 | 254,827 |
| As at 31 March 2021 | | | | | |
| Financial Assets | | | | | |
| Trade and other receivables | 28,190 | - | - | 28,190 | 28,190 |
| Amount due from related parties | 847 | - | - | 847 | 847 |
| Cash and cash equivalents | 415,231 | 415,231 | - | - | 415,231 |
| Total financial assets | 444,268 | 415,231 | - | 29,037 | 444,268 |

| Company | Fair Value (Rs.) | | | | |
|--|------------------|------------|----------|----------------|----------------|
| | Carrying Amount | Level 1 | Level 2 | Level 3 | Total |
| As at 31 March 2021 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 | Rs.'000 |
| Financial Liabilities | | | | | |
| Refundable deposits | 60,864 | - | - | 60,864 | 60,864 |
| Accruals, deposits and advances received | 125,274 | - | - | 125,274 | 125,274 |
| Other liabilities | 32,779 | - | - | 32,779 | 32,779 |
| Bank overdraft | 103 | 103 | - | - | 103 |
| Total liabilities | 219,020 | 103 | - | 218,917 | 219,020 |

The methods and assumptions used to estimate the fair values of the financial instruments not carried at fair value are as follows:

- Trade and other receivables - The fair value of trade and other receivables approximate their carrying amount due to the relatively short maturity of the financial instruments.
- Short term deposits - The fair value of short term deposits approximate their carrying amount due to the relatively short maturity of the financial instruments.
- Cash and cash equivalents - The fair value of cash and cash equivalents approximate their carrying amount due to the relatively short maturity of the financial instruments.
- Amounts due to related companies - The fair value of amount due to related parties approximate carrying amounts due to the relatively short settlement patterns among the group.

Financial Risk Management

29.1 Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk.

Introduction and overview

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout this financial statement.

29.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

29.3 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

NOTES TO THE FINANCIAL STATEMENTS

29.3.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

| As at 31 March | GROUP | | COMPANY | |
|-------------------------------|---------|---------------------|---------|---------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs.'000 | Restated Rs.'000 | Rs.'000 | Restated Rs.'000 |
| Trade receivables | 41,789 | 26,026 | 36,705 | 24,067 |
| Amount due from related party | - | - | 1,651 | 847 |
| Cash and cash equivalents | 423,147 | 428,928 | 411,286 | 415,231 |
| | 464,936 | 454,954 | 449,642 | 440,145 |

29.3.1 Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. However, geographically there is no concentration of credit risk.

Group trade receivables mainly comprises of the receivables from the lease tenants. Generally the credit risk of such customers tend to be very low. Accordingly the group makes loss allowances considering the relative age of the receivables.

The following table provides information on exposure to credit risk and provision for trade receivables.

| As at 31 March | 2022 | | 2021 | |
|----------------------|---------------------------------|----------------------|---------------------------------|----------------------|
| | Rs.'000 Trade Receivables | Rs.'000 Provision | Rs.'000 Trade Receivables | Rs.'000 Provision |
| Group | | | | |
| 1 - 90 days | 36,507 | - | 17,536 | - |
| 91-180 days | 1,621 | 345 | 121 | 7 |
| 181 - 365 days | 3,215 | 1,752 | 412 | 96 |
| Above 365 days | 102 | 102 | 13 | 13 |
| Late charge interest | 344 | 344 | 7,944 | 7,944 |
| | 41,789 | 2,543 | 26,026 | 8,060 |

| As at 31 March | 2022 | | 2021 | |
|----------------------|---------------------------------|----------------------|---------------------------------|----------------------|
| | Rs.'000 Trade Receivables | Rs.'000 Provision | Rs.'000 Trade Receivables | Rs.'000 Provision |
| Company | | | | |
| 1 - 90 days | 32,524 | - | 15,890 | - |
| 91-180 days | 1,053 | 263 | 27 | 7 |
| 181 - 365 days | 2,710 | 1,340 | 193 | 96 |
| Above 365 days | 74 | 74 | 13 | 13 |
| Late charge interest | 344 | 344 | 7,944 | 7,944 |
| | 36,705 | 2,021 | 24,067 | 8,060 |

29.4. Liquidity risk

29.4.1 Liquidity risk - Company

Liquidity risk' is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

29.5 Market risk

'Market risk' is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

29.5.1 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes on foreign exchange rates. The Company monitors the fluctuations in foreign currencies with appropriate strategies to minimize risk. The Company's exposure to foreign currency risk is as follows;

| As at 31 March 2022 | Group | | | Company | | |
|---------------------------|----------------------------|----------|----------------|----------------------------|----------|----------------|
| | USD Converted to Rs. | Rs. '000 | Total Rs. '000 | USD Converted to Rs. | Rs. '000 | Total Rs. '000 |
| Cash and cash equivalents | 151 | 423,147 | 423,298 | 151 | 411,286 | 411,437 |
| | 151 | 423,147 | 423,298 | 151 | 411,286 | 411,437 |

| As at 31 March 2021 | Group | | | Company | | |
|---------------------------|----------------------------|----------|----------------|----------------------------|----------|----------------|
| | USD Converted to Rs. | Rs. '000 | Total Rs. '000 | USD Converted to Rs. | Rs. '000 | Total Rs. '000 |
| Cash and cash equivalents | 106 | 428,928 | 429,034 | 106 | 415,231 | 415,336 |
| | 106 | 428,928 | 429,034 | 106 | 415,231 | 415,336 |

