



LANKA INDUSTRIAL ESTATES LTD

ANNUAL REPORT 2023/24



At Lindel we are committed to create infrastructure which enables businesses to operate in an environmentally sustainable manner.

From responsible waste management, nature friendly green spaces to energy-efficient technologies powering our facilities, every aspect of our industrial estate reflects our commitment to reducing our carbon footprint and preserving our planet for future generations.

Sustainability isn't just about today—it's about tomorrow and we believe that growth is synonymous with responsibility. Together with our stakeholders we are creating a future where manufacturing thrives without compromising the planet. Our industrial estate isn't just a place—it's a testament to what's possible when vision meets action and sustainability becomes the cornerstone of progress.

At Lindel we are redefining what it means to build, create and sustain.

From Resilience to Progress and Sustainability

Lindel emerged with resilience moving ahead in an extraordinarily formidable business terrain, following unprecedented challenges, reinforcing its position as a leading infrastructure provider, in the country. Our extensive experience over the years, with a focus on exceptional customer service and robust business partnerships, has created a platform for industries to operate within well-established infrastructural environments. As we move ahead, we strive to offer sustainable infrastructural services with a strong emphasis on environmental and social sustainability, as we prioritise the preservation of our resources for the future, which is resonant with our reputation of resilience and strength.

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"The calibre and credibility of our esteemed clientele who are the tenants of the industrial estate are certainly noteworthy and certainly add value to our estate."



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"The Group achieved a 9% growth in its top-line revenue to reach Rs 513 Million, enabled by increased occupancy levels of the industrial estate."

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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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ABOUT THIS REPORT



WELCOME TO LINDEL'S FIFTH INTEGRATED ANNUAL REPORT

The Integrated Annual Report communicates how Lindel's strategy, governance, performance and prospects as an organisation create value over the short, medium and long term for our stakeholders. The report presents a clear and holistic overview of the company's operations, how we interact with our operating environment, and how we create value over time considering financial, manufacturing, intellectual, human, social relationships, and natural capital.

Our report includes a comprehensive overview of the company's strategy, governance and capital management along with detailed financial information about the company. The report provides a complete and interconnected understanding of the organisation's activities, which empowers stakeholders to make informed decisions and support the organisation's long-term success and sustainability.

REPORT STRUCTURE

The Annual Report of the company covers the financial year ending on the 31st March 2024. Our reporting cycle spans 12 months. We base our references and comparisons on the information published in our most recent annual report ending on 31 March 2023. The company creates value through the Business Model, drawing on input from the six capitals. Through our business activities, these inputs are transformed into outputs and outcomes that create lasting value for our diverse stakeholders.

MATERIALITY

Lindel applies the principles of materiality in determining which information should be included in the Integrated report. The report content is developed on material matters focusing on economic, environmental and social aspects. Accordingly, the report focuses on the issues, opportunities and challenges that have a material impact on the Company's operations.

REPORTING GUIDELINES AND FRAMEWORK

- Integrated Reporting Framework - Integrated Reporting Council
- Company's Act No. 07 of 2007
- Sri Lanka Accounting Standards - Institute of Chartered Accountants of Sri Lanka
- International Financial Reporting Standards IFRS Foundation
- Code of Best Practice on Corporate Governance, 2017
- Continuous Listing Rules Colombo Stock Exchange Reporting Frameworks, Standards and Guidelines

SCOPE AND BOUNDARY

This Annual Report provides a comprehensive overview of both the financial and non-financial performance of the company. The report also discloses non-financial information, to create a greater understanding of the company's performance and strategy, in line with our commitment to transparency in reporting. We have not re-iterated any information or data published in previous reports. The information is gathered and compiled by the respective departments including subsidiary operations. This report represents a balanced review of Lindel's financial, environmental and social performance, governance framework and risk management practices.

COMBINED ASSURANCE

We follow a combined assurance model which ensures the integrity of both our financial and non-financial information through a combination of monitoring and oversight by management, the Board of Directors, internal audit and external assurance providers, to establish the credibility of this report, adhering to strong ethical standards and compliance.

ENSURING THAT THERE ARE NO MATERIAL MISSTATEMENTS.

The financial reporting including the financial statements and related notes and sustainability reporting has been assured by external and independent auditors, Messrs. KPMG, (Chartered Accountants), which is set out on page 101 of this report.

The Financial Statements of Lindel have been prepared per the standards and guidelines established 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 2021" published by the Institute of Chartered Accountants of Sri Lanka. External assurance for sustainability reporting has not been obtained for this year.

FORWARD LOOKING STATEMENTS

This report includes forward-looking statements, which relate to the future financial position and performance of Lindel's operations. These statements by their nature involve an element of risk and uncertainty, as they relate to events and depend on circumstances that may or may not occur in the future. As such, Lindel is not under obligation and does not undertake to update or revise any of these forward-looking statements publicly in response to the changes in its business backdrop after the date of publication.

AVAILABLE FORMAT



Printed format is available on request.



PDF is available on request at www.lindel.lk

ANY QUERIES REGARDING THIS REPORT

Any queries regarding this report should be addressed to:

Finance Manager

Lanka Industrial Estates Limited
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Tel: +94 11 2400318



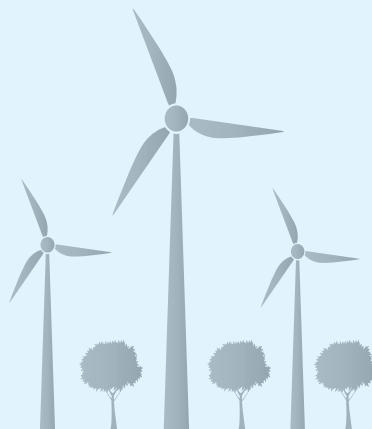
www.lindel.lk



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ABOUT US



WHO WE ARE

Lanka Industrial Estates Ltd (Lindel) - a subsidiary of the DFCC Bank PLC is a private sector industrial estate developer, incorporated in 1992 to develop, operate and manage industrial estates in Sri Lanka. Lindel provides top notch infrastructure, and allied services to its clients, consistently meeting and transcending the highest industry standards.

The Lindel Industrial Estate at Sapugaskanda, established and developed upon the existing State Fertilizer Manufacturing Corporation property, now extends to a 106-acre expanse of land, held on a freehold basis, and hosts several leading enterprises, including Fortune 500 companies. The Estate is occupied by tenants across diverse business sectors, including Agriculture, Chemicals, FMCG, Logistics, Lubricants, Metal Fabrication, Packaging and Power Generation.

Lindel Industrial Laboratories Limited (LILL), a fully owned subsidiary of Lindel, was first established in 1997, to monitor the quality of water and effluents, and has now expanded its services to clients beyond Lindel's industrial estate tenants, providing a range of testing services. LILL is recognised by the Central Environment Authority, for testing specific environment protection license related parameters and accredited by the Accreditation Scheme for Testing Laboratories (ASTEL), for testing other parameters and materials. LILL was one of the pioneering industrial laboratories to meet the ISO 17025 Standard in 2006, highlighting its commitment to high standards of quality and precision.

OUR PARENT COMPANY

Established in 1955, the DFCC Bank PLC is Sri Lanka's first development bank and one of the oldest in the region. DFCC has been the lender of choice for pioneering Sri Lankan entrepreneurs and continues to champion and support 'Green' development initiatives, which encompasses waste to energy, hydro, wind, and solar energy initiatives.

Following six decades of lending expertise for projects, DFCC transitioned into a commercial bank in 2015, offering a range of development and commercial banking services, and is at the forefront of providing digitally enabled products and services, delivering exceptional service, unmatched convenience, and outstanding value to customers.



REACH

Customer accessibility is facilitated through an integrated physical and digital network, which comprises:

139
BRANCHES

216
ATM'S

36
CHEQUE
DEPOSIT
MACHINES

21%
MOBILE
BANKING
USERS

51
MY SPACE
LOCATIONS

7%
ONLINE
USERS

PORTFOLIO

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
























SUSTAINABILITY AT LINDEL

Lindel places sustainability at the heart of its operations, with a three-pronged commitment to environmental, social, and governance aspects. These principles are embedded in its decision-making processes and overall strategy. The Company supports 14 of the 17 United Nations Sustainable Development Goals and is dedicated to enhancing its contributions each year.

This holistic strategy of Lindel allows the company to create long term value for its stakeholders, which ensures business continuity and establishes a strong reputation for excellence and trust.



Our contribution towards sustainable development goals,

Pillar	SDGs	Contribution	Reference
ENVIRONMENT	   	<ul style="list-style-type: none"> 1,570,000 kWh of renewable energy provided to the national grid 420,000 cubic meters of water treated annually 382,800 kg of waste disposed responsibly 	 Natural Capital
SOCIAL	        	<ul style="list-style-type: none"> Rs. 160 Million paid to suppliers Supported 100 suppliers Rs. 520,000 invested in community initiatives Served 38 customers Rs. 76 Million invested in infrastructure development Female workforce increased from 5% to 40% since 2021 	 Social and Relationship Capital  Intellectual Capital  Human Capital  Natural Capital  Manufactured Capital
GOVERNANCE	 	<ul style="list-style-type: none"> Rs. 97.9 Million paid to the government No incidents as tax of non-compliance with laws and regulations No breaches in cybersecurity or data privacy Robust policy frameworks ensuring transparency, zero discrimination, and accountability 	 Human Capital  Financial Capital

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 Marine & 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 a 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 landfill site and converted solid waste into 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 the Accreditation Scheme for Testing Laboratories (ASTEL) for water and fuel testing.

2006

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

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 set up 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 cbm 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.

2022

Celebrated 30 years of excellence Completed another solar project of 544kW. Won the Bronze award in Land and Property sector at the 56th Annual Report Awards organised by CA Sri Lanka.

2023

Won the Silver Award in Land and Property Sector of the 57th Annual Reports Awards organised by CA Sri Lanka.

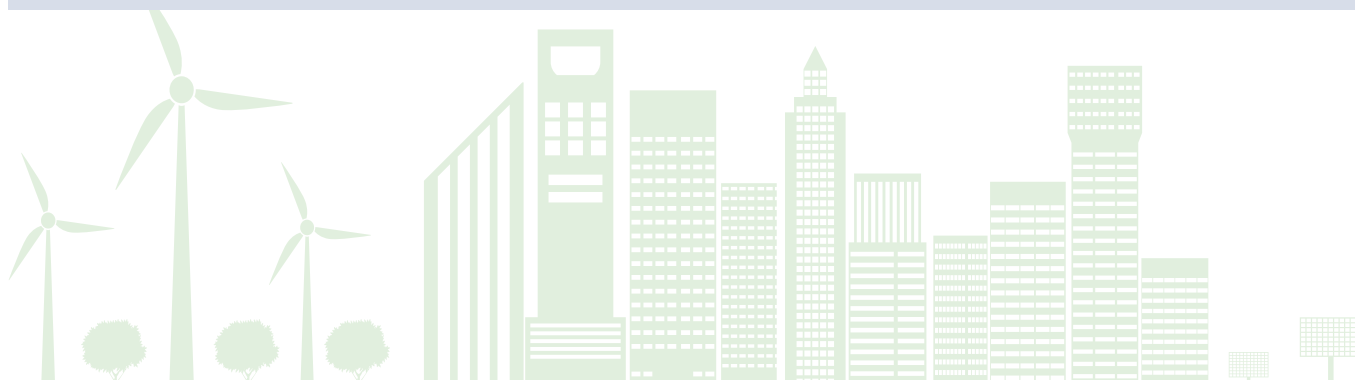
ISO 17025 certification successfully renewed.

2024

Surpassed 500Mn turnover and won the Bronze Award in the Land and Property Sector at the 58th TAGS Awards organised by CA Sri Lanka. Runner up at National Business Excellence Awards 2024, organised by the National Chamber of Commerce. ISO 9000 Quality Management System.

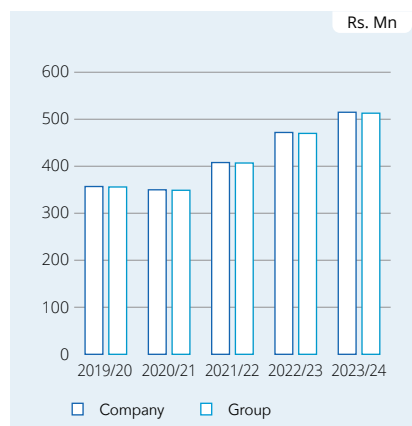
PERFORMANCE HIGHLIGHTS 2024

As at	Group			Company		
	31-Mar-24	31-Mar-23	Change %	31-Mar-24	31-Mar-23	Change %
Financial Performance						
Revenue (Rs.'000)	513,195	470,448	9.09	514,863	472,073	9.06
Other operating income (Rs.'000)	31,224	19,464	60.42	2,798	2,651	5.54
Revaluation gain from investment properties	187,241	1,475,498	(87.31)	187,241	1,475,498	(87.31)
Operating profit (Rs.'000)	448,406	1,702,349	(73.66)	443,422	1,705,175	(74.00)
Profit before tax (Rs.'000)	523,520	1,768,691	(70.40)	516,742	1,769,142	(70.79)
Income tax expense (Rs.'000)	(176,197)	(1,017,527)	(82.68)	(174,202)	(1,015,941)	(82.85)
Profit after tax (Rs.'000)	347,323	751,164	(53.76)	342,540	753,202	(54.52)
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)	7,010,080	6,843,162	102.44	6,994,998	6,833,059	2.37
Current liabilities (Rs.'000)	221,560	184,176	120.30	215,482	181,119	18.97
Total liabilities (Rs.'000)	3,245,284	3,139,586	103.37	3,238,673	3,135,962	3.28
Current assets (Rs.'000)	674,292	533,226	126.46	649,636	514,885	26.17
Total assets (Rs.'000)	10,415,056	10,142,440	102.69	10,393,363	10,128,713	2.61
Financial Ratios						
Earnings per share (Rs.)	0.87	1.88	(53.72)	0.86	1.88	(54.36)
Dividend per share (Rs.)	-	-	-	0.46	0.45	2.22
Operating profit margin (%)	87.38	361.86	(75.85)	86.12	361.21	(76.16)
Net profit margin (%)	67.68	159.67	(57.61)	66.53	159.55	(58.30)
Return on shareholder funds (%)	4.84	10.73	(54.84)	4.79	10.77	(55.55)
Return on assets (%)	3.33	7.41	(54.97)	3.30	7.44	(55.68)
Net assets per share (Rs.)	17.96	17.54	2.38	17.92	17.52	2.32
Total asset turnover (Times)	0.05	0.05	6.23	0.05	0.05	6.29
Current ratio (Times)	3.04	2.90	5.12	3.01	2.84	6.05
Quick asset ratio (Times)	3.40	2.86	18.84	3.38	2.27	48.90
Dividend payout Ratio (%)	-	-	-	53.61	24.0	123.38
Dividend cover (Times)	-	-	-	1.9	4.2	(54.52)

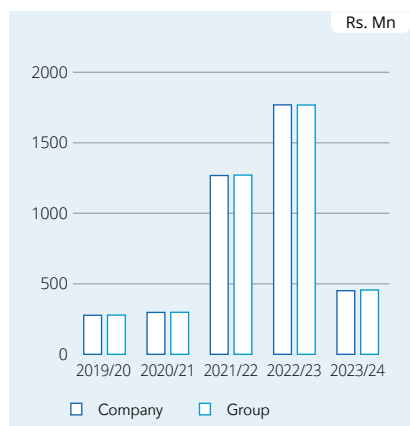


PERFORMANCE HIGHLIGHTS

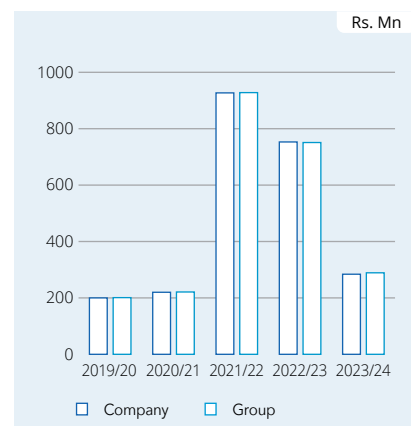
TOTAL REVENUE



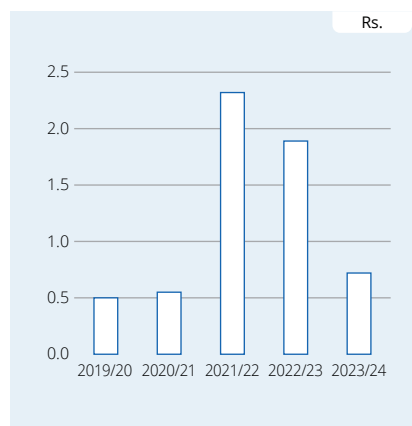
PROFIT BEFORE TAX



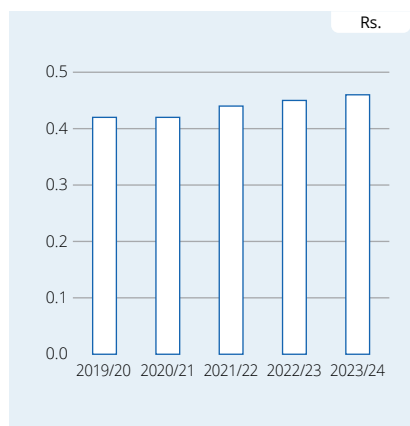
PROFIT AFTER TAX



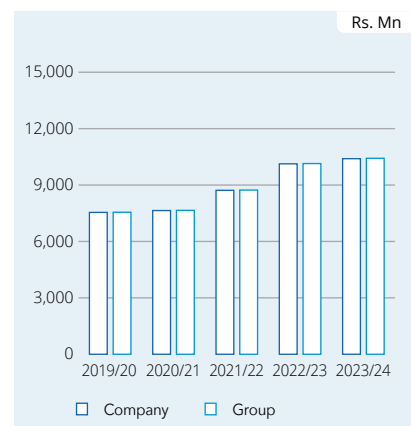
EARNINGS PER SHARE



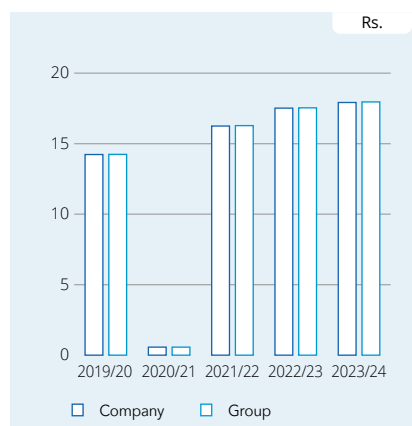
DIVIDEND PER SHARE



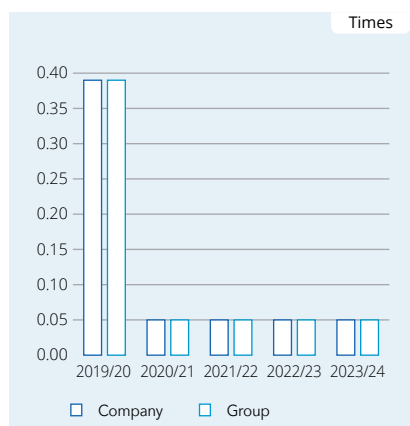
TOTAL SHAREHOLDER FUNDS



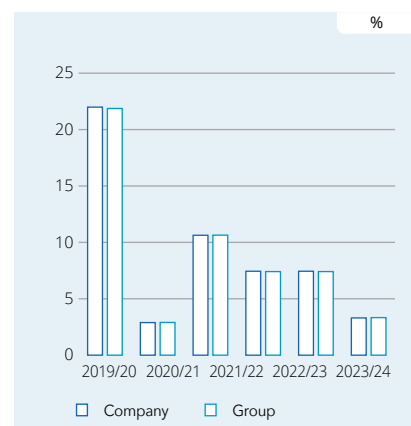
NET ASSETS PER SHARE



TOTAL ASSET TURNOVER



RETURN ON ASSETS



OPERATIONAL HIGHLIGHTS

Lindel Turnover
exceeds
500Mn

Lindel Asset Value
exceeds
10Bn

LILL Recorded
Turnover
28Mn



National Business Excellence
Award 2024-Runner up



ISO certification 9001:2015
for Quality Management System

OPERATIONAL HIGHLIGHTS



ERP System SAP Business one Implementation

STRATEGIC BENEFITS OF IMPLEMENTING SAP BUSINESS ONE ACROSS LINDEL AND LILL

In the financial year, Lanka Industrial Estates Ltd (Lindel) and its subsidiary, Lindel Industrial Laboratories Ltd (LILL), achieved a significant milestone by implementing the SAP Business One. This strategic move has brought numerous benefits that are enhancing our operational efficiency, financial management, and service delivery across both entities.

1. Integrated Operations

The implementation of a unified platform has significantly improved operations Lindel and LILL. This seamless integration of various models such as sales, finance, purchasing and inventory etc. fosters better communication, coordination, and data management, thereby reducing redundancies and ensuring consistent business processes across both entities.

2. Enhanced Financial Management

SAP Business One enables comprehensive financial oversight, allowing us to efficiently manage budgeting, accounting, and reporting. This system enhances our ability to control costs and gain visibility into revenue streams, which is crucial for sustaining our growth and maintaining financial discipline.

3. Real-Time Monitoring and Reporting

The system provides us with real-time access to crucial data, empowering Lindel and LILL to make informed, data-driven decisions. Customizable reporting tools offer valuable insights into operations, finances, and compliance, further enhancing our ability to respond swiftly to changing business dynamics.

4. Scalability and Flexibility

As both Lindel and LILL continue to expand, SAP Business One's scalability ensures that our systems can grow in tandem with our operations. Additionally, the system's flexibility allows us to tailor processes to meet the specific needs of each entity, thereby optimizing our overall performance.

5. Improved Compliance and Risk Management

The implementation of SAP Business One supports our compliance with local and international regulations, which is essential for both industrial estate operations and laboratory services. This system also strengthens our risk management framework, helping us monitor and control processes more effectively.

6. Operational Efficiency

By streamlining and automating various business processes, SAP Business One has reduced manual workloads and improved efficiency across our operations. This enhancement translates into better service delivery, allowing Lindel to provide timely infrastructure support to tenants and enabling LILL to offer accurate and reliable testing services.

7. Resource Optimization

The integrated platform facilitates efficient resource allocation, ensuring that both Lindel and LILL utilize their resources effectively. For LILL, in particular, the system aids in the management of laboratory supplies, equipment, and inventory, thus ensuring smooth and uninterrupted operations.

These enhancements underscore our commitment to leveraging technology for operational excellence, positioning Lindel and LILL for sustained growth and success in the coming years.

Implementation Partner of this ERP project is Perfect Business Solutions Pvt Ltd (PBSS Group).



AWARDS

BAGS THE NATIONAL BUSINESS EXCELLENCE AWARD

RUNNER UP

National Business Excellence Award 2024

This year Lindel applied for prestigious National Business Excellence Award competition organized by The National Chamber of Commerce of Sri Lanka. This has been organized by the Chamber of Commerce over 19 years. Lindel won the runner up award under Infrastructure and Utility category which further affirms the Lindel's ability to continue enhancing value for company's stakeholders.



BAGS THE TAGS

BRONZE AWARD

in its consecutive third year in the TAGS Annual Report Awards competition.

Lindel's Annual Report for 2022/23 themed "Path to Resilience" won the 'Bronze Award' in the Land and Property sector at the 58th Annual Report Awards Competition organized by the Institute of Chartered Accountants of Sri Lanka. This award received by Lindel for the third year affirms the Company's ability to continue in creating intellectual capital value for its stakeholders.



ISO CERTIFICATION

Lanka Industrial Estates Ltd

ISO 9001:2015 is an international standard for quality management systems (QMS) that helps organisations consistently meet customer requirements and enhance overall performance through effective process management and continuous improvement. For Lanka Industrial Estates Ltd, ISO 9001:2015 is important because it ensures high quality operations, improves customer satisfaction, and provides a competitive edge by demonstrating commitment to quality. The standard also supports process efficiency, regulatory compliance, and ongoing improvement, which are crucial for maintaining operational excellence and achieving long term success in a competitive market.

Lanka Industrial Estates Ltd has been independently assessed and registered by B-ADVANCY as conforming to the requirement of ISO 9001:2015 for the scope "Providing Infrastructure Facilities and Services for the Industries" with effect from 25th January 2024.





CHAIRMAN'S MESSAGE

“The calibre and credibility of our esteemed clientele who are the tenants of the industrial estate are certainly noteworthy and certainly add value to our estate.”

Dear Stakeholder,

It is with great pleasure that I welcome you to the 32nd Annual General Meeting of Lanka Industrial Estates Limited (Lindel) and present the 5th Integrated Annual Report and Financial Statements for the year ended 31st March 2024 for the Lindel Group. This report outlines Lindel and its fully owned subsidiary, Lindel Laboratories Limited's strategic path towards achieving a sustainable performance during the financial year 2023/24.

The theme of this year's Annual Report 'Enabling Sustainable Industries' reflects our unwavering commitment to spearhead and create a platform for industries to operate and thrive in a sustainable environment with the required infrastructure. It is indeed heartening to note that the Lindel

Group has been a collaborative force offering a wide spectrum of services to facilitate and support the operations of our esteemed tenants who are leading business establishments that have contributed towards the economic growth of our country.

THE PATH TOWARDS REVIVAL

The challenges in the previous financial year cascaded to the year in review. Resultantly, Lindel had to navigate its way through a multitude of constraints within a dynamic and volatile business environment that prevailed in the country. The first half of the financial year under review could be described as one of recovery and revival marked by some aftereffects in the form of volatile financial metrics. This included declining, but still high levels of inflation and interest rates and volatile exchange rates.

The coordinated and well-timed policies helped the country to regain economic stability which led to an overall improvement in key macroeconomic indicators such as inflation, market interest rates, gross official reserves and the exchange rate which stabilised the second half of 2023 creating a platform conducive to business revival. As a result, the economy showed a positive GDP growth of 1.6% in the third quarter of 2023 following six consecutive quarters of negative growth.

The successful completion of the second review of the IMF's Extended Fund Facility (EFF) was a key milestone that helped validate the significant progress made by the country in its path to recovery. With the guidance and assistance of the IMF and the multilateral agencies Sri Lanka was successful in its efforts to restructure its external debt.

