EMPOWERING

LIVES THROUGH INNOVATIVE SOLUTIONS

HEMAS

Hemas Holdings PLC | Annual Report 2023/24

EMPOWERING

LIVES THROUGH INNOVATIVE SOLUTIONS

For over 75 years Hemas has empowered the lives of millions of Sri Lankans through innovative solutions. We are proud to celebrate our presence in our island nation today as a respected and successful diversified corporate, leading the charge in Consumer Brands, Healthcare and Mobility Sectors.

Over the recent years, we have stood unwavering and focused in the face of the tumultuous headwinds of economic crisis and uncertainty, bravely navigating all challenges with our heads held high, and always prioritising the wellbeing of our teams, our customers, our community and our planet.

With an unmatched task force of determined teams and partners whose loyalty has never wavered, we have risen up from the depths of unpredictability and have taken our place at the forefront of a thriving new Sri Lanka. As we move forward with excellence and continue to prioritise serving our customers and community, we continue to attune ourselves to the ever-evolving needs of our people. Stepping forth into new beginnings, we take great care to create a positive impact on all communities of our wonderful nation.

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ABOUT US

Hemas started with a simple intent: to empower families to aspire for a better tomorrow. This core belief has informed our growth for over 75 years. Today, we empower families to aspire for more through our focus in Consumer Brands, Healthcare and Mobility. Woven into the socioeconomic fabric of Sri Lanka, Hemas has also expanded operations to Bangladesh.

In our onward journey, we will continue to invest in diverse and passionate teams, create meaningful offerings, cultivate trusted partnerships, and champion a more inclusive world, so that we continue to create a positive impact for all our stakeholders.

OUR JOURNEY

- **1948** – Established Hemas Drugs (Pvt) Ltd
- **1962** – Ventured into manufacturing of personal care products
- **1970s** – Expanded into travel and tourism
- **1980s** – Widened the array of Home and Personal Care (HPC) brands
- **2003** – Initial Public Offering on the Colombo Stock Exchange
- **2007** – Entered into Hospital Space
- **2013** – Acquired leading Pharmaceutical Manufacturing business

SUSTAINABILITY JOURNEY

- **2002** – First strategic CSR initiative : Opening of the first Piyawara Pre-School in Kurunegala
- **2005** – Establishes Hemas Outreach Foundation
- **2010** – Hemas Pharmaceuticals publishes the first GRI aligned sustainability report
- **2011** – Adoption of GRI based strategic approach to Group Sustainability
- **2013** – Establishment of Sustainability framework and policies
- **2013** – First Group Annual Report aligned to GRI published
- **2014** – Launch of Hemas Abhimana Initiative focused on making sustainability a lifestyle at Hemas

CONSUMER BRANDS

- Home and Personal Care
- Learning Segment
- Over the Counter Consumer Products

HEALTHCARE

- Hospitals
- Pharmaceutical Distribution
- Pharmaceutical Manufacturing

MOBILITY

- Aviation
- Maritime

PURPOSE

Empower families to aspire for a better tomorrow

VALUES

- Passion for customers
- Obsession for performance
- Driven by innovation
- Concern for people

2014
Disposed of the Power Business

2018
Expanded portfolio with Sri Lanka's Largest Stationery Brand

2020
Divested Travel and Leisure Businesses

2021
Divested Spectra Logistics

2022
Commenced operations at Pharmaceutical Manufacturing Plant in Homagama

2023
Acquired the remaining 24.9% stake in Atlas Axillia Company (Pvt) Ltd

2024
Our journey continues...

2015
Tracking of environment and social risks, and impacts based on 'Enriching Lives Plan'

2016
Introduction of Supplier Code of Conduct

2017
Establishing of the Group Environmental Committee

2018
Five-part materiality assessment conducted to identify material topics conducted.

Introduction of Disclosure of Management Approach and Standard Operating Procedures

First Integrated Annual Report aligned to GRI Standards

2022
Early adopter of GRI Universal Standards

Launch of Group Environmental Agenda

2023
Commitment to the UN Global Compact as a signatory

2024
Early adoption of IFRS Standards S1 and S2

ABOUT THIS REPORT

The Integrated Annual Report of Hemas Holdings PLC is prepared with the aim of providing a balanced, comprehensive and concise assessment of the Group's performance during the financial year ending 31st March 2024. The report presents an overview of the Group's operations, including its financial performance, governance and risk management strategies, and its commitment to environmental stewardship and social responsibility.

It also seeks to improve on the Group's previous Annual Report for the financial year ending 31st March 2023, continuing the journey to adopt international best practice in corporate reporting.

AVAILABLE MEDIUMS

Digital Presence: www.hemas.com

Printed

Scope & Boundary

The financial reporting boundary covers 40 legal entities and the parent company, collectively referred to as "the Group". The sustainability reporting boundary of the report covers 17 legal entities and parent company. Geographically, the non-financial information included in this report has been limited to operations of the Group within Sri Lanka.

During the year, there were no significant changes to the reporting boundary or any restatement of information.

Entities included in the financial and non-financial reporting boundary

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Regulatory Framework

The report complies with the reporting requirements of the following regulatory frameworks:

- Companies Act No.7 of 2007
- Sri Lanka Financial Reporting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- Listing rules of the Colombo Stock Exchange

Assurance on Financial Statements has been provided by Ernst & Young

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Voluntary Framework

The following voluntary frameworks have been adopted in preparing the report:

- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka
- Hemas Holdings Annual Report 2023/24 has been reported in accordance with the GRI Standards for the period April 1, 2023 to March 31, 2024
- Aligned to International Financial Reporting Standards (IFRS) S1 and S2
- Recommendation of the Task Force on Climate Related Financial Disclosures (TCFD)
- Aligned to United Nations Sustainable Development Goals

Assurance on sustainability information has been provided by Ernst & Young

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NAVIGATING THIS REPORT

The following navigation icons have been used across the Report to showcase connectivity between strategy, KPIs, resource allocation, risks and other relevant information.

Capitals

FINANCIAL CAPITAL | MANUFACTURED CAPITAL | INTELLECTUAL CAPITAL | HUMAN CAPITAL | NATURAL CAPITAL | SOCIAL AND RELATIONSHIP CAPITAL

Stakeholders

Consumers | Employees | Business Partners | Investors | Government | Community

SUSTAINABILITY AND SUSTAINABILITY RELATED DISCLOSURES

The content of this report is determined by the Sustainability Management Framework established within the Group. This framework defines the methodology in determining materiality, data collection, setting targets, and monitoring the social and environmental impacts, as well as Sustainability Related Risks and Opportunities (SRROs) of Group operations. It encompasses the governance mechanism, strategies and initiatives that the Group undertakes to manage its material impact topics, as well as the management and metrics of the Group's SRROs and their financial impacts.

REPORTING PRINCIPLE

In preparing and presenting this Report, the Group has given due consideration to the guiding principles of the GRI Universal Standards, and the Hemas Holdings PLC has reported in accordance with these GRI Standards for the period 1st April 2023 to 31st March 2024.

In addition to the reporting the Group sustainability impacts are accordance with the GRI Standards, the Group has also aligned its investor focused sustainability-related disclosures to the IFRS S1 and S2 reporting requirements, subsequent to a double materiality approach and the identification of Sustainability Related Risks and Opportunities (SRROs) arising from its material impacts.

This year, Hemas Holdings PLC considered an approach based on the principles of Double Materiality, where both Impact Materiality and Financial Materiality concepts are utilised to determine the disclosures of this report. This approach enables the Group to report the impacts arising from its business operations to its broad stakeholder groups, as well as the sustainability-related information relevant to its investors and shareholders.

The section on Sustainability Integration provides an overview of the manner in which the Group identifies and addresses its approach to double materiality. The Group commenced with identifying its impacts based sustainability topics, which then lead to the identification of Sustainability Related Risks and Opportunities (SRROs), by also taking into consideration the dependencies of environmental and social resources.

The material impact topics listed in the section "Sustainability Integration" refers to the key sustainability topics determined and addressed by the Group's Sustainability Management Framework, while the SRROs contained in the Risk Management Framework refers to the risks and opportunities applicable to the Group arising from these material impact topics

While the governance and management of the Group impacts are covered through the Sustainability Management Framework, the SRROs are managed through sustainability management framework and the Risk Management function. The Capital Review sections of this Report discusses the execution of the Group's strategies to manage our sustainability impacts as well as SRROs.

All indicators, measuring methodologies, assumptions and estimations with regard to sustainability topics, utilised in the preparation of this Report are in accordance with GRI Standards guidelines as well as standard industry practices and the IFRS S1 and S2 reporting requirements. There have not been any significant changes to the Group structure or supply chain during this reporting period. Any restatements to the presented numbers and statements and their underlying reasons have been clearly stated under the relevant sections of this Report, wherever applicable.

The Group recognises the importance of transparent reporting and is committed to providing stakeholders with accurate and reliable information which is both internally reviewed and externally assured. It has implemented appropriate systems and processes to ensure that the information presented in this Report is complete, timely, and in accordance with applicable reporting standards. The Group will continue to refine its reporting practices and to seek feedback from stakeholders to ensure that its reporting remains relevant and meaningful.

FORWARD LOOKING STATEMENTS

Forward looking statements have been included in this report, particularly in assessing risk and opportunities and discussion of the future plans of the Group, which are based on perceptions, opinions and views of external and internal information available at present as the Group believe these support the assessment of its future performance. These statements, assessments and estimates have varying degrees of uncertainty associated with them which the Group will know only with the benefit of hindsight as they relate to future events, outcomes and impacts which are beyond the control of the Group. This information is provided without recourse or any liability whatsoever to the Board or other preparers of the Annual Report due to uncertainty regarding the current economic conditions.

ACKNOWLEDGEMENT

All information contained in this report has been reviewed internally by the senior management team of the Group, and verified independently, in accordance with policies and methodologies carried in the 'Corporate Governance' section of this report.

The Board of Directors acknowledges its responsibility to ensure the integrity of the Integrated Report and is of the opinion that the Integrated Annual Report of Hemas Holdings PLC for the financial year ending 31st March 2024 is presented in line with the reporting principles mentioned above.

PUBLICATION DATE

May 22, 2024

FEEDBACK & INQUIRIES

Your feedback is valued and will be used in improving the Annual Report in the year that has commenced.

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PERFORMANCE HIGHLIGHTS

FINANCIAL CAPITAL

Additional insights available on Page 58

FINANCIAL PERFORMANCE

	FY 24	FY 23
Revenue	Rs. 121,614 million	Rs. 113,940 million
Gross Profit	Rs. 35,997 million	Rs. 31,793 million
Gross Profit Margin	29.6%	27.9%
EBITDA	Rs. 13,604 million	Rs. 12,566 million
EBITDA Margin	11.2%	11.0%
EBIT	Rs. 11,921 million	Rs. 10,963 million
EBIT Margin	9.8%	9.6%
Net Finance Cost	Rs. 2,453 million	Rs. 3,198 million
Profit Before Tax (PBT)	Rs. 9,468 million	Rs. 7,765 million
Profit After Tax (PAT)	Rs. 6,355 million	Rs. 5,069 million
Earnings	Rs. 6,109 million	Rs. 4,269 million
Earnings Margin	5.0%	3.7%
Interest Cover	3.7 times	2.7 times

FINANCIAL POSITION

	FY 24	FY 23
Total Assets	Rs. 93,723 million	Rs. 98,498 million
Total Equity	Rs. 44,120 million	Rs. 39,120 million
Total Liabilities	Rs. 49,603 million	Rs. 59,378 million
Net Working Capital	Rs. 18,226 million	Rs. 24,433 million
Gross Debt	Rs. 12,705 million	Rs. 21,457 million
Net Cash Flows from/(used in) Operating Activities	Rs. 13,906 million	Rs. (9,262) million
Net Cash Flows from/(used in) Investing Activities	Rs.(5,698) million	Rs. (1,308) million
Net Cash Flows from/(used in) Financing Activities	Rs. (8,523) million	Rs. 9,597 million
Cash and Short Term Deposits	Rs. 13,223 million	Rs. 16,331 million
Net Debt/(Cash)	Rs. (518) million	Rs. 5,127 million
Debt/EBITDA	0.9 times	1.7 times
Current Ratio	1.6 times	1.4 times
Quick Ratio	1.0 times	0.9 times
Gearing Ratio	22.4%	35.4%
Net Gearing Ratio	-1.2%	11.6%
ROCE	22.1%	22.9%

MARKET AND SHAREHOLDER

	FY 24	FY 23
Market Capitalisation	Rs. 47,972 million	Rs. 38,775 million
Market Price per Share	Rs. 80.40	Rs. 65.00
No. of Shares in Issue	596,672,617	596,546,025
Basic Earnings per Share	Rs. 10.24	Rs. 7.16
Price Earnings Ratio	7.9 times	9.1 times
Net Asset Value per Share	Rs. 72.8	Rs. 64.4
Dividend per Share	Rs. 2.35	Rs. 2.35
Dividend Cover	4.4 times	3.0 times
Dividend Payout Ratio	23.0%	32.8%
Return on Equity (ROE)	15.3%	13.4%

MANUFACTURED CAPITAL

Additional insights available on Page **68**

	FY 24	FY 23
Property, Plant and Equipment (PPE)	Rs. 20,052 million	Rs. 19,913 million
Depreciation	Rs. 1,326 million	Rs. 1,220 million
Investment in PPE	Rs. 2,379 million	Rs. 1,420 million

INTELLECTUAL CAPITAL

Additional insights available on Page **74**

	FY 24	FY 23
Trademarks Owned by the Group	801	724
Industrial Designs Held by Group Companies	30	30

HUMAN CAPITAL

Additional insights available on Page **90**

	FY 24	FY 23
Workforce	5,826	5,380
Training Hours per Employee	11.5	10.3
Total New Hires	1,447	1,130
Total Work-Related Injury Rate (per 100 employees)	0.8	0.4

NATURAL CAPITAL

Additional insights available on Page **100**

	FY 24	FY 23
Total Carbon Footprint	16,549 MT	16,456 MT
Green House Gas Emission – Scope 1	1,994 MT	2,161 MT
Green House Gas Emission – Scope 2	14,555 MT	14,296 MT
Carbon Intensity	0.14	0.14
Total Volume of Water Withdrawn	192,626 m^3	175,994 m^3
Energy Consumption	104,358 GJ	101,950 GJ
Waste Reduced, Reused, Recycled	69.7%	69.1%

SOCIAL AND RELATIONSHIP CAPITAL

Additional insights available on Page **110**

	FY 24	FY 23
No. of Lives Impacted through Social Projects	399,695+	525,500+
No. of 'Piyawara' Schools Added	4	3
Children with Disabilities Registered at 'Ayati'	12,904	10,200

EXECUTIVE REVIEWS

INSPIRING

GROWTH THROUGH EMPOWERMENT AND LEADERSHIP

CHAIRMAN'S MESSAGE

"THE INNOVATIVE CUSTOMER-CENTRIC MINDSET OF THE GROUP, HAS PAVED THE WAY TO ACHIEVE RECORD EARNINGS FOR THE YEAR."

EMPOWERING

LIVES THROUGH INNOVATIVE SOLUTIONS

Dear Shareholders,
I am delighted to present the Annual Report of Hemas Holdings PLC for a year in which Hemas celebrated 75 years of 'enriching lives'; a milestone that we proudly mark in our history. Amidst the emerging trajectory of economic recovery, the Group demonstrated agility and growth, with revenues increasing to reach Rs. 121.6 billion, and earnings growing to Rs.6.1 billion during the financial year under review. The easing of macroeconomic conditions, together with the innovative customer-centric mindset of the Group, has paved the way to achieve record earnings for the year.

SRI LANKA IN CONTEXT

While Sri Lanka's recovery from the financial crisis of April 2022 will be a gradual process, many key indicators pointed to a turnaround towards the latter part of the year, with the economy showing a GDP growth of 1.6% in the third quarter 2023 after six consecutive quarters of negative growth.

The substantial drop in inflation from its peak of 69.8% in September 2022 to 0.9% in March 2024 stemmed from the combined influence of a strong base effect, subdued domestic demand, and adjustments to basic utility prices.

75 Years in Business

The Sri Lankan Rupee after depreciating from 200 Rupees per USD to over 350 Rupees per USD in the previous financial year, recovered somewhat by appreciating by 8.0% by the end of the financial year. Finance costs that were straining the profitability of businesses, eased during the year, with rates falling from 22.4% to 11.1%. The working capital base was reduced under stable economic conditions where foreign currency to fund imports became more freely available and the necessity to hold higher stocks was reduced.

Sri Lanka's successful completion of the second review of the Extended Fund Facility (EFF) underscores significant progress, and active efforts are underway to restructure external debt, a pivotal undertaking deemed essential for economic revival. The presidential elections, which are due to be held between September and October this year, prompt hopes for continued stability thereafter, with the expectation that any elected Government will continue with the reforms agenda and adhere to the International Monetary Fund (IMF) programme.

STRONG FINANCIAL PERFORMANCE

Successfully navigating through a volatile business landscape, the Group achieved a revenue growth of 6.7%, with earnings increasing by 43.1%, primarily attributed to margin enhancements and reduction in finance costs. Operating cash flow recorded a growth of Rs. 23.2 billion, largely due to the focus on optimising working capital. This improved the financial position of the Group, resulting in a reduction in the net working capital base by 25.4% and improving gearing by 13 pps to 22.4%. The reaffirmation of the AAA (lka) Stable Outlook Rating by Fitch Ratings for the fifth consecutive year is a testament to the Group's resilience and financial strength.

The Consumer Brands Sector grew largely on account of volume growth, particularly in the second half of the year. Most brands were able to absorb the impact of increased VAT rates in January 2024 without significant margin erosion. The businesses invested in value for money offerings while continuing to focus on providing customers with innovative solutions aimed at long-term customer retention.

Despite the marginal growth in revenue, operating profit for the sector witnessed notable growth mainly due to reduced input costs, efficiency improvements and working capital management initiatives. During the year the Company acquired the remaining 24.9% stake in Atlas Axillia for a total consideration of Rs 3.4 billion, making it a fully owned subsidiary of Hemas Holdings PLC.

The Healthcare landscape witnessed multiple challenges, notably in the Pharmaceutical vertical due to price reductions mandated by the National Medicines Regulatory Authority (NMRA). Despite continuous industry-wide calls for a transparent price formula as mandated by the act, this is yet to see the light of day. Delays were experienced in accepting Government buyback deliveries by the Medical Supplies Division (MSD), due to changes in administrative and procurement procedures, amplifying challenges for local pharmaceutical manufacturers. Despite the challenges, increased focus on the Morison Branded Generics portfolio resulted in over 35% growth in the branded segment. As the leader in the pharmaceutical industry, the business introduced 120 new products in line with its mission to deliver high quality yet affordable alternatives to the public.

Multiple initiatives focusing on increasing convenience, including homecare and ambulatory care, were strengthened during the year by the Hospitals Business. This was in response to impending demographic shifts characterised by an aging population, urbanisation trends, and a rising prevalence of Non-Communicable Diseases (NCDs) in the country.

The Group, in alignment with its strategic objective of expanding within the Healthcare Sector, submitted the Request for Qualification to acquire Lanka Hospitals, and was subsequently shortlisted among the bidders announced for the divestiture of shares held by the Government of Sri Lanka in Lanka Hospitals PLC.

CHAIRMAN'S MESSAGE

“AS WE ANTICIPATE ECONOMIC RECOVERY, WE CONTINUE TO PURSUE BOTH ORGANIC AND INORGANIC GROWTH IN OUR CORE BUSINESS SECTORS, BOTH LOCALLY AND INTERNATIONALLY.”

GOVERNANCE AND MANAGEMENT

On 31 March 2024 Ms. Kasturi Chellaraja Wilson resigned as Group Chief Executive Officer. However, she will continue to serve on the Board as a Non-Executive Director. Mr. Ravi Jayasekara (Chief People Officer) has been appointed as Acting CEO to oversee operations until a new CEO is appointed. The business units continue to run smoothly led by their Managing Directors and respective leadership teams.

Internal talent management was prioritised with a view to identifying and developing individuals with the potential and ambition to take up senior roles. In parallel, the business strengthened its Employee Value Proposition to support its ability to attract high quality talent in a competitive market.

LEADING WITH ESG

ESG remains a way of life at Hemas, with a concerted effort to embed it across all facets of our operations. Through strategic initiatives that generate social impact alongside business benefits, we have positively impacted over 390,000 families. Our focus areas included menstrual health, female entrepreneurship, and fostering equal learning opportunities for children. Additionally, we are committed to mitigating our environmental footprint, with key initiatives including net plastic reduction and transitioning to renewable energy sources. By installing rooftop solar at locations with significant operations, we aim for 25% of our energy to be sourced renewably and advancing sustainability within our operations. In addition, our commitment to offsetting plastic waste and adhering to the upcoming Extended Producer Responsibility (EPR) regulations demonstrates our proactive stance on environmental responsibility. Coupled with our robust corporate governance framework, which emphasises transparency, accountability, and ethical conduct, Hemas will continue to entrench sustainability across our operations.

OUTLOOK AND CONCLUSIONS

Despite the impact of the financial crisis and the resultant personal hardships endured by all segments of society, encouraging signs are emerging indicating the onset of economic recovery. The political landscape is anticipated to gain clarity post-elections and we are cautiously optimistic about the future. It remains imperative to maintain the reform momentum and continue with the IMF programme without interruption.

As we anticipate economic recovery, we continue to pursue both organic and inorganic growth in our core business sectors, both locally and internationally. Further, the Group will focus on consumer-centric innovation and productivity, ensuring that we remain relevant and competitive to meet the ever-evolving needs of consumers.

I would like to extend my gratitude to Ms. Kasturi Chellaraja Wilson, our former Group Chief Executive Officer for her 20 year long career at Hemas, and for ably steering the Group through a time of unprecedented challenges. My sincere thanks also to the Hemas team for their dedication and ‘can do’ spirit to keep the business moving forward despite difficult operating conditions. As always, I am deeply thankful to my fellow Board members for their invaluable guidance and support. Further, I wish to express my appreciation to all our esteemed business partners for their collaboration in fostering mutually beneficial relationships. To our loyal customers, who have placed their trust in us for the past 75 years, I offer my heartfelt thanks. Finally, I extend my sincere gratitude to our shareholders for their continued confidence in us.

Husein Esufally
Chairman

May 22, 2024

> THE SUCCESS OF THE GROUP IS LINKED TO THE DEDICATION OF OUR TEAMS, WHO SERVE AS THE DRIVING FORCE BEHIND ITS GROWTH.

EMPOWERING
LIVES THROUGH INNOVATIVE SOLUTIONS

Group Earnings Growth of 43.1% to

Rs. 6.1 billion

It is with much pleasure that I present to you the Annual Report of Hemas Holdings PLC for the financial year ended March 31, 2024. Despite the challenges, this year has been significant for our nation as we make strides towards economic recovery.

Sri Lanka witnessed a notable level of progress and positive outcomes on the macroeconomic front; GDP growth reversed its negative trajectory in the third quarter of the calendar year 2024, turning positive after a series of consecutive declines. Exchange rates showed considerable stability and strength throughout the year, while interest rates decreased by more than half, alleviating the high financing cost burden on many businesses. In March 2024, the country reached a Staff-Level Agreement with the IMF on the Second Review of Sri Lanka's Extended Fund Facility and there have been some positive developments in terms of external and domestic debt restructuring efforts.

While increasing Government revenue, as recommended by the IMF, is crucial, it has resulted in direct and indirect impacts to the citizens. Initiatives like VAT increases, personal tax adjustments, and utility price hikes (electricity and fuel) have significantly dampened consumer spending. This has particularly affected the purchasing power of the middle-class households, leading to lower private credit growth observed in most months of the year.

Moreover, the banking sector has experienced a significant rise in non-performing loans, indicative of the challenges faced by the population at large. Consequently, although positive indicators are observed in the macroeconomy, they are not reflected in the country's aggregate demand, posing challenges for businesses.

FOUNDATION OF OUR SUCCESS

Living our purpose means 'empowering families' and it is at the heart of everything we do. This commitment remained unwavering even amidst prevailing economic challenges, and the Group continued to offer customers a wide range of choices and delivered high quality products and services, resulting in market share growth in our core businesses.

Embracing strong governance practices, Hemas fosters a culture that promotes inclusivity and discourages discrimination, harassment, and unethical behaviour while empowering our teams and our communities. Adherence to stringent governance policies throughout all business interactions yields positive impacts across the broader value chain, leading to long-term value creation throughout the entire ecosystem.

The success of the Group is linked to the dedication of our teams, who serve as the driving force behind its growth. Hemas boasts of a competent leadership team with proven talent drawn from diverse backgrounds, each contributing valuable expertise to the organisation. Amidst the high attrition and migration rates observed in the country, the Group implemented targeted initiatives including identifying critical talent, fostering a strong culture, and promoting internal mobility through reviews. Additionally, the Group offered competitive packages (remote work, compensation, benefits) and invested in professional development.

The Group has demonstrated commendable performance this year, with all key businesses experiencing growth in line with our strategic objectives. Despite temporary challenges, the businesses remain focused and driven by the vision of achieving overall strategic goals. Finalising a three-year Long-Range Plan (LRP) in 2024, the key Strategic Business Units (SBUs) have equipped us with a compass to drive the Group's future growth.

Moving forward the leadership team will collaboratively pursue the ambitious goals outlined in the LRP.

The Group has consistently maintained a digital-first mindset, initiating multiple transformational projects including implementing digital health records at Hospitals and revamping sales force related projects to drive revenue growth across the businesses. Recognising the significance of a data-driven approach and the importance of leading digitalisation efforts, the Group acknowledges the multitude of benefits it brings in terms of operational ease, efficiency enhancements, and future readiness. A dedicated transformational team has been established to spearhead this endeavour to the next level.

ROBUST PERFORMANCE

The Group reported a growth of 6.7% in revenue to post Rs.121.6 billion during the year fuelled by the increased performance of the Consumer Arm of the Group. Despite increased operational costs due to inflationary pressure, the operating profit grew by 8.7%, supported by various efficiency improvements implemented across the Group. Further to the growth in profitability, the benefits of working capital optimisation initiatives along with reduced interest rates resulted in earnings reaching Rs.6.1 billion, a growth of 43.1% in comparison to last year.

The Group's liquidity position saw a significant improvement, with net cash flow from operations increasing by Rs. 23.2 billion during the year which was utilised for investments and debt settlements. In line with its expansion aspirations, the Group acquired the remaining 24.9% stake in Atlas Axillia Company (Pvt) Ltd for a total consideration of Rs. 3.4 billion, thereby making it a fully owned subsidiary of Hemas Holdings PLC.

With its strong financial position, low gearing, and resilient cash flows, the Group's long-term rating of 'AAA (lka)' with a Stable Outlook was reaffirmed by Fitch Ratings for the fifth consecutive year.

CEO'S REVIEW

> **“ THE GROUP HAS DEMONSTRATED COMMENDABLE PERFORMANCE THIS YEAR, WITH ALL KEY BUSINESSES EXPERIENCING GROWTH IN LINE WITH OUR STRATEGIC OBJECTIVES. ”**

CONSUMER BRANDS

Despite the market demand falling short of expectations, the Consumer Brands Sector achieved commendable growth, reaching a revenue of Rs. 50.7 billion for the year. Improved macro factors, such as reduced raw material costs and currency appreciation, along with multiple efficiency improvements and productivity enhancement initiatives, contributed to a notable 28.9% growth in operating profit for the sector, despite increased overhead costs. The translated increase in operating profit to earnings was further amplified by lower finance costs resulting from a reduced working capital base and lower interest rates.

Home and Personal Care (HPC) - Sri Lanka

The shifts observed in consumer behaviour persisted, with customers increasingly seeking value-for-money alternatives. In response, the Home and Personal Care Sri Lanka Business strategically revised prices to pass on the benefits of reduced raw material prices and currency appreciation to consumers. However, this effort was partially undermined by VAT increases and adjustments to utility and energy prices, which eroded some of the benefits.

In addition to expanding the value-for-money portfolio with a view of tackling reduced purchasing power, the business invested in multiple New Product Developments (NPD), including ‘Velvet Naturals’ and ‘Clogard Pro Clean’ and ‘Fems Ultra-Thin’. The two prominent beauty brands, ‘Vivya’ and ‘Prasara’, gained substantial traction in the market, making significant contributions to revenue throughout the year. Furthermore, the business remained committed to strengthening its core portfolio and prioritised the Personal Care segment, driving high market share and margin improvements in selected categories.

The Power Brands of the business won multiple awards during the year, including 'Most Loved Baby Brand in Sri Lanka' at the annual Lanka Monthly Digest (LMD) Brands Awards 2023 and 'Best Baby Care Brand in Sri Lanka 2023' in the Retail Category by Global Brands Magazine UK.

Learning Segment

The Learning Segment experienced increased competition in the market, with all participants being active under the improved operating environment. Nevertheless, the business reinforced its market-leading position by venturing into the value-for-money segment, introducing the 'Homerun' stationery range as a cost-effective alternative, which received market acceptance and significant market share gains. Product re-engineering efforts on the premium range of the business ‘Innovate’ was carried to increase customer perceived value. Despite the price reductions that occurred following the drop in input costs under appreciated domestic currency, customers curtailed purchases, opting to phase them out and prioritise essentials such as books and pens. ‘Atlas Learn’ platform, that was launched last year, offering online lessons for students with access to teachers and other educational materials continued to gain popularity among users.

Atlas received the ‘School Supply Brand of the Year’ accolade at the SLIM Kantar People’s Awards 2024 for the fifth consecutive year underscoring the brand's exceptional quality and standing in the market.

Consumer Brands - International

The prolonged challenges faced in Bangladesh, including currency depreciation, soaring inflation, and deteriorated purchasing power, persisted throughout the year, significantly impacting the operations of businesses across the country. Despite the challenges, Bangladesh continues to be a top priority market for Hemas and multiple efforts on strengthening the portfolio and expanding the geographical reach were carried out during the year. The business increased its market share marginally in the Value-Added Hair Oil (VAHO) market with its flagship brand ‘Kumarika’ while venturing into the coconut hair oil market with the introduction of ‘Kolombo' by Kumarika in the second half of the year. ‘Actisef’, the personal care soap brand launched with a view of reducing single brand concentration contributed over 15% to the total revenue of the business.

The increased emphasis on internationalisation and expanding the export portfolio within the Home and Personal Care and Learning segments has observed key developments including introduction of ‘Kumarika’ featuring a specialised SKU, ‘Kumarika Cooling Oil’, in the Middle East. Advancements have been made in the Original Design Manufacturing space, particularly in specific regions within East Africa and Middle East.

HEALTHCARE

The Sri Lankan healthcare landscape experienced a challenging period throughout the year. Amidst the financial crisis and decreased liquidity, the state sector encountered difficulties in procuring high-quality pharmaceutical drugs and medical equipment. Although significant improvements were observed towards the latter part of the year, challenges persist, particularly in areas outside of Colombo. Furthermore, the shortage of healthcare workers in the state healthcare system due to migration remains a significant area of concern.

The Healthcare Sector of the Group achieved a revenue of Rs. 69.1 billion, marking a growth of 6.9.%, while

> **THE GROUP'S STEADFAST COMMITMENT TO ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) PRINCIPLES UNDERSCORED ITS DEDICATION TO FOSTERING POSITIVE CHANGE FOR SRI LANKA, ITS COMMUNITIES, AND THE ENVIRONMENT.**

operating profit experienced a decline primarily due to inventory provisions made in the Pharmaceuticals Business. Nevertheless, with an increased focus on working capital optimisation initiatives and the positive impact of reduced borrowing costs, coupled with the deferred tax benefit, the Sector managed to achieve an earnings growth of 12.3%, closing the year with of Rs. 2.3 billion.

Pharmaceuticals

Leveraging on its strong value chain, the Pharmaceutical Distribution Arm of the Group ensured availability of high-quality medication in the country enhancing access and choice. Throughout the year, over 100 new SKUs were introduced to the market, ensuring availability in critical areas such as Non-Communicable Diseases (NCDs) and essential products used in surgeries. Operating profit remained under pressure due to the National Medicine Regulatory Authority (NMRA) mandated price reductions to align with an exchange rate of Rs.295 per USD, when the rate prevailing was over Rs.340 per USD with no subsequent timely transparent adjustment to account for adverse movements in exchange rates. Despite the continuous efforts of industry stakeholders, a significant improvement in the pricing mechanism is yet to be seen.

Instability within the NMRA and the Medical Supplies Division (MSD) adversely affected the performance of the Pharmaceutical Manufacturing Business, leading to delayed new product registrations and procurement of buyback orders. Despite these challenges adversely impacting the growth momentum of the high-priority Morison Branded Portfolio, the business introduced 'Bisomor' (Bisoprolol) 2.5 mg and 5 mg tablets. 'Empamor', the first locally manufactured sodium-glucose co-transporter-2 inhibitor in Sri Lanka, became the highest-selling diabetic drug in terms of volume. Furthermore, Morison ventured into third-party manufacturing by producing 'Sitagliptin', a medication used in the treatment of type 2 diabetes, on behalf of a prominent global player.

Hospitals

The Hospitals business experienced an increase in total admissions due to improved theatre utilisation and increased focus on key specialties such as cardiology, nephrology, urology, and orthopaedics. In response to demographic shifts, particularly the aging population and the growing preference for convenience, Hemas Ambulatory Surgical Care was introduced during the year. This pioneering service aims to revolutionise the surgical experience for Sri Lankans by adopting a unique patient-centric approach. It enhances convenience and cost-effectiveness, allowing patients to return home on the same day of surgery and facilitating faster, more comfortable recovery.

MOBILITY

The Port of Colombo (POC) experienced notable growth in transshipment and total throughput volumes, surpassing 10 percent for the year, despite the challenges facing the global maritime industry. This growth was partly attributed to vessels rerouting via POC amidst tensions in the Red Sea. Import volumes showed robust growth following the relaxation of government restrictions, while the exports segment also saw significant improvements, driven by increased volumes to key European destinations. In the Aviation Segment, the passenger segment played a pivotal role in driving performance, supported by increased tourist arrivals and outbound traffic.

With the improvements in both the Maritime and Aviation segments, the Mobility Arm reported a revenue growth of 3.9%, reaching Rs. 1.7 billion for the year. However, operating profit and earnings reported an approximate decline of 19.9% and 23.6%, primarily due to the appreciation of the LKR and the decrease in global freight rates.

LEADING WITH ESG

During the year, the Group's steadfast commitment to Environmental, Social, and Governance (ESG) principles underscored its dedication to fostering positive change for Sri Lanka, its communities, and the environment.

In celebration of 75 years of empowering Sri Lankan families, the Group made significant investments in the country's future through its Hemas x Hatch Slingshot programme, aimed at nurturing innovation and driving economic growth. Another notable endeavour 'Mav Diriya', aims to empower 2,500 underprivileged mothers with home-based businesses by 2030, thereby enhancing educational infrastructure.

Through its focus on healthcare, Morison's 'Ape Suwadeya' provided three of the latest Morison pharmaceuticals to treat diabetes and cardiovascular diseases, the two most prevalent non communicable diseases in the country to 250 team members and their families. Additionally, the Pharmaceutical Manufacturing business in collaboration with the Sri Lanka College of Endocrinologists have facilitated training for primary healthcare professionals, strengthening diabetes management expertise across the nation.

The Group remains committed to ensuring the safety and well-being of children. Baby Cheramy, the flagship brand of the Group partnered with Sri Lanka College of Paediatricians to distribute guide booklets aimed at preventing home accidents. Furthermore, Hemas Outreach Foundation's campaign to empower preschool children against abuse and the Feed a Future programme, which provides protein packs to over 1,000 children and families, exemplify this commitment. The expansion of the 'Piyawara' Pre School network, which saw the addition of four 'Piyawara' preschools, further bolsters early childhood education efforts nationwide.

Addressing environmental concerns, the Group has prioritised offsetting plastic waste through partnerships with Eco Spindle to manage plastic waste responsibly. This includes the establishment of baling sites and support for national Extended Producer Responsibility (EPR) initiatives. Additionally, its collaboration with Lanka Sathosa for an eco-bag initiative aims to encourage eco-friendly consumer choices, furthering the Group's sustainability efforts.

Appreciations

Reflecting on my tenure as CEO, I am deeply grateful for the dedication, passion and resilience displayed by the Board of Management and the leadership teams across the businesses. Together, we navigated a period of exceptional national challenges.

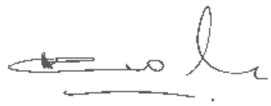
The remarkable results we see today are a testament to the unwavering commitment of our employees who embraced our shared vision and tirelessly contributed their individual efforts.

It is the collective perseverance of our employees, who not only adapted to the adversities but also thrived amidst them, that has propelled us forward.

I am deeply appreciative of our strategic partners, whose steadfast support and collaboration have been invaluable during these trying times. Together, we have forged stronger bonds and weathered the storms, emerging more resilient and united than ever before.

I extend my heartfelt gratitude to our loyal customers, whose continued trust in Hemas to consistently deliver exceptional products and services has been the cornerstone of our success. Further, I wish to express my sincere appreciation to our shareholders for their enduring faith in our ability to generate sustainable long-term value. Their confidence and support have been pivotal in our growth trajectory.

As I transition from my executive role to join the Board as a Non-Executive Director, I am confident in the leadership team's capability to steer Hemas towards even greater heights. With their strategic vision, dedication, and collaborative spirit, I am certain that Hemas will continue to thrive and make significant strides in the years to come.



Kasturi C. Wilson
Group Chief Executive Officer

(resigned from the position of CEO w.e.f. 31.03.2024 and capacity changed as Non-Executive Director w.e.f. 01.04.2024)

May 22, 2024

BOARD OF DIRECTORS

Husein Esufally

Chairman
Non-Executive Director

Appointed

October 1997

Member

Human Resources and Remuneration Committee

Skills & Experience

Husein Esufally commenced his career with the Group's Fast-Moving Consumer Goods business, where he steered the Company for a period of 19 years, during which, the business established a strong consumer franchise. Thereafter, he served for 13 years as the Chief Executive Officer of the Hemas Group until he relinquished his position in March 2014. He was appointed the Chairman of the Board of Directors in 2014.

He also serves as the Chairman of Hemas Manufacturing (Pvt) Ltd and Atlas Axillia Company (Pvt) Ltd of the Group of Hemas.

Husein Esufally holds a Bachelor of Science (Honors) Degree in Electronics from the University of Sussex, UK.

Other Current Appointments

Husein Esufally holds several directorships in the subsidiaries of the Group of Hemas.

Anura Ekanayake

Deputy Chairman
Independent Non-Executive Director

Appointed

October 2013

Chairman

Human Resources and Remuneration Committee

Nominations and Governance Committee

Skills & Experience

Anura Ekanayake has had an illustrious career in public service, serving as a Senior Economist of the Mahaweli Authority, Director on the Boards of the State Plantations Corporation and JEDB, Director of Planning to the Ministry of Plantation Industries and Director General of the Ministry of Public Administration. He has held directorships in all 23 regional plantation companies and also served on the Tea Research Board, Postgraduate Institute of Agriculture and Plantation Housing and Social Welfare Development Trust.

Following his two decade long public service, he joined Unilever Sri Lanka and served as Director – Human Resources and Corporate Relations for eight years.

He holds a B.A. (Hons) and MSc (Agriculture) from the University of Peradeniya and a Ph.D. in Economics from the Australian National University. He is also a Fellow Member of the Institute of Certified Professional Managers.

Other Current Appointments

Anura Ekanayake serves on a number of boards of listed companies and non-listed companies.

Jyotindra Trivedi

Independent Non-Executive Director

Appointed

August 2017

Member

Nominations and Governance Committee

Skills & Experience

Jyotindra Trivedi has more than 35 years of experience in Indian financial services industry including Indian Venture Capital and Private Equity Industry.

He joined CDC, a UK based development finance institution, in 1997 to set up its Mumbai office. He was one the founding partners when Actis LLP was spun out of CDC in 2004. He took over leadership of Actis South Asia in 2007 and had an overview of the investment activity of Actis across its key markets such as China, South Asia, Africa and Latin America and its key sectors such as Consumer, Healthcare, Financial Services and Industrial.

He graduated as a chemical engineer from the Indian Institute of Technology, Bombay and holds a Diploma in Finance from the Institute of Chartered Financial Analysts of India

Other Current Appointments

Jyotindra Trivedi currently serves on the Board of Bluepine Energy Private Limited

He also serves on the Board of Trustees of CORO, an NGO working with the marginalised communities in India

Abbas Esufally

Non-Executive Director

Appointed

May 1991

Member

Nomination and Governance Committee

Skills & Experience

With over 40 years' experience in the tourism industry, Abbas Esufally has played a pivotal role in expanding the Group's Leisure interest.

He has played an active part in the growth and development of the country's tourism industry.

Abbas Esufally is a Fellow Member of both the Institute of Chartered Accountants of England & Wales and the Institute of Chartered Accountants of Sri Lanka.

Other Current Appointments

Abbas Esufally serves as the Chairman of Printcare PLC and DTH Travel Sri Lanka (Pvt) Ltd.

He also serves on several other listed and unlisted company boards.

He also acts as the Deputy Chairperson for AYATI Trust, Sri Lanka, a Centre of Excellence for children with disabilities.

He is an all-Island Justice of Peace and serves as the Honorary Consul-General of Bhutan in Sri Lanka.

Shaktha Amaratunga

Independent Non-Executive Director

Appointed

January 2016

Chairman

Audit Committee

Related Party Transactions Review Committee

Member

Human Resources and Remuneration Committee

Skills & Experience

Shaktha Amaratunga has many years of experience in Strategy Development, Business Restructuring, Risk and Governance, International Finance and People Development.

He was previously Regional Audit Controller (Asia Pacific) for British American Tobacco (BAT). He has more than 20 years' experience with BAT having performed senior finance roles for the Group in Sri Lanka and the United Kingdom, and also being the Finance Director of BAT Operations in the Czech Republic, Sri Lanka, Switzerland, Japan and Malaysia.

Shaktha Amaratunga is a Fellow Member of the Chartered Accountants of Sri Lanka, Associate Member of the Chartered Institute of Management Accountants, UK and a Member of CPA Australia.

Other Current Appointments

Independent Non-Executive Director of Carson Cumberbatch PLC and member of MAS Holdings Audit Committee.

Imtiaz Esufally

Non-Executive Director

Appointed

May 1991

Member

Audit Committee

Related Party Transactions Review Committee

Skills & Experience

With over 30 years of management experience, Imtiaz Esufally has been at the forefront of the Transportation industry in Sri Lanka.

Imtiaz Esufally is the Chairman of Hemas Transportation (Private) Limited and the Maritime and Aviation Sector of the Group.

He has earned an Honours degree in Accounting and Economics from the University of Kent UK and is an executive education alumnus of the International Institute for Management Development (IMD) in Switzerland.

Other Current Appointments

Imtiaz Esufally holds board positions in the Group's Maritime, and Aviation companies, which include Evergreen Shipping Agency Lanka (Pvt) Ltd, Far Shipping (Pvt) Ltd, and Forbes Air Services (Pvt) Ltd.

He is a member of the Advisory Council of the Ceylon Association of Ships' Agents.

BOARD OF DIRECTORS

Murtaza Esufally

Non-Executive Director

Appointed

September 1998

Skills & Experience

Murtaza Esufally counts more than 30 years of experience in senior management.

He leads the Healthcare Sector of the Group of Hemas and has played a vital role in expanding the Group's healthcare portfolio.

Murtaza Esufally is an Attorney-at-Law of the Supreme Court of Sri Lanka. He is also a Barrister of the Lincoln's Inn and holds a Bachelor of Law Degree from the University of Essex, UK.

He holds a master's degree in Business Administration from the Melbourne Business School of the University of Melbourne.

Other Current Appointments

Murtaza Esufally is the Chairman of Hemas Hospitals (Pvt) Ltd, Hemas Pharmaceuticals (Pvt) Ltd and Morison Limited.

Murtaza Esufally also serves as a Council member of the Sri Lanka Pharmaceutical Manufacturing Association, a member of the Export Development Board, Advisory Board on Pharmaceuticals and is the Co-Founder of Learn4Lifelanka.

Kasturi C. Wilson

Chief Executive Officer
(resigned from the position of CEO w.e.f. 31.03.2024 and capacity changed as Non-Executive Director w.e.f. 01.04.2024)

Executive Director

Appointed

July 2020

Skills & Experience

Kasturi Wilson joined Hemas in 2002, where she held many senior management positions, including Chief Process Officer and Managing Director of the Hemas Transportation Sector and Hemas Pharmaceuticals and, Surgicals and Diagnostics. She also functioned as the Managing Director of Hemas Mobility Sector prior to being appointed as Group CEO of Hemas Holdings PLC in October 2020. She resigned from the position of CEO on 31st March 2024 and continues to serve on the Board of Hemas Holdings PLC as a Non-Executive Director.

Kasturi Wilson is a Fellow of the Chartered Institute of Management Accountants and, is an alumni of the Senior Executive Leadership Programme at Harvard Business School.

She was recognised as one of the twelve Top Women Change-Makers in the country in 2019, by the Parliament of Sri Lanka. Kasturi Wilson also represented Sri Lanka as a member of the National Netball and Basketball Teams.

Other Current Appointments

Kasturi Wilson serves on the Board of National Development Bank PLC.

Prabhash Subasinghe

Independent Non-Executive Director

Appointed

January 2022

Skills & Experience

Prabhash Subasinghe is the founder/ Managing Director of Global Rubber Industries (Pvt) Ltd, established in 2001 and also Global Seafoods (Pvt) Ltd, established in 1999.

He is also the founder of Ayenka Holdings, an Investment Company that includes a large and diverse portfolio of investments in the Colombo Stock Exchange and a luxury real estate project in the Maldives.

Prabhash Subasinghe holds a Bachelor's degree in applied economics and business from Cornell University and is an Alumni of Harvard Business School.

Other Current Appointments

Prabhash Subasinghe serves as a member of the main committee of the Ceylon Chamber of Commerce.

He is a Director of Sampath Bank.

Ranil Pathirana

Independent Non-Executive Director

» Appointed

January 2023

» Skills & Experience

Ranil Pathirana has extensive experience in finance and management in the financial, apparel and energy sectors.

Ranil Pathirana is a Fellow Member of the Chartered Institute of Management Accountants, UK (FCMA - UK) and holds a Bachelor of Commerce Degree from the University of Sri Jayewardenepura.

» Other Current Appointments

Ranil Pathirana serves as a Director of the Hirdaramani Group, including Apparel, Leisure and Investment Holding Companies.

He is also the Managing Director of Hirdaramani International Exports (Pvt) Ltd. The Hirdaramani Group has apparel manufacturing facilities across Sri Lanka, Bangladesh, Vietnam and Ethiopia.

He also serves on the Boards of several listed entities.

BOARD OF MANAGEMENT

Ravi Jayasekera

Acting Chief Executive Officer
Chief People Officer

Ravi Jayasekera is the Chief People Officer of Hemas Holdings PLC and counts over 20 years of leadership experience in Human Resources.

Ravi Jayasekera was the Vice President HR at Union Bank of Colombo PLC immediately prior to joining Hemas and brings with him over 20 years of senior management experience in Human Resources. Prior to joining Union Bank, Ravi Jayasekera held multiple senior management roles in Human Resources both in Sri Lanka and overseas with Multinational Banks. During the period 2004 to 2014, Ravi worked at HSBC as its Head of HR for Sri Lanka and Maldives, Head of HR for HSBC Australia, Head of HR for Mauritius and Senior Manager Group HR for Retail Banking and Wealth Management based in Hong Kong. Prior to joining HSBC in 2004, Ravi Jayasekera worked at Standard Chartered Bank and Standard Chartered Grindlays Bank in several HR roles which included HR Operations, Employee Relations, Industrial Relations and Compensation and Benefits.

Ravi started his career with ANZ Grindlays Bank and worked in Information Technology and Credit Cards business prior to moving to a career in Human Resources.

Ravi is a past pupil of Royal College, Colombo and holds a MBA from the University of Western Sydney, Australia.

Sabrina Esufally

Managing Director - Hemas Manufacturing (Private) Limited

Sabrina Esufally is the Managing Director of Hemas Consumer Brands. She leads cross functional teams in sales, marketing, innovation and supply chain to drive growth and market share in the company's home and personal care business. She joined the Hemas group in 2019, where she headed Business Development at Morison Limited, the Group's pharmaceutical and OTC manufacturing vertical. She then transitioned to Hemas Consumer Brands in 2020, where she drove portfolio growth and brand development in emerging categories in beauty and wellness.

Prior to joining the Hemas Group, Sabrina Esufally was the Head of Legal Research at Verité Research, a leading think tank in Colombo. Sabrina has published widely on matters of public policy reform including access to information, government procurement and judicial reform.

Sabrina Esufally is an Attorney - at - Law of the Supreme Court of Sri Lanka and holds a First Class Honours from the University of Durham, UK. She also holds a LLM from Harvard Law School. Sabrina is currently enrolled in the Owner President Management Programme at Harvard Business School.

Jude Fernando

Managing Director - Hemas Pharmaceuticals (Private) Limited and Hemas Surgical and Diagnostics (Private) Limited

Jude Fernando joined Hemas Pharmaceuticals in August 2020 and is the Managing Director of Hemas Pharmaceuticals (Private) Limited.

He brings with him over 27 years of experience in senior positions across many industries and in the fields of Finance, Supply Chain Management, Sales and Marketing, and International Marketing, including the roles of Director/CEO of Janashakthi Insurance PLC, Director/ CEO Kotmale Holdings PLC, and Executive Director – Sales & Marketing for Cargills FMCG Brands. He has served on the Boards of Dunamis Capital PLC, Kelsey Homes, and First Capital Holdings PLC. He held the position of Director Supply Chain of Hemas Manufacturing prior to joining Kotmale PLC in 2008.

Jude Fernando is an Accountant by profession and holds an MBA from the University of Wales. He is a Fellow Member of the Chartered Institute of Management Accountants (UK), a Chartered Global Management Accountant (UK), a Fellow Member of the Association of Certified Chartered Accountants (UK) and a Member of the Chartered Institute of Marketing (UK). He also has completed the Executive Leadership Development Programmes at the Stanford Graduate School of Business and at INSEAD.

Lakith Peiris

Managing Director - Hemas Hospitals (Private) Limited

Dr. Lakith Peiris is the Managing Director of Hemas Hospitals and the Laboratory Chain. He is also the Lead CRT for Hemas Group.

Dr. Lakith Peiris has over 30 years leadership heading hospitals, laboratories and MNCs in pharmaceuticals, devices and medical equipment. He was the CEO of Lanka Hospitals for over seven years prior to joining Hemas In 2015.