Foreign Currency Sensitivity

An estimation of the impact of the currency risk with respect of financial instruments with a 5% change in US Dollar exchange rate is given below. In calculation of risk it is assumed that all other variable factors are held constant. The calculation of sensitivity has been performed only on the assets and liabilities denominated in foreign currency of the Company as at 31 March 2022.

| As at 31 March 2022 | Group | | Company | |
|-----------------------------------|---|------------------------------|---|------------------------------|
| | Effect on profit or loss Rs. '000 | Effect on equity Rs. '000 | Effect on profit or loss Rs. '000 | Effect on equity Rs. '000 |
| LKR Depreciated against USD by 5% | 7.55 | 7.55 | 7.55 | 7.55 |
| LKR Appreciated against USD by 5% | (7.55) | (7.55) | (7.55) | (7.55) |

| As at 31 March 2021 | Group | | Company | |
|-----------------------------------|---|------------------------------|---|------------------------------|
| | Effect on profit or loss Rs. '000 | Effect on equity Rs. '000 | Effect on profit or loss Rs. '000 | Effect on equity Rs. '000 |
| LKR Depreciated against USD by 5% | 5.28 | 5.28 | 5.28 | 5.28 |
| LKR Appreciated against USD by 5% | (5.28) | (5.28) | (5.28) | (5.28) |

NOTES TO THE FINANCIAL STATEMENTS

29.5.2 Interest rate risk

Interest rate risk is the risk to the Company's earnings and economic value of equity ("EVE") arising from adverse movements in interest rates.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments were:

| As at 31 March | GROUP | | COMPANY | |
|---------------------------------|----------------|---------------------|----------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 |
| | Rs.'000 | Restated Rs.'000 | Rs.'000 | Restated Rs.'000 |
| Fixed rate instruments | | | | |
| a) Financial assets | 423,147 | 428,928 | 411,286 | 415,231 |
| Cash and cash equivalents | 423,147 | 428,928 | 411,286 | 415,231 |
| b) Financial liabilities | 123 | 168 | 25 | 103 |
| Bank overdraft | 123 | 168 | 25 | 103 |

Variable rate instruments

The Company does not have any variable rate instruments.

29.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance when this is effective.

30. CAPITAL COMMITMENTS

There were no material commitments as at the reporting date.

31. CONTINGENT LIABILITIES

There were no material contingent liabilities as at the reporting date.

32. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

33. PROBABLE IMPACT FROM ONGOING ECONOMIC CRISIS IN THE COUNTRY

The ongoing economic crisis in the Country has increased the estimation uncertainty in the preparation of Consolidated Financial Statements. The estimation uncertainty is associated with the extent and duration of the expected economic downturn. This includes the disruption to capital markets, deteriorating credit quality, liquidity concerns, increasing unemployment, declines in customers discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and the effectiveness of government and Central Bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

However, In light of the ongoing economic crisis, the Group has assessed its going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

34. COMPARATIVE FIGURES

Where necessary information has been restated to conform to current year's presentation and classification. As stated in Note 05, during the year the group changed its accounting policy of Investments properties, to represent the comparative figures comparable Group has restated the comparative figures where ever it's considered to be relevant.

35. LITIGATION AND CLAIMS

There are no litigations and claims as at the reporting date.

36. DIRECTORS' RESPONSIBILITY ON FINANCIAL REPORTING

The Board of Directors is responsible for the preparation and presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards laid down by the Institute of Chartered Accountants of Sri Lanka.

INVESTOR INFORMATION

1. STATED CAPITAL

| As at 31st March | 2022 | | 2021 | |
|------------------------|------------------|-------------|------------------------------|-------------|
| As at 31st March | Number of shares | LKR | Number of shares (*Restated) | LKR |
| Ordinary Voting Shares | 399,230,125 | 159,692,000 | 399,230,125 | 159,692,000 |

2. DISTRIBUTION OF SHAREHOLDING

| As at 31st March | 2022 | | 2021 | |
|------------------|------------------------|------------------|------------------------|------------------------------|
| As at 31st March | Number of shareholders | Number of shares | Number of shareholders | Number of shares (*Restated) |
| 1-1000 | 5 | 125 | 5 | 125 |
| 100-1,000,000 | - | - | - | - |
| Over 1,000,000 | 2 | 399,230,000 | 2 | 399,230,000 |
| Total | 7 | 399,230,125 | 7 | 399,230,125 |

3. SHAREHOLDING

| As at 31st March | 2022 | | 2021 | |
|-------------------------|------------------|-------------|------------------|-------------|
| As at 31st March | Number of shares | Value LKR | Number of shares | Value LKR |
| DFCC Bank PLC | 204,230,000 | 81,692,000 | 204,130,000 | 81,692,000 |
| Government of Sri Lanka | 195,000,000 | 78,000,000 | 195,000,000 | 78,000,000 |
| Major D.L.Wijesinha | 25 | 10 | 25 | 10 |
| Mr M.R.Prelis | 25 | 10 | 25 | 10 |
| Mr E.G.P.Kalpage | 25 | 10 | 25 | 10 |
| Mr A. Mahendran | 25 | 10 | 25 | 10 |
| Mr G.T.Galhenage | 25 | 10 | 25 | 10 |
| Total | 399,230,125 | 159,692,050 | 399,230,125 | 159,692,050 |