A RESILIENT PERFORMANCE

Amidst a challenging operating context, Lindel Group displayed significant levels of resilience by responding to the dynamic changes to maintain its financial resilience. The Group was successful in achieving a 9% growth in revenue to reach Rs 513 Million. The revenue growth reflects 96% occupancy levels being maintained and the income generated from the leasing of the premises within the industrial estate. The calibre and credibility of our esteemed clientele who are the tenants of the industrial estate are certainly noteworthy and certainly add value to our estate.

Operating profit has declined by 74% basically due to reduction of fair value gain on Investment property by 87% compared to last year.

We remain steadfast in our commitment to deliver holistic value to our tenants with a comprehensive suite of services and infrastructure including responsible effluent management and disposal along

“We remain steadfast in our commitment to deliver holistic value to our tenants with a comprehensive suite of services and infrastructure including responsible effluent management and disposal along with a sustainable energy solutions.”

with a sustainable energy solutions. In our bid to provide high quality services, we have secured the ISO 9000 certification through the standardisation of our processes. This ensures that we maintain the highest levels of service quality.

AWARDS AND ACCOLADES

During the year, Lindel was recognised in many platforms which validate our continuous journey towards excellence. The Group was recognised as a runner-up in the National Business Excellence Awards which reflects our commitment

to excellence. Further, Lindel's Integrated Annual Report was awarded a bronze award at the TAGS awards organised by the Institute of Chartered Accountants of Sri Lanka. This reflects our continuous pursuit of excellence and our commitment to maintaining the highest standards of transparency and accountability.

GOVERNANCE AND STEWARDSHIP

Our governance framework is anchored on competent leadership, effective internal controls, strong risk culture and accountability to stakeholders. Our Board, with a balanced representation, plays a key role in setting our governance standards to meet our stakeholders' expectations. Our leadership model ensures an appropriate balance of power, accountability and independence in decision making.

OUTLOOK FOR THE FUTURE

The demand for industrial land in Sri Lanka has been on the rise due to factors such as economic growth, export oriented industrialisation and government initiatives. The government's focus on export-oriented industries has led to a surge in demand for industrial land to establish manufacturing and export facilities. Improvements in transportation, utilities, and other infrastructure facilities have made certain regions more attractive for industrial setups, driving up demand for land in those areas. However, the supply of suitable industrial land has been a constraint, leading to price appreciation and challenges for industrial development.

As the country positions itself for economic growth and business revival with an emphasis on manufacturing and exports we remain optimistic about the future growth potential and the demand for fully fledged industrial infrastructure to attract potential Foreign Direct

CHAIRMAN'S MESSAGE

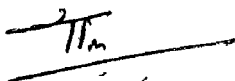
Investment (FDI). We anticipate a positive trend and demand for industrial land and buildings and look towards expanding our infrastructure to meet this need.

We believe that addressing the demand-supply mismatch for industrial land is crucial for Sri Lanka's industrial growth. By implementing effective policies, promoting industrial parks, and optimising land use, the country can create a conducive environment for industrial development and attract investments.

A NOTE OF APPRECIATION

The bedrock of Lindel's success has been our highly capable and committed team led by the Chief Executive Officer and I thank each one of them for their valuable contribution during the year. I wish to extend my heartfelt appreciation to my fellow Directors for their collective insights and wise counsel in traversing through a challenging business landscape. I would also like to take this opportunity to extend my gratitude and appreciation to our valued tenants and business partners for placing their continued trust in our organisation and look forward to creating enhanced value by enriching our services and facilities to support our tenants towards greater heights of success by creating sustainable infrastructure and supportive facilities.

"By implementing effective policies, promoting industrial parks, and optimising land use, the country can create a conducive environment for industrial development and attract investments."



Thimal Perera

Chairman



CHEIF EXECUTIVE OFFICER'S REVIEW

"The Group achieved a 9% growth in its top-line revenue to reach Rs 513 Million, enabled by increased occupancy levels of the industrial estate."

The Lindel Group successfully navigated yet another challenging year to record many milestones in its corporate journey. Our performance in the financial year 2023/24 exemplifies the strength of Lindel's business model and its core values as it made significant strides in progress. Against this backdrop, it gives me great pleasure to present the Lindel Group's performance and its strategies which enabled us to create holistic value and serve the evolving needs of our esteemed stakeholders.

MOVING AHEAD TOWARDS PROGRESS

During the year, both positive and negative indications in key economic indicators were witnessed. The financial year 2023/24 commenced with several business challenges, particularly in the first half of the year. The industrial and manufacturing sectors in Sri Lanka endured a formidable period in the first

half of 2023. Soaring inflation levels, high interest rates and a depreciating currency placed significant pressure on maintaining our profitability levels. The manufacturing, construction, real estate, and financial services sectors bore the brunt of the crisis. Overcoming these challenges required exceptional resilience, adaptability and strategic planning. During the latter part of the financial year, the economy showed positive signs of revival with the stabilisation of key macroeconomic variables such as inflation, interest rates and exchange rates. Foreign exchange reserves were strengthened with the inflow of foreign remittances from migrant workers and a gradual increase in tourist arrivals along with satisfactory export proceeds. Thus, our nation and the business environment are now well poised to achieve progress and growth in the years ahead.

CHIEF EXECUTIVE OFFICER REVIEW

OUR PERFORMANCE AND STRATEGY

Despite the challenges in the business environment the Lindel Group made significant strides in its performance. The Group achieved a 9% growth in its top-line revenue to reach Rs 513 Million, enabled by increased occupancy levels of the industrial estate. Achieving 96% occupancy levels within the estate has enabled us to maintain our revenue and cost structures creating a strong foundation for growth and stability. The Group made significant decline in its profitability levels with a decrease in operating profit levels by 78% to record Rs 448 Million. It is noteworthy that the Group was able to mark the Rs. 524 mn profit before tax level which is a pioneered significant achievement in its business journey thus far. Total assets reached the Rs 10.4 Billion mark which further highlights the stability of the Group.

The Group faced significant pressure in managing its costs with acceptable levels amidst inflationary pressures. Stringent cost control mechanisms and management of financial costs enabled us to maintain our profitability levels without compromising on the quality of service extended to our valued clients. Our strong financial performance underscores the success of our resilient and robust business strategy which has enabled us to create sustainable value and establish our financial strength over the years amidst a challenging business context.

A STRONG VALUE PROPOSITION.

For over 32 years, Lindel as the only privately owned industrial estate in Sri Lanka has created a vibrant ecosystem for industries to operate and thrive in a progressive and supportive environment. We have placed our stakeholders' needs and aspirations at the core of our business strategy which has enabled us to deliver a strong and sustainable value proposition. Our strategic location

"Sustainable infrastructure forms the bedrock of our industrial estate as we place significant emphasis on environmental sustainability creating a conducive environment for our tenants to conduct their manufacturing and business operations."

provides our tenants with convenience, accessibility and efficient logistics with a progressively improved infrastructure base that suits the evolving business needs of our valued tenants. This places Lindel in a favourable position to offer a variety of value-added services to our esteemed tenants who are leading blue chip corporates of Sri Lanka. We recognise our valued tenants' contribution to the continued economic progress of the country. During the period under review, many of these companies played a pivotal role in the economic revival of the country, and we at Lindel with our infrastructure and our wide spectrum of services were well placed to support these companies with the right infrastructure and the foundation to operate and conduct their business activities in compliance with all

industry standards and regulations. We continue to place significant emphasis on recognising the evolving needs of our stakeholders, especially our tenants in developing and expanding our infrastructure and services.

OUR FOCUS ON SUSTAINABILITY

Sustainable infrastructure forms the bedrock of our industrial estate as we place significant emphasis on environmental sustainability creating a conducive environment for our tenants to conduct their manufacturing and business operations. As our tenants predominantly consist of manufacturing entities we have invested significantly to create the infrastructure which supports responsible disposal of effluents and chemicals. We continuously refine our processes within the estate to raise the bar and improve our waste and effluent disposal systems whilst introducing environmentally friendly practices to our tenants. Lindel Laboratories, our subsidiary plays a significant role in testing the effluents before disposal to ensure that harmful chemicals are not released back to the environment. We maintain strong and collaborative partnerships with all environmental and regulatory authorities which have enabled us to maintain and upgrade our compliance standards continuously.

During the year, we entered into a Joint Venture arrangement for the enhancement of solarisation. Our commitment towards sustainable and renewable energy sources will yield significant cost benefits whilst reducing our environmental footprint. We are deeply conscious of the waste and emission management systems within the estate. An incinerator at an investment of Rs 13 Million was sourced to enhance our waste management processes.

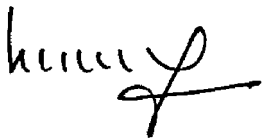
The Lindel Industrial Estate is located within the environs of Sapugaskande and we are conscious of our activities and

their impact on the community and the environs at large. An expansive green belt of more than two acres bordering the industrial estate serves as a cohesive habitat for various species and helps maintain ecological balance. During the year we expanded the green belt further to preserve our environment.

We have inculcated green and environmentally friendly practices within our team members. With their support, an extensive tree planting initiative has been initiated and during the year we have planted 21 trees contributing to maintaining the ecological balance within the industrial estate. As a responsible corporate citizen, we respond to the exigent needs of the community and have proactively reached out to help the communities with our CSR activities.

APPRECIATION

I wish to extend my deep appreciation to the Board of Directors for their collective wisdom and guidance extended to me and the team in navigating a particularly challenging operating context. I extend my sincere gratitude to my team at the Lindel Group whose dedication and commitment enabled us to stay ahead with positive strides in performance. My sincere appreciation is extended to the tenants, business partners and shareholders for continuously placing their trust in us. We promise to serve all our stakeholders with our steadfast and unwavering support in our quest to be a collaborative partner in progress.



B R C Cooray
Chief Executive Officer

“Achieving 96% occupancy levels within the estate has enabled us to maintain our revenue and cost structures creating a strong foundation for growth and stability.”



BOARD OF DIRECTORS

Left to right

Dr. R.M.K. Ratnayake | Mr. Prins Perera |
Ms. Deepa Seneviratne | Mr. A.D. Tudawe



Left to right

Mr Thimal Perera | Mr. T. Dharmarajah
Dr. K.A.S. Keeragala | Mr. R. A. Dassanayake
Mr. W.D.R. Crishantha

BOARD OF DIRECTORS

MR THIMAL PERERA**Chairman/Non-Independent Non-Executive Director**

Mr. Thimal Perera was appointed to the board of Lanka Industrial Estates Ltd on 24th August 2022.

Mr. Thimal Perera is the Executive Director & Chief Executive Officer (CEO) of DFCC Bank PLC, Sri Lanka.

He is also the Chairman of DFCC Consulting (Pvt) Ltd, Acuity Partners Limited and Lanka Industrial Estates Ltd and serves as a Director of Synapsys Limited, Lanka Ventures PLC and LVL Energy Fund PLC and is also a Director of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP).

He has held several senior positions in banking and has over three decades of experience in the financial services sector, both locally and internationally having been with the HSBC Group, Commercial Bank of Qatar, Barclays Bank PLC and more recently with HNB before joining DFCC.

He is a Member of The Institute of Chartered Accountants of Sri Lanka and a finalist of the Chartered Institute of Management Accountants (CIMA) – UK.

MR. AMAL TUDAWÉ**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, 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.

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 He also served as Additional Secretary Ministry of Finance and Planning, Secretary to several Cabinet Ministers since 1994. Immediately before 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 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. He is the Chairman of Lindel Industrial Laboratories Limited 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 Jayewardenepura, 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 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 & Udupussellawa 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, the Postgraduate Institute of Indigenous Medicine, and 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 Dharmarajah 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 .

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.

BOARD OF DIRECTORS

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

MR PRINS PERERA

Non-Independent Non-Executive Director

Mr Prins Perera is the Senior Vice President Treasury & Investment Banking of DFCC Bank PLC. Mr. Perera has held several senior positions at Commercial Bank of Ceylon PLC with over 32 years of banking experience both locally and internationally and consequently retired as Senior DGM Treasury. He has served as a Board member of CBC Myanmar Microfinance Company Limited, a subsidiary of Commercial Bank of Ceylon PLC.

Mr. Perera is a Fellow of the Chartered Institute of Management Accountants (FCMA UK), an Associate member of Chartered Global Management Accountants (CGMA-UK) and an Associate member of Certified Public Accountants Australia (CPA). He holds a Master's Degree in Financial Economics from the University of Colombo, Sri Lanka and is a Fellow member of the Institute of Bankers – Sri Lanka (FBA).

He is a Director of Acuity Stock Brokers (Pvt) Limited, National Asset Management Limited, Rockfort Advisory (Pvt) Ltd, DFCC Consulting (Pvt) Ltd and Lanka Industrial Estates Limited.

SENIOR MANAGEMENT



MR. B R C COORAY
Chief Executive Officer



MR. U J SENANAYAKE
Senior Operations Manager



MS. W P C WITHANAGE
Finance Manager



MR. S D JAYASURIYA
Technical and Quality Manager

MR B R C COORAY - CEO

Finance Manager

Mr. B R C Cooray is a highly experienced and accomplished professional with a career spanning over 30 years, during which he has held key leadership roles in diverse industries. He earned his MBA from the prestigious Cardiff Metropolitan University in the UK and is a distinguished member of the Certified Management Accountant (CMA) Australia, where he also serves as an executive committee member of the local institute. Additionally, he holds certifications from the Sri Lanka Institute of Marketing and the Asian Institute of Marketing,

further showcasing his expertise and commitment to excellence.

Mr. Cooray's career journey began in 1994 as a trainee at HLB Edirisinghe & Co. and then moved to Hemas Garment (Pvt) Ltd, where he laid the foundation of his professional success. Subsequently, he joined the National Prawn Company (NPC) in Saudi Arabia, a significant player in the desert coastal shrimp cultured project and the world's largest vertically integrated venture of its kind. In 2000, he moved to MacBertan (Private) Limited, a prominent conglomerate in Sri Lanka and the pioneer in heat insulation manufacturing in the country.

There, he contributed significantly to the company's growth and achievements during his successful eight-year tenure. Following his impactful stint at MacBertan, he assumed the role of Head of Finance at McLarens Lubricants cluster, where he had the opportunity to work with renowned global entities like Exxon Mobil and Sinopec Corporation. During this period, Mr. Cooray played a vital role in several turnaround initiatives and garnered multiple accolades for the McLarens Lubricants cluster.

Before becoming the CEO of Lindel, he served as the General Manager at McLarens Property cluster, showcasing his adaptability and proficiency in diverse

SENIOR MANAGEMENT

business domains. Mr Cooray was appointed as Director of LILL with effect from 1st February 2024.

As the current CEO of Lindel and Executive Director and CEO of LILL, Mr. Cooray continues to leverage his wealth of experience, strategic acumen, and dynamic leadership to steer the company toward unprecedented growth and success.

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).

MS W P C WITHANAGE

Finance Manager

Ms Chandani Withanage is heading the Finance Division of Lanka Industrial Estates Ltd from October 2022. Ms Withanage is an Associate Member of The Institute of Chartered Accountants of Sri Lanka and she has obtained her first degree in BSc Business Administration (Special) from the University of Sri Jayewardenepura and currently reading for her MBA from the same university.

She started her career in 2005 at Ceylon Cold Stores Plc which is a fully owned subsidiary of a most respected diversified Group of Company of John Keells. She served 10 years in different subsidiaries of John Keells Group in Accounting and Finance. She moved to Lanka Canneries Pvt Ltd in 2015 and has served as Financial Accountant till 2021. Before joining Lanka Industrial Estates Ltd Ms Withanage has served as Manager-Internal Audit in Cantec Printing and Packaging Pvt Ltd.

Ms Withanage has over 19 years of extensive experience in the field of Financial Accounting, Management Accounting, Financial Management, Taxation, Auditing and Management in both reputed manufacturing and service organisations in the country. Moreover she has immensely contributed for the success of ERP Implementations and Applications and Automation of critical processes of the organisations while serving at John Keells Group, Lanka Canneries and Cantec Printing and Packaging as well as Lanka Industrial Estates Ltd.

MR S D JAYASURIYA

Technical and Quality Manager-Lindel Industrial Laboratories Limited.

Mr. Sulakshana 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 the current Vice president of the Sri Lanka Association of Testing Laboratories (SLATL).

Mr Jayasuriya is a Qualified Technical Assessor in ISO 17025 and ISO 17043 in Sri Lanka Accreditation Board (SLAB).

Junior Management



Mr S A A G Senarathna
Assistant Manager-Technical
and Quality (LILL)



Mrs K G Galagedara
Assistant Engineer



Mr K G U S Kumarasiri
Assistant Accountant



A silhouette illustration of a sustainable city skyline. On the left, three wind turbines of varying sizes stand on a grassy field. In the center, a cluster of modern skyscrapers is depicted. To the right of the buildings, there are several solar panels mounted on poles. The entire scene is set against a background of a blue sky with white clouds.

VALUE CREATION REPORT

OPERATING ENVIRONMENT

GLOBAL ECONOMY

Even though the global economy is still struggling, with growth prospects remaining modest, the global outlook has started to brighten with signs of emerging recovery, as the adverse effects of the previous surge in inflation subside. Inflation is falling faster than projected, amid tighter monetary conditions although its effects are still being felt in the housing and credit markets. Global economic activity remains relatively resilient, as the private sector confidence improves, while labour markets remain strong with unemployment at or near record lows.

Amid the backdrop of political uncertainty, inflation is expected to ease further allowing central banks to loosen policy rates slightly more than markets anticipate. This will see world GDP growth return to its potential pace of just 3%. As GDP growth in the US, UK and Emerging Europe will outpace collective expectations, the euro-zone and parts of Latin America will underperform. The GDP growth in China is expected to slow down, once policy support fades and structural forces weigh on growth next year, which will weigh negatively on global growth, preventing average global growth from surpassing the 3% mark.

The World Economic Order projects, global growth to hold steadily at 3.2% this year and the next, with the median headline inflation declining from 2.8% at the end of 2024, to 2.4% at the end of 2025, indicating a soft landing while averting a global recession.

Advanced economies will experience a slight acceleration in growth from 1.6 percent in 2023 to 1.7 percent in 2024 and 1.8 percent in 2025 while emerging market and developing economies will see a modest slowdown, from 4.3 percent in 2023 to 4.2 percent in both 2024 and 2025. After a slight dip around mid-year 2024, growth in most economies is expected to accelerate towards the end of 2024 and into 2025.

The global inflation forecast shows a steady decline, dropping from 6.8 percent in 2023 to 5.9% in 2024 and 4.5% in 2025, with advanced economies returning to their inflation targets sooner than emerging markets and developing economies. Core inflation is generally projected to decline more gradually.

By next year's midpoint, the interest rates of 20 out of the world's 30 major central banks will be reduced, with the US Federal Reserve following suit this September. This indicates that while effective interest rates have further to climb, firms and households can expect to encounter progressively lower rates in the upcoming year.

Nevertheless, the downside risks to the global outlook remain. High geopolitical tensions, particularly in the Middle East and the ongoing war in Ukraine, could disrupt global energy and financial markets which could in turn affect commodity prices and international trade.

Major threats stem from domestic politics, with imminent elections in 64 countries, creating an atmosphere of political uncertainty; effects which will be seen not only in potential changes in trade and investment policies but also in increased political polarisation. These risks highlight the complex and interconnected nature of the global economy, necessitating coordinated policy responses and adaptive strategies to mitigate potential adverse impacts.

Climate change poses an increasing challenge to the global economy, necessitating the broader deployment of climate policies and structural shifts toward a more environmentally sustainable economy.

SRI LANKAN CONTEXT

Following an unprecedented economic crisis post Covid - 19, that imposed significant hardships on its people, Sri Lanka is well on a path towards recovery,

strengthened by rapid disinflation, improved external resilience, stronger fiscal balances, and preserved financial system stability.

Concerted implementation of comprehensive policy measures, by the Central Bank, the government, and funding from the IMF has contributed to macroeconomic stability, re-directing the economy towards a growth trajectory, which is expected to continue in 2024 and 2025.

Despite growth in the third and fourth quarters (1.6% and 4.5%, respectively), the economy contracted by 2.3% in 2023. However, despite this overall decrease, the agricultural sector experienced a growth of 2.6% offset by declines in the industrial and service sectors which contracted by 9.2% and 0.2% respectively.

The rebound in tourism has had a positive impact on the transport, accommodation, food and beverage services sectors, and the ensuing easing of inflation supports a broadening recovery.

Following prudential policy measures, inflation fell from a peak of 70 percent, in September in 2022, to 3.4 percent in November 2023. Foreign exchange liquidity pressures eased, with usable foreign reserves rising from only US\$20 Million in April 2022 to US\$2 Billion in October 2023.

Supported by currency appreciation and improved supply, inflation declined to single-digit levels in July. However, a slight uptick by the end of 2023 was seen due to an increase in food prices, fuel and utility prices and the dissipating favorable base effect which continued well into 2024.

Headline inflation, as measured by the year-on-year (YoY) change in the Colombo Consumer Price Index (CCPI, 2021=100)¹ showed some uptick to a

record 1.5% in April 2024 compared to 0.9% in March 2024. Core inflation (YoY), which reflects the underlying inflation trends in the economy, accelerated to 3.4% in April 2024 from 3.1% in March 2024.

Decelerating inflation has a favorable impact on household welfare, preventing further increases in food insecurity and malnutrition, particularly among poor households.

As inflation decelerated, the central bank has adopted a more accommodative monetary policy with policy rate cuts, reducing policy rates by 250 basis points in June 2023 and an additional 200 basis points in July. The standard deposit facility rate has been brought down to 11% and the Standing Lending Facility rate to 12% to boost economic activity and encourage investment.

Nascent signs of recovery were evident by the end of 2023, buttressed by a revival in the tourism sector, bringing in much needed foreign exchange. Continued support from international financial institutions such as the IMF and the World Bank, following the debt restructuring agreement with international creditors, provided the country with the much-needed fiscal space to implement economic reforms to stabilize its financial system.

The real GDP expanded by 3% (YoY) in the second half of 2023. By the end of April 2024, gross international reserves reached US\$ 5.5 Billion while inflation in May was recorded at 0.9%. A surplus was recorded in the primary balance for the first time since 2018 with tax revenue reaching 9.8% of GDP in 2024. The first quarter of 2024 also saw a strong performance in the external sector, with increased earnings in major export categories such as tea, coconut-related products, textiles and garments, and minerals.

As the economy recovers, addressing poverty vulnerability remains a key challenge. The upcoming elections pose a potential risk as policy reversals could hinder the reform momentum. The implementation of structural reforms is crucial for Sri Lanka to achieve economic recovery and sustained stability.

REAL ESTATE AND INDUSTRIAL PROPERTY MARKET IN SRI LANKA

The property market in Sri Lanka has experienced steady growth, over the past year. With its strategic location, growing economy and focus on infrastructure development - the real estate sector is set for further expansion.

Despite setbacks from the ensuing import restrictions, the rupee depreciation and the overall unavailability of building supplies due to the economic crisis, the property market has displayed both resilience and adaptability.

With a projected annual growth rate (CAGR) of 7.50% from 2023 to 2028, the real estate market in Sri Lanka is on the rise, with an expected market growth from a value of US\$530.40 Billion in 2023 to a projected US\$761.60 Billion by 2028.

Sri Lanka's economy is forecasted to grow over the next five years, increasing disposable income and with the apparent growth in urbanization, the demand for housing, retail and office spaces has increased while the demand for hospitality and leisure related real estate developments is also on the rise.

Foreign Direct Investment is crucial to the property market's development. In 2023 the country received USD 600 Million FDI, reflecting growing investor confidence in the potential of the country. The Colombo Port City, set to be South Asia's premier residential, financial, and commercial hub, is expected to generate USD 9.7 Billion FDI, contributing to economic growth.

There are challenges, however, such as land scarcity, environmental issues regulatory hurdles and affordability gaps which must be addressed and resolved. Nonetheless, the outlook for 2024 is positive, as the country recovers from the dual blows of the pandemic and the economic crisis, and with improving macroeconomic conditions, and recent improvements to legal and regulatory frameworks, the real estate sector is poised to take advantage of clear opportunities for a better future.

RISK MANAGEMENT

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.

As a property management company, Lindel saw a significant rise in risks over the last year and adapted to the changes in the environment. Lindel always believed that managing risk is an evolving process that needs to be relooked with the changes in 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 increase of maintenance and construction materials
- Price increases in service providers

2. Default risk

- Tenants may default their payments due to adverse economic conditions

3. Sri Lankan Economic Context

During the first and second quarters of the FY 2023/24 the increased interest and foreign exchange rates had a direct impact on our business. However, with the corrective policy changes implemented led to the successful

stabilisation of macro-economic variables. CBSL's relaxed monetary policy stance in June 2023, facilitated a sharp deceleration in inflation from 69.8% year-on-year in September 2022 to 4.0% in December 2023. The exchange rate, which had depreciated sharply in 2022, witnessed notable appreciation and stabilisation during the later quarters of 2023 due to IMF fund facilities, improved worker remittances and tourism earnings. With the removal of the guidance peg in March 2023, the currency appreciated against the United States dollar due to weak demand.