He is currently the chair for the Health sector in the Singapore-Sri Lanka Business Council, member of the Private Health Services Regulatory Council of the Ministry of Health and Immediate Past President of the Association of Private Hospitals & Nursing Homes. Lakith was also the Chairman of the Advisory Committee of Wellness Tourism of Export Development Board of Sri Lanka and was appointed by the Ceylon Chamber of Commerce as the lead to formulate the 2025 health sector strategy for economic acceleration framework 2020 to 2025 roadmap of Sri Lanka.

Dr. Lakith Peiris holds a Doctorate in Business and Management from Malaysia and a master's degree in business administration from the University of Western Sydney, Australia. A certified Professional Marketer from the Asia Pacific Marketing Federation and holds a Postgraduate Diploma in Marketing from the Sri Lanka Institute of Marketing.

Dinesh Athapaththu

Managing Director - Morison Limited

Dinesh Athapaththu is the Managing Director at Morison Limited. He joined Morison Limited as Director Finance and Commercial in 2016 and became Chief Operating Officer in 2019. He became the Managing Director of Morison Limited in 2021.

Dinesh Athapaththu has over 16 years of experience in local and international business. He started his career at Brandix as a Cost Executive and progressed up to be the Finance Controller at Brandix Textile Ltd. He held positions of Financial Controller and Regional Financial Controller for Indonesian based plantations of Good Hope Asia Holdings from 2010 to 2016.

Dinesh Athapaththu holds the position of Vice President of The Sri Lanka Pharmaceutical Manufacturers' Association (SLPMA).

Dinesh Athapaththu is a Fellow member of the Chartered Institute of Management Accountants (UK) and has a Bachelor of Science degree from the University of Kelaniya. He also completed his MBA from the same university.

Asitha Samaraweera

Managing Director - Atlas Axillia Company (Private) Limited

Asitha Samaraweera currently is the Managing Director of Atlas Axillia Co. (Pvt) Ltd, a leading company In school and office stationery.

Prior to his current role, he counts over 12 years' of experience in leading FMCG businesses both in Sri Lanka and overseas. Asitha Samaraweera was the CEO of CBL Cocos (Pvt) Ltd., and CBL Global Foods, both subsidiaries of Ceylon Biscuits Limited, prior to joining Atlas Axillia Co. (Pvt) Ltd. Prior to his role at CBL, Asitha Samaraweera headed IFFCO (Frozen Foods) and GFI – leading Dubai-based FMCG companies for six years. Prior to his stint in the Middle East, he served as CEO of Keells Food Products PLC and Vice President at John Keells Holdings PLC. Asitha Samaraweera began his career with Nestlé.

He has a background in Marketing with an MSc in International Accounting and Finance, London School of Economics one of the leading universities in the world. He also has a BSc in Business Administration, Washington University, St Louis, MO, USA.

BOARD OF MANAGEMENT

Mushin Kitchilan

Director - Hemas Transportation (Private) Limited

Mushin Kitchilan leads the Mobility Sector of the Hemas Group and was appointed as the Director of the sector in January 2022. Having started his career in 2007 when he joined Hemas as a Trainee Finance Executive, he rose through the ranks of the Group, holding several leadership roles in Finance, including serving the Mobility Sector as Finance Controller. In 2017, he was assigned to head the Evergreen Line Agency Operations, which kickstarted his career in commercial operations. Having spearheaded many logistics and maritime initiatives for the sector, he was appointed the Director of the Mobility sector in 2022.

In addition to his career at Hemas, he is actively engaged in shaping Sri Lanka's Logistics and Maritime industry, and has been serving as an Executive Committee Member of the Ceylon Association of Shipping Agents since 2020/2021. He is also a member of the sector committee on Transport and Logistics of the Ceylon Chamber of Commerce since 2021.

Mushin Kitchilan holds an MBA from the University of Wales and is an Associate member of the Chartered Institute of Management Accountants (UK).

Moiz Rehmanjee

Group Chief Financial Officer

Moiz H. Rehmanjee is the Chief Financial Officer of Hemas Holdings PLC, bringing over 20 years of diverse experience across multiple industries and multinational corporations, during which period he has held leadership roles in Sri Lanka and overseas, including in Forbes-listed companies.

His career began at KPMG, progressing through significant roles including Finance Director at Reckitt Benckiser Philippines and Sri Lanka, Chief Operating Officer at Teejay Lanka PLC, and Group Chief Financial Officer at Hela Apparel Holdings. Moiz's expertise spans corporate finance, supply chain management, investor relations, tax planning, and IT projects, making him a versatile leader in the finance domain.

Moiz has demonstrated exceptional leadership and strategic vision, successfully driving growth, acquisition integrations, and new business development. His efforts in spearheading investor roadshows have led to double-digit market-cap growth, while his operational roadmaps have doubled business profit margins.

Additionally, Moiz Rehmanjee has been appointed as a member of the ACCA Sri Lanka Member Network Panel.

He is a member of ACCA (UK), CA Sri Lanka, and CIMA / CGMA (UK).

Rizny Faisal

Chief Strategy and Growth Officer

Rizny Faisal leads Growth, Strategy and Mergers and Acquisition for Hemas Holdings PLC and has been with the Group since 2022.

Prior to his role in Hemas, Rizny Faisal headed the Equity Capital Markets and Mergers & Acquisitions team at CAL, a leading Investment Bank in Sri Lanka, where he has been at the forefront of concluding several landmark ECM and M&A transactions across diverse sectors.

Prior to CAL, he was an integral part of the Mergers and Acquisitions team at PwC Sri Lanka for five years. Rizny Faisal has also had stints at Amba Research and KPMG Sri Lanka.

Rizny Faisal also serves on the Investment Committee of Aberdeen Holdings (Pvt) Ltd.

Rizny Faisal is a CFA charter holder (USA) and an Associate Member of the Chartered Institute of Management Accountants (UK).

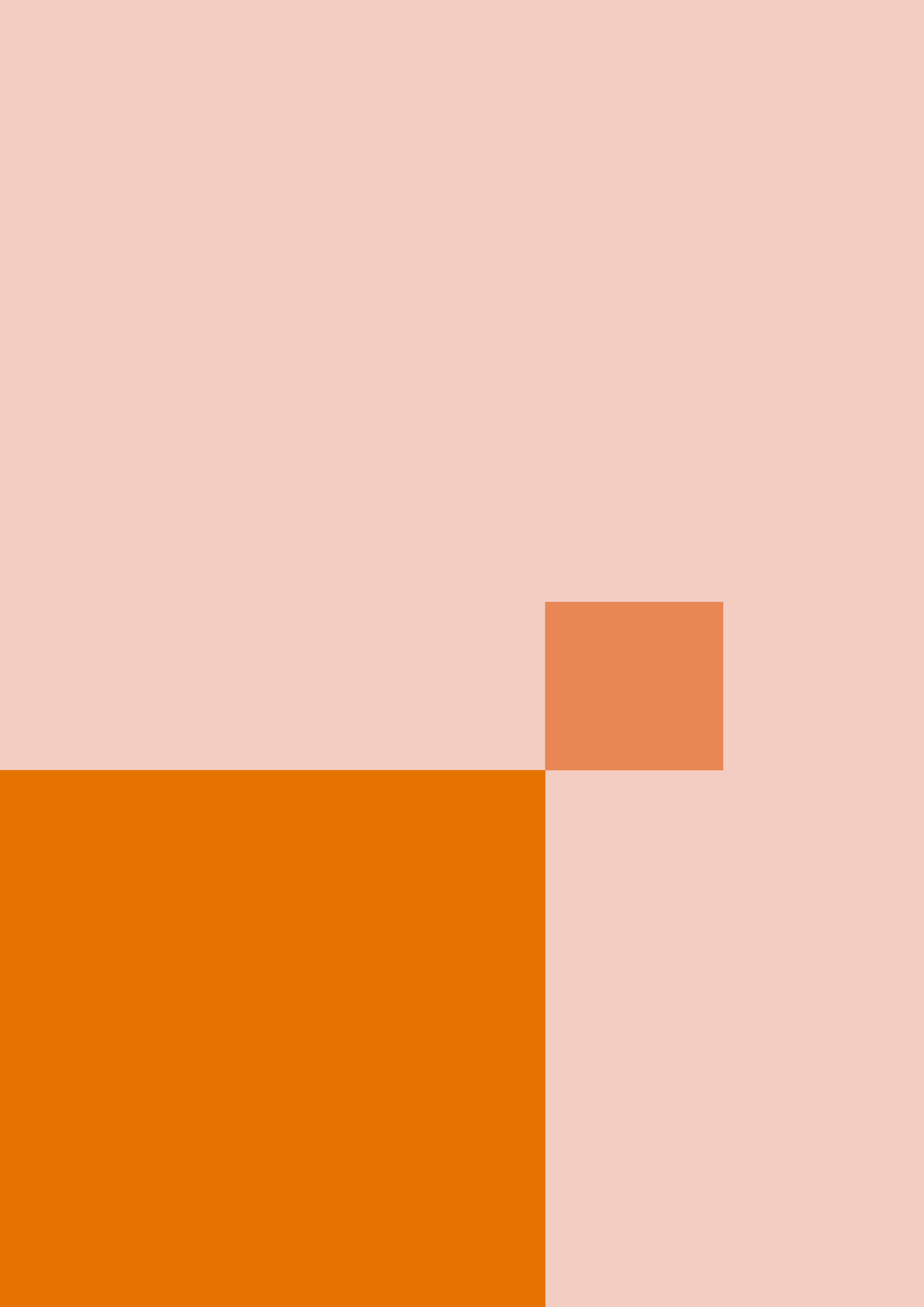
Chulanga Perera

Group Chief Technology and Transformation Officer

Chulanga Perera is the Group Chief Technology and Transformation officer and leads the IT, Digital, Shared Services and Transformation for the Hemas Group.

He joined the Group of Hemas in 2023. Prior to joining Hemas, his career started out in Investment banking after which he transitioned into the field of technology and innovation. Throughout his career, he has established and led global high performing teams as their Chief Information officer and Chief Transformation Officer in leading MNCs in the manufacturing and automotive industry focusing on complete business transformation enabled by technology, cost optimisation, data analytics and digitalisation. He has also served on the Board of a luxury automotive firm and was promoted as the youngest VP globally for that firm.

Chulanga Perera graduated from New York with an honors dual degree in Finance, Mathematics and Business Administration.



MANAGEMENT DISCUSSION AND ANALYSIS

GENERATING

VALUE THROUGH UNPARALLELED PERFORMANCE

CREATING VALUE

EMPOWER FAMILIES
TO ASPIRE FOR A
BETTER TOMORROW

CONSUMER BRANDS | HEALTHCARE | MOBILITY

FINANCIAL CAPITAL
• Strong cash flow • Access to capital • Sound financial management practices

OPERATIONAL INFRASTRUCTURE
• Efficient production facilities capable of meeting consumer demands • Largest pharmaceutical manufacturing operations • Strong partnerships with retailers and distributors to reach a wide customer base • Strong partnerships with principals to ensure quality medication.
• Secure and reliable supply chain • Established network of hospitals, clinics, and pharmacies.
• Efficient logistics systems for delivering pharmaceuticals and medical supplies.

INTELLECTUAL CAPITAL
• 30 Industrial designs, • 801 trademarks • 86 own brands • Unique product formulas
• Strong brand recognition

TECHNOLOGY & DATA
• Robust IT systems for data security, communication, and online operations.
• Customer data and market research insights to inform product development and marketing strategies.
• Medical equipment, diagnostics tools, and healthcare IT systems.

HUMAN CAPITAL
• 5,836 diverse and skilled workforce with expertise relevant to their business areas.
• Skilled doctors, nurses, and other healthcare professionals.

SUSTAINABILITY
• Focus on renewable energy sources • Resource management • Waste reduction and offsetting end consumer plastic waste • Product responsibility framework • Focus on empowering families

GOVERNANCE
• Ethical leadership • Transparent reporting

FOR CONSUMERS

• Home and Personal Care products for family wellbeing • Innovation on timely products • School stationery to support education and learning • Access to affordable healthcare services and medicines

FOR PRINCIPALS

• Access to markets
• Competent representation
• Shared growth

FOR COMMUNITIES

• Equal access to education • Inclusive therapy for children with disabilities • Social security net • Scholarship programme • Addressing key social needs • Empowering programmes for vulnerable communities

FOR SHAREHOLDER

• Return On Equity 15.3%
• Dividend Per Share Rs.2.35
• Net Asset Per Share Rs.72.79

FOR EMPLOYEES

• Remuneration and benefits
• Opportunities for growth • Equal opportunity employer and health conscious workplace
• Extended parental leave

FOR BUSINESS PARTNERS

• Market development • Shared growth
• Reliable supply • Timely payments • Business support
• Responsible business alignment
• Sustainability entrenchment

FOR GOVERNMENT

• Job creation • Direct and indirect taxes
• Supporting Government plans
• Partnership for social welfare

OUTPUTS & IMPACTS

HEALTH, HYGIENE & WELLBEING

• Comprehensive products portfolio supporting personal hygiene and healthy lifestyles • Largest and growing portfolio of prescription and over the counter medicines • Promoting community based expert healthcare with multi-specialty hospitals

GROUP EARNINGS CAPACITY

• Resilience in earnings
• Strong external rating

ECONOMIC EMPOWERMENT

• One of the largest distributor networks in the country supporting job creation • Growing secondary retail channel supports livelihoods of micro-entrepreneurs • Uplifting communities

SAVING FOREIGN EXCHANGE

• Manufacture of medicines and personal care products in the country

FACILITATING TRADE

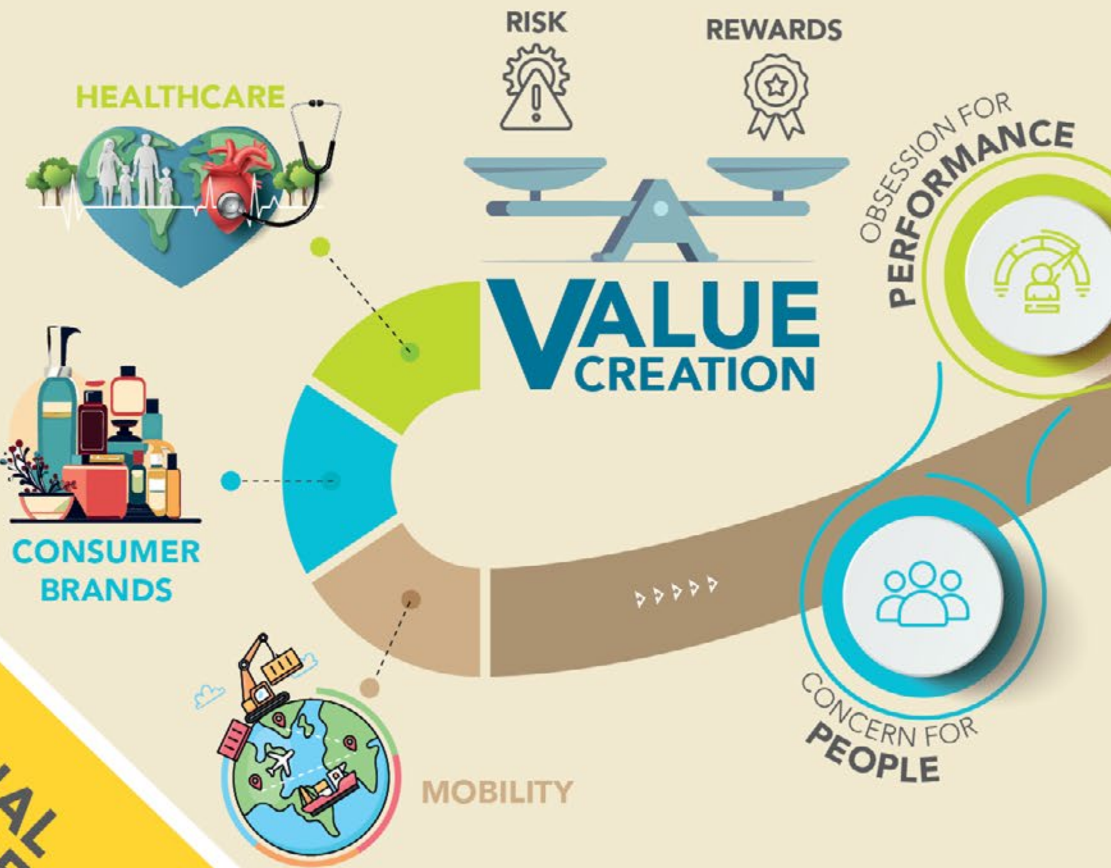
• Mobility sector plays a key role in facilitating imports and exports
• Internal transportation of goods facilitating access to quality products islandwide

IMPACT ON ENVIRONMENT

• Emission of 16,549 MT CO_2 equivalents
• Effluents treated and discharged 130,541 m3
• 500,000+ kg of end user plastic waste collected
• 1,038,731 kWh of electricity generated through renewable energy sources

OUR BUSINESS MODEL

INTERNAL



EXTERNAL STAKEHOLDERS

RISK MANAGEMENT

ESG FRAMEWORK

STAKEHOLDERS

GROWTH DRIVEN MINDSET

DATA DRIVEN DECISION MAKING

CONSUMER CENTRIC

OUTCOME DRIVEN

EMPOWERING

FAMILIES TO ASPIRE FOR A BETTER TOMORROW

DRIVEN BY INNOVATION

PASSION FOR CUSTOMERS

BUSINESS FUNCTIONS

CORE FUNCTIONS

- OPERATIONS
- LOGISTICS
- MARKETING AND SALES
- SERVICES

SUPPORT FUNCTIONS

- FIRM INFRASTRUCTURE
- HUMAN RESOURCES MANAGEMENT
- TECHNOLOGY
- PROCUREMENT

INVESTOR RELATIONS

Investor Relations (IR) entails strategic management responsibilities that integrate finance, communication, and marketing to facilitate effective communication between the Group and investors, as well as the financial community. The function maintains and enhances the relationship between the Group and its investors, shareholders, analysts, and other stakeholders by providing relevant and timely information about the financial performance, operations, and prospects. It emphasises offering a comprehensive and balanced perspective to enable informed decision-making.

UNDERLYING PRINCIPLES OF IR

- Fostering trust and confidence among investors and stakeholders by providing accurate, timely, and relevant information about the Group's financial performance, operations, strategies, and risks.
- Aims to ensure fair disclosure and compliance with regulatory requirements.
- Facilitates constructive engagement with shareholders and the broader financial community.

KEY MODES OF ENGAGEMENT

INVESTOR RATIOS

Earnings per Share
Rs. 10.24
(FY23: Rs. 7.16)

Price to Earnings
7.9 times
(FY23: 9.1 times)

Return on Capital Employed
22.1%
(FY23: 22.9%)

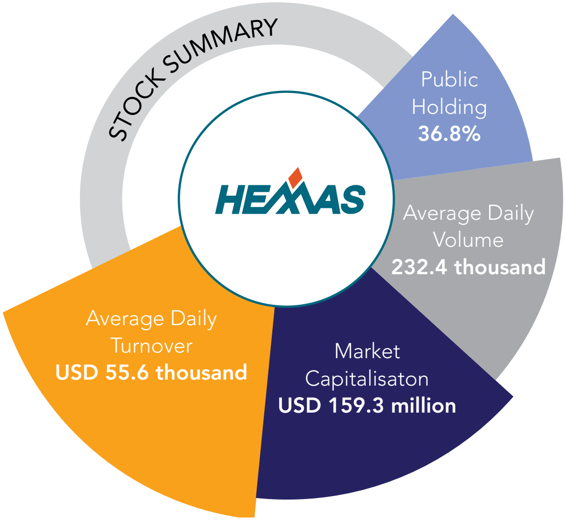
Return on Equity
15.3%
(FY23: 13.4%)

Dividend per share
Rs. 2.35
(FY23: Rs. 2.35)

Dividend Payout Ratio
23.0 times
(FY23: 32.8 times)

Total Shareholder Return
27.3%
(FY23: 45.8%)

The Earnings Per Share (EPS) has significantly improved in line with the growth in operating profit and earnings, under a relatively stable share base. However, despite a 20% growth in share price, the increase in EPS was not reflected in the market price of the share at the same pace, resulting in a lower Price to Earnings (P/E) for the Group. Efficiency ratios, including return on capital employed and return on equity, reflected significant improvements, indicating effective resource utilisation. Dividend per share was maintained in line with previous years.



3-YEAR TRAJECTORY

The share price of HHL has largely moved in line with the All-Share Price Index (ASPI), except in 2021, when the country faced heightened macroeconomic pressure, leading to significant foreign outflows due to the exit of many foreign funds from the Colombo Stock Exchange. Despite this, HHL has shown a gradual yet steady recovery, regaining its value in the recent past to close the year with a year-on-year increase of Rs. 15.4, reaching Rs. 80.4 per share.

CONTACT:

Email: ir@hemas.com

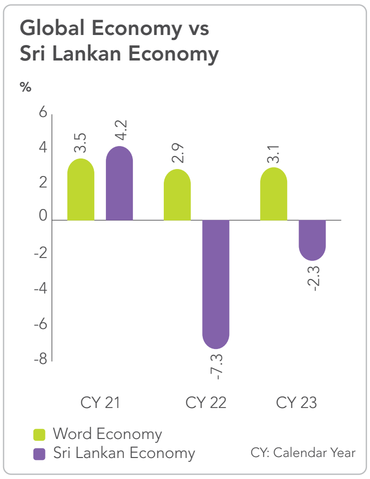
Website: www.hemas.com/investor.html

OPERATING ENVIRONMENT

GLOBAL ECONOMY

During the year 2023, despite multiple global challenges such as financial instability in many developing countries due to increased debt post-COVID pandemic, and geopolitical tensions arising from Russia's invasion of Ukraine and conflicts in Gaza and Israel, the global economy witnessed a sustained recovery, particularly in the second half. Many key economies adopted contractionary monetary policies to counter heightened inflationary pressures, resulting in subdued inflation during the year 2023. Improved overall supply chain efficiency worldwide, despite supply-side shocks due to unstable geopolitical dynamics contributed positively to the recovery momentum. Attacks in the Red Sea maritime routes resulted in logistics delays and increased costs towards the latter part of the year, adversely impacting the global trade.

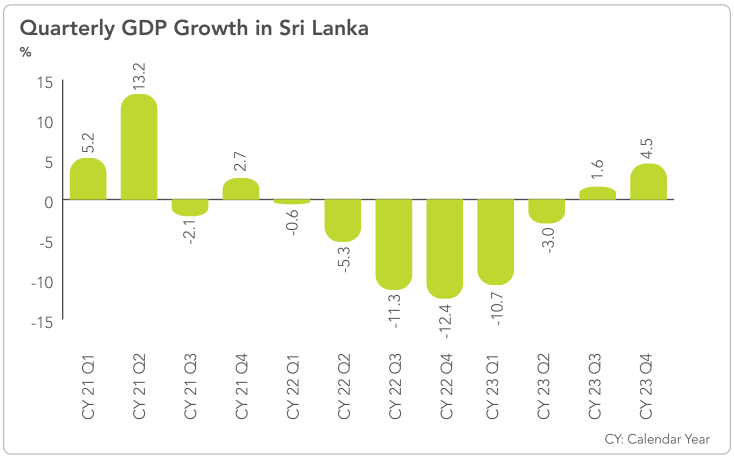
The global economy is expected to maintain a similar growth trajectory, with growth projected to increase modestly from 3.0% in 2023 to 3.1% in 2024, followed by a slight pick-up to 3.2% in 2025.



SRI LANKAN ECONOMY

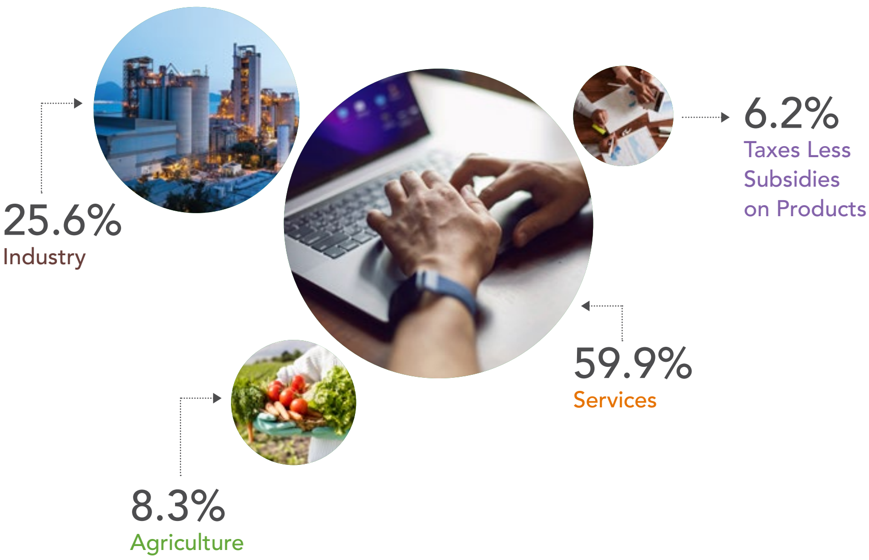
During the year, Sri Lanka entered a phase of economic recovery, achieving a certain degree of stability in the economic landscape. In alignment with IMF programme recommendations, efforts were made in both external and internal debt restructuring, with a focus on restructuring and restoring long-term debt sustainability. While there are key milestones to take notice, the heightened focus remains on increasing Government revenue, strengthening social safety nets, rebuilding external reserves, implementing policies for financial stability, and enhancing ethical and governance practices.

GROSS DOMESTIC PRODUCT



GDP witnessed a turnaround in the third quarter after six consecutive quarters of negative growth since 2022. Despite the gradual improvements, the growth for the full year is expected to remain around -3.4%, according to IMF projections. The contraction in GDP is primarily attributed to subdued economic activities in the Industry subsector, largely driven by a slowdown in construction and manufacturing activities. A marginal contraction was witnessed in the Services Sector, particularly in financial services and IT industries. However, the Agriculture Sector experienced commendable growth, mainly driven by the cultivation of rice and fruits with the successful harvesting season.

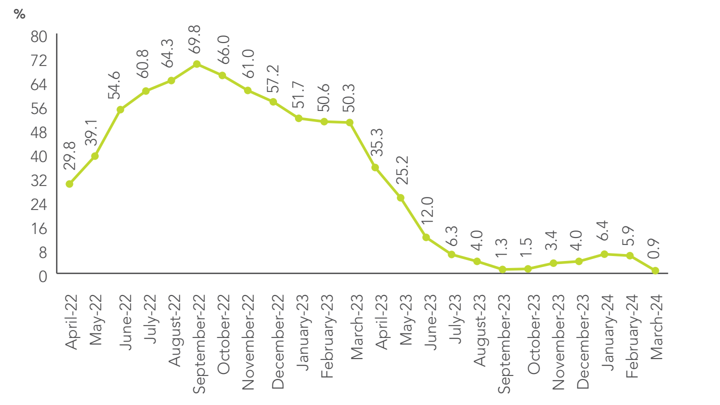
Sector-wise Contribution to GDP



INFLATION

The headline inflation, as measured by the year-on-year change in the Colombo Consumer Price Index declined sharply from its peak of 69.8% in September 2022 to 0.9% in March 2024. The decline was mainly attributed to a combination of factors, including contractionary monetary policy in the first part of the year, a strong base effect, and subdued aggregate demand in the overall economy due to multiple price revisions in electricity tariffs, along with the buildup of general price hikes and an increase in VAT from 15% to 18%.

Colombo Consumer Price Index

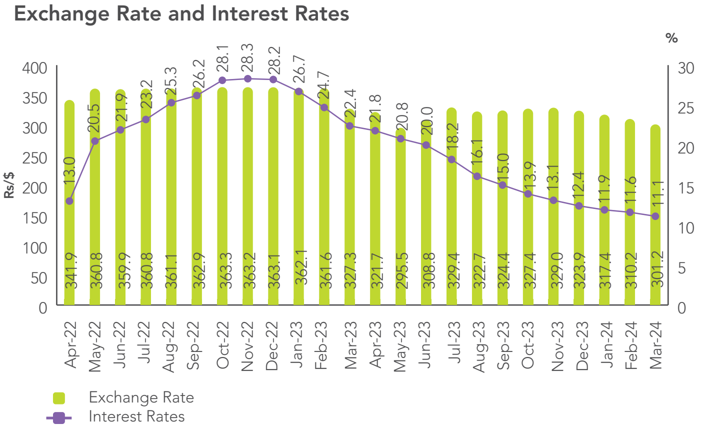


EXCHANGE RATE AND INTEREST RATES

The Sri Lankan Rupee, after depreciating drastically against the USD in 2022, regained a greater degree of stability, remaining below 330 throughout the year and recording an 8.0% appreciation against the USD by March 2024.

Following the gradual reduction in inflation in mid-2023, the Central Bank made downward adjustments to the policy rates, lowering the Standing Deposit Facility Rates and Standing Lending Facility rates from 15.5% and 16.5% a year ago to 8.5% and 9.5% at present. Consequently, the Average Weighted Prime Lending Rate (AWPLR) fell to 10.69% by the end of March 2024 in comparison to 21.4% in March 2023. Falling risk premiums, attributed to the finalisation of the Domestic Debt Optimisation (DDO), further contributed to the declining trend.

Exchange Rate and Interest Rates



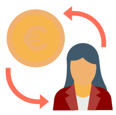
EXTERNAL TRADE

The external sector strengthened amidst lower imports, robust increase in inward remittances, and tourism income resulting in a current account surplus for the first time in recent history. Despite the surge in strong imports following the gradual relaxation of import restrictions towards the second half of 2023, the external sector maintained its resilience, with gross official reserves increasing to USD 4.4 billion in 2023 from the previous year's closing of USD 1.9 billion.

USD 2.1 billion ↑

Earnings from Tourism

(2022: USD 1.1 billion)



USD 6.0 billion ↑

Workers' Remittances

(2022: USD 3.8 billion)

USD 11.9 billion ↓

Exports

(2022: USD 13.1 billion)

USD 16.8 billion ↓

Imports

(2022: USD 18.3 billion)

OPERATING ENVIRONMENT

SOVEREIGN CREDIT RATING AND DEBT POSITION

Post completion of the Domestic Debt Optimisation (DDO), both Fitch Ratings and Standard and Poor Global Ratings upgraded Sri Lanka's long-term domestic currency sovereign credit rating. While Fitch upgraded the rating from RD to CCC-, S&P raised it from SD to CCC+.

IMF reached a Staff-Level Agreement on the Second Review of Sri Lanka's Extended Fund Facility (EFF) in March 2024, boosting investor confidence. However, the recovery of the Sri Lankan economy hinges on the continuity of the reforms implemented thus far, as well as the successful continuation of the programme and completion of the debt restructuring process, all of which remain paramount.

Progress of the IMF-EFF Programme

- **Sep 2022** – Staff-level agreement with the IMF on EFF programme
- **Mar 2023** – IMF Executive Board approval and receipt of the first tranche
- **Oct 2023** – Staff-Level Agreement with the IMF on the first review
- **Dec 2023** – IMF Executive Board approval and receipt of the second tranche
- **Mar 2024** – Staff-Level Agreement with the IMF on the second review

OPERATING ENVIRONMENT – IMPACT TO THE GROUP

Exchange Rate

Despite the increased focus on exports and international markets, the import-dependent nature of the Group imposed high vulnerability to fluctuations in exchange rates.

The teams liaised with multiple stakeholders to predict, avoid, and mitigate volatility, while absorbing a reasonable amount as part of operational risk.

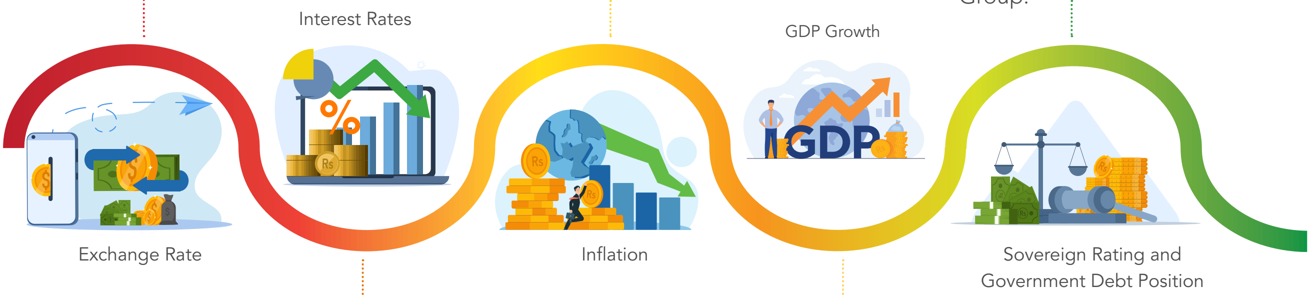
Inflation

The inflation impacted the Group performance in two primary ways: through an increase in operational costs and a decrease in demand due to reduced purchasing power.

While multiple cost optimisation and efficiency improvement initiatives were carried out during the year with a view of managing overheads, introduction of value for money alternatives and smaller pack sizes improved affordability.

Sovereign Rating and Government Debt Position

While the ripple effect of unsustainable debt levels affected the broader economy, the direct impact was minimal to the Group given the strong financial position and the AAA+ credit rating of the Group.



Interest Rates

The finance cost burden was significantly reduced due to lower interest rates and decrease in working capital requirements.

Working capital management initiatives were implemented across the Group to identify areas for improvement. Furthermore, a drastic reduction in interest rates also contributed significantly to the decrease in net finance.

GDP Growth

GDP growth has an overall impact on consumer income levels, affecting the demand for goods and services.

The essential nature of the Hemas portfolio will result in relatively resilient demand.

OUR RESPONSE TO EMERGING GLOBAL TRENDS

	Technological Advancements	Sustainability and Climate Action	Healthcare Innovation	Workforce Transformation
Description	Rapid advancements in technology, including artificial intelligence and automation, are reshaping industries, economies, and businesses worldwide. It is revolutionising how businesses operate, communicate, and deliver services by enhancing efficiency, innovation, and connectivity.	Increasing awareness of climate change and environmental degradation is driving global efforts towards sustainability, renewable energy adoption, and green initiatives to mitigate climate risks and preserve natural resources.	Technological advancements, genomics, personalised medicine, and telemedicine are transforming healthcare delivery, improving patient outcomes, and addressing global health challenges including the challenges highlighted by the COVID-19 pandemic.	Automation, remote work, and the rise of digital skills are transforming the nature of work, workforce dynamics, and employment models, leading to new opportunities and challenges in the labour market.
Group Response	Multiple transformation initiatives are carried out across the Group lead by a centralised Transformation function to drive the digital-led mindset in operations.	Comprehensive ESG framework to identify and address key action items and extensive brand-driven initiative pipeline to embed Sustainability and ESG into operations. Group-wide initiatives to focus on global issues related to climate change and ESG.	Patient centric end-to-end healthcare solutions provided by the Healthcare arm to improve convenience using technology.	Corporate culture that promotes inclusivity, equity and diversity in a flexible, empowering environment .

THE GROUP'S STRATEGY

THE LONG-RANGE PLAN

During the year, the Group devised a Long-Range Plan (LRP) setting out its aspirations across all business verticals and identifying strategic priorities/shifts up to FY 2027.

Approach to LRP

As the Group endured numerous headwinds over the last few years, shifts in consumer behaviour and the economic context encouraged the team to re-examine its business verticals.

Cross-functional Teams

- Collaborative efforts of respective Leadership of the Business Units and Group Strategy team to develop a
  - 3-year Strategy
  - Business plan
  - Action plan

Group-wide Alignment

- Review and incorporating feedback from:
  - The Board of Directors of Business Units
  - Group CEO
  - The Board of Directors of HHL

Actioning

- Appoint Champions for each initiative
- Assignment of KPIs
- Periodic review including setting up of a Project Management Office
- Allocation of resources
- Alignment of incentives

Outcome of LRP

A strong outcome of the LRP was building an entrepreneurial mindset across all levels of the Group as each business vertical critically assessed the strengths, weaknesses, opportunities and threats of their businesses and markets to develop business plans.

This exercise provided reassurance on the trajectory of the Group's portfolio, anchored in the Consumer Brands and Healthcare verticals, retaining dominant positions in their respective markets and the Group's ability to generate strong free cashflows. The Group has strong brand equity in defensive sectors with offerings across the entire consumer lifespan.

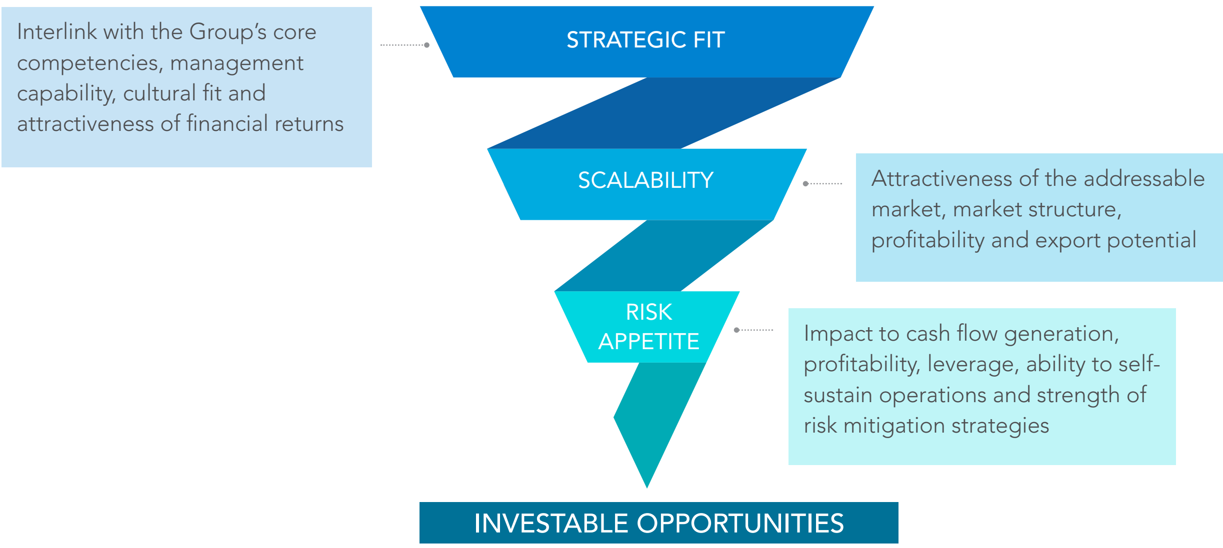
This enabled Hemas to retain a strong share of the consumer wallet; garnering approximately 15% CAGR in operating profits over the past 5 years. The Group has strong conviction of continuing in this trajectory in the foreseeable future.

Nevertheless, aspirations across the Group were much larger and in line with the Group purpose, 'Empowering families to aspire for a better tomorrow', Hemas pursued optimising operating models and extending domains in key focus markets. A sizeable portion of the Group's current and future cash reserves of USD 100 million to be invested over the next three years to capitalise on growth opportunities anchored by sustainable growth and innovation.

INVESTMENT THESIS

The primary avenues envisaged to pursue the Group's aspirations have been defined as follows:

Core Business Expansion	• Honing a sustainable competitive advantage in market leading businesses • Generating efficiencies through process and digital transformation
Adjacencies (short to medium outlook)	• Extending presence across value chains by leveraging on competencies • Broadening reach of the portfolios across South Asia, East Africa and Gulf Regions
Strategic Investments (medium to long term outlook)	• The Group continues to evaluate verticals with scalable and lucrative prospects both locally and internationally, in line with latest market dynamics. • Leverage on strategic partnerships and core competencies of the Group to enter: 1. Export-oriented ventures 2. High growth potential in Sri Lanka/Bangladesh 3. Markets where Hemas has capabilities to achieve a dominant share • Whilst some sectors have been reserved for acquisition of established players only, we will collaborate with reputable partners to venture into others.



A long-term hurdle rate of 17% (Weighted Average Cost of Capital) has been defined for capital deployment to sectors that are familiar to the Group, whilst new verticals are evaluated on a risk adjusted basis. The hurdle rate has been formulated considering the Group's current ROCE, targeted incremental value creation and preference to remain within comfortable levels of gearing. Whilst the Group embark on a significant investment drive, it will also remain conscious of the impact on the earnings, cash generation and leverage in the near to medium term.

The newly-formed Investment Committee, a sub-committee of the Board, provides the Board with increased visibility of large-scale new investments and assists the Board to assess risks associated with significant investments, particularly at the initial stages of discussions, by providing feedback and suggestions in relation to mitigating risks and structuring arrangements. Comprehensive and periodic review mechanisms have also been defined together with the establishment of compensation/incentive structures to ensure alignment of project owners.

THE GROUP'S STRATEGY

SEGMENTAL STRATEGIC REVIEW

Refreshing the portfolio	High growth spaces
» Consumer Brands seeks to extend its presence in the Personal Care and Beauty categories. » Hospitals will focus on expanding bed capacity in tertiary care.	» Pursuing scalable opportunities across current and new verticals in Sri Lanka, Bangladesh, rest of South Asia and East Africa. » Diversify the service offerings of the Mobility Segment to become an integrated player.
A successful turnaround	**Enhancing efficiencies**
» Morison will pivot from a generic to branded pharmaceuticals manufacturer in; - Cardiac - Diabetes - Other complementary spaces	» Driving efficiencies and consolidating market positions in Pharmaceutical Distribution. » Learning Segment will capture new consumers and uses to minimise seasonality. » Mobility Segment seeks to extend their position as being a preferred partner.

Consumer Brands Sri Lanka

Macroeconomic context

- In the short term, consumers are looking for enhanced value from their everyday purchases in the backdrop of pressures on disposable income
- Underpenetrated categories such as sanitary napkins offer long-term potential
- Younger consumers and women will demand more customised choices as purchasing power increases

Precursor to success in Personal care and Beauty categories:
A portfolio of market leading brands and distribution network reaching **82,000+** outlets island-wide

One out of every four home and personal care products in Sri Lanka is from Hemas

One out of every two babycare products in Sri Lanka is from Hemas

One of the leading players in sanitary napkins, striving to grow product penetration

Key strategic shifts emerging from the LRP

- Invest in Hair and Beauty care categories which are complementary to the portfolio
- Sharpen focus on emerging local needs to capture a wider group of consumers
- Invest in driving household penetration in everyday essentials such as sanitary napkins

Current Trajectory

Best New Entrant Brand - SLIM Brand Excellence Awards 2023

Bronze as 'Best New Entrant' - SLIM Brand Excellence Awards 2023 for a high-quality, low-cost sanitary napkin to make female hygiene products affordable and accessible

Consumer Brands Bangladesh

Macroeconomic context

- Bangladesh is expected to be the world's 9th largest consumer market in 2030, propelled by a growing youth population (28% of 171 million)
- Domestic consumer market accounts for approximately 70% of GDP and is rapidly expanding, with middle and affluent class expected to reach more than 34 million (15% of the population) by 2030

Made significant headway in establishing critical distribution infrastructure.

Kumarika

Strong sales force strength of over 400

Extensive reach of over 130,000+ stores

Key strategic shifts emerging from the LRP

- Pursuing a built for Bangladesh strategy, offering affordability and access
- Strengthen the offering of personal care portfolio by leveraging the extensive reach

Current Trajectory

- ✓ Actisef soaps reached 1% market share in approximately 2 years
- ✓ 2nd largest player (10% market share) in Value Added Hair Oil

Learning Segment

Macroeconomic context

- Stabilising economy with positive GDP growth, single-digit inflation and slow movement in poverty
- Mandating early childhood education for children completing the age of 4 years augurs well for growth of the Atlas portfolio
- Total student population expected to recover with a gradual decrease in drop-out rates

A house of purpose-driven brands reaching over **46,000+** outlets island-wide

Three out of every five stationery products sold in Sri Lanka

Atlas

Brand storytelling as means for differentiation

Innovation and superior product quality and design acknowledged in key markets

Atlas and Homerun ranked #1 & #2 in LMD Most Loved Brands

Key strategic shifts emerging from the LRP

- Enhance efficiencies through digital transformation and leaner manufacturing
- Expansion into other non-stationery categories that are ancillary to schooling, leveraging the Atlas brand that resonates within the learning ecosystem

Current Trajectory

- ✓ Retention of market leadership
- ✓ Launch of Atlas World - the nation's first and only Learning Membership programme of its kind

International Business

Extending the presence of the Group's Consumer Brands and Learning portfolios are a key priority. Hence, exploring avenues to expand the reach particularly in South Asian, Gulf and East African regions.

In this course, the strength of the products, integrity of its manufacturing processes and other capabilities have been well received by prospective partners and markets. Therefore, there is renewed focus on these markets, going beyond a trading business, by investing in a dedicated business unit to adapt market specific strategies for Consumer Brands and Learning segments.

THE GROUP'S STRATEGY

Pharmaceutical Manufacturing

Macroeconomic context

- Only approximately 15% of Sri Lanka's medicine requirement is manufactured locally, in contrast to regional peers Pakistan (70%), Bangladesh (95%), and India (100%)
- An estimated 25% of locally manufactured drugs are dispensed by the Government (the largest healthcare provider) while the rest are imported
- Locally manufactured medication command approximately 5% of the private pharmaceutical sector market

6+ decades of experience in pharmaceutical manufacturing and renowned over-the-counter brands

Rs. 4 billion investment in state-of-the-art facility in Homagama (EU-GMP accreditation)

Morison's unique brand proposition gained reasonable traction in the market within less than two years

Developing a strong talent pipeline and technical capabilities in-house

Key strategic shifts emerging from the LRP

- Pivot from a generic manufacturer to exponentially growing the Morison brand in a portfolio of cardiac, diabetes, and complimentary medication
- Build on manufacturing excellence at the facility in Homagama

Current Trajectory

- ✓ EmpaMor ranked 1 volume-wise and 2 value-wise across all Empagliflozin brands in Sri Lanka within 18 months
- ✓ Futuristic pipeline of products in registration and development stages

Pharmaceutical and Medical Devices Distribution

Macroeconomic context

- Currently over 80% of deaths are caused by NCDs in Sri Lanka, vs 71% in 2001, with almost one in five being early deaths
- Pharmaceuticals industry posted consecutive volume degrowth in the last 2 years
- Robust medical devices sector with a total addressable market of Rs. 100 billion

The largest pharmaceutical sales network reaching **2,300+** outlets for over 6 decades

One out of every three drugs sold in private pharmacies. are imported and distributed by Hemas

Undisputed leader across top 10 therapeutic classes

(approximately 54% of industry)

Partnered with 8 out of top 10 principals in Sri Lanka

Key strategic shifts emerging from the LRP

- Working capital optimisation and digital transformation, to enhance efficiencies and cash accretiveness
- Commercialisation of new Principals in underleveraged spaces/new age therapeutic classes

Current Trajectory

- ✓ Pharmaceutical distribution consistently outpaced industry growth in the last 4 years

Hospitals

Macroeconomic context

- Private care growth is expected to be driven by capacity constraints in public healthcare expenditure (less than 2% of GDP), rising affluence levels, and growing insurance penetration.
- Ageing population (over 60) nearing 5 million population by 2032 – more than double the number in 2007
- Medical brain drain and rising costs call for tech enabled service provision

02 multi-speciality hospitals catering to highly populated suburbs and periphery districts

Approximately 200 beds excelling in Orthopaedics, Urology, Nephrology and Gastroenterology

Extensive laboratory network with 44 own labs and 500+ third-party collection centres

Robust clinical governance structure backed by quality certifications

(ACHSI Accreditation for the fourth term)

Key strategic shifts emerging from the LRP

- Transforming into a fully-fledged tertiary healthcare provider by expanding select specialities and bed capacity
- Seamless connected care model by leveraging digital technology

Current Trajectory

- ✓ #1 LMD's Most Loved Hospital Brand - LMD Brand Finance Research
- ✓ Overall ward-bed occupancy of 65%
- ✓ OP channelling of 490,000+

Mobility

Macroeconomic context

- Port of Colombo is on track to double container handling capacity by 2025/26
- Growth in exports and trade, in the Indian Ocean region, drives need for integrated logistics players
- Infrastructure development drive to recommence in Sri Lanka, presenting multiple opportunities for project logistics

A multifaceted portfolio representing reputed principals in their respective fields

Maritime sector

A number of leading principals

EVERGREEN LINE

FAR

MAZU

Aviation sector

Emirates

LMD Most Loved Aviation Brand of 2024 - LMD Brand Finance Research

Recognised for efficient service delivery in the region

Key strategic shifts emerging from the LRP

- Continue to strengthen a lean business model
- Obtaining the required capacity/capabilities whilst leveraging on the Group's appeal as a "partner of choice"
- Build a holistic proposition, to current and prospective principals

Current Trajectory

- ✓ As an asset light business, the strong profitability of this sector contributes substantial cash conversion to the Group

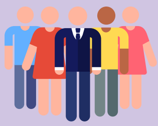
THE GROUP'S STRATEGY

ENABLERS

Being cognisant of the aspirational nature of the LRP, the Group focused on ensuring that the right enablers are put in place and there is Group-wide alignment. Whilst the businesses have performed well on a standalone basis, synergies arising from the Group have not materialised to their full potential. It is expected to leverage strongly on this Parenting advantage in achieving the LRP and to this end, the Group has already embarked on bringing together pools of talent and capabilities to undertake new initiatives.

The core functions at a Group level will be equipped with the required resources and capabilities to realise the objectives set out in the LRP.

In line with the Group's purpose 'Empowering families to aspire for a better tomorrow', the primary businesses will continue to be anchored around the Consumer Brands and Healthcare portfolios. As the Group embarks on new initiatives to ensure that a well-diversified portfolio of businesses is maintained in terms of growth cycles, cash generation and investment requirement to be value accretive to the Group.

Digitalisation and Transformation 	• Embracing data for Group-wide decision making • Use of technological capabilities to drive efficiencies • Cost savings by maintaining lean-agile operating models
People and Culture 	• Designing an agile Group operating model with empowered teams • Become an employer of choice by improving culture and actively developing talent • Sharpening performance expectations and aligning rewards with delivery of the LRP
Strategic Partnerships and M&A 	• Actively pursuing partnerships and M&A to maximise Total Shareholder Return (TSR) • Spearheading new initiatives with performance oriented robust teams • Successful post merger integration
Governance and Processes 	• Lean processes for faster decision making • Calculated risk taking • Alignment of risks and rewards • Central and standardised services

Significant investments made in the recent past, particularly in Morison, will generate significant returns for the Group, in the coming years. On the other hand, the Pharmaceuticals Distribution and Learning Segment are undisputed market leaders facing constrained market growth in the near term hence, the Group will undertake numerous initiatives to enhance efficiencies. The positioning of the Consumer Brands portfolio will be continuously enhanced whilst the Hospitals will invest into improving their service offerings. Nevertheless, the core businesses serve as a strong platform for us to maintain a balanced portfolio as we embark on a USD 100 million investment drive, particularly towards high growth spaces, in the coming years.