4. NET ASSETS PER SHARE

| As at 31st March | 2022 | | 2021 | |
|----------------------------|-------|---------|-------|---------|
| As at 31st March | Group | Company | Group | Company |
| Net Assets per Share (Rs.) | 16.28 | 14.37 | 16.25 | 14.35 |

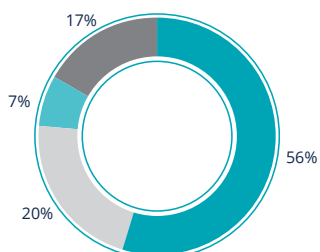
ECONOMIC VALUE-ADDED STATEMENT

The value-added statement highlights the wealth created by the activities of the Company over the last two years and the distribution of this wealth created among its stakeholders.

| Year Ended 31st March | 2022 | | 2021 | |
|--|----------|-----|----------|-----|
| | Rs. '000 | % | Rs. '000 | % |
| Direct Economic Value Generated | | | | |
| Revenue | 408,186 | 94 | 350,660 | 91 |
| Other operating income | 2,313 | 1 | 9,356 | 2 |
| Net finance income | 21,793 | 5 | 24,665 | 7 |
| | 432,292 | 100 | 384,681 | 100 |
| Economic value distributed to employees | | | | |
| Employee salaries and benefits | 22,585 | 7 | 25,301 | 9 |
| Operating cost | | | | |
| Other operating expenses | 51,501 | 17 | 42,955 | 15 |
| Payments to Government | | | | |
| Income taxes paid | 59,226 | 20 | 58,759 | 20 |
| Payments to providers of funds | | | | |
| Dividend payment | 167,677 | 56 | 167,677 | 56 |
| | 300,989 | 100 | 294,692 | 100 |
| Economic Value Retained | | | | |
| | 131,303 | | 89,989 | |

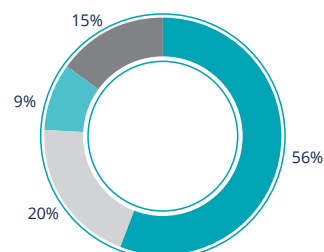
The above data has been derived from the audited Financial Statements that were prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS).

**ECONOMIC VALUE DISTRIBUTION
2021/22**



- Dividends paid
- Taxes Paid
- Employee salaries and benefits
- Other operating expenses

**ECONOMIC VALUE DISTRIBUTION
2020/21**



- Dividends paid
- Taxes Paid
- Employee salaries and benefits
- Other operating expenses