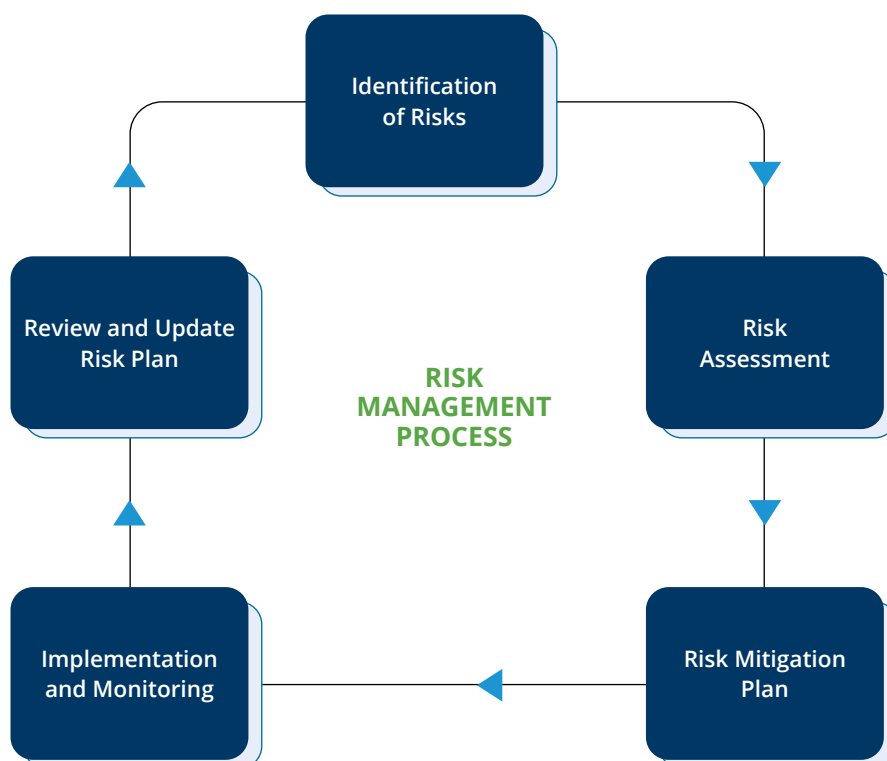
4. Sri Lanka's Road to Recovery

Sri Lanka's current situation reflects a nation grappling with recovery after a profound economic and political crisis. The country has been working through an economic stabilization program backed by the International Monetary Fund (IMF), which approved a \$3 Billion bailout in March 2023 to help Sri Lanka manage its debt and

implement necessary economic reforms. These reforms include restructuring debt, increasing revenue through tax reforms and reducing corruption and inefficiencies within government institutions.

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 Risk Management Process provides reasonable assurance regarding the achievement of financial and non-financial strategic objectives of the company. Fanatical and adequate identification, evaluation, and management of risks are crucial in the sustainable value creation process of the group 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, company assesses the entity's exposure to those risks that could impact its day-to-day operations and estimates the damage those events could have on an organisation's revenue and reputation. Effectively assessing an organisation'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 step. And also add risk treatment measures for the highest ranking or most serious risks to the Project Risk Register.

4. IMPLEMENTATION AND MONITORING

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

5. REVIEW AND UPDATE RISK PLAN

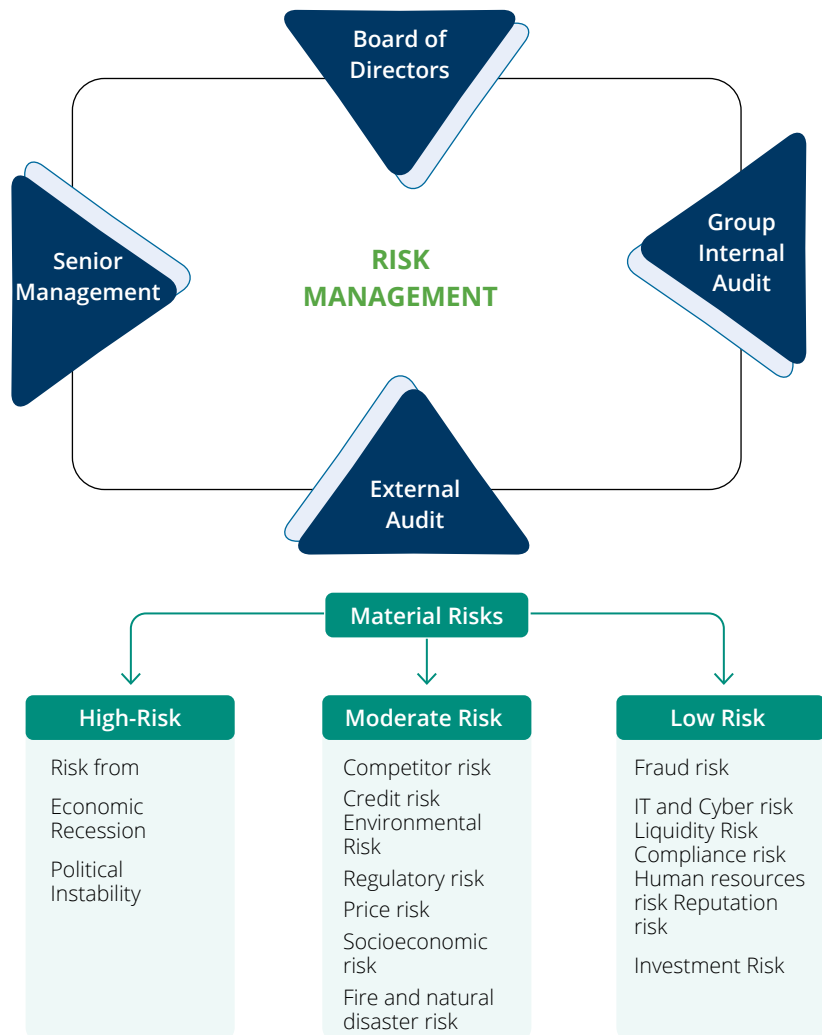
As the final step, the company follow up review and update the Risk Plan. Risk analysis results and management plans are updated periodically to check the previously selected security controls

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 group 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	Risk Assessment	Impact	Mitigation Actions
Competitor risk	●	Loss of new businesses due to competition and new entrants	Improving service accessibility and expanding customer reach. Increased marketing Diversifying business operations to look for new income sources Steps were taken to build a long-lasting relationship with the customers by entering in to long term agreements. Have a good rapport with the tenants and respond positively to their requests.
Credit risk	●	Debtors defaulting payments	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	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	Regular review of controls and changes are being made to the processes. Internal audits are carried out periodically and share the findings with the Board of Directors on any significant deviations of controls. Incorporate stringent Delegation of Authority. Follow Standard Operating Procedures.
IT and Cyber risk	●	Potential loss of data due to a cyber attack	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	Maintaining a sound corporate governance practice to keep with industries best standards Continuous reviewing of changes in laws and regulations Monthly compliance report sent to Board of Directors for review
Environmental risk	●	Adverse impact on the environment from entity's operations	Making awareness among employees on minimizing the impact on the environment Strictly adhering to the waste disposal guidelines imposed by relevant authorities

Risk	Risk Assessment	Impact	Mitigation Actions
Price risk	●	An increase in raw material prices will result in higher costs	Securing low prices through long term relationships with suppliers Calling for competitive quotations
Compliance risk	●	Environmental and other laws disrupt operations	- Complying with all the laws applicable and closely monitoring any deviations throughout the year
Human resources risk	●	Loss of employees for better career aspects	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.
Socio economic risk	●	Political and economic policies may hurt revenue and new businesses	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	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. Application for Trade Mark Registration.
Investment risk	●	Failure of major investments to give expected returns	Conduct feasibility studies and obtain board approval for all the major investments. making accurate project estimates using expert advice.
Fire and natural disaster risk	●	Fire or natural disasters can affect the company's properties and assets	- Obtaining comprehensive insurance policies covering all assets - Fire Training and fire drill. - Follow fire evacuation plan and awareness among the employees and security staff. - Ensure fire hydrant system is in operation 24 hours ,7 days.

● High ● Moderate ● Low

STAKEHOLDER ENGAGEMENT

At Lindel, we value our stakeholders, as our organisation’s operations and activities have a significant impact on them. All stakeholder activities relate to the company’s economic, environmental, social and governance aspects, and contribute towards the company’s ability to create value over time.

At Lindel, we prioritise stakeholder engagement as it significantly impacts our business activities. Stakeholder perceptions and behaviour drive Lindel to adopt effective business strategies and guide their strategic goals throughout the year. Lindel’s stakeholder mechanisms are regularly assessed to ensure that they are effective in engaging with our different stakeholder groups.

The following outlines Lindel’s method of engaging with stakeholders



A detailed analysis of stakeholder needs and expectations as well as their impact on the organisation's activities is outlined below.



SHAREHOLDERS

6 SHAREHOLDERS

Relevance to Business

Investors who provide the necessary capital for business growth and progress.

Expected Outcomes

Consistent returns and business stability.



CUSTOMERS

38 CUSTOMERS

Relevance to Business

The primary consumers of goods and services and a source of revenue.

Expected Outcomes

Service excellence, security and high quality facilities and infrastructure.



EMPLOYEES

23 EMPLOYEES

Relevance to Business

The workforce that conducts all operations seamlessly and to the highest quality standards.

Expected Outcomes

Attractive remuneration, career progression and growth.



REGULATORY BODIES

15 REGULATORY BODIES

Relevance to Business

State entities and governing bodies that outline policies, legislation and tax guidelines.

Expected Outcomes

Compliance, accountability and good governance.



SUPPLIERS

100 SUPPLIERS

Relevance to Business

Business partners who provide quality products and services and support business activities.

Expected Outcomes

Timely payments and ethical partnerships.



COMMUNITY

4 COMMUNITY PROJECTS

Relevance to Business

The support of surrounding communities ensures the sustainability of operations.

Expected Outcomes

Minimal impact on the environment, and opportunities for growth and progress.

STAKEHOLDER ENGAGEMENT

STAKEHOLDER IDENTIFICATION AND PRIORITISATION

The company determined stakeholder engagement levels based on power, influence, interest, and involvement, and ranked them in the matrix below according to the degree of engagement.



STAKEHOLDER ENGAGEMENT STRATEGY

Quality of Engagement

- No existing relationship
- Relationship established and its quality has not significantly improved
- Relationship established and adds value to both parties, with room for improvement
- Good quality, mutually beneficial relationship with room for improvement
- Strong, mutually beneficial relationships

SHAREHOLDERS

SDG's



Quality of Engagement



Engagement Mode

Focus Areas

Responses and Outcomes

- Annual Report

Frequency of Engagement Annually

- Return on investment

Corporate Governance
Pages 74-87

- Annual General Meeting

Frequency of Engagement Annually

- Ethical corporate conduct and good governance

Financial Capital
Pages 48-52

- Management Accounts

Frequency of Engagement Monthly

- Prudent risk management

Risk Management
Pages 32-35

- Company Website

Frequency of Engagement Ongoing

CUSTOMERS and TENANTS

SDG's



Quality of Engagement



Engagement Mode

Focus Areas

Responses and Outcomes

- Customer Survey

Frequency of Engagement Annually

- High levels of security

Social and Relationship Capital
Pages 66-69

- Company Website

Frequency of Engagement Ongoing

- Uninterrupted services

Intellectual Capital
Pages 62-65

- Meetings

Frequency of Engagement As required

- High quality facilities

- Value for money

Manufactured Capital
Pages 53-56

- Visits to Monitor

Frequency of Engagement As required

- Improvement of facilities and upgrades

EMPLOYEES

SDG's



Quality of Engagement



Engagement Mode

Focus Areas

Responses and Outcomes

- Staff Meetings

Frequency of Engagement As required

- Skill development and career progression

- Performance Appraisals

Frequency of Engagement Annually

- Job security

Human Capital
Pages 57-61

- Memos

Frequency of Engagement As required

- Attractive reward schemes

SUPPLIERS

SDG's



Quality of Engagement



Engagement Mode

Focus Areas

Responses and Outcomes

- Meetings

Frequency of Engagement As required

- Prompt settlement of payments

Social and Relationship Capital
Pages 66-69

- Written Communications

Frequency of Engagement Annually

- Maintaining longstanding partnerships

STAKEHOLDER ENGAGEMENT

REGULATORY BODIES

SDG's



Quality of Engagement



Engagement Mode

Focus Areas

Responses and Outcomes

- Meetings

Frequency of Engagement As required

- Compliance with rules and regulations

Financial Capital
Pages 48-52

- Written Communications

Frequency of Engagement As required

- Timely payment of taxes

Natural Capital
Pages 70-73Corporate Governance
Pages 74-87

COMMUNITY

SDG's



Quality of Engagement



Engagement Mode

Focus Areas

Responses and Outcomes

- Meetings

Frequency of Engagement As required

- Minimized impact on the environment

Social and
Relationship Capital
Pages 66-69

- CSR Initiatives

Frequency of Engagement Annually

- Job opportunities

- Supporting growth, progress and health

Natural Capital
Pages 70-73

MATERIALITY ASSESSMENT

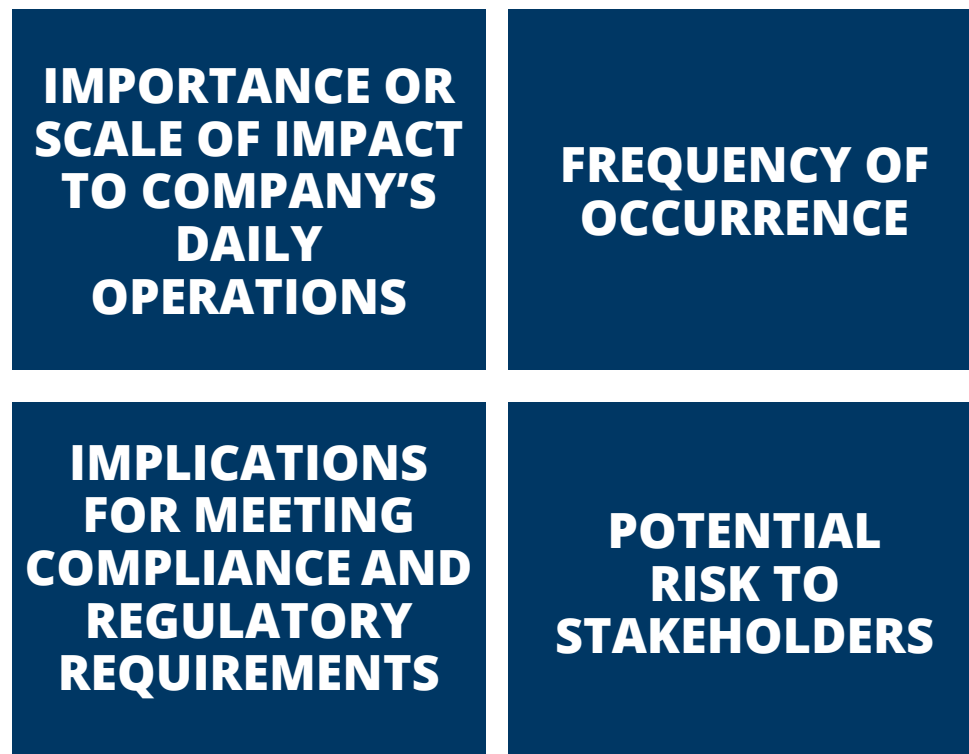
Lindel identifies material issues based on their ability to significantly impact the Group or Company's value creation process, in the short, medium, and long term, for which a comprehensive analysis of the operating environment and stakeholder needs are carried out through a materiality assessment.

Following the identification of its material topics, Lindel closely monitors these aspects to manage potential threats within the organisation's risk appetites, which ensures that all strategies are designed to create and sustain value for both the organisation and its stakeholders while safeguarding the sustainability of business operations.

Below is Lindel's process for identifying material issues and the corresponding action plan.



Lindel prioritises material issues based on their potential impact on operations, reputation, commercial viability, goals, and stakeholder relationships to develop a more focused and efficient strategy. To determine the topic's level of materiality to the business and its stakeholders, the following dimensions are considered.



MATERIALITY ASSESSMENT

MATTER	GRI INDEX NUMBER	IMPACT TO COMPANY	IMPACT TO STAKEHOLDERS	RELEVANT SDG'S
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 Behavior	206	●	●	
7. Tax	207	●	●	
ENVIRONMENT				
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. 18. Labour/Management Relations	402	●	●	
19. Training and Education	404	●	●	
20. Diversity and Equal Opportunity	405	●	●	

MATTER	GRI INDEX NUMBER	IMPACT TO COMPANY	IMPACT TO STAKEHOLDERS	RELEVANT SDG'S
21. Non-Discrimination	406	●	●	
22. Freedom of Association and Collective Bargaining	407	●	●	
23. Child Labour	408	●	●	
24. Forced or Compulsory Labour	409	●	●	6 CLEAN WATER AND SANITATION 8 DECENT WORK AND ECONOMIC GROWTH
25. Security Practices	410	●	●	10 REDUCED INEQUALITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
26. Local Communities	413	●	●	17 PARTNERSHIPS FOR THE GOALS
27. Public Policy	415	●	●	
28. Customer Health and Safety	416	●	●	
29. Customer Privacy	418	●	●	
30. Socio-Economic Compliance	419	●	●	

DEGREE OF IMPACT

- - HIGH
- - MODERATE
- - LOW

The two-dimensional matrix outlined below ranks the identified material topics.

H I G H			1, 2, 3, 4, 12, 13, 7, 14, 19, 21, 10, 16, 18, 26, 28, 17, 27
M O D E R A T E		5, 9, 15, 20, 25	29, 30
L O W	6, 8, 23, 22, 24, 11		
	LOW	MODERATE	HIGH

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.

Our Inputs



Financial Capital

- Total equity of Rs. 7,169 Mn
- Net operating cash flow of Rs. 374 Mn



Manufactured Capital

- Warehousing facilities of over 350,000 Sq ft
- Water and waste water treatment plants
- Buildings and other assets



Intellectual Capital

- Knowledge, loyalty and skills of employees
- Ethics and values
- Backing of a strong parent Company



Natural Capital

- Over 105 acres of land
- Renewable energy sources



Human Capital

- Long serving employees
- Engagement with employees
- Continuous training opportunities
- Employee health and safety measures



Social and Relationship Capital

- ◆ Customer and supplier engagement
- ◆ Contribution to communities
- ◆ Communication with shareholders

Create products and services to meet customer requirements

Empowering staff

Uplifting communities

Corporate Strategy

Corporate Governance

**VISION
MISSION**

Risk Management

Responsible consumption of natural resources



Output

Value Delivered



Financial Capital

- Increased shareholder value
- Financial stability and growth
- Increased returns



Manufactured Capital

- Increased asset base
- Cost reduction



Intellectual Capital

- Strong brand name
- New service lines
- Reaffirmed accreditations



Natural Capital

- Environmental sustainability
- Efficient resource management



Human Capital

- Higher retention ratio
- Employee satisfaction
- Improved productivity



Social and Relationship Capital

- Higher customer satisfaction rate
- Community development
- Consistency in the supply chain

Shareholders - PAT decline - (117%)
Earnings per share - Rs. 0.87
Dividend per share - Rs. 0.50

Dividend paid – Rs. 179 Mn

Customers - Warehouses with improved facilities - 21

Suppliers - Payments to suppliers Rs. 160 Mn

Government - Taxes paid Rs. 97.9 Mn

Employees - Salaries and other payments made Rs. 24 Mn

Community - Donations made Rs. 0.5 Mn

Improving
efficiency &
reducing cost

Feasibility & due diligence on capital investments

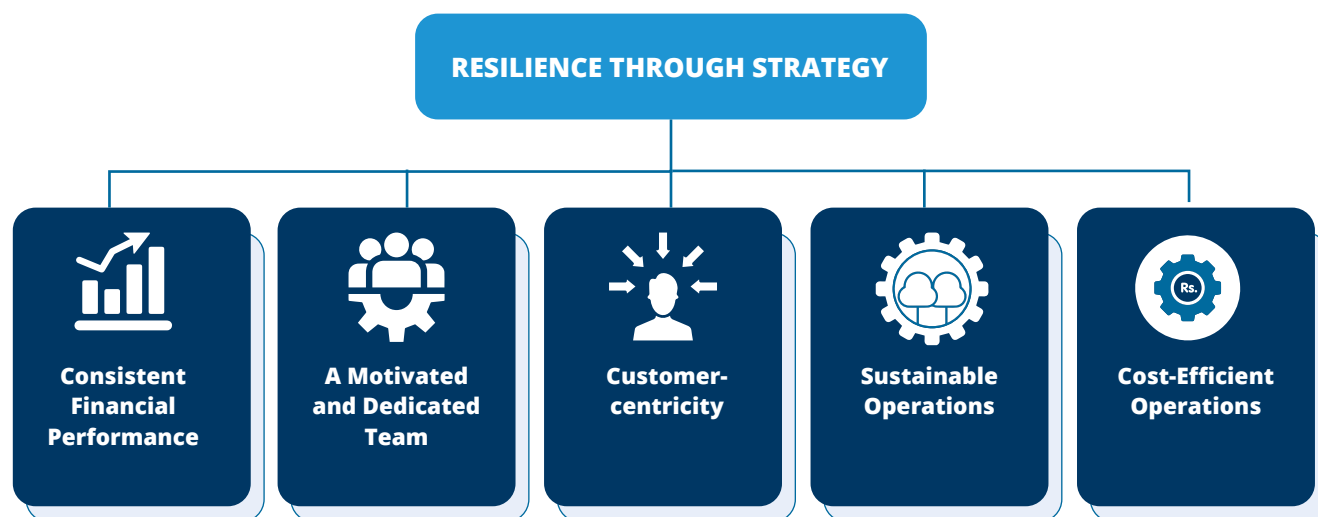
Compliance

STRATEGY AND RESOURCE ALLOCATION

Amid a rapidly changing environment, identifying and articulating the right strategies is a prerequisite for consistent and sustainable value creation. The right strategies must be accompanied by their timely and rigorous execution, which can only be achieved through the prudent allocation of resources.




At Lindel, strategy and resource allocation are led by the Board of Directors and the Senior Management, and derived in line with the Company's material topics, found on page 46 of this report. These material topics are primarily based on emerging trends and prevailing environmental dynamics identified via a continuous assessment of stakeholder concerns, risks and opportunities.









The following strategic priorities are interdependent — each complementing the other and reinforcing the company's ability to achieve resilience and maintain business continuity in the long term.



STRATEGIC PLAN AND RESOURCE ALLOCATION

Lindel's overarching strategy enables the Company to realise wide-ranging benefits to its stakeholders, while resource allocation empowers the management to deploy the necessary initiatives and allow their execution. During the year, the following strategic plan was put into effect, and resources were allocated accordingly.

Strategic Priority	Anticipated Outcomes	Initiatives	Resource Allocation	Impacted Stakeholders	Reference
Consistent Financial Performance	Business continuity Shareholder value	Maximising revenue streams through strategic asset management and revenue diversification strategies.	Capital expenditure Rs. 92 Million	Shareholders Employees Suppliers Regulatory Bodies	 Financial Capital
A Motivated and Dedicated Workforce	Unmatched customer experience Business continuity A strong reputation and trust	Continuous talent development and training to nurture potential.	Remuneration and benefits Rs. 52 Million	Employees Customers	 Human Capital  Intellectual Capital

Strategic Priority	Anticipated Outcomes	Initiatives	Resource Allocation	Impacted Stakeholders	Reference
Customer-centricity	<p>Unmatched customer experience</p> <p>Business continuity</p> <p>A strong reputation and trust</p> <p>Shareholder value</p>	Offering diversified services and a value added service.	Investment in technology and customer service activities Rs. 10 Million	Customers Shareholders	 Social and Relationship Capital  Intellectual Capital
Sustainable Operations	<p>Efficient resource consumption</p> <p>Cost optimisation</p> <p>Safeguarding people and the planet</p> <p>Employment opportunities</p>	Creating a sustainable infrastructure which facilitates an eco-friendly platform.	<p>Investment in environmental and community-based initiatives Rs. 0.5 Million</p> <p>Supplier payments Rs. 160 Million</p>	Shareholders Customers Community Regulatory Bodies	 Natural Capital  Manufactured Capital  Social and Relationship Capital
Cost-Efficient Operations	<p>Improved bottom-line performance</p> <p>Efficient resource consumption</p>	Optimising resources for enhanced productivity.	Investment in technology and process enhancements and environmental-based initiatives Rs. 13 Million	Shareholders	 Manufactured Capital  Intellectual Capital  Natural Capital

FINANCIAL CAPITAL



Overview

Lindel's financial capital represents the backbone of its operational and strategic activities. This capital encompasses the funds and monetary resources acquired through debt, equity, retained earnings, assets, and investments. By effectively managing and leveraging these financial resources, Lindel develops and delivers high-quality products and services to its customers while driving sustainable growth and value creation for all stakeholders. The Group's approach to expanding and strengthening its financial capital focuses on creating and fairly distributing wealth among employees, service providers, the local community, and shareholders, thereby fostering economic growth and maximising shareholder value.

RELEVANT SDGS



Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.



Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.



Ensure sustainable consumption and production patterns.

MATERIAL TOPICS

Economic Performance

(GRI 201): Tracking financial growth, stability, and return on investments.

Market Presence (GRI 202):

Enhancing competitive positioning in the marketplace.

Indirect Economic Impacts (GRI

203): Contributing to broader economic development.

Tax (GRI 207):

Adherence to tax regulations and contribution to public revenue.

IMPACTED STAKEHOLDERS

Shareholders: Ensuring steady returns and value growth.

Employees: Providing job security and opportunities for growth.

Customers: Delivering consistent quality and reliable services.

Key Enablers for Strategic Value

- ▶ **Revenue and Profitability:** Maximising income through strategic asset management and service diversification.
- ▶ **Financial Position:** Maintaining a robust balance sheet and strong liquidity.
- ▶ **Subsidiary Performance:** Enhancing profitability through efficient management and growth of subsidiary operations.

VALUE DERIVED

- ▶ **Consistent Returns:** Sustained shareholder value through robust financial performance and cost management.
- ▶ **Stability and Growth:** A solid financial foundation that supports long-term business continuity and expansion.
- ▶ **Economic Value Creation:** Generating economic benefits for the community through organisational success and growth.

MANAGEMENT APPROACH

Facing a volatile macroeconomic environment characterised by high inflation, currency fluctuations, and escalating costs, Lindel adopted a focused strategy centred on cost optimisation and efficient resource management to maintain financial stability and ensure consistent service delivery. This approach involved a thorough review and renegotiation of supplier contracts, stringent control over discretionary spending, and the implementation of lean operational practices, all while preserving the quality of customer services. In parallel, Lindel accelerated the expansion of its renewable energy capabilities, including significant investments in solar power projects and energy-efficient technologies, to reduce reliance on traditional energy sources and mitigate rising costs. By embracing these sustainable initiatives, Lindel achieved substantial cost savings and reinforced its position as an environmentally responsible leader in the industry. At the same time, the company actively sought new growth opportunities by diversifying its service offerings and enhancing its

infrastructure to attract a wider tenant base, thereby building a pipeline of future revenue streams. Through this multi-pronged strategy, Lindel strengthened its resilience, positioning itself to navigate economic uncertainties while ensuring long-term sustainability and profitability.