The Group is confident that executing the strategy and investment pipeline with rigour will significantly elevate the perception of Hemas among the investment community and augment total shareholder returns in the medium term.

SUSTAINABILITY INTEGRATION

Hemas prioritises ESG, recognising its impact on the financial performance of the Group, its brand reputation, and long-term success. The Group believes strong corporate governance, product and service excellence, environmental stewardship, and social responsibility are the cornerstones of a sustainable business.

As a result of this commitment, the Group integrates responsible business practices throughout its operations and identifies and tracks key environmental, social, and governance (ESG) performance indicators. This section of the Annual Report details the ESG strategy of the Group, its governance structure, key initiatives, and performance metrics.

Hemas ESG Strategy

Environmental

Recognise and work towards minimisation and mitigation of Group environmental footprint by focusing on responsible consumption and disposal of plastic with focus on extended producer responsibility, safeguarding our eco system, and protecting our natural resources.

Social

Empowering families to aspire for a better tomorrow while creating an inclusive world and championing equality and diversity in our workforce and society.

Governance

Ensure compliance to the highest corporate governance and regulatory standards while making fair return to shareholder and providing customers products and services they require in a responsible manner.

ESG AT HEMAS

At Hemas, ESG principles are not just a compliance exercise, but a way of life. The Group fosters a work culture that embraces ESG as a natural choice for every business decision and daily operations. The Group inculcates ESG into its day-to-day operations through learning, sharing, collaborating, and reinforcing.

The Group's overarching Sustainability Policy and management framework has been developed after taking into consideration the results of an internal materiality assessment and external independent stakeholder engagement exercise undertaken by the Group.

The Group's Sustainability Policy is based on the overall impact of the organisation's operations on the three components of sustainability: Environment, Society, and Economic, with the Corporate Governance framework and Risk Management function as the foundation of these three components.

The Group Sustainability Policy, consisting of policies on environment, society, and economy, embeds the Precautionary Principle wherein the Group commits to take preventative action in the face of uncertainty to prevent potential risk and associated impact to its stakeholders and environment. Being a predominantly manufacturing organisation, the Group focuses significantly on the human rights of its workforce and as a result, the Group Human Resources policies, processes, and practices are fully in adherence to Sri Lanka labour regulations which are aligned to the International Labour Organisation (ILO), guaranteeing the respect of human rights of its workforce, whilst ensuring the respect of human rights in its value chains as practicably as possible.

Third party contract manufacturing operations undertaking dedicated production for the Group are audited by the respective businesses on the adherence to Sri Lanka labour regulations, environmental compliance and health and safety practices in their factories. The Group's Supplier Code of Conduct and its policy on supplier assessments on their environmental and social compliances also form part of the Group's efforts to encourage third parties with business relationships to align to the Group's sustainability and other related policies.

All Group policies including the Sustainability Policy, Environmental Policies, Economic Policies, Labour Policies, Product related policies and Health and Safety Policies are approved and ratified by Group CEO and the Board of Management. Commitment to these policies, the manner of implementation and handling any grievances are implemented as part of the business specific management process and is contained in the Disclosures of Management Approach which is hosted on the Group website www.hemas.com. However, certain policy commitments relating to Group Human Resources policies are confidential in nature and are not considered a public disclosure by the Group. These policies are available to employees through the Group Intranet or by contacting their respective HR divisions.

All employees of significant sectors at the time of induction sign the "Hemas Way" document, the Group's code of conduct which provides guidance on Hemas' ethical standards and culture. The Group's Environmental and Social

SUSTAINABILITY INTEGRATION

initiatives including initiatives of the Hemas Outreach Foundation are aligned to the United Nations Sustainable Development Goals and has been ratified by the Board of Management of the Group.

The Group relies on its ESG management framework to identify and remediate any negative impacts its operations has on the environment, society, and employees. The Group has in place an Environmental Agenda which focuses on initiatives that promote the responsible plastic consumption, safeguarding our eco system and protecting our natural resources. A grievance handling mechanism is in place for employees which includes suggestion boxes, joint consultative committees, and employee surveys. In addition, each business has a dedicated senior team member/s focusing on formal and informal stakeholder engagement to understand and if needed rectify any grievances of the communities in and around its operation areas. Each grievance is reported to the relevant Division within the Group for necessary action, and senior leadership teams are informed of the same. Thereafter, relevant team members engage with the grievance party to ensure that their concerns have been addressed in a satisfactory manner and where practically possible confirmation is sought from the stakeholder.

In accordance with the reporting best practices entrenched within the Group, each year external assurance is obtained on financial and non-financial disclosures included in the Group Annual Report through a reputed accounting body. The sustainability assurance statement for the Group Annual Report 2023/24, which stipulates how the assurance was undertaken, the assurance standard used and the level of assurance obtained by the Group is available on page 259 of the Annual Report.

The Group Management Approaches are supported by Key Sustainability Performance Indicators (KSPIs) to support the implementation of its sustainability policies. This enables the Group to identify, measure, track and report on the Group's identified material topics, leading to the mitigation of ESG risks . The performance of each of the Group's material topics and its contribution to the value creation to each of the six capitals of; Financial Capital, Manufacturing Capital, Intellectual Capital, Natural Capital, Human Capital and Social/ Relationship Capital, is contained in the Integrated Group Review sections of this report. The Management Approach Disclosures are summarised within the relevant capital reports, and the full text of the management approach is hosted online on the Group website, www.hemas.com.

The Group has also developed Standard Operating Procedures (SOP) for each material sustainability topic to ensure consistency, accuracy and completeness of data and carries out regular training to familiarise the ESG Champions and users of the Policies, Management Approaches and SOPs.

ESG MANAGEMENT FRAMEWORK

The Group, recognising the importance of integrating sustainability practices into the core of its business operations, has in place a comprehensive ESG Management Framework which provides a systematic approach to achieving long-term sustainability goals and fostering a culture of responsible business conduct.

The Group ESG framework is anchored by a well-defined organisational structure:

Senior Management

The Group senior leadership team, including the Board of Directors and Board of Management champions ESG, setting the strategic direction and ensuring its effective integration across all business units.

ESG Champions

Dedicated champions from each subsidiary spearhead ESG initiatives within their respective business units, fostering a collaborative approach.

Data-Driven Decision Making

A robust spreadsheet platform, developed in collaboration with an external consultant, facilitates data collection and analysis, enabling informed decision-making.

Transparent Communication

The Group maintain a quarterly reporting process to track and communicate Group-wide sustainability performance.

Building Awareness

The Group actively promote ESG awareness through ongoing training and communication programmes.

Independent Assurance

The Group leverages internal and external sustainability assurance processes to maintain transparency and accountability.

The Group has also established clear benchmarks and targets for its key ESG indicators. This ensures the Group prioritises impactful initiatives that align with the principles of a triple-bottom-line approach, considering environmental, social, and economic factors.

The Group ESG Management Framework is further strengthened by its integration with established management systems:

- **Quality, Environmental, Health and Safety Management:** Many Group entities with significant operations are certified under ISO 14001 (Environmental Management System), ISO 45001 (Occupational Health & Safety Management System), and ISO 9001 (Quality Management System), while the remaining entities have adopted the Group policies on quality, environment and safety.
- **Risk Management:** ESG considerations are embedded within the Group comprehensive risk management processes.
- **Internal Audit:** Regular internal audits ensure adherence to ESG policies and best practices.
- **Compliance:** Strong compliance culture of the Group ensures alignment with relevant ESG regulations.
- **Social Responsibility:** The Group's focus on empowering families to aspire for a better tomorrow results in dedicated social responsibility initiatives and interventions in place, which contribute to the positive development of the communities it operates in.

The Group ESG Management Framework is periodically reviewed and updated, ensuring it remains aligned with evolving operational needs and industry best practices, allowing the Group to continuously elevate its ESG performance.

ESG GOVERNANCE

The Board of Directors of the Group is responsible for and drives the integration of sustainability within the Group. The Board of Directors delegates various aspects of the Group’s Sustainability Management Framework to the Board of Management which is led by the Group CEO.

The Board of Management, which includes the Managing Director of each of the Group businesses, reviews and approves the Group’s Sustainability Policy and other related policies including the Group's Environmental policies, Human Resources policies, its policies on product quality and health and safety etc, which are developed, owned, reviewed, and updated by the respective divisions within the Group and its businesses.

SUSTAINABILITY INTEGRATION

The Board of Directors has also delegated the Group CEO and the Managing Directors (MD) of each of the business units to:

- Work with the Group Corporate Affairs Division (GCA) to carry out internal materiality assessment to identify the material ESG topics covering areas of economic impact, social impact, and environmental impacts, including impacts from climate change and emissions.
- The implementation of the overarching Group Policies in their respective sectors to manage the identified material topics.
- The responsibility for implementation of Management Approach and SOPs within their businesses.
- Improving the performance of the Sustainability KPIs which are aligned to the Group's material sustainability topics.
- Undertaking internal and external assurances of the sustainability processes
- Review of external stakeholder engagement studies.

The ESG Champions of each business, who have been appointed by the respective MD's are delegated the authority to provide ESG performance data for the Group's Key ESG Performance Indicators on a quarterly basis, which includes aspects such as emissions and mitigating the impacts of climate change, communicate ESG level risks, champion ESG initiatives, and assist in the implementation of the Management Approaches and SOPs.

As a part of its Enterprise Risk Management process the Group assesses and identifies mitigation action for its enterprise levels risks, which includes the management of Physical Risks and Transitional Risks related to climate change.

To address the physical risks arising from climate change, such as natural disasters that could disrupt the operations of the Group, each business has in place Business Continuity plans, evacuation preparedness, and relevant insurance coverage to safeguard the safety of workers and protect property, plant, and equipment. The Group has also assessed the risks associated with transitioning to a low carbon operation from both financial and non-financial perspectives. To mitigate these transitional risks, the Group has commissioned the installation of rooftop solar panels across its businesses with significant operations, including its Head Office. The Group addresses its supply chain risks by diversifying the supply chain and mapping its critical suppliers. Further information of this can be found in the Risk Management section of this Report.

The Board of Directors, CEO and Board of Management review the Group's performance of its KSPIs on a quarterly basis, and appraises itself with regard to the changes in such KSPIs, the reason for such changes, any frontier ESG risks including that of climate related impacts that needs attention and providing direction to the Group CEO and Board of Management, who in turn provides direction to the ESG Champions and operational staff of the businesses to take remedial action or to further improve performance of such KSPIs, which includes emissions and impacts on climate change, waste, water consumption, occupational health and safety and other environmental and social responsibility and compliance indicators. Further information of the performance of the KSPI's can be found in the relevant capital sections in this report.

The Board of Directors are also responsible for capital budgeting, allocation of resources for sustainability, mitigating physical and transitional risks arising from climate change, providing approvals and budgets for capacity building and training, purpose initiatives and programmes carried out by the Hemas Outreach Foundation, and the overall responsibility in providing an annual third party assured communication of progress to its stakeholders which is aligned to identified global reporting frameworks.

The Group Corporate Affairs team, together with its external consultants, undertake periodic assessments of the Group's material sustainability topics, updates the sustainability standard operating procedures in line with changes in operating environment, and undertakes quarterly data capture and analysis of sustainability performance based on established KSPIs via an automated performance monitoring system for reporting of such information to the Board of Directors, Group CEO and Board of Management.

In addition, the GSCC team, together with the ESG Champions of each business, tracks the performance and progress of the Group's sustainability KSPIs, and the contribution towards achieving Group level goals and facilitates internal audits of the Group's key operational facilities on a random basis. These processes form the basis of communicating frontier risks and emerging areas of concern to the various decision-making bodies. The sustainability performance analysis and outstanding critical area in relation the Group's material topics are communicated to the Board of Management and Group CEO on a quarterly basis.

The Group Corporate Affairs team provides updates to the Board of Directors of its function, its challenges and deliverables, and any improvements to the organisation's sustainability integration process is discussed and implemented.

In addition, the Group Corporate Affairs team is also responsible for formulating Group level environmental initiatives, while sector specific initiatives are undertaken by the ESG and brand champions of the particular sector. The ESG Champions meet regularly to share best practices and knowledge, facilitating a common understanding of sustainability across the Group. In addition, the Environment Committee comprising of Chief Engineers of the businesses meets with the Group Corporate Affairs team bi-monthly to discuss progress on agreed initiatives and share knowledge.

ENGAGING WITH STAKEHOLDERS

Businesses need the goodwill of stakeholders throughout its supply chain to drive sustainable growth.

The Group considers its key stakeholders to be stakeholders that have a significant influence over the Group, or who would be significantly impacted by Group operations.

The Hemas Group takes a structured approach to stakeholder engagement to identify their motivations, concerns of the operations of the Group, create awareness on Group policy and best practices on responsible business conduct, and views on the implementation of such policies.

During the year, the Group continued its engagement with external experts to address the environmental impact of the Group operations and bio-diversity concerns within the country. The Group continued its partnership with Wildlife and Nature Protection Society and started taking actions to protect eight critically endangered endemic species in Sri Lanka. The Group is committed to protect 52 critically endangered endemic species in Sri Lanka. In addition, the Group partnered with Clean Ocean Force and Eco Spindle to tackle marine pollution in Sri Lanka. More information on these partnership can be found in the Natural Capital section of this report.

The stakeholders are also able to use the Group hotline or e-mail that is available on its products, relevant stakeholder communications and websites to highlight any concerns regarding the operations and business conduct of the Group. When a concern is raised the relevant division or party is informed of such concern and an investigation is carried out in line with the SOP in place.

The segments provide a description of our key stakeholders and their concerns identified through this process.

Employees

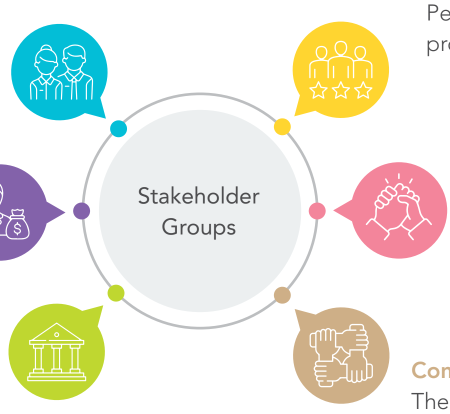
Employees drive the performance and growth of the Group. Their motivation is key to unlocking the Group potential

Investors

Institutional and individual shareholders, analysts, fund managers and related agencies

Government

The Government is a key stakeholder as a regulator, collector of taxes and the ultimate policymaker in providing a conducive operating framework for investment and conduct of business



Consumers

People and entities that use the products and services of the Group

Business Partners

Business partners range from principals who are typically multinationals to suppliers, distributors, retailers and agents located in Sri Lanka and overseas

Community

The Group engages with the Sri Lankan community including communities in the vicinity of operation locations through its Hemas Outreach Foundation and purpose initiatives.

SUSTAINABILITY INTEGRATION

Consumers

Key Concerns

- Quality of products, and efficient and effective services
- Affordability and accessibility
- Environmental and social responsibility

Group Response

- Growing portfolio of affordable products and services to enrich the lives of the communities
- Efficient distribution networks to reach consumers

Employees

Key Concerns

- Fair remuneration
- Opportunities for growth
- Concern for employees
- Safety and dignity/respect
- Engagement, feedback and grievance mechanisms

Group Response

- Strategic management of HR processes with Board oversight
- Healthy workforce initiatives

Business Partners

Key Concerns

- Shared growth
- Technical assistance and knowledge transfer
- Domain knowledge, skills and expertise
- Long-term partnerships

Group Response

- Timely payments
- Fair play and transparent processes
- Initiatives to share knowledge and build capacity

Across all Stakeholders

Meetings
Press releases
Websites
Social media
Correspondence
Industry exhibitions
Roadshows

Specialised Mechanisms

Consumers
- Satisfaction Survey (ongoing)
- Annual Engagement Survey
- Hotlines

Employees
- Annual Engagement Survey
- Performance Reviews
- Joint Consultative Committees

Specialised Mechanisms

Business Partners
- Annual Supplier Registration

Investors
- Annual and Quarterly Reports
- Notices to CSE (needs basis)

Government
- Regulatory Reports (as specified)

Investors

Key Concerns

- Sustainable growth and returns
- Good governance and transparency
- Risk management
- Timely communications

Group Response

- Regular dividends
- Continuous enhancement of earning capacity
- Maintaining strong governance and risk management processes
- Continuous transparent communication

Government

Key Concerns

- Compliance with regulatory requirements
- Partner socioeconomic development in country

Group Response

- Established processes to ensure compliance with regulatory requirements
- Investments in growth sectors of the economy
- Timely payment of regulatory dues

Community

Key Concerns

- Environmental and social responsibility
- Opportunities for shared growth
- Support for community needs

Group Response

- Established two trusts for engaging in projects at national level
- Engagement with local communities by businesses
- Maximise inputs from SMEs where possible

IDENTIFICATION OF SUSTAINABILITY TOPICS

The Group aligns all identified key sustainability concerns of significant stakeholders to the relevant sustainability topics of the GRI framework.

During financial year 2021/22, the Group in an effort to further entrench ESG practices across its operations, revisited its sustainability topics. The Group prioritised its material topics through a process that sought to prioritise its impacts from operations using the GRI Standards Topics as a baseline of potential impact areas, and then utilising those material impacts to identify the ESG risks and sustainability-related risks and opportunities (SRROs) that arise from such impacts, with consideration also provided to dependencies of resources. This ESG risks assessment exercise to understand the organisation's SRROs were undertaken based on the principles of the COSO Risk Management Framework utilising severity of impact and likelihood of occurrence leading to identifying the financially material topics. This framework was used in tandem with the six-part materiality assessment of the AA1000 Standard of Accountability UK to prioritise the material topics from an impact perspective, thereby ensuring that the Group's materiality assessment encompassed an approach of double materiality. The materiality assessment process was undertaken based on the actual and potential negative and positive impacts considering the severity of impacts and the likelihood of occurrence. The identified topics were reviewed by the Managing Directors of each business and Group CEO, and once approved was consolidated at Group level.

In defining report content, the Group prioritises material topics according to their impacts and importance to significant internal and external stakeholder groups.

MAPPING OF MATERIAL TOPICS

Materiality Assessment Hemas Group

SUSTAINABILITY INTEGRATION

Prioritised material topics are categorised according to the Group's management approaches accordingly. More information of the Group's Disclosure of Management Approach can be found on the Group website www.hemas.com/sustainability

Material Topic	GRI Standard	Disclosure of Management Approach	Management of Capital
Economic Performance	**GRI 201: Economic Performance** **GRI 201-1:** Direct Economic Value Generated **GRI 201-3:** Defined Benefit Plan Obligation and Other Retirement Plans and Distributed	Economic Performance	Financial and Manufactured Capital
Anti- Corruption	**GRI 205: Anti – Corruption** **GRI 205-1:** Operations Assessed for Risk Related to Corruption		
Energy	**GRI 302: Energy** **GRI 302-1:** Energy Consumption within the Organisation	Environment	Natural Capital
Water	**GRI 303: Water** **GRI 303-3:** Water Withdrawals **GRI 303-4:** Water Discharge		
Emissions	**GRI 305: Emissions** **GRI 305-1:** Direct (Scope 1) GHG Emissions **GRI 305-2:** Energy Indirect (Scope 2) GHG Emissions		
Waste	**GRI 306: Waste** **306-1:** Waste Generation and significant waste related impacts **GRI 306-2:** Management of significant waste related impacts. **GRI 306-3:** Waste generated		

Material Topic	GRI Standard	Disclosure of Management Approach	Management of Capital
Employment	**GRI 401: Employment** **GRI 401-1:** New Employee Hire and Employee Turnover	Labour Practices and Decent Work	Intellectual and Human Capital
Occupational Health & Safety	**GRI 403: Occupational Health & Safety** **GRI 403-1:** Occupational health and safety management system **GRI 403-2:** Hazard identification, risk assessment, and incident investigation **GRI 403-3:** Occupational health services **GRI 403-4:** Worker participation, consultation, and communication on occupational health and safety **GRI 403-5:** Worker training on occupational health and safety **GRI 403-6:** Promotion of worker health **GRI 403-7:** Prevention and mitigation of occupational health and safety impacts directly linked by business relationships **GRI 403-9 :** Work related injuries		
Training	**GRI 404: Training** **GRI 404-1:** Average hours of training per year per employee **GRI 404-3:** Percentage of employees receiving regular performance and career development reviews		
Freedom of Association and Collective Bargaining	**GRI 407: Freedom of Association and Collective Bargaining** **GRI 407-1:** Operations and suppliers in which the right to freedom of association and collective bargaining might be at risk		
Prevention of Child Labour	**GRI 408: Prevention of Child Labour** **GRI 408-1:** Operations and suppliers at significant risk for incidence of Child Labour		
Prevention of Forced and Compulsory Labour	**GRI 409: Prevention of Forced and Compulsory Labour** **GRI 409-1:** Operations and Suppliers at Significant Risks for Incidents of Forced or Compulsory Labour		
Local Communities	**GRI 413: Local Communities** **GRI 413-1:** Operations with Local Community Engagement, Impact Assessments, and Development Programs	Society	Social and Relationship Capital
Customer Health and Safety	**GRI 416: Customer Health and Safety** **GRI 416-2:** Incidents of non compliance concerning the health and safety impacts of products and services	Product and Service Responsibility	
Marketing and Labelling	**GRI 417: Marketing and Labelling** **GRI 417-2:** Incidents of non compliance concerning product and service information and labelling		
Customer Privacy	**GRI 418: Customer Privacy** 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		

FINANCIAL CAPITAL

FINANCIAL CAPITAL IS CRUCIAL FOR THE GROUP AND ENSURES AVAILABILITY OF FUNDS FOR OPERATIONS, INVESTMENT AND GROWTH INITIATIVES.

It allows the Group to fund its routine operations, invest in new projects, expand operations and meet financial obligations to an array of stakeholders successfully and in a timely manner. Effective management of Financial Capital is essential for maximising shareholder value and ensuring long-term viability of any business.

This section provides an overview of how funds were sourced and utilised, highlighting any significant changes observed during the year. It discusses the impact of these changes, including the financial impact resulting from sustainability related risks and opportunities, on the Group's financial performance, position and strategic objectives.

Key Priorities and Actions for **FY 24:**

CAPITAL ALLOCATION EFFICIENCY
Ensuring optimal allocation of funds across various projects, investments, and initiatives to maximise returns and minimise risks.

FINANCIAL STABILITY
Maintaining adequate liquidity, and managing financial risks, effectively ensuring the overall stability of the organisation's financial position.

COST OPTIMISATION
Executing of cost reduction initiatives, streamline processes, and enhance operational efficiency leading to improved long-term profitability and competitiveness.

COMPLIANCE AND GOVERNANCE
Ensuring compliance with relevant regulations and standards and safeguarding the Group's reputation and integrity.

STAKEHOLDER COMMUNICATION AND RELATIONSHIP MANAGEMENT
Building strong relationships with stakeholders, including investors, financial institutions, regulators, and internal stakeholders, and providing transparent and timely communication about financial performance and strategy.

Robust growth in profitability
Rs. 11.9 billion 8.7% ↑
(FY23: 11.0 billion)

Notable decline in finance costs
Rs. 3.3 billion -20.8% ↓
(FY23: 4.1 billion)

Highest ever earnings in the history
Rs. 6.1 billion 43.1% ↑
(FY23: 4.3 billion)

GROUP'S FINANCIAL PERFORMANCE
Quarterly Financial Snapshot

LKR '000	Q1		Q2		Q3		Q4	
	FY 24	Vs. FY 23	FY 24	Vs. FY 23	FY 24	Vs. FY 23	FY 24	Vs. FY 23
Consumer Brands	11,054,554		11,521,005		15,433,081		12,741,276	
Healthcare	17,638,619		17,912,100		15,325,953		18,236,841	
Mobility	417,544		376,231		460,435		458,020	
Other	10,718		20,051		3,238		4,107	
Revenue	29,121,435	17.2% ↑	29,829,387	10.0% ↑	31,222,706	4.9% ↑	31,440,244	-2.4% ↓
Gross Profit	7,855,379	23.9% ↑	8,654,858	14.0% ↑	9,851,289	23.5% ↑	9,635,703	-2.5% ↓
Gross Profit Margin	27.0%		29.0%		31.6%		30.6%	
EBIT	2,153,159	6.0% ↑	2,766,724	2.7% ↑	3,868,472	19.6% ↑	3,132,623	4.3% ↑
EBIT Margin	7.4%		9.3%		12.4%		10.0%	
Net Interest Cost	(741,340)	567.8% ↑	(763,088)	-4.2% ↓	(515,575)	-57.1% ↓	(432,987)	-60.3% ↓
Income Tax Expense	(285,834)	-59.2% ↓	(726,347)	30.5% ↑	(1,055,468)	23.6% ↑	(1,045,686)	78.8% ↑
Earnings	1,093,645	1.2% ↑	1,219,721	6.0% ↑	2,220,061	126.6% ↑	1,575,093	48.8% ↑
Earnings Margin	3.8%		4.1%		7.1%		5.0%	

Summary of the Statement of Profit or Loss

Revenue
Rs. 121.6 billion 6.7% ↑
(FY23: 113.9 billion)

Gross Profit
Rs. 36.0 billion 13.2% ↑
(FY23: 31.8 billion)

EBITDA
Rs. 13.6 billion 8.3% ↑
(FY23: 12.6 billion)

EBIT
Rs. 11.9 billion 8.7% ↑
(FY23: 11.0 billion)

Net Finance Cost
Rs. 2.5 billion -23.3% ↓
(FY23: 3.2 billion)

Earnings
Rs. 6.1 billion 43.1% ↑
(FY23: 4.3 billion)

REVENUE

The Group demonstrated a growth of 6.7% over the previous year to achieve a consolidated revenue of Rs. 121.6 billion for the Financial Year ending March 2024. The growth is driven by the strategic initiatives and market expansion efforts of the domestic businesses in Consumer Brands and Healthcare, which operated under relatively stable operating conditions (more details on page 38 under Operating Environment section). Multiple downward price adjustments were experienced by the overall product portfolio due to market sentiment with easing inflationary pressure and regulatory price reductions implemented to the healthcare industry. The three-year revenue Compound Annual Growth rate was 23.5%.

Despite the challenging landscape wherein consumer purchasing power is yet to rebound to pre-crisis levels, the Consumer Brands segment reported a 6.6% growth over the preceding year to achieve a topline of Rs. 50.7 billion. The gradual decline in inflation prompted the Industry to implement price reductions across their product portfolios. Thus, growth was driven as a result of the strategic initiatives targeted at sustaining and in some categories expanding market share. The segment capitalised on emerging consumer trends through new product launches, channel improvements, value-for-money alternatives and a successful back-to-school season for the learning segment.

In June 2023, the National Medicines Regularity Authority (NMRA) mandated a 16% reduction in the Maximum Retail Price of NMRA registered medicines. Although the Healthcare segment was affected by this price revision, a revenue of Rs. 69.1 billion, a year-on-year growth of 6.9% was achieved due to the Pharmaceutical distribution business witnessing growth across key therapeutic segments accompanied by robust volume-led growth of Morison's own branded generics portfolio and double-digit growth in core revenue of Hospitals with high occupancy levels.

Group Revenue
121.6 6.7%
(FY 23: 113.9)
(Rs. billion)

HEALTHCARE	CONSUMER BRANDS	MOBILITY
69.1 6.9%	**50.7** 6.6%	**1.7** 3.9%
(FY 23: 64.7)	*(FY 23: 47.6)*	*(FY 23: 1.6)*

Amidst the challenges posed by lower freight rates and strengthening domestic currency, the Mobility segment recorded a cumulative revenue of Rs. 1.7 billion which was an increase of 3.9% over the same period last year. The growth is attributable to the recovery in volumes with the gradual uptick in the global economy which led to improvements in the total throughput and transshipment volumes at the Port of Colombo and in the demand in key destinations for passenger and cargo verticals of the aviation arm.

PROFIT FROM OPERATIONS

GP Margin	EBIT Margin	Earnings Margin
29.6%	**9.8%**	**5.0%**
(FY23: 27.9%)	*(FY23: 9.6%)*	*(FY23: 3.7%)*

Gross Profit

Hemas achieved a consolidated gross profit of Rs. 36.0 billion, marking a 13.2% increase compared to the prior year.

The Group's strategic portfolio decisions and efforts to enhance supply chain efficiency were strengthened by the favourable movement in the macroeconomic environment in terms of global commodity prices, domestic currency and freight rates. Consequently, the gross profit margin improved to 29.6% compared to 27.9% achieved in the corresponding period last year.

Operating Expenses

The Group's operating expenses rose by 17.8% to Rs. 24.9 billion this year, reflecting strategic investments across the Group. Business expansion naturally led to higher operational costs. Recognising the challenging economic climate, the Group prioritised employee well-being by increasing remuneration by 11.9%. This increase encompasses not only salaries, but also legally mandated contributions (EPF/ETF/MSPS and Gratuity payments) to ensure compliance, training programmes for skill development, and staff welfare initiatives to boost morale. The Group focused on employee safety by investing in Personal Protective Equipment (PPE), comprehensive safety training programmes, and on-site medical support.

The Group recognises the importance of social responsibility and continued to invest in social initiatives this year. These investments create a social license to operate, allowing the Group to contribute to the communities it serves while strengthening its relationships with them. This fosters positive brand reputation and creates a talent pool of potential future employees. By promoting healthy communities and enabling people of diverse backgrounds to contribute to the economy, these social initiatives indirectly benefit the Group by creating a more stable and prosperous operating environment.

Regulatory changes, including increased indirect taxation (social security contribution levy) and impact of one-off stock adjustments attributable to mandatory price reductions on pharmaceuticals, also contributed to cost increases. Despite rising costs, cost optimisation and productivity improvements implemented ranging from automation, lean and kaizen across the Group have enabled effective management of overheads. While margin improvement remains a focus, Hemas recognises the importance of a balanced approach. Investments in employee well-being ensure a secure and motivated workforce, regulatory compliance fosters trust and avoids penalties, and strategic marketing efforts build brand recognition, all of which are crucial for driving sustainable growth.

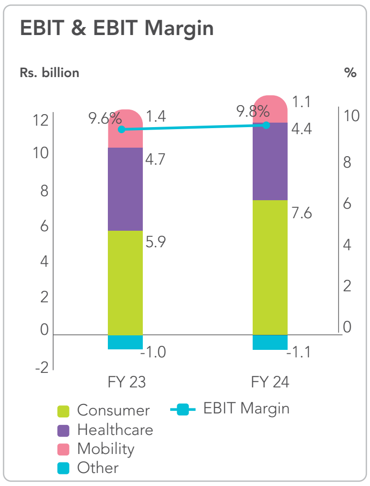
Value Generated
Rs. 123.3 billion
(FY23: Rs. 115.2 billion)

Value Distributed
Rs. 117.4 billion
(FY23: Rs. 110.1 billion)

Value Retained
Rs. 5.9 billion
(FY23: Rs. 5.1 billion)

Rs. million	FY 24	FY 23	%
Value Generated	**123,265**	**115,171**	**7.0%**
Revenue	121,614	113,940	6.7%
Share of Results of JVs/Associates	93	(400)	123.4%
Other Investment income	767	911	-15.9%
Profit on sale of Assets & Other Income	526	512	2.7%
Valuation Gain on Investment Properties	265	208	27.4%
Value Distributed	**117,381**	**110,113**	**6.6%**
Operating Overheads	90,858	83,852	8.4%
Employee Wages & Benefits	11,541	10,313	11.9%
Payments to Providers of Funds	4,802	5,954	-19.3%
Payments to Government	10,146	9,920	2.3%
Community Investments (Donations)	32	74	-56.5%
Value Retained	**5,884**	**5,058**	**16.3%**
Depreciation	1,326	1,220	8.7%
Amortisation	357	383	-6.7%
Profit after Dividends	4,201	3,455	21.6%

Operating Profits (Earnings Before Interest and Tax)



Earnings Before Tax, Interest, Depreciation and Amortisation (EBITDA) improved by 8.3% to Rs. 13.6 billion in comparison to Rs. 12.6 billion realised the previous year.

Strategies aimed at margin enhancements coupled with cost optimisation and productivity improvement programmes led to the Operating profit margin of 9.8% from 9.6% achieved last year.

Investments made in Intellectual and Manufactured Capital have played a pivotal role in sustaining the competitive edge, driving innovation and creating overall long-term value to the Group. The three-year CAGR of EBITDA and EBIT are 21.7% and 25.3% respectively.

Finance Expenses

Due to the steep depreciation of the rupee and foreign exchange liquidity crisis experienced during the Financial Year ended 31 March 2023, a substantial investment in working capital was necessary for the smooth functioning of operations. However, the combined impact of gradual easing of these conditions and highly focused initiatives implemented for optimising working capital resulted in the Group's net working capital declining to Rs. 18.3 billion from Rs. 24.4 billion reported in the prior year. The close collaboration among key stakeholders including principals, suppliers, distributors and financial institutions has been instrumental in realising this outcome.

As a result of the reduction in the working capital base and gradual easing of the overall rupee interest rates from 22.4% to 11.1% the net finance cost of the Group reduced by Rs. 745.2 million to Rs. 2.5 billion. The finance cost for the period also includes interest cost incurred in debt financing of the acquisition of the remainder stake of Atlas Axillia. The loan so obtained has been repaid during the period under review eliminating any future interest cost associated with it.

The Group's strong external rating, robust core operations and healthy cashflows have enabled Hemas to seize the emerging opportunities to negotiate favourable rates while maintaining the optimal debt structure. This positions the Group with a competitive edge over its peers.

Taxation

The tax expense for the Group totalled to Rs. 3.1 billion compared to Rs. 2.7 billion reported last year.

This change reflects the impact of higher tax rates applicable throughout the review period coupled with increased profitability.

Effective tax rate of the Group is 32.9% compared to 34.7% witnessed last year.

The Group has a dedicated Group Tax division to formulate policies and enhance compliance protocols to ensure the accuracy, reliability, and timely submission of tax returns across its operational entities. Regular engagement with local tax authorities strengthens our understanding of evolving tax legislation, facilitating precise compliance and mitigating risks stemming from regulatory complexities. In handling complicated transactions, we leverage on insights from external tax experts to ensure adherence to applicable laws. Furthermore, we prioritise the ongoing training initiatives to empower our staff in effectively managing tax positions.

More details on taxation including type of taxes, amounts and applicable tax rates are available on Note 9 of page 194.

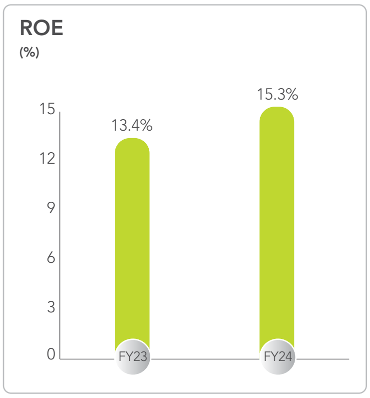
Profit After Tax Attributable to Equity Holders of the Parent (Earnings)

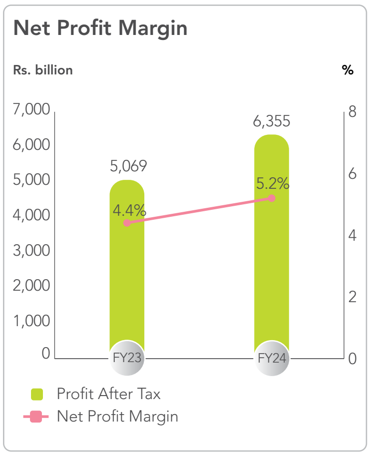
The robust performance of the core business and reduced finance cost enabled the Group to surpass the prior year's net profit by Rs. 1.3 billion to Rs. 6.4 billion. Additionally the net profit margin improved by 80 bps to 5.2% compared to 4.4% reported in the previous year.

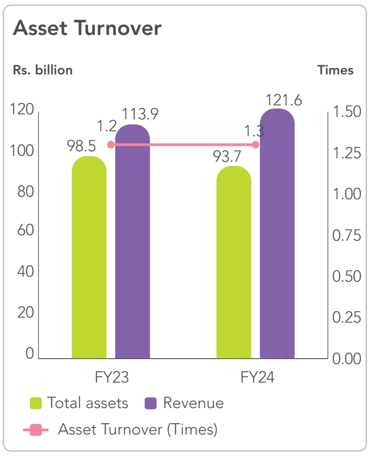
The Group achieved its highest-ever earnings in history, attributed to both increased net profit and the acquisition of the remaining minority stake in Atlas. earnings of Rs. 6.1 billion was accomplished for the Financial Year ended 31st March 2024, marking a significant growth of 43.1% over the prior year.

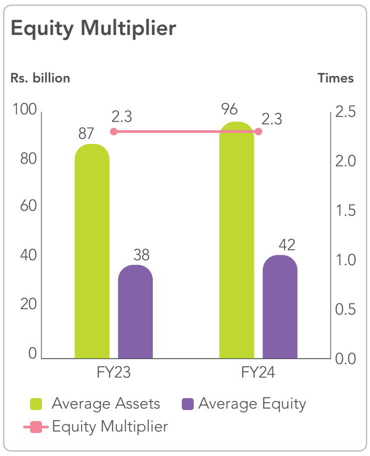
The Earnings per Share (EPS) of Rs. 10.24 remains consistent with Earnings and minimal change in the number of shares.

The Group's commitment to a thoughtfully devised forward-thinking strategy, prudent financial management and steadfast adherence to ESG principles ensures that the demonstrated growth in profitability is sustainable over the long-term.

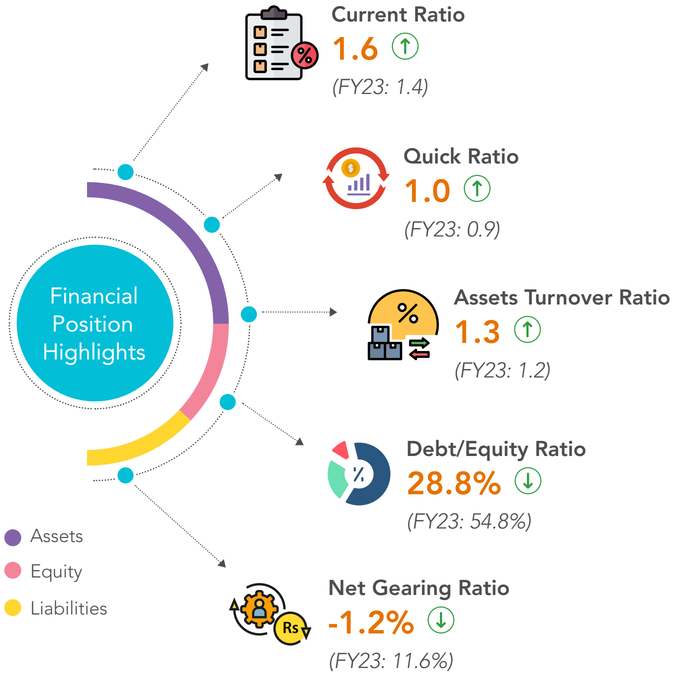








GROUP'S FINANCIAL POSITION



Group Assets

The total assets in the Group has declined by Rs. 4.8 billion mainly due to the drop in the current assets by Rs. 8.0 billion which was largely driven by the decrease in Inventories and cash and short-term deposits.

The focused initiatives implemented on Inventory optimisation combined with the favourable movement in global commodity prices and domestic currency have resulted in the investment in Inventories to be reported at Rs. 22.8 billion compared to Rs. 28.6 billion in the prior year.

Cash and short-term deposits have declined by Rs. 3.1 billion to Rs. 13.2 billion with the financing of the acquisition of the remaining minority stake of Atlas and net repayment of Interest-Bearing Borrowings of Rs. 6.7 billion.

The non-current assets of the Group increased marginally to Rs. 30.9 billion from Rs. 27.6 billion recorded last year.

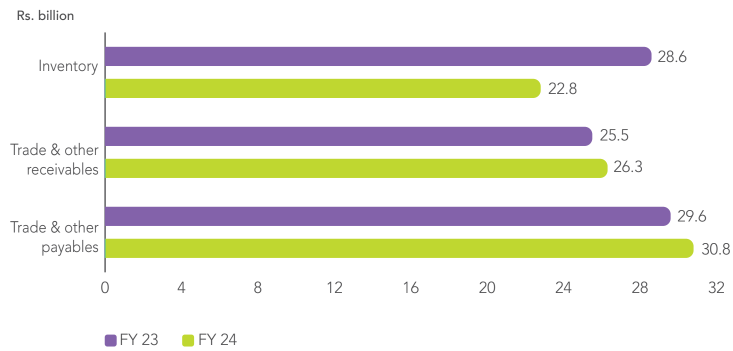
Group Debt and Capital Structure

Overall debt has declined drastically by Rs. 8.8 billion to Rs. 12.7 billion, with the drop in the working capital base of the Group. This resulted in the net debt position of Rs. 5.1 billion reported last year improving significantly to a Net Cash position of Rs. 517.6 million by the end of the financial year under review.

The long-term debt of the Group of Rs. 5.4 billion includes the project funding obtained for the Morison Manufacturing plant and investment made for the Group Solar project of approximately Rs. 1.0 billion. The Solar project investment enhances the Natural Capital while contributing to the goals on energy usage, further details of which are available on page 100.

Continuous assessment of the balance between debt and equity, short-term to long-term debt mix and proportion of fixed versus variable borrowing is undertaken to ensure optimal capital structure that drives stability and growth in the Group.

Working Capital



Description	FY 24	FY 23
Short-term debt	Rs. 7,298 million	Rs. 16,008 million
Long-term debt	Rs. 5,408 million	Rs. 5,449 million
Gross debt	Rs. 12,706 million	Rs. 21,457 million
Net debt (Cash)	Rs. (517) million	Rs.5,127 million
Net debt (Cash) to EBITDA	-0.04 times	0.4 times
Debt to EBITDA	0.9 times	1.7 times
Gearing ratio	22.4%	35.4%
Net Gearing ratio	-1.2%	11.6%
EBITDA to Interest cover	4.2 times	3.1 times

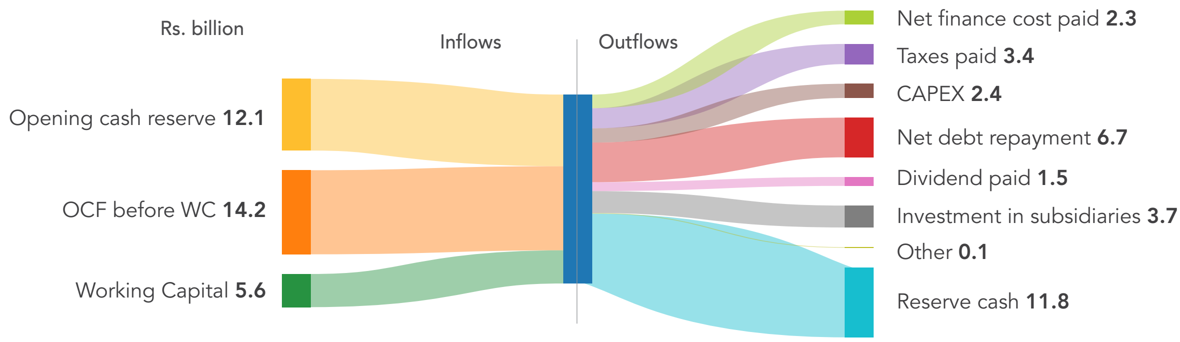
CAPITAL REPORTS

Financial Capital

Cash and Short-term Deposits

Strong operating cashflows of Rs. 13.9 billion inflows has been generated compared to the outflow of Rs. 9.3 billion witnessed last year. This notable achievement is due to the robust profitability of the core business and optimisation of the investment in working capital.

As depicted by the graph, the funds so realised have been mainly utilised to acquire the remaining minority stake of Atlas for Rs. 3.4 billion and repayment of Interest-Bearing Borrowings of Rs. 6.7 billion.



PROACTIVE APPROACH TO SUSTAINABILITY REPORTING

As part of our holistic approach to business, we intertwine sustainability practices with the risk management framework. The Hemas Group recognises that the impacts arising from its business operations, along with dependencies on environmental and social resources would create Sustainability Related Risks and Opportunities (SRROs) for the Group. Thus the Group has sought to integrate its sustainability efforts of impact management and impact mitigation, with the management of these SRROs, through the Group's Risk Management function. By integrating ESG considerations into our risk assessments and decision making processes (more details on page 146 of this report), we strive to mitigate potential sustainability related risks and seize the opportunities for long-term value creation. This alignment ensures that our business operations are not only resilient but also sustainable, fostering stakeholder trust and enhancing our competitive advantage. Our commitment to sustainability is further evidenced by our proactive approach to sustainability reporting taking into consideration the reporting requirements of IFRS S1 and S2.

Material Impact Topic	Sustainability Related Risk and Opportunity	Strategy	Key Mitigation Activities	Page Number	Financial Impact (Rs. million)
Energy	Increased energy consumption and costs.	Improve energy efficiency of equipment through timely investments and responsible procurement practices that focus on both financial and energy and emission conservation factors. Identify energy-intensive processes or areas within operations where energy-saving technologies can be implemented effectively and optimising the process.	Investment in renewable energy sources. Energy Audits and Assessments. Implementation of energy-saving technologies across operations such as Invest in technologies such as LED lighting, smart building automation systems, and BMS energy management software to optimise building operations and identify opportunities for further energy savings. System modification including implementing a strategy to turn off non-critical Air Handling Units (AHUs) during peak hours and optimise operation of critical units during non-operational hours. Promotion of energy conservation practices among employees.	[Page 103]	Investment in installation of rooftop solar: Rs. 853.0 million. Cost Savings: Rs. 181.0 million saving (estimated annual reduction in energy bills).

Material Impact Topic	Sustainability Related Risk and Opportunity	Strategy	Key Mitigation Activities	Page Number	Financial Impact (Rs. million)
Water	Water scarcity and rising water costs	Reduce the usage of water in manufacturing practices	Implementation of water conservation measures in manufacturing processes Implement water metering and monitoring systems to track water usage and detect abnormal consumption patterns. Conduct regular inspections and leak detection. Educate employees about the importance of water conservation and encourage water-saving behaviours in the workplace. Harvest rainwater through rainwater harvesting systems for outdoor irrigation and non-potable uses. Implement water reuse and recycling systems to capture and treat wastewater for non-potable purposes such as irrigation. Install water-efficient fixtures such as low-flow shower heads.	[Page 107]	Investment in total water saving initiatives: Rs. 4.6 million Cost Savings: Rs.850,000 (estimated annual reduction in water usage charges)
Waste	Waste generation and improper disposal leading to environmental pollution and regulatory fines	Minimise waste generation and ensure proper waste segregation is carried out across the Group promote responsible waste management with a focus on end consumer plastic waste	Implementation of waste reduction and collect back programmes Implement waste minimisation initiatives, reducing packaging, and Identify opportunities to redesign products or packaging. Proper Waste Segregation Raise awareness among employees, and stakeholders about the importance of responsible waste management practices. EPR, collect, recycle, or responsibly dispose of end consumer plastic waste. Collaboration and Partnerships with Government, NGO's and general public. Innovation.	[Page 108]	Investment in plastic collection projects: Rs. 49.0 million

Material Impact Topic	Sustainability Related Risk and Opportunity	Strategy	Key Mitigation Activities	Page Number	Financial Impact (Rs. million)
Occupational Health & Safety (H&S)	Employee injuries and illnesses leading to lost productivity and potential legal costs	Foster a safe and healthy work environment though the implementation of a H&S Management System, effective monitoring mechanism, staff training and provision of PPEs	Conducting of employee safety training programmes (e.g., hazard identification, safe work procedures) Implementation of a robust safety management system with regular inspections and incident reporting Regularly conducts safety audits and risk assessments	[Page 96]	Investment in health and wellness: Rs.23.0 million
Staff Training and Retention	High employee turnover resulting in loss of knowledge and expertise	Attract, develop, and retain top talent by cultivating an environment that encourages innovation, collaboration, personal development, governance structure, comprehensive HR policies, and resilient systems.	Offer competitive compensation and benefits packages Provide ongoing skills development opportunities (e.g., training programmes, mentorship programmes) Foster a positive and inclusive work environment with strong employer branding, employee engagement, environment and social initiatives	[Page 97]	Investment in training: Rs.146.1 million
Business Ethics and Governance	Vulnerabilities to corruption, discrimination, and data security breaches	Uphold the highest ethical standards and ensure robust governance practices through comprehensive risk assessment, transparent policies and continuous improvements	Implementation of a comprehensive anti-corruption policy with clear reporting procedures Establishing a whistleblowing policy and investigate concerns promptly Investments in data security infrastructure (e.g., firewalls, encryption) and employee training on cyber security best practices	[Page 135]	Investments in data security: Rs. 42.0 million

Material Impact Topic	Sustainability Related Risk and Opportunity	Strategy	Key Mitigation Activities	Page Number	Financial Impact (Rs. million)
Climate Change	Physical Risks Chronic Physical Risks Acute Physical Risks Transition Risks	Build climate resilience by adapting operations to a changing climate and severe weather patterns, building striving to build robust and multiple supply chain options, and transitioning to a low-carbon business model through investment in suitable and appropriate technology and R&D efforts within manufacturing operations	Invest in renewable energy sources and promote the adoption of renewable energy technologies. Energy Efficiency Improvements across the group (Highlighted in above) Reforestation initiatives, plant trees and restore forests to reduce carbon dioxide from the atmosphere and enhance carbon sinks (Refer the group goal on reforestation) Reduce, reuse, and recycle waste to minimize methane emissions from landfills and waste incineration.	[Page 101]	Investment in installation of rooftop solar: Rs. 853.0 million. Cost Savings: Rs. 181.0 million saving (estimated annual reduction in energy bills).

Outlook

We are committed to driving future financial success through a forward-thinking approach that integrates key business considerations including strategy, risk management, sustainability and innovation. Our focal points include Liquidity and Foreign Exchange management, streamlined resource allocation and driving operational transformation across all business segments. By practicing prudent stewardship, fostering transparent reporting, and proactively managing risk, we aim to deliver value to investors while responsibly addressing the evolving needs of our stakeholders and the broader global landscape.

MANUFACTURED CAPITAL

STRONG MANUFACTURED CAPITAL FUELS PRODUCTIVITY, INNOVATION AND SUSTAINABILITY.

Manufactured Capital is essential for the Group as it enables efficient production, fosters innovation and growth, enhances competitiveness, ensures product quality, and contributes to operational resilience and regulatory compliance. Investing in and managing Manufactured Capital strategically can drive long-term success and sustainability for businesses.