TEN YEAR SUMMARY

Financial Position

| As at 31st March | Group | | | | | | | | | | | |
|--|------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | |
| Assets | | | | | | | | | | | | |
| Property, plant and equipment | 189,309 | 152,490 | 165,265 | 83,519 | 98,988 | 109,746 | 94,933 | 85,974 | 79,030 | 69,481 | 66,367 | |
| Investment properties | 8,056,758 | 7,037,376 | 6,985,000 | 476,530 | 409,972 | 216,715 | 180,622 | 182,799 | 162,369 | 151,359 | 116,572 | |
| Investment in subsidiary | | - | - | - | | | | | | | | |
| Deferred taxation | | | | | | | | 326 | 495 | 463 | 415 | |
| Total non current assets | 8,246,067 | 7,189,866 | 7,150,265 | 560,049 | 508,960 | 326,461 | 275,555 | 269,099 | 241,894 | 221,303 | 183,354 | |
| Current Assets | | | | | | | | | | | | |
| Inventories | 5,327 | 3,912 | 3,328 | 3,381 | 3,260 | 3,337 | 3,696 | 3,568 | 3,152 | 2,928 | 2,688 | |
| Trade and other receivables | 58,914 | 30,311 | 58,054 | 45,725 | 16,814 | 26,482 | 20,373 | 24,888 | 28,438 | 20,285 | 11,789 | |
| Amount due from related party | | - | - | - | - | | | | | | | |
| Cash and cash equivalents | 423,147 | 428,928 | 340,908 | 271,178 | 335,192 | 374,066 | 359,632 | 377,227 | 371,512 | 402,188 | 391,891 | |
| Total current assets | 487,388 | 463,151 | 402,290 | 320,284 | 355,266 | 403,885 | 383,701 | 405,683 | 403,102 | 425,401 | 406,368 | |
| Total assets | 8,733,455 | 7,653,017 | 7,552,555 | 880,333 | 864,226 | 730,346 | 659,256 | 674,782 | 644,996 | 646,704 | 589,722 | |
| Equity and liabilities | | | | | | | | | | | | |
| Stated capital | 159,692 | 159,692 | 159,692 | 159,692 | 159,692 | 159,692 | 159,692 | 159,692 | 159,692 | 159,692 | 159,692 | |
| Revaluation Reserve | | | | | | | | | 0 | | | |
| Reserves | 6,338,607 | 5,576,389 | 5,523,809 | 450,252 | 438,405 | 404,229 | 364,437 | 414,921 | 389,221 | 381,979 | 352,618 | |
| Total equity | 6,498,299 | 5,736,081 | 5,683,501 | 609,944 | 598,097 | 563,921 | 524,129 | 574,613 | 548,913 | 541,671 | 512,310 | |
| Non-current liabilities | | | | | | | | | | | | |
| Deferred taxation | 1,924,564 | 1,665,906 | 1,649,676 | 61,418 | 62,570 | 29,147 | 22,032 | - | - | - | - | |
| Refundable deposits | 96,163 | 60,864 | 60,453 | 33,032 | 22,709 | 17,766 | 17,598 | 18,175 | 17,067 | 37,741 | 21,218 | |
| Employee benefits | 5,779 | 6,590 | 4,518 | 7,122 | 6,914 | 6,128 | 5,448 | 4,948 | 4,768 | 4,753 | 4,037 | |
| Total non current liabilities | 2,026,506 | 1,733,360 | 1,714,647 | 101,572 | 92,193 | 53,041 | 45,078 | 23,123 | 21,835 | 42,494 | 25,255 | |
| Current liabilities | | | | | | | | | | | | |
| Accruals, deposits and advances received | 129,341 | 125,904 | 98,248 | 105,543 | 111,464 | 87,292 | 65,838 | 65,794 | 64,703 | 46,393 | 44,096 | |
| Other liabilities | 31,236 | 33,268 | 13,227 | 20,955 | 53,116 | 9,956 | 6,435 | 6,966 | 4,636 | 11,640 | 5,645 | |
| Current taxation | 47,950 | 24,236 | 41,816 | 41,446 | 1,973 | 14,704 | 15,597 | 2,320 | 3,676 | 3,984 | 2,416 | |
| Bank overdraft | 123 | 168 | 1,116 | 874 | 7,384 | 1,432 | 2,179 | 1,966 | 1,234 | 522 | - | |
| Total current liabilities | 208,650 | 183,576 | 154,407 | 168,818 | 173,937 | 113,384 | 90,049 | 77,046 | 74,249 | 62,539 | 52,157 | |
| Total liabilities | 2,235,156 | 1,916,936 | 1,869,054 | 270,390 | 266,130 | 166,425 | 135,127 | 100,169 | 96,084 | 105,033 | 77,412 | |
| Total equity and liabilities | 8,733,455 | 7,653,017 | 7,552,555 | 880,333 | 864,226 | 730,346 | 659,256 | 674,782 | 644,996 | 646,704 | 589,722 | |

| | Company | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|---------|---------|---------|---------|---------|---------|---------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| | | | | | | | | | | | |
| | 186,329 | 152,139 | 164,802 | 82,569 | 97,579 | 107,583 | 92,619 | 84,103 | 77,326 | 67,195 | 63,445 |
| | 8,056,758 | 7,037,376 | 6,985,000 | 476,530 | 409,972 | 216,715 | 180,622 | 182,799 | 162,369 | 151,359 | 116,572 |
| | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 |
| | 8,250,087 | 7,196,515 | 7,156,802 | 566,099 | 514,551 | 331,298 | 280,241 | 273,902 | 246,695 | 225,554 | 187,017 |
| | | | | | | | | | | | |
| | 3,328 | 2,261 | 2,027 | 2,063 | 1,960 | 1,884 | 2,071 | 2,129 | 1,912 | 1,712 | 1,480 |
| | 54,352 | 28,190 | 56,803 | 44,900 | 15,566 | 25,175 | 19,073 | 23,856 | 27,172 | 19,253 | 11,003 |
| | 1,651 | 847 | 445 | 396 | 442 | 769 | 1,389 | 559 | 807 | 944 | 941 |
| | 411,286 | 415,231 | 328,298 | 259,058 | 325,293 | 366,279 | 352,427 | 371,306 | 366,457 | 397,605 | 387,882 |
| | 470,617 | 446,529 | 387,573 | 306,417 | 343,261 | 394,107 | 374,960 | 397,850 | 396,348 | 419,514 | 401,306 |
| | 8,720,704 | 7,643,044 | 6,559,375 | 7,544,375 | 857,812 | 725,405 | 655,201 | 671,752 | 643,043 | 645,067 | 588,323 |
| | | | | | | | | | | | |
| | 159,692 | 159,692 | 159,692 | 159,692 | 159,692 | 159,692 | 159,692 | 159,692 | 159,692 | 159,692 | 159,692 |
| | | | - | | | | | | | | |
| | 6,329,271 | 5,568,834 | 5,516,825 | 443,943 | 433,208 | 400,440 | 362,006 | 412,633 | 387,997 | 380,849 | 351,713 |
| | 6,488,963 | 5,728,526 | 5,676,517 | 603,635 | 592,900 | 560,132 | 521,698 | 572,325 | 547,689 | 540,541 | 511,405 |
| | | | | | | | | | | | |
| | 1,924,903 | 1,666,260 | 1,649,799 | 61,344 | 62,419 | 29,126 | 22,179 | - | - | - | |
| | 96,163 | 60,864 | 60,453 | 32,949 | 22,709 | 17,766 | 17,598 | 18,175 | 17,067 | 37,741 | 21,218 |
| | 4,600 | 5,281 | 3,926 | 6,689 | 6,632 | 5,763 | 5,098 | 4,699 | 4,453 | 4,542 | 3,909 |
| | 2,025,666 | 1,732,405 | 1,714,178 | 100,982 | 91,760 | 52,655 | 44,875 | 22,874 | 21,520 | 42,283 | 25,127 |
| | | | | | | | | | | | |
| | 128,433 | 125,274 | 97,845 | 105,285 | 111,045 | 86,872 | 63,584 | 65,592 | 64,525 | 46,241 | 43,975 |
| | 30,206 | 32,779 | 13,165 | 20,786 | 53,093 | 9,754 | 7,890 | 6,743 | 4,415 | 11,485 | 5,381 |
| | 47,411 | 23,957 | 41,798 | 40,992 | 1,630 | 14,616 | 15,614 | 2,258 | 3,660 | 3,995 | 2,435 |
| | 25 | 103 | 872 | 836 | 7,384 | 1,376 | 1,540 | 1,960 | 1,234 | 522 | - |
| | | | | | | | | | | | |
| | 206,075 | 182,113 | 153,681 | 167,899 | 173,152 | 112,618 | 88,628 | 76,553 | 73,834 | 62,243 | 51,791 |
| | 2,231,741 | 1,914,518 | 1,867,858 | 268,881 | 264,912 | 165,273 | 133,503 | 99,427 | 95,354 | 104,526 | 76,918 |
| | 8,720,704 | 7,643,044 | 7,544,375 | 872,516 | 857,812 | 725,405 | 655,201 | 671,752 | 643,043 | 645,067 | 588,323 |