REVENUE AND PROFITABILITY

Lindel's primary revenue streams continue to be leasing and renting of investment properties. For the year ending 31st March 2024, Lindel reported a revenue increase of 9%, achieving a turnover of Rs. 513.2 Million. This growth was underpinned by a high occupancy rate of 96% for its properties, significantly boosting the Group's financial performance. Income from floor and lease rentals grew by 7% and 13% respectively, contributing Rs. 435.3 Million to the total revenue. Despite a decline in sales from treated water, the company witnessed substantial growth in solid waste disposal, pressurised water services, and common wastewater treatment. Revenue from solar power generation fell by 4.6% due to adverse weather conditions but still contributed Rs. 32 million to the total.

For the year ended 31 March	Group			Company		
	2024	2023	Change	2024	2023	Change %
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	
Major product /service lines						
Lease rentals	222,353	207,757.1	7.03	224,021	207,757	7.83
Floor rentals	212,934	189,259.8	12.51	212,934	190,885	11.55
Treated water sales	39,500	33,803.9	16.85	39,500	33,804	16.85
Solid waste disposal	3,075	3,028.3	1.54	3,075	3,028	1.55
Pressurised water	1,160	1,181.2	(1.80)	1,160	1,182	(1.90)
Common wastewater treatment	1,353	1,011.5	33.77	1,353	1,011	33.87
Solar Power	32,820	34,406.2	(4.61)	32,820	34,406	(4.61)
Total	513,195	470,447.0	9.09	514,863	472,073	9.06

FINANCIAL CAPITAL

OTHER OPERATING INCOME

Other operating income increased by 38%, reaching Rs. 31.2 Million. This growth was driven primarily by Lindel Industrial Laboratories Limited, which achieved a 48% increase in revenue, totalling Rs. 28.4 Million, compared to Rs. 19.2 Million in the previous financial year.

EXPENSES

Lindel's operating expenses rose by 8% to Rs. 284 Million due to increased costs associated with a high inflationary environment, escalating prices of goods, and broader macroeconomic constraints. Despite these challenges, the Group's cost optimisation strategies helped mitigate the impact, keeping the rise in other operating expenses to 6%. Depreciation and amortisation expenses also increased by 5% year-on-year.

OPERATING PROFIT

The Group's operating profit declined by 74% to Rs. 448 Million due to a 87% decrease in investment property revaluation gain, which fell to Rs.

187million from Rs. 1,475 million in the preceding year. This decline reflects the adoption of a revenue-generating valuation approach for investment properties.

NET FINANCE INCOME

The Group's net finance income grew by 13%, reaching Rs. 75 Million, up from Rs. 66.3 Million in the previous year, reflecting improved financial management and interest income.

PROFITABILITY

Lindel recorded a consolidated profit before tax of Rs. 524 Million for the financial year, a decrease of 42% year-on-year due to a significant reduction in fair value gains from investment properties. The company's profit after tax was Rs. 343 Million, down from Rs. 750 Million the previous year. Similarly, the Group's consolidated profit after tax decreased by 61% to Rs. 293 Million.

EARNINGS PER SHARE

Earnings per share fell to Rs. 0.087, compared to Rs. 1.88 in the previous year, reflecting the impact of reduced profitability.

FINANCIAL POSITION

Total Assets

The total assets of the Group increased by 3% to Rs. 10,415 Million, with property, plant, equipment, and investment properties comprising 92% of the overall value. Key investments included 74,600 debentures issued by Sampath Bank PLC, valued at Rs. 7.7 Million.

Total Liabilities

Total liabilities stood at Rs. 3,245 Million (up from Rs. 3,140 Million), with 93% in non-current liabilities. The structure of the liabilities remained similar to the previous year, demonstrating financial stability.

Snapshot of Financial Position

As at 31 March	Group			Company		
	2024	2023	Change	2024	2023	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Assets						
Property, plant and equipment	174,197	176,875	1.6)	170,160	174,488	2)
Investment properties	9,558,838	9,424,616	0.7	9,558,838	9,424,616	1
Investment in debentures	7,729	7,723	0.1	7,729	7,723	-
Investment in subsidiary			-	7,000	7,000	-
Total non-current assets	9,740,764	9,609,214	0.7	9,743,727	9,613,827	1
Inventories	6,319	6,302	0.3	3,312	3,784	12)
Trade and other receivables	158,216	88,687	169.3	147,223	85,783	166
Amount due from the related party				1,271	1,420	(10)

As at 31 March	Group			Company		
	2024	2023	Change	2024	2023	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
Cash and cash equivalents	509,757	438,237	16.3	497,830	423,898	117
Total current assets	674,292	533,226	41.6	649,636	514,885	42
Total assets	10,415,056	10,142,440	2.8	10,393,363	10,128,713	3
Equity and liabilities						
Stated Capital	159,692	159,692	-	159,692	159,692	-
Reserves	7,010,080	6,843,162	1.7	6,994,998	6,833,059	2
Total equity	7,169,772	7,002,854	1.6	7,154,690	6,992,751	2
Deferred taxation	2,883,238	2,837,026	1.3	2,884,748	2,837,714	1
Refundable deposits	132,515	113,567	82.7	132,515	113,567	83
Employee benefits	7,971	4,816	65.5	5,928	3,561	66
Total non-current liabilities	3,023,724	2,955,410	4.6	3,023,191	2,954,843	5
Accruals, deposits and advances received	147,370	131,402	12.2	144,951	130,084	-
Other liabilities	4,061	4,658	(12.8)	3,110	4,166	25)
Current taxation	70,128	48,116	46.6	67,421	46,869	45
Bank overdraft	-	-	-	-	-	-
Total current liabilities	221,508	184,176	20.5	215,482	181,119	19
Total liabilities	3,245,284	3,139,586	5.5	3,286,673	3,135,962	5
Total equity and liabilities	10,415,056	10,142,440	3	10,393,363	10,128,713	3

TOTAL EQUITY

The Group's total equity rose by 8% to Rs. 7,169 million, ensuring a solid capital base for future growth.

RETURN TO SHAREHOLDERS

Balancing shareholder value distribution with long-term growth, the Board declared a cash dividend of Rs. 0.45 per share, amounting to Rs. 179.65 million for the year ending 31st March 2023.

CASH FLOW

Net cash flow from operating activities surged by 14% to Rs. 373.32 million. A net cash outflow of Rs. 179.65 million was recorded for financing activities while

investing activities generated an outflow of Rs. 14million. As a result, Lindel's cash and cash equivalents increased by Rs. 71.5million, reaching Rs. 510 million.

SUBSIDIARY PERFORMANCE

Lindel Industrial Laboratories Limited (LILL), a wholly-owned subsidiary, demonstrated robust performance despite economic challenges. Revenue surged by 48% to Rs. 28.4 million, with significant contributions from an expanded client base and new services.

REVENUE AND PROFITABILITY

LILL's revenue grew by 48% year-on-year, reaching Rs. 28.4 million. Total expenses increased by 24% to Rs. 24.75 million.

However, the company achieved a substantial turnaround with an operating profit of Rs. 3.7 million. Net profit rose to Rs. 5.51 million, reflecting a 670% improvement over the previous year.

TOTAL ASSETS AND LIABILITIES

LILL's total assets grew by 27% to Rs. 40 million, while liabilities increased to Rs. 18.7 million.

By maintaining a balanced approach between growth and prudent financial management, Lindel continues to strengthen its financial capital, ensuring resilience in the face of challenges and sustained value creation for all stakeholders.

FINANCIAL CAPITAL

	2024	2,023
Revenue	28,426	19,260
Staff Expenses	(11,618)	(9,475)
Depreciation	(2,047)	(1,637)
Other Operating Expenses	(11,084)	(8,793)
Profit from Operations	3,677	(645)
Finance Income	1,794	2,374
Profit Before Taxation	5,471	1,729
Income Tax Expenses	48	(1,530)
Profit for the year	5,519	199

FUTURE OUTLOOK

As we look forward to the next fiscal year, Lindel is strategically focused on fortifying its financial capital to ensure sustained growth and profitability. Building on our robust financial position, we plan to enhance revenue streams by capitalising on high-occupancy rates and exploring opportunities for rental income growth through new property developments and tenant expansions. Our ongoing investments in renewable energy infrastructure, including the scaling up of solar power projects, are expected to contribute significantly to both revenue growth and cost reduction, targeting an additional Rs. 50 million in annual savings from energy efficiencies over the next three years.

Lindel is also set to implement a more aggressive cost management strategy, identifying key areas for operational optimisation and reducing non-essential expenditures. The introduction of advanced financial analytics and forecasting tools will further support our efforts to enhance financial performance and drive informed decision-making. Additionally, we plan to explore new

financing avenues to bolster our capital structure, ensuring that we remain agile and well-positioned to take advantage of emerging growth opportunities in the market.

We remain committed to maintaining a balanced approach to capital allocation, focusing on maximising returns to shareholders while ensuring long-term financial stability. This includes careful consideration of dividend distributions and reinvestment in high-return projects, ensuring we continue to create value for our stakeholders. As we move forward, Lindel aims to uphold its financial resilience, ensuring a strong foundation for continued growth and success in the coming years.

MANUFACTURED CAPITAL



Overview

At Lanka Industrial Estates Ltd (Lindel), our manufactured capital comprises a diverse array of material goods and infrastructure that are fundamental to our operations. This includes extensive heavy-load road access, a sophisticated fire safety system featuring booster pumps and a network of common fire hydrants, and comprehensive facilities for raw water and wastewater treatment, complete with advanced machinery and equipment. We also maintain a treated water storage facility, a robust transmission and distribution network, and bowser filling stations. Our infrastructure extends to generator systems, street lighting, stormwater collection and drainage, and solid waste management, including sorting and recycling operations. Each of these elements plays a vital role in our production and service processes, ensuring that we remain agile, responsive, and innovative. To support our productivity and sustainability, we prioritise effective resource utilisation. All our plants and machinery are meticulously maintained through well-designed maintenance programs, which are crucial for preventing operational breakdowns and ensuring seamless functionality.

RELEVANT SDGS



Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.



Ensure sustainable consumption and production patterns.



Ensure availability and sustainable management of water and sanitation for all.

MATERIAL TOPICS

Economic Performance

(GRI 201): Tracking financial growth and stability.

Indirect Economic Impacts

(GRI 203): Assessing the wider economic benefits and implications.

Materials (GRI 301): Efficient use and management of raw materials.

Energy (GRI 302): optimisation of energy use and promoting renewable energy sources.

Water and Effluents (GRI 303): Sustainable water management practices.

Waste (GRI 306): Effective waste management and reduction strategies.

IMPACTED STAKEHOLDERS

Customers: Enhanced service quality and reliability.

Employees: Safe, productive, and innovative work environment.

Community: Positive social and environmental contributions.

Shareholders: Increased value and sustainable returns.

MANUFACTURED CAPITAL

Value Enablers

Water Treatment Plant: Our water treatment facility ensures the delivery of high-quality water that meets both WHO and Sri Lankan Standards (SLS), essential for both human consumption and industrial processes. With a treatment capacity of 9,000 cubic metres per day, this plant exceeds the requirements for our current operations within the Industrial Estate.



Wastewater Treatment Plant: The plant effectively treats industrial wastewater to comply with discharge standards set by the Central Environmental Authority of Sri Lanka. It has a daily treatment capacity of 4,000 cubic metres, ensuring that we meet environmental regulations.



Spring and Rain Water Collection Plant: Serving as a backup source, this plant provides an additional raw water supply should there be any disruption to the main supply from the Kelani River. It includes 12 collection ponds and two pumping wells with a total capacity of 20,000 cubic metres. Water is gathered from a catchment area belonging to Lindel.



Buildings and Warehouses: Our facilities encompass a diverse range of buildings and warehouses, covering a total floor area of 533,000 square feet. These state-of-the-art structures support efficient storage and logistics operations.



Solar Power Infrastructure: With a 1.5 MW capacity from rooftop solar systems, our solar power infrastructure enhances our energy sustainability and reduces our carbon footprint. Lindel is self-sufficient in both power and water, producing these essential resources independently.



Value Derived

Operational Efficiency

Our high-quality infrastructure ensures smooth and uninterrupted operations, supported by efficient troubleshooting processes. This enables us to minimise lead times and swiftly adapt to market changes and customer demands.

Resource Management

We prioritise responsible and efficient use of resources, including rainwater storage, solar power generation, and electric vehicles. This approach not only leads to cost savings but also enhances productivity. Advanced technologies such as CCTV and drone cameras further ensure optimal resource utilisation.

Sustainability and Innovation

Our adoption of cutting-edge technologies fosters sustainable practices and drives innovation. Lindel's commitment to renewable energy, eco-friendly initiatives, and waste recycling underscores our dedication to environmental stewardship.



Stability and Resilience

Strategic investments in capacity building and infrastructure development fortify the company's resilience against economic fluctuations. These investments also provide a stable foundation for long-term growth and profitability.

Achievements and Milestones

Increased Operating Profit:

Despite economic challenges, we achieved a 40% increase in operating profit, reaching Rs. 2 billion for the first time in year 2022/23.

New Tenant Acquisition: Secured reputable tenants, contributing to nearly full occupancy of our warehouses.

ISO 9000 Certification:

standardised processes ensuring high-quality service delivery.

National Business Excellence Award: recognised as a runner-up, reflecting our commitment to excellence.

Strategic Priorities

Continuous Improvement: On-going investments in infrastructure and technology to enhance operational efficiency and sustainability.

Stakeholder Engagement: Strengthening relationships with stakeholders through transparent communication and value-driven initiatives.

Innovation and Growth: Fostering innovation to stay ahead in the market, focusing on sustainable growth and long-term value creation.

MANAGEMENT APPROACH

Lindel's Manufactured Capital includes three state-of-the-art water treatment facilities: a raw water treatment plant, a spring/rainwater treatment plant, and an industrial wastewater treatment plant. In addition to these, we have comprehensive buildings, warehouses, and technological infrastructure including solar panels. The estate is equipped with a 10 MW power substation and 200 SLT connections. We continuously invest in upgrading our facilities to ensure sustainability and relevance.

Investments: Since 2017, Lindel has invested close to Rs. 4536 Mn in investment properties. The current Net Book Value of property, plant, and equipment (PPE) is Rs. 174 Million, while fair value of investment properties stands at Rs.9.5 Billion.

WATER TREATMENT PLANT

- ▶ **Raw Water Treatment Plant:** Facilitates water production for the entire tenant base, addressing both human and industrial needs. The plant produces 9,000 m³ of treated water per day.

- ▶ **Spring Water Treatment Plant:** Established in 2012, it produces between 4,500 m³ to 9,000 m³ of treated water per month.

BUILDINGS AND WAREHOUSES

Lindel features 16 warehouses spanning over 350,000 sq. ft, utilised by tenants for diverse purposes. The acquisition and renovation of the warehouse at Lot 24D and the modifications at Lot 48A highlight our commitment to supporting tenant needs. The industrial zone's near-full occupancy underscores our successful tenant acquisition strategies.

WASTEWATER TREATMENT PLANT

Our wastewater plant, essential for compliance with industrial regulations, retains 4,500 m³ of effluents and treats 2,000 m³ of water daily. Recent upgrades to the sprinkler aerator system ensure continued efficiency.

INFRASTRUCTURE AND TECHNOLOGY

- ▶ **Solar Power Project:** With 7 solar connections totaling 1.5 MW capacity, we contributed 1,580,722 KW to the grid, generating Rs. 34.4 Million in income.
- ▶ **Security and Infrastructure Enhancements:** Constructing a 200-foot-long wall with security fencing and setting up a stormwater drain highlight our dedication to enhancing infrastructure.

INNOVATIONS AND FUTURE PLANS

As we look to the future, Lindel is dedicated to fostering innovation, sustainability, and community engagement. Our strategic initiatives are designed to enhance operational efficiency, environmental responsibility, and stakeholder value.

ECO-INDUSTRIAL PARK DEVELOPMENT

Lindel is evolving into an eco-industrial park with a strong focus on sustainability. Our key initiatives include:

- ▶ **Solar Power Generation:** We are investing significantly in solar energy through a new company dedicated to solar development. This initiative will expand our renewable energy capacity, lower our carbon footprint, and contribute to national energy demands.
- ▶ **Rainwater Harvesting:** We are implementing rainwater harvesting systems to supplement our water resources, promoting sustainable water management.
- ▶ **Solid Waste Recycling:** We have allocated over Rs. 15 million to improve our solid waste management facilities, ensuring responsible disposal and recycling practices.

TECHNOLOGICAL ADVANCEMENTS

To maintain our competitive edge, Lindel is implementing several technological upgrades aimed at improving efficiency and productivity:

- ▶ **Automated Vehicle In-and-Out Systems:** Plans are underway to automate our vehicle entry and exit systems, streamlining logistics operations and reducing wait times.
- ▶ **Meter Readings Automation:** We are planning to automate the readings of over 100 Metres for water and energy, allowing for precise monitoring and management of resources. This will enable real-time data collection and proactive maintenance.

MANUFACTURED CAPITAL

COMMUNITY INITIATIVES

Lindel places a high priority in supporting the communities in which we operate. Our CSR activities focus on:

- ▶ Educational Support: We have provided financial assistance to local students, including Rs. 10,000 each to 46 students for school supplies. This initiative aims to ensure access to quality education for the future generation.



- ▶ Infrastructure Projects: We are committed to developing local infrastructure, such as constructing a 200 ft long wall with security fencing to enhance safety and prevent unauthorised access. Additionally, we have directed stormwater to external canals, improving local water management.

HUMAN CAPITAL



Overview

In the year 2023/2024, Lindel has continued to place immense value on its human capital, recognising its pivotal role in achieving strategic objectives and delivering high quality services. This year, we have intensified our efforts in employee development, aiming to foster a workforce that is not only productive and innovative but also adaptable to the ever-evolving business landscape.

RELEVANT SDGS



Goal 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.



Goal 5: Achieve gender equality and empower all females.



Goal 3: Ensure healthy lives and promote wellbeing for all.



Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

MATERIAL TOPICS

Labor/Management Relations

(GRI 402): Focuses on fostering constructive dialogue and positive relationships between employees and management to ensure a harmonious and productive work environment.

Occupational Health and

Safety (GRI 403): Ensures the health and safety of all employees by implementing robust safety protocols and promoting a culture of safety awareness.

Training and Education (GRI

404): Provides continuous learning opportunities and professional development programs to enhance employee skills and career growth.

Diversity and Equal

Opportunity (GRI 405): Promotes a diverse and inclusive workplace by ensuring equal opportunities for all employees, regardless of their background.

Non-Discrimination (GRI 406):

Implements policies and practices to prevent discrimination and ensure a fair and respectful work environment.

Freedom of Association and Collective Bargaining (GRI 407):

Supports employees' rights to form and join trade unions and engage in collective bargaining.

Child Labor (GRI 408): Prohibits the employment of children and adheres to international standards on child Labour.

Forced or Compulsory Labour

(GRI 409): Ensures that all Labour is voluntary and employees are not subjected to coercion or exploitation.

Security Practices (GRI 410):

Implements security measures to protect employees and assets while respecting human rights.

HUMAN CAPITAL

Local Communities (GRI 413):

Engages with local communities to support their development and ensure that business operations have a positive social impact.

Public Policy (GRI 415):

Engages in advocacy and policy making processes to support public policies that align with the company's values and goals.

Customer Health and Safety (GRI 416):

Ensures that products and services meet high safety standards to protect customer wellbeing.

Customer Privacy (GRI 418):

Protects customer data and privacy through stringent security measures and ethical data handling practices.

Socioeconomic Compliance (GRI 419):

Adheres to laws and regulations related to socioeconomic issues to ensure ethical and responsible business practices.

IMPACTED STAKEHOLDERS

Employees: Benefiting from a safe, productive, and supportive work environment with opportunities for growth.

Customers: Receiving high quality and reliable products and services.

Community: Experiencing positive social and environmental contributions from Lindel's operations.

Shareholders: Gaining value and sustainable returns through ethical and effective business practices.

VALUE DERIVED

Retention: A high retention ratio of 92%, reflecting employee satisfaction and loyalty.

Gender Diversity: Increased female representation to 40%, enhancing workplace diversity.

Work Environment: A safe and supportive environment fostering employee well-being.

MANAGEMENT STRATEGY

Aligned with the DFCC Group HR policy, Lindel's HR strategy is designed to cultivate a highly skilled and motivated workforce capable of driving business growth. Our approach encompasses several key elements to ensure our human capital aligns with our strategic objectives. Our HR policies and practices are benchmarked against global standards to ensure competitiveness and compliance with international best practices. This alignment helps us attract and retain top talent, ensuring our workforce is equipped to meet the demands of a dynamic global market. We engage in rigorous workforce planning to anticipate future needs and ensure we have the right talent in place to support our growth. This involves analysing

market trends, forecasting talent requirements, and developing strategies to fill critical roles with qualified candidates.

Investing in our employees' continuous learning and professional development is a cornerstone of our HR strategy. We offer a range of training programs, workshops, and educational opportunities to enhance our team's skills and knowledge. Our goal is to foster a culture of continuous improvement and lifelong learning. Our performance management system is designed to promote accountability and recognise excellence. Regular performance appraisals provide employees with feedback on their performance, identify areas for development, and set clear objectives aligned with our strategic goals. This system also serves as a tool for career progression and succession planning. We prioritize employee engagement by creating a positive work environment and fostering a sense of community. Through regular surveys, feedback sessions, and engagement activities, we ensure our employees feel valued and heard. Our high retention rate of 92% is a testament to our efforts in maintaining a supportive and fulfilling workplace.

Recognising the importance of employee wellbeing, we have implemented comprehensive health and wellness programs. These include medical benefits, mental health support, and initiatives to promote work-life balance. Our proactive approach to health and safety ensures a secure and healthy work environment. We are committed to promoting diversity and inclusion within our workforce. Our policies and initiatives aim to create an inclusive environment where all employees have equal opportunities to succeed. This commitment is reflected in our increased female representation, now at 40%, and our ongoing efforts to support underrepresented groups. Leveraging technology is integral to our HR strategy.

Key Enablers for Strategic Value

- ▶ Strong and Diverse Workforce
- ▶ Effective Recruitment and High Retention
- ▶ Robust Learning and Development Programs
- ▶ Attractive Rewards and Benefits
- ▶ Health and Safety Commitment
- ▶ Constructive Collective Bargaining
- ▶ Active Employee Engagement
- ▶ Focus on Gender Equality

We utilise advanced HR management systems to streamline processes, improve data accuracy, and enhance decision-making. This integration allows us to efficiently manage our workforce, track performance metrics, and identify areas for improvement. Building strong leadership is essential for our long-term success. We offer targeted development programs for current and emerging leaders, focusing on enhancing their strategic thinking, decision making, and people management skills. Our leadership development initiatives ensure we have a pipeline of capable leaders to drive our organisation forward.

WORKFORCE DIVERSITY AND STRENGTH

Our diverse and dedicated team is integral to our success. With a turnover ratio of less than 8%, Lindel maintains a loyal workforce. Currently, we have 23 employees, including 13 Executive and 10 Non-Executive staff members. This year, female representation increased to 40%, underscoring our commitment to gender diversity.

EMPLOYMENT BREAKDOWN BY CATEGORY:

Executive: **13**

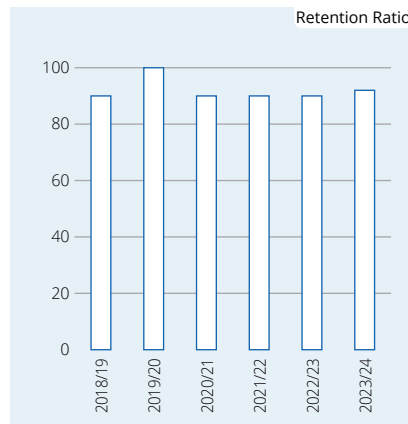
Non-Executive: **10**

DIVERSE TEAM PROFILE

Our workforce comprises individuals from various backgrounds, experiences, and skills, fostering an inclusive culture that encourages different perspectives and ideas. This diversity enhances our ability to innovate and solve problems effectively, contributing to our overall success.



RETENTION RATIO



Despite economic challenges, we maintained a high retention ratio of 92%. Our Organisational structure comprises four senior management positions to

strengthen our leadership. We utilise a comprehensive approach to recruitment, ensuring we attract candidates who align with our values and culture.

Our retention strategy focuses on providing a supportive work environment, competitive compensation, and opportunities for professional growth. By retaining top talent, we maintain our competitive edge and achieve long-term success.

LEARNING AND DEVELOPMENT PROGRAMS

We invested Rs. 639,000 in training programs, benefiting 23 employees. Our focus areas included waste management, chemical safety, and occupational health and safety, ensuring our team remains updated with industry best practices.

Training Programs:

Training Program	Participants	Hours
Waste management	4	20
Chemical safety	3	12
Occupational health and safety	5	15
Development of laboratory quality management systems	3	12
Measurement uncertainty in microbiological analysis	2	10
Awareness training on accreditation of reference materials	1	8
Assessor training course on iso/iec 17025:2017 requirements	2	10
Future leaders	2	8
Sustainability practices and challenges		1
		10

We emphasise continuous learning and professional development, equipping our employees with the skills and knowledge needed to excel in their roles. This investment enhances their capabilities and contributes to our overall organisational success.

COMPETITIVE REWARDS AND BENEFITS

Our competitive compensation and benefits package is designed to attract and retain top talent. Adjustments were made to account for inflation, ensuring our employees are well compensated. Benefits include performance bonuses, medical allowances, and professional development reimbursements.

HUMAN CAPITAL

Employee Benefits:

Benefit	2023/2024 (Rs.)	2022/2023 (Rs.)
Salaries and other related expenses	17,548,000	14,782,000
Employer's contribution to EPF	2,824,000	2,395,000
Employer's contribution to ETF	565,000	479,000
Staff bonus	7,700,000	6,347,000
Other staff costs	9,641,000	7,412,000
Gratuity	1,013,000	900,000

We understand that a comprehensive rewards system is vital for maintaining high levels of employee satisfaction and engagement. By offering a robust benefits package, we ensure our employees feel valued and motivated to contribute to our success.

CONSTRUCTIVE COLLECTIVE BARGAINING

Our open-communication culture and proactive approach to employee concerns have eliminated the need for trade unions. No industrial disputes were reported this year, showcasing our harmonious work environment. We maintain a collaborative approach to labour relations, ensuring that our employees' voices are heard and their needs are addressed.

EMPLOYEE ENGAGEMENT AND WORK LIFE BALANCE

We organised various staff engagement activities, including annual trips, year-end celebrations, and team building events, promoting a cohesive and motivated workforce. Our commitment to work-life balance ensures that employees can manage their personal and professional lives effectively.