Key Priorities and Actions for **FY 24:**

INFRASTRUCTURE MAINTENANCE
Continuing to invest in the maintenance and modernisation of critical infrastructure assets to improve reliability and minimise the risk of unexpected failures.

ENHANCE RESOURCE EFFICIENCY
Innovate methods to reduce waste and maximise resource utilisation of manufacturing processes.

SAFETY AND COMPLIANCE
Ensure rigorous adherence to safety standards and regulatory compliance to protect both workers and the environment, thereby enhancing operational stability and reputation.

SUSTAINABLE INFRASTRUCTURE DEVELOPMENT
Focus on building and maintaining infrastructure that is resilient to climate change and minimises environmental impact.

Manufactured Capital represents the investments made in physical assets to create value and generate returns over time. This primarily consists of investments made in assets including buildings, machinery, equipment and all other physical resources used by the Group to convert raw material and other resources to goods and services that meet the ever-changing needs of the consumer, therefore, playing a pivotal role in driving productivity, innovation and efficiency within the Group.

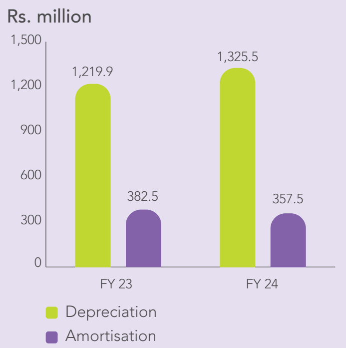
COMPOSITION

The Group's Manufactured Capital comprises of;

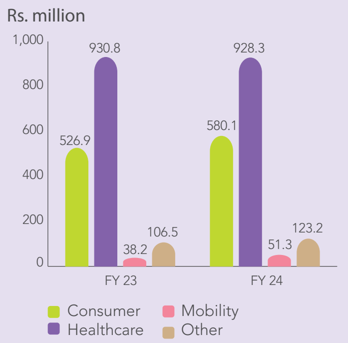
- Property, Plant and Equipment
- Right-of-use assets
- Investment properties

These assets totalled Rs. 25.7 billion as of March 31, 2024, constituting 27.4% of the Group's total asset base at that time.

Depreciation and Amortisation by Category



Depreciation and Amortisation by sector



Manufactured Capital by Category

Property, Plant and Equipment (PPE)

Rs. 17.1 billion ↑ 2.1%

(FY23: Rs. 16.7 billion)

Investment Properties

Rs. 7.1 billion ↑ 31.0%

(FY23: Rs. 5.4 billion)

Right of Use Assets

Rs. 1.5 billion ↑ 52.9%

(FY23: Rs. 1.0 billion)

Manufactured Capital by Sector

CONSUMER BRANDS

Rs. 6.4 billion ↑ 15.9%

(FY23: Rs. 5.5 billion)

HEALTHCARE

Rs. 11.2 billion ↑ 3.8%

(FY23: Rs. 10.7 billion)

MOBILITY

Rs. 1.4 billion ↑ >100%

(FY23: Rs. 0.1 billion)

The approach to developing Manufactured Capital is closely aligned with the growth objectives of each businesses which in turn fits into the strategic vision of the Group. Capital Expenditure (CAPEX) planning forms an integral of the annual strategic planning and budgeting cycles. Proposed CAPEX exceeding a predefined threshold undergo Board review, especially commitments related to strategic initiatives like new ventures or business expansion projects, which are scrutinised with a focus on medium to long-term risk factors.

Procurement is fundamental to the Group's CAPEX strategy, with SBU-level policies ensuring equipment and upgrades come from trusted suppliers. Stringent supplier screening strengthens procurement, while thorough insurance coverage guards against unexpected events like business disruptions and natural disasters.

The Group prioritises maintaining machinery and equipment at optimal performance with resources being allocated annually to upkeep, maintain, and for process enhancements, improving the quality and efficiency of the equipment. Moreover, over recent years businesses are increasingly employing technology for these purpose. Digitisation and automation efforts have been explored and implemented to enhance the Manufactured Capital of the Group.

CAPITAL EXPENDITURE

A sum of Rs. 2.4 billion has been invested in Capital Expenditure for the financial year ended 31 March 2024 primarily in Consumer Brands and Healthcare sectors. Further details on Property, Plant and Equipment are given on Note 12 to the Financial Statements on pages 200 to 205.

Investments in Manufactured Capital has laid the foundation for the Group to achieve,

- Production Efficiency: By investing in modern manufacturing technologies and infrastructure, the Group has enhanced productivity, reduced production costs, and improved output quality.
- Competitive Advantage: Well maintained and up to date Manufactured Capital has better positioned to the Group to meet customer demands, innovate products, and adapt to changing market conditions faster.
- Innovation and Growth: Upgrading our manufacturing capabilities facilitates the introduction of new products, improve existing ones, and expand into different markets. This fosters long-term business growth and sustainability.
- Operational Resilience: Having reliable machinery and infrastructure reduces the risk of unplanned downtime, supply chain interruptions, and other operational challenges.
- Quality Assurance: Manufactured Capital plays a critical role in ensuring product quality and consistency of goods and services within the Group. Modern equipment and facilities enables businesses to maintain strict quality control standards throughout the conversion process, resulting in products that meet customer expectations. This, in turn, enhances brand reputation and customer satisfaction.
- Cost Management: Effective management of Manufactured Capital has resulted in cost savings and efficiency gains. By optimising equipment usage, streamlining production processes, and minimising waste, businesses can reduce operational expenses and improve profit margins. Additionally, well-maintained assets tend to have lower maintenance and repair costs over their lifespan.
- Regulatory Compliance: Manufactured Capital that meets regulatory standards ensures legal compliance and minimises the risk of fines, penalties, or reputational damage associated with non-compliance.
- Employee Satisfaction and Safety: Modern manufacturing facilities equipped with ergonomic workstations and safety features contribute to employee satisfaction and well-being. Safe working conditions improve morale, reduce absenteeism, and enhance productivity, ultimately benefiting the business's bottom line.

The Group has also focused on introducing sustainable manufacturing methods which aim to reduce the environmental footprint of operations while reducing costs and wastage. Details on these developments are available on the Natural Capital report on page 100.

CONSUMER BRANDS

HPC Production Facility - Dankotuwa

- **Land Extent:** 16 acres
- **Factory Footprint:** 200,000 square feet
- **Production Range:** Soap, sanitary napkins, toothpaste, shampoo, adult perfume, cologne, skin care (cream, body wash, lotion), hand wash, sanitiser
- **Capacity:** 1,700 MT per month

Learning Segment Production Facility Welisara/Peliyagoda/Kandy

- **Land Extent:** 10 acres
- **Factory Footprint:** 105,000 square feet
- **Production Range:** Books, pens, colour products, water bottles, lunch boxes and tissue items
- **Capacity:** 16,000 MT per year

HPC Warehouse - Welisara

- **Land Extent:** 4 acres
- **Warehouse Footprint:** 122,394 square feet

Learning Segment Warehouse Network - Welisara/Peliyagoda

- **Land Extent:** 3 acres
- **Warehouse Footprint:** 91,004 square feet

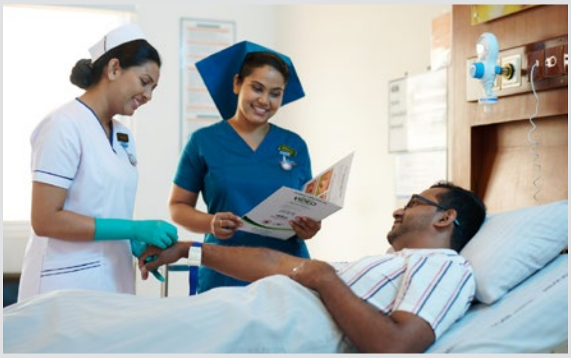
HEALTHCARE SECTOR

Hemas Hospitals - Thalawathugoda

- **Total Beds:** 71
- **Theatres:** 3 Units (Major 2, Minor 1)
- **Centres of Excellence:** Cosmetic, Nephrology, Urology

Hemas Hospitals - Wattala

- **Total Beds:** 121
- **Theatres:** 5 Units (Major 4, Minor 1)
- **Centres of Excellence:** In Vitro Fertilisation (IVF), Gastroenterology, Urology, Nephrology and General Surgery



Hemas Lab Network

- **Labs:** 20
- **Collection Centres:** 16
- **B2B Labs:** 7
- **Capacity:** 1.6 million tests per annum

Pharmaceutical Manufacturing

Homagama

- **Land Extent:** 5 acres
- **Factory Footprint:** 113,000 square feet
- **Tablet Capacity:** 5 billion per annum

Mutwal

- **Land Extent:** 0.5 acres
- **Factory Footprint:** 43,831 square feet
- **Tablet Capacity:** 2 billion per annum

GROUP ASSETS

Hemas House - Group Head Office Building
Colombo 2

- **Building Profile:** 99,327 square feet spanning 10 floors

OUTLOOK

Hemas remains committed to investing in Manufactured Capital, prioritising modernisation and expansion efforts. By optimising asset utilisation and implementing robust maintenance strategies, the Group aims to boost productivity and competitiveness. Aligning Manufactured Capital with evolving market trends and technological advancements is crucial for sustained growth and relevance. Through proactive risk management, Hemas anticipates mitigating potential disruptions and seizing emerging opportunities. Furthermore, our strong emphasis on sustainability ensures that these investments align with environmental and social responsibility goals, bolstering the Group's long-term resilience and value creation.

INTELLECTUAL CAPITAL

THE GROUP PLACES GREAT IMPORTANCE ON DEVELOPING AND ENHANCING ITS INTELLECTUAL CAPITAL.

Key elements that are critical to the Group's success, including intellectual property and the unique technologies, processes, knowledge, and skills that foster a culture of innovation and enable the organisation to achieve a competitive advantage among its peers.

Key Priorities and Actions for **FY 24:**

NURTURING KNOWLEDGE AND SKILLS

Continuing to invest in building a unique base of knowledge and skills through holistic training and development strategies with the aim of creating a resilient, multifaceted workforce designed to face the future.

ENABLING A SPIRIT OF INNOVATION

Driving research and development, innovative technologies, and creative solutions to enable the Group to respond to ever-changing dynamics, maximise performance, and remain a step ahead of the competition.

Supporting corporate innovation by providing access to essential infrastructure, knowledge, and capital, and enabling Sri Lankan startups to achieve their potential.

ESTABLISHING PRODUCT AND PROCESS EXCELLENCE

Maintaining a reputation for trust by adhering to the highest quality standards and delivering unmatched stakeholder value to garner recognition across a range of platforms.

Relying on process innovations and improvements to improve efficiency, productivity, and profitability across diverse business units.

VALUE DRIVERS

- Unique, Diverse Brands
- A Capacity for Innovation
- Unmatched Knowledge
- A Commitment to Excellence

OUTCOMES

- An Unrivalled Reputation
- Customer Satisfaction & Value
- Employee Development

ASSOCIATED RISKS

- People Risk
- Reputational Risk
- IT & Data Security Risk

APPROACH TO MANAGING INTELLECTUAL CAPITAL

The Group undertakes a three-pronged approach to managing its intellectual capital, which spans three key focus areas:

Knowledge

Enhancing and building the value of human resources, spanning the collective skills, know-how, core competencies, and experience of the Group's employees.

Refer **Human Capital page 90**

Relationships

Nurturing and strengthening the Group's relationships with its key stakeholders including its customers, suppliers, employees, investors, industry peers and competitors.

Refer **Social and Relationship Capital page 110**

Structures

Establishing and reinforcing the underlying policies, processes, frameworks, and best practices that enable the improved management of Group's resources and relationships.

Refer **Corporate Governance page 124**

STRENGTHS

Knowledge
- Diverse skills and knowledge within the existing workforce
- Clearly defined succession plans
- Identification and training of key employees/critical talents
- Availability of internal career opportunities (transfers to other SBUs)

Relationships
- A strong brand reputation
- One of the leading largest conglomerates in the country
- Strong stakeholder engagement mechanisms

Structures
- Accreditation of relevant quality certificates
- Sustainability practices
- Establishment of the cybersecurity function
- Continuous vulnerability assessments and system checks

WEAKNESSES

Knowledge
- Challenges in retention owing to increased migration and employee movement

Relationships
- Strategic location of Learning Segment, Pharmaceutical Manufacturing Mutwal and Pharmaceutical Distribution warehouse

Structures
- The need to further strengthen IT infrastructure and environmental policies

OPPORTUNITIES

Knowledge
- Continuing investments in human capital to build a future-ready workforce.

Relationships
- Build on existing social impact activities and community engagement to enhance trust.
- Seek out new avenues to improve customer convenience.

Structures
- Continue investments to advance cybersecurity measures.
- Leveraging AI to improve organisational efficiency.
- Investment in technology and innovation (e.g.: eco-friendly products/packaging) to improve resource efficiency and provide a competitive advantage.

THREAT

Knowledge
- Economic hardships and increased tax policies are driving increased rates of migration.

Relationships
- Failure to address environmental concerns and improve sustainability practices could lead to significant reputational damage, affecting customer loyalty and stakeholder trust.

Structures
- Increased natural disasters and uncertainty may impact business stability, driving the need for more adaptive, responsive systems.
- While risk-mitigation initiatives have lowered the likelihood of cybersecurity threats, the landscape is constantly evolving with hackers expected to develop new attack vectors, leading to significant impacts. A single incident can severely affect the business despite existing controls.
- The integration of AI may pose implications to aspects related to knowledge and relationships.

Knowledge

TRAINING AND DEVELOPMENT

The Hemas Group believes in cultivating the relevant skills, knowledge and capabilities in order to better position the organisation to address the needs of the present and the future. Each sector and business entity undertakes a unique approach towards training and development, aligned with their respective goals and objectives.

During the year the Group focused on a holistic approach towards training and development, spanning technical skills, leadership development/succession planning, reskilling, upskilling, personal development and team building, to name a few.

Rs. 146.1 million
Invested in training and development

55,932
Training Hours
(FY23: 48,995)

14%
Training Hours

CONSUMER BRANDS

Rs. 61.7 million
invested in
training and development

17,365
training hours
(FY 23: 15,309)

13%
Training Hours

Home and Personal Care

Knowledge and Skill Development of Home and Personal Care business is viewed via three lenses:

Organisational Level	Functional Level	Individual Level
Focuses on the organisation's strategic direction and the skills needed to achieve strategic objectives (e.g., data analytics, innovation)	Focuses on identifying learning needs to improve key functions (e.g., consumer insights for marketing, lean manufacturing)	A structured approach that relies on an individual development planning tool to feed into the identification of training needs.

The segment's learning philosophy revolves around a hybrid learning approach, which is prioritised as follows:

70% On-the-job Experience

20% Informal Learning

10% Formal Learning

The Sales Force Development framework of Hemas Consumer Brands drives talent management within the sales function via a scientific approach, based on a unique competency framework generated by a cross-functional team comprising sales experts in collaboration with the HR team.

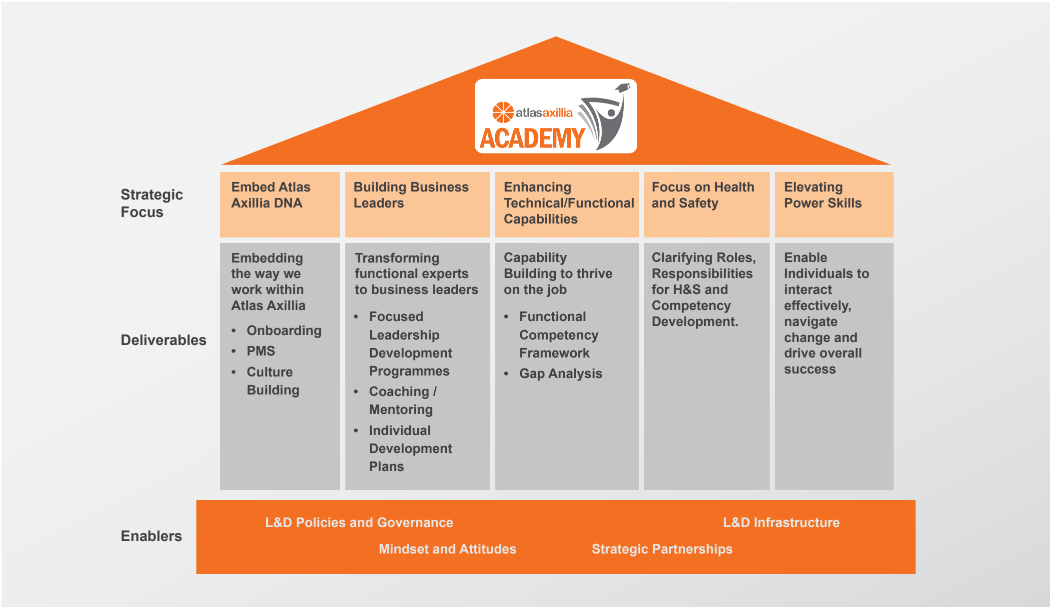
Competency based Talent

- Future Sales Leader programme
- Competency based Talent Acquisition
- Define Career Paths
- Competency Based Learning Intervention
- Personalised Skill Matrix
- Competency based Talent Development
- Hemas Sales Manthra
- Performance and Potential Based Succession Management

Learning Segment

Learning & Development (L&D) falls under the purview of the Talent Management pillar. A dedicated L&D policy governs the training process and includes aspects from Training Need Identification to measuring the ROI of all the initiatives.

In order to adhere to a structured approach that is linked to business requirements, the Atlas Axillia Academy Concept has been developed, as shown below:



The company employs a blended learning approach towards employee development, spanning classroom-based programmes, peer-to-peer learning and on-the-job learning. This has enabled improved business outcomes, while supporting the professional and personal development of employees. Frequent knowledge sharing sessions are also conducted with the support of internal facilitators and external experts/consultants.

HEALTHCARE

Rs. 60.2 million
invested in
training and development

37,303
training hours
(FY 23: 33,344)

12% ↑
training hours

Pharmaceutical Distribution

Pharmaceutical Distribution business partners closely with the overseas business partners to establish training needs, particularly with respect to the Medical Marketing Teams. This includes exposure to specialised technical and product training both locally and overseas, in addition to conferences and forums delivered by experts in the field. Furthermore, Medical Marketing staff undergo training in close partnership with the SLCPI to upskill employees and ensure they remain apprised of emerging needs/trends.

The business collaborates with chartered bodies, as well as academic and/or professional institutions to align the knowledge and skills of both frontline and back-office employees with business needs and future leadership roles. A comprehensive e-learning system and digital induction further strengthen the entity's capacity to deliver L&D solutions in a flexible manner. Dedicated efforts are in place to develop customised outbound and classroom-based training programmes to enhance behavioural skills in partnership with leading training bodies.

Pharmaceutical Manufacturing

A dedicated site training manager spearheads the technical training pillar to facilitate technical training and factory visits. He/she is responsible for ensuring new recruits are well-inducted, in addition to reinforcing the knowledge and skills of the existing team.

Customised training sessions on different topics are provided on a monthly basis to all team members via leading trainers and facilitators, with the objective of improving personal development.

Hemas Hospitals

Hemas Hospitals recognises that employees are its greatest asset; and in an ever-evolving healthcare landscape, it is imperative to ensure they are equipped with the latest knowledge and skills to deliver exceptional patient care. Thus, the entity has implemented comprehensive processes, strategies, and structures designed to foster continuous learning and development:

» Training Programmes
From clinical skills workshops to leadership development exposure visits to foreign assignments, these training initiatives cover a diverse array of topics aimed at enhancing both technical expertise and soft skills.

» Continuing Clinical Education
It is vital that employees remain apprised of the latest advancements in healthcare. Through partnerships with leading medical institutions and professional organisations, opportunities are provided for employees to participate in ongoing education programmes, conferences, and workshops relevant to their fields.

» Mentorship and Coaching
To support individual growth and development, Hemas Hospitals fosters a culture of mentorship and coaching. Experienced professionals within the organisation serve as mentors to guide and nurture the talent of their peers, providing valuable insights, feedback at every stage.

» E-Learning Platforms
In line with the digital transformation of healthcare, the hospital has invested in e-learning platforms that offer convenient access to a wealth of educational resources. Employees can engage in self-paced learning modules that simplify the acquisition of new knowledge and skills.

» Clinical Skills Assessment and Development Plans for Succession Readiness
Regular skills assessments are conducted to identify areas for improvement and development opportunities for each employee. Based on these assessments, individual development plans are created to outline specific goals, learning objectives, and actionable steps to enhance skills and competencies.

» Performance Recognition and Incentives via iCare
Hemas Hospitals firmly believes in recognising and rewarding excellence. Employees who demonstrate exceptional performance and a commitment to continuous learning are acknowledged through various recognition programmes and incentives, thereby fostering a culture of motivation and engagement.

» Collaborative Learning Communities
The hospital encourages collaboration and knowledge sharing among employees through the establishment of learning communities and forums. These platforms provide a space for individuals to exchange ideas, best practices, and lessons learned, facilitating a culture of continuous improvement and innovation.

MOBILITY

Rs. 2.3 million
invested in
training and development

701
training hours
(FY 23: 42)

1,568%
training hours

Training Programmes
Offering regular training sessions, workshops, and seminars to enhance specific skills or knowledge areas relevant to the job.

Mentorship Programmes
Pairing junior employees with experienced mentors who can provide guidance, support, and knowledge transfer.

Learning Management Systems
Utilising online platforms to deliver training materials, courses, and resources accessible to employees at their convenience.

Performance Feedback
Providing feedback through performance reviews, assessments, and evaluations to identify areas for improvement and growth.

Knowledge Sharing Platforms
Employees to share expertise, best practices, and lessons learned through intranet portals, forums, or team meetings.

Continuous Learning Culture
Fostering a culture that values lifelong learning and encourages employees to seek out new knowledge and skills through self-directed learning and professional development initiatives.

FOSTERING A CULTURE OF INNOVATION

The Hemas Group acknowledges that innovation is essential to building its knowledge base. The Group's portfolio and productivity has grown as a result of its emphasis and steady investment in R&D, which has enabled the respective sectors to advance their capabilities and capacity for growth.

Refer page 82 of this section for more information on the innovations of FY 24.

HEMAS X HATCH: SLINGSHOT

As Hemas Holdings celebrates 75 years of enriching communities, the Group collaborated with Hatch to deliver a corporate innovation programme, with the aim of exploring 'Open Innovation' as part of its corporate journey, by:

Supporting **75** Startups in **3** Years

Purpose

Investing in Sri Lanka's future and reinforcing the Hemas Group's commitment to deliver innovative solutions that empower families.

Vision

Enabling Sri Lankan startups to achieve their potential with the business community creating a new ecosystem that enables growth via access to essential infrastructure, knowledge, and capital.

Stage 01

THE HEMAS X HATCH: SLINGSHOT BOOT-CAMP

Held on 26th - 27th August 2023

25 post-revenue startups from the fields of

Education & EdTech | FMCG | Healthcare | Logistics

received

Immersive learning experiences | Insights from industry professionals | Tools for expansion and growth

Stage 02

THE HEMAS X HATCH: SLINGSHOT ACCELERATOR PROGRAMME

08 Startups advanced from the previous stage.

The corporate accelerator programme implemented by Hatch, leveraged on the Hemas Group's extensive domain expertise and resources to facilitate the transition from start-ups to scale-up by:

- Refining the startups' concepts and ideas
- Broadening their perspectives
- Providing potentially game-changing opportunities

At the conclusion of the Hemas x Hatch: Slingshot Programme, Migara Amithodhana, CEO of 'Magicbits' was awarded as the winner, while Nimesha Perera, Co-Founder of 'Star Mushrooms' secured the runner-up position.

CAPITAL REPORTS

Intellectual Capital

<table>
<tr><th colspan="3">Consumer Brands</th></tr>
<tr><th>Home and Personal Care</th><th colspan="2">Learning Segment</th></tr>
<tr><td>• The implementation of organisational level KPIs to integrate innovation.
• Aligning three resources and organisational structures dedicated towards innovation.</td><td colspan="2">• The application of continuous improvement (Kaizen) via KPIs, enabling the generation of 25,000 ideas of which 96% are implemented.
• Regular competitions are held with the objective of rewarding excellence in innovation and digital transformation, while team competitions are conducted with the objective of cost optimisation and quality/safety improvement.</td></tr>
<tr><th colspan="3">Healthcare</th></tr>
<tr><th>Pharmaceutical Distribution</th><th>Pharmaceutical Manufacturing</th><th>Hemas Hospitals</th></tr>
<tr><td>• Launch of the Kaizen campaign to drive process improvements and innovative means to address business problems across all levels.
• Forums to discuss process-related concerns and brainstorm opportunities for process improvements, digitisation, automation and business transformation together with EXCO and Second Tier.
• Engaging with Business Partners to facilitate digital medical detailing and share best practices.</td><td>• A flexible and agile company structure.
• Identifying and utilising the specialised knowledge and skills of employees to reach business excellence.</td><td>• Creating channels to facilitate idea generation for process improvements, patient care, or organisational efficiency through Kaizen implementation, regular brainstorming sessions, or Emojot platforms.
• A leadership team that actively promotes a culture of innovation by allocating resources, providing guidance, and championing innovative initiatives.
• Facilitating cross-functional collaboration among different departments and teams to foster diverse perspectives and interdisciplinary approaches to problem-solving.
• Investing in continuous learning and development opportunities to equip employees with the skills and mindset needed for innovation.
• Actively seeking partnerships with external stakeholders to provide valuable opportunities for co-innovation and the knowledge exchange of academic experts.
• Leveraging technology and embracing digital transformation to drive innovation to improve patient outcomes, enhance efficiency, and drive continuous improvement.</td></tr>
<tr><th colspan="3">Mobility</th></tr>
<tr><td colspan="3">• Support from the sector leadership to innovation initiatives and allocate resources for innovation efforts.
• Vision and strategic objectives that emphasise the importance of innovation in achieving organisational goals.
• Creating an environment where ideas are welcomed, and employees are open to sharing their thoughts, suggestions, and feedback.
• Encouraging collaboration across different departments and teams to foster diverse perspectives and ideas.
• Recognising and rewarding innovative efforts and successes to reinforce the importance of innovation within the organisation.
• Encouraging continuous learning and development to keep employees updated on emerging trends, technologies, and best practices.
• Allocating resources, such as time, funding, and technology, to support innovation projects and initiatives.
• Implementing feedback mechanisms to gather insights from employees, customers, and other stakeholders to improve innovation efforts.</td></tr>
</table>

Safeguarding the Group's Knowledge Base amidst a Challenging Environment

During the year, an increase in employee migration was evident, with a resultant impact on the knowledge and skills cultivated by countless organisations over the years. The Hemas Group adopted a range of efforts and initiatives to curb this impact across its sectors.

- Succession Planning and Talent Mapping for Critical Roles
- Continuous Employee Engagement and Communication
- Revision of Rewards and Recognition Structures
- Competitive Compensation and Benefits
- Flexible Work Options
- Opportunities for Professional Development

Relationships

STAKEHOLDER ENGAGEMENT

The Group values the longstanding partnerships it has cultivated with its stakeholders, which in turn significantly contributes towards Hemas' reputation for quality and trust. The Group relies on a multifaceted approach across its sectors to engage with its stakeholders and deliver value across its diverse stakeholder groups.

Pages 53-54
The Group's approach to stakeholder engagement.

Pages 110 - 115
The Group's engagement with its social and relationship capital.

Pages 90 - 99
The Group's engagement with its human capital.

CREATING VALUE FOR CUSTOMERS

The Group's portfolio of brands is built to meet the ever-evolving needs of society and offer local communities access to cost-effective, high-quality goods and services. Each brand relies on a strong value proposition that promotes customer loyalty and trust, while addressing the needs of Sri Lankans across the island.

Consumer Brands Sector	Healthcare Sector
Baby Cheramy, Atlas, Goya, Prasara, Clogard, Kumarika	Hemas Labs, Hemas Hospitals
Velvet, Diva, Fems, Dandex, Gold, Paris	Morison, Valmelix
Vivya, Homerun, innovate, Nimex, Atlas Pro, Ignite	Morison Gripe Mixture, Morison Lacto

CAPITAL REPORTS

Intellectual Capital

New Products

The following new products were launched during the year with the objectives of building new customer relationships or fulfilling the needs of existing customers.

25
new products launched

Rs. 46.8 million
invested in R&D

Consumer Brands

Home and Personal Care

20 new products, variants and renovations

- Prasara - Tonic	- Diva Soap - Rose	- Diva Power - 30g Sachet
- Gold Wild Limited Edition 1	- Gold Pocket Pack	- Goya Summer Breeze
- Fems Aya - Drytex 8 Pack	- Clogard Panchashakthi Relaunch	- Goya Body Mist Relaunch - All Variants
- Vivya - Natural Soaps	- Clogard - Pro Clean Toothbrush	- Diva Diriya Relaunch
- Kumarika Shampoo/Conditioner Relaunch	- Dandex Detox Shampoo	- Fems Ultra Thin

Learning Segment

- Atlas Lunch Box Kids Tiny Tummy	- Atlas Lunch Box Kids Tummy Pal
- Atlas Water Bottle Grippy 800ml	- Atlas Water Bottle Water buddy 750ml
- Atlas Water Bottle Kids Tubby 650ml	

Healthcare

Pharmaceutical Distribution and Manufacturing

131 SKUs launched across the Pharmaceuticals and Diagnostics spaces

While a number of the above SKUs have comprised pack alterations and the introduction of accessories for existing systems, many new product launches took place in the innovator and generic spaces. Additionally, many of the sector's multinational branded generic partners have launched products aimed at improving affordability in the spaces of diabetes, pain management, dermatology, neurology and maternal health, oncology, and nutrition.

The above initiatives upheld the sector's commitment to provide end users with quality, accessibility, and affordability to emerging and beneficial treatment options.

- Losartan Potassium Tablets B.P. 50mg.	- Paracetamol Tablets B.P. 500mg (Bulk)
- Paracetamol Tablets B.P. 500mg (Blister)	- Bisoprolol Tablets B.P. 5mg
- Bisoprolol Tablets B.P. 2.5mg	

Hemas Hospitals

A new business model was introduced to extend healthcare services beyond hospital walls, offering personalised medical care and support in the comfort of their homes.

Services include:

- Nursing care
- Medication management
- Wound care
- Rehabilitation

This model enhances patient convenience, reduces hospital re-admissions, and promotes overall well-being. Hemas Hospital's Home Care fosters patient-centered care and improves access to healthcare services for patients with mobility challenges or chronic conditions.

A DEDICATION TO EXCELLENCE

The Group consistently upholds the needs of the nation by demonstrating excellence across its sectors, as exhibited by the wide range of awards and accolades received during the year.

HEMAS HOLDINGS PLC

- Bronze Award for "Best Investor Relations" at the 10th Capital Market Awards 2023 organised by the CFA Society Sri Lanka.

Consumer Brands

Home and Personal Care

- The "Most Loved Baby Brand in Sri Lanka" – LMD Brands Annual 2023
- The "Best Baby Care Brand – Sri Lanka" Retail Category – Global Brands Magazine UK 2023
- Fems Aya awarded "Best Community Initiative Women-led Project of the Year" at the 13th Annual Top 50 Global Professional and Career Women Awards 2023
- National Project Management Excellence Awards 2023
  - Gold Medal for the Best Managed Project - Manufacturing
  - Silver Award for Best Managed Project - Retail
- National Convention on Quality & Productivity Awards 2023

Participated under the Cross Functional Teams category, along with 34 teams from the Manufacturing sector, including teams from Personal Care, Soap, Sanitary Napkin, Warehouse, Engineering, and Contract Manufacturing Departments. The event was organised by the Sri Lanka Association for Quality and Productivity Improvements (SLAAQP).

34 Awards	**31** Gold Awards	**1** Silver Award	**2** Bronze Awards

Learning Segment

- "School Supply Brand of the Year" at the SLIM Kantar People's Awards 2024.

Healthcare

Hemas Hospitals

- National Convention on Quality and Productivity (NCQP) Awards 2023 organised by the Sri Lanka Association for the Advancement of Quality and Productivity (SLAAQP)

27 Awards	**10** Gold Awards	**14** Silver Awards	**3** Bronze Awards

CAPITAL REPORTS

Intellectual Capital

Structures:

INTELLECTUAL PROPERTY

Hemas Holdings has in place robust policies, frameworks and processes that support its ability to deliver long-term value, and ensure business adaptability, productivity, and efficiency. Furthermore, the Group's consistent development of intellectual property has served as a key differentiator that drives enterprise growth and continuity.

801 Trademarks **30** Industrial Designs **86** Own Brands **77** New Trademarks in FY 24

SYSTEMS, PROCESSES, AND POLICIES

Hemas Holdings remains committed to pioneering and accelerating a comprehensive business transformation journey, heavily investing in digital assets, processes, and talent. The Group's early adoption of ERP, specifically SAP S4 HANA, has positioned it as a cloud-first organisation.

In addition to initiating various process improvements and automations (listed in the subsequent section), Hemas Holdings has also introduced several structures, systems, and processes unique to the organisation, listed below:

Cybersecurity Structures	Data Privacy and Protection Structures	Transformational Structures	Operational Structures	Learning Structures
Continuous enhancement of processes designed to meet best-in-class cybersecurity standards. Fostering Group-wide awareness on cybersecurity mechanisms.	Stringent policies aimed at improving data privacy and protection to safeguard sensitive information, enhance operational integrity and ensure regulatory compliance.	A dedicated transformation team equipped with in-house capabilities for Business Re-engineering, Data Science and Advanced Analytics, Automation, and Technology Solutioning.	Groundbreaking operating models have been introduced across various sectors within the Group, particularly in IT, Supply Chain, Shared Services, and Procurement. These improvements aim to drive efficiencies and optimise performance across key operational areas.	Initiatives towards upskilling, re-skilling, and fostering a culture of change at all levels underscore the Group's commitment to driving transformation through its most valuable asset – its people.

PROCESS IMPROVEMENTS AND INNOVATIONS

During the year, the Group adopted numerous process improvements and innovative practices to drive increased productivity, resource efficiency and cost-efficient outcomes across the board.

Pharmaceutical Manufacturing Facility: Electricity Saving and Capacity Enhancement

Existing problem/concern

At the initial stages, operations were not optimised owing to the hike in electricity costs and the technology being new.

Initiative

Identifying machine optimisation opportunities such as batch size optimisation, elimination of bottlenecks and implementing energy saving opportunities.

Outcomes

40% ↑

in compression machine speed

Pharmaceutical Distribution Warehouse: 45 Product Warehouse Project by Performance Excellence Team (PET) and Warehouse Team

Existing problem/concern

There was a duplication of warehouse operations at two facilities for specific SKUs, resulting in additional overhead costs and contributed negatively to warehouse capacity management.

Initiative

The repetition of warehouse operational tasks with respect to 45 SKUs were identified via a comprehensive analysis and actions were taken to eliminate the same.

Outcomes

15% ↑

capacity saving

Pharmaceutical Distribution Warehouse: "Tab Operation" Project by the Warehouse Team and MIS Team

Existing problem/concern

The picker operations at the warehouse were completely paper based, resulting in the picking of an entire invoice across 4 floors.

Initiative

Re-engineering the existing process with the inclusion of technology to implement a new, improved, and efficient picking process.

Outcomes

30% ↑

improvement in picking time

- Improved quality of life for pickers
- Real-time data updates
- Increased visibility and measurement
- Enhanced productivity

Pharmaceutical Distribution Warehouse: Machine Learning based Demand Planning Tool

Existing problem/concern

Inaccuracies in the demand forecasts negatively impacted inventory management.

Initiative

The manual demand forecasting approach was replaced by an automated tool relying on Machine Learning, resulting in higher accuracy levels.

Outcomes

20 ↑

in accuracy levels

Home and Personal Care Manufacturing Facility: Improving First Time Quality, Reducing Bulk Wastage Cost and Steam in PC Plant

Existing problem/concern

Excessive bulk wastage in toothpaste production stood at 0.7%, deviating from the targeted 0.4%.

Initiative

The core issue was identified as extended tube lengths in the transportation process, leading to significant toothpaste retention and wastage. The solution involved connecting tube lines directly from the mixing machine to the storage vessel, thereby reducing tube length and minimising wastage.

Outcomes

- Substantial cost savings
- Resource efficiency

Home and Personal Care Manufacturing Facility: Per-ton Steam Consumption in the Soap Noodle Making Process

Initiative

The core issue was identified as extended tube lengths in the transportation process, leading to significant toothpaste The Soap Plant team and the Engineering team collaborated effectively to optimise per-ton steam consumption in the soap noodle-making process. They synchronised heat exchanger units, fine-tuned operation conditions and startup procedures and introduced a pressure regulating valve to the system.

Outcomes

- Enhanced safety
- Resource optimisation
- Reduced carbon footprint
- Improved cost-efficiency
- Streamlined production

CERTIFICATIONS AND STANDARDS

The Group's diverse certifications, licenses and standards ensure the organisation integrates precision, high quality, and best practices across its business units. Hemas Holdings remains committed towards maintaining these certifications and standards in order to enforce continuous improvement at every stage. The certifications listed below demonstrate the Group's multi-pronged focus on product quality, health and safety, process excellence.

CONSUMER BRANDS
Home and Personal Care
• ISO 9001:2015 Quality Management System Certification. • ISO 22716:2017 SLSI GMP Certification for Dankotuwa Factory Site • All imported products spanning baby cologne, adult cologne and diapers possess an import license issued from NMRA. • Baby Cheramy baby soap, Clogard toothpaste, Chooty toothpaste, Clogard toothbrush, Fems Sanitary napkins and Kumarika hair oil are SLS Certified. • All products under the Prasara brand and Clogard Panchashakthi toothpaste possess Ayurveda registration.
Atlas Axillia
• ISO 45001 (Occupation Health and Safety Management System) • ISO 14001 (Environment Management System) • ISO 9001:2015 - Quality management systems • EPL-Environment Protection License • SWML- Schedule Waste Management License • Factory Registration by Labour Department • Means of Escape Certificate by Labour Department • Factory Ordinance Certificate for High-Risk Machinery (boiler, air receiver, hoists)
HEALTHCARE
Pharmaceutical Distribution
• GDP/ISO 9001:2015
Pharmaceutical Manufacturing
• GMP Certification
Hemas Hospitals
• ACHSI Accreditation: ACHSI EQuIP 7 accreditations issued by the Australian Council on Healthcare Standards International (ACHSI). • ISO 15189:2012: Medical laboratory accreditation issued by the Sri Lanka Accreditation Board (SLAB). • Ongoing recertification of Integrated Management System (IMS) (including ISO 9001:2015, ISO 14001:2015, ISO 45001:2018). • Environmental Protection License (EPL) • Scheduled Waste License • Private Hospital Regulatory Council License • Atomic Energy Authority License • Fire Department License

HUMAN CAPITAL

THE GROUP ATTRIBUTES ITS SUCCESS TO THE TALENTS, SKILLS, AND EXPERTISE OF ITS WORKFORCE.

Committed to investing in its employees, it cultivates an environment that encourages innovation, collaboration, and personal development. With a robust governance structure, comprehensive HR policies, and resilient systems, the Group nurtures its human capital. Each subsidiary of the Group operates with its dedicated HR department, tailoring procedures to its business line, while Group HR ensures consistency, oversees senior talent, and shapes the Group's culture and values.

Key Priorities and Actions for **FY 24:**

IDENTIFYING AND DEVELOPING TOP TALENT

Utilised business unit data to identify key talent across the Group, conducted development assessment centres, moderated discussions with MDs, HR Heads, and REMCO members, and identified specific development needs.

LEADERSHIP DEVELOPMENT

Identified key talent and facilitated development interventions, addressing coaching and mentoring needs, assisting in sourcing suitable resources for business units, and serving as a liaison with consultants and training partners.

DESIGNING OF NEW REWARD PHILOSOPHY

Engaged with stakeholders to understand requirements and collected data on the existing compensation and benefits framework. Design options presented to the Chief People Officer and REMCO for approval.

SUCCESSION PLANNING FOR CRITICAL ROLES

Mapped talent using succession planning heatmaps and analysed data to evaluate the depth of succession for critical roles. This assessment guides decisions regarding talent acquisition or development for these positions and ensures adherence to development plans for key talent in the pipeline.

REVAMPING PERFORMANCE MANAGEMENT

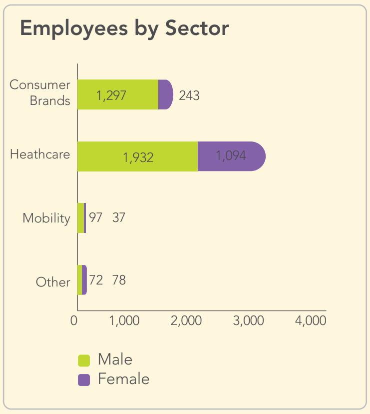
Reviewed the current performance management process and supporting technology to identify areas for enhancement. Evaluated technology gaps to ensure compatibility with the revised process.

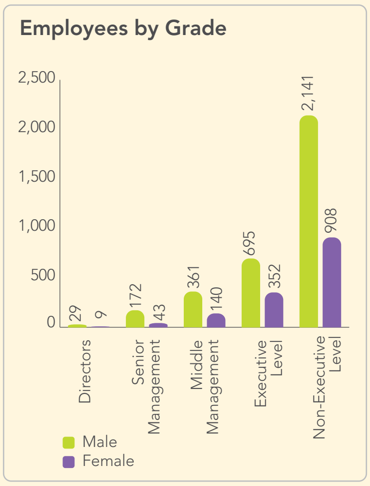
OPTIMISING PRODUCTIVITY THROUGH ORGANISATIONAL REDESIGN

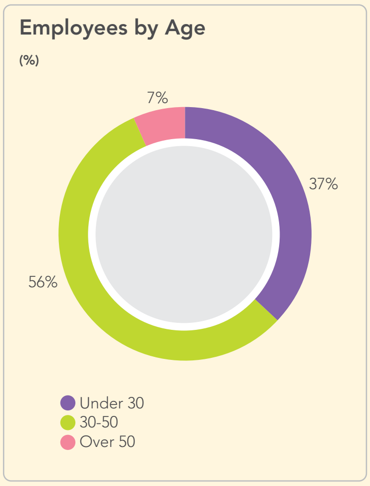
Analysing market benchmarks to ascertain how other companies have addressed similar needs. Established organisation design principles and applied them to pilot structures to identify any deviations. The implementation approach developed based on these findings.

GROUP HUMAN CAPITAL COMPOSITION

	Full Time	Part- Time	Permanent	Temporary (Contract)	Non - Guaranteed	Out-Sourced
	3,398	0	3,321	77	78	846
	1,452	2	1,342	110	156	130







The Group comprises of 4,850 employees, with a combined workforce, including outsourced workers, totalling 5,826 individuals. The Group has 1 male employee working outside Sri Lanka, focused on business expansion in the region in relation to the reporting boundary of this report. The Group predominantly employs full-time employees who engage in operations that are core functions of the Group. The Group's outsourced workforce comprises individuals who perform tasks such as janitorial duties, security services, and other non-core operational roles.

Data related to Group employees and outsourced staff is tracked on a quarterly basis and the required information is provided by the relevant HR departments in line with the records maintained. The information in the Annual Report is data as at the end of the reporting period, which is March 31, 2024. During the year, there were no significant fluctuations in the number of employees or the outsourced staff across the Group.

The Group strictly complies with both local and international laws and regulations related to child labour and forced/compulsory labour. There were no reported incidents of child labour or forced/compulsory labour within the Group for the year, reflecting its commitment to ethical business practices.

CAPITAL REPORTS

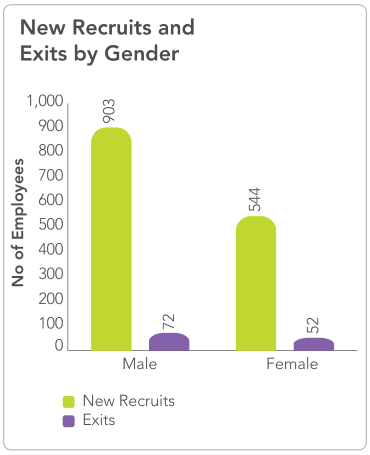
Human Capital

RECRUITMENT AND RETENTION

The Group employment policies focus on recruiting the best people, providing them training to enhance their skills, recognition of innate skills and competencies of each individual while offering equal career opportunities regardless of gender, race, or religion.

During the year, a total of 1,447 employees were hired, out of which 1,186 were hired on a permanent basis (subject to probation) and 261 were hired on a contract basis. Amongst the new hires, 62% were male employees and 38% were female employees.

All employees of significant sectors at the time of induction sign the Hemas Way (Group Code of Conduct) document, which provides guidelines and relevant information on bribery and corruption. The Group Whistle Blowing Policy allows employees or a third party to report on any suspected misconduct, illegal acts or failure to act according to the Group Code of Conduct by e-mail or post to the appointed Board Members. During the year, operations were assessed for risks related to corruption and no significant risks were identified relating to corruption within the business processes.



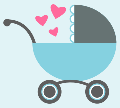
During the year, 1,264 employees left the Group resulting in a turnover rate of 26.1% [FY 23: 22.7%]. From the total employees who left during the year, 63.1% were male employees and 698 were below 30 years, 545 were between 30 to 50 years, and 21 were above 50 years. The attrition rate among new hires amounted to 8.6% [FY 23: 8.2%].

The increase in the Group attrition rate can be attributed to the economic downturn in the country, as employees seek more stable economic conditions and improved prospects. To address skilled worker migration, the Group implemented various strategies across its business segments. This included identifying critical talent and offering retention bonuses, fostering a strong company culture, and promoting internal talent mobility through talent review processes. Additionally, the Group focused on creating a competitive work environment through remote work options, competitive compensation and benefits and professional development programmes.

DIVERSITY, EQUAL OPPORTUNITY AND INCLUSION

Hemas is dedicated to cultivating a diverse and inclusive workplace that nurtures innovation, creativity, and collaboration. Through established policies and initiatives, the Group upholds this dedication, ensuring equitable treatment for all employees without tolerance for discrimination. Embracing the diverse viewpoints within the organisation, the Group champions fair opportunities for everyone. The Group commitment to inclusivity fuels both innovation and growth, paving the path for a promising future.

The Hemas Way document, which is signed by employees at the time of inductions states that employees should not discriminate their teams based on race, colour, religion and national origin.



Parental Leave

All employees of the Group are entitled to the Group Maternity, Paternity and Adoption Leave Policy that goes well beyond statutory requirements.

Employees are granted 100 days of maternity leave and 10 days of paternity leave. The Group Adoption Leave Policy provides the same maternity and paternity leave for a child under 1 year, and half the benefit for a child between 1 and 5 years.

Employees that took parental leave	
Male: 40	Female: 53

Total number of employees that returned to work after parental leave	
Male: 40	Female: 24

Voice of Women

Established in 2017, Hemas Voice of Women (VOW) strives to foster a more inclusive workplace environment, aiming to attract and retain greater female talent. Throughout the year, the network undertook various initiatives, including the restructuring of the Voice of Women Employee Resource Group (ERG) with a team of 35 employees, encompassing both male and female members, along with 7 Business Unit (BU) leads. Additionally, International Women's Day (IWD) was celebrated with a focus on Diversity, Equity, and Inclusion (DEI) initiatives across all business units, reflecting the network's commitment to gender equality and workplace diversity.

Launch of DE&I Policy

During the year, the Group launched its new Diversity, Equity, and Inclusion (DEI) policy, a significant step towards fostering a more inclusive workplace culture. With a commitment to providing equal opportunities, the policy celebrates diversity and ensures every individual feels respected. Implementing fair recruitment, prioritising employee development, and providing grievance procedures are key aspects.

Through this policy, Hemas aims to embed DEI into recruitment, fair treatment, employee growth including training and promotions, grievance handling, and accessibility measures.

Sexual Harassment Committee

The Group maintains a zero-tolerance policy towards sexual harassment, recognising its detrimental effects on individuals and the organisation.

An eight-member Sexual Harassment Committee, with representation from each business unit, is in place to address concerns promptly. Employees are encouraged to contact any committee member directly via phone or email, or reach out collectively through reachout@hemas.com to report an incident. Regular awareness campaigns ensure all employees are familiar with the policy, and incidents can be reported confidentially for investigation when necessary.

Single Parent Support Network

The Hemas Single Parent Support Network provides assistance to employees who are raising children alone, without a spouse. This initiative offers a range of resources, services, and support to individuals facing the unique challenges of single parenthood. Juggling parenting responsibilities and household management without a partner can be emotionally and financially demanding, making such support invaluable for those navigating this journey alone.

22 Employees

Formation of DEI Council

Formed a diverse DEI council, consisting of 20 members from each business unit, representing a spectrum of religions, generations, genders, job grades, and serving as allies, including those for persons with disabilities (PWD) and LGBTQI individuals.

Flexible Working Policy

Hemas corporate office has introduced a new Flexy Work Policy, offering employees two options for flexible work arrangements. With Hybrid Work, employees can choose to work from anywhere for up to 4 days a month, in coordination with their immediate supervisor. Alternatively, Flexy Work allows employees to arrive at the office anytime between 6:30 and 9:30 am, work for 8.5 hours, and leave between 3:00 and 6:00 pm, all with supervisor approval. These options provide greater flexibility and autonomy in managing work schedules.

EMPLOYEE ENGAGEMENT

The Group prioritises nurturing a culture of open communication to sustain strong employee engagement levels. This is achieved through various channels enabling employees to ask questions, express their opinions, and offer suggestions. Regular employee satisfaction surveys are conducted to pinpoint areas for enhancement and assess employee sentiments.

To ensure an environment where employees feel safe to voice concerns, the Group has established a robust grievance mechanism with clear escalation procedures. Any grievances raised are treated with seriousness and thoroughly investigated to tackle underlying issues. Additionally, the Whistle Blowing Policy offers a confidential avenue for employees to report perceived wrongdoing directly to Directors.

Fairness is promoted within the Group, encouraging employees to interact with senior leadership teams, their direct supervisors, and HR representatives. Open-door policies for all staff and skip-level meetings for executives enable employees to discuss concerns or share opinions directly with senior management, including Directors.

All significant sectors have in place Joint Consultative Committees with employees and maintain constant dialogue between management and employees through periodic direct management worker meetings. All employees of the Group can freely associate and Morison Limited has in place a formal collective bargaining agreement and 1.9% of Group employees are covered in the formal collective bargaining agreement.

During the year, multiple activities were carried out across Group operations to engage and support employees. These efforts were aimed at promoting a positive and inclusive workplace culture and improving employee satisfaction and well-being, which included 360 degree feedback of the leadership teams across the Group.