TEN YEAR SUMMARY

Financial Results

| For the year ended 31st March | Group | | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|------------------|-----------------|-----------------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Revenue | 407,019 | 349,583 | 355,326 | 323,756 | 268,722 | 249,154 | 219,455 | 210,733 | 189,203 | 166,920 | 157,763 |
| Other operating income | 20,510 | 18,896 | 18,851 | 9,141 | 9,226 | 10,524 | 15,315 | 8,920 | 7,969 | 6,833 | 37,946 |
| Fair Value gain on investment property | 1,030,142 | 102,441 | | | | | | | | | |
| Total income | 1,457,671 | 470,920 | 374,177 | 332,897 | 277,948 | 259,678 | 234,770 | 219,653 | 197,172 | 173,753 | 195,709 |
| Staff expenses | (30,447) | (31,296) | (32,207) | (30,134) | (28,703) | (27,662) | (27,015) | (24,993) | (23,623) | (21,395) | (18,374) |
| Depreciation and amortisation | (119,736) | (121,903) | (45,090) | (44,010) | (34,569) | (32,269) | (26,951) | (24,825) | (21,904) | (20,096) | (18,425) |
| Other operating expenses | (58,552) | (44,564) | (50,490) | (53,180) | (51,865) | (51,050) | (50,434) | (47,915) | (60,552) | (36,920) | (38,495) |
| Total operating expenses | (208,735) | (197,763) | (127,787) | (127,324) | (115,137) | (110,981) | (104,400) | (97,733) | (106,079) | (78,411) | (75,294) |
| Profit from operations | 1,248,936 | 273,157 | 246,390 | 205,573 | 162,811 | 148,697 | 130,370 | 121,920 | 91,093 | 95,342 | 120,415 |
| Net finance income | 22,505 | 25,613 | 31,796 | 32,648 | 46,620 | 42,552 | 27,494 | 28,248 | 45,231 | 46,901 | (1,997) |
| Profit before taxation | 1,271,441 | 298,770 | 278,186 | 238,221 | 209,431 | 191,249 | 157,864 | 150,168 | 136,324 | 142,243 | 118,418 |
| Income tax expense | (342,550) | (77,180) | (76,866) | (66,667) | (63,384) | (55,919) | (62,819) | (12,854) | (17,283) | (17,069) | (11,473) |
| Profit for the year | 928,891 | 221,590 | 201,320 | 171,554 | 146,047 | 135,330 | 95,045 | 137,314 | 119,041 | 125,174 | 106,945 |
| Other comprehensive income | | | | | | | | | | | |
| Item that will not be reclassified to profit or loss | | | | | | | | | | | |
| Actuarial gain/ (loss) on defined benefit plans | 1,323 | (1,753) | (716) | (22) | (119) | 385 | 516 | 170 | (16) | - | - |
| Related tax | (318) | 421 | 200 | 7 | 33 | (108) | (142) | - | - | - | - |
| Total other comprehensive income for the year | 1,005 | (1,332) | (516) | (15) | (86) | 277 | 374 | 170 | (16) | - | - |
| Total comprehensive income for the year | 929,896 | 220,257 | 200,804 | 171,539 | 145,960 | 135,607 | 95,419 | 137,484 | 119,025 | 125,174 | 106,945 |
| Basic earnings per share (Rs.) | 2.33 | 0.56 | 12.61 | 10.74 | 9.15 | 8.47 | 5.95 | 8.60 | 7.45 | 7.84 | 6.70 |

* Basic EPS for periods before 2020/21 have not been adjusted for share sub-division.