STAFF ENGAGEMENT ACTIVITIES:

- ▶ Annual staff and family trip
- ▶ Year-end get-together
- ▶ Farewell parties for departing employees
- ▶ International Women's Day celebrations
- ▶ Employee birthday celebrations

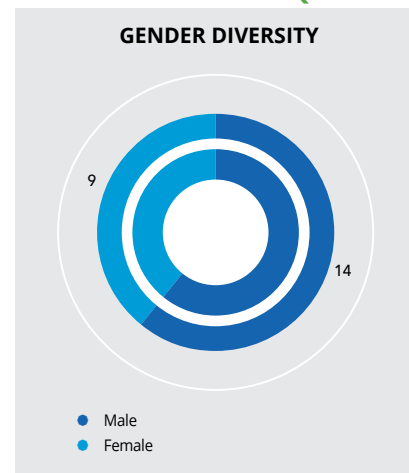


These activities foster a sense of community and belonging, enhancing employee morale and team cohesion. We believe that a positive work environment contributes significantly to employee productivity and satisfaction.

HEALTH AND SAFETY COMMITMENT

We uphold international health and safety standards, ensuring a secure workplace. No significant health and safety incidents occurred during the year, reflecting our proactive safety measures. Our commitment to health and safety ensures that our employees can work in a safe and healthy environment, minimising risks and promoting well-being.

FOCUS ON GENDER EQUALITY



Our commitment to gender parity resulted in female representation in senior management reaching 40% for the first time. We have implemented policies supporting female employees, including a sexual harassment policy, grievance handling mechanisms, and flexible working arrangements.

Promoting gender diversity is essential for creating an inclusive workplace where all employees can thrive. Our initiatives ensure that women have equal opportunities for career advancement and leadership roles.

EMPLOYEE WELLBEING AND MENTAL HEALTH

Recognising the importance of mental health, Lindel has implemented various initiatives to support employee well-being. These include counselling services, stress management workshops, and flexible working arrangements to help employees manage work-related stress and maintain a healthy work life balance.

COMMITMENT TO CONTINUOUS IMPROVEMENT

Looking ahead, Lindel is dedicated to enhancing its human capital. We plan to introduce new training programs addressing emerging industry trends and technologies, ensuring our workforce remains at the forefront of industry developments. These programs will foster skill enhancement, career progression, and personal growth.

EXPANDING BENEFITS AND COMPENSATION

In light of the challenging economic conditions, we aim to expand our benefits and compensation packages. This includes revising salary structures, enhancing health and wellness benefits, and providing additional incentives to align with employee needs and market standards.

PROMOTING DIVERSITY AND INCLUSION

We are committed to furthering our diversity and inclusion initiatives, aiming to increase the representation of underrepresented groups within our workforce. Our goal is to create an inclusive environment that supports all employees, promoting equal opportunities for advancement and leadership roles.

LEVERAGING TECHNOLOGY FOR HR EXCELLENCE

Incorporating advanced HR technologies

will be a priority, enabling us to streamline processes, enhance data driven decision making, and improve overall HR management efficiency. This includes the implementation of sophisticated HR management systems, automated performance tracking, and comprehensive analytics tools.

STRENGTHENING LEADERSHIP DEVELOPMENT

Building on our current leadership development initiatives, we will introduce more comprehensive programs focused on cultivating strategic, innovative, and empathetic leaders. These programs will include mentorship opportunities, leadership workshops, and executive training courses designed to prepare our leaders for future challenges.



ENHANCING EMPLOYEE ENGAGEMENT

To foster a more engaged and motivated workforce, we will increase our focus on employee engagement activities. This includes organising more team building events, enhancing our feedback mechanisms, and promoting a culture of open communication. Our aim is to ensure every employee feels valued, heard, and integral to our organisational success.

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Lindel will continue to integrate sustainability and corporate social responsibility (CSR) into our HR strategies. We plan to launch initiatives that not only benefit our employees but also positively impact our communities

and environment. This includes green workplace practices, community engagement programs, and supporting employees in volunteer efforts.



INTELLECTUAL CAPITAL



Overview

In the fiscal year 2023/2024, Lindel's intellectual capital continued to be a pivotal driver of our success. This capital encompasses the intangible assets that secure our competitive edge and underpin long-term wealth creation. Our intellectual capital is shaped by the collective knowledge, skills, and expertise within the organisation, bolstered by our systems, standards, and processes.

RELEVANT SDGS



Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.



Ensure sustainable consumption and production patterns.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



Ensure healthy lives and promote wellbeing for all at all ages.

MATERIAL TOPICS

Training and Education (GRI 404):

Developing employee skills through structured training programs to enhance their capabilities and career growth.

Customer Health and Safety (GRI 416):

Ensuring our products and services meet stringent safety standards, protecting customer wellbeing.

Environmental Compliance (GRI 307):

Adhering to environmental regulations and promoting sustainable practices to minimise our ecological footprint.

Economic Performance (GRI 201):

Tracking and improving financial health and stability to ensure sustainable economic growth.

Innovation (GRI 302):

Investing in new technologies and innovative practices to enhance operational efficiency and service quality.

IMPACTED STAKEHOLDERS

Customers: Receiving high-quality, safe, and reliable products and services, enhancing their satisfaction and trust in Lindel.

Employees: Benefiting from a safe, productive, and innovative work environment with opportunities for professional growth and development.

Community: Experiencing positive environmental and social contributions through our sustainable practices and community engagement initiatives.

Shareholders: Gaining increased value and sustainable returns through our strategic focus on growth, innovation, and responsible management.

Key Enablers for Strategic Value

Knowledge and Skills: Cultivating a highly skilled workforce through continuous training and professional development programs.

Culture of Innovation: Encouraging creativity and technological advancements to improve our services and operations.

Awards and Achievements: Recognising and celebrating our commitment to excellence and continuous improvement through various accolades.

Systems and Processes: Implementing efficient and effective systems and processes to ensure high-quality operations and compliance with regulatory standards.

Certifications and Standards: Upholding high standards of quality, health, safety, and sustainability through compliance with industry certifications and best practices.

Brand Values and Synergies: Leveraging our strong brand reputation and group synergies to enhance our market position and build robust stakeholder relationships.

Value Derived

Service Excellence: Achieving high standards of quality, health, and safety, ensuring exceptional service delivery to our customers.

Operational Efficiency: Driving productivity and innovation through efficient systems and processes.

Employee Satisfaction: Boosting morale and retention through continuous training and development opportunities.

Strong Brand Reputation: Enhancing our market position and stakeholder trust through a robust corporate culture and group synergies.

Sustainable Growth: Ensuring long-term wealth creation and resilience through strategic investments in knowledge, innovation, and sustainability practices.

Management Approach

Lindel's Intellectual Capital strategy for 2023/2024 was centered on leveraging our extensive knowledge base, advanced systems, and a culture of innovation to drive sustainable growth. By investing in continuous learning and development, we enhanced our workforce's capabilities, ensuring they remain adept at meeting industry demands. We also focused on refining our systems and processes to ensure efficiency and regulatory compliance, allowing us to deliver consistent, high-quality services to our stakeholders.

Supported by the expertise and resources of our parent company, DFCC

Bank PLC, and government shareholding, we maintained financial stability and strategic direction. This backing enabled us to navigate challenges and seize growth opportunities effectively. Our commitment to innovation, reflected in significant investments in renewable energy and advanced technologies, further optimised our operations. By integrating these elements, Lindel ensured resilience, operational efficiency, and stakeholder value, positioning us for continued success in a dynamic business environment.

Knowledge and Expertise

Lindel's success is underpinned by the extensive knowledge and expertise of our workforce. Continuous investments in training and development ensure that our employees possess the skills necessary to drive innovation and excellence.

Training and Development Programs (2023/2024)

Training Program	Participants	Hours
Advanced Waste Management	6	25
Chemical Safety and Risk Management	4	15
Occupational Health and Safety	7	18
Laboratory Quality Management Systems	5	14
Microbiological Analysis Techniques	3	12
Accreditation of Reference Materials	2	10
ISO/IEC 17025:2017 Assessor Training	3	12

Our investment in training has resulted in enhanced capabilities across the organisation, enabling employees to adapt to changing industry demands and maintain high standards of performance.

Systems and Processes

Our robust systems and processes are essential for maintaining operational efficiency and compliance. We have developed comprehensive process manuals and up-to-date management systems that ensure high quality service delivery and adherence to regulatory standards.

INTELLECTUAL CAPITAL

Process Efficiency Improvements

Year	Number of Process Improvements	Efficiency Gain (%)
2020/2021	15	10
2021/2022	20	12
2022/2023	25	15
2023/2024	30	18

In 2023/2024, Lindel implemented numerous process improvements that led to significant efficiency gains, enabling us to better serve our stakeholders.

CULTURE OF INNOVATION

At Lindel, innovation is ingrained in our corporate culture. We encourage employees to contribute ideas and invest in technological advancements, driving our ability to adapt and thrive in a dynamic business environment.

Innovation Initiatives and Outcomes

Initiative	Investment (Rs.)	Outcome
ERP SAP Business One Implementation and Advanced Data Analytics	10 Mn	Enhanced accounting and production system, improved decision-making processes
Cloud Computing	7 Mn (3-year commitment)	Enhanced flexibility, collaboration and security

ERP SAP BUSINESS ONE IMPLEMENTATION IN LINDEL GROUP

SAP Business One application is an affordable, easy-to-implement, interconnected business management solution. Designed specifically for midsize enterprises, it ensures company growth, helps increase profitability and control, and automates your business processes. SAP Business One provides executives and managers with instant access to critical business information so they can confidently make informed business decisions, and offers more than just accounting. SAP Business One is a comprehensive solution that covers virtually all aspects of your business including finance, logistics, operations, inventory, sales, manufacturing with Material Requirement Planning, job costing and customer relationship management.

In early 2024, Lindel migrated to the new ERP system, SAP Business One from SAGE 100, in order to enhance its operation efficiency, profitability analysis and better decision-making outcomes.

Our commitment to innovation has resulted in substantial improvements in cost efficiency and operational effectiveness.

CERTIFICATIONS AND STANDARDS

Maintaining high standards of quality, safety, and sustainability is critical. Lindel adheres to various international certifications, ensuring compliance and fostering trust among stakeholders.

Key Certifications

- ▶ ISO/IEC 17025:2017: Ensures the quality of our laboratory management systems.
- ▶ Central Environment Authority Certification (CEA): Validates our commitment to environmental compliance.
- ▶ St. John Sri Lanka Certificate of Compliance: Demonstrates our adherence to workplace safety standards.
- ▶ ISO 9001:2015 international standard for quality management systems (QMS)

Our certifications underscore our commitment to maintaining the highest standards across our operations.

ACHIEVEMENTS AND RECOGNITION

Lindel's dedication to excellence has been recognised through various awards, highlighting our commitment to transparency, governance, and sustainability.

Award	Category	Achievement
National Business Excellence Award	Operational Excellence	Runner-up
Annual Report Awards	Transparency and Governance	Bronze Award

These accolades are a testament to our relentless pursuit of excellence in all areas of our operations.

GROUP SYNERGIES

Leveraging the expertise of our parent company, DFCC Bank PLC, Lindel benefits immensely from robust HR, marketing, and legal frameworks. These synergies enhance our operational capabilities, allowing us to implement best practices and drive efficiency across all functions. The association with DFCC Bank

provides strategic advantages, such as access to advanced financial services, comprehensive risk management strategies, and cutting-edge technological solutions. This collaboration significantly strengthens our market position, ensuring that Lindel remains competitive and well equipped to meet the evolving needs of our stakeholders.

ETHICAL PRACTICES AND VALUE DRIVEN CULTURE

Lindel's corporate culture is deeply rooted in the principles of integrity, fairness, and respect. These core values guide our interactions with all stakeholders, fostering a trust-based environment that supports long-term relationships and sustainable growth. Our ethical practices are not merely policies but are ingrained in our daily operations and decision-making processes. By prioritising transparency and accountability, we ensure that our business conduct aligns with the highest standards of corporate governance. This commitment to ethical behaviour underpins our reputation and fortifies our stakeholder relationships, reinforcing Lindel's standing as a trusted and responsible corporate entity.

FUTURE OUTLOOK

Looking ahead, Lindel is poised to further enhance its intellectual capital through a series of strategic initiatives centered on innovation, sustainability, and continuous improvement. These initiatives are designed to ensure that Lindel remains at the forefront of industry advancements, fostering resilience and long-term growth.

FUTURE INITIATIVES AND FOCUS AREAS

- ▶ Expansion of Renewable Energy Projects:
 - Objective: To further reduce operational costs and carbon footprint.
 - Expected Impact: Significant cost savings and enhanced environmental

sustainability. This initiative involves scaling up our solar power infrastructure and exploring other renewable energy sources, aiming to meet a larger portion of our energy needs through sustainable means.

- ▶ Advanced Training Programs:
 - Objective: To enhance employee skills and capabilities.
 - Expected Impact: A more skilled and adaptable workforce capable of driving innovation and maintaining high standards of performance. We plan to introduce new training modules focused on emerging technologies, leadership development, and industry-specific skills.

These initiatives underscore Lindel's commitment to innovation and sustainability. By investing in renewable energy, advanced training, and cutting-edge technologies, we are preparing to meet future challenges and opportunities. Our focus on continuous improvement ensures that we remain agile and competitive, capable of adapting to the rapidly evolving industrial landscape.

Additional Strategic Focus Areas

- ▶ Digital Transformation
 - Objective: To enhance digital capabilities and streamline operations.
 - Expected Impact: Increased efficiency and improved customer experiences. We will be investing in digital platforms to enhance data management, customer service, and internal communication.
- ▶ Community Engagement and CSR



- Objective: To strengthen our relationships with local communities through targeted CSR initiatives.
- Expected Impact: Positive social impact and enhanced corporate reputation. Our CSR programs will focus on education, health, and environmental sustainability, ensuring that we contribute meaningfully to the communities in which we operate.
- ▶ Sustainable Supply Chain Management
 - Objective: To promote sustainability throughout our supply chain.
 - Expected Impact: Reduced environmental impact and improved supply chain resilience. We will be working closely with our suppliers to ensure that sustainability practices are integrated into all aspects of our supply chain management.

SOCIAL AND RELATIONSHIP CAPITAL



Overview

Social and Relationship Capital represents the strategic alliances and networks Lindel has built, essential for sustained success and resilience. These relationships span tenants, business partners, regulatory bodies, and the community, fostering mutual growth and trust. We prioritize transparency, high quality services, and long-term commitment. Compliance with regulations ensures stability and supports sustainability. Through job creation, educational support, and community initiatives, we strengthen our reputation as a responsible corporate citizen, crucial to Lindel's mission of sustainable growth.

RELEVANT SDGS



Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.



Ensure sustainable consumption and production patterns.



Strengthen the means of implementation and revitalise the global partnership for sustainable development.



Make cities and human settlements inclusive, safe, resilient, and sustainable.

MATERIAL TOPICS

Customer Health and Safety

(GRI 416): Ensuring the highest safety standards in products and services.

Socioeconomic Compliance

(GRI 419): Adhering to all legal and regulatory requirements.

Local Communities (GRI 413):

Engaging with and uplifting the communities where we operate.

Customer Privacy (GRI 418):

Protecting sensitive customer information.

Environmental Compliance (GRI 307):

Ensuring environmentally sustainable operations.

Security Practices (GRI 410):

Implementing robust security measures.

Tax Compliance (GRI 207):

Ensuring timely and accurate tax obligations.

IMPACTED STAKEHOLDERS

Customers: Ensuring they receive high-quality, safe, and reliable products and services.

Suppliers: Engaging in transparent, ethical relationships.

Regulatory Bodies: Ensuring compliance with all standards.

Community: Contributing to social and economic wellbeing.

KEY ENABLERS FOR STRATEGIC VALUE

Customer Relationship Management: We focus on long term partnerships and high satisfaction through dedicated support and tailored services, fostering trust and loyalty.

Supplier Engagement: Ethical and mutually beneficial relationships are maintained through transparent procurement, timely payments, and quality collaboration, ensuring a reliable supply chain.

Community Development: Lindel invests in community projects and job creation, contributing to socio economic upliftment through education, health programs, and infrastructure development.

Regulatory Compliance: We adhere to all regulatory requirements, engaging proactively with regulatory bodies to ensure compliance with environmental, safety, and economic standards.

VALUE DERIVED

Enhanced Corporate Reputation: Sustainable partnerships and ethical practices enhance our reputation, attracting new tenants and partners and driving growth.

Effective Strategy Implementation: Continuous stakeholder engagement ensures effective strategy implementation, incorporating feedback and adapting to emerging needs.

Economic Growth and Reduced Inequalities: Our community initiatives empower local populations, create job opportunities, and support local businesses, fostering inclusive growth and reducing inequalities.

MANAGEMENT APPROACH

Lindel continuously engages with its social and relationship capital to identify emerging needs and remain adaptive amid changing dynamics. By maintaining

open lines of communication and fostering strong relationships with our stakeholders including clients, suppliers, the community, and the government we ensure that we can swiftly respond to challenges and opportunities. This proactive engagement allows us to tailor our services and strategies to better meet the evolving needs of our tenants, uphold ethical standards in supplier relationships, and contribute meaningfully to community development. Furthermore, our collaborative approach with regulatory bodies ensures compliance and supports sustainable business practices, all of which are essential to our success and long-term sustainability. Through these efforts, we not only build trust and loyalty but also create a resilient foundation that supports Lindel's growth and adaptability in an ever-changing business environment.

ENGAGING WITH SUPPLIERS

Lindel maintains robust relationships with over 100 suppliers, ensuring a reliable supply chain and high-quality service delivery. Our structured procurement process aligns with our values and commitment to quality, fostering long-term, mutually beneficial partnerships. This year, we continued to strengthen these relationships, resulting in a seamless provision of necessary services and materials.

Supplier Engagement and Procurement Process

Type	Services Provided
Permanent	Security, Cleaning, Maintenance, IT, Waste Management
Project Basis	Construction, Cleaning Materials, Specialised Services

CUSTOMER SATISFACTION INITIATIVES

In 2023/2024, Lindel prioritised enhancing customer satisfaction through

a series of targeted initiatives. Our focus on delivering seamless service, essential infrastructure, and responsible waste disposal has resulted in remarkable outcomes, significantly improving tenant experiences and fostering long-term partnerships. Below are the key initiatives and their detailed impacts:

Dedicated email account

- ▶ Number of email queries handled: 1,000
- ▶ Average resolution time: 24 hours
- ▶ Customer satisfaction rate: 95%

To ensure immediate resolution of tenant issues, we implemented a dedicated customer email account. This initiative has proven highly effective, handling 1,000 customer queries during the year with an impressive average resolution time of just 24 hours. Our efforts have been reflected in a high customer satisfaction rate of 95%.

Security Enhancements

- ▶ New CCTV security systems installed: 10
- ▶ Incident response time: 5 minutes
- ▶ Tenant satisfaction rate: 97%

Security remains a top priority at Lindel. This year, we strengthened our security framework by engaging two reputed security firms with wide industry experience. Our enhanced security measures have drastically reduced incident response times to just 5 minutes, leading to a tenant satisfaction rate of 97%.

Regulatory Support

- ▶ Approvals obtained for tenants: 30
- ▶ Average time for obtaining approvals: 2 weeks
- ▶ Successful regulatory compliance rate: 100%
- ▶ Tenant feedback score: 94%

SOCIAL AND RELATIONSHIP CAPITAL

Navigating regulatory requirements can be challenging for our tenants. To mitigate this, we provided robust regulatory support, assisting tenants in obtaining 30 necessary approvals within an average of 2 weeks. Our proactive approach has ensured a 100% compliance rate with regulatory standards and earned a tenant feedback score of 94%.

COMMUNITY UPLIFTMENT

Our commitment to community upliftment is demonstrated through various initiatives in 2023/2024, including job creation and educational support. We provided educational support to 46 students, ensuring they had the necessary supplies to continue their education. Additionally, we created significant job opportunities within the industrial estate, prioritising local hires and contributing to the local economy.

Supplier Engagement and Procurement Process

Type	Services Provided
Permanent	Security, Cleaning, Maintenance, IT, Waste Management
Project Basis	Construction, Cleaning Materials, Specialised Services

CUSTOMER SATISFACTION INITIATIVES

In 2023/2024, Lindel prioritised enhancing customer satisfaction through a series of targeted initiatives. Our focus on delivering seamless service, essential infrastructure, and responsible waste disposal has resulted in remarkable outcomes, significantly improving tenant experiences and fostering long-term partnerships. Below are the key initiatives and their detailed impacts:

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Community Initiatives

Type	Services Provided
Educational Support Programs	Provided school supplies to 46 students
Job Creation	Significant proportion of local hires
Community Health Initiatives	Organised health camps and awareness programs

REGULATORY ENGAGEMENT

Compliance with regulatory standards remains a cornerstone of our operations. In 2023/2024, Lindel maintained regular communication with regulatory bodies, ensuring all legislative and environmental requirements were met. This proactive engagement allowed us to stay ahead of regulatory changes and maintain our commitment to sustainability and legal compliance.

Engagement with Regulatory Bodies

Regulatory Body	Purpose of Engagement
Central Environment Authority	Compliance with environmental regulations
Urban Development Authority	Approvals for development projects
Inland Revenue Department	Tax related matters
Ceylon Electricity Board	Approvals for solar energy projects
Board of Investment	Compliance with BOI regulations

COMPLIANCE AND CONTRIBUTIONS

In 2023/2024, Lindel paid Rs. 97.9 million in taxes to the government. We maintained a perfect compliance record

with zero incidents of non-compliance concerning health and safety, child labour, or environmental regulations. This underscores our commitment to ethical operations and legal adherence, reinforcing our reputation as a responsible corporate citizen.

FUTURE OUTLOOK

As we look ahead, Lindel is committed to enhancing its social and relationship capital through strategic initiatives aimed at fostering long-term growth, sustainability, and community engagement. Our focus areas include:

Strengthening Customer Relationships

We will enhance our service offerings and infrastructure, introducing advanced technology solutions like a tenant portal for real time issue tracking. Targeted marketing campaigns will aim to increase our occupancy rate to 98%, attracting high quality tenants and showcasing our upgraded facilities.

Deepening Supplier Engagement

Expanding our supplier base to include more local and sustainable vendors will support the local economy and reduce our environmental footprint. Implementing a Supplier Performance Management System (SPMS) will ensure high standards of quality and reliability.

Community Development Initiatives

We will increase our investment in educational programs, aiming to support over 30 students annually with supplies, scholarships, and mentorship. Community health initiatives will include regular health camps and wellness workshops, improving health outcomes in our surrounding areas.

Enhanced Regulatory Engagement

Proactive engagement with regulatory bodies will keep us ahead of legislative changes. We plan to obtain additional

certifications for environmental sustainability and workplace safety, and implement a digital compliance management system for improved efficiency.

Innovative Stakeholder Engagement

A comprehensive stakeholder engagement strategy will include regular surveys, focus groups, and forums to gather feedback and insights. This will

allow us to tailor our strategies to better meet stakeholder expectations and drive mutual growth.

Economic Empowerment and Reduced Inequalities

We will create more job opportunities within the industrial estate, particularly for local residents, and launch entrepreneurship development programs to empower local businesses and startups.

Future Initiatives and Focus Areas

Initiative	Expected Impact
Expansion of Renewable Energy Projects-Joint Venture Arrangement with ACP Renewables	Reduce operational costs and carbon footprint
Advanced Training Programs	Enhance employee skills and capabilities
Integration of Cloud Computing and Machine Learning	Improve operational efficiency and decision making
Community Health Initiatives	Improve health outcomes and awareness
Supplier Performance Management System	Increase reliability and quality of supplier services

These initiatives are designed to ensure Lindel remains a leader in industry innovation and sustainability, fostering positive impacts on our stakeholders and community, and driving long-term success and shared prosperity.

NATURAL CAPITAL



Overview

Natural Capital encompasses the renewable and non-renewable resources from our surrounding ecosystems, such as land, minerals, energy, and water. These resources are essential for Lindel's operations and economic activities. By managing these resources responsibly, we ensure the sustainability of our business and the environment for future generations.

RELEVANT SDGS



Goal 6: Ensure availability and sustainable management of water and sanitation for all.



Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all.



Goal 12: Ensure sustainable consumption and production patterns.



Goal 13: Take urgent action to combat climate change and its impact.

MATERIAL TOPICS

Materials (GRI 301): Efficient use and management of raw materials.

Energy (GRI 302): Optimisation of energy use and promotion of renewable energy sources.

Water and Effluents (GRI 303): Sustainable water management practices.

Biodiversity (GRI 304): Preserving and enhancing biodiversity.

Emissions (GRI 305): Reducing greenhouse gas emissions and other pollutants.

Environmental Compliance (GRI 307): Adhering to environmental regulations.

Waste (GRI 306): Effective waste management and reduction strategies.

IMPACTED STAKEHOLDERS

Community: Enhanced environmental quality and sustainable resource use.

Employees: Improved workplace sustainability and health.

Regulators: Compliance with environmental regulations and standards.

Shareholders: Long-term value through sustainable practices.

KEY VALUE ENABLERS

Biodiversity and Impact Management:

- ▶ Habitat Preservation: We focus on maintaining and enhancing natural habitats within and around our industrial estate.
- ▶ Compliance and Monitoring: Regular assessments ensure we adhere to biodiversity standards and regulations.
- ▶ Proactive Measures: Initiatives such as tree planting and habitat restoration foster local biodiversity.



ENERGY MANAGEMENT:

- ▶ Solar Energy Projects: We are making substantial investments in solar energy, aiming to increase our generation capacity each year.
- ▶ Energy-Efficient Practices: We employ energy-efficient equipment and practices to lower overall consumption.
- ▶ Renewable Energy Integration: Our ongoing efforts focus on boosting our reliance on renewable energy sources.

Water Management:

- ▶ Advanced Treatment Facilities: We utilise state-of-the-art facilities to manage water resources efficiently.
- ▶ Monitoring and Prevention: We implement regular initiatives to monitor water usage and prevent waste.

- ▶ Recycling and Reuse: Our programs emphasise the reuse and recycling of water wherever possible.

Solid Waste Management:

- ▶ Comprehensive Waste Systems: We have established robust systems for waste categorisation and responsible disposal.
- ▶ Third-Party Engagement: We collaborate with experts to enhance our waste management practices.
- ▶ Recycling Initiatives: We actively pursue recycling and waste minimization efforts.