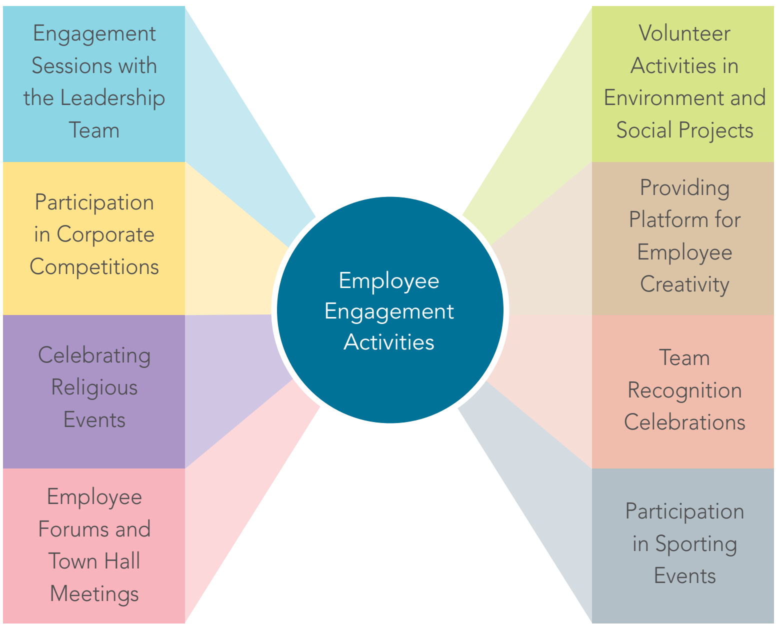
HEMAS AWARDS 2023

The Annual Hemas Awards was held in October where businesses and employees from each of its business units were recognised for their outstanding service throughout the past year.

Winner of Champions of the Arena Award

Winner of CEO's Pride Award

Winner of Special Recognition Award



CELEBRATING HEMAS 75TH ANNIVERSARY

During the year, the Group marked 75 years of empowering lives through pioneering solutions by hosting a range of events for employees.

HEMAS 75 CRICKET CARNIVAL

Champions of Male Category - Hemas Consumer Brands

Champions of Female Category - Hemas Hospitals

Hemas commemorated its 75th Anniversary with a Group-wide Cricket Carnival and After Party on November 25, 2023. Over 230 players from more than 25 teams, comprising 21 male teams and 8 female teams, took part in the spirited competition. A remarkable crowd of 3,800 employees from across all businesses the Hemas Group joined in the festivities. Hemas Consumer Brands Male Team emerged victorious in the male category, while Hemas Hospitals' Female Team clinched the championship in the female category. The event kicked off with preliminary knockout rounds at Wesley College Grounds earlier in November and culminated in a lively concert featuring performances by the Wayo Band and other renowned artists, ensuring a memorable celebration of Hemas' legacy of empowering the communities of our nations.

PRASHANSA – EMPLOYEE FELICITATION EVENT

To celebrate Hemas' 75th Anniversary, a felicitation ceremony took place on November 16, 2023, at the Galle Face Hotel to honour the dedicated service of longstanding employees within the Hemas Group. A total of 107 employees, each with a service period exceeding 25 years, were recognised and celebrated during this special event.

EMPLOYEE HEALTH AND SAFETY

The Group prioritises the health and safety of its employees across all operations and has in place a Health and Safety Policy which is supported by specific management systems implemented at each operation locations. All manufacturing facilities operate under a comprehensive Health and Safety Management System which are applicable to all employees as well as contractor personnel of the Group. The manufacturing location of the Group goes beyond compliance to the health and safety regulation by the adoption of ISO 45000 standards.

This system emphasises proactive risk identification through Hazard Identification Risk Assessments (HIRAs), which are reviewed periodically and regular audits to ensure continuous improvement. The Group actively monitors workplace injuries to identify areas necessitating extra safety measures, particularly for hazards like physical risks in the workplace, biological hazards within healthcare operations, and chemical hazards across operational sites.

Following any incident, a thorough root cause analysis is conducted by designated health and safety officers. These analyses delve into the underlying causes of incidents and recommend process improvements, which are presented to management for implementation.

A comprehensive health and safety report is submitted to the Human Resources and Remuneration Committee on a quarterly basis. Additionally, each business unit has a dedicated Health and Safety Committee comprised of representatives from relevant departments. These committees function as forums for discussing health and safety matters and contribute suggestions for improvements before implementation.

Furthermore, all manufacturing locations, have on-site clinics staffed with nurses and visiting doctors, ensuring immediate medical attention for employees if needed. First aid boxes are strategically placed throughout the manufacturing facilities, complemented by eye wash facilities near chemical storage areas and fire showers for emergencies. Fire safety is paramount, with smoke and fire detectors installed throughout the premises, coupled with fire hydrant systems and regular fire drills. Clear assembly points are designated, and employees receive comprehensive training on fire safety protocols. Additionally, fire extinguishers are readily available for prompt response to any fire incidents.

Personal protective equipment (PPE) is provided to both employees and contractor personnel, including essentials such as hard hats and harnesses for working at heights. Training on health and safety procedures is regularly conducted to ensure all staff are aware of safety protocols and best practices. Moreover, wheel blocks are deployed for lorry parking during loading and unloading operations, enhancing safety measures on-site.

The Group commitment to health and safety extends beyond its employees. The Group actively promote safe work practices throughout its supply chain and provide guidance and advice on health and safety protocols, systems, and processes to its contract manufacturers.

Regular audits are conducted to ensure compliance with the health and safety standards of the Group, with a focus on identifying and addressing any potential hazards. These audits encompass monthly assessments by the employee health and safety department for contracted operations and quarterly evaluations of third-party operations, fostering a culture where employees are empowered to report incidents or near-misses for proactive hazard identification and mitigation. Additionally, internal and external audits of the workplace further reinforce the robustness of the employee health and safety management system.

In addition, recognising the importance of worker well-being beyond physical safety, the Group invests in programmes and initiatives that promote overall employee health, fostering a positive and healthy work environment. Regular training programmes on occupational health and safety are delivered to all employees and contract personnel by qualified Health and Safety Officers.

The health and safety training provided encompasses a comprehensive range of topics, including fire safety drills, chemical safety sessions, first aid training, and equipment handling. Participants receive thorough instruction on hazard identification, risk assessment, and incident reporting, along with practical guidance on the proper use of personal protective equipment (PPE). Additionally, recent updates to environmental and safety audit tools align with international standards, ensuring continuous improvement in safety protocols.

	Employees		Contract Personnel	
	FY 24	FY 23	FY 24	F Y23
High Consequence Injuries (No.) *Recovery time more than 6 months*	1	0	0	0
High Consequence Injury Rate (per 100 workers)	0.02	0	0	0
Recordable Injuries (No.) *Recovery time between 3 days and 6 months*	38	20	4	5
Recordable Injury rate (per 100 worker)	0.8	0.4	0.4	0.8
Total Work Related Injury Rate	0.8	0.4	0.4	0.8
Fatalities (No.)	0	0	0	0

During the year, there was one 1 high-consequence injury involving a male employee and 38 recordable injuries among employees. Of these, 15 were male employees, while 23 were female employees. The significant increase in the number of injuries in the Group was mainly due to a reassessment of the data collection processes in place at a few group locations and the further streamlining and enhancing their injury reporting process and addressing gaps that were present in recording their employee injuries.

HEMAS WELLNESS

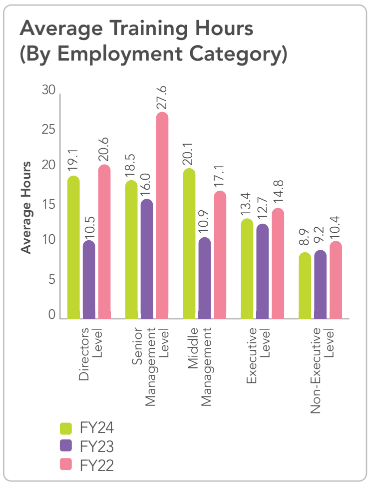
Hemas Wellness, the Group's dedicated wellness programme for employees continued to conduct wellness initiatives across the Group. Funded by an independent trust, Hemas Wellness strive to nurture the healthiest possible workforce through awareness campaigns and access to mental and physical healthcare. Initiatives for the year included:

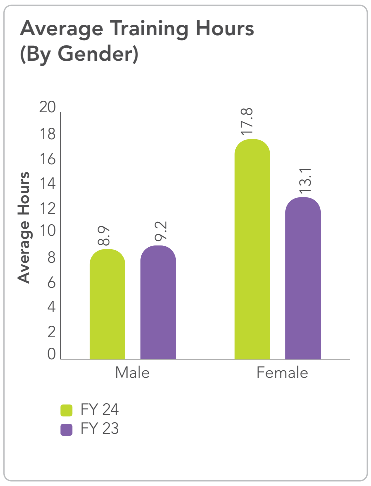
- Hemas 75 Step Challenge: Employees across the Group participated to walk 7,500 steps each day for 10 days.
- NCD screening was conducted, achieving an overall 60% participation rate among all employees. Individuals identified as high risk will undergo personalised intervention plans.
- Participation at Mercantile Badminton (Girls, Boys, Mixed, Veteran), Cricket (C Division) and Netball (Girls-C Division & Mix-Open) Tournaments.

TRAINING AND DEVELOPMENT

The Group continued to invest in employee training and development, acknowledging the pivotal role that improving employee skills and knowledge plays in its growth strategy. To identify the training requirements of each business unit, the Group utilises a thorough process encompassing assessment centers, talent dialogues, and performance feedback. This approach ensures that individual goals align with the Company's strategic objectives.

During the year, the total training hours of the Group increased by 14%, with male employees receiving 30,151 training hours and female employees receiving 25,781 training hours. The increase in training hours reflects the Group's heightened focus on upskilling and enhancing employee capabilities to meet evolving industry demands and maintain competitive advantage.





Training Focus Areas at Group Strategic Business Units

CAPITAL REPORTS

Human Capital

LEADERSHIP DEVELOPMENT AND SUCCESSION PLANNING

The Group's Annual Talent Review process serves as a cornerstone for mitigating people-related risks by identifying and nurturing talent, crafting robust development plans, and establishing a resilient succession pipeline.

Following a comprehensive review in 2023, the process underwent refinement, transitioning towards a more data-centric and results-oriented approach. Key design principles were integrated into the revised process, including the incorporation of Hemas values into talent assessment, utilisation of the 9 Box Mapping matrix for initial talent mapping, and the establishment of dynamic talent status, emphasising continual development and alignment with organisational values.

Central to the revised talent management strategy is enhanced communication with identified talent, ensuring clear messaging regarding their status and the company's commitment to their development. Additionally, mid-year updates utilising the 9 Box matrix enable early intervention for high-performing new hires, vital for retaining talent expecting continual growth. Talent pools have been expanded to offer diverse career opportunities, while Talent Councils facilitate talent visibility and cross-business unit movements. Refinement of succession planning based on critical roles and talent readiness ensures proactive addressing of talent pipeline needs.

The Group's commitment to nurturing talent extends to structured mechanisms for identifying and developing key individuals, with talent management sessions conducted annually at the business level. Regular reviews by the Human Resources and Remuneration Committee ensure a robust talent pool at the Group level, fostering a culture of continuous learning and development. These initiatives are pivotal in cultivating the next generation of leaders, reflecting the Group's dedication to investing in its workforce to drive future success.

PERFORMANCE MANAGEMENT

A culture of meritrocracy prevails at Hemas, and the Performance Management process encompasses goal setting, bi-annual evaluations, and employee feedback, all aimed at aligning individual objectives with organisational goals. Beginning with clear and achievable goal setting, employees are guided to align their efforts with the overarching objectives of the company.

Goal setting is carried out at the beginning of each financial year and communicated to all executive and above level employees. Performance reviews based on set goals are conducted biannually for all executives and annually for all non-executives. The review process is a two-step process where the initial review is conducted by respective supervisors with opportunities for employees to discuss performance, understand areas of improvement and establish future goals. A bell curve of employee performance evaluations is then evaluated by a panel.

During the year, the Group undertook a thorough review of its Performance Management process and supporting technology. A more robust framework for goal setting was introduced, emphasising strategic alignment and operational effectiveness, catering to both short-term and long-term goals, particularly focusing on top management objectives. Additionally, the rating nomenclature was refined to enhance precision and objectivity in the scoring process. Plans were laid for the implementation of continuous performance monitoring and regular feedback mechanisms in the following fiscal year, aimed at further refining the performance management system and fostering a culture of ongoing improvement and development.

Goal Setting - March - May	Mid-Year Review October	Annual Review March	Review Committee Meeting May
Goal Cascading and finalisation	Monitoring stage for pulse checking of progress made	Year end evaluation that provides to input on performance rating	Finalising performance reviews

Employee Review Process for Executives

REMUNERATION AND BENEFITS

Remuneration comprises of a fixed pay component and an annual bonus which would either be a fixed amount or performance based variable amount depending on employee grade and business unit. All employees of the Group based in Sri Lanka are also eligible for Mercantile Service Provident Society (MSPS)/Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF) contributions stipulated by law. The total contribution made by the Group to ETF for the reporting year was Rs. 133 million, while the contribution made to MSPS/EPF was Rs. 538 million. Employees are also entitled to gratuity and the total benefit liability as at 31st March 2024 was Rs. 1.4 billion. In addition to these statutory benefits, full time employees are also entitled to a range of benefits including medical insurance, staff loans, meals in certain businesses, transport facilities, travel allowances and other benefits. All wages and remuneration are commensurate with the work undertaken, and in all cases higher than a minimum wage requirement and aligned to market remunerations. The compensation and benefits provided by the Group ensures equal remuneration for men and women in similar job roles and based on the number of hours worked with a firm stance against any form of gender-based discrimination. The Company considers its annual total compensation ratio of its highest-paid individual to the median compensation levels to be confidential in nature.

NATURAL CAPITAL

THE HEMAS GROUP IS DEDICATED TO UTILISING ENVIRONMENTAL RESOURCES EFFECTIVELY WHILE MINIMISING THE ENVIRONMENTAL FOOTPRINT GENERATED BY ITS OPERATIONS.

This commitment entails a proactive approach to resource management and the implementation of sustainable practices aimed at reducing adverse environmental impacts. Recognising the interconnectedness of business and environment, the Group actively manages sustainability-related risks and opportunities. This includes considering climate change risks associated with their environmental footprint, ensuring long-term business viability and a positive environmental impact.

Key Priorities and Actions for **FY 24:**

ENSURE RESPONSIBLE UTILISATION OF NATURAL RESOURCES
Initiatives were done across the manufacturing operations that strived to reduce water consumption of the business.

EMISSION REDUCTION
Locations with significant operations transitioning to rooftop solar

ADHERENCE TO EXTENDED PRODUCER RESPONSIBILITY
Partnerships to facilitate the collection of plastic to offset the plastic consumption of the Group

SAFEGUARDING OUR ECO SYSTEM
Collaboration and partnership with Wildlife Nature Protection Society to protect critically endangered endemic species.

Internal ESG Assurance Audits

FY 24

Sustainability Assurance audits were done at all locations of the Group by the internal team and with an external sustainability consultant to ensure adherence to ESG guidelines, international standards and best practices.

ENVIRONMENTAL GOVERNANCE

The Hemas Group demonstrates its unwavering commitment to environmental stewardship through a comprehensive ESG Policy, Group Environmental Policy, and Group Environmental Agenda. These policies highlight the strategies for addressing pertinent environmental concerns, emphasising prevention, mitigation, and the establishment of measurable goals and targets.

To ensure the effective management of key environmental issues, the Corporate Affairs Division conducts quarterly monitoring, risk identification, and mitigation activities. Additionally, this division spearheads the implementation of the Group Environmental Agenda and provides guidance to business units on relevant sustainability initiatives. Each business unit appoints sustainability champions who furnish quarterly reports on environmental performance, and who also become the liaison between the Corporate Affairs Division and the business unit in ensuring Group level sustainability and ESG policy commitments are implemented and adhered to within the business unit.

Operationalising these initiatives to achieve environmental targets is the responsibility of the Group's Environment Committee (GEC), comprising Chief Engineers from each business unit

Group Environmental Agenda

The Group's Environmental Agenda focuses on raising awareness, advocating for partnerships, pursuing responsible use of natural resources, minimising the impact of operations, and reducing harmful plastic use. The Group is committed to implementing initiatives and interventions that will protect Sri Lanka's endangered endemic species.

The Group Environmental Agenda 2030

Protect our Natural Resources

Actively pursue the use of natural resources in a responsible manner limiting the impact Group operations have on the environment.

(More information on Page 103)

Safeguard our Eco System

The Group will embrace and champion initiatives that protect and nurture our unique eco-system.

(More information on Page 105)

Responsible Plastic Manufacture and Disposal Practices

From Design to disposal, the Group will strive to reduce use of plastic that are harmful to the environment.

(More information on Page 109)

and members of the GSCC. Monthly meetings are convened by the GEC to review progress and address challenges, supplemented by quarterly field visits to facilitate knowledge exchange.

Senior management conducts quarterly reviews of its environmental performance relating to management of sustainability impacts and mitigation of sustainability related risks and opportunities (SRROs). This quarterly review is part of the holistic organisational performance review conducted not only for environmental performance but also for other impact and risk areas of its human capital, social and relationship capital. Standard Operating Procedures (SOPs) are enforced to streamline processes and ensure the accuracy of ESG data collected on-site. Furthermore, regular internal audits and sustainability audits are conducted to identify areas of improvement, and further risk mitigation.

Compliance with environmental laws and regulations is paramount for the Hemas Group, with continuous tracking and monitoring of any environmental fines incurred by its businesses for non-compliance with Sri Lankan legislation.

No significant fines worth over Rs. 1 million on environmental non-compliance or spillages was reported in the year under review.

ENERGY MANAGEMENT

The Group considers the managing of its carbon footprint and risks to operations arising from climate change as a vital component in the Group's Environmental Governance.

The Board of Management, in collaboration with the Group Corporate Affairs Division, oversees the monitoring, review, and decision-making processes related to the Group's carbon footprint and overall energy management. The Board of Management, in collaboration with the Group's Risk Management Function and Finance Division oversees the review, and mitigation of risks and financial impacts arising from the Physical Risks of Climate Change and the Transition Risks of Climate Change through the Group's Risk Management process.

The Group's main approach to achieving a low carbon strategy involves prioritising energy efficiency and implementing carbon offsetting initiatives, which includes shift to renewable energy and reforestation. Risks resulting from physical risks of climate change is assessed for all operational locations, through its risk registers and periodic reviews which identifies any locations prone to natural disasters cause by climate change, as well as reviews the processes and measures deployed to mitigate such impacts. The Group recognises the physical risks of climate change impacts as a moderate risk of business stemming from changing rainfall patterns and prolonged period of drought which could impact manufacturing capabilities as well as potential risks in sourcing raw materials in the future.

The Group's Environment Committee, which includes the engineers of each business unit, conducts ongoing assessments of the risk of energy security, potential delays in transitioning to renewable energy. . The Group's solar initiative is the primary strategy in its transition towards low carbon operations with an investment of over LKR 853.2 million during FY 24. It is expected that this investment would provide the Group with an overall 3.8 Million kWh savings of electricity from the National Grid, resulting in a cost saving of Rs. 138.3 Million and a Carbon Footprint Saving of 2,750 MT annually The Group is cognisant of the transition risks of climate change arising from its strategy towards a low carbon operation through its solar initiative. The Group undertook comprehensive financial and non-financial analysis including that of pay-back period assessments, technology used and the financing mechanism of the solar initiative prior to being implemented within the Group. Currently the Group does not operate in geographies that have regimes of carbon pricing or carbon tax.

The Environmental Governance Framework, together with the Group's carbon reduction strategies and risk management functions have led to the development of Carbon footprint KPIs as part of the Group's Key Sustainability Performance Indicators, which include the total carbon footprint, scope 1, scope 2 footprints, carbon footprint by sector, carbon intensity and review of progress of initiatives to minimise carbon emissions and energy usage. These are compiled by the GSCC and presented to Board of Management on a quarterly basis for monitoring and review.

The Group tracks and measures its carbon footprint based on the GRI Standards using internationally accepted emission factors. The Group The Green House Gas (GHG) protocol of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) is used to measure the Group's carbon emissions, while carbon emission factors found in the IPCC guidelines for national greenhouse gas inventories published by the Institute of Global Environmental Strategies (IGES) are also used for calculating our carbon footprint. Currently, the carbon intensity of the Group is calculated using the total Group revenue, and internal Carbon Footprint reduction targets have also been established.

Group Carbon Footprint

Total Carbon Footprint (MT)
16,549 ↑ 1%
(FY23: 16,456)

Scope 1 (MT)
1,994 ↓ 8%
(FY23: 2,161)

Scope 2 (MT)
14,555 ↑ 2%
(FY23: 14,296)

Carbon Intensity
(MT per Rs. Million Revenue)
0.14 ⊖
(FY23: 0.14)

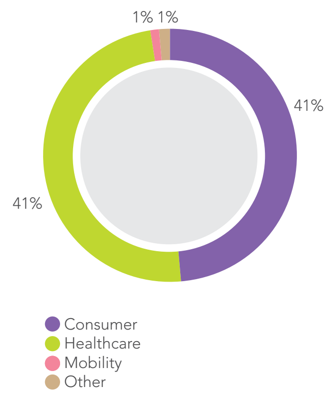
TRACKING OF SCOPE 3 OF GROUP CARBON FOOTPRINT

Scope 3 (MT)
2,013 MT

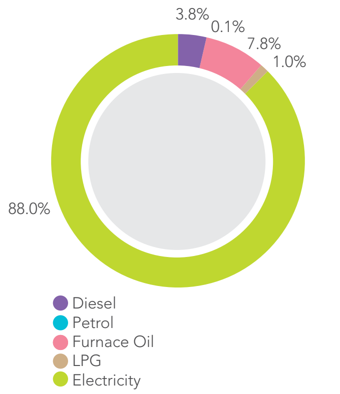
During the year, the Group evaluated all 15 categories of the GHG protocol for Scope 3 Carbon Footprint and identified categories such as, purchased goods and services, Capital goods, Upstream transportation and distribution, Waste generated in operations, Business travel, Employee commuting, Upstream leased assets, Downstream transportation and distribution, and End-of-life treatment of sold products and as relevant to the business.

For the reporting year, the Group has considered all employee commuting and business travel locally when tracking its Scope 3 carbon footprint. During the upcoming financial year, the Group hopes to further enhance its tracking process and include other indicators related to calculating its Scope 3 carbon footprint.

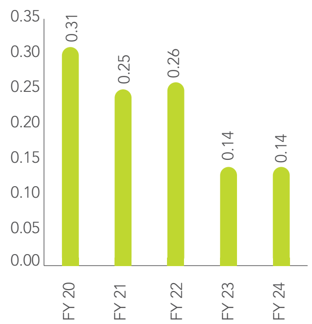
Carbon Footprint by Sector
(%)



Source of Carbon Footprint
(%)



Carbon Intensity of Group
(MT)



ENERGY CONSUMPTION

The Group strives to minimise its environmental impact, and energy consumption is a key focus area in its efforts. The Group is committed to efficient use of fossil fuels and electricity, striving to reduce its carbon footprint. As part of its comprehensive Group Environmental Agenda, the Group has established an energy reduction goal, which strives to decrease its energy consumption by 25% by 2030.

The Group actively works towards reducing its reliance on fossil fuels and made significant strides towards renewable energy sources. During the last financial year, the Group invested Rs. 853.2 million to install solar panels on rooftops across key operational locations. This expansion complements Group's existing commitment to solar energy, with Hemas Hospitals already utilising solar energy since 2014. During the year, the Pharmaceutical Manufacturing Facility in Homagama, Hemas House in Colombo and the Learning Segment factory in Peliyagoda began utilising solar energy, reducing their overall environmental impact. By investing in roof-mounted solar, the Group aims to minimise its carbon footprint and reduce the impact of its operations on the environment. In addition to reducing atmospheric carbon footprint and ozone depletion, this shift towards alternative energy sources has prepared the Group to face price volatility and reduction of GHG emissions that create Climate Change.

During the year 1,038,731kWh of electricity was from renewable sources resulting in a renewable energy percentage of 5%. The expansion of the renewable energy portfolio will continue with Home and Personal Care factory in Dankotuwa transitioning to solar power in the coming year.

ENERGY CONSUMPTION OF THE GROUP

GJ		FY 24	FY 23	FY 22
Direct Energy		**29,942**	**28, 860**	**50,920**
Fossil Fuel		26,203	28,432	50,568
	Diesel	8,529	10,428	24,296
	Petrol	249	382	2,404
	Furnace Oil	16,454	16,751	22,437
	LPG	970	871	1,431
Renewable Energy		3,739	428	352
	Solar Power	3,739	428	352
Indirect Energy		**74,416**	**73,090**	**80,936**
	Hydro and Renewable	36,464	35,814	39,659
	Thermal	37,952	37,276	41,277
Total Energy *		**104,358**	**101,950**	**131,856**
Energy Intensity GJ Per LKR Mn Revenue		0.8	0.9	1.7

*The Energy consumption for FY 22 includes data for the logistics business which was divested by the Group in October 2021.

The Group actively works towards reduction of energy use across its operations. Locations with significant energy consumption have implemented various initiatives to achieve this goal. The following details these programmes:

Manufacturing Efficiency

Home and Personal Care Factory in Dankotuwa

Steam optimisation in drying saved 38,900L furnace oil annually and improved process efficiency for ongoing electricity savings.

A 22,500 kWh/annual electricity saving by optimising the soap drying process.

Costic and salt dissolving system modification yielded an additional 28,000 kWh/annually in energy savings.

Building Automation

Pharmaceutical Manufacturing Facility in Homagama

Implementing a strategy to turn off non-critical Air Handling Units (AHUs) during peak hours and optimise critical units during non-operational hours resulted in a monthly electricity saving of 146,00 kWh units and a cost reduction of Rs. 5.5 million. This optimisation was achieved through the existing Building Management System, requiring no additional investment.

LED Lighting Upgrades

Pharmaceutical Distribution Warehouse in Welisara and Bristol Street

Switching from fluorescent lamps to LED lighting is estimated to reduce energy consumption by around 2%, saving approximately 13,200 kWh and Rs. 620,400 annually. This upgrade required a one-time investment of Rs. 850,000.

Hot Water Efficiency

Hemas Hospitals Wattala and Thalwathugoda

Installing hot water panel systems yielded substantial annual energy savings, exceeding 40,000 kWh. This translates to an estimated Rs. 2,000,000 reduction in yearly costs. The project required a one-time investment of Rs. 4.5 million.

Motor Upgrades

Hemas Hospitals Wattala

Upgrading to IE3 standard motors yielded annual energy savings of about 9,000 kWh, reducing costs by approximately Rs. 450,000 annually. The project required a one-time investment of Rs. 1.6 million.

SAFEGUARDING OUR ECO SYSTEM AND EFFORTS TO OFFSET THE GROUP CARBON FOOTPRINT

The Group is committed to fostering sustainable forest management practices and biodiversity conservation efforts in Sri Lanka. Recognising the significance of preserving the country's natural heritage and risks stemming from biodiversity loss, Hemas Group actively engages in various biodiversity conservation projects nationwide.

In alignment with its sustainability pledge, Hemas Group collaborates closely with local communities, government bodies, and non-governmental organisations like the Wildlife and Nature Protection Society, and Rainforest Protectors. Together, they work towards promoting sustainable forestry practices and safeguarding Sri Lanka's diverse ecosystems.

To minimise our operational impacts on biodiversity, the Group implement robust risk mitigation and impact management processes, including responsible waste disposal, energy and emission monitoring with reduction initiatives, water recycling and rainwater harvesting to conserve resources. Additionally, secondary containment systems and proper storage protocols safeguard against accidental spills and leaks, further protecting biodiversity.

The Group recognises the importance of biodiversity and is are committed to integrating this consideration into its supplier selection process in the forthcoming years, focusing on significant suppliers where it has the greatest influence.

Accelerated Natural Mangrove Restoration Project

Winner of UN Decade of Restoration Award

Home and Personal Care Business is a proud partner of the Accelerated Natural Mangrove Restoration project, a collaborative endeavour with the Wildlife and Nature Protection Society (WNPS) and the Department of Wildlife Conservation (DWC) in the Anawilundawa RAMSAR wetlands of Sri Lanka. Recognised with the prestigious UN Decade of Restoration flagship award for 2024, this project signifies a monumental achievement in the conservation of mangrove ecosystems.

Understanding the pivotal role of mangroves in biodiversity conservation, coastal protection, and climate change mitigation, the Group committed its resources, expertise, and manpower to support the restoration process. Beyond plantation efforts, a significant portion of funding was allocated for scientific exploration, ongoing analysis, and ecosystem measurement, emphasising the project's rigorous scientific investigation. Educational programmes and community engagement initiatives were also employed to foster a sense of ownership among residents, empowering them to become stewards of their environment. The success of the Anawilundawa mangrove restoration project highlights the power of collaboration between public and private sectors. Hemas, alongside WNPS, Wayamba University of Sri Lanka, the Ministry of Environment, and other partners, has demonstrated that meaningful change is achievable when working towards a common goal, even amidst formidable environmental challenges.

REFORESTING OF LAND IN BALANGODA

Hemas partnered with the Rainforest Protectors of Sri Lanka in a joint effort to conserve Sri Lanka's rainforests.

The Balangoda Reforestation project initiated in 2021 aims to reforest and sustain over 10 acres of forest. The initiative has seen volunteers from all the business units of Hemas Holdings who joined the cross-group effort along with members of the Forest Conservation Department and people from the surrounding villages to contribute to the reforestation process.

This project not only helps replenish rainforests with new trees, but also helps existing forest areas, the plethora of flora and fauna that dwells in and around them preventing forest fires as well.

HEMAS AND WNPS PARTNER ON CRITICALLY ENDANGERED SPECIES CONSERVATION PROJECT

The Group partnered with the Wildlife and Nature Protection Society (WNPS) to protect critically endangered endemic species in Sri Lanka. Sri Lanka is a global hotspot for endemism, with a remarkably high percentage of species found nowhere else on Earth. However, many of these species face grave threats due to habitat loss, pollution, and overexploitation.

The WNPS and Hemas partnership aims to address these threats through a comprehensive programme focused on 52 critically endangered species over the next six years. The project is making significant strides in conserving Sri Lanka's rich natural heritage. The project's focus on scientific research, practical conservation actions, and community engagement will ensure the long-term survival of these irreplaceable species for generations to come.

Key activities undertaken in FY 24:

- Habitat restoration projects aimed at improving the quality of existing habitats and removing invasive species.
- Captive breeding and reintroduction programmes to increase populations of threatened species.
- Propagation techniques for plant species, including tissue culture, to generate plantlets for reintroduction into suitable habitats.
- Community outreach and education programmes to raise awareness about the importance of endemic species conservation.

Project highlights for FY 24:

- Successfully reintroduced Cryptocoryne walkeri, a critically endangered aquatic plant, into its natural habitat using tissue culture techniques.
- Established new populations of the endangered Aneuretus simoni ant species within the core area of a protected forest reserve to minimise anthropogenic threats.
- Increased public awareness about the Ormiston's Oakblue butterfly (Arhopala ormistoni) through habitat restoration efforts and community engagement.

WATER MANAGEMENT

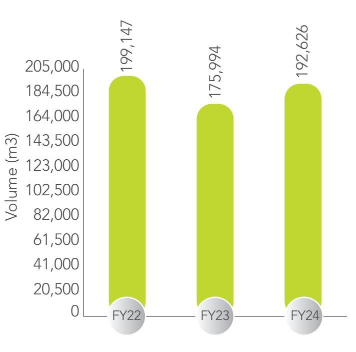
Water Consumption and Effluent

The Group recognises that water is an increasingly scarce and critical global resource and has ensured that all Group companies are committed to be responsible custodians of water resources by measuring, monitoring, and managing its water use as standard business practice. The Group also has in place a water target which strives to reduce its consumption of water by 50% by 2030.

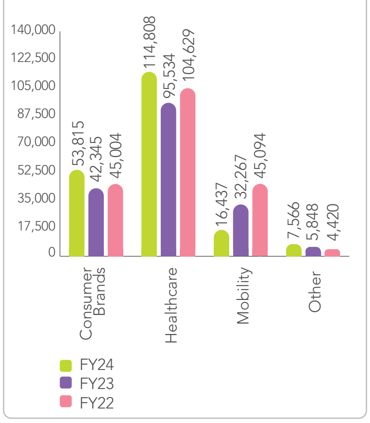
The Group ensures that the discharge quality levels of discharged waste-water is in line with the relevant country laws. Water withdrawals and discharge is tracked and monitored with the use of water meters and where meters are unavailable, through estimated based on pump functional time.

Water is extensively used in many of the production processes in the Consumer Brands and Healthcare Sectors, by staff and patients in the Hospitals . In addition, water is utilised for staff consumption, cleaning and sanitation purposes in all three sectors and office based locations.

Water Consumption



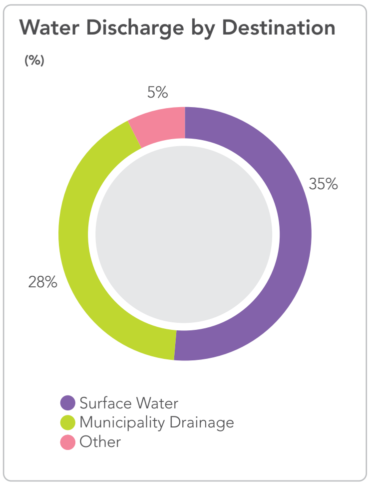
Water Withdrawal by Sector



During the year, the total water withdrawal amounted to 192,626 m^3 [FY 23: 175,994 m3]. It should be noted that the FY 22 water withdrawal figure includes 8,067 m3 from the divested Logistics business. The Group meets 88.2% of water requirement through third party water sources (municipal water suppliers) and the rest through well water. 88.7% of the Group's water withdrawal is from non-water stressed areas where annual rainfall is over 1,500 mm/ year. All water used were freshwater.

During the year the Group discharged 130,541 m^3 (FY 23: 128,575 m^3) of waste water. Water discharged were through effluent treatment plant at sectors and all water discharged were as per the standards stipulated in respective Environment Protection License (EPL)'s. The Group discharged 93% of its water to areas that are considered as not water – stressed.

All production facilities have onsite Effluent Treatment Plants to ensure that wastewater released into the environment is treated and meets the stipulated standards mandated in the EPL of the sectors. In accordance with respective EPL's, effluent quality in terms of BOD, COD, TSS, pH and Oil and Grease is monitored multiple times during the year, both by internal teams and external labs. Home and Personal Care Manufacturing Factory has regular in-house and quarterly external testing of wastewater and spill kits in place to prevent any spills of chemicals, oils, fuel, or waste. Pharmaceutical Manufacturing facility is zero liquid discharge, and as a result any wastewater is treated to a level where it can be reused or safely evaporated, with no liquid waste released into the environment. Any residual solid waste is securely disposed of by a certified waste management company, ensuring a comprehensive and responsible approach. Additionally, Learning segment factory has two wastewater treatment plants, where all waste is collected, and the remaining chemical sludge is incinerated with a licensed supplier. Hospitals maintain their Sewerage Treatment Plants (STP) and test the effluent water quality quarterly by a CEA accredited laboratory, ensuring no spills of chemicals, oils, fuel, or water through strict SOPs. All locations have secondary containments. There were no recorded significant spills during the year and there were no instances of non-compliance with EPL terms during the year.



The Group is committed to water stewardship across its operations and a variety of initiatives have been implemented to reduce water usage and ensure efficient water management.

Rainwater harvesting with 4,752m3 capacity tanks at the Pharmaceutical Manufacturing Facility in Homagama where the collected water is used for gardening

Recycling Initiatives

Home and Personal Care Manufacturing Facility in Dankotuwa

On-site reverse osmosis plant for recycling water where 20 m3 of water is conserved a day.

Treated wastewater used for gardening and organic cultivation conserving 25 m3 of water a day.

Reuse of Treated Waste Water

Learning Segment Factory in Welisara

Utilising discharge water from the sewage treatment facility for agriculture and horticulture resulting in the conservation of 5m3 a day.

Pharmaceutical Manufacturing Facility in Homagama

ETP plant with a reverse osmosis (RO) system that reuses 100% of treated water for cooling towers and toilet flushing conserving 60 m3 water a day.

Rainwater Harvesting

Pharmaceutical Manufacturing Facility in Homagama

Rainwater harvesting tank with a 4,752 m^3 storage capacity used for secondary purposes.

Water Efficiency

Hemas Hospitals (Wattala and Thalawathugoda)

Continuous monitoring and analysis of water consumption to identify and reduce leakages.

Operating cooling towers at low speeds resulting in a combined savings of 5 m3 a day.

Sensor water taps in various locations resulted in a combined savings of 1 m3 a day.

Water shower regulators in patient rooms saves 1 m3 or water a day.

Monitoring and analysing water consumption through BMS to identify and reduce leakages.

Operating cooling towers at low speeds saving m3 of water per day.

WASTE MANAGEMENT

Solid waste management is a material topic given that all the Group's key sectors generate significant amounts of solid waste as part of its production process or operations. Healthcare and Consumer Brands Sectors are the largest contributors to the waste generated by the Group.

Given the Group's manufacturing operations, waste streams are generated from its sourcing, manufacturing as well at the point of end user consumption. These waste streams are mainly waste generated from packaging material, both sourcing and end user consumption points as well as solid waste and scheduled waste during the manufacturing process. The impacts of these waste streams are managed holistically, by adopting waste management, where global best practices in waste management is incorporated through-out the product lifecycle.

Production technology and processes are continuously upgraded to ensure minimal wastage during production, stringent processes are in place to dispose of waste responsibility in line with conditions stipulated in respective EPLs and ongoing research is carried out to reduce waste in packaging materials, being cognisant of our target segment as well. Meanwhile, R & D teams within consumer segments are also actively working with the Central Environmental Authority (CEA) to analyse consumption patterns and develop future action plans to reduce and better manage end user waste disposal.

Hemas continues to minimise its environmental impact throughout its operations, and that commitment extends to waste reduction. A variety of initiatives have been implemented across its operations to minimise waste generation.

Waste Management Processes of the Group

HEALTHCARE

- Clinical waste generated at Hemas Hospitals is subject to stringent procedures pertaining to waste storage, management, handling, and disposal stipulated the Environmental Protection License and/or the Scheduled Waste Management License issued by the Central Environmental Authority (CEA).
- Clinical waste is disposed through licensed providers as approved by CEA and the Government.
- Waste segregation is practiced and non-hazardous waste is sent to be recycled by third parties
- Hazardous waste including chemical sludge and powder waste are disposed via Insee cement kiln
- Pharmaceutical waste and e-waste are disposed via Insee
- Initiated data logger dismantling process at Pharmaceutical Distribution warehouse to ensure zero hazardous waste is released to the environment
- Non-hazardous waste is sent to a CEA-authorised third-party supplier for recycling purposes

CONSUMER BRANDS

- Recycling of plastic cans, wood pellets, plastic barrels, paper, cardboard, iron waste and waste oil through 3rd party partner.
- Atlas follows the 4R concept to ensure responsible disposal of waste and does not send any waste to landfill
- Food waste sent to piggery farms
- Chemical sludge is disposed by via Insee cement kiln

The Group closely monitors waste generated and reports on disposal methods of operational waste generated.

Hazardous Waste (Kg)			Disposal Method	Non-Hazardous Waste (Kg)		
FY 22	FY 23	FY 24		FY 24	FY 23	FY 22
7,504	7,478	9,303	Reuse	43,976	33,332	55,407
259	548	2,893	Recycling	1,145,255	1,073,389	1,091,465
			Composting		440	2,215
			Recovery	20,384	19,514	18,557
326,322	211,148	261,566	Incineration	196,429	212,425	196,679
			Deep Well Injection			
			Landfill	12,601	33,379	243,988
15,033	18,788	33,784	On-Site Storage	2,600	3,084	1,022
349,177	**237,962**	**307,546**	Total	**1,421,245**	**1,381,563**	**1,609,333**

Manufacturing Efficiency

Home and Personal Care Manufacturing Facility in Dankotuwa

A project to reduce corrugated box layers in BC Soap Valve Packs has resulted in annual savings of 0.83 million units.

Optimising hot melt gum usage in the Soap Plant has achieved annual savings of 2.87 million units.

Stationery Reduction

Hemas Hospital Wattala

A multi-pronged approach including using single-colour prescription pads, implementing e-billing, and switching to single-ply channel bills has led to annual savings of Rs. 1.32 million and a reduction of approximately 60,000 sheets of paper through e-billing.

Minimising Environmental Impact

Hemas Hospital Thalawathugoda

The adoption of electronic health records and the conversion of manual documents to digital formats have significantly reduced paper usage. Additionally, the hospital utilises bio-detergents for cleaning, minimising environmental impact.

Hemas Hospital Thalawathugoda

Issuing e-bills and e-lab reports further reduces paper consumption.

Sustainable Food Service

Hemas Hospital Wattala

Replacing disposable cups and cutlery with reusable glass and ceramic items for patient meals has resulted in cost savings of Rs. 6.24 million annually.

Hemas Hospitals (Wattala and Thalawathugoda)

The introduction of paper lunch boxes for consultant and doctor meals further reduces waste generation.

ADDRESSING END CONSUMER PLASTIC WASTE

The Group recognises the environmental challenges posed by end-consumer plastic waste generated by its products. The Group is committed to minimising its plastic footprint throughout the entire product lifecycle, from design to disposal.

Kumarika Shampoo Reduces Plastic with New Bottle Design

Kumarika Shampoo is leading the charge in sustainable packaging with a redesign that reduces plastic usage in its packaging. The new bottle designs are part of the brand's commitment to responsible consumption and minimise plastic throughout the product lifecycle. This initiative achieves a 20% reduction in plastic for the 80ml bottle and a 4% reduction for the 180ml bottle. Hemas remains committed to offering environmentally conscious products and minimising its environmental footprint. Responsibility (EPR), Hemas is taking a proactive stance on tackling marine pollution and creating a more sustainable future where plastic waste is managed effectively.

Plastic Collected 500,000+ KG

Hemas actively promotes responsible plastic consumption among its customers and fosters awareness about the importance of proper waste management. Understanding the critical role they play, Hemas takes responsibility for the end-of-life cycle of its plastics. This translates to actively working towards ensuring responsible disposal through partnerships with organisations involved in collecting consumer plastic waste. By aligning with the principles of Extended Producer Responsibility (EPR), Hemas is taking a proactive stance on tackling marine pollution and creating a more sustainable future where plastic waste is managed effectively.

SOCIAL AND RELATIONSHIP CAPITAL

THE GROUP PRIORITISES STRONG CONNECTIONS WITH CUSTOMERS, PARTNERS, AND COMMUNITIES, FOSTERING SUSTAINABLE GROWTH THROUGH TRANSPARENCY AND STAKEHOLDER ENGAGEMENT.

The Group places significant emphasis on fostering robust connections with its customers, business partners, and the community, recognising their pivotal role in driving sustainable value and facilitating the Group's growth trajectory. Operating with transparency and integrity, the Group actively engages with stakeholders throughout its operations, seeking to align mutual interests effectively. During the year, efforts have been directed towards cultivating customer loyalty, optimising the supply chain for enhanced efficiency, deepening industry involvement, and fostering inclusive community development.

Key Priorities and Actions for **FY 24:**

DELIVERING HIGH-QUALITY PRODUCTS AND SERVICES TO CUSTOMERS

The Group continued prioritising quality not only as a measure of customer satisfaction but as a testament to its commitment to sustainability and responsibility.

ENSURING SUSTAINABILITY OF THE SUPPLY CHAIN

The Group continued to ensure that every link in our supply chain upholds the highest standards of environmental stewardship, social responsibility, and ethical conduct.

PROVIDING EMERGENCY RELIEF TO VULNERABLE COMMUNITIES AFFECTED BY THE ECONOMIC CRISIS

The Group swiftly mobilised resources and expertise to provide emergency relief to vulnerable communities affected by the economic crisis.

EMPOWERING FAMILIES IN SRI LANKA

The Group purpose projects continued to catalyse positive change in the lives of families and communities. Through initiatives focused on education, healthcare, and economic empowerment, the Group empowered families to aspire for a better tomorrow.

CUSTOMER RELATIONSHIPS

The Group continues to expand its product and service offerings to cater to a diverse customer base across various socio-economic and geographical spectrums. Engaging with customers is an ongoing endeavour aimed at deepening connections and understanding their evolving needs. This engagement spans multiple channels, including surveys, complaint management systems, customer awareness programmes, focus group meetings, social media, and conventions with retailers and distributors.

Ensuring customer health and safety remains a top priority, reflected in the products, services, and solutions provided. Representing leading global brands, the Group takes responsibility for customer solutions, offering warranties, guarantees, and product accountability. For healthcare concerns, dedicated adverse drug reaction notification and product complaint forms on the Group's website facilitate direct communication with patients. Moreover, the Group encourages timely reporting of issues by field staff.

In the Pharmaceutical Distribution Business, imported pharmaceutical products are safeguarded by data loggers to prevent exposure to temperatures exceeding recommended limits. These products are stored in temperature-controlled warehouses equipped with 24x7 monitoring systems. Managers receive SMS alerts promptly if temperatures deviate from optimal levels. Warehouse staff undergo rigorous training in the management of cold chains specific to pharmaceutical products, ensuring adherence to best practices and product integrity. To maintain high-quality standards, the Pharmaceutical Distribution Business has implemented processes like the Pharmacist Skill Development Programme to upskill pharmacists in Sri Lanka, ensuring compliance with ISO 9001:2015 and GDP Certification. Regular internal compliance training and audits are conducted the warehouse and distributors to ensure adherence to GDP (Good Distribution Practices) requirement further reinforcing the Group commitment to quality and safety.

Obtaining customer feedback on product and service quality involves mechanisms like consumer carelines by the Consumer Brands business, complaint forms on websites, and regular consumer engagement. Feedback received includes both positive and negative sentiments, with dedicated processes in place to track and respond to consumer concerns promptly. In hospitals, feedback from both in-patient and outpatient customers is gathered through dedicated officers and online links, with negative feedback escalated for immediate attention by senior management. The Pharmaceutical Distribution business has in place a 24x7 Pharmacovigilance hotline operated for any adverse drug reaction complaints.

The Group places great emphasis on compliance regarding certification, labelling, and product information for all products sold. The pharmaceuticals distribution business ensures that it meets all the requirements mandated by the National Medicines Regulatory Authority (NMRA) regarding product and service labelling and information dissemination to customers. The Regulatory Department, comprising qualified pharmacists, oversees the registration, renewal, and monitoring of products in accordance with the country's regulatory standards. The department works closely with the Principals and the NMRA to ensure that all regulatory requirements are met.

Internally and externally, communications uphold honesty and non-discrimination principles through a groupwide Communication Policy and Playbook. Communication with Principals, handling of adverse drug reactions, and compliance with quality requirements are managed through structured processes like SOP preparation, compliance audits, and communication and follow-up with principal companies.

To maintain customer health and safety, the Pharmaceutical Manufacturing business adheres to Good Manufacturing Practices (GMP), alongside measures to prevent contamination risks through rigorous monitoring of critical quality control points.

In addition, relevant businesses engage with customers through social media awareness and market visits, ensuring product quality and safety through adherence to standard protocols and robust complaint handling procedures.

This comprehensive approach underscores the Group's commitment to customer satisfaction, health, and safety across its diverse range of products and services.

There were no instances of significant fines over Rs. 1 million or incidents of non-compliance relating to health and safety of products and services, product and service information and labelling, marketing communications or breaches in customer privacy during the year.

BUSINESS PARTNER RELATIONSHIPS

The Group recognises the importance of effectively managing its complex, multi-tiered supply chain. This proactive approach goes beyond simply acquiring materials and delivering finished goods. The Group maps out potential social and environmental risks within the supply chain, focusing on efficiency and sustainability throughout procurement, production, and distribution. This ensures responsible practices are followed by all partners involved.

The Group's established partnerships proved invaluable during the economic crisis that the country faced during the last two financial years. These strong relationships enabled business lines to maintain efficient and reliable supply chains, minimising disruptions despite challenging circumstances. The Group's network consists of 24,728 local suppliers, with additional raw material suppliers and principals located overseas.

For the purpose of this report, focus will be on the six contract manufacturers located within Sri Lanka, and provide relevant information pertaining to them. The Group works closely with these partners to ensure they meet high quality standards for products, prioritise the health and safety of their workforce, and comply with all local laws and regulations.

Building a more robust and sustainable supply chain is a strategic priority for the Group, especially in today's dynamic operating environment. A comprehensive Supplier Code of Conduct outlines ethical expectations for all suppliers and business partners.

During the year, the Group expanded its supply chain by adding 2,537 new suppliers selected based on criteria including cost, quality, service, and financial strength, with sustainability credentials now considered for onboarding at selected business units.

In the Healthcare sector, brands undergo registration and ethical screening, with regulatory approval required for products. While audits are not conducted for medication and surgical consumables, regulatory and quality certificates are obtained to ensure compliance with standards.

Additionally, audits for food and perishable items suppliers are conducted regularly to uphold quality and safety standards. Moreover, the Group strives to enhance supplier audits across its operations, focusing on environmental and social considerations to promote responsible sourcing practices.

The Significant Supplier Engagement Methodology strengthens supplier engagement through a 5-point process. This includes self-declaration forms, annual audits, supplier forums, and a supplier rating system. Currently, all Strategic Business Units (SBUs) with significant operations are implementing this policy, and the Group continuously improving its Supplier Code of Conduct and contractual terms and conditions to foster a sustainable supply chain for the future. There were no significant changes in the supply chain during the year, as its type of operations remained the same.

By proactively managing its supply chain, The Group ensures efficient operations, mitigates risks, and prioritises sustainability throughout its network. This comprehensive approach strengthens their position in the market and fosters long-term success.

INDUSTRY RELATIONSHIPS

The Group's involvement in a wide range of Industry and Business Associations has enabled it to be a thought- leader and change- maker in the industries it operates in. Key Associations the Group is a part of are listed below:

General Business/Trade 	- Ceylon National Chamber of Commerce - Ceylon National Chamber of Industries - Sri Lanka Pakistan Business Council - The Industrial Association of Sri Lanka - Cosmetic Manufacturers Association in Sri Lanka - Employers' Federation of Ceylon
Pharmaceutical Manufacturing and Distribution 	- Sri Lanka Chamber of the Pharmaceutical Industry - Sri Lanka Chamber of Pharmaceuticals Manufacturing Association - Sri Lanka Chamber of Medical Devices Industry - Pharmaceutical Society of Sri Lanka
Hospitals and Laboratories 	- The Association of Private Hospitals and Nursing Homes (APHNH) - Private Medical Laboratories Society Limited
Shipping Aviation and Logistics 	- Sri Lanka Association of NVOCC Agents (SLANA) - Sri Lanka Association of Vessel Operators (SLAVO) - Ceylon Association of Ship Agents (CASA) - Sri Lanka Association of Airline Representatives
Other	- Biodiversity Sri Lanka

COMMUNITY RELATIONSHIPS

The Group is committed to creating equitable communities with a focus on its purpose of empowering families to aspire for more.