| | Company | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|----------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| | 408,186 | 350,660 | 356,460 | 324,921 | 269,877 | 250,299 | 220,591 | 211,876 | 190,340 | 167,967 | 158,771 |
| | 2,313 | 9,356 | 11,416 | 2,084 | 1,623 | 2,269 | 7,366 | 142 | 61 | 21 | 31,066 |
| | 1,030,142 | 102,441 | | | | | | | | | |
| | 1,440,641 | 462,457 | 367,876 | 327,005 | 271,500 | 252,568 | 227,957 | 212,018 | 190,401 | 167,988 | 189,837 |
| | (22,585) | (25,301) | (27,404) | (26,286) | (26,098) | (23,574) | (22,625) | (21,023) | (44,802) | (17,407) | (15,298) |
| | (119,381) | (121,523) | (44,575) | (43,341) | (33,807) | (31,226) | (26,131) | (23,766) | (19,275) | (19,045) | (17,486) |
| | (51,501) | (42,955) | (49,482) | (52,481) | (49,884) | (50,059) | (48,887) | (46,342) | (20,988) | (36,031) | (37,494) |
| | (193,467) | (189,779) | (121,461) | (122,108) | (109,789) | (104,859) | (97,643) | (91,131) | (85,065) | (72,483) | (70,278) |
| | 1,247,174 | 272,678 | 246,415 | 204,897 | 161,711 | 147,709 | 130,314 | 120,887 | 105,336 | 95,505 | 119,559 |
| | 21,793 | 24,665 | 30,657 | 31,477 | 45,723 | 41,902 | 27,088 | 27,960 | 44,802 | 46,443 | (1,987) |
| | 1,268,967 | 297,343 | 277,072 | 236,374 | 207,434 | 189,611 | 157,402 | 148,847 | 150,138 | 141,948 | 117,572 |
| | (341,541) | (76,682) | (76,431) | (65,951) | (62,835) | (55,572) | (62,564) | (12,439) | (17,234) | (16,998) | (11,486) |
| | 927,426 | 220,661 | 200,641 | 170,423 | 144,599 | 134,039 | 94,838 | 136,408 | 132,904 | 124,950 | 106,086 |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | 905 | (1,283) | (710) | 5 | (65) | 292 | 508 | 13 | | - | - |
| | (217) | 309 | 199 | (1) | 18 | (82) | (142) | - | | - | - |
| | 688 | (974) | (511) | 4 | (47) | 210 | 366 | 13 | | - | - |
| | 928,114 | 219,687 | 200,130 | 170,427 | 144,552 | 134,249 | 95,204 | 136,421 | 132,904 | 124,950 | 106,086 |
| | 2.32 | 0.55 | 12.56 | 10.67 | 9.05 | 8.39 | 5.94 | 8.54 | 7.45 | 7.82 | 6.64 |

GRI INDEX

| GRI Standard | Disclosure | Reference |
|------------------------------------|--|-------------------------------------|
| GRI 102 : General Disclosures 2016 | | |
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| | 102-2 Activities, brands, products and services | Who We Are |
| | 102-3 Location of headquarters | Corporate Information |
| | 102-4 Location of operations | Corporate Information |
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| | 102-6 Markets served | Social and Relationship Capital |
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| | 102-11 Precautionary principle or approach | About This Report |
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| | 102-14 Statement from senior decision maker | Chairman's Message and CEO's Review |
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| | 102-18 Governance structure | Corporate Governance |
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| | 102-24 Nominating and selecting the highest governance body | Corporate Governance |
| | 102-35 Remuneration policies | Corporate Governance |
| | 102-36 Process of determining remuneration | Corporate Governance |
| | 102-40 List of stakeholder groups | Stakeholder Engagement |
| | 102-41 Collective bargaining agreements | Human Capital |
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| | 102-43 Approach to stakeholder engagement | Stakeholder Engagement |
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| | 102-46 Defining report content and topic boundary | About This Report |
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| | 102-53 Contact point for questions regarding Report | About This Report |
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| | 102-54 Claims of reporting in accordance with GRI Standards | About This Report |

| GRI Standard | Disclosure | Reference |
|--|--|---------------------------------|
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| | 103-2 The Management approach and its components | Materiality |
| | 103-2 Evaluation of the management approach | Social and Relationship Capital |
| GRI 201 : Economic Performance 2016 | 201-1 Direct economic value generated and distributed | Economic Value Created |
| | 201-3 Defined benefit plan obligations and other retirement plans | Human Capital |
| GRI 203 : Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | Manufactured Capital |
| | 203-2 Significant indirect economic impacts | Operating Environment |
| GRI 204 : Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | Social and Relationship Capital |
| GRI 302 : Energy Consumption 2016 | 302-1 Energy consumption within the organization | Natural Capital |
| GRI 306 Effluents and Waste 2016 | 306-2 Waste by type and disposal method | Natural Capital |
| GRI 307: Environmental Compliance | 307-1 Non-compliance with environmental laws and regulations | Natural Capital |
| GRI 401: Employment 2016 | 401-1 New employee hires and turnover | Human Capital |
| | 401-3 Parental leave | Human Capital |
| GRI 403: Occupational Health and Safety | 403-1 Occupational health and safety management system | Human Capital |
| GRI 404 : Training and Education 2016 | 404-2 Programs for upgrading employee skills and transition assistance programs | Human Capital |
| GRI 405 : Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | Human Capital |
| GRI 406 : Non-Discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | Human Capital |
| GRI 413 : Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | Social and Relationship Capital |

GLOSSARY

ACCOUNTING POLICIES

Specific principles, bases and procedures adopted by an organization in preparation and presentation of financial statements

ACCRUAL BASIS

Recognizing the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

AMORTIZED COST

Amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and minus any reduction for impairment or uncollectability.