Wastewater Management

- ▶ Advanced Treatment Systems: Use of sophisticated systems for treating and safely disposing of industrial wastewater.
- ▶ Regulatory Compliance: Regular checks to ensure compliance with environmental standards.
- ▶ Continuous Improvement: Ongoing enhancements to wastewater treatment processes.

VALUE DERIVED

Sustaining and Preserving Valuable Resources

- ▶ Prudent Consumption Practices: Ensuring the long-term availability of resources through efficient use.
- ▶ Resource Conservation: Efforts to conserve water, energy, and other vital resources.

Minimizing Environmental Impact

- ▶ Stringent Processes: Adherence to strict environmental practices to minimise negative impacts.
- ▶ Compliance and Sustainability: Continuous compliance with

regulations and promotion of sustainable practices.

Maximising Cost-Efficiency and Productivity

- ▶ Effective Systems: Implementation of efficient systems and processes to boost productivity.
- ▶ Cost Savings: Reduction in operational costs through energy savings and waste management.
- ▶ Operational Excellence: Enhancing productivity while maintaining high standards of environmental responsibility.

MANAGEMENT APPROACH

Lindel's approach to managing natural capital in 2023/2024 centred on integrating sustainability into all aspects of our operations. By adopting advanced technologies and innovative practices, we aimed to minimise our environmental footprint, optimise resource utilisation, and enhance the sustainability of our business. Our strategies focused on energy efficiency, water conservation, waste management, and biodiversity protection, all while ensuring compliance with stringent environmental regulations.

BIODIVERSITY AND IMPACT MANAGEMENT

At Lindel, we are dedicated to preserving biodiversity and minimising our environmental impact. In 2023/2024, we upheld stringent standards and guidelines to ensure robust environmental protection. Our commitment extended to all our tenants and service providers, who are required to incorporate biodiversity considerations into their contracts.

Initiatives:

Throughout the year, we conducted continuous monitoring of air quality and stormwater drainage systems to promptly identify and mitigate potential pollutants. We expanded our green belt

NATURAL CAPITAL

by an additional 2 acres, reinforcing our buffer zone that protects local ecosystems from industrial impact. This green belt serves as a habitat for various species and helps maintain ecological balance. Additionally, we embarked on an extensive tree planting initiative, introducing diverse species to enhance biodiversity within our estate.

Results:

Our efforts have led to noticeable improvements in air and water quality, as evidenced by our regular environmental assessments. The expansion of the green belt has further solidified our commitment to maintaining a natural buffer that supports local wildlife and plant species. These actions benefit the environment and contribute to the overall wellbeing of the community surrounding our industrial estate.

ENERGY MANAGEMENT

Energy management remains a crucial focus for Lindel. We have undertaken several initiatives to promote energy efficiency and increase our reliance on renewable energy sources.

Initiatives:

In 2023/2024, we installed additional solar panels across our industrial estate, significantly boosting our capacity to generate renewable energy. We actively promoted energy saving practices among our employees, encouraging behaviours that contribute to reduced energy consumption. Our infrastructure upgrades included the implementation of energy efficient lighting and cooling systems, further reducing our energy usage.



Results:

These initiatives have yielded substantial results. We generated 1.5 million kWh of renewable energy, marking a significant increase from previous years. Our overall energy consumption decreased by 20%, reflecting the effectiveness of our energy saving measures. Additionally, we improved our energy efficiency ratio to 4:1, with renewable energy now accounting for a larger share of our total energy consumption.

WATER MANAGEMENT

Water is a vital resource for both life and business operations. Lindel is committed to the efficient use of water through advanced treatment facilities and sustainable practices.

Initiatives:

We expanded our rainwater harvesting systems to capture and utilise more rainwater, reducing our reliance on external water sources. Our wastewater treatment plants were upgraded to enhance their capacity and efficiency, ensuring that all wastewater is treated to high standards before being released. Furthermore, we implemented water recycling practices, allowing us to reuse treated water for various industrial processes.

Results:

As a result of these initiatives, we treated and reused 15,000 cubic meters of wastewater, significantly reducing our water footprint. Our water consumption decreased by 22%, demonstrating our commitment to sustainable water management. These efforts have ensured that we utilise water resources

responsibly, supporting both our operational needs and environmental conservation.



SOLID WASTE MANAGEMENT

Effective waste management is essential to minimising our environmental impact. Lindel has implemented comprehensive waste disposal systems to manage solid waste efficiently and responsibly.

Initiatives:

We expanded our recycling programs to include more types of waste, ensuring that recyclable materials are properly processed. Our waste to energy projects have been further developed, allowing us to convert waste into a valuable energy source. Regular audits and monitoring of our waste management practices ensured that all processes were compliant with industry standards and optimised for efficiency.

Results:

Through these initiatives, we diverted 78% of waste from landfills, significantly reducing our environmental footprint. We also converted 7,000 tons of waste into energy, providing a sustainable alternative to traditional waste disposal methods. These results highlight our commitment to responsible waste management and our efforts to contribute positively to the environment.

EMISSIONS REDUCTION

Reducing emissions is a critical component of our environmental strategy. Lindel has implemented several measures to control and reduce emissions, ensuring a cleaner and healthier environment.

Initiatives:

We adopted stricter emissions control measures, enhancing our monitoring and mitigation strategies. Our adoption of cleaner production technologies has reduced the environmental impact of our operations. We also encouraged our tenants to upgrade their equipment and adopt cleaner technologies, further reducing emissions across the industrial estate.

Results:

These efforts led to a 28% reduction in greenhouse gas emissions, a significant achievement in our fight against climate change. Additionally, we achieved zero emissions incidents, demonstrating our commitment to maintaining high environmental standards. Our proactive approach to emissions management ensures that we continue to minimise our impact on the environment.

FUTURE OUTLOOK

Looking ahead, Lindel aims to further enhance its natural capital management through strategic initiatives focused on innovation, sustainability, and continuous improvement. Key areas of focus include:

Expansion of Renewable Energy Projects:

We plan to increase our use of solar power and other renewable energy sources, further reducing operational costs and our carbon footprint.

ADVANCED WATER MANAGEMENT PRACTICES:

Implementing cutting edge technologies for water treatment and recycling will enhance our water efficiency and ensure sustainable water use.



Enhanced Waste Management Systems:

We aim to expand our waste to energy projects and recycling programs, with the goal of achieving zero waste to landfill.

Community Engagement Initiatives:

Increasing community involvement in environmental conservation projects will foster a culture of sustainability and strengthen our community relations.



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 2024.

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 2024.

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.

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.

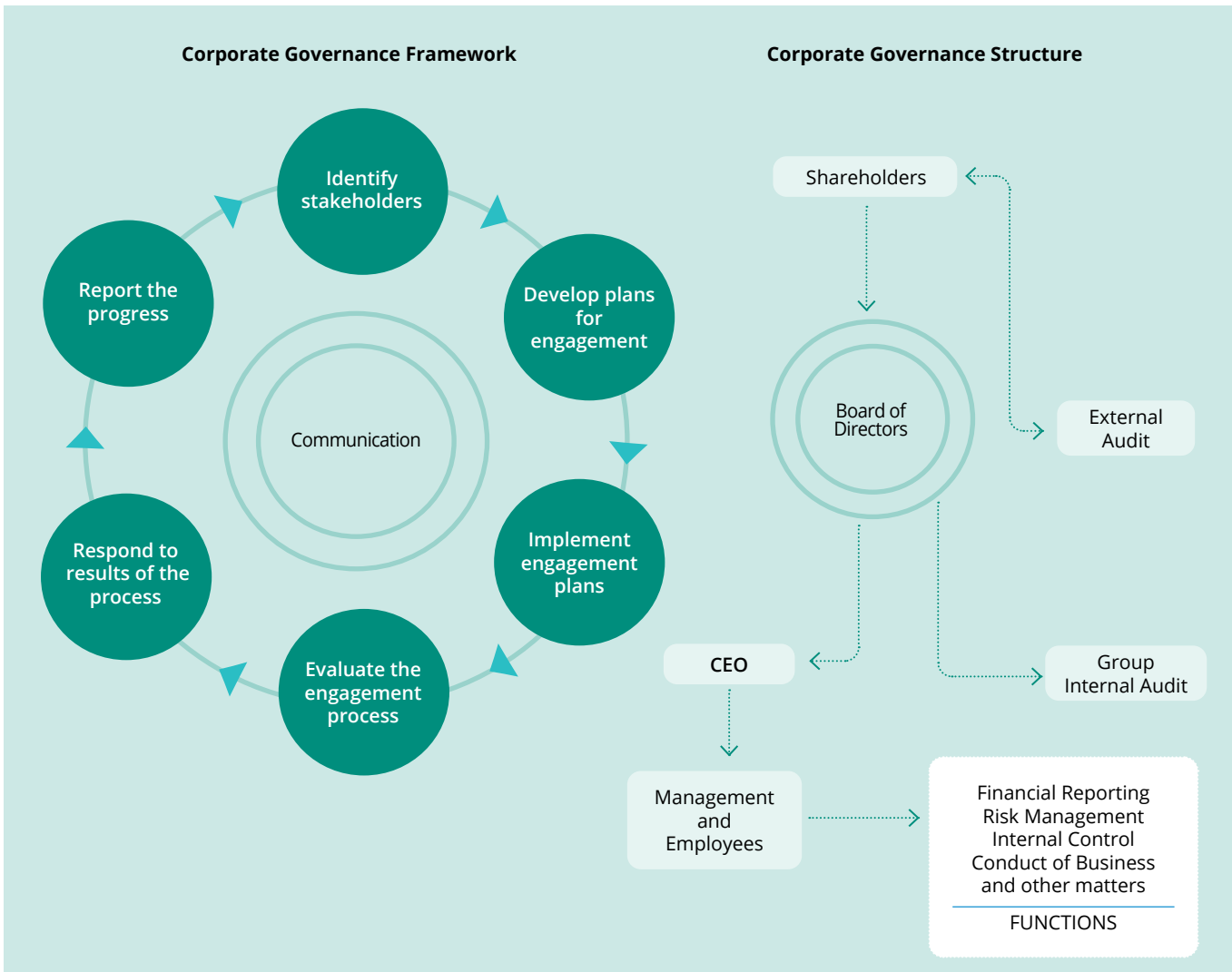
Thimal Perera
Chairman

04 September 2024

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 organisation'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 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.

CORPORATE GOVERNANCE REPORT

COMPOSITION OF THE BOARD

The Company has satisfied all requirements as per accepted labour 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

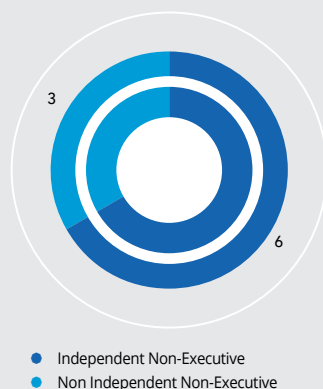
BOARD OF DIRECTORS

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.

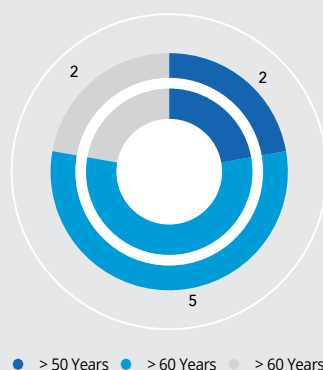
Board comprises of professionals who have many years of experience

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



AGE DIVERSITY OF THE BOARD



Mr. N.H.T.I Perera	Non-Independent Non-Executive Chairman	Appointed on 24 August 2022
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
Mr K A P Perera	Non Independent Non Executive Director	Appointed 15 December 2024

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.
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 Four Board meetings during the year. Attendance of Directors at Board meetings is summarized below.

Director	Board Meeting	Audit Committee	Remuneration Committee	Related Party
Mr N.H.T.I. Perera	3/3		3/3	
Mr.T.W De Silva	3/3			
Mr.R.A Dassanayake	3/3			
Mr. W.D.R Crishantha	1/3	1/1		
Dr.R.K Ratnayake	2/3			
Mr.A. Tudawe	3/3			
Mr. T.Dharmaraja	2/3	1/1	3/3	
Mrs. C.M.D.N.K Seneviratne	2/3	1/1	3/3	
Dr.K.A.S Keeragala	3/3			
Mr K.A.P Perera	1/3			
Date	15th June 2023 20th September 2023 15th December 2023	22nd January 2024	23rd November 2023 15th December 2023 28th March 2024	No meetings

CORPORATE GOVERNANCE REPORT

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. N.H.T.I. Perera 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 reappointment by the shareholders at that meeting.

REAPPOINTMENT 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 reappointed 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 recognise 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 SUBCOMMITTEES

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 96 to 99 of this Report contains the declarations prescribed by the Code.
- The Statement of Directors' Responsibilities is given on page 94 of this Report.
- The Independent Auditor's Report on page 101 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 2024.

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 2024 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 Mohamed Macan Markar Mawatha, Colombo 2, to be re-appointed as the External Auditors for the year ending 31st March 2024 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 Organisation 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.

CORPORATE GOVERNANCE REPORT

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

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

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.
A1.6	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.
A1.7	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.
A1.8	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

Reference to the Code	Governing Principle	Compliance Status	How We Complied
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.
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.

CORPORATE GOVERNANCE REPORT

Reference to the Code	Governing Principle	Compliance Status	How We Complied
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
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.

Reference to the Code	Governing Principle	Compliance Status	How We Complied
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.
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.

CORPORATE GOVERNANCE REPORT

Reference to the Code	Governing Principle	Compliance Status	How We Complied
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.

Reference to the Code	Governing Principle	Compliance Status	How We Complied
D.3 Audit Committee (AC)			
D.3.1	Composition of the Audit Committee	✓	Please refer Audit Committee Report
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

CORPORATE GOVERNANCE REPORT

Reference to the Code	Governing Principle	Compliance Status	How We Complied
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.



AUDIT COMMITTEE REPORT



Dear Shareholder,
I am pleased to present the report of the Audit Committee for the year ended 31st March 2024. In this report, I would like to share the way we carried out the responsibilities bestowed upon the Audit Committee during the financial year 2023/24.

Audit Committee of Lanka Industrial Estates Ltd was formed in December 2021 and held its meeting for the financial year 2023/24 on 22nd January 2024.

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 Corporate 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, reappointment 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 24 to 26 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

Ms. W.P.C Withanage – Finance Manager

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

AUDIT COMMITTEE REPORT

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. 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 2024.

FINANCIAL REPORTING

The Audit Committee reviewed the Interim Financial Statements and Annual Financial Statements for the year ended 31st March 2024 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 Dharmarajah	1/1
Mrs. C.M.D.N.K Seneviratne	1/1
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 cooperation 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. Dharmarajah
Chairman

Audit Committee
04 September 2024

REMUNERATION COMMITTEE REPORT



Dear Shareholder,
I am pleased to present the report of the Remuneration Committee for the year ended 31st March 2024. In this report, I would like to share the how we carried out the responsibilities bestowed upon the Committee during the financial year 2023/24.

The Remuneration Committee of Lanka Industrial Estates Ltd was formed in December 2021 and held three meetings for the financial year 2023/24 on 23 November 2023, 15 December 2023 and 28 March 2024.

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. N.H.T.I Perera – 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 judgement and at least once in each financial year. During the year under review, there were three meetings and the attendance of the Committee members is given below;

Director	Attendance
Mr. N.H.T.I Perera	3/3
Mrs. C.M.D.N.K Seneviratne	3/3
Mr. T. Dharmarajah	3/3

CONCLUSION

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

Thimal Perera
Chairman

Remuneration Committee
04 September 2024

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 2024. In this report, I would like to share the way we carried out the responsibilities bestowed upon the committee during the financial year 2023/24.

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. K.A.P. Perera - Non - Independent Non-Executive Director

Mr. R.M.K. Ratnayake - Non - Independent Non-Executive Director

MEETINGS OF THE COMMITTEE

No meeting was held during the financial year 2023/24 and Scheduling to have a meeting in next financial year.

There were no material related party transactions that took place during the 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

04 September 2024

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 2024 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

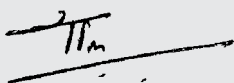
and provide accurate disclosure of the Company's financial position.

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



Thimal Perera
Chairman

04 September 2024

DIRECTORS' STATEMENT ON INTERNAL CONTROL

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.

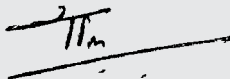
INTERNAL CONTROL PROCESS

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 2024 have been audited by Messrs. KPMG, Chartered Accountants.



Thimal Perera
Chairman



Ravi Dassanayake
Director

04 September 2024

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 2024. 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 xx. 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 2024 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 103 and the Auditor's Report on the Financial Statements is provided on page 101 to 102 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 2024.

Revenue

The Revenue of the Group was Rs. 513 Mn (2023 – Rs. 470 Mn) and Company was Rs. 514.8 Mn (2023- Rs. 472Mn) The analysis thereof is given in Note 21 to the Financial Statements.

Financial Results

The Company recorded a profit after tax of Rs.342.5 Mn for the year (2022/23 - Rs.750.2 Mn) whilst the Consolidated profit after tax was Rs. 347.3 Mn (2022/23 Rs. 752 Mn). A synopsis of the Company's consolidated performance is presented below;

	Group (Rs.'000)		Company (Rs.'000)	
	2023/24	2022/23	2023/24	2022/23
Profit from operations	448,406	1,703,334	443,422	1,702,191
Net finance income	75,114	66,342	73,320	63,967
Profit before tax	523,520	1,769,676	516,742	1,766,158
Income tax expense	(176,197)	(1,017,527)	(174,202)	(1,015,941)
Profit after tax	347,323	752,149	342,540	750,217
Other comprehensive income for the year	(751)	396	(947)	200
Total comprehensive income for the year	346,573	752,545	341,593	750,417
Earnings per share (Rs.)	0.87	1.88	0.86	1.88

Dividends

The Directors recommended a first and final dividend of Rs 0.50 per share for the year under review to be approved by the shareholders at the forthcoming Annual General Meeting to be held on 30th September 2024.

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 108 to 119 of this Annual Report as required by Section 168 (1) (d) of the Companies Act. There have been no changes in the accounting policies adopted by the Company during the period under review.

Property Plant and Equipment and Investment Property

The Net book value of Property plant and equipment and investment property as of the reporting date amounted to Rs.174.2 Mn (Rs. 176.8 Mn 2022/23) and Rs. 9558.9 Mn (Rs. 9424.6 Mn 2022/23) for the Company and its subsidiary. 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 123.

Stated Capital and Reserves

The Stated Capital of the Company as of 31st March 2024 was Rs. 159,692,050/- consisting of Rs. 399,230,125 ordinary voting shares.

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 xx to xx 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 19 to 21 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 2024 are given below:

Mr.N.H.T.I. Perera – Chairman/ Non-Executive Director

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

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

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

Mr. Ravi Dassanayake – 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

Mr. K.A.P. Perera – Non-Executive Director

Profiles of the Directors are given on pages 24 and 26 of the Annual Report.

Directors' Remuneration and Other Benefits

Directors' remuneration and other benefits of Directors are given in Note 24 to the Financial Statements on page 130 as required by Section 168 (1) (f) of the Companies Act No. 07 of 2007.

Directors Shareholding

None of the Directors hold shares in the Company as at 31st March 2024.

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 89 to 92.

New Appointments and Resignation

The following Director was appointed to the Board in the capacity of Non-Executive Director during the year:

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Mr.K.A.P. Perera - Appointed with effect from 15th December 2023

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

Mr. T.W. De Silva resigned from the Board with effect from 15th December 2023.

The Board wishes to place on record the Company's sincere appreciation to Mr. T.W. De Silva for the valuable contribution extended to the Company during his tenure on the Board.

Re-election of Directors

Messrs. W.D.R. Chrishantha and T. Dharmarajah, Directors retire by rotation pursuant to Article 99 of the Articles of Association of the Company and being eligible offer themselves for re-election.

Mr. K.A.P. Perera retires pursuant to Article 105 of the Articles of Association of the Company and being eligible offers himself 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.

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 24 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 142 and Financial Highlights on page 06 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 101 to 102 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 32nd 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 2024 and expressed their opinion which appears on page 101 to 102 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 24 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 66 of the Social and Relationship Capital Report.

Ratios

Ratios relating to performance and equity are given in Performance Highlights on page 9.

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 32 to 35 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.

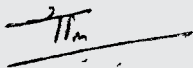
Going Concern

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.

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



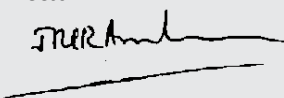
N.H.T.I. PERERA

Chairman



A R.A DASSANAYAKE

Director



S S P Corporate Services (Private) Limited

Company Secretaries

04 September 2024

CHIEF EXECUTIVE OFFICER'S AND FINANCE MANAGER'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 2024 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 Finance Manager of the Company accept responsibility for the integrity and the integrity and objectivity of these Consolidated Financial Statements.

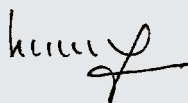
We confirm that to the best of our knowledge, the Financial Statements, Accounting Policies, and other financial information pertaining to material financial conditions, and cash flows contained in this Annual Report were acquired legitimately. We confirm that the Group has mandatory resources to pursue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

The 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

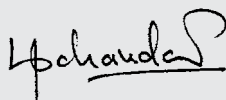
as other irregularities, which is reviewed, evaluated and updated on an ongoing basis.

The Consolidated Financial Statements of the Company were audited by Messrs KPMG, Chartered Accountants and their report is given on page x 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



Chandani Withanage
Finance Manager

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"), which comprise the statement of financial position as at March 31, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2024, and of its 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 for professional Accountants (including Sri Lanka Independence Standards) issued by CA Sri Lanka (Code of Ethics), 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 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 auditor's report thereon.

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

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

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.

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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:// laa.sc.com/auditing/auditor re pon bili .php](http://laa.sc.com/auditing/auditor%20report%20report.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.



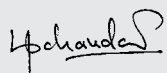
CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
04 September 2024

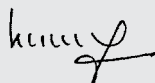
STATEMENT OF FINANCIAL POSITION

For the year ended 31 March	Notes	Group		Company	
		2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non Current Assets					
Property, plant and equipment	6	174,197	176,874	170,160	174,488
Investment properties	7	9,558,838	9,424,616	9,558,838	9,424,616
Investment in Debentures	23	7,729	7,723	7,729	7,723
Investment in subsidiary	8	-	-	7,000	7,000
Total non current assets		9,740,764	9,609,213	9,743,727	9,613,827
Current Assets					
Inventories	9	6,319	6,302	3,312	3,784
Trade and other receivables	10	158,216	88,687	147,223	85,783
Amount due from related party	11	-	-	1,271	1,420
Cash and cash equivalents	12	509,757	438,237	497,830	423,898
Total current assets		674,292	533,226	649,636	514,885
Total assets		10,415,056	10,142,440	10,393,363	10,128,712
Equity and liabilities					
Stated capital	13	159,692	159,692	159,692	159,692
Reserves	14	7,010,080	6,843,162	6,994,998	6,833,059
Total equity		7,169,772	7,002,854	7,154,690	6,992,751
Non current liabilities					
Deferred taxation	15	2,883,238	2,837,026	2,884,748	2,837,714
Refundable deposits	16	132,515	113,567	132,515	113,567
Employee benefits	17	7,971	4,817	5,928	3,561
Total non current liabilities		3,023,724	2,955,410	3,023,191	2,954,842
Current liabilities					
Accruals, deposits and advances received	18	147,371	131,401	144,951	130,084
Other liabilities	19	4,061	4,658	3,110	4,166
Current taxation	20	70,128	48,117	67,421	46,869
Total current liabilities		221,560	184,176	215,482	181,119
Total liabilities		3,245,284	3,139,586	3,238,673	3,135,961
Total equity and liabilities		10,415,056	10,142,440	10,393,363	10,128,712

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.P.C. Withanage
Finance Manager




B.R.C. Cooray
CEO

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



W.D.R. Crishantha
Director



R.A. Dasanayake
Director

Colombo.
04 September 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March	Notes	Group		Company	
		2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	21	513,195	470,447	514,863	472,073
Other operating income	22	31,224	19,464	2,798	2,651
Fairvalue gain on Investment property		187,241	1,475,497	187,241	1,475,497
Staff expenses	24	(50,889)	(42,177)	(39,291)	(32,702)
Depreciation and amortisation		(144,770)	(137,602)	(143,638)	(136,880)
Other operating expenses		(87,595)	(82,295)	(78,551)	(78,449)
Profit from operations	24	448,406	1,703,334	443,422	1,702,191
Net finance income	25	75,114	66,342	73,320	63,967
Profit before taxation		523,520	1,769,676	516,742	1,766,158
Income tax expense	26	(176,197)	(1,017,527)	(174,202)	(1,015,941)
Profit for the year		347,323	752,149	342,540	750,217
Other comprehensive income					
Item that will not be reclassified to profit or loss					
Actuarial loss on defined benefit plans	17	(1,073)	566	(1,353)	286
Related tax	15	322	(170)	406	(86)
Total other comprehensive expense for the year		(751)	396	(947)	200
Total comprehensive income for the year		346,573	752,545	341,593	750,417
Basic earnings per share (Rs.)	27	0.87	1.88	0.86	1.88

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

For the year ended 31 March				
Group	Stated Capital	General Reserve	Retained Earnings Restated*	Total Restated*
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April 2022	159,692	40,000	6,298,607	6,498,299
Adjustment on surcharge tax			(71,629)	(71,629)
Balance as at 1 April 2022	159,692	40,000	6,226,978	6,426,670
Comprehensive income for the year				
Profit for the year	-	-	752,149	752,149
Other Comprehensive Loss for the Year	-	-	396	396
Total comprehensive income for the year	-	-	752,545	752,545
Transaction with owners of the Company, recognised directly in equity				
Dividend paid	-	-	(176,361)	(176,361)
Balance as at 31 March 2023	159,692	40,000	6,803,162	7,002,854
Balance as at 1 April 2023	159,692	40,000	6,803,162	7,002,854
Comprehensive income for the year				
Profit for the year			347,323	347,323
Other comprehensive Income for the year			(751)	(751)
Payment of surcharge tax			-	-
Total comprehensive income for the year	159,692	40,000	7,149,734	7,349,426
Transaction with owners of the Company, recognised directly in equity				
Dividend paid			(179,654)	(179,654)
Balance as at 31 March 2024	159,692	40,000	6,970,080	7,169,772