The Group has implemented a comprehensive community engagement and grievance handling mechanism across the Group. The mechanisms include actively listening to and addressing the concerns of various stakeholders, including immediate neighbours within close proximity of its operating locations, long-term residents of the neighbourhood, small family units, individuals in education or early employment stages, and those employed in close proximity.

Additionally, key opinion leaders in the community such as representatives from local development societies, school principals, and religious leaders, along with significant stakeholders like law enforcement and healthcare officials, are included in the engagement process. Regulatory personnel at different administrative levels also play a crucial role in this endeavour. Through regular meetings and interactions, the company aims to understand any potential issues that might arise or any impacts its operations will have in the community, identify and address existing issues, evaluate past interventions, maintain focus on stakeholder needs, and identify opportunities for operational improvement and community goodwill maintenance. This approach underscores the Group's commitment to proactive community involvement and continuous enhancement of stakeholder relations. During the year all community grievances that were brought forward were resolved by the Group. Further, there were no instances of significant non-compliance with laws and regulations that apply to the organisation. The Group defines significance as fines exceeding Rs. 1 million.

Hemas commits to empowering families to aspire for a better tomorrow

Empowered
399,965+
Families

Atlas Learn

CREATING QUALITY LEARNING EXPERIENCES

Facilitating learning by creating quality educational experiences for every child.

- Online Learning and Seminars for School Children
- **72,944** Children

Fems HER Foundation

TACKLING PERIOD POVERTY

Nationwide initiative which pioneers in addressing menstrual health and hygiene concerns.

- Awareness Sessions on Period Poverty, Free Napkin Distributions, Improving the overall hygiene of 7 schools in Sabaragamuwa etc.
- **85,500** Women and Girls

PROVIDING A SOCIAL SECURITY NET FOR COMMUNITIES

- Distribution of dry rations, meal packs and essential medicines
- **82,347** families

Say Yes to Life

TACKLING DIABETES IN SRI LANKA

An initiative to create awareness and support for the early management of diabetes in our communities.

- Free Diabetes Testing and Awareness
- **7,500** Tests conducted

Atlas Sipsavi

CREATING EQUAL LEARNING OPPORTUNITIES

Creating equal learning opportunities for children from underprivileged and underserved backgrounds to continue their education.

- Teacher Trainings, Parental Awareness Sessions, Childrens Awareness sessions and Scholarship Distributions
- **97,205** Teachers, parents and children

Baby Cheramy "Darupatiyata Surakshitha Lowak" Parental Clinics

CREATING A SAFER WORLD

Providing expert advice to parents with the aim of creating a safer world for babies.

- Parental Education Sessions, Awareness sessions on Child Home Accident Prevention, New born gift pack distribution
- **38,290+** Families

Upakara

PROVIDING FREE DIALYSIS FOR PATIENTS SUFFERING WITH CHRONIC KIDNEY DISEASE

- **700** Patients

Diva Dathata Diriya

EMPOWERING WOMEN AND PROVIDING HER SOLUTIONS TO ASPIRE FOR MORE

Empowering women with entrepreneurship and skills development to help them market their home-grown products and services.

- Training Sessions for Female Entrepreneurs
- **76** Women

Kumarika Sonduru Diriyawanthi

PROVIDING WIGS TO CANCER PATIENTS

Providing natural hair wigs for patients undergoing chemotherapy and advocating the strength of a woman

- Donation of Wigs to Cancer Patients
- **2,016** Women

TO NURTURE YOUNG CHILDREN WITH GOOD CARE IN ORDER TO PROVIDE A SOLID FOUNDATION FOR A LIFE LONG JOURNEY

- **4** Piyawara pre-schools

FEED THE FUTURE:

1,160 Children 11 Districts **34** Piyawara pre schools.

ENABLING CHILDREN WITH DISABILITIES TO REACH THEIR FULL POTENTIAL

12,904 Registered Children

SECTOR REVIEW

CONSUMER BRANDS

CONTRIBUTION TO GROUP

Revenue

41.7%

Profit Before Tax

74.1%

Capital Employed

29.2%

Carbon Footprint

48.9%

Employees

31.8%

PERFORMANCE HIGHLIGHTS

Revenue	Rs. 50,750 million (FY 23: Rs. 47,595 million)
EBITDA	Rs. 8,150 million (FY 23: Rs. 6,398 million)
ROCE	39.9% (FY 23: 36.8%)
Training Hours	17,365 hours (FY 23: 15,309 hours)
Water Usage	53,815 m^3 (FY 23: 42,345 m^3)
Carbon Footprint	8,088 MT (FY 23: 7,061 MT)

STRENGTHS

HOME AND PERSONAL CARE SRI LANKA

- Ability to identify customer needs and deliver innovative solutions
- Robust and efficient value chain optimisation
- Defensive portfolio with relatively inelastic demand

CONSUMER BRANDS INTERNATIONAL

- Brand equity and market position
- Technical know-how and localised talent
- Strategic focus on internationalisation

LEARNING SEGMENT

- Commanding market position with high brand equity
- Strategic focus on diversifying revenue sources within the learning industry
- Resilient portfolio with near-essential product offerings

CHALLENGES

HOME AND PERSONAL CARE SRI LANKA

- Slower than anticipated recovery in overall demand
- Market shift towards Value-For-Money (VFM) solutions
- Supply induced inflation due to increase in utility prices and taxes

CONSUMER BRANDS INTERNATIONAL

- Adverse impact from macro-economic challenges
- Margin erosion due to increasing cost under depreciating domestic currency

LEARNING SEGMENT

- Increased competition specially in the value-for-money segment
- Delayed and inconsistent purchasing patterns of the school booklists
- Slower than anticipated market recovery under declining purchasing power

IFRS S2 INDICATORS

Home and Personal Care Sri Lanka

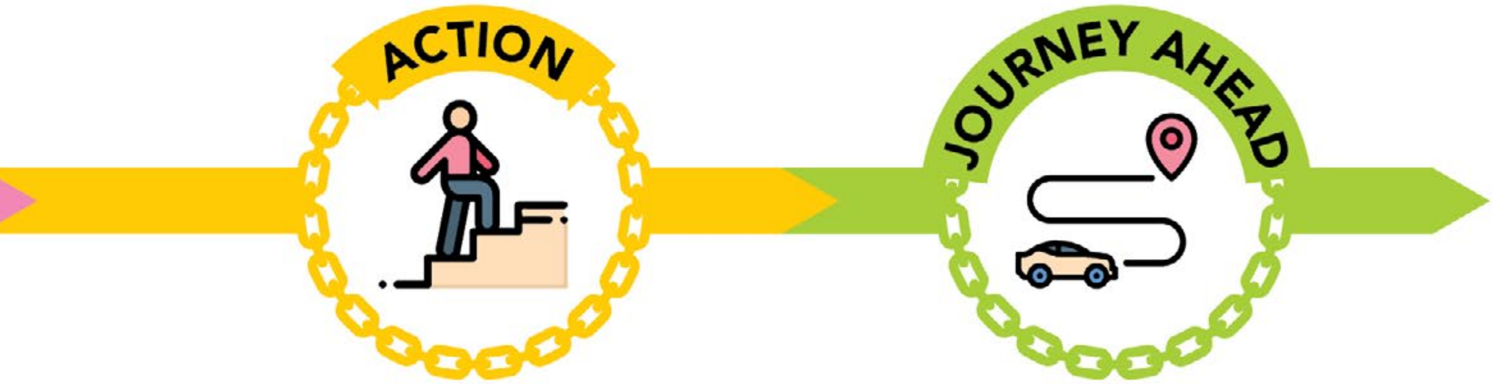
Total Weight of Products Sold
29,997 MT

Number of Manufacturing Facilities
4

Learning Segment

Total Weight of Products Sold
14,376 MT

Number of Manufacturing Facilities
3



ACTION

HOME AND PERSONAL CARE SRI LANKA

- Continued to provide customers with choice across premium, mass and VFM segments
- Portfolio optimisation to drive efforts in high value segments
- Efficiency improvement and digitisation efforts to negate increase in overheads without margin erosion

CONSUMER BRANDS INTERNATIONAL

- Further diversifying the product portfolio by liaising with Bic razors to obtain authorised dealership in Bangladesh
- Catering to the market needs by entering into coconut oil market with the 'Kolombo' by Kumarika variant
- Multiple efficiency improvement and cost saving initiatives to mitigate inflationary pressure

LEARNING SEGMENT

- Entered the VFM stationary segment by extending the 'Homerun' portfolio while converting basic stationery to value-added stationery
- Improved customer engagement and impact through 'Atlas World'
- Efficiency improvement and Lean initiatives to mitigate increased overhead impact

JOURNEY AHEAD

HOME AND PERSONAL CARE SRI LANKA

- Increase competitiveness in the core portfolio
- Focus on efficiency driven margin improvements with an increased focus on digitisation
- Accelerate growth in focus areas including underpenetrated segments and nature meet science formulations

CONSUMER BRANDS INTERNATIONAL

- Drive internationalisation and international exports
- Explore inorganic growth opportunities in key markets
- Increased focus on Bangladesh in personal care and adjacent spaces

LEARNING SEGMENT

- Focus on leveraging into adjacent opportunities in the Learning space
- Aggressively drive internationalisation and exports
- Invest in digitalisation and data driven decision making to increase brand equity while continuing to drive efficiency improvements
- Invest in tech teams to evaluate digital learning tools and platforms

SECTOR REVIEW

HEALTHCARE

CONTRIBUTION TO GROUP

Revenue
56.8%

Profit Before Tax
28.8%

Capital Employed
53.6%

Carbon Footprint
49.1%

Employees
62.4%

PERFORMANCE HIGHLIGHTS

Revenue	Rs. 69,120 million (FY 23: Rs. 64,668 million)
EBITDA	Rs. 5,313 million (FY 23: Rs. 5,679 million)
ROCE	14.7% (FY 23: 17.5%)
Training Hours	37,303 hours (FY 23: 33,344 hours)
Water Usage	114,808 m^3 (FY 23: 95,534 m^3)
Carbon Footprint	8,128 MT (FY 23: 9,121 MT)

PHARMACEUTICAL DISTRIBUTION

> Strong relationships with world renowned pharmaceutical companies
> Market leading position in the private market with strong distribution network
> Defensive product portfolio with high brand equity

PHARMACEUTICAL MANUFACTURING

> Well equipped manufacturing facilities with capacity to cater over 40% oral solid dosage demand in the country
> Strong NPD pipeline at registration and development stages
> Distinct pharmaceutical brand with a blend of Unique Value Propositions (UVP) with high traction in the market within less than two years

HOSPITALS

> Location advantage and synergies from being a part of the Hemas healthcare ecosystem
> Inland-wide lab network and presence in homecare and primary care spaces
> Excels in pioneering innovative healthcare solutions

PHARMACEUTICAL DISTRIBUTION

> Market contraction and substitution impact under reduced consumer spending
> Challenges in the current pricing mechanism for regulated medicines
> Increased overhead costs under inflationary pressure

PHARMACEUTICAL MANUFACTURING

> Instability in authorities such as National Medicines Regulatory Authority (NMRA) and Medical Supplies Division (MSD) leading to delay in product registration and procurement.
> Frequent changes to Government policies
> Adverse impact of changes in VAT laws on imported packing material

HOSPITALS

> Decrease in average length of stay resulted in lower occupancy levels
> Increased migrations due to macroeconomic factors among healthcare professionals
> Cost increases across the value chain resulted in the business making cautious price adjustments in line with the industry

IFRS S2 INDICATORS

Pharmaceutical Distribution

Pharmacy Locations
3,400

Total area of retail space
850,000 m^2

Number of surgical units sold
6.5 million

Number of prescriptions filled, percentage for controlled substances
40 million, 35%

Number of pharmacists
11,000 registered, 2,000 working

Number of pharmaceutical units sold
47.5 million

Payload fuel economy
27,000 Litres

Hospitals

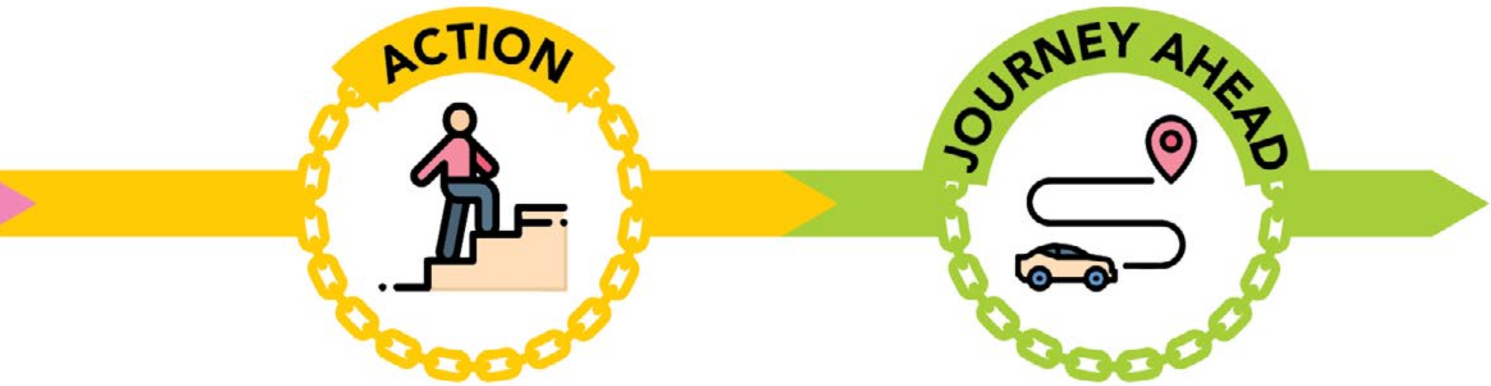
Number of Facilities
2 Hospitals (Wattala 121 Beds, Thalawathugoda 71 Beds)

7 Labs

16 Collection Centres

Inpatient Admissions
17,890

Outpatient Visits
494,712



ACTION

PHARMACEUTICAL DISTRIBUTION

- Continued to introduce new medical and surgical products to the market in critical spaces
- Price revisions were made in line with NMRA price mandates
- Increased focus on working capital management initiatives

PHARMACEUTICAL MANUFACTURING

- Achieved more than 50% capacity utilisation at the 'Homagama' factory by securing additional Government buyback orders
- Revenue from Morison Branded Generics portfolio grew by over 35% with the addition of new variants and increased focus
- Restructuring efforts to increase agility and flexibility to scale up in the future

HOSPITALS

- Improved performance of anchor specialties resulting in revenue growth
- Focused on 'Homecare' and 'Ambulatory care' services to improve convenience
- Carried out lean initiatives driving services effectiveness and working capital improvements
- Launched 'Upakara' initiative to offer free dialysis treatment, addressing rising healthcare costs and limited public options

JOURNEY AHEAD

PHARMACEUTICAL DISTRIBUTION

- Ensure availability of high quality portfolio of medicine in the Sri Lankan market
- Commercialisation of new Principals in under leveraged spaces including surgical equipment
- Drive working capital optimisation and digital transformation to enhance efficiencies

PHARMACEUTICAL MANUFACTURING

- Expotentially grow the Morison Branded portfolio in essential Non Communicable Diseases (NCD) spaces
- Exploring opportunities for exports while retaining Government and bulk generic businesses
- Drive manufacturing excellence

HOSPITALS

- Transform into a fully-fledged tertiary healthcare provider
- Invest in organic and inorganic expansions
- Continue to focus on anchor specialties
- Invest in providing a seamless end-to-end patient experience by investing and digital and service improvement initiatives

SECTOR REVIEW

MOBILITY

CONTRIBUTION TO GROUP

Revenue	Profit Before Tax	Capital Employed	Carbon Footprint	Employees
1.4%	12.0%	5.0%	0.9%	3.1%

PERFORMANCE HIGHLIGHTS

Revenue	Rs. 1,705 million (FY 23: Rs. 1,642 million)
EBITDA	Rs. 1,154 million (FY 23: Rs. 1,415 million)
ROCE	63.9% (FY 23: 62.5%)
Training Hours	701 hours (FY 23: 42 hours)
Water Usage	16,437 m^3 (FY 23: 32,267 m^3)
Carbon Footprint	154 MT (FY 23: 156 MT)

MARITIME

- A resilient business model requiring less capital investment
- Strong relationships with global leaders in the transportation domain

AVIATION

- Market leader position with the representation of the world's largest international airline
- Ability to provide best in class services with premium offering

MARITIME

- Reduction in global freight rates
- Challenges in the broader maritime space due to tensions in Red Sea
- Port development in the region threatening the transshipment hub status of Port of Colombo

AVIATION

- Adverse impact of air cargo due to slow down in key economies
- Drop in yield due to increase in capacity

MARITIME

- Maintaining strong relationships to successfully navigate global challenges
- Efforts to diversify the portfolio by moving into maritime support services
- Working with industry stakeholders to promote Sri Lanka as a maritime hub

AVIATION

- Proactive approach to lock volumes with attractive offerings
- Tie-ups with financial institutions to drive seasonal sales

MARITIME

- Maintain strong relationships with strategic partners
- Explore adjacent spaces for growth

AVIATION

- Maintain the market leader position as the largest international airline operating in Sri Lanka
- Further strengthen relationships with value chain partners

GOVERNANCE

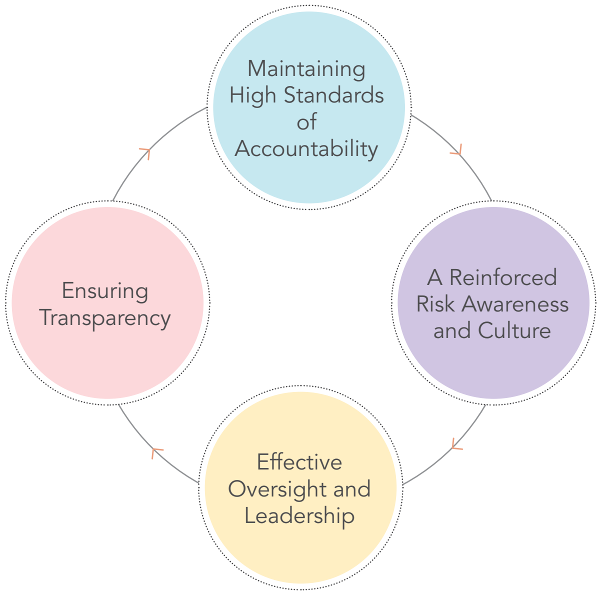
DEVELOPING

ENTERPRISE THROUGH STRATEGIC GUARDIANSHIP

CORPORATE GOVERNANCE REPORT

Good governance has proven to be the cornerstone of Hemas' success since it was founded more than 75 years ago. Accordingly, the organisation relies on an overarching governance framework that guides all operations within the diverse sectors that comprise the Hemas Group. The Group prioritises the focus areas depicted in the adjoining figure within its governance framework, thereby ensuring that consistent value is created across all stakeholder groups.

The Group's commitment towards good governance extends beyond regulatory compliance, and is further strengthened by stringent internal frameworks and the adoption of voluntary codes and best practices.



Regulatory Requirements

- Companies Act No. 7 of 2007
- Listing Rules of Colombo Stock Exchange
- Securities and Exchange Commission of Sri Lanka Act, No.19 of 2021, including Directives and Circulars
- Shop and Office Employees (Regulation of Employment and Remuneration) Act, No. 19 of 1954
- Factories Ordinance (No. 45 of 1942)

Internal Frameworks

- Articles of Association
- Board Charter
- Terms of Reference and Board Committees
- Board approved policy frameworks for governance, risk and operational areas

Voluntary Codes and Best Practices

- Code of Best Practice on Corporate Governance 2017
- GRI Standards issued by the Global Reporting Initiative
- IR Framework issued by IIRC
- United Nations Sustainable Development Goals (UNSDG's)

GOVERNANCE FRAMEWORK AND STRUCTURE

The Board has established a Group-wide corporate governance structure with the goal of ensuring that all subsidiaries adhere to the policies, procedures and governance practices of the parent company. Resultantly, many of the policies and procedures implemented by the private companies within the Group, such as the creation of Board Sub-Committees for each of the Group's businesses, mirror those of public listed companies.

The nomination of Group Directors and/or Key Management Personnel to subsidiary boards reinforces and upholds the Group's governance policies throughout each business entity.

The Board of Directors is responsible for the overall oversight for the governance of Hemas Holdings PLC.

The hierarchy depicted on page 125 of this report represents the Group's top-down approach towards governance which commences from the Board and flows down to the management levels and each business sector.

The Board acknowledges that the delegation of authority does not absolve the Directors of their obligation to fulfil their statutory and common-law fiduciary duties. Additionally, every subsidiary has an established Audit Committee that reports to both the parent Audit Committee and the Board of the respective subsidiary.

Group Governance Structure

Board of Directors

10 Directors (05 Independent Non-Executive, 04 Non-Executive, 01 Executive who has changed capacity w.e.f. 31st March 2024 as a Non-Executive Director)

- Assumes collective responsibility for the overall governance, performance, strategy, and affairs.

Board Sub-Committees

04 Board appointed Sub-Committees (Group Audit Committee, Human Resources and Remuneration Committee, Related Party Transactions Review Committee, Nomination and Governance Committee)

- Ensures in-depth focus on delegated matters in line with the Board's mandate that require greater attention.

Group CEO

- Leads the Board Management Team.
- Responsible for developing and implementing the Group's strategic plan
- Oversees the management of daily operations.

Board of Management

10 Senior Leadership Team Members (Group CEO, Group CFO, Chief People Officer, Chief Strategy and Growth Officer, Chief Technology and Transformation Officer and Managing Directors from the Group's 05 Key Businesses)

- Collaboration to ensure peak performance irrespective of the Group's operating landscape.

Board Management Team

- Group Risk & Control Division
- Group Finance and Treasury Division
- Group IT Division
- Group Corporate Affairs Division
- Group HR Division
- Group Corporate Secretarial Division
- Group Legal Division
- Growth and M&A Division
- Group Transformation Office

Business Sector Governance Structure

Board of Directors

Audit Committee

Managing Director

Executive Committees and Corporate Divisions

CORPORATE GOVERNANCE REPORT

THE ROLE OF THE BOARD

The Board of Hemas Holdings PLC is the ultimate authority charged with upholding sound corporate governance policies and procedures, making sure that all companies within the Group's diverse industries follow the highest moral standards, while conducting themselves in a just, accountable, and transparent manner.

In addition to offering forward-thinking leadership, guidance, and innovative ideas that facilitate the implementation of the Group's vision, purpose, values, and strategy, the Board makes sure that all operations are in accordance with stakeholder expectations. The Board leverages its combined experience to make independent decisions while monitoring the performance and management of the Group's companies to guarantee that the interests of stakeholders are always taken into consideration.

BOARD DIVERSITY AND COMPOSITION

The Hemas Holdings PLC ensures sure that the Board's composition conforms to the Listing Rules of the Colombo Stock Exchange and the Company's Articles of Association. This guarantees an equitable distribution of power, preventing any single Director from having unrestricted decision-making authority.

A variety of factors, such as new appointments, resignations, retirements, and director re-elections, could potentially impact the Board's composition.

As at 31st March 2024, the Board composition stood as follows:

10 Directors

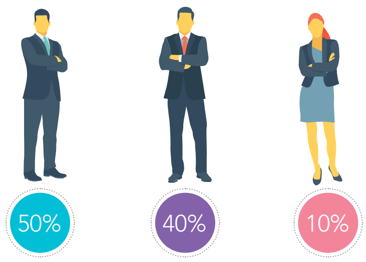
5 Independent Non-Executive Directors

4 Non-Independent Non-Executive Directors

1 Executive Director (Resigned from the position of CEO w.e.f. 31st March 2024 and change of capacity on the Board to Non Executive Director w.e.f . 01st April 2024)

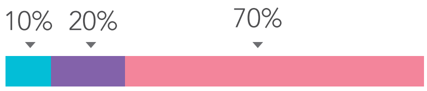
Board Diversity

Composition



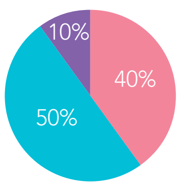
- Independent
- Non-Independent Non-Executive
- Executive Directors

Tenure



- 0-2 years
- 2-5 years
- More than 5 years

Age



- 40-50 years
- 50-60 years
- 60+ years

Gender

Hemas Holdings PLC observes statutorily mandated Board composition standards; nevertheless the Group also recognises that diversity is essential towards delivering capable, holistic leadership. Therefore, with the aim of providing a varied mix of talents, capabilities, and experience to support the Group's strategy and general direction, the organisation strives to increase diversity and representation at Board level.

The Board and the Nomination and Governance Committee (NAGC) jointly examine the composition and balance of the Board of Directors on a regular basis, taking into account the aforementioned qualities.

Therefore, the Group's Directors comprise an accomplished team of individuals renowned for their unrivalled expertise and knowledge accumulated through decades of leading and serving reputed organisations across diverse sectors.

In addition, five of the Directors, including the Chairman of the Board Audit Committee, have experience in the field of finance, guaranteeing that the Group has access to sufficient financial knowledge to support its decision making.

As a result, the Board's size and overall composition as at March 31, 2024, was judged to be suitably sufficient to offer the required expertise, experience, and variety of viewpoints that would enable the Group to achieve its strategic goals.

ASSURING DIRECTORS' INDEPENDENCE

The policies specified in the Group Corporate Governance Framework ensure the independence of non-executive directors on the Board of Hemas Holdings PLC (listed below). Accordingly, during the year under review, all of the Group's Independent Non-Executive Directors satisfied the criteria for independence.

Defining Independence	Assessing Independence	Outcome
Independence is determined in compliance against the criteria outlined in the Listing Rules of the Colombo Stock Exchange and with schedule K of the CA Code 2017.	The assessment of Directors' independence is conducted annually by the Board, based on an annual declaration and other information submitted by Non-Executive Directors.	The Board is satisfied that there were no relationships or circumstances likely to affect or appear to affect Directors' independence during the period under review.

Division of Responsibility between the Chairman and CEO

The Chairman's role is significantly differentiated and disparate from that of the CEO in order to preserve an adequate balance of power and authority and guarantee that no single individual has the unimpeded and sole power to make decisions.

Responsible for:

- Leading the Board
- Ensuring the integrity and effectiveness of the Board
- Safeguarding high standards of corporate governance and ethical behaviour

Responsible for:

- Leading the operations of the Group
- Nurturing an organisational culture based on Group values
- Maintaining an ethical environment
- Driving the Group's operational performance within the Board approved risk appetite
- Appointing the executive management team
- Ensuring appropriate succession planning to drive the Group's future strategy

APPOINTMENT, RE-ELECTION, AND RESIGNATION OF DIRECTORS

The formal, open process used to appoint Board members guarantees, among other factors, that the Directors possess the necessary qualifications and skills that align with their assigned roles. The responsibility of selecting suitable candidates for appointment to the Board rests with the Nominations and Governance Committee (NAGC). The evaluation is built around the following guidelines:

- Fit and proper criteria as set out in the Listing Rules of the Colombo Stock Exchange is met.
- Candidates must be equipped with the necessary skills and expertise to effectively discharge their duties.
- Board diversity must be maintained.
- The capabilities of each individual must complement the balance of the Board.
- The integrity and trust of candidates must be ensured.
- The candidate must be able to exercise due care, skill and diligence in their role as a Director.

An immediate announcement to the Colombo Stock Exchange is followed by a corporate communication in the event of a new appointment to the Board. Such appointments are subject to re-appointment by shareholders at the Annual General Meeting (AGM) that immediately follows any new appointments.

Additionally, any new re-appointments are reported to the Colombo Stock Exchange.

The Articles of Association stipulate that at each AGM, no more than one-third of the Board must retire from office, and remain eligible for re-election by the shareholders. Accordingly, all directors are required to submit themselves for re-election at regular intervals at least once in every three years. As a result, the NAGC examines these Directors' eligibility for re-election while taking into account their prior involvement, engagement, and commitment to Board-related concerns.

New Appointments in 2023/24
none

Re-elections in 2023/24
Mr. H.N. Esufally, Dr. S.A.B. Ekanayake and Mr. A.S.Amaratunga retire in terms of Article 84 of the Company's Articles of Association

Resignations in 2023/24
None

A Director nominated by the Board to fill a casual vacancy that may occur subsequent to an AGM is also eligible to present himself/herself for re-election at the next AGM, subject to the NAGC's approval. In the event that a Board member resigns, the Colombo Stock Exchange is promptly informed.

The Board of Directors declare that all members of the Board and CEO satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.

BOARD MEETINGS

Frequency
Board meetings must occur at least once per quarter; however, they may take place more frequently as the need arises. During the year, in addition to the quarterly meetings, the Board held 3 additional meetings including for the purpose of evaluating and approving the Group's Annual Business Plan.

Preparation
A methodical framework is employed to efficiently plan Board meetings. Every year, the dates for the meetings is planned ahead of time and distributed to all Board members to guarantee their attendance.

Accessibility to Information
The Group's Management is readily accessible to the Board, and all necessary quantitative and qualitative data and resources are provided to enable Board members to perform their responsibilities in an efficient manner.

Additionally, at the Group's expense, Directors are permitted to seek independent professional counsel as needed and the Secretaries oversee the process if they wish to take advantage of this option. Copies of the information and advice thus obtained are circulated among the Directors upon request.

Supply of Information
The Group's commitment towards good governance extends beyond regulatory compliance, and is further strengthened by stringent internal frameworks and the adoption of voluntary codes and best practices.

Prior to every scheduled Board Meeting, the meeting agenda is set by the Chairman, with the support of the Secretaries. Together with the CEO, this procedure assures that the issues deemed significant and pertinent to the group's operations are recognised, prioritised, and tabled for discussion.

To enable Directors to make correct and well-informed decisions, all relevant information is made available via the following mechanisms:

Prior Circulation of Information

Board Papers are prepared and circulated among the members of the Board seven (7) days prior to a meeting, and contain:

- Qualitative and quantitative information on matters to be raised for discussion at the Board Meeting,
- The CEO's review of business operations,
- Group and sector-based financial performance, industry trends and market developments.

Availability of Hands-on Knowledge

The Group's Key Management Personnel (KMP) are invited to attend Board meetings to raise any concerns or discuss their relevant areas of business. They include the Group Chief Financial Officer, Chief Strategy and Growth Officer, Group Chief Risk Officer, Chief Technology and Transformation Officer and the Chief People Officer.

Regular Updates and Presentations

With the support of the CEO, the Group Corporate Communication and Sustainability Division regularly keeps the Board apprised of the Group's sustainability performance. Presentations are also made periodically to the Directors at Board Meetings. The Board is also updated on critical concerns with respect to the material topics of compliance, attrition, carbon footprint, resource consumption (e.g. water and energy), and training hours.

In the year under review, the Board convened 7 times as scheduled.

With a few notable exceptions, full attendance was maintained at every session. Throughout the proceedings active participation in Board matters was evident. A comprehensive description of the events, discussions and decisions made at each Board Meeting is meticulously recorded in the Board Minute Book.

Following every Board Meeting, the Management is promptly notified of the action points that resulted from the Board's discussions, along with the corresponding dates for their implementation and completion. Reports and progress concerning the action items from the previous meeting are presented at each subsequent meeting.

Meeting Attendance

Name of Director	Directorship Status in HHL	Board	Group Audit Committee	Human Resources and Remuneration Committee	Nomination and Governance Committee	Related Party Transaction Review Committee
Mr. H N Esufally	NINED (C)	7/7		6/6		
Mr. A N Esufally	NINED	6/7			4/4	
Mr. I A H Esufally	NINED	7/7	7/7			2/4
Mr. M A H Esufally	NINED	7/7				
Ms. K A C Wilson	ED (Resigned from the position of CEO w.e.f. 31.03.2024 and change of capacity on the Board to Non-Executive Director w.e.f. 01.04.2024)	7/7				4/4
Dr. S A B Ekanayake	INED	7/7		6/6	4/4	
Mr. A S Amaratunga	INED	7/7	7/7	6/6		4/4
Mr. J M Trivedi	INED	7/7			4/4	
Mr. R. Pathirana	INED	5/7	6/7			0/1
Mr. P Subasinghe	INED	5/7				

INED - *Independent Non-Executive Director* **NINED** - *Non-Independent Non-Executive Director* **ED** - *Executive Director*

CORPORATE GOVERNANCE REPORT

DIRECTORS' INTERESTS, RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

It is expected of the Board Members to operate in the best interests of the organisation and to conduct themselves with honesty, integrity, and good faith in all interactions with or on behalf of the Group. The Directors are duty-bound to disclose any actual or apparent conflicts of interest to the Board, regardless of their nature. As a result, the Secretaries are notified in writing of all direct, indirect, beneficial, and non-beneficial interests in any contract or proposed contract. The Secretaries bear the responsibility of alerting the Board to such disclosures. The relevant Director must recuse himself/herself from all meetings where the subject of their conflict of interest is discussed, if it is determined that such a conflict exists.

Name of Director	Directorship Status in Hemas Holdings PLC	Number of Board Seats held in Other Listed Companies		Number of Board Seats held in Unlisted Companies	
		Executive Capacity	Non-Executive Capacity	Executive Capacity	Non-Executive Capacity
Mr. H N Esufally	NINED (C)	-	-	-	7
Mr. A N Esufally	NINED	-	2	-	14
Mr. I A H Esufally	NINED	-	-	-	9
Mr. M A H Esufally	NINED	-	-	-	9
Ms. K A C Wilson	ED (CEO) (resigned from the position of CEO w.e.f. 31.03.2024 and capacity changed as NED w.e.f. 01.04.2024)	-	1	-	-
Dr. S A B Ekanayake	INED	-	3	-	2
Mr. A S Amaratunga	INED	-	1	-	1
Mr. J M Trivedi	INED	-	-	-	1
Mr. P Subasinghe	INED	-	3	3	-
Mr. R. Pathirana	INED	-	7	12	-

INED - *Independent Non-Executive Director* NINED - *Non-Independent Non-Executive Director* ED - *Executive Director*

THE ROLE OF THE BOARD SUB-COMMITTEES

The Board Sub-Committees assist the Board in carrying out its supervisory function in order to guarantee a better emphasis on significant aspects of governance. The Group's Board of Directors has authorised the responsibilities assigned to each Sub-Committee, which are duly recorded in each committee's Terms of Reference (TOR).

Following each Committee meeting the Chairman of the respective Committee is required to report its proceedings back to the Board. This keeps lines of communication open and transparent between the Directors and encompasses every facet of the Board's mandate. Every year, each Board Sub-Committee evaluates itself to ascertain its efficacy and performance. With an exception of the Related Party Transactions Review Committee, Independent Non-Executive Directors comprise the majority of the Sub-Committees.

Furthermore, Board Sub-Committees may be appointed to take part in special projects and initiatives as necessary, in addition to the functions listed above. The selection of such Board Sub-Committees is determined by the Board based on the characteristics or requirements of the project/initiative in question and their compatibility with the expertise of the Committees' Directors.

Board Sub-Committee	Main Area/s of Oversight
Audit Committee Mr. Shaktha Amaratunga (INED) (Chairman) Mr. Ranil Pathirana (INED) Mr. Imtiaz Esufally (NINED)	Financial Reporting Internal Controls and Risk Management Internal Audit External Audit
Related Party Transactions Review Committee Mr. Shaktha Amaratunga (INED) (Chairman) Mr. Imtiaz Esufally (NINED) Mr. Ranil Pathirana (INED) Ms. Kasturi A C Wilson (ED) (resigned from the committee w.e.f. 31.03.2024)	Review of related party transactions

Board Sub-Committee	Main Area/s of Oversight
Human Resources and Remuneration Committee Dr. Anura Ekanayake (INED) (Chairman) Mr. Shaktha Amaratunga (INED) Mr. Husein Esufally (NINED)	Remuneration policy for Key Management Personnel Remuneration structure Performance evaluation Succession Planning
Nomination and Governance Committee Dr. Anura Ekanayake (INED) (Chairman) Mr. Jyotindra Trivedi (INED) Mr. Abbas Esufally (NINED)	Appointment of Key Management Personnel/ Directors Effectiveness of the Board and its Committees

INED - *Independent Non-Executive Director* NINED - *Non-Independent Non-Executive Director* ED - *Executive Director*

COMPANY SECRETARIES

In addition to assisting each individual director, Company Secretaries are responsible for guiding and supporting the collective Board to carry out their duties and obligations. They also provide the Board members with updates on all legislations and regulations that are applicable to the Group and could impact its operations. Secretaries are Board-appointed and have unrestricted access to Directors to facilitate the effective discharge of their duties. The Secretaries are subject to an annual evaluation to determine their performance.

BOARD AND SUB-COMMITTEE EVALUATION

Every year, the performance of Board, Board Sub-Committees and Subsidiary Boards are evaluated and reviewed as follows to ascertain the effectiveness of the Group's corporate governance:

Assess Effectiveness

The following factors pertinent to effectiveness are taken into consideration, among others:

- the balance and mix of skills, experience, independence, and knowledge,
- gender representation,
- the ability to function as a collective unit,
- alignment with growth strategies of each SBU,
- the ability to address the impact of the nation's unprecedented socioeconomic dynamics.

Report on Assessment

The results of the assessment are reported to the Nomination and Governance Committee for discussion and review.

Review Results

The Committee assesses the efficacy of the governing body and offers recommendations for the future based on the information presented. The Nomination and Governance Committee reviews and discusses the evaluation results of the Subsidiary Boards with the Chairman of that particular Board.

As shown below, the remuneration of Key Management Personnel (KMP) is calculated using the same structures and principles used for determining Executive Director remuneration; however, Non-Executive and Independent Directors' compensation is determined via a different methodology.

Remuneration for Non-Executive and Independent Directors

- **Responsibility and oversight:** The Board of Directors
- **Basis of determination:** Corresponding to local market dynamics and reviewed on a regular basis. The fees paid to other independent and non-executive directors of similar businesses or peer organisations are taken into consideration when determining compensation.
- **Structure:** A fee for their membership in a Subcommittee or as a Director of the Board.

Remuneration for Executive Directors and Key Management Personnel

- **Responsibility and oversight:** The Human Resources and Remuneration Committee submits recommendations to the Board that are in line with the Directors' skills and experience as well as the terms of reference that have been established.
- **Compliance:** Remuneration conforms to the guidelines of Schedule E of the Code of Best Practice on Corporate Governance published by the Sri Lankan Institute of Chartered Accountants in 2017.
- **Basis of determination:** Compensation is in line with local market rates as established by regular market assessments. In addition, compensation is connected to the sustainable value creation objectives that complement the Group's strategy, and determined by clearly established performance targets with a sufficient degree of flexibility provided.

Structure: Fixed (base) compensation, temporary incentives, and long-term incentives in the form of Hemas Holdings PLC employee share options (ESOS).

Evaluating the Performance of the CEO

- **Frequency:** Bi-annual

Responsibility and Oversight: The Board Chairman evaluates the performance of the CEO. The Board is then informed of the results of the evaluation as well as the Chairman's viewpoints. The Board recommends to the HR and Remuneration Committee (HR and REMCO) if any changes are to be made to the CEO's remuneration after the year-end evaluation of the CEO's performance.

- **Basis of Determination:** Performance is evaluated in relation to the predetermined goals and objectives for each financial year, which are set forth at the outset of that specific year.

DIRECTORS' TRAINING

To facilitate precise and well-informed decision-making, all directors undergo comprehensive training to build their knowledge on the following focus areas:

Group Strategy and Activities

- Following their appointment to the Board, all new Directors are required to attend a formal induction.
- With the use of both internal and external documents and information, new Directors receive sufficient training to gain a basic understanding of the Group and its operations.
- The opportunity to visit production facilities and conduct meetings with the Board, KMPs, business executives and leadership teams is extended to new Directors.

Sustainability Principles

- ESG training is extended to Directors and facilitated by third-party consultants.
- Additionally, Board members have participated in ESG training in their own capacity.

Knowledge Enhancement

- Throughout the Board members' term, regular training interventions are carried out to assist ongoing development and knowledge enhancement.
- Members often participate in programmes in their own capacity.

Key Trends and Dynamics

- Periodic training sessions guarantee that Directors remain informed on current and emerging industry, legal, and economic developments.

BOARD ACCOUNTABILITY

Board accountability at Hemas encompasses a broad range of priority areas and signifies the Board's dedication to conducting all Group business operations in accordance with the values of fairness, transparency, and trust.

Compliance

The Board is responsible for ensuring the Group abides by all relevant laws, regulations, codes and standards. As a result, the Board promotes the early adoption of any new regulations that may arise, and provide the monitoring and oversight required to guarantee that all applicable compliance requirements are fulfilled.

Regulation/Code	Adoption	Adherence	Disclosure
The Companies Act No.7 of 2007 (Companies Act)	Mandatory	Compliant	Page 138
Listing Rules of the Colombo Stock Exchange (CSE)	Mandatory	Compliant	Page 139
Securities and Exchange Commission of Sri Lanka Act, No.19 of 2021, including Directives and Circulars	Mandatory	Compliant	Page 139
Code of Best Practice on Corporate Governance (2017) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)	Voluntary	Compliant	Page 140

RISK MANAGEMENT AND INTERNAL CONTROL

The Board oversees the implementation of appropriate risk management systems, internal controls, and compliance frameworks as it is cognisant of the primary risks facing the Group. Therefore, the Board has established a robust framework of internal control and risk management with the support of the Audit Committee. This system is designed to support the size and scope of the Group's activities and offers a fair level of assurance regarding the accomplishment of Group goals.

For an understanding of the Group's approach to risk management, see pages 146 to 151 of the Annual Report.

Meeting of the Non-Executive Directors

Frequency

A minimum of twice a year, without the participation of the Executive Directors

Objective

To evaluate Executive Directors' performance.

The Group CEO may be invited to report the performance of the Key Management Personnel under her supervision after the main proceedings have concluded.

Feedback Mechanism

Any feedback on meetings has been communicated to the Executive Director.

Meeting of the Independent Non-Executive Directors

Frequency

A minimum of once a year without the participation of the Non-Independent Non-Executive Directors and Executive Directors.

Objective

To review the Group Chairman's performance. The meeting further serves as a forum for discussing additional issues pertaining to the Group's policy framework or governance structures.

Feedback Mechanism

The Board Chairman receives feedback from the Independent Directors' meeting, immediately following the meeting's conclusion.

FINANCIAL REPORTING

The Board maintains an up-to-date, comprehensive reporting suite to guarantee that stakeholders are informed of the Group's performance and financial status in a timely manner.

The Group's Integrated Annual Report, which offers a fair and honest evaluation of the Group's performance, financial position, and outlook, is the primary resource in the reporting suite. The following significant disclosures and statements are included in the report, which complies with all legal requirements:

- The Directors' Report - Refer Page 152
- The Statement of Directors' Responsibility - Refer Page 171
- The Report of the Auditors - Refer Page 172

The Audit Committee reviews and makes recommendations for the Annual Report, which is then submitted to the Board for approval prior to publishing. The CSE receives the Annual Report in both print and digital form. The Group's performance is reported through interim quarterly reports submitted to the CSE and in quarterly press releases, in addition to the Annual Report.

EXTERNAL AUDITOR

The primary role of the External Auditor is to ascertain whether there are any substantial misstatements in the Financial Statements, determine their compliance with an accounting framework, and to offer a reasonable degree of assurance in this regard. The Board receives recommendations from the Audit Committee with respect to the appointment, re-appointment, or dismissal of the External Auditor.

The procedure is carried out in accordance with professional and ethical standards and is governed by the Companies Act. The Audit Committee is charged with the responsibility of monitoring and determining the objectivity and independence of the External Auditor and evaluating the audit process' efficacy in line with legal and professional requirements.

The Auditors submit an annual statement attesting to their independence with respect to the external audit. When delegating non-audit services to external auditors, the Audit Committee verifies that the party in question has the necessary training and expertise to successfully execute the assignment and that their independence and objectivity will not be compromised at any stage.

CULTURE AND CONDUCT

The Code of Conduct and Ethics for Directors governs the Board, which is responsible for instilling a culture of fair, ethical conduct throughout the Group. The highest standards of business ethics and integrity are set by the Board of Directors, who inculcate values that trickle down from the top to reach all tiers of the Group. The Board sets clear expectations for the culture, beliefs, and behaviour of the Group's employees, empowered through its leadership by example. The Group's Code of Conduct, "The Hemas Way," must be adhered to by all personnel, and encompass the following ethic-specific topics:

Anti-Corruption Policy	Gift Policy	Whistleblowing Policy	Share Trading Policy
The policy is applicable to all Directors and employees of the Group, without exception. It outlines the framework established to combat corruption and bribery inside the organisation, which encompasses the following aspects: Prohibitions against bribery, kickbacks and facilitation payments when engaging in business The specific compliance requirements relating to these prohibitions. Regular training on the policy is conducted for employees and Directors to further reinforce these principles. The Group's business partners and external parties that represent the Group are aware of, and obligated to follow the guidelines outlined in the Group's Anti-Corruption policy.	The goal of the policy is to create greater uniformity in the gifting culture by establishing standard thresholds for gifts that are offered to or received by Group employees. The policy is applicable to gifts given or received within the Group and from third parties, and it is enforced for all permanent employees as well as the Board of Directors. It helps regulate the offering and receipt of business courtesies and gifts by the Group's employees.	The policy serves as a channel to facilitate anonymous reporting related to potential financial irregularities, inappropriate financial reporting, violations of internal controls, or other concerns that may require internal investigation. All whistleblower complaints are reviewed by the Group's Whistleblowing Committee, which is made up of one Independent Director and one Non-Executive Director. Two-way communication is maintained throughout, to ensure the whistleblower remains aware of the investigation's progress. Regular awareness sessions are used to inform staff about the whistleblowing process. All information about the policy and how it is to be implemented is available on the intranet.	The policy notifies all applicable parties and any individuals associated with the Group regarding the restrictions imposed by the Securities and Exchange Commission (SEC) Act of Sri Lanka and the Listing Rules of the Colombo Stock Exchange on those who intend to deal in the Group's shares while in possession of unpublished price-sensitive information about the Group and its operations. The policy also outlines the implications of "insider trading" and the Group's recommendations in this regard.

CORPORATE GOVERNANCE REPORT

The Company pledges to comply with all applicable laws, particularly those that combat corruption. All of the Directors personally commit to respect the company's stance on anti-corruption and adhere to its code of conduct, which includes anti-corruption policies.

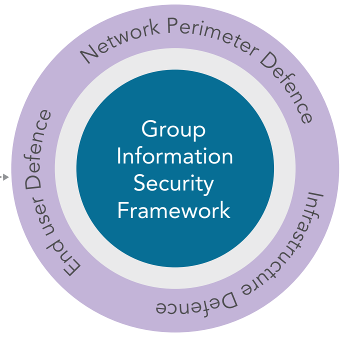
IT GOVERNANCE

The Board considers that information technology holds the ability to open doors and unleash business value. As a result, the Board exhibits its dedication to protecting the Group's operating systems and information assets by making significant investments in cyber-risk management technologies.

Investing in industry leading next generation family of firewalls including the 'Palo Alto' network security system to avoid a potential breach

Investing in next generation end point security systems for physical, virtual, cloud, and mobile endpoints and email

Investment in end user training and development to enhance awareness of potential implications of cyber threats and improve user adoption of system safeguards



Moving all business applications to 'cloud' infrastructure enabling a higher level of security including off-site Disaster Recovery Plans

Performing regular Vulnerability Assessment and Penetration Testing by launching simulated cyber attacks to identify potential flaws and weaknesses. The tests are conducted internally, and externally through third party professionals offering assurance certification

SUSTAINABILITY GOVERNANCE AND REPORTING

As the Board is dedicated towards incorporating sustainability into all facets of the Hemas Group's activities, it has entrusted the Board of Management authority over sustainability related aspects within the Group Management Framework. The Board has also assigned the CEO and Managing Directors of each business unit with the responsibility of collaborating with the Group Sustainability and Corporate Communications teams to conduct internal materiality assessments in order to identify and manage relevant material topics, in addition to ensuring the overarching Group policies, the Management approach to the topics, and their pertinent SOPs are implemented. Furthermore, they are responsible for the careful oversight of the Group's impacts, in addition to promoting the enhancement of the Group's sustainability performance.

The Board examined both the quarterly performance and the sustainability assurance reports throughout the year under consideration. The reviews of the ERM process, sustainability process, CSR process, and internal audit report were among the aforementioned assessments.

STAKEHOLDER ENGAGEMENT

The Board oversees the implementation of appropriate risk management systems, internal controls, and compliance frameworks as it is cognisant of the primary risks facing the Group. Therefore, the Board has established a robust framework of internal control and risk management with the support of the Audit Committee. This system is designed to support the size and scope of the Group's activities and offers a fair level of assurance regarding the accomplishment of Group goals.

For an understanding of the Group's approach to risk management, see pages 146 to 151 of this Annual Report.

SHAREHOLDER RELATIONS

The Group's engagement with its shareholders spans multiple channels, as shown below:

- The Annual General Meeting (AGM)
- Regulatory reports
- A dedicated investor relations page on the Hemas website
- Announcements on the CSE website

The Board is mindful of its obligation towards the Group's stakeholders, and therefore ensures that all pertinent information is disclosed in a transparent and fair manner, with a focus on integrity, timeliness, and relevance to decision-making.

Every piece of information is verified for accuracy prior to being shared in order to prevent the emergence of a false market. The Board therefore reviews and approves the Annual Report of the Company at a Board Meeting before it is presented to the Group's shareholders and other stakeholders.

The Board primarily communicates with its institutional shareholders through the Group Chief Executive Officer and Group Chief Financial Officer, who oversee the Investor Relations and Corporate Communications teams. These teams maintain constant communication with investment analysts and institutional shareholders.

Through the Company Secretaries, shareholders are also empowered to raise questions and concerns, in addition to providing the Board with their comments and suggestions via the same channel.

Every major concern and issue tabled by shareholders is brought before the Board along with the management's corresponding response and views.

Oversight

The Board holds the ultimate responsibility for IT governance, with the role being carried out through the Audit and Risk Committee. In his/her function as the Chief Technology and Transformation Officer (CTO) and the Director of Group IT and Process oversee and ensure the security of the organisation's digital assets.

Strategy Development

Cybersecurity and digital strategy are standard topics on the agenda for Audit and Risk Committee meetings. Important issues related to IT governance are escalated to the Board.