ASSET TURNOVER

Revenue divided by average total assets

CASH EQUIVALENTS

Short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

CONTINGENT LIABILITIES

A condition or situation existing as at the date of the report due to past events, where the financial effect is not recognised because:

1. The obligation is crystallised by the occurrence or nonoccurrence of one or more future events or,
2. A probable outflow of economic resources is not expected or,
3. It is unable to be measured with sufficient reliability

CURRENT RATIO

Current assets divided by current liabilities.

CORPORATE GOVERNANCE

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of the entity,

the supervision of executive actions and accountability to owners and others

DEFERRED TAX

Sum set aside in the Financial Statements for taxation that may become payable/recoverable in a financial year other than the current financial year (future periods).

DIVIDEND PAYOUT RATIO

Dividend paid as a percentage of Company profits, adjusted for non-cash gain items.

EARNINGS PER SHARE (EPS)

Profit attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue during the period.

FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FINANCIAL INSTRUMENT

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

FINANCIAL ASSETS MEASURED AT AMORTISED COST

A financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

GROUP

A group is a parent and all its subsidiaries.

IMPAIRMENT

This occurs when recoverable amount of an asset is less than its carrying amount

INTANGIBLE ASSET

An intangible asset is an identifiable non-monetary asset without a physical substance.

KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity

NET ASSETS

Total assets minus current liabilities, long term liabilities and non-controlling interests.

NET ASSETS PER SHARE

Net assets as at a particular financial year end, divided by the number of shares in issue, as at the current financial year end.

PARENT

A parent is an entity which has one or more subsidiaries.

RELATED PARTIES

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

RETURN ON ASSETS (ROA)

Profit after tax expressed as a percentage of the assets.

RETURN ON AVERAGE EQUITY (ROE)

Attributable profits divided by average shareholders' funds.

WORKING CAPITAL

Capital required to finance the day to day operations computed as the excess of current assets over current liabilities.

NOTICE OF AGM

LANKA INDUSTRIAL ESTATES LIMITED - PB 1730

Notice is hereby given that the Thirtieth (30th) Annual General Meeting of Lanka Industrial Estates Limited will be held as a virtual meeting on Thursday, 28th July 2022 at 3.00 p.m. and the business to be brought before the meeting will be:

AGENDA

1. To receive and consider the Report of the Board of Directors on the State of Affairs of the Company and the Audited Financial Statements for the year ended 31st March 2022 with the Report of the Auditors thereon.
2. To declare a First & Final Dividend of Rs.0.44 per share for the year ended 31st March 2022 as recommended by the Directors.
3. To re-elect Mr. L.H.A.L. Silva, Director who retires by rotation in terms of Article 99 of the Articles of Association of the Company.
4. To re-elect Mr. A.D. Tudawe, Director who retires by rotation in terms of Article 99 of the Articles of Association of the Company.
5. To re-elect Mr. W.D.R. Chrisantha, Director who retires in terms of Article 105 of the Articles of Association of the Company.
6. To re-elect Mr. T. Dharmarajah, Director who retires in terms of Article 105 of the Articles of Association of the Company.
7. To re-elect Dr. K.A.S Keeragala, Director who retires in terms of Article 105 of the Articles of Association of the Company.
8. To re-elect Ms. C.M.D.N.K. Seneviratne, Director who retires in terms of Article 105 of the Articles of Association of the Company.
9. To consider and if thought fit to pass the following ordinary resolution pertaining to the re-appointment of Dr. R.M.K. Ratnayake as a Director who is over 70 years of age, in compliance with Section 211 of the Companies Act No.07 of 2007 and whose re-appointment is recommended by the Board of Directors:

Ordinary Resolution

"That the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to Dr. Ratnayake Mudiyansele Karunasinghe Ratnayake, Director who is 74 years of age (having reached 70 years of age on 20th April 2018) and accordingly that Dr. Ratnayake Mudiyansele Karunasinghe Ratnayake be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act No.07 of 2007"

10. To authorize Directors to determine the remuneration of the Auditors, KPMG, Chartered Accountants who are deemed to have been re-appointed as Auditors in terms of Section 158 of the Companies Act No.07 of 2007.

By Order of the Board of Directors of

Lanka Industrial Estates Limited



S S P CORPORATE SERVICES (PRIVATE) LIMITED

SECRETARIES

Colombo
30th June 2022

The member entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy to attend and vote instead of him/her. Such proxy need not be a member of the Company.

A Form of Proxy is enclosed.

Note:-

The completed Form of Proxy should be deposited at the Registered Office of the Company, at No.73/5, DFCC Building, Galle Road Colombo 03, not later than 48 hours before the time appointed for the holding of the meeting.