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March				
Company	Stated Capital	General Reserve	Retained Earnings Restated*	Total Restated*
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April 2022	159,692	40,000	6,289,271	6,488,963
Adjustment on surcharge tax			(70,967)	(70,967)
Balance as at 1 April 2022	159,692	40,000	6,218,304	6,417,996
Comprehensive income for the year				
Profit for the year	-	-	750,216	750,216
Other Comprehensive Income for the Year	-	-	200	200
Total comprehensive income for the year	-	-	750,416	750,416
Transaction with owners of the Company, recognised directly in equity				
Dividend paid	-	-	(175,661)	(175,661)
Balance as at 31 March 2023	159,692	40,000	6,793,059	6,992,751
Balance as at 1 April 2023	159,692	40,000	6,793,059	6,992,751
Comprehensive income for the year				
Profit for the year	-	-	342,540	342,540
Actuarial loss on defined benefit plans	-	-	(1,353)	(1,353)
Deferred tax charge on actuarial loss	-	-	406	406
Other Comprehensive Loss for the Year	-	-	-	-
Payment of surcharge tax			-	-
Total comprehensive income for the year	-	-	341,593	341,593
Transaction with owners of the Company, recognised directly in equity				
Dividend paid	-	-	(179,654)	(179,654)
Balance as at 31 March 2024	159,692	40,000	6,954,998	7,154,690

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

Figures in brackets indicate deductions

STATEMENT OF CASH FLOWS

For the year ended 31 March	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash flow from operating activities				
Profit before taxation	523,520	1,769,677	516,742	1,766,157
Adjustments for:				
Depreciation property, plant and equipment	19,115	18,973	17,983	18,251
Depreciation investment property	125,655	118,629	125,655	118,629
Fair gain on Investment property	(187,241)	(1,475,497)	(187,241)	(1,475,497)
Dividend income	-	-	-	(700)
Provision for doubtful debts	(2,035)	11,545	(1,952)	10,947
Provision for employment benefit	2,081	1,256	1,013	900
Other Adjustments	-	-	-	-
Amortisation of prepaid rent and security deposits	(10,904)	(11,618)	(10,904)	(11,618)
Interest expense on rent and security deposits	11,015	10,666	11,015	10,666
Interest income	(75,225)	(65,390)	(73,431)	(63,016)
Operating profit before working capital changes	405,192	378,238	398,880	374,719
Increase / decrease in trade and other receivables	66,857	(41,318)	(58,682)	(42,378)
Increase in inventories	(17)	(975)	472	(456)
Increase in accruals, deposits and advances received	15,859	3,013	14,756	1,651
Increase in refundable deposits	18,947	17,404	18,948	18,356
Decrease / increase in other liabilities	(597)	(27,801)	(1,056)	(26,479)
Increase in amount due to related party	-	-	148	231
Net cash generated from operations	373,318	328,562	373,467	325,644
Employee benefits paid	-	(1,652)	-	(1,652)
Income tax paid	(108,295)	(104,810)	(107,022)	(103,586)
Surcharge Tax Paid	-	(71,629)	-	(70,967)
Net cash generated from operating activities	265,023	150,471	266,445	149,440
Cash flow from financing activities				
Interest received	75,225	65,390	73,431	63,016
Purchase of property, plant and equipment	(16,438)	(6,539)	(13,653)	(6,409)
Purchase of Right of Use Asset / Lease Liability				
Purchase/Improvements of investment properties	(72,636)	(10,989)	(72,636)	(10,989)
Proceeds received on disposal of property, plant and equipment	-	-	-	-
Net cash (used in)/ generated from investing activities	(13,850)	47,862	(12,858)	45,618
Cash flow from investing activities				
Investment in debentures		(7,460)	-	(7,460)
Dividend received	-	-	-	700
Dividend paid	(179,654)	(175,661)	(179,654)	(175,661)
Net cash used in financing activities	(179,654)	(183,121)	(179,654)	(182,421)
Net increase in cash and cash equivalents	71,520	15,213	73,932	12,638
Cash and cash equivalents at the beginning of the year	438,237	423,024	423,898	411,261
Cash and cash equivalents at the end of the year (Note 12)	509,757	438,237	497,830	423,899

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 2024 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 2024 was 13 (2023 :11)

Group

Employees as at 31 March 2024 was 23(2023 :20)

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

The comparative information is reclassified wherever necessary to confirm with the current year's presentation in order to provide a better presentation.

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 (Note3.2.b)

Employee benefits (Note3.12)

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 preparing the financial statements for the year ended 31st March 2024, the management has assessed the possible effects of the ongoing economic condition 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, 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 MATERIAL ACCOUNTING POLICIES

A number of amendments are effective from 1st April 2023 that do not have a material effect on Group's financial statements.

Changes in material accounting policies during the year

- Deferred Tax related to assets and liabilities arising from a single transaction

The Group and the Company

adopted Deferred Tax related to Assets and Liabilities arising from a single transaction (Amendments to LKAS 12) from 1 April 2023. Following the amendments the Group has recognised a separate deferred tax asset in relation to its lease liabilities and deferred tax liability in relation to right-to-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under LKAS 12. There was no impact on the opening retained earnings as at 1 April 2023 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised.

- Material accounting policy information

The Group and the Company also adopted Disclosure of Accounting Policies (Amendments to LKAS 1) from 1 April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the Financial Statements. The amendments require the disclosure of "material", rather than "significant" accounting policies.

The 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 recognised 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 recognise the investments in Subsidiary at cost.

NOTES TO THE FINANCIAL STATEMENTS

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

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.

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 recognised in the profit or loss except to the extent it relates to items recognised 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 recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is 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 recognised 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 recognised 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 capitalized 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 capitalized 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 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

NOTES TO THE FINANCIAL STATEMENTS

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 exceeds the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the profit or loss unless it reverses a previous revaluation surplus for the same asset.

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) Derecognition

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from 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 derecognised.

When replacement costs are recognised in the carrying amount of an item of Property, Plant and Equipment, the

remaining carrying amount of the replaced part is derecognised. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspection is derecognised.

3.5 Investment Property**Basis of Measurement**

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 recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio every year.

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

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

De-recognition

Investment Property is derecognised 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 recognised 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 recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

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 cost), 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.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at 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 recognised in profit or loss. Any gain or loss on derecognition is recognised 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 recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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.

derecognition is also recognised in profit or loss.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on

the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities - derecognition

The Group derecognises

a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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 recognised 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 recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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 categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

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

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

If 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 categorised in its entirety in the same level of the fair value hierarchy as the lowest level

NOTES TO THE FINANCIAL STATEMENTS

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 amortized 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 recognises 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 recognised 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 recognised 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.

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Actuarial gains and losses

The re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised 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 recognises 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.

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 recognised point in time as the rent income is recognised 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 recognised point in time.

3.14 Expenditure Recognition

Expenditure is recognised in the financial statements as they are incurred and recognised 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 and amendments to standards are effective for annual periods beginning after 1 April 2022 and earlier application is permitted; however, the Group has not early adopted the new and amended

standards in preparing these consolidated financial statements

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

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)
- Classification of Liability as Current or Non-current (Amendments to LKAS 1)

- Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to LKAS 8).

New of amended Standard	Summary of requirment	Possible impact on Finacial Statements
Amendments to LKAS 1-Classifiaction of Liabilities as Current or Non-Current Liabilities with Covenants	The amendments, aim to clarify the requirments on detemining whether the liability is current or on -current and require new disclosures tor non-current liabilities that are subject to future covenants. The standard will become effective from 1 April 2024.	
Amendments to LKAS 7 and SLFRS7-Supplier Finance Arrangements	The amendments specifically affect seller-lesee accounting in sale and leaseback transactions that qualify as a sale under SLFRS 16, especially those involving variable lease payments not based on an index or rate. They modifv how a seller-lesee accounts for for these lease backs, preventinting recognition of gains on retained rights of use due to lease term modifications or changes which previously could occur when variable pavments not defined as 'lease payments " were excluded The Standard will become effective from 1 April 2024.	The Group is assessing the potential impact on Financial Statements resulting from the application of these amendments .No material impact is expected on adoption.

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6 Property, plant and equipment

Group	Office buildings	Electrical installations	Solar Power project	Furniture and fittings	Plant machinery and telecom installations	Lab Test and other equipment	Motor vehicles	Computer	Lab glassware	Office/data processing equipment	WIP	Total 2024	Total 2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		Rs.'000	Rs.'000
Cost													
Balance as at 1 April	16,115	69,246	162,266	4,389	153,200	22,596	23,027	2,153	1,549	7,637	50	462,313	455,774
Additions/ Transfers from PPE WIP/ Transfers from IP WIP				989	6,043	2,226			217	922	6,097	16,494	6,539
Adjustments													
Disposals/ Transfers to PPE											(62)	(62)	-
Balance as at 31 March	16,115	69,246	162,266	5,378	159,243	24,822	23,027	2,153	1,766	8,559	6,085	478,745	462,313
Accumulated Depreciation													
Balance as at 1 April	10,272	57,417	29,856	2,456	134,291	18,685	23,027	2,080	1,530	5,908	-	285,439	266,466
Charge for the year	630	905	8,136	566	6,431	1,368		49	99	931	-	19,115	18,973
Disposals										(6)	-	(6)	
Balance as at 31 March	10,902	58,322	37,992	3,022	140,722	20,053	23,027	2,129	1,629	6,833	-	304,548	285,439
Carrying amount													
As at 31 March 2024	5,213	10,924	124,274	2,356	18,521	4,769	-	2,153	-	1,726	6,085	174,197	
As at 31 March 2023	5,843	11,829	132,410	1,933	18,909	3,911	-	2,153	-	1,729	50		176,874

Cost of fully depreciated Property plant and equipment as at reporting date is Rs. 193,474,778/- (2023-186,985,673.00). Company does not have any pledged Assets as at reporting date.

Company	Office buildings	Electrical installations	Solar Power project	Furniture and fittings	Plant machinery and telecom installations	Lab Test and other equipment	Motor vehicles	Computer	Lab glassware	Office/data processing equipment	WIP	Total 2024	Total 2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		Rs.'000	Rs.'000
Cost													
Balance as at 1 April	16,115	69,246	162,266	2,522	153,200	6,007	23,027	2,153	0	6,460	50	441,046	434,637
Additions				779	6,043	51				741	6,097	13,711	6,409
Capitalisation during the year												-	-
Transfers										(62)		(62)	
Reclassified from investment property	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March	16,115	69,246	162,266	3,301	159,243	6,058	23,027	2,153	-	7,139	6,147	454,695	441,046
Accumulated Depreciation													
Balance as at 1 April	10,272	57,417	29,856	1,356	134,291	3,323	23,027	2,080	-	4,938	-	266,558	248,309
Charge for the year	630	905	8,136	349	6,431	667		49		816		17,983	18,251
Disposals										(6)		(6)	
Reclassified from investment property-depreciation offset	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March	10,902	58,322	37,992	1,705	140,722	3,990	23,027	2,129	-	5,748	-	284,535	266,560
Carrying amount													
As at 31 March 2024	5,213	10,924	124,274	1,597	18,521	2,068	-	25	-	1,391	6,147	170,160	
As at 31 March 2023	5,843	11,829	132,410	1,166	18,909	2,684	-	74	-	1,522	50		174,488

Cost of fully depreciated Property plant and equipment as at reporting date is Rs. 176,674,778/- (2023 - Rs. 173,185,673/-).
Company does not have any pledged Assets as at reporting date.

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7 Investment properties

Group/Company	Land	Buildings and improvements	Capital work in progress	Total 2024	Total 2023 Restated
Cost	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Restated Balance as at 01 April	6,907,722	2,510,100	6,794	9,424,616	8,056,758
Additions		5,005	79,456	84,461	17,796
Transferred from CWIP		64,713	(64,713)	-	(6,807)
Transferred to PPE			(6,043)	(6,043)	
Write off/ transferred to expenses			(5,782)	(5,782)	
Accumulated depreciation on Revalued Assets		(125,655)		(125,655)	(118,629)
Change in fairvalue during the year	239,783	(52,542)		187,241	1,475,498
Balance as at 31 March	7,147,505	2,401,620	9,713	9,558,838	9,424,616
Accumulated Depreciation					
Restated Balance as at 01 April	-	-	-	-	-
Charge for the year	-	125,655			118,629
Accumulated depreciation on Revalued Assets	-	(125,655)			(118,629)
Balance as at 31 March	-	-	-	-	-
Carrying amount					
As at 31 March 2024	7,147,505	2,401,620	9,713	9,558,838	
As at 31 March 2023	6,907,722	2,510,100	6,794		9,424,616

7.1 Measurement of fair values

The fair value of properties was determined by external independent property valuer, Mr. Upali Silva, 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.

7.1.1 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.

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	13,748 perches	31st March 2024	Investment and Cost Approach	Outright value : Rs. 550,000 - Rs. 1,100,000 per perch and Rs 4,500 per square feet	Outright Value & Market Rental : Positive correlated sensitivity
Buildings located at Lanka Industrial Estate, Pattiwila Road, Sapugaskanda, Makola	533,693 Sq. ft.	31st March 2024	Investment and Cost Approach	Outright value : Rs. 550,000 - Rs. 1,100,000 per perch and Rs 4500 per square feet	Outright Value & Market Rental : Positive correlated sensitivity

7.2 Rental income earned from investment properties during the year ended 31 March 2024 amounted to Rs.436,955,242/- (2022/23: Rs. 397,016,805/-).

The sensitivity of the fair value of investment properties to changes in the assumption used are as follows,

	Impact to value of the investment property Group
As at 31st March	2024 Rs.'000
Increase price of average square feet and price per land perch by 5%	477,456
Decrease price of average square feet and price per land perch by 5%	(477,456)

	Company	
As at 31st March	2024	2023
	Rs.'000	Rs.'000

8 Investment in subsidiary

699,994 ordinary shares in Lindel Industrial Laboratories Limited	7,000	7,000
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The Board of Directors has assessed the potential impairment loss of investment in Lindel Industrial Laboratories Limited as at 31 March 2024. 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	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
9 Inventories				
Chemicals	3,970	3,251	963	733
Spareparts	2,274	2,961	2,274	2,961
Stationeries	75	90	75	90
Construction material	-	-	-	-
	6,319	6,302	3,312	3,784

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	As at 31 March	Group		Company	
		2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
10	Trade and other receivables				
	Trade receivables	110,181	83,229	103,208	79,790
	Less: Provision for doubtful debts (Note 10.1)	(10,661)	(13,250)	(10,145)	(12,652)
	Trade receivable	99,520	69,979	93,063	67,138
	Advances, deposits and prepayments	57,275	17,618	53,071	17,555
	Interest Income Receivables	331			
	Rent Receivable	1,090	1,090	1,090	1,090
		158,216	88,687	147,223	85,783
	As at 31 March	Group		Company	
		2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
10.1	Provision for doubtful debts				
	Balance at the beginning of the year	13,250	2,543	12,652	2,021
	Charge / reversal during the year	(2,035)	11,023	(1,952)	10,947
	Write off during the period	(555)	(316)	(555)	(316)
	Balance at the end of the year	10,660	13,250	10,145	12,652
11	Amount due from related party				
	Lindel Industrial Laboratories Limited	-	-	1,271	1,420
		-	-	1,271	1,420
12	Cash and cash equivalents				
	Fixed deposits	500,418	399,901	489,921	388,462
	Savings deposits	8,858	38,206	7,809	35,361
	Current	351	-	25	-
	Cash in hand and at bank	130	130	75	75
		509,757	438,237	497,830	423,898
	Bank overdraft	-	-	-	-
	Cash and cash equivalents for the purpose of statement of cash flows	509,757	438,237	497,830	423,898
13	Stated capital				
	Issued and fully paid				
	399,230,125 ordinary shares (2022: 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.

	Group		Company	
	2024	2023	2024	2023
As at 31 March	Rs.'000	Rs.'000	Rs.'000	Rs.'000
14 Reserves				
General reserve	40,000	40,000	40,000	40,000
Retained earnings	6,970,080	6,803,162	6,954,998	6,793,059
	7,010,080	6,843,162	6,994,998	6,833,059
	Group		Company	
	2024	2023	2024	2023
As at 31 March	Rs.'000	Rs.'000	Rs.'000	Rs.'000
15 Deferred taxation				
Deferred tax assets (Note 15.1)	7,745	6,950	7,132	6,184
Restated Deferred tax liabilities (Note 15.2)	(2,890,983)	(2,843,976)	(2,891,880)	(2,843,898)
Restated net deferred tax liability	(2,883,238)	(2,837,026)	(2,884,748)	(2,837,714)
15.1 Deferred tax assets				
Balance as at 01 April	6,950	1,996	6,184	1,589
(Reversal) / origination of Temporary difference to profit and loss due to during the year	1,117	3,827	1,354	3,607
(Reversal)/ of Temporary difference to profit and loss due to income tax rate change		957		902
Origination of Temporary difference to OCI due to during the year transactions	(322)	136	(406)	69
Origination of Temporary difference to OCI due to income tax rate change	-	34	-	17
Balance as at 31 March	7,745	6,950	7,132	6,184
15.2 Deferred tax liabilities				
Balance as at 01 April	2,843,976	1,926,559	2,843,898	1,926,492
Origination of Temporary difference to profit and loss due to during the year transactions	47,007	733,934	47,982	733,925
Origination of Temporary difference to profit and loss due to income tax rate change	-	183,483	-	183,481
Balance as at 31 March	2,890,983	2,843,976	2,891,880	2,843,898

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15.3 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group				Company			
	2024		2023		2024		2023	
	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	7,971	2,392	4,816	1,445	5,928	1,778	3,563	1,069
Bonus payable	7,700	2,310	5,101	1,530	7,700	2,310	4,399	1,320
Trade receivable provision	10,587	3,044	13,250	3,975	10,145	3,044	12,652	3,796
	26,258	7,745	23,167	6,950	23,773	7,132	20,613	6,184
Deferred tax liabilities								
Property, plant and equipment	209,144	62,743	257,696	77,309	212,134	63,640	257,435	77,230
Revaluation gain	9,427,466	2,828,240	9,222,225	2,766,668	9,427,466	2,828,240	9,222,225	2,766,668
	9,636,611	2,890,983	9,479,922	2,843,976	9,639,601	2,891,880	9,479,660	2,843,898
Net deferred tax liabilities (Restated)		(2,883,238)		(2,837,027)		(2,884,748)		(2,837,714)

15.4 Deferred tax for the year ended 31 March 2024 has been provided at the rate of 30% (2023 ; 30%)

As at 31 March	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
16 Refundable deposits				
Security deposits	123,836	109,152	123,836	109,152
Rent deposits	8,679	4,415	8,679	4,415
	132,515	113,567	132,515	113,567

Carrying values of the deposits together with their costs;

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	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Employees' Provident Fund				
Employers' contribution	3,636	3,087	2,824	2,395
Employees' contribution	2,424	2,058	1,882	1,597
Employees' Trust Fund	727	617	565	479

17.2 Defined benefit plan

Present value of unfunded obligation (Note 17.2.1)	7,971	4,817	5,928	3,561
	7,971	4,817	5,928	3,561

17.2.1 Movement in the present value of the employee benefits unfunded obligation

Balance as at 1 April	4,817	5,779	3,561	4,600
Provision during the year (Note 17.2.1.a)	2,081	1,256	1,013	900
Actuarial (gain) / loss during the year (Note 17.2.1.b)	1,073	(566)	1,353	(286)
	7,971	6,469	5,928	5,214
Payments during the year	-	(1,652)	-	(1,652)
Balance as at 31 March	7,971	4,817	5,928	3,561

17.2.1.a Provision recognised in profit or loss

Current service cost	1,079	487	552	317
Interest on obligation	1,003	769	461	583
	2,081	1,256	1,013	900

17.2.1.b Provision recognised in the Statement of other comprehensive income

Actuarial (gain) / loss during the year	1,073	(566)	1,353	(286)
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The company measures the present value of retirement benefits of gratuity based on an internally generated model using formula.

As at 31 March	2024	2023
	Rs.'000	Rs.'000
Discount rate	13.00%	19.50%
Salary increment rate	7.50%	12.99%
Staff turnover	16.19%	18.44%

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity Analysis

Company	Impact Rs'000
Increase discount rate by 1%	(132)
Decrease discount rate by 1%	269
Increase salary increment rate by 1%	143
Decrease salary increment rate by 1%	(283)

Company	Impact Rs'000
Increase discount rate by 1%	(285)
Decrease discount rate by 1%	591
Increase salary increment rate by 1%	304
Decrease salary increment rate by 1%	(593)

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
18 Accruals, deposits and advances received				
Accruals	28,905	17,630	26,717	16,474
Rent advances	38,011	37,522	38,011	37,522
Prepaid security deposit	68,383	65,860	68,187	65,860
Prepaid rent deposit	861	1,095	861	1,095
Advances received	4,542	4,999	4,542	4,874
Retention money	6,669	4,295	6,632	4,259
Security deposit - current	-	-	-	-
	147,371	131,401	144,951	130,084
19 Other liabilities				
Payable to contractors	934	4,531	-	4,166
Sundry Creditors	3,127	127	3,110	-
	4,061	4,658	3,110	4,166
20 Current taxation				
Balance as at 1 April	48,116	47,950	46,869	47,412
Provision recognised during the year	129,864	108,540	127,092	106,607
Under/(Over) provision in respect of prior years	443	(3,563)	482	(3,564)
Payments during the year	(99,062)	(104,810)	(97,910)	(103,586)
Set off against withholding tax credits & ESC	(9,233)	-	(9,112)	-
Balance as at 31 March	70,128	48,116	67,421	46,869

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	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Major product /service lines				
Lease rentals	222,353	207,757	224,021	207,757
Floor rentals	212,934	189,260	212,934	190,885
Treated water sales	39,500	33,804	39,500	33,804
Solid waste disposal	3,075	3,028	3,075	3,028
Pressurized water	1,160	1,181	1,160	1,182
Common waste water treatment	1,353	1,011	1,353	1,011
Solar Power	32,820	34,406	32,820	34,406
	513,195	470,447	514,863	472,073
Timing of revenue recognition				
Products transferred over time	435,287	397,017	436,955	398,642
Products transferred at a point in time	77,908	73,431	77,908	73,431
	513,195	470,448	514,863	472,073
22 Other operating income				
Foreign exchange gain	(12)	15	(12)	15
Laboratory tests	28,426	16,813	-	-
Sundry income (Note 22.1)	2,810	1,936	2,810	1,936
Dividend received	-	700	-	700
	31,224	19,464	2,798	2,651

- 22.1** Sundry income included proceeds received from third parties in respect of using Company roads for the purpose of transportation.

As at 31 March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
23 Investment In Debentures				
Debenture Investment	7,460	7,460	7,460	7,460
Interest	269	263	269	269
	7,729	7,723	7,729	7,729

Company invested in 74,600 dentures issued by Sampath Bank PLC which will be matured in 2028 at a coupon rate of 28% Sampath Bank rated at AA+ on Fith Ratching.

NOTES TO THE FINANCIAL STATEMENTS

	For the year ended 31 March	Group		Company	
		2024	2023	2024	2023
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
24	Profit from operations				
	Profits from operations is stated after charging all expenses including the following;				
	Staff costs (Note 23.1)	51,900	42,177	39,291	32,703
	Depreciation - Property plant and equipment	144,770	18,973	12,302	18,251
	Amortisation - Investment properties	-	118,629	131,336	118,629
	Other Operating Expenses	87,595	82,295	78,551	78,449
	Directors' fees and emoluments	1,380	1,920	1,260	1,740
	Auditors' remuneration - audit fees and expenses	1,096	1,518	906	1,265
	Provision for slow moving stocks				
	Directors' fees and emoluments				
24.1	Staff costs				
	Salaries and wages	24,064	19,189	17,548	14,782
	Contribution to employees' provident fund	3,636	3,087	2,824	2,395
	Contribution to employees' trust fund	727	617	565	479
	Staff bonus	9,923	8,004	7,700	6,348
	Provision for employee benefits	2,081	1,256	1,013	900
	Other staff costs	11,469	10,024	9,641	7,799
		51,900	42,177	39,291	32,703
25	Net finance income				
	Finance income				
	Interest income on fixed deposits	68,947	59,734	67,416	57,567
	Interest income on savings deposits	3,771	5,393	3,575	5,187
	Interest income on debentures	2,095	263	2,095	263
	Amortisation of prepaid rent and security deposits	10,904	11,618	10,904	11,618
	Interest on CEB Depsoits	345	-	345	-
	Other finance income	67	-	-	-
		86,129	77,008	84,335	74,635
	Finance expenses				
	Interest expense on rent and security deposits	11,015	10,666	11,015	10,666
		11,015	10,666	11,015	10,666
		75,114	66,342	73,320	63,967

For the year ended 31 March	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
26 Income tax expense (Restated)				
Current tax expense				
Current tax on profits for the year (Note 26.1)	129,864	108,539	127,092	106,607
Under/(Over) provision in respect of prior year	443	(3,563)	482	(3,563)
	130,307	104,976	127,574	103,044
Deferred tax expense				
Deferred tax asset (reversal) /origination during the year	(1,117)	(4,867)	(1,354)	(4,509)
Deferred tax liability reversal/(origination) during the year	47,007	917,418	47,982	917,406
	45,890	912,551	46,628	912,897
	176,197	1,017,527	174,202	1,015,941
26.1 Reconciliation of the accounting profit and the income tax expense				
Profit before taxation	523,520	1,769,676	516,742	1,766,158
- Other Source of income and disallowed Income	(187,241)	(1,475,497)	(260,096)	(1,476,197)
Disallowable expenses	253,129	172,512	253,129	165,667
Allowable expenses	(158,991)	(147,972)	(158,991)	(147,274)
	430,418	318,718	350,784	308,354
Less : Setting off against brought forward tax losses	-	-	-	-
Business income	430,418	318,718	350,784	308,353
Investment income	22,375	700	21,857	700
Income tax expense at 24% & 30%	107,490	108,441	105,235	106,509
Income tax expense at 14%	-	98	-	98
Total income tax expense	129,864	108,539	127,092	106,607

27 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.