Strategy Implementation

In addition to developing IT policies and protecting the Group's digital assets against cyber attacks and threats, the HHL Group IT Department is responsible for carrying out the Group's digital strategy.

ANNUAL GENERAL MEETING

The shareholders are given a minimum of 15 working days' notice of the Annual General Meeting. The Annual Report and accounts, as well as any other resolutions and pertinent information that might be discussed at the AGM are circulated among the shareholders according to the same timeline, to provide sufficient time to review the material prior to attending.

Furthermore, the Annual Report's digital version can be accessed under the Investor Relations tab of the company's website (www.hemas.com). Shareholders are given the opportunity to vote on any separate resolution that the Group may submit for a particular business item, should the event arise. Exercising their voting rights at the AGM is encouraged among all shareholders, with the voting procedures distributed to shareholders ahead of time.

The Group uses a reliable mechanism to record and tally all proxy votes cast for each resolution. The Board takes appropriate actions to ascertain the need for any remedial action in the event that a sizeable share of votes are cast against a particular resolution, and understand the underlying reasons for such results.

The Chairman of the AGM announces the results of each resolution's vote, and the CSE is subsequently notified following the conclusion of the AGM.

BUSINESS CONTINUITY PLANNING

After carefully examining the business continuity plans for the Group's core businesses, the Board of Directors is confident that these plans are robust, comprehensive, and all-encompassing, and will ensure the Group's stability in the event of a disruption.

STATEMENTS OF COMPLIANCE

The Board of Directors hereby declares that the Company, the Board of Directors, the Management, and the Employees are confident of their adherence to the good governance principles outlined in the regulatory frameworks that are applicable to the Company, namely the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, including Directives and Circulars, and Code of Best Practice on Corporate Governance (2017) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

The next AGM of Hemas Holdings PLC will take place at 3.00 p.m on the 27th of June 2024

CORPORATE GOVERNANCE REPORT

Appendix I: Statement of Compliance pertaining to Companies Act No. 7 of 2007

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)	Page
168 (1) (a)	The nature of the business together with any change thereof.	Yes	About Us	04
168 (1) (b)	Signed Financial Statements of the Group and the Company.	Yes	Financial Statements	178
168 (1) (c)	Auditors' Report on Financial Statements.	Yes	Independent Auditor's Report	172
168 (1) (d)	Accounting policies and any changes therein.	Yes	Note 1 to 3 the Financial Statements	182 to 187
168 (1) (e)	Particulars of the entries made in the Interests Register.	Yes	Annual Report of the Board of Directors	152
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company.	Yes	Note 8 to the Financial Statements	193
168 (1) (g)	Corporate donations made by the Company.	Yes	Note 8 to the Financial Statements	193
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period.	Yes	Annual Report of the Board of Directors on the Affairs of the Company	152
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered.	Yes	Note 8 the Financial Statements	193
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries.	Yes	Report of the Group Audit Committee	144
168 (1) (k)	Acknowledgment of the contents of this Report and signatures on behalf of the Board.	Yes	Annual Report of the Board of Directors on the Affairs of the Company	152

Appendix II: Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)	Page
(i)	Names of persons who were Directors of the entity.	Yes	Annual Report of Directors on the Affairs of the Company	152
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein.	Yes	Focus Areas	06
(iii)	The names and the number of shares held by the 20 largest holders of voting shares and the percentage of such shares held.	Yes	Shareholder Information	255
(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.	Yes	Annual Report of Directors on the Affairs of the Company	152
(v)	A statement of each Director's holding and Chief Executive officer's holding in shares of the entity at the beginning and end of each financial year.	Yes	Annual Report of Directors on the Affairs of the Company	152
(vi)	Information pertaining to material foreseeable risk factors of the entity.	Yes	Risk Management	146
(vii)	Details of material issues pertaining to employees and industrial relations of the entity.	Yes	Human Resources (HR) Report	162
(viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties.	Yes	Note 12 and 13 to the Financial Statements	200 to 208
(ix)	Number of shares representing the entity's stated capital.	Yes	Note 22 to the Financial Statements	226
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	Yes	Shareholder Information	255
(xi)	Financial ratios and market price information.	Yes	Ten year summary and Shareholder Information	254
(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.	Yes	Note 12 - Property, plant and Equipment to the Financial Statements	200 to 205
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year.	Not Applicable		-
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes.	Yes	Shareholder Information	255 to 258
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules.	Yes	Corporate Governance Report	124 to 143
(xvi)	Related Party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per audited financial statements, whichever is lower.	Not Applicable	Related Party Transactions Review Committee Report	166 to 167

CORPORATE GOVERNANCE REPORT

Appendix III: Compliance with the Code of best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2017

VOLUNTARY PROVISIONS

Code Ref.	Requirement	Complied	Reference within the Report
A.1	An effective Board should direct, lead and control the company.		
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis.	Yes	Board Meetings
A.1.2	Role and Responsibilities of the Board.	Yes	Role of the Board
A.1.3	Act in accordance with laws of the country. Independent professional advice.	Yes	Compliance Accessibility to Information
A.1.4	Access to advice and services of the Company Secretary.	Yes	Company Secretaries
A.1.5	Independent judgement.	Yes	Accessibility to Information
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company.	Yes	Appointment/Re-election and Resignation of Directors
A.1.7	Calls for resolutions by at least 1/3rd of Directors.	Yes	Board Meetings
A.1.8	Board induction and Training.	Yes	Directors' Training
A.2	Chairman and CEO.	Yes	Division of Responsibility between the Chairman and CEO
A.3	Chairman's role in preserving good corporate governance.	Yes	Division of Responsibility between the Chairman and CEO
A.4	Availability of financial acumen.	Yes	Board Composition
A.5	Board balance.	Yes	Board Composition
A.5.1	The Board should include sufficient number of NEDs.	Yes	Board Composition
A.5.2	If the Board includes only 3 NEDs, they should be independent.	N/A	
A.5.3	Independence of Directors.	Yes	Directors' independence
A.5.4	Annual declaration of independence by Directors.	Yes	Directors' independence
A.5.5	Annual determination of independence of NEDs.	Yes	Directors' independence
A.5.6	Alternate Directors.	Not Applicable	
A.5.7 and A.5.8	Senior Independent Director (SID).	Not Applicable	
A.5.9	Annual meeting with NEDs.	Yes	Meeting of the Non-Executive Directors
A.5.10	Recording of dissent in minutes.	Yes	Board Meetings
A.6	Supply of Information.	Yes	Supply of Information
A.7	Appointments to the Board and Re-election.	Yes	Appointment/Re-election and Resignation of Directors
A.7.1	Establishing a Nomination Committee, Chairman and Terms of Reference.	Yes	Nomination and Governance Committee Report
A.7.2	Annual assessment of Board composition.	Yes	Appointment/Re-election and Resignation of Directors
A.7.3	Disclosures on appointment of new directors.	Yes	Appointment/Re-election and Resignation of Directors

Code Ref.	Requirement	Complied	Reference within the Report
A.8	Directors to submit themselves for re-election.	Yes	Appointment/Re-election and Resignation of Directors
A.9	Appraisal of Board and Sub-Committee Performances.	Yes	Board and Sub-Committee Evaluation
A.10	Annual Report to disclose specified information regarding Directors.	Yes	Board Profiles Annual Report of the Directors on the Affairs of the Company
A.11	Appraisal of the CEO.	Yes	Evaluating the Performance of the CEO
B.	Directors Remuneration		
B.1	Establish process for developing policy on Executive and Director remuneration.		Remuneration for Executive Director and Key Management Personnel
B.2	Level and Make Up of Remuneration.	Yes	Remuneration Policy
B.3	Disclosures related to remuneration in Annual Report. - Remuneration Policy statement. - Aggregate Board remuneration paid. - HRRC report.	Yes	Human Resources and Remuneration Committee Report
C.	Relations with Shareholders		
C.1	Constructive use of the AGM and Other General Meetings.	Yes	Annual Report of the Directors on the Affairs of the Company and the Group - Annual General Meeting (AGM)
C.2	Communication with shareholders.	Yes	Annual Report of the Directors on the Affairs of the Company and the Group - Shareholder Relations
C.3	Disclosure of major and material transactions.	Yes	There were no major or material transactions during the year, which materially affected the net asset base of Company.
D.	Accountability and Audit		
D. 1	Present a balanced and understandable assessment of the Company's financial position, performance, and prospects.	Yes	Financial and Business Reporting
D1.1	Balanced Annual Report.	Yes	Financial and Business Reporting
D.1.2	Balanced and understandable communication	Yes	Financial and Business Reporting
D.1.3	CEO/CFO declaration.	Yes	Directors' Statement of Responsibility
D.1.4	Directors Report declarations.	Yes	Annual Report of the Board of Directors on the Affairs of the Company
D.1.5	Financial reporting statement on Board responsibilities. Statement on internal control.	Yes	Directors' Responsibility for Financial Reporting Directors' Statement on Internal Control
D.1.6	Management Discussion and Analysis.	Yes	Capital reports
D.1.7	Net Assets < 50%.	Yes	In the unlikely event of the net assets of the company falling below 50% of Shareholders' Funds the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken.
D.1.8	Related Party Transactions	Yes	Other Business Interests

CORPORATE GOVERNANCE REPORT

Code Ref.	Requirement	Complied	Reference within the Report
D.2	Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets.	Yes	Risk Management and Internal control Report of the Audit Committee Directors' Statement of Internal Control Risk Review
D.3	Audit Committee.	Yes	Group Audit Committee Report
D.4	Related Party Transactions Review Committee.	Yes	Related Party Transactions Review Committee report
D.5	Code of Business Conduct and Ethics.	Yes	Code of Conduct and Ethics
D.6	Corporate Governance Disclosures.	Yes	Corporate Governance Report
E/F	Institutional and other investors	Yes	Relations with Shareholders
G	Internet of Things and Cyber security	Yes	Digital Oversight and Cyber Security
H	Principals of Sustainability Reporting	Yes	Sustainability Governance

LIST OF OTHER DIRECTORSHIPS

Name of the Director	Name of the Company	Capacity
Mr. H. N. Esufally	Saraz Investments (Pvt) Ltd	NED
Mr. A.N. Esufally	A Z Holdings (Pvt) Ltd	NED
	DTH Travel Lanka (Pvt) Ltd	NED
	DTH Travel Maldives	NED
	Mahaweli Reach Hotels PLC	INED
	Printcare PLC	Chairman / INED
	Universal Packaging Limited	INED
Mr. I.A.H Esufally	Blueberry Investments (Pvt) Ltd	NED
	Stafford Tea Company (Pvt) Ltd	NED
Mr. M.A.H Esufally	Ama Group (Pvt) Ltd	NED
Ms. K. A.C. Wilson	National Development Bank PLC	INED
Dr. S.A.B. Ekanayake	AE Consultants (Pvt) Ltd	NED
	Chemanex PLC	INED
	Elpitiya Plantations PLC	INED
	Hayleys Fiber PLC	INED
	Link Natural Products (Pvt) Ltd	INED
Mr. A.S. Amaratunga	Carson Cumberbatch Company PLC	INED
	Saara Labs Private Ltd	NED
Mr. J. M. Trivedi	Bluepine Energy Pvt Ltd	NED
Mr. P. Subasinghe	Global Rubber Industries (Pvt) Ltd	ED
	Global Seafoods (Pvt) Ltd	ED
	Ayenka Holdings	ED
	Ceylinco Insurance PLC	INED
	Sanasa Development Bank	INED
	Sampath Bank	INED

Name of the Director	Name of the Company	Capacity
Mr. R. Pathirana	Windforce PLC	Chairman / NED
	BPPL Holdings PLC	NED
	Ceylon Hotels Corporation PLC	NED
	Odel PLC	NED
	AMBEON Holdings PLC	NED
	AMBEON Capital PLC	NED
	Dankotuwa Porcelain PLC	Chairman / NED
	Hirdaramani Apparel Holdings Private Limited	ED
	Hirdaramani Investment Holdings Private Limited	ED
	Hirdaramani International Exports Private Limited	ED
	Hirdaramani Private Limited	ED
	H Connect Private Limited	ED
	Hirdaramani Clothing Private Limited	ED
	Hirdaramani Mercury Apparel Private Limited	ED
	Hi Fashion Holdings (Private) Limited	ED
	Ceylon Knit Trend (Private) Limited	ED
	Rosewood (Private) Limited	ED
	Union Residencies (Private) Limited	ED
	H-Emblishment (Private) Limited	ED

INED - *Independent Non-Executive Director* NINED - *Non-Independent Non-Executive Director* ED - *Executive Director*

In addition to the above, Mr. H. N. Esufally, Mr. A. N. Esufally, Mr. I.A.H. Esufally and Mr. M.A.H. Esufally hold directorships in companies within the Group of Hemas which are not public listed entities.

INTERNAL AUDIT

HEMAS INTERNAL AUDIT OVERVIEW

The Internal Audit Function (IAF) at Hemas plays an integral role in strengthening the internal control environment across all the businesses of the Group. While being entrusted with safeguarding governance frameworks and fortifying risk management strategies, Hemas IAF ensures to deliver its primary responsibility in assisting the Audit Committees within the Group in fulfilling their oversight responsibilities. This involves evaluation of the adequacy and effectiveness of internal controls, identifying areas for improvement, and fostering a culture of accountability and transparency throughout the organisation.

Stepping back from conventional approaches to internal auditing, IAF of Hemas has effectively embraced new and advanced methodologies in conducting its internal audit activities. This strategic shift has yielded significant value for the businesses, fostering a culture of continuous improvement and adaptive resilience. Consequently, it also provides stakeholders with a heightened level of confidence, affirming the integrity of the organisation's operations and governance framework.

HEMAS INTERNAL AUDIT HIGHLIGHTS

The diagram below illustrates the key internal audit highlights for the year under review.

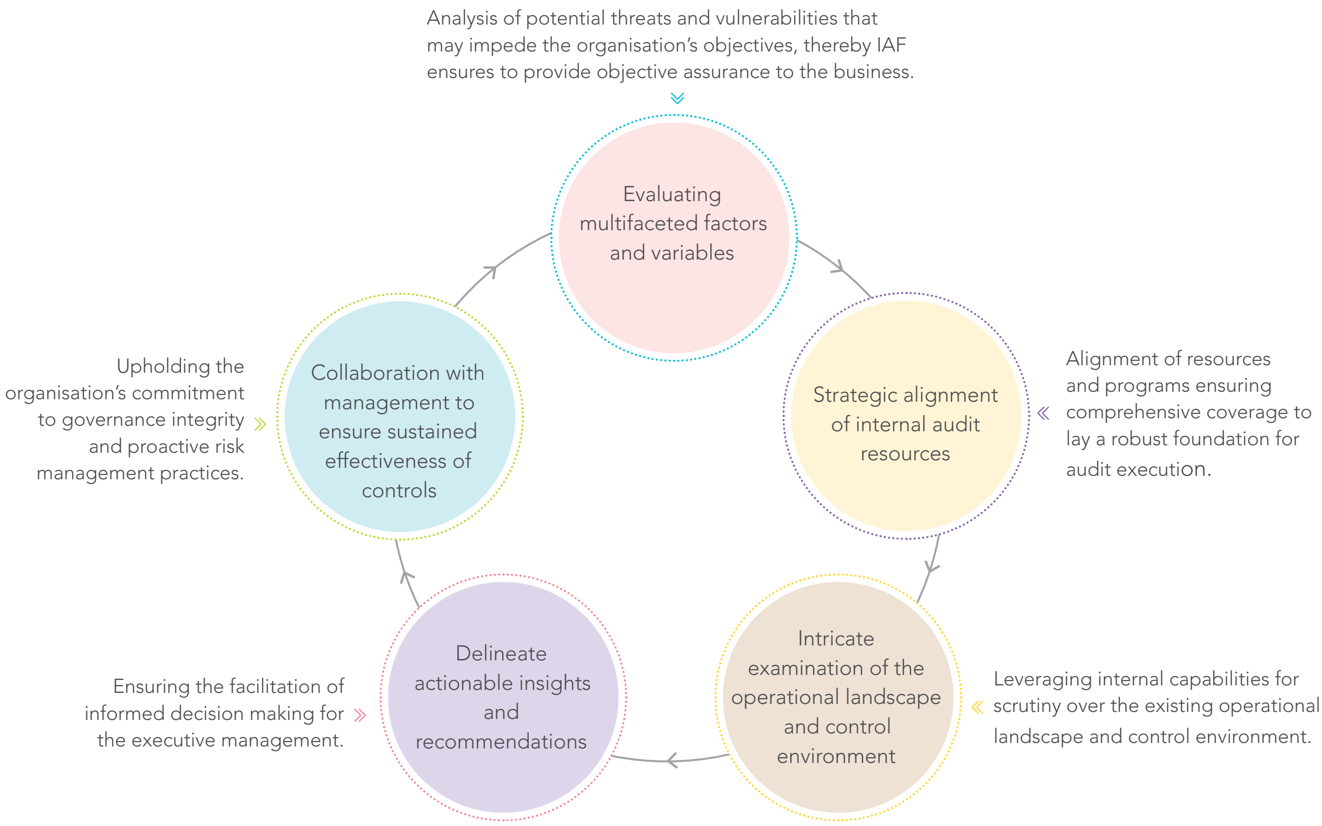
With a steadfast commitment to continuous improvement, Hemas IAF has diligently pursued initiatives aimed at refining the quality of deliverables, cultivating enhanced competencies within the team, and embracing digitalisation endeavours. These efforts predominantly concentrate on optimising the people, process and systems within the Risk & Control department, and the broader organisation.

One of the core mandates of the IAF involves conducting independent and objective assessments, spanning financial, operational, compliance, and IT domains. These assessments meticulously evaluate adherence to established policies, procedures, and regulatory mandates. Additionally, strategic advisory services are provided to senior management, facilitating process enhancements, operational efficiencies, and proactive risk mitigation strategies.

In response to the evolving landscape of fraud and financial misconduct, Hemas has proactively adopted forensic data analysis as a strategic tool to enhance the detection and prevention capabilities. With the implementation of data analytics techniques and technology, forensic data analysis has been integrated into the internal audit processes, thereby, enabling prompt identification of anomalies, patterns, and trends indicative of fraudulent activities or irregularities. With the analysis performed over large volumes of data from the ERP system, risks and potential instances of fraud are more efficiently and effectively being identified. This proactive approach to forensic data analysis reinforces the IAF's commitment to integrity, transparency, and accountability, safeguarding organisational value against financial losses and potential reputational damage.

HEMAS INTERNAL AUDIT APPROACH

Hemas IAF predominantly navigates its internal audit activities through the following approach.



RISK MANAGEMENT

Risk Management holds significant importance in supporting the Group's purpose of "Empower Families to Aspire for a Better Tomorrow".

APPROACH TO RISK MANAGEMENT

The Group adopts a robust and a strategic approach to risk management, designed to maximise positive outcomes and minimise negative impacts.

The Board provides overall guidance and leadership for risk management. The Group Risk Management Committee (GRMC), consisting of key management personnel, acts as a steering committee, guiding and driving the Group's risk management efforts. The Group Audit Committee (GAC) and Subsidiary Audit Committees support the Board and Management by offering advice and guidance on the adequacy of the Group's risk management processes and practices.

The approach is multifaceted, focusing on risk avoidance, reduction, sharing, and retention, ensuring that all risks and opportunities are effectively managed or mitigated. This process is supported by a strong governance structure and clearly defined responsibilities across the Group.

The Risk Management Function (RMF), a vital function of Group Risk & Control, acts as the catalyst in driving risk management framework at all levels across the Group. Central to the organisation’s ethos, RMF facilitates risk management by aiding the management in making informed decisions, protecting, and improving value.

Fostering a Culture of Risk Awareness

In today's dynamic business landscape, effective risk management is paramount for organisational resilience and sustainability. Recognising this, the Group places significant emphasis on cultivating a strong risk management culture across the organisation. Collaboration with Strategic Business Units (SBUs) and divisions ensures that risk management is integrated into the organisational culture, fostering identification, evaluation, and mitigation of risks.

Framework and Methodology

The Group has implemented its risk management framework in accordance with the ISO 31000:2018 standard, serving as the foundation for risk management across all business units. This framework provides a standardised and effective approach, guiding risk management activities throughout the organisation. By aligning with this global standard, the Group ensures adherence to best practices, promoting prudent risk management at every level.

Integrating Risk Management into Strategy

At Hemas, risk management is integral to shaping organisational strategies and decisions, ensuring operations are safeguarded, resilience enhanced, and growth opportunities unlocked. By integrating risk management principles throughout all planning and decision-making processes, the Group not only identifies and mitigates risks but also uses them as catalysts for informed decisions in an evolving business environment.

Sustainability & ESG

The Group recognises the connection between its operations and the broader community. The Group Sustainability team in partnership with the Management conducts regular assessments to identify and integrate Sustainability Related Risks and Opportunities (SRROs) into its decision-making. This integration extends to its risk management framework, ensuring all risks, including those related to sustainability and climate change, are evaluated and managed. The approach includes tracking Key Sustainability Performance Indicators (KSPIs) and implementing strategies for energy and carbon reduction, aligning with broader sustainability goals. This commitment to sustainable risk management is detailed further in Hemas's Sustainability and Financial Capital sections.

GOVERNANCE, LEADERSHIP AND OVERSIGHT

Management is accountable for risk management but engages actively with various stakeholders for escalation and guidance, ultimately enhancing sustainable value creation.

The Group's strong risk management framework, supervised by the Board and bolstered by specialised committees and teams, guarantees effective risk oversight and mitigation.

Below, the roles and responsibilities of the different stakeholders in risk management are detailed.

Stakeholder	Responsibilities
Hemas Holdings (HHL) Board	• Discharges responsibility for effective risk management • Establishing the company's risk strategy • Ensures understanding of risk tolerance and the impact of risk management cascades from top-level governance to line managers
Group Audit Committee	• Oversees risk management, governance, and accountability, and informs the Board about key and emerging risks • Advises the Board on important issues requiring action or attention • Offers reasonable assurance to the Board regarding the adequacy of the ERM framework • Ensures alignment with the Group's strategic objectives • Maintains a robust risk management structure across the organisation
Group Risk Management Committee	• Assists the Board in oversight duties and responsibilities • Offers recommendations on management strategies • Reviews and assesses overall risk profile and exposure • Identifies and addresses Group level risks • Promotes a risk-aware culture throughout the Group • Ensures effective implementation and maintenance of risk management processes and systems
SBU Board	• Oversees risk management at SBU level • Supports the functions and responsibilities of the HHL Board • Ensures alignment between SBU-level risk management and overall corporate governance
SBU Audit Committee	• Provides assurance on adequacy of risk management to the SBU Board and Group Audit Committee • Advises the Board on important issues requiring action or attention
SBU Management	• Identifies and analyses risks • Manages risks to achieve company objectives
Group Risk & Control	• Fosters a culture of risk management and risk-awareness • Ensures compliance with Group's ERM framework and regulatory standards • Identifying areas for improvement of the overall ERM framework • Facilitates risk management across the Group by collaborating with all departments and SBUs

RISK MANAGEMENT

RISK MANAGEMENT PROCESSES

The following steps outline our comprehensive risk management processes:

- Collaborative process involving key stakeholders at various levels (departmental/divisional/SBU)
- Designation of risk owners responsible for identifying potential risks including SRRO
- Support provided by Group Risk & Control through risk workshops, alerts, reviews, and audits
- Identified risks undergo thorough assessment to determine likelihood and impact, resulting in risk rating
- At Group level, consideration of SBU-level key risks in identifying overarching group risks

- Risk ratings compared against predefined criteria and thresholds
- Essential for determining if risks are within acceptable limits or need further action
- Serves as checkpoint to align risk management with organisation's appetite and strategic objectives

- Identified risks recorded and monitored to track changes in the organisation’s risk profile
- Group Risk & Control facilitates regular discussions on risk, focusing on shifts in profiles and emerging threats
- Risks of significant concern escalated through structured pathway to Board for comprehensive oversight
- The RMF enhances the process by improving quality of risk documents for better decision-making

- Ongoing process of developing, selecting, and applying risk mitigation strategies
- Assesses if remaining risk is tolerable or requires further action
- Employs anticipatory and responsive measures

THE EVOLVING RISK LANDSCAPE

Over the past year, the Group has experienced notable changes in its risk profile, including improvements in input costs, people-related risks, and credit risk due to proactive measures and favourable external conditions. The geopolitical climate remains under close scrutiny, with successful risk management strategies preventing major disruptions. Regulatory interventions and heightened competition have impacted the risk landscape. Energy risk has improved through a strategic shift to renewable energy and other external factors, despite initial challenges. This transition, supported by comprehensive assessments and strategic investments, enhances long-term sustainability, and reduces exposure to energy market volatilities. Economic stability and positive recovery trends have been observed. A proactive risk management approach has enabled the Group to navigate economic fluctuations and ensure resilience, supporting growth in challenging environments.

Risk	Category	Risk Rating	Mitigation Strategies
Market Risks Shifts in consumer buying patterns stemming from high cost of living and increased indirect taxes causing adverse effects on profitability and market share	Financial		• Implementation of differentiated customer value propositions
People Risk Disruptions to the business operations and possible negative reputation due to: • High levels of migration and attrition • Unavailability of skilled staff and staff training • Potential staff injuries	Strategic		• Implementation of an enhanced talent review process with updated guiding principles and succession planning for identified talent pools • Periodic review of remuneration and adjustments made accordingly • Staff training & development program in place • Presence of Health & Safety departments especially in factories to audit, inspect, monitor, and track health & safety related risks
Business Probity Risk Possible rise in fraudulent behaviour amid economic turmoil, resulting in diminished profits and potential reputational harm	Operational		• Engaging in continuous monitoring and implementing process improvement by strengthening internal controls • Internal Audits performed by Internal Audit Function (IAF) • Availability of key policies such as Code of Conduct, Whistleblowing Policy etc. to guide employee behaviour • Ongoing development of Anti-Bribery & Anti-Corruption policies and Third-Party Management protocols
Credit Risk Possible losses arising from customer defaults attributable to their financial stability	Financial		• Continuous follow-ups and closely monitoring receivables • The development of a monitoring threshold for debt exposure at a Group level • Availability of SBU level credit policy • Engaging in proactive recovery and collection practices
IT & Data Security Risk Cybersecurity breaches or system failures, leading to data loss or theft, business disruptions, and reputational harm	Operational		• Implementation of robust access controls • Enhancement of information security policies and procedures • Strengthening of cybersecurity measures through security assessments • Establishment of a cyber response plan and implementation of disaster recovery plans and drills • Enhancement of data protection and monitoring with robust backup implementation
Regulatory Risk Potential risk of heightened government and regulatory intervention in business activities, impacting profitability	Operational		• Proactive collaboration with key stakeholders • Availability of compliance statements to ensure adherence to crucial regulatory and legal standards

RISK MANAGEMENT

<table>
<tr><th>Risk</th><th>Category</th><th>Risk Rating</th><th>Mitigation Strategies</th></tr>
<tr><td>Climate Change Related Risks
Disruptions to business operations and profitability, as well as physical harm to individuals resulting from Physical Risk of Climate Change
Physical risk relating to climate change impacting supply chains, could potentially result in delays and business disruptions
Increased business cost due to Transition Risk of Climate Change</td><td>Operational</td><td>●</td><td>Acquisition of comprehensive insurance coverage
Periodic reports to the Audit Committee regarding Crisis Management & Disaster Recovery plans, including diligent tracking of open items by Group Risk & Control
Availability of adequate health & safety processes
Ongoing employee training programs
Launch of BCP initiatives across SBUs, facilitated by RMF
Seeking out and utilising alternate sources for key raw materials
Prior to transitioning to low-carbon operations, extensive financial and non-financial assessments are conducted, focusing on R&D, process enhancements, and investments in green energy technologies and resources</td></tr>
<tr><td>Cost implication due to macroeconomic volatility
Significant increases in operating and production costs as a result of unpredictable fluctuations in the macroeconomic environment leading to high input cost thereby eroding the margin and reducing profitability</td><td>Financial</td><td>●</td><td>Deployment of cost optimisation initiatives
Continuous monitoring of cost structures and implementing timely price revisions</td></tr>
<tr><td>Compliance Risk
Possibilities of paying legal fines, or even cancellation of licenses to operate due to non-compliance with statutory, and regulatory laws</td><td>Operational</td><td>●</td><td>Implementation of essential policies and introduction of Compliance/Regulatory functions in certain SBUs to ensure compliance with standards and regulations
Internal Audits by IAF to identify and address operational deficiencies
Collaboration on Sustainability Audits with Group Corporate Affairs, R&C, and External Consultants to ensure adherence to environmental regulations
Ongoing development of Anti-Bribery & Anti-Corruption policies and Third-Party Management protocols to uphold ethical standards and legal compliance</td></tr>
<tr><td>Environment Risks
Disruptions to the business operations caused by water scarcity
Adverse impact to the environment due to increased emissions, carbon footprint and waste spillages</td><td>Operational</td><td>●</td><td>Water consumption is closely monitored through sub-metering to identify and minimise excessive use and waste
Effluent treatment and recycling processes are implemented as feasible before discharge to minimise environmental impact
Comprehensive oversight includes supervisory reviews, principal audits, and evaluations by external auditors to maintain operational integrity
Internal Audits performed by IAF
Sustainability Audits, conducted in collaboration with Corporate Affairs, Internal Audit Function, and External Consultants, ensure adherence to environmental regulations and compliance with legal standards</td></tr>
</table>

Risk	Category	Risk Rating	Mitigation Strategies
Reputational Risk • Risks from societal expectations and unwarranted negative societal perceptions • Adverse effect to the brand image of the Group due to quality concerns, product failures or inferior services	Strategic	● (Significant)	• The Group's CSR initiatives significantly benefit the community and broader stakeholders, enhancing its social impact • Comprehensive training and development programs are implemented to boost employee skills and professional growth • An effective incident and complaint resolution system is in place, facilitating prompt corrective actions • Strategies for active community engagement involve stakeholders and key opinion leaders to preemptively address reputational risks • The Group maintains a strict quality management system, incorporating critical control points for risk mitigation and adheres to international standards, as evidenced by certifications such as HACCP, GMP, ISO 9001, and other product-specific quality standards, ensuring regulatory and legal compliance across operations

● Extreme ● High ● Significant ● Moderate ● Low

ELEVATING RISK MANAGEMENT AT HEMAS

Enhancing risk management capabilities is vital for the Group's future resilience and strategic vision. Key initiatives include adopting digital tools, strengthening business continuity and crisis management, and fostering a risk-aware culture through communication and training. Vigilance in monitoring internal and external environments ensures effective navigation of market complexities. This proactive approach aims to safeguard against risks, positioning the Group for sustainable growth and success while remaining agile and prepared for future challenges.

ANNUAL REPORT OF THE DIRECTORS ON THE AFFAIRS OF THE COMPANY AND THE GROUP

GENERAL

The Directors have pleasure in presenting their Report and the Audited Financial Statements of the Company and the Group for the year ended 31 March 2024 and the Auditors' Report on the Consolidated Financial Statements.

Hemas Holdings PLC is a public limited liability company incorporated in Sri Lanka on 10 December 1948 under the Companies Ordinance, No. 51 of 1938 and re-registered under the Companies Act, No. 07 of 2007.

The ordinary shares of the Company are quoted on the Main Board of the Colombo Stock Exchange since October 2003.

The Registered Office of the Company is situated at 'Hemas House' No. 75, Braybrooke Place, Colombo 02.

This Report provides the information as required by the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange (Listing Rules) and the Code of Best Practice of Corporate Governance 2017.

This Report was approved by the Board of Directors on 22 May 2024.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Hemas Holdings PLC is the holding Company that owns, directly and indirectly, investments in a number of companies constituting the Hemas Group. The Chairman's and CEO's Review, Financial Capital and Sector Integrated Reviews are incorporated into this Directors' Report by reference. They contain details of the development and performance of the Group's businesses during the year, an indication of the key performance indicators and information regarding principal risks and uncertainties, together with information equivalent to that required for a business review. The measures taken by the Company to manage its risks are detailed in the report titled 'Risk Management' on page 146 of this Annual Report.

2. FUTURE DEVELOPMENTS

The Group intends to pursue its strategy of focusing on enhancing the performance of its core businesses of Consumer Brands and Healthcare segments and also drive growth in the Mobility segment and new businesses.

Further information on future developments is provided in the Chief Executive Officer's Review and Sector Integrated Reviews of this Annual Report.

3. FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP

The Financial Statements of both the Company and the Group, duly certified by the Chief Financial Officer and signed by two Directors in compliance with Sections 152, 153 and 168 of the Companies Act are given on page 178 of this Annual Report.

4. AUDITORS' REPORT

The Group's External Auditors, Messrs. Ernst & Young, performed the audit on the Financial Statements for the year ended 31 March 2024. The Auditors' Report on the Financial Statements is given on page 172 of this Annual Report as required by Section 168 (1) (c) of the Companies Act.

5. ACCOUNTING POLICIES

A summary of the significant Accounting Policies adopted in the preparation of the Financial Statements is given from pages 182 to 251 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 Group during the year under review. Group prepared its Financial Statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) which have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

6. RESULTS AND DIVIDENDS

6.1 Gross Revenue

The Total Revenue of the Group for the year ended 31 March 2024 was Rs. 121.6 billion (2023 - Rs. 113.9 billion). An analysis of the income is given in Note 05 to the Financial Statements on page 190 of this Annual Report.

6.2 Profit and Appropriations

The Profit Before Tax of the Group for the year ended 31 March 2024 was Rs. 9.5 billion (2023 - Rs. 7.8 billion) and the Profit After Tax for the year ended 31 March 2024 was Rs. 6.4 billion (2023 - Rs. 5.1 billion). Whilst the Group profit attributable to equity holders of the parent was Rs. 6.1 billion (2023 - Rs. 4.3 billion).

The details of Profit relating to the Group are given on pages 176 to 177 of this Annual Report.

6.3 Dividend on Ordinary Shares

6.3.1 Interim Dividend

The Directors declared and paid an Interim Dividend of Rs. 0.40 per Ordinary Share on 8 December 2023.

6.3.2 Final Dividend

The Directors recommend a Final Dividend for the year ending 31 March 2024 Rs. 3.00 per Ordinary Share which will be payable on 17 July 2024 to the Shareholders registered as at 1 July 2024. The Total Dividend for the year under review will then amount to Rs. 3.40 per Ordinary Share (2022/23 - Rs. 2.35).

Prior to recommending the Final Dividend and in accordance with Section 56 (2) and (3) of the Companies Act, the Board of Directors signed a certificate stating that, in their opinion and based on available information, the Company will satisfy the Solvency Test immediately after the distribution is made and have obtained a certificate from the Auditors in terms of Section 57 of the Companies Act.

Shareholder approval will be sought on the day of the Annual General Meeting, to declare and pay the Final Dividend.

7. PROVISION FOR TAXATION

Income Tax on taxable income arising from the operations of the Group has been calculated in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 and any amendments thereto.

The deferred tax on all known temporary differences using the liability method have been calculated and disclosed in accordance with the Sri Lanka Accounting Standard LKAS 12 – Income Taxes.

Disclosures on Income Tax Expenses and Deferred Taxes are given in Note 09 in the Financial Statements on page 194 of this Annual Report.

8. RESERVES

The Group's total Reserves as at 31 March 2024 amounted to Rs. 35.6 billion (2023 - Rs. 30.6 billion).

The movement of the Reserves are given on page 179 under Statement of Changes in Equity and in the Notes to the Financial Statements of this Annual Report.

9. PROPERTY, PLANT & EQUIPMENT, INVESTMENT PROPERTIES, RIGHT OF USE ASSETS/LEASEHOLD PROPERTIES AND INTANGIBLE ASSETS

The details of Property, Plant & Equipment, Investment Properties, Right of Use Assets and Intangible Assets are given in the Notes 12 to 15 to the Financial Statements found on pages 200 to 213 of this Annual Report.

10. MARKET VALUE OF THE PROPERTIES

The Land and Buildings of the Group classified as Property, Plant and Equipment and Investment Properties are revalued by professionally qualified independent valuers and carried at revalued amounts as at 31 March 2024. The Directors are of the opinion that the revalued amounts are not in excess of the current market values of such properties. Details of freehold properties owned by the Group are given in Notes 12 and 13 to the Financial Statements from pages 200 to 208 of this Annual Report.

11. INVESTMENTS AND ACQUISITIONS

The Group Investments and Acquisitions are detailed in Note 2.4 to the Financial Statements found on page 184 of this Annual Report.

12. DIVESTMENTS AND DISPOSALS

During the year under review, there were no divestments and disposals of subsidiaries within the Group.

13. AMALGAMATION OF SUBSIDIARIES

During the year under review, there were no amalgamation of subsidiaries within the Group.

14. CREDITOR PAYMENTS

For all trade creditors/suppliers, it is the Group policy to:

- Agree and confirm the terms of payment at the commencement of business with such suppliers;
- Pay in accordance with any contract agreed with the suppliers or as required by law; and
- Continually review payment procedures and liaise with suppliers as a means of eliminating difficulties and maintaining good working relationships.

15. DIRECTORS

15.1 Change in the Directorate

The Board of Directors of the Company as at the date of this Report comprises Ten (10) Directors with extensive financial, governance and commercial knowledge and experience. The profiles of the Directors are set out in the 'Board of Directors' section from pages 22 to 25 of this Annual Report.

The names of the persons who held office as Directors of the Company as at 31 March 2024 are given below:

Non-Executive Directors
Mr. H. N. Esufally – Chairman
Mr. A. N. Esufally
Mr. I. A. H. Esufally
Mr. M. A. H. Esufally

Executive Directors
Ms. K. A. C. Wilson - Chief Executive Officer (resigned from the position of Chief Executive Officer with effect from 31 March 2024 and continues to serve on the Board in the capacity of Non Executive Director w.e.f. 1st April 2024)

Independent Non-Executive Directors
Dr. S. A. B. Ekanayake - Deputy Chairman
Mr. A. S. Amaratunga
Mr. J. M. Trivedi
Mr. P. Subasinghe
Mr. R. P. Pathirana

15.2 Independence of the Directors

The Board has made a determination as to the independence of each Non-Executive Independent Director and confirms that five of the nine Non-Executive Directors meet the criteria for independence in terms of Rule 9.8.3 of the Listing Rules. Each of the Independent Directors has submitted a signed and dated declaration of his independence against the specified criteria.

The Board, taking account of all the circumstances, is of the opinion that Dr. S. A. B Ekanayake shall be deemed independent, notwithstanding the fact that he has served on the Board since 2013.

15.3 Re-election of Directors

In accordance with the Articles of Association of the Company and the Corporate Governance Code, one third of the Directors will retire at the Annual General Meeting on 27 June 2024 and being eligible, will offer themselves for re-election.

15.3.1 Recommendation for re-election

In terms of Article 84 of the Articles of Association, Dr. S. A. B. Ekanayake, Mr. H. N. Esufally and Mr. A. S. Amaratunga retire by rotation and being eligible, offer themselves for re-election, with the unanimous consent of the Board of Directors.

Mr. A. N. Esufally who has completed 70 years of age and vacates office as a Director of the Company in terms of Section 210 (2) (a) of the Companies Act No. 7 of 2007 offers himself for re-election, with the unanimous consent of the Board of Directors.

15.3.2 Board Sub-committees and Board of Management (BoM)
Information on Board Sub-committees is given under Corporate Governance and the related Sub-Committee reports are given on pages 159 to 167 of this Annual Report.

In addition to the mandatory Board Sub-Committees in operation, the Board has appointed an Investment Committee comprising Mr. J. M . Trivedi - Independent Non-executive Director, Mr. H. N. Esufally - Non-executive Director, Ms. K. A. C. Wilson - Chief Executive Officer (resigned from the post of Chief Executive Officer with effect from 31 March 2024 and capacity changed to Non-Executive Director w.e.f. 1 April 2024). The Board of Management comprises members from the senior leadership team and has been devolved with the responsibility of reviewing Group performance and providing oversight of Group's affairs. The profiles of the members of the BoM are set out on pages 26 to 29 of this Annual Report.

15.4 Disclosures of Directors Dealing in Shares

Directors' Interest in Ordinary Shares of the Company – Direct

Name of Director	No of Shares as at 31 March 2024	No of Shares as at 31 March 2023
Mr. H. N. Esufally	2,291,640	2,291,640
Mr. A. N. Esufally	167,353	167,353
Mr. I. A. H. Esufally	2,086,284	7,086,284
Mr. M. A. H. Esufally	1,164,633	6,164,633
Dr. S. A. B. Ekanayake	Nil	Nil
Mr. A. S. Amaratunga	Nil	Nil
Mr. J. M. Trivedi	Nil	Nil
Mr. P. Subasinghe	Nil	Nil
Ms. K. A. C. Wilson	Nil	Nil
Mr. R. P. Pathirana	Nil	Nil

Directors' Interest in Ordinary Shares of the Company – Indirect

Name of Director	No of Shares as at 31 March 2024	No of Shares as at 31 March 2023
AZ Holdings (Pvt) Ltd	94,092,305	94,092,305
Saraz Investments (Pvt) Ltd	89,565,277	89,565,277
Blueberry Investments (Pvt) Ltd	88,927,940	88,927,940
Amagroup (Pvt) Ltd	91,427,333	91,427,333
Ms. Sabrina Esufally	259,170	259,170
Mr. Adam Esufally	259,170	259,170
Ms. Sakina Esufally	2,073,365	2,073,365
Ms. Razia Esufally	259,170	259,170
Mrs. Billiquis Esufally	725	725
Mr. Amaar Esufally	2,350,000	2,350,000
Ms. Zara Esufally	2,350,000	2,350,000
Ms. Sanya Subasinghe	2,300	2,300

15.5 Directors' Remuneration and other Benefits

The Directors' remuneration and other benefits, in respect of the Company for the financial year ended 31 March 2024 is given in Note 8 to the Financial Statements on page 193 of this Annual Report as required by Section 168 (1) (f) of the Companies Act.

15.6 Directors' Interests in Contracts or Proposed Contracts

The Directors have no direct or indirect interest in any contract or proposed contract with the Company for the year ended 31 March 2024, other than those disclosed on pages 243 to 246 of the Annual Report.

The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested. They have also disclosed their interest in other companies so as to ensure that they refrain from voting on a matter in which they have an interest.

15.7 Interests Register

The Company has maintained an Interest Register as per the Companies Act No 7 of 2007 and all the Directors have made declarations as provided for in Section 192 (1) & (2) of the Companies Act. This Annual Report contains the particulars entered in the Interest Registers of subsidiaries which are public and private companies which have not dispensed with the requirement to maintain an Interests Register as permitted by Section 30 of the Companies Act No 7 of 2007.

The Directors have all made a general disclosure relating to share dealings, indemnities and remuneration to the Board as per section 192(2) of the Companies Act No 7 of 2007 and no other additional interests have been disclosed by any Director. The Interest Register is available for inspection at the Registered Office of the Company as required by Section 119 (1) (d) of the Companies Act.

During the year under review the following entries have been made in the Interest Register of the Company and its subsidiaries.

1. Hemas Holdings PLC

a. Share Dealings of Directors

During the year under review, the directors' share dealings were as follows.

Mr. Imtiaz Esufally disposed of 5,000,000 shares by way of gift

Mr. Murtaza Esufally disposed of 5,000,000 shares by way of gift

b. Change of other Directorships

- Ms. K. A. C. Wilson

Hemas Manufacturing (Private) Limited – resigned w.e.f. 29.03.2024

Hemas C O E (Private) Limited – resigned w.e.f. 29.03.2024

Hemas Corporate Services (Private) Limited – resigned w.e.f. 29.03.2024

Morison Limited - resigned w.e.f. 29.03.2024

Hemas Capital Hospital (Private) Limited - resigned w.e.f. 29.03.2024

Hemas Hospitals (Private) Limited - resigned w.e.f. 29.03.2024

Hemas Pharmaceuticals (Private) Limited - resigned w.e.f. 29.03.2024

Hemtours (Private) Limited - resigned w.e.f. 29.03.2024

Far Shipping Agency Lanka (Private) Limited - resigned w.e.f. 12.12.2023

Forbes Air Services (Private) Limited - resigned w.e.f. 09.02.2024

Hemas Transportation (Private) Limited - resigned w.e.f. 29.03.2024

Atlas Axillia Company (Private) Limited - resigned w.e.f. 29.03.2024

HEMASCORP (Private) Limited - resigned w.e.f. 29.03.2024

Evergreen Shipping Agency Lanka (Private) Limited - resigned w.e.f. 29.03.2024

2. Subsidiaries of the Hemas Group

Hemas Manufacturing (Private) Limited

Mr. Asanga Nishamen Ranasinghe - resigned w.e.f. 01.05.2023
Mr. Suresh Kumar Shah - resigned w.e.f. 17.11.2023
Mr. Md. Mamun UR Rashid - appointed w.e.f. 01.03.2024
Ms. Kasturi Angella Chellaraja Wilson - resigned w.e.f. 29.03.2024

Hemas C O E (Private) Limited

Mr. Moiz Hydery Adamally Rehmanjee - appointed w.e.f. 31.05.2023
Mr. Ahmed Zalmi Fazeel - resigned w.e.f. 01.06.2023
Mr. Lokurallage Ravindra Jayasekera- appointed w.e.f. 28.03.2024
Ms. Kasturi Angella Chellaraja Wilson - resigned w.e.f. 29.03.2024

Hemas Corporate Services (Private) Limited

Mr. Ahmed Zalmi Fazeel - resigned w.e.f. 31.05.2023
Mr. Moiz Hydery Adamally Rehmanjee - appointed w.e.f. 01.06.2023
Ms. Kasturi Angella Chellaraja Wilson - resigned w.e.f. 29.03.2024

Morison Limited

Ms. Bodiyabaduge Arundathi Indira Rajakarier - resigned - w.e.f. 30.06.2023
Ms. Kasturi Angella Chellaraja Wilson - resigned w.e.f. 29.03.2024

Hemas Capital Hospital (Private) Limited

Ms. Kasturi Angella Chellaraja Wilson - resigned w.e.f. 29.03.2024

Hemas Hospitals (Private) Limited

Ahmed Zalmi Fazeel - resigned w.e.f. 31.05.2023
Mr. Moiz Hydery Adamally Rehmanjee – appointed w.e.f. 01.06.2023
Mr. Athapaththu Mudiyanselage Dinesh Kumar Athapaththu – appointed w.e.f. 01.09.2023
Ms. Sabrina Esufally – resigned w.e.f. 15.02.2024
Ms. Kasturi Angella Chellaraja Wilson – resigned w.e.f. 29.03.2024

Hemas Pharmaceuticals (Private) Limited

Mr. Ahmed Zalmi Fazeel - resigned w.e.f. 31.05.2023
Mr. Moiz Hydery Adamally Rehmanjee - appointed w.e.f. 01.06.2023
Ms. Kasturi Angella Chellaraja Wilson - resigned w.e.f. 29.03.2024

Hemas Marketing (Private) Limited

Mr. Ahmed Zalmi Fazeel - resigned w.e.f. 01.06.2023
Mr. Moiz Hydery Adamally Rehmanjee - appointed w.e.f. 31.05.2023

Hemas Developments (Private) Limited

Mr. Ahmed Zalmi Fazeel - resigned w.e.f. 01.06.2023
Mr. Moiz Hydery Adamally Rehmanjee - appointed w.e.f. 31.05.2023

Hemtours (Private) Limited

Mr. Ahmed Zalmi Fazeel - resigned w.e.f. 31.05.2023
Mr. Moiz Hydery Adamally Rehmanjee - appointed w.e.f. 01.06.2023
Ms. Kasturi Angella Chellaraja Wilson - resigned w.e.f. 29.03.2024

Far Shipping Agency Lanka (Private) Limited

Ms. Kasturi Angella Chellaraja Wilson - resigned w.e.f. 12.12.2023
Mr. Alston Ricky Barnett - appointed w.e.f. 12.12.2023

Forbes Air Services (Private) Limited

Ms. Kasturi Angella Chellaraja Wilson - resigned w.e.f. 09.02.2024
Mr. Alston Ricky Barnett - appointed w.e.f. 09.02.2023

Hemas Trading (Private) Limited

Mr. Ahmed Zalmi Fazeel - resigned w.e.f. 01.06.2023
Mr. Moiz Hydery Adamally Rehmanjee - appointed w.e.f. 31.05.2023

Hemas Surgical & Diagnostics (Private) Limited

Mr. Ahmed Zalmi Fazeel - resigned w.e.f. 01.06.2023
Mr. Moiz Hydery Adamally Rehmanjee - appointed w.e.f. 31.05.2023

ANNUAL REPORT OF THE DIRECTORS ON THE AFFAIRS OF THE COMPANY AND THE GROUP

Mowbray Hotels Limited
Mr. Ahmed Zalmi Fazeel - resigned w.e.f. 31.05.2023
Mr. Moiz Hydery Adamally Rehmanjee - appointed w.e.f. 01.06.2023

Hemas Transportation (Private) Limited
Mr. Ahmed Zalmi Fazeel - resigned w.e.f. 31.05.2023
Mr. Moiz Hydery Adamally Rehmanjee - appointed w.e.f. 01.06.2023
Mr. Alston Ricky Barnett - appointed w.e.f. 01.12.2023
Ms. Kasturi Angella Chellaraja Wilson - resigned w.e.f. 29.03.2024

Hemas Maritime (Private) Limited
Mr. Alston Ricky Barnett - appointed w.e.f. 01.12.2023

Mazu Shipping (Private) Limited
Mr. Alston Ricky Barnett - appointed w.e.f. 01.12.2023

Atlas Axillia Company (Private) Limited
Mr. Nirmal Anrudha Madanayake - resigned w.e.f. 13.06.2023
Mr. Albert Rasakantha Rasiah (Alternate Director to Mr. Nirmal A. Madanayake) - resigned w.e.f. 13.06.2023
Ms. Dandeniyage Nilika Upulini De Alwis Goonetilleke - appointed w.e.f. 26.06.2023
Ms. Kasturi Angella Chellaraja Wilson - resigned w.e.f. 29.03.2024

Morlan (Private) Limited
Mr. Ahmed Zalmi Fazeel - resigned w.e.f. 01.06.2023
Mr. Moiz Hydery Adamally Rehmanjee - appointed w.e.f. 31.05.2023

Magnicare (Private) Limited
Mr. Ahmed Zalmi Fazeel - resigned w.e.f. 01.06.2023
Mr. Moiz Hydery Adamally Rehmanjee - appointed w.e.f. 31.05.2023

Hemas Ecopower (Private) Limited
Mr. Ahmed Zalmi Fazeel - resigned w.e.f. 01.06.2023
Mr. Moiz Hydery Adamally Rehmanjee - appointed w.e.f. 31.05.2023

Shipping Agency Services (Private) Limited
Alston Ricky Barnett - appointed w.e.f. 27.03.2024
Tuan Mushin Kitchilan - appointed w.e.f. 27.03.2024

16. RELATED PARTY TRANSACTIONS

Non-recurrent Related Party Transactions

There were no non-recurrent Related Party Transactions of the Company which in aggregate value exceeded 10% of the equity or 5% of the total assets as per 31 March 2024 Audited Financial Statements, which required additional disclosures in the Annual Report under the Colombo Stock Exchange Listing Rule 9.14.8 and the Code of Best Practices on Related Party Transactions published in accordance with the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Recurrent Related Party Transactions

There were no recurrent Related Party Transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2024 Audited Financial Statements, which required additional disclosures in the Annual Report under the Colombo Stock Exchange Listing Rule 9.14.8 and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

The Directors declare that all material interests in contracts involving in the Company, if any and whether they have refrained from voting on matters in which they were materially interested have been duly disclosed and recorded.