FORM OF PROXY

I(NIC No.....) of
being a member of the above Company, hereby
 appoint:

| | |
|--|---------------------------|
| Mr. Lokugan Hewage Ananda Lakshman Silva | of Colombo or failing him |
| Mr. Amal Dushan Tudawe | of Colombo or failing him |
| Mr. Tyrone Wilfrid De Silva | of Colombo or failing him |
| Mr. Ravi Anuruddha Dassanayake | of Colombo or failing him |
| Dr. Ratnayake Mudiyansele Karunasinghe Ratnayake | of Colombo or failing him |
| Mr. Walatharage Don Rohan Crishantha | of Colombo or failing him |
| Mr. Thiyagarajah Dharmarajah | of Colombo or failing him |
| Dr. Keeragala Arachchilage Sumanapala Keeragala | of Colombo or failing him |
| Ms. Chandrasekara Mudiyansele Deepa Nayanakanthi Kumarihamy Seneviratne | of Colombo or failing her |

Mr./Mrs./Miss(NIC No.....)
 of

as my proxy to represent me and vote on my behalf at the Annual General Meeting of the Company to be held on 28th July 2022 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting and to VOTE as indicated below:

| | FOR | AGAINST |
|---|-----|---------|
| 1. To receive and consider the Report of the Board of Directors on the State of Affairs of the Company and the Audited Financial Statements for the year ended 31st March 2022 with the Report of the Auditors thereon. | | |
| 2. To declare a First & Final Dividend of Rs.0.44 per share for the year ended 31st March 2022 | | |
| 3. To re-elect Mr. L.H.A.L. Silva, Director who retires by rotation in terms of Article 99 of the Articles of Association of the Company. | | |
| 4. To re-elect Mr. A.D. Tudawe, Director who retires by rotation in terms Article 99 of the Articles of Association of the Company | | |
| 5. To re-elect Mr. W.D..R.Chrishantha, Director who retires in terms Article 105 of the Articles of Association of the Company. | | |
| 6. To re-elect Mr. T. Dharmarajah, Director who retires in terms Article 105 of the Articles of Association of the Company. | | |
| 7. To re-elect Dr. K.A.S. Keeragala, Director who retires in terms of Article 105 of the Articles of Association of the Company. | | |
| 8. To re-elect Ms. C.M.D.N.K. Seneviratne, Director who retires in terms of Article 105 of the Articles of Association of the Company. | | |
| 9. To re-appoint Dr. R.M.K. Ratnayake, who is over 70 years of age as a Director of the Company, by passing the ordinary resolution set out in the Notice of Meeting. | | |
| 10. To authorize directors to determine the remuneration of the Auditors M/s KPMG Chartered Accountants who are deemed to have been re-appointed as Auditors | | |

Signed this day ofTwo Thousand and Twenty Two.

Signature:

Note :

1. Please delete the inappropriate words.
2. Instructions for completion of form of proxy are noted on the reverse
3. A proxy need not be a member of the Company

INSTRUCTIONS FOR COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address, and your instructions as to voting, by signing in the space provided and filling in the date of signature.
2. Please indicate with a 'X' in the cages provided how your proxy is to vote on the Resolutions. If no indication is given or if there is any doubt as to how the Proxy should vote by reason of the manner in which the instructions are carried out, the proxy in his/her discretion may vote as he/she thinks fit.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at No No.73/5, Galle Road, Colombo 03, not less than 48 hours before the time appointed for holding the meeting.
4. If the Form of Proxy is signed by an attorney, the relative power of attorney should accompany the completed form of proxy for registration, if such power of attorney has not already been registered with the Company.

Note:

If the shareholder is a Company or body corporate, Section 138 of the Companies Act No.7 of 2007 applies to corporate shareholders of Lanka Industrial Estates Limited. Section 138 provides for representation of Companies at meetings of other Companies. A Corporation, whether a Company within the meaning of this Act or not, may, where it is a member of another Corporation, being a Company within the meaning of this Act, by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company. A person authorised as aforesaid shall be entitled to exercise the same power on behalf of the Corporation which it represents as that Corporation could exercise if it were an individual shareholder of that other Company.

CORPORATE INFORMATION

NAME OF THE COMPANY

Lanka Industrial Estates Limited

LEGAL FORM

Public Company (Unlisted)

COMPANY REGISTRATION NUMBER

PB 1730

VAT REGISTRATION NUMBER

134003278-7000

REGISTERED OFFICE

73/5,DFCC Building,Galle Road,Colombo
03

HEAD OFFICE

Lindel Industrial Estate, Pattiwila Road,
Sapugaskanda, Makola

PARENT COMPANY

DFCC Bank PLC

SUBSIDIARY

Lindel Industrial Laboratories Limited

AUDITORS

KPMG
Chartered Accountants

BANKERS

DFCC Bank PLC
Commercial Bank of Ceylon PLC

BOARD OF DIRECTORS

Mr. L.H.A.L Silva
Mr. T.W De Silva
Mr. A.D Tudawe
Mr. W.D.R Crishantha
Dr. R.M.K Ratnayake
Mr.R.A Dassanayake
Mr.T. Dharamrajah
Dr. K.A.S Keeragala
Mrs. C.M.D.N.K Seneviratne

SECRETARY

S S P Corporate Services (Pvt) Ltd

CORPORATE MEMBERSHIPS

National Chamber of Commerce
International Chamber of Commerce

Telephone

(+94)11-2400318

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lindel.biz