	Group		Company	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit attributable to the ordinary shareholders (Rs.000)	347,323	751,164	342,540	750,216
Weighted average number of shares	399,230,125	399,230,125	399,230,125	399,230,125
Earnings per share (Rs.)	0.87	1.88	0.86	1.88

NOTES TO THE FINANCIAL STATEMENTS

28 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	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Short term employee benefits	1,380	1,380	1,260	1260

(b) Transactions with related parties

Company	Nature of transaction	Relationship	Transaction amount	
			2024	2023
			Rs.'000	Rs.'000
DFCC Bank PLC	Interest income	Parent company	70,501	62,263
	Renting of Storage Space		2,817	1,331
Lindel Industrial Laboratories Limited	Obtaining of Laboratory Services	Subsidiary Company	2,580	2,447
	Renting of Office Space		1,980	1,112
	Sale of Water		89	-
	Reimbursement of Administration cost		415	390
DFCC Consulting (Pvt) Ltd	Consulting service for solar project	Subsidiary of parent Company	-	400

Amounts due from related party as at 31 March 2024 is disclosed in the Note 11 to the Financial Statements.

The Company has invested in the short term investments and saving deposits held in DFCC Bank PLC as at the reporting date amounting to Rs. 411,045,170/- (2023: Rs. 407,738,917,-).

29 Fair values of financial instruments**Accounting classification and Fair values 29.1 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	Fair Value (Rs.)	
	Financial Asset at Amortized Cost	Total
As at 31 March 2024	Rs.'000	Rs.'000
Financial Assets		
Trade and other receivables	158,216	158,216
Amount due from related parties	-	-
Cash and cash equivalents	509,757	509,757
Debentures	7,729	7,729
Total financial assets	675,702	675,702
Financial Liabilities		
Refundable deposits	132,514	132,514
Deposits and advances received	147,371	147,371
Other liabilities	4,061	4,061
Lease Liabilities	-	-
Current Taxation	70,128	70,128
Total liabilities	354,074	354,074
Financial Assets		
Trade and other receivables	88,687	88,687
Amount due from related parties	-	-
Debentures	7,723	7,723
Cash and cash equivalents	438,237	438,237
Total financial assets	534,647	534,647
Financial Liabilities		
Refundable deposits	113,567	113,567
Deposits and advances received	131,401	131,401
Other liabilities	4,658	4,658
Current taxation	48,117	48,117
Total liabilities	297,743	297,743

NOTES TO THE FINANCIAL STATEMENTS

Company	Fair Value (Rs.)	
	Financial Asset at Amortized Cost	Total
As at 31 March 2024	Rs.'000	Rs.'000
Financial Assets		
Trade and other receivables	147,223	147,223
Amount due from related parties	1,271	1,271
Cash and cash equivalents	497,830	497,830
Debentures	7,729	7,729
Total financial assets	654,054	654,054
Financial Liabilities		
Refundable deposits	132,515	132,515
Accruals, deposits and advances received	144,951	144,951
Other liabilities	3,110	3,110
Current taxation	67,421	67,421
Total liabilities	347,998	347,998
Financial Assets		
Trade and other receivables	85,783	85,783
Amount due from related parties	1,420	1,420
Debentures	423,898	423,898
Cash and cash equivalents	7,723	7,723
Total financial assets	518,824	518,824
Financial Liabilities		
Refundable deposits	113,567	113,567
Deposits and advances received	130,084	130,084
Other liabilities	4,166	4,166
Current taxation	46,869	46,869
Total liabilities	294,686	294,686

The fair value of above does not significantly vary from the carrying amount.

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.

30. Financial Risk Management

30.1 Overview

The Group has exposure to the following risks from its use of financial instruments:

1. Credit risk
2. Liquidity risk
3. Market risk
4. 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.

30.2 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 analyse 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.

- 30.3** 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.

30.3.1 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	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Trade receivables	158,216	88,687	147,223	85,783
Investment in Debenture	7,729	7,723	7,729	7,723
Amount due from related party	-	-	1,271	1,420
Cash and cash equivalents	509,757	438,237	497,830	423,898
	675,702	534,647	654,054	518,824

NOTES TO THE FINANCIAL STATEMENTS

30.3.2 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 Group	Group		Company	
	2024	2024	2024	2024
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	Trade Receivables	Provision	Trade Receivables	Provision
1 - 90 days	78,526	-	72,519	-
91-180 days	24,666	6,838	24,395	7,647
181 - 365 days	5,756	2,590	5,061	1,265
Above 365 days	1,233	1,233	1,233	1,233
Late charge interest				
	110,181	10,661	103,208	10,145

As at 31 March Company	Group		Company	
	2023	2023	2023	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	Trade Receivables	Provision	Trade Receivables	Provision
1 - 90 days	49,457	2,335	36,507	-
91-180 days	15,581	3,839	1,621	345
181 - 365 days	16,203	5,088	3,215	1,752
Above 365 days	1,988	1,988	102	102
Late charge interest		-	344	344
	83,229	13,250	41,789	2,543

30.4. Liquidity risk

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.

30.4.1 Maturity Analysis- Group

Group	Mature within 1 year	Mature after 1 year
As at 31 March 2024	Rs.'000	Rs.'000
Financial Assets		
Trade and other receivables	158,216	
Amount due from related parties	-	
Debentures		7,729
Fixed deposit	500,418	
Total financial assets	658,634	7,729
Financial Liabilities		
Refundable deposits		132,515
Deposits and advances received	147,370	
Other liabilities	4,061	
Current Taxation	70,867	
Total liabilities	222,298	132,515
As at 31 March 2023		
Financial Assets		
Trade and other receivables	88,687	
Amount due from related parties	-	
Debentures		7,723
Fixed Deposit	399,901	
Total financial assets	488,588	7,723
Financial Liabilities		
Refundable deposits		113,567
Deposits and advances received	131,401	
Other liabilities	4,658	
Current Taxation	48,116	
Total liabilities	184,175	113,567

NOTES TO THE FINANCIAL STATEMENTS

Company	Mature within 1 year	Mature after 1 year
As at 31 March 2024	Rs.'000	Rs.'000
Financial Assets		
Trade and other receivables	147,223	
Amount due from related parties	1,271	
Fixed Deposit	489,921	
Debentures		7,729
Total financial assets	638,416	7,729
Financial Liabilities		
Refundable deposits		132,515
Deposits and advances received	144,950	
Other liabilities	3,110	
Current Taxation	68,161	
Total liabilities	216,221	132,515
As at 31 March 2023		
Financial Assets		
Trade and other receivables	85,783	
Amount due from related parties	1,420	
Debentures		7,723
Fixed Deposit	388,462	
Total financial assets	475,665	7,723
Financial Liabilities		
Refundable deposits	4,166	113,567
Accruals, deposits and advances received	130,084	
Current taxation	46,869	
Total liabilities	181,119	113,567

30.5 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.

30.5.1 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;

	Group		Company	
	USD Converted to Rs.	Rs. '000	USD Converted to Rs.	Rs. '000
As at 31 March 2024				
Cash and cash equivalents	513	156,693	513	156,693
	513	156,693	513	156,693

	Group		Company	
	USD Converted to Rs.	Rs. '000	USD Converted to Rs.	Rs. '000
As at 31 March 2023				
Cash and cash equivalents	523	166	523	166
	523	166	523	166

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 2024.

	Group		Company	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
As at 31 March 2024				
LKR Depreciated against USD by 5%	7.83	7.83	7.83	7.83
LKR Appreciated against USD by 5%	(7.83)	(7.83)	(7.83)	(7.83)

	Group		Company	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
As at 31 March 2023				
LKR Depreciated against USD by 5%	8.32	8.32	8.32	8.32
LKR Appreciated against USD by 5%	(8.32)	(8.32)	(8.32)	(8.32)

NOTES TO THE FINANCIAL STATEMENTS

30.5.2 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	
	2024	2023	2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Fixed rate instruments				
a) Financial assets				
Cash and cash equivalents	509,757	438,237	497,830	423,898
Debenture	7,729	7,723	7,729	7,723
	517,486	445,960	505,559	431,621
b) Financial liabilities				
Bank overdraft		-	-	-

Variable rate instruments

The Company does not have any variable rate instruments.

30.6 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.

31. Capital commitments

There were no material commitments as at the reporting date.

32. Contingent liabilities

There were no material contingent liabilities as at the reporting date.

33. 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.

34. Litigation and claims

There are no litigations and claims as at the reporting date.

35. 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	2024		2023	
	Number of shares	LKR	Number of shares	LKR
Ordinary Voting Shares	399,230,125	159,692,000	399,230,125	159,692,000

2. Distribution of shareholding

As at 31st March	2024		2023	
	Number of shareholders	Number of shares	Number of shareholders	Number of shares
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	2024		2023	
	Number of shares	Value LKR	Number of shares	Value LKR
DFCC Bank PLC	204,230,000	81,692,000	204,230,000	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

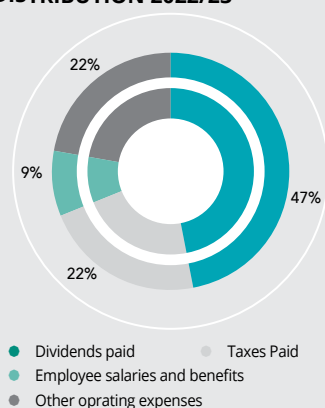
4. Net Assets Per Share

As at 31st March	2024		2023	
	Group	Company	Group	Company
Net Assets per Share (Rs.)	21.33	21.29	17.54	17.52

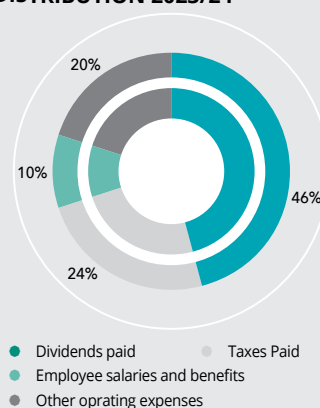
ECONOMIC VALUE-ADDED STATEMENT

Year Ended 31st March	2024		2023	
	Rs'000	%	Rs'000	%
Direct Economic Value Generated				
Revenue	514,863	86	472,073	88
Other operating income	2,798	1	2,651	1
Finance Income	79,096	13	63,968	11
	596,757	100	538,692	100
Economic value distributed to employees				
Employee salaries and benefits	39,291	10	32,702	9
Operating cost				
Other operating expenses	77,412	20	(78,449)	22
Payments to Government				
Taxes paid	97,900	24	81,475	22
Payments to providers of funds				
Dividend payment	179,654	46	175,661	47
	394,257	100	211,389	100
Economic Value Retained	202,500		327,303	

**ECONOMIC VALUE
DISTRIBUTION 2022/23**



**ECONOMIC VALUE
DISTRIBUTION 2023/24**



TEN YEAR SUMMARY

For the year ended 31st March	Group										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Financial Position											
Assets											
Property, plant and equipment	174,197	176,875	189,309	152,490	165,265	83,519	98,988	109,746	94,933	85,974	79,030
Investment properties	9,558,838	9,424,616	8,056,758	7,037,376	6,985,000	476,530	409,972	216,715	180,622	182,799	162,369
Investment in Debentures	7,729	7,723	-								
Investment in subsidiary				-	-	-					
Deferred taxation										326	495
Total non current assets	9,740,764	9,609,214	8,246,067	7,189,866	7,150,265	560,049	508,960	326,461	275,555	269,099	241,894
Inventories	6,319	6,302	5,327	3,912	3,328	3,381	3,260	3,337	3,696	3,568	3,152
Trade and other receivables	158,216	88,687	58,914	30,311	58,054	45,725	16,814	26,482	20,373	24,888	28,438
Amount due from related party				-	-	-	-				
Cash and cash equivalents	509,757	438,237	423,147	428,928	340,908	271,178	335,192	374,066	359,632	377,227	371,512
Total current assets	674,292	533,226	487,388	463,151	402,290	320,284	355,266	403,885	383,701	405,683	403,102
Total assets	10,415,056	10,142,440	8,733,455	7,653,017	7,552,555	880,333	864,227	730,346	659,256	674,782	644,997
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	7,010,080	6,843,162	6,338,607	5,576,389	5,523,809	450,252	438,405	404,229	364,437	414,921	389,221
Total equity	7,169,772	7,002,854	6,498,299	5,736,081	5,683,501	609,944	598,097	563,921	524,129	574,613	548,913
Deferred taxation	2,883,238	2,837,026	1,924,564	1,665,906	1,649,676	61,418	62,570	29,147	22,032	-	-
Refundable deposits	132,515	113,567	96,163	60,864	60,453	33,032	22,709	17,766	17,598	18,175	17,067
Employee benefits	7,971	4,816	5,779	6,590	4,518	7,122	6,914	6,128	5,448	4,948	4,768
Total non current liabilities	3,023,724	2,955,410	2,026,506	1,733,360	1,714,647	101,572	92,193	53,041	45,078	23,123	21,835
Accruals, deposits and advances received	147,371	131,402	129,341	125,905	98,248	105,543	111,464	87,292	65,838	65,794	64,703
Other liabilities	4,061	4,658	31,236	33,268	13,226	20,955	53,116	9,956	6,435	6,966	4,636
Current taxation	70,128	48,116	47,950	24,235	41,816	41,446	1,973	14,704	15,597	2,320	3,676
Bank overdraft			123	168	1,116	874	7,384	1,432	2,179	1,966	1,234
Total current liabilities	221,560	184,176	208,650	183,576	154,406	168,818	173,937	113,384	90,049	77,046	74,249
Total liabilities	3,245,284	3,139,586	2,235,156	1,916,936	1,869,053	270,390	266,130	166,425	135,127	100,169	96,084
Total equity and liabilities	10,415,056	10,142,440	8,733,455	7,653,017	7,552,555	880,333	864,227	730,346	659,256	674,782	644,997

Company											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	170,160	174,488	186,329	152,138	164,802	82,569	97,579	107,583	92,619	84,103	77,326
	9,558,838	9,424,616	8,056,758	7,037,376	6,985,000	476,530	409,972	216,715	180,622	182,799	162,369
	7,729	7,723									
	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
	9,743,727	9,613,827	8,250,087	7,196,514	7,156,802	566,099	514,551	331,298	280,241	273,902	246,695
	3,312	3,784	3,328	2,261	2,027	2,063	1,960	1,884	2,071	2,129	1,912
	147,223	85,783	54,352	28,190	56,803	44,900	15,566	25,175	19,073	23,856	27,172
	1,271	1,420	1,651	847	445	396	442	769	1,389	559	807
	497,830	423,898	411,286	415,231	328,298	259,058	325,293	366,279	352,427	371,306	366,457
	649,637	514,885	470,617	446,529	387,573	306,417	343,261	394,107	374,960	397,850	396,348
	10,393,363	10,128,713	8,720,704	7,643,044	7,544,375	872,516	857,812	725,405	655,201	671,752	643,043
	159,692	159,692	159,692	159,692	159,692	159,692	159,692	159,692	159,692	159,692	159,692
					-						
	6,994,998	6,833,059	6,329,271	5,568,834	5,516,825	443,943	433,208	400,440	362,006	412,633	387,997
	7,154,690	6,992,751	6,488,963	5,728,526	5,676,517	603,635	592,900	560,132	521,698	572,325	547,689
	2,884,748	2,837,714	1,924,903	1,666,260	1,649,799	61,344	62,419	29,126	22,179	-	-
	132,515	113,567	96,163	60,864	60,453	32,949	22,709	17,766	17,598	18,175	17,067
	5,928	3,561	4,600	5,281	3,926	6,689	6,632	5,763	5,098	4,699	4,453
	3,023,191	2,954,843	2,025,666	1,732,405	1,714,178	100,982	91,760	52,655	44,875	22,874	21,520
	144,951	130,084	128,433	125,274	97,845	105,285	111,045	86,872	63,584	65,592	64,525
	3,110	4,166	30,206	32,779	13,165	20,786	53,093	9,754	7,890	6,743	4,415
	67,421	46,869	47,411	23,957	41,798	40,992	1,630	14,616	15,614	2,258	3,660
			25	103	872	836	7,384	1,376	1,540	1,960	1,234
	215,483	181,119	206,075	182,114	153,681	167,899	173,152	112,618	88,628	76,553	73,834
	3,238,674	3,135,962	2,231,741	1,914,519	1,867,858	268,881	264,912	165,273	133,503	99,427	95,354
	10,393,365	10,128,713	8,720,704	7,643,044	7,544,375	872,516	857,812	725,405	655,201	671,752	643,043

TEN YEAR SUMMARY

For the year ended 31st March	Group										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Financial Results											
Revenue	513,195	470,447	407,019	349,583	355,326	323,756	268,722	249,154	219,455	210,733	189,203
Other operating income	31,224	19,464	20,510	18,896	18,851	9,141	9,226	10,524	15,315	8,920	7,969
Fair Value Gain on the Investment Property	187,241	1,475,497	1,030,142	102,441							
Total income	731,660	1,965,408	1,457,671	470,920	374,177	332,897	277,948	259,678	234,770	219,653	197,172
Staff expenses	(50,889)	(42,177)	(30,447)	(31,296)	(32,207)	(30,134)	(28,703)	(27,662)	(27,015)	(24,993)	(23,623)
Depreciation and amortisation	(144,770)	(137,602)	(119,736)	(121,903)	(45,090)	(44,010)	(34,569)	(32,269)	(26,951)	(24,825)	(21,904)
Other operating expenses	(87,595)	(82,295)	(58,552)	(44,564)	(50,490)	(53,180)	(51,865)	(51,050)	(50,434)	(47,915)	(60,552)
Total operating expenses	(283,254)	(262,074)	(208,735)	(197,763)	(127,788)	(127,324)	(115,137)	(110,981)	(104,400)	(97,733)	(106,079)
Profit from operations	448,406	1,703,334	1,248,936	273,157	246,389	205,573	162,811	148,697	130,370	121,920	91,093
Net finance income	75,114	66,342	22,505	25,613	31,796	32,648	46,620	42,552	27,494	28,248	45,231
Profit before taxation	523,520	1,769,676	1,271,441	298,770	278,185	238,221	209,431	191,249	157,864	150,168	136,324
Income tax expense	(176,197)	(1,017,527)	(342,550)	(77,180)	(76,866)	(66,667)	(63,384)	(55,919)	(62,819)	(12,854)	(17,283)
Profit for the year	347,323	752,149	928,891	221,590	201,320	171,554	146,047	135,330	95,045	137,314	119,041
Other comprehensive income											
Item that will not be reclassified to profit or loss											
Actuarial gain/ (loss) on defined benefit plans	(1,073)	566	1,323	(1,753)	(716)	(22)	(119)	385	516	170	(16)
Related tax	322	(170)	(318)	421	200	7	33	(108)	(142)	-	
Total other comprehensive income for the year	(751)	396	1,005	(1,333)	(516)	(15)	(86)	277	374	170	(16)
Total comprehensive income for the year	346,573	752,545	929,896	220,257	200,804	171,539	145,960	135,607	95,419	137,484	119,025
Basic earnings per share (Rs.)	0.87	1.88	2.33	0.56	12.61	10.74	9.15	8.47	5.95	8.60	7.45

Company											
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	514,863	472,073	408,186	350,660	356,460	324,921	269,877	250,299	220,591	211,876	190,340
	2,798	2,651	2,313	9,356	11,416	2,084	1,623	2,269	7,366	142	61
	187,241	1,475,497	1,030,142	102,441							
	704,902	1,950,222	1,440,641	462,457	367,876	327,005	271,500	252,568	227,957	212,018	190,401
	(39,291)	(32,702)	(22,585)	(25,301)	(27,404)	(26,286)	(26,098)	(23,574)	(22,625)	(21,023)	(44,802)
	(143,638)	(136,880)	(119,381)	(121,523)	(44,575)	(43,341)	(33,807)	(31,226)	(26,131)	(23,766)	(19,275)
	(78,551)	(78,449)	(51,501)	(42,954)	(49,482)	(52,481)	(49,884)	(50,059)	(48,887)	(46,342)	(20,988)
	(261,480)	(248,031)	(193,467)	(189,778)	(121,461)	(122,108)	(109,789)	(104,859)	(97,643)	(91,131)	(85,065)
	443,422	1,702,191	1,247,174	272,679	246,415	204,897	161,711	147,709	130,314	120,887	105,336
	73,320	63,968	21,793	24,665	30,657	31,477	45,723	41,902	27,088	27,960	44,802
	516,742	1,766,157	1,268,967	297,344	277,072	236,374	207,434	189,611	157,402	148,847	150,138
	(174,202)	(1,015,941)	(341,541)	(76,682)	(76,431)	(65,951)	(62,835)	(55,572)	(62,564)	(12,439)	(17,234)
	342,540	750,216	927,426	220,662	200,641	170,423	144,599	134,039	94,838	136,408	132,904
	(1,353)	286	905	(1,283)	(710)	5	(65)	292	508	13	
	406	(86)	(217)	309	199	(1)	18	(82)	(142)	-	
	(947)	200	688	(974)	(511)	4	(47)	210	366	13	-
	341,593	750,416	928,114	219,687	200,130	170,427	144,552	134,249	95,204	136,421	132,904
	0.86	1.88	2.97	0.55	12.56	10.67	9.05	8.39	5.94	8.54	7.45

GRI INDEX

GRI Standard	Disclosure	Reference
GRI 102 : General Disclosures 2016		
	102-1 Name of organisation	About Us
	102-2 Activities, brands, products and services	About Us
	102-3 Location of headquarters	Corporate Information
	102-4 Location of operations	Corporate Information
	102-5 Ownership and legal form	Corporate Information
	102-6 Markets served	Social and Relationship Capital
	102-7 Scale of the organisation	About Us
	102-8 Information on employees and other workers	Human Capital
	102-9 Supply chain	Social and Relationship Capital
	102-10 Significant changes to the organisation and supply chain	Social and Relationship Capital
	102-11 Precautionary principle or approach	About This Report
	102-12 External initiatives	CEO's Review
	102-13 Membership of associations	Corporate Information
	102-14 Statement from senior decision maker	Chairman's Message and CEO's Review
	102-15 Key impacts risks and opportunities	CEO's Review
	102-16 Values, principles, norms and standards of behavior	Corporate Governance
	102-18 Governance structure	Corporate Governance
	102-19 Delegating authority	Corporate Governance
	102-22 Composition of the highest governance body and its committees	Board of Directors
	102-23 Chair of highest governance body	Board of Directors
	102-24 Nominating and selecting the highest governance body	Corporate Governance
	102-35 Remuneration policies	Corporate Governance
	102-36 Process of determining remuneration	Remuneration Committee
	102-40 List of stakeholder groups	Stakeholder Engagement
	102-41 Collective bargaining agreements	Human Capital
	102-42 Identifying and selecting stakeholders	Stakeholder Engagement
	102-43 Approach to stakeholder engagement	Stakeholder Engagement
	102-44 Key topics and concerns raised	Stakeholder Engagement
	102-45 Entities included in the consolidated financial statements	Financial Capital
	102-46 Defining report content and topic boundary	About This Report
	102-47 List of material topics	Materiality
	102-48 Restatement of information	About This Report
	102-49 Changes in reporting	About This Report
	102-50 Reporting period	About This Report

GRI Standard	Disclosure	Reference
	102-51 Date of most recent report	About This Report
	102-52 Reporting cycle	About This Report
	102-53 Contact point for questions regarding Report	About This Report
	102-54 Claims of reporting in accordance with GRI Standards	About This Report
	102-54 Claims of reporting in accordance with GRI Standards	About This Report
	102-55 GRI context index	GRI Index
	102-56 External assurance	Audit Report
GRI 103: Management Approach 2016	103-1 Explanation of material topics and its boundaries	Materiality
	103-2 The Management approach and its components	Materiality
	103-2 Evaluation of the management approach	Strategy and Resource Allocation
GRI 201 : Economic Performance 2016	201-1 Direct economic value generated and distributed	Value Creation
	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 organisation	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 organisation 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

Notice is hereby given that the Thirty Second Annual General Meeting of Lanka Industrial Estates Limited will be held at 73/5, DFCC Building, Galle Road, Colombo 03 on Monday, 30th September 2024 at 2 p.m. and the business to be brought before the meeting will be:

AGENDA

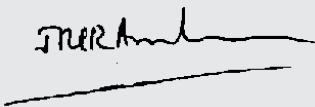
1. To receive and consider the Report of the Board of Directors on the State of Affairs of the Company and the Audited Financial Statements for the year ended 31st March 2024 with the Report of the Auditors thereon.
2. To declare a First & Final Dividend of Rs 0.50 per share for the year ended 31st March 2024 as recommended by the Directors.
3. To re-elect Mr. W.D.R. Chrishantha, Director who retires by rotation in terms of Article 99 of the Articles of Association of the Company.
4. To re-elect Mr. T. Dharmarajah, Director who retires by rotation in terms of Article 99 of the Articles of Association of the Company.
5. To re-elect Mr. K.A.P. Perera, Director who retires in terms of Article 105 of the Articles of Association of the Company.
6. 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 Mudiyanseelage Karunasinghe Ratnayake, Director who is 76 years of age (having reached 70 years of age on 20th April 2018) and accordingly that Dr. Ratnayake Mudiyanseelage 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."

7. To authorize Directors to determine the remuneration of the Auditors, Messrs 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
04 September 2024

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, Galle Road, Colombo 3, not later than 48 hours before the time appointed for the holding of the meeting.

NOTES

[illegible]

NOTES

FORM OF PROXY

I(NIC No.....) of

.....being a member of

the above Company, hereby appoint:

Mr.Neelakanni Hettiarachchige Thimal Ishan Perera	of Colombo or failing him
Mr. Amal Dushan Tudawe	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. Kodituwakku Arachchige Prins Perera	of Colombo

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 2024 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 2024 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2.	To declare a First & Final Dividend of Rs 0.50 per share for the year ended 31st March 2024	<input type="checkbox"/>	<input type="checkbox"/>
3.	To re-elect Mr. W.D.R. Chrishantha, Director who retires by rotation in terms of Article 99 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4.	To re-elect Mr. T. Dharmarajah, Director who retires by rotation in terms Article 99 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5.	To re-elect Mr. K.A.P. Perera, Director who retires in terms Article 105 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6.	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.	<input type="checkbox"/>	<input type="checkbox"/>
7.	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	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day ofTwo Thousand and Twenty Four.

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 73/5, Galle Road, Colombo 3, 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. N.H.T.I. Perera
Mr. K. A .P Perera
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

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Facsimile

(+94)11-2400321

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and produced by
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