The Directors further declare that they have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith.

The Directors declare that they have complied with Section 9 of the listing rules of the Colombo Stock Exchange and the provisions of the Code relating to full disclosure of Related Party Transactions entered into during the Financial Year ended 31 March 2024.

The details of all Related Party Transactions carried out during the year are disclosed on page 243 of this Report.

17. REGISTRARS

M/s SSP Corporate Services (Private) Limited of No. 101, Inner Flower Road, Colombo 03 functioned as the Registrars for the Company during the Financial Year ended 31 March 2024.

18. INSURANCE AND THIRD-PARTY INDEMNIFICATION

During the year under review and up to the date of approval of this Annual Report, the Company maintained liability insurance and third-party indemnification provisions for its Directors.

19. STATED CAPITAL

The Stated Capital of the Company as at 31 March 2024 was 7.78 billion comprising of 596,672,617 ordinary shares (2023 - 596,546,025 Ordinary Shares - Rs. 7.78 Bn). The movement of the Issued Share capital is given below: Details of the Stated Capital are given in Note 22 to the Financial Statements on page 226 of this Annual Report. The rights and obligations attaching to the ordinary shares are set out in the Articles of Association of the Company, a copy of which can be obtained from the Secretaries upon request.

20. SHARE INFORMATION

Details of share related information are given on pages 255 to 258 of this Annual Report and information relating to Earnings, Dividends and Net Assets per share is given in the Financial Highlights on pages 8 to 9 of this Annual Report. The twenty major shareholders of the Company as at 31 March 2024 are indicated on page 256 of this Annual Report.

20.1 Issue of Shares - ESOS

The details of the grants/vesting of ESOS scheme 2015 and ESOS scheme 2021 are given under Shareholder Information found on page 258 of this Annual Report.

20.2 Listed Debentures

The Company did not issue any debentures during the year under review.

20.3 Status of Compliance to Minimum Public Holding requirement of the Listing Rules

The number of ordinary shares held by the Public as at 28 March 2024 was 36.769% of the Issued Capital of the Company.

Category	Float Adjusted Market Capitalisation	Public Holding Percentage	No of Public Shareholders	Option
Ordinary Shares	17,639,000,585	36.77	7,711	1

21. SHARE-BASED PLANS

The Human Resources and Remuneration Committee is responsible for reviewing recommendations with respect to issues or grants under the Company's share- based plans. Directors approve issues or grants under the plans only after being satisfied that this is in accordance with the terms of Shareholder approval.

22. EMPLOYEE SHARE OPTION SCHEME

The Company has established an Employee Share Option Scheme (ESOS) where shares are issued to Executive Directors and Senior Executives of the Company and its Subsidiaries whom the Board deems to be eligible to be awarded the shares. The Directors confirm that the Company or any of its subsidiaries have not granted any funding to employees directly or indirectly to exercise share options and purchase any shares under this Scheme.

The Employee Share Option Scheme 2015 has been completed and the Board of Directors recommended a new Employee Share Option Scheme for approval of the shareholders, which was approved at the Extraordinary General Meeting held on 30 June 2021.

23. EMPLOYMENT POLICIES

Group employment policies are based on recruiting the best people, providing them training to enhance their skills, recognition of innate skills and competencies of each individual while offering equal career opportunities regardless of gender, race or religion and to retain them with the Group as long as possible. Health and Safety of the employees has always received priority on the HR agenda.

The number of persons employed by the Company and its subsidiaries as at the year-end was 5,826.

24. EMPLOYEE INVOLVEMENT

Hemas is committed to employee involvement throughout the business and is intent on motivating and keeping staff informed on matters that concern them in the context of their employment and involving them through local consultative procedures.

Employees are kept well informed on matters of interest and the financial and economic factors affecting the Group's performance through management channels, meetings, publications and intranet sites. More details on employee engagement, together with information on diversity, succession planning and talent development, can be found in the sustainability Report section of this Annual Report.

Hemas continues to support employee share ownership through the provision of employee share plan arrangements which are intended to align the interests of employees with those of Shareholders.

25. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

Hemas' treasury and risk management objectives and policies are set out in the Financial Capital section of this Annual Report and also in Note 30 to the Financial Statements.

26. CORPORATE DONATIONS

During the year, the Group made donations to charity amounting to Rs. 32.3 million (2023 - Rs. 74.2 million).

The information given above on donations, forms an integral part of the Report of the Board of Directors as required by Section 168 (1) (g) of the Companies Act.

27. STATUTORY PAYMENTS

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

28. ENVIRONMENTAL PROTECTION

28.1 The Environment

The Directors, to the best of their knowledge and belief, are satisfied that the Company has not engaged in any activities which have caused adverse effects on the environment and that the Company has complied with the relevant environmental regulations.

28.2 Sustainability Reporting

Sustainability practices have been built into every aspect of our businesses and we consider sustainability goals along with our operational and financial goals. Detailed information on our sustainability initiatives can be found on pages 49 to 57 of this Annual Report.

29. EVENTS AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the Balance Sheet Date that would require adjustments to or disclosure in the Financial Statements other than as disclosed in Note 32 to the Financial Statements on page 246 of this Annual Report.

30. GOING CONCERN

The Board of Directors has reviewed the Company's business plans and is satisfied that the Company has adequate resources to continue its operation in the foreseeable future. After considering the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the Corporate Governance Code, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt a going concern basis in preparing the Financial Statements. Details of the adoption by the Group and the Company of the going concern basis in preparing the Financial Statements are set out in Note 2.3 to the Financial Statement found on page 183 of this Annual Report.

31. RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROLS

31.1 Risk Management

Specific steps that have been taken by the Company in risk management are detailed on pages 146 to 151 of this Annual Report.

31.2 System of Internal Controls

The Board of Directors has established an effective and comprehensive system of internal controls to ensure that proper controls are in place to safeguard the assets of the Company, to detect and prevent fraud and irregularities, to ensure that proper records are maintained, and the Financial Statements presented are reliable. Monthly Management Accounts are prepared, providing the Management with relevant, reliable and up-to-date Financial Statements and key performance indicators. The Audit Committee reviews on a regular basis, the reports, policies and procedures to ensure that a comprehensive internal control framework is in place. More details in this regard can be seen on pages 159 to 161 of this Annual Report. The Board has conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith for the period up to the date of signing the Financial Statements.

31.3 Audit Committee

The composition of the Audit Committee and their Report is given on page 159 of this Annual Report.

32. CORPORATE GOVERNANCE

The Company is committed to high standards of Corporate Governance. The main Corporate Governance practices of the Company are set out on pages 124 to 143 of this Annual Report. The Directors acknowledge their responsibility for the Group's Corporate Governance and the system of internal controls.

33. COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

To the best of their knowledge, the Board believes that the Company has not engaged in any activity which contravenes laws and regulations. There have been no irregularities involving Management or employees that could have any material financial effect or otherwise.

34. OUTSTANDING LITIGATION

In the opinion of the Directors and in consultation with the Company Lawyers, there is no litigation currently pending against the Company, other than those disclosed in Note 33 to the Financial Statements, which will have a material impact on the reported financial results or future operations of the Company.

35. APPOINTMENT OF EXTERNAL AUDITORS

The Financial Statements for the year under review have been audited by Messrs. Ernst & Young, Chartered Accountants, who offer themselves for re-appointment. A resolution to re-appoint them as Auditors to the Company and authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

36. AUDITORS' REMUNERATION AND INTEREST IN CONTRACTS WITH THE COMPANY

The Auditors, Messrs. Ernst & Young were paid Rs. 18.5 million (Rs. 16.9 million in 2023) as audit fees by the Company. Apart from the above, the Company has engaged the Auditors to advise on taxation and accounting matters for the year under consideration. As far as the Directors are aware, the Auditors do not have any other relationship or interest in contracts with the Company.

37. RELEVANT AUDIT INFORMATION

As at 22 May 2024, so far as each Director is aware, there is no relevant audit information, being information needed by the Auditors in connection with preparing their report, of which the Auditors are unaware. Each Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Auditors are aware of that information.

38. ANNUAL GENERAL MEETING

The 75th Annual General Meeting of the Company will be held on 27 June 2024, at 3.00p.m., as a Virtual AGM, emanating from the Registered Office of the Company, 'Hemas House' No. 75, Braybrooke Place, Colombo 2. Shareholders who are unable to attend in person may submit questions before hand via email to peshalaf@hemas.com

39. ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by Section 168 (1) (k) of the Companies Act, the Board of Directors hereby acknowledges the contents of this Report.

For and behalf of the Board,
HEMAS HOLDINGS PLC

Mr. H. N. Esufally
Chairman

Mr. I. A. H. Esufally
Director

Hemas Corporate Services (Private) Limited
Secretaries

22 May, 2024

REPORT OF THE AUDIT COMMITTEE

"The Audit Committee embodies a crucial pillar of corporate governance, advocating for integrity and accountability to stakeholders within a dynamic and uncertain environment."

AREAS OF FOCUS IN 2023/24

FINANCIAL REPORTING

INTERNAL AUDIT, RISKS AND CONTROLS

EXTERNAL AUDIT

COMPLIANCE

PURPOSE/OBJECTIVES OF THE COMMITTEE

The role of Group Audit Committee (AC) is to assist the Board in fulfilling its oversight responsibility through review of the Group's financial reporting process and integrity of financial statements, process adopted to ensure compliance with legal and regulatory requirements, system of internal controls and risk management process, internal audit function and review of independence and performance of External Auditors with a view of safeguarding the interests of shareholders and all other stakeholders.

The role and responsibilities of the AC continues to evolve to keep pace with emerging trends in the business environment and ensure the Committee's oversight responsibilities are discharged with due care.

The AC's responsibilities pertain to the Group as a whole. However, in discharging its responsibilities, the AC places reliance on the work of other subsidiary audit committees within the Group, which have reporting obligations to the Group AC.

Without prejudicing their independence, and to the extent and in a manner, it considers appropriate, the AC provides feedback to those Subsidiary ACs for their consideration and necessary action. The AC carries out its responsibilities relating to the audit and financial reporting obligations of the other Group companies by also reviewing at a higher level the financial statements, interim reports, audit, and management reports of those companies. To ensure that there is adequate communication between the Committees, a process has also been established to update the other Committees in the Group with the outcomes of Hemas Holdings Audit Committee and vice versa. The activities and views of the Committee are communicated to the Board of Directors each quarter through a summary note, verbal briefings and by tabling the minutes of the meetings of the Audit Committees.

CHARTER OF THE AUDIT COMMITTEE

The AC charter of the Group has been reviewed and approved by the Board to ensure its alignment with 'Code of Best Practice on Corporate Governance' issued by the Chartered Institute of Sri Lanka and Rules on Corporate Governance under the Listing Rules of Colombo Stock Exchange. The AC charter clearly defines the terms of reference of the Committee, thereby ensuring effective oversight of financial reporting and internal control systems.

ACTIVITIES IN 2023/24

The Audit Committee, inter alia, engaged in the following activities during the financial year under review.

- **Financial Reporting**

During the year, the Committee reviewed and discussed with Management the unaudited quarterly financial statements and the final audited financial statements, prior to them being recommended to the Board for approval. Senior management and Finance Heads of the respective companies provided information and

Composition & Attendance

Members		Attendance
Mr. A. S. Amaratunga *(Chairman)*	Independent Non-Executive Director	7/7
Mr. I. A. H. Esufally	Non-Executive Director	7/7
Mr. Ranil Pathirana	Independent Non-Executive Director	6/7

Independent Non-Executive Director
Non-Executive Director
Director/Group CEO

Attendees by Invitation

Group Chief Executive Officer (CEO), Group Chief Financial Officer (CFO), Director, Group Finance and Treasury Head of Group Finance

External Auditors, Internal Auditors including those who carried out outsourced assignments and other officials of the Group attended meetings as per the requirement.

Secretary to the Committee

Chief Risk and Control Officer

REPORT OF THE AUDIT COMMITTEE

confirmation (via a formal process) to the Audit Committee that the said financial statements for the year were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 07 of 2007 and reflect the Company's performance for the period ended and state of affairs as at that date.

The Committee continued to focus on the effectiveness of the controls and risks related to the information systems that are used to prepare the Financial Statements. This has been an ongoing process as risks related to Information systems remain high both locally and globally.

The Committee also discussed with the Company's External Auditors the results of their audit and their level of comfort over management's significant judgements and estimates and other areas of significance, as well as the acceptability of the Company's accounting policies. The External Auditors report to the Committee on the audit for the year and matters arising from the audit were discussed by the Committee in the presence of both External Auditors and Management.

Regular going concern assessments were carried out by Management after considering the potential financial implications due to current economic conditions of Sri Lanka. During the year, the Committee regularly reviewed cash flow projections and funding arrangements. No significant issues which could impair the going concern ability of the Group were identified.

The Committee has a permanent agenda item to review the communications on financial reporting received from the Sri Lanka Accounting and Auditing Standards Monitoring Board and the Securities Exchange Commission of Sri Lanka, and the responses provided by the Company, where applicable.

- **Internal Audit, Risks and Controls**

During the year, the Chief Executive Officer along with the Chief Risk and Control Officer reported to the Committee the key risks and the process adopted by the Group to identify, evaluate, and mitigate the risks and control lapses. The Committee continues to focus on obtaining the required assurance from the business units that effective strategies are in place to capture and mitigate all significant risks that could impact the Group.

The Chief Risk and Control Officer regularly reported to the Committee on the adequacy and effectiveness of internal controls within the Group. These comprise updates on internal audits conducted, including those performed in the unlisted subsidiaries within the Group. Further, the reporting process includes an update on compliance with the established policies and procedures of the Group and compliance with laws and regulations.

The Committee reviewed the Internal Audit plan for the Group at regular intervals and accommodated changes to suit the operating environment and business needs. Performance of the Internal Auditors and the resourcing requirements were also monitored and discussed.

To enhance scrutiny over financial and non-financial reporting, the Audit Committee conducted seven meetings during the year under review, comprising four focused on financial matters and three on non-financial aspects. This demarcation allowed the committee members to allocate sufficient attention to each agenda item, ensuring comprehensive oversight.

Further, the Internal Audit team conducted a benchmarking exercise of its people, processes, and systems, and developed a roadmap to improve further in these three areas and be prepared

Key Responsibilities

- Review of controls in the preparation and presentation of the financial statements and ensuring the adequacy of disclosures in accordance with the Sri Lanka Accounting Standards.
- Exercising oversight responsibilities in relation to compliance of published financial reports with the Companies Act No. 07 of 2007, other legal and regulatory requirements, reporting standards and good governance.
- Monitoring and reviewing the adequacy and effectiveness of the Group's internal control system and risk management function, ensuring Group assets are appropriately safeguarded.
- Monitoring the internal audit function including execution of the Audit Committee approved coverage plan.
- Assessing the independence and performance of the External Auditors
- Making recommendations to the Board pertaining to appointment, re-appointment and, in appropriate circumstances, removal of the External Auditors
- Defining and considering the non-audit services that may be rendered by the External Auditor.
- Approving remuneration and terms of engagement of the External Auditors
- Considering the findings arising from the annual financial statements audit.
- Recommending to the Board the approval of the Integrated Report, Audited Annual Financial Statements and Interim Report.

for the future. The AC discussed the roadmap and provided inputs to the roadmap and will continue to monitor progress of the improvement plan regularly.

- **External Audit**

The Committee met the External Auditors regularly and monitored their independence, objectivity, and performance. The AC had four scheduled meetings with the External Auditors – to review the Audit Plan at the audit planning and scoping stage, to discuss the interim audit issues to take proactive actions prior to the final reporting, and to discuss the Audit Results report on completion of the audit prior to the AC recommending the financial statements for Board approval. The Audit Completion Report discussed the areas of improvements in internal controls and the other matters which in the opinion of the auditors require the attention of the management in the ensuing financial reporting period. Further, the AC reviewed the overall quality of the audit process and the independence of the auditors.

The Committee also met the External Auditors without management being present to discuss any areas of concern which the auditor may wish to discuss. No matters other than those that have already been discussed with management during the review process were raised by the External Auditors during the private session.

The Committee is satisfied that the independence of the External Auditors was not impaired by any event or activity that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors. The External Auditors have also tabled at the Committee the declaration of independence as External Auditors as required by sec 163(3) a and b of the Companies Act No 7 of 2007.

The Audit Committee reviewed the performance of External Auditors including inputs from Senior Management and discussed the review outcomes with External Auditors and Management. Based on the review and considering other relevant inputs, the Committee recommended to the Board the re-appointment of Messrs. Ernst & Young, Chartered Accountants as the External Auditors of the Company for the ensuing financial year, subject to the approval of the Shareholders at the Annual General Meeting.

- **Compliance**

The Audit Committee has reviewed the regulatory and compliance statements including statutory tax compliance statements submitted by the management in order to monitor regulatory and legal compliance.

- **Good Governance and Whistleblowing**

With the objective of upholding ethical values among employees, Hemas Way and the Whistleblowing policies have been established, encouraging employees to report wrongdoing/irregularities. The Committee closely monitors whistleblowing incidents and its progress while ensuring adequate procedures have been adopted to conduct independent investigations. The AC is committed to instilling good governance and right channels for whistleblowing to safeguard the interests of all stakeholders.

Shaktha Amaratunga
Chairman - Audit Committee

Colombo, Sri Lanka
May 22, 2024

REPORT OF THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

> The main focus of the Committee during the year was to review the key talent management process of the Group, assess succession depth for critical roles and establish a robust framework for performance goal setting for CEO and Senior Management that is aligned to the company's strategic goals

PURPOSE/OBJECTIVES OF THE COMMITTEE

The objective of the Human Resources and Remuneration Committee ("the Committee") is to ensure that consistent and robust human resource policies including a remuneration framework are adopted and practiced for Executive Directors as well as all others in the Group.

HEMAS' COMPENSATION POLICY

- Encourage the attraction and retention of high calibre individuals.
- Provide a competitive total compensation package including benefits.
- Ensure that pay is fair and equitable.
- Balance the need to be competitive with the limits of available financial resources.
- Ensure compensation schemes are compliant with the laws and regulations applicable in the country.

MEETING GOVERNANCE

- The Human Resources and Remuneration Committee meets once a quarter and the Chairman of the Committee convenes special meetings of the Committee if circumstances warrant.
- During the year under review the Committee met six times and the attendance of the members at these meetings is indicated in this report.
- The quorum required for meetings of the committee is two.
- All matters for determination at Committee Meetings is decided by a majority of the members present and voting.

ACTIVITIES IN 2023/24

Succession Planning and Talent Management

Succession planning, and talent management continued to be a key area of focus in the deliberations of the Committee during the year under review. The Committee conducted in depth talent reviews covering critical roles of the Group, the incumbents in such roles and the potential successors.

Rewards and Remuneration

The Committee also dedicated adequate time to ensure that the Remuneration Policy of the Group remains fair, transparent and competitive, and that remuneration is linked to business strategy and drives sustainable performance and entrepreneurship.

During the year under review, the Committee;

- considered the performance of the senior management against the set goals and targets, and determined the basis of revising their increments, bonuses and other performance-based incentives during the year under review.

Directors Emoluments are disclosed in Note 8 to the Financial Statements for the year ended 31 March 2024 found on page 193 of this Annual Report.

Policy Review

During the year under review, the Committee reviewed the HR performance indicators including health and safety of the employees of the Group and deliberated on the ESOS proposed to be offered to the employees. Further, the Committee deliberated on the process and guidelines on performance goal setting applied across the Group in driving performance and entrepreneurship.

Composition & Attendance

The Committee consists of three Non- Executive Directors, the majority of whom are independent. During the year under review, there were no changes in the membership of the Human Resources and Remuneration Committee and the composition of the Committee is in compliance with the Listing Rules of the Colombo Stock Exchange.

Members		Attendance
Dr. S.A.B. Ekanayake *(Chairman of the Committee)*	Independent Non-Executive Director	6/6
Mr. A. S. Amaratunga	Independent Non-Executive Director	6/6
Mr. H.N. Esufally	Non-Executive Director	6/6

Independent Non-Executive Director
Non-Executive Director

The profiles of the members are found on pages 22 to 25 of the Annual Report.

Attendees by Invitation

Mr. Murtaza Esufally (Non-Executive Director), Ms. Kasturi C. Wilson (Chief Executive Officer) (Resigned from the position of CEO w.e.f.31.03.2024) and Mr. Ravi Jayasekera (Chief People Officer)

Secretary to the Committee

Hemas Corporate Services (Private) Limited

EVALUATION OF THE COMMITTEE

The Committee carried out a self-evaluation of the performance and effectiveness of the Committee and was satisfied that it had carried out its responsibilities in an effective manner during the year under review.

CONCLUSION

The Committee will continue to assist the Board of Directors by strengthening and introducing policies, practices and systems in the development of Human Capital and provide opportunities to the employees to enhance and acquire new skills and knowledge within the group for their career development.

Dr. A. Ekanayake
Chairman of the Human Resources and Remuneration Committee

Colombo, Sri Lanka
May 22, 2024

Key Responsibilities

- Review and approve the overall remuneration philosophy, strategy, policies and practices of the Company and the Group.
- Set and review all components of the remuneration of the Chief Executive Officer, Executive Directors and such other Senior Executives as the Board may determine.
- Review and approve the performance appraisal for the Chief Executive Officer, Executive Directors and Senior Executives.
- Review and approve as appropriate the terms of the employment contracts of the Chief Executive Officer, Executive Directors and Senior Executives.
- Review and approve the terms of the Company's short-term/ long-term incentive schemes including any share option schemes for employees and/or Directors.
- Review and approve all components of the remuneration and all other benefits of the executive directors.
- Consider such other matters relating to remuneration as may be referred to it by the Board.
- Succession Planning for Key positions of the Company and the Group.
- Reviewing and monitoring C-Suite development programmes
- Career Progression planning for managerial level and above

REPORT OF THE NOMINATION AND GOVERNANCE COMMITTEE

> "The main focus of the Committee during the year was to review the structure and composition of the Board and ensure the required balance of knowledge and expertise for the Board and strengthen the overall Governance standards of the Group."

OBJECTIVE OF THE COMMITTEE

The Objective of the Nomination and Governance Committee (the Committee) is to review the structure and the composition of the Board annually and ensure that the combined knowledge and experience complement the corporate strategy, and also to review, evaluate and recommend changes to the Company's Corporate Governance Framework in line with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance ("Code").

ACTIVITIES IN 2023/24

Improve Board effectiveness

During the year, the Committee reviewed the Governance Roadmap of the Group and ways to improve Board effectiveness within the Group. Further, the Committee reviewed the composition of the Board and the Board sub-committees with respect to the recent amendments to the Listing Rules of the Colombo Stock Exchange, effective 1st October 2023. Necessary changes were proposed to the Board by the Committee.

Review the structure and the composition of the Board

The Committee reviewed the structure and composition of the Company and its subsidiaries, and new candidates were evaluated by the Committee.

Board Evaluation

The Board of Directors performs an annual self-evaluation of its own performance and effectiveness. The Committee reviewed the results of the Board Evaluation of the Company and discussed the governing structure of the Company. Further, the Board identified and reviewed the Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance.

The Deputy Chairman, Independent Director conducted a separate meeting of the Independent Directors to evaluate the performance of the Chairman of the Board of Directors and also to discuss any major issues in terms of the Listing Rules of the Colombo Stock Exchange and Board Governance.

Board Succession

During the year under review, the progress and performance of the Chief Executive Officer and the heads of businesses was regularly reviewed by the Committee.

The Committee continues to regularly evaluate candidates for the Board and for the position of CEO.

Re-election of Directors

In terms of the Articles of Association of the Company all directors are required to offer themselves for re-election at regular intervals. Every year, not exceeding 1/3 of the Board must retire by rotation.

The Committee decided to recommend Mr. H.N. Esufally, Dr. S.A.B. Ekanayake and Mr. A. S. Amaratunga , who retire in terms of Article 84 of the Company's Articles of Association, to be re-elected to the Board at the Annual General Meeting to be held on 27th June 2024.

The Committee also decided to recommend the re-appointment of Mr. A. N. Esufally who has completed 70 years of age and vacates office as a Director of the Company in terms of Section 210 (2) (a) of the Companies Act No. 7 of 2007.

Composition & Attendance

The Committee comprises three Non- Executive Directors, the majority of whom are independent. The Board Chairman attends the meetings by invitation.

During the year under review, there were no changes to the composition of the Committee.

The Committee met four times during the year and the committee members' attendance at these meetings is as follows.

Members		Attendance
Dr. S.A.B. Ekanayake	Independent Non-Executive Director	4/4
Mr. A.N. Esufally	Non-Executive Director	4/4
Mr. J. M. Trivedi	Independent Non-Executive Director	4/4

Independent Non-Executive Director
Non-Executive Director
Director/Group CEO

The profiles of the Directors are found on pages 22 to 25 of this Annual Report

The Committee members' date of first appointment to the Committee is as follows.

Member	Date of first appointment to the Committee
Dr. S.A.B Ekanayake	01.01.2016
Mr. A.N. Esufally	06.11.2013
Mr. J.M. Trivedi	01.04.2021

Secretary to the Committee

Hemas Corporate Services (Private) Limited

Board Member	Directorship Status	Date of Appointment to the Board	Date of last re-appointment to the Board	Directorships in other listed entities	Material relationships
Mr. H.N. Esufally	Non-Independent Non-Executive Director	29.10.1997	30.06.2021	-	Director of Saraz (Pvt) Ltd
Mr. A. N. Esufally	Non-Independent Non-Executive Director	06.05.1991	28.06.2022	Printcare PLC – Chairman	Director of AZ Holdings (Pvt) Ltd
				Mahaweli Reach Hotels PLC	
Dr. S.A.B. Ekanayake	Independent Non-Executive Director	01.10.2013	30.06.2021	Elpitiya Plantations PLC	
				Hayleys Fibre PLC	
				Chemanex PLC	
Mr. A. S. Amaratunga	Independent Non-Executive Director	01.01.2016	28.06.2022	Carson Cumberbatch PLC	

INDUCTION PROGRAMME

Induction programmes are conducted for newly appointed Directors on Corporate Governance, Listing Rules of the Colombo Stock Exchange, securities market regulations and other applicable laws and regulations along with the familiarisation on the key focus areas of Hemas Holdings PLC and its subsidiaries of the Group.

The Board of Directors are periodically apprised on Corporate Governance, Listing Rules of the Colombo Stock Exchange, securities market regulations and other applicable laws and regulations as appropriate.

EVALUATION OF THE COMMITTEE

The Committee carried out a self-evaluation of the performance and effectiveness of the Committee and was satisfied that it had carried out its responsibilities in an effective manner during the year under review.

DECLARATION BY THE COMMITTEE

The NAGC maintains a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO to ensure that their responsibilities are satisfactorily discharged.

The Independent Non-Executive Directors of the Company meet the criteria for determining independence in terms of the Listing Rules of the Colombo Stock Exchange.

The Company is in compliance with the Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange (CSE) Further, with the oversight of NAGC, the Company is in the process of adopting the latest amendments to the Listing Rules of CSE to ensure the overall compliance with the aforementioned regulations by the timelines stipulated by Listing Rules.

CONCLUSION

The Committee will continue to assist the Board in selecting the right candidates with the necessary skills, knowledge and experience, ensuring the desired diversity of the Board to meet the strategic demands of the Company and Group and compliance with the Listing Rules of the Colombo Stock Exchange.

In addition, the Committee ensures uniform Governance mechanisms exist to enhance transparency and accountability.

Dr. A. Ekanayake
Chairman of the Nomination and Governance Committee

Colombo, Sri Lanka
May 21, 2024

Key Responsibilities

- Propose suitable Guidelines for the appointment and re-appointment of Directors to the Board.
- Review the results of the Performance Evaluation of the Board of Directors of the Company and its Subsidiaries.
- The Chairman of the Committee shall discuss with the independent Directors and provides feedback to the Chairman of the Board on board effectiveness.
- To monitor compliance with the Corporate Governance Guidelines.
- Ratification of Subsidiary Board appointments in consultation with the relevant Subsidiary Board Chairman.
- Monitor compliance with the Corporate Governance Statutory Guidelines.
- Establish the process for conducting the review of the Chief Executive Officer's performance annually.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

> "During the year under review, the main focus of the Related Party Transactions Review Committee was to have oversight of all related party transactions of the Company, ensure regulatory compliance, good governance and accurate reporting, and protect the interests of the shareholders and other stakeholders."

The Related Party Transactions Review Committee (the Committee) was formally appointed by the Board of Directors in 2016. The Committee is governed by the 'Terms of Reference', approved by the Board of Directors.

PURPOSE/OBJECTIVES OF THE COMMITTEE

The main objective of the Committee is to exercise on behalf of the Board, oversight of all Related Party Transactions of Hemas Holdings PLC (the Company) with its subsidiary companies and Key Management Personnel (KMP), and to ensure compliance with respect to the Code of Best Practice on Related Party Transactions (RPT), issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE).

The Committee meetings are held on a quarterly basis. In addition to the above, special meetings are convened to review any non-recurrent transactions, as required.

ACTIVITIES IN 2023/24

During the year under review, the Committee discharged its duties in compliance with the Terms of Reference. Accordingly, all RPTs of the Company have been reviewed by the Committee and comments and observations have been communicated to the Board. The Committee has exercised oversight on behalf of the Board, on all RPTs of the Company to ensure that these transactions are in compliance with the Code of Best Practice on Related Party transactions, issued by the Securities and Exchange Commission of Sri Lanka and with Section 9 of the Listing Rules of the Colombo Stock Exchange.

During the financial year 2023/24 the Committee has met four times in total. The minutes of all Related Party Transactions Review Committee meetings were tabled at the Board Meetings thereby providing the Board members with access to the deliberations of the Committee. The Committee Chairman also provides a verbal update to the Board on the key outcomes from the Committee meetings.

The Committee further exercised oversight on all RPTs of the Company to ensure adherence to the established practices and processes within the company in terms of the RPT manual of the company.

The Committee reviewed the Annual RPT Declarations of the Key Management Personnel and the Heads of Finance of the subsidiary companies and has communicated its comments/ observations to the Board of Directors.

During the year under review, the Committee obtained independent legal, financial and technical advice as required in the Committee's deliberations.

All recurrent Related Party Transactions of the company during the financial year 2023/24 were reviewed and approved by the Committee. The aggregate value of the recurrent related party transactions did not exceed 10% of the gross revenue/income of the Company during the year.

Therefore, a requirement to make a disclosure in terms of Section 9.14.8 (2) of the Listing Rules of the CSE has not arisen during the year under review.

Composition & Attendance

During the year under review, the Committee comprised the following members.

Mr. A. S. Amaratunga *(Chairman of the Committee)*

Mr. R. Pathirana *(Member)*

Mr. I. A. H. Esufally *(Member)*

Ms. K. A. C. Wilson *(Member) resigned from the Committee w.e.f. 31.03.2024*

The composition of the Committee is in compliance with the Listing Rules of the Colombo Stock Exchange.

The profiles of the committee members are found on pages 22 to 25 of this Annual Report.

Members		Attendance
Mr. A. S. Amaratunga *(Chairman of the Committee)*	Independent Non-Executive Director	4/4
Mr. I. A. H. Esufally	Non-Executive Director	2/4
Ms. K. A. C. Wilson	Director/Group CEO	4/4

Independent Non-Executive Director
Non-Executive Director
Director/Group CEO

Mr. Ranil Pathirana was appointed to the Committee w.e.f. 9th November, 2023 and has attended 0/1 meetings since his appointment to the Committee

Attendees by Invitation

Group Chief Financial Officer, Director Group Finance and Treasury and Head of Group Finance

Secretary to the Committee

Hemas Corporate Services (Private) Limited

The Committee also reviewed and approved the non-recurrent Related Party Transactions of the Company during financial year 2023/24. The aggregate value of non-recurrent related party transactions did not exceed 10% of the equity or 5% of the total assets of the Company during the year. Therefore, a requirement to make a disclosure in terms of Section 9.14.8 (1) of the Listing Rules of the CSE did not arise.

The Board of Directors declares that the Company is in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions.

EVALUATION OF THE COMMITTEE

The Committee carried out a self-evaluation of the performance and effectiveness of the Committee during the year and was satisfied that it had carried out its responsibilities in an effective manner during the year.

CONCLUSION

The Committee will continue to assist the Board of Directors by reviewing all Related Party Transactions and ensuring that they are:

- In compliance with Section 9 of the Listing Rules of Colombo Stock Exchange
- The Shareholder Interest are safeguarded
- Fair and transparent and on commercial terms

Mr. A.S. Amaratunga
Chairman of the Related Party Transactions Review Committee

Colombo, Sri Lanka
May 17, 2024

Key Responsibilities

- Defining and establishing threshold values for each of the listed companies as per the Code which require discussion in detail; RPTs which have to be pre-approved by the Board, those that require immediate market disclosure, those that require Shareholder approval and RPTs which require disclosure in the Annual Report.
- Establishing the principles that guide RPTs which require pre- approval of the Board and those transactions that do not require prior Board approval and therefore, can be reviewed retrospectively.
- Establishing a process to identify the recurrent RPTs from the total RPTs and to review the economic and commercial substance of the RPTs.
- Providing guidelines that the Senior Management must follow in dealing with Related Parties, including conformance with the Transfer Pricing regulations and the Code.
- Obtaining competent independent advice from independent professional experts with regard to acquisition or disposal of substantial assets between related parties.
- Identifying instances where an immediate market disclosure of a Related Party Transaction is required in line with the definitions of the Code.
- Introducing standardised documentation that should be used by the companies in the Group when presenting the RPT information to the Committee.

FINANCIAL STATEMENTS & SUPPLEMENTARY INFORMATION

SUSTAINING

A SHARED FUTURE OF PROSPERITY

INDEX TO FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

The Board of Management (BoM) assists the Board in the implementation of the Board's policies and procedures on Risk and Control by identifying potential risks and its implications; and in the design, operation and monitoring of the suitable internal controls to mitigate and control such risks identified.

Further, the Board has established various committees, such as the Audit Committee, Human Resources and the Remuneration Committee, Related Party Transactions Review Committee and Nominations and Governance Committee to strengthen the process of identifying and reviewing the adequacy and integrity of the system of internal controls and risk management.

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

The Directors have provided the Auditors M/s. Ernst & Young, Chartered Accountants, with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The Auditors have examined the Financial Statements together with all financial records and related data and expressed their opinion, which appears as reported by them on pages 172 to 175 of this Report.

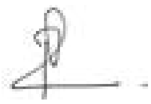
The Directors are responsible for:

- preparing the Annual Report and Financial Statements of the Group and Parent Company in accordance with applicable laws and regulations;
- preparing Financial Statements which give a true and fair view of the state of affairs as at the Balance Sheet date and the profit or loss for the period then ended of the Company and the Group in accordance with SLFRSs and LKASs;
- keeping proper accounting records which disclose, with reasonable accuracy, the financial position of the Group and the Company enabling them to ensure that the Group Financial Statements comply with applicable laws and regulations;
- establishing an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, regularly reviewing the effectiveness of such process;
- taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group, and to prevent and detect fraud and other irregularities; and
- maintaining the integrity of the statutory and audited information available to the public.

In addition, the Directors consider that, in preparing the Financial Statements;

- suitable accounting policies have been selected and applied consistently;
- judgements and estimates made have been reasonable and prudent;
- the Financial Statements comply with IFRS as adopted for use in Sri Lanka (SLFRSs/LKASs);
- all Accounting Standards which they consider applicable have been followed in preparing the Parent Company Financial Statements; and
- it is appropriate that the Group and Parent Company Financial Statements have been prepared on a "Going Concern" basis.

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



Hemas Corporate Services (Private) Limited
Secretaries

22 May 2024

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

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TO THE SHAREHOLDERS OF HEMAS HOLDINGS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

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

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How we addressed the Key Audit Matter
Existence and carrying value of inventory As at 31 March 2024, the carrying value of inventory amounted to Rs. 22.8 Bn net of provision of Rs.1.2 Bn for slow moving and obsolete inventory as disclosed in Note 20 to the financial statements. Existence and carrying value of inventory was a key audit matter due to: • materiality of the reported inventory balance which represented 24% of the Group's total assets as of the reporting date; and • judgements applied by the management in determining the provision for slow-moving and obsolete inventory on account of short expiry and shelf life, as disclosed in Note 20 to the financial statements.	**Our audit procedures included the following key procedures:** • Observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported. • Tested whether inventory was stated at the lower of cost and net realizable value, by comparing cost with subsequent selling prices of such items. • Understood the process followed by the management for valuation of inventory and assessed the reasonableness of judgements applied by the management in determining provision for slow-moving and obsolete inventory. Our assessment included the basis applied to identify expiry dates and determine shelf life. We also assessed the adequacy of the disclosures made in Note 20 to the financial statement.

<table>
<tr><th>Key Audit Matter</th><th>How we addressed the Key Audit Matter</th></tr>
<tr><td>

Impairment of Trade Receivables

As at 31 March 2024, the carrying value of trade receivables amounted to LKR 21.0 Bn net of provision for impairment of Rs. 434.0 Mn, as disclosed in Note 21 to the financial statements.

This was a key audit matter due to:

- the materiality of the reported trade receivable balance which represented 22% of the Group's total assets as of the reporting date; and
- the degree of management judgements and assumptions associated with evaluating the probability of recoverability as disclosed in Note 21 to the financial statements.

</td><td>

Our audit procedures included the following key procedures:

- Obtained an understanding of and evaluated the process used by the management to assess impairment of trade receivables.
- Tested the aged analysis of trade receivables by referring to the source documents.
- Tested the calculation of the provision for impairment and evaluated the reasonableness of the judgements and assumptions used by the management in determining the provision.

We have also assessed the adequacy of the disclosures made in Note 21 to the financial statement.

</td></tr>
<tr><td>

Impairment test of Goodwill and Brands

The Group's Statement of Financial Position includes an amount of LKR 3.1 Bn relating to Goodwill and Brands, as further described in Note 15.1 to the financial statements. Goodwill is tested annually for impairment based on the recoverable amount determined by Management using value in use computations (VIU).

Such Management VIU calculations are based on the discounted future cashflows of each Cash Generating Unit (CGU) to which Goodwill and Brand have been allocated. A deficit between the recoverable value and the carrying values of the CGUs including Goodwill would result in an impairment.

Impairment testing of Goodwill was a key audit matter due to:

- the degree of assumptions, judgements and estimates associated with deriving the estimated future cashflows used for value in use calculations.

Key areas of significant judgements, estimates and assumptions included key inputs and assumptions related to the value in use computations such as growth rates used for extrapolation purposes, discount rates and terminal growth rates as disclosed in Note 15 to the financial statements.

</td><td>

Our audit procedures included the following;

- We gained an understanding of how Management has forecasted its discounted future cash flows.
- We assessed the reasonableness of significant assumptions including long term growth rates and discount rate. We tested the completeness and accuracy of the underlying data used and performed sensitivity analysis of significant assumptions to evaluate the effect on the value in-use calculations.

We assessed the adequacy of the disclosures made in Note 15 and in the financial statements.

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INDEPENDENT AUDITOR'S REPORT

Other Information included in the 2024 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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 the management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4169.

22 May 2024.
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March	Note	Group 2024 LKR '000	Group 2023 LKR '000	Company 2024 LKR '000	Company 2023 LKR '000
Revenue from Contracts with Customers	5	121,613,772	113,939,574	1,123,014	993,811
Cost of Sales		(85,616,543)	(82,146,714)	-	-
Gross Profit		35,997,229	31,792,860	1,123,014	993,811
Other Operating Income	6	754,088	720,052	1,610,053	3,012,525
Selling and Distribution Expenses		(9,343,986)	(8,268,449)	-	-
Administrative Expenses		(15,579,844)	(12,881,174)	(1,743,952)	(1,162,965)
Share of Results of Equity Accounted Investees (Net of Tax)	17	93,491	(400,138)	-	-
Operating Profit		11,920,978	10,963,151	989,115	2,843,371
Finance Cost	7.1	(3,256,477)	(4,109,544)	(438,645)	(557,848)
Finance Income	7.2	803,487	911,393	79,028	209,798
Profit Before Tax	8	9,467,988	7,765,000	629,498	2,495,321
Income Tax Expenses	9.1	(3,113,335)	(2,696,317)	(17,807)	(84,048)
Profit for the Year		6,354,653	5,068,683	611,691	2,411,273

	Note	Group 2024 LKR '000	Group 2023 LKR '000
Attributable to:			
Equity Holders of the Parent		6,108,520	4,268,855
Non-Controlling Interests		246,133	799,828
		6,354,653	5,068,683

	Note	LKR	LKR
Earnings Per Share			
Basic Earnings Per Share	10.1	10.24	7.16
Diluted Earnings Per Share	10.2	10.23	7.15
Dividend Per Share	11.2	2.35	2.35

The Accounting Policies and Notes on the Pages 182 to 251 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March	Note	Group 2024 LKR '000	Group 2023 LKR '000	Company 2024 LKR '000	Company 2023 LKR '000
Profit for the Year		6,354,653	5,068,683	611,691	2,411,273
Other Comprehensive Income					
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax)					
Net Movement on Hedges		-	(5,109)	-	-
Exchange Differences on Translation of Foreign Operations		(113,319)	(119,563)	-	-
Share of Other Comprehensive Profit/(Loss) of Equity Accounted Investees (Cash Flow Hedge)	17	189,551	(530,570)	-	-
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax)					
Net Gain/(Loss) on Financial Assets at FVOCI		7,723	(15,507)	1,281	705
Actuarial Gain/(Loss) on Defined Benefit Plans		(42,738)	(104,369)	(1,381)	(11,264)
Revaluation of Land and Buildings		391,893	851,080	-	-
Share of Other Comprehensive Income of Equity Accounted Investees	17	500,050	1,651,379	-	-
Other Comprehensive Income for the Year, Net of Tax		933,160	1,727,341	(100)	(10,559)
Total Comprehensive Income for the Year, Net of Tax		7,287,813	6,796,024	611,591	2,400,714
Attributable to:					
Equity Holders of the Parent		7,025,665	5,973,760		
Non-Controlling Interests		262,148	822,264		
		7,287,813	6,796,024		

The Accounting Policies and Notes on the Pages 182 to 251 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at 31 March		**2024**	2023	**2024**	2023
	Note	**LKR '000**	LKR '000	**LKR '000**	LKR '000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	12	**20,052,363**	19,912,878	**94,525**	60,543
Investment Properties	13	**4,008,116**	2,310,150	**1,143,000**	1,065,305
Right-of-Use Assets	14	**1,314,167**	995,097	**64,267**	-
Intangible Assets	15	**3,282,996**	3,311,373	**21,083**	49,484
Investment in Subsidiaries	16	**-**	-	**18,271,547**	17,999,897
Investment in Equity Accounted Investees	17	**1,473,663**	702,063	**-**	-
Lease Receivables	18	**42,186**	122,186	**-**	-
Other Financial Assets	19.1	**209,633**	181,515	**15,143**	13,928
Deferred Tax Assets	9.2	**496,400**	87,366	**-**	-
		30,879,524	27,622,628	**19,609,565**	19,189,157
Current Assets					
Inventories	20	**22,775,145**	28,602,360	**-**	-
Trade and Other Receivables	21	**26,298,715**	25,456,335	**440,943**	1,026,689
Tax Recoverable		**347,038**	323,854	**29,473**	32,433
Lease Receivables	18	**30,639**	22,761	**-**	-
Other Financial Assets	19.1	**168,880**	139,171	**316,878**	536,063
Cash and Cash Equivalents	28.1	**13,222,991**	16,330,774	**24,589**	23,712
		62,843,408	70,875,255	**811,883**	1,618,897
TOTAL ASSETS		**93,722,932**	98,497,883	**20,421,448**	20,808,054
EQUITY AND LIABILITIES					
Equity					
Stated Capital	22.1	**7,783,875**	7,776,111	**7,783,875**	7,776,111
Other Capital and Revenue Reserves	23.1	**103,084**	119,164	**324,435**	340,515
Other Components of Equity	23.2	**7,501,243**	6,541,635	**2,845**	1,564
Retained Earnings		**28,043,567**	23,967,649	**8,828,968**	9,595,631
Equity Attributable to Equity Holders of the Parent		**43,431,769**	38,404,559	**16,940,123**	17,713,821
Non-Controlling Interests		**687,829**	715,842	**-**	-
Total Equity		**44,119,598**	39,120,401	**16,940,123**	17,713,821
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	24.1	**5,407,779**	5,449,482	**519,000**	692,000
Other Financial Liabilities	25.1	**279,505**	275,505	**-**	-
Deferred Tax Liability	9.2	**2,898,818**	2,901,176	**257,166**	239,951
Employee Benefit Liability	26	**1,383,856**	1,198,963	**38,746**	79,692
		9,969,958	9,825,126	**814,912**	1,011,643
Current Liabilities					
Trade and Other Payables	27	**30,847,653**	29,625,732	**769,189**	776,928
Income Tax Liabilities		**1,488,137**	969,224	**-**	-
Other Financial Liabilities	25	**-**	2,949,482	**-**	-
Interest Bearing Loans and Borrowings	24.1	**5,887,178**	11,739,284	**1,706,753**	570,240
Bank Overdraft	28.2	**1,410,408**	4,268,634	**190,471**	735,422
		39,633,376	49,552,356	**2,666,413**	2,082,590
TOTAL EQUITY & LIABILITIES		**93,722,932**	98,497,883	**20,421,448**	20,808,054

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

Moiz Rehmanjee
Group Chief Financial Officer

The Board of Directors is responsible for these financial statements.
Signed for and on behalf of the Board by,

Husein Esufally
Chairman

Imtiaz Esufally
Director

The Accounting Policies and Notes on the Pages 182 to 251 form an integral part of these financial statements.

22 May 2024
Colombo

STATEMENT OF CHANGES IN EQUITY (GROUP)

	Attributable to Equity Holders of the Parent									
	Stated Capital	Other Capital and Revenue Reserves	Other Components of Equity				Retained Earnings	Total	Non-Controlling Interests	Total Equity
			Revaluation Reserve	Foreign Currency Translation Reserve	Fair Value Reserve	Hedge Reserve				
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
As at 31 March 2022	7,776,111	159,834	4,373,663	642,174	(330,746)	(238,982)	23,205,732	35,587,786	919,517	36,507,303
Adjustment for Surcharge Tax levied under Surcharge Tax Act	-	-	-	-	-	-	(1,548,726)	(1,548,726)	(119,604)	(1,668,330)
As at 01 April 2022	7,776,111	159,834	4,373,663	642,174	(330,746)	(238,982)	21,657,006	34,039,060	799,913	34,838,973
Profit for the Year	-	-	-	-	-	-	4,268,855	4,268,855	799,828	5,068,683
Other Comprehensive Income	-	-	2,472,170	(119,563)	(15,507)	(536,052)	(96,143)	1,704,905	22,436	1,727,341
Total Comprehensive Income	-	-	2,472,170	(119,563)	(15,507)	(536,052)	4,172,712	5,973,760	822,264	6,796,024
Share Based Payments	-	6,772	-	-	-	-	-	6,772	-	6,772
Transfer Due to the Expiry of ESOS	-	(47,442)	-	-	-	-	47,442	-	-	-
Transfers	-	-	-	-	294,478	-	(294,478)	-	-	-
Final Dividend - 2021/22	-	-	-	-	-	-	(1,163,265)	(1,163,265)	-	(1,163,265)
Interim Dividend - 2022/23	-	-	-	-	-	-	(238,618)	(238,618)	-	(238,618)
Subsidiary Dividend Paid to Non-Controlling Interest	-	-	-	-	-	-	-	-	(442,800)	(442,800)
Reclassification of Non-Controlling Interest to be Acquired	-	-	-	-	-	-	-	-	(463,535)	(463,535)
Fair Value Changes in Non-Controlling Interest to be Acquired	-	-	-	-	-	-	(213,150)	(213,150)	-	(213,150)
As at 31 March 2023	7,776,111	119,164	6,845,833	522,611	(51,775)	(775,034)	23,967,649	38,404,559	715,842	39,120,401
Profit for the Year	-	-		-	-	-	6,108,520	6,108,520	246,133	6,354,653
Other Comprehensive Income	-	-	875,653	(113,319)	7,723	189,551	(42,462)	917,145	16,015	933,160
Total Comprehensive Income	-	-	875,653	(113,319)	7,723	189,551	6,066,058	7,025,665	262,148	7,287,813
Share Based Payments	-	8,890	-	-	-	-	-	8,890	-	8,890
Exercise of ESOS	7,764	-	-	-	-	-	-	7,764	-	7,764
Transfer Due to the Expiry of ESOS	-	(24,970)	-	-	-	-	24,970	-	-	-
Final Dividend - 2022/23	-	-	-	-	-	-	(1,163,274)	(1,163,274)	-	(1,163,274)
Interim Dividend - 2023/24	-	-	-	-	-	-	(238,669)	(238,669)	-	(238,669)
Subsidiary Dividend Paid to Non-Controlling Interest	-	-	-	-	-	-	-	-	(144,000)	(144,000)
Reclassification of Non-Controlling Interest Acquired	-	-	-	-	-	-	-	-	4,296	4,296
Fair Value Changes in Non-Controlling Interest Acquired	-	-	-	-	-	-	(464,909)	(464,909)	-	(464,909)
Acquisition of Subsidiary	-	-	-	-	-	-	-	-	4,286	4,286
Adjustment in Respect of Changes in Group Holding	-	-	-	-	-	-	(148,257)	(148,257)	(154,743)	(303,000)
As at 31 March 2024	7,783,875	103,084	7,721,486	409,292	(44,052)	(585,483)	28,043,567	43,431,769	687,829	44,119,598

The Accounting Policies and Notes on the Pages 182 to 251 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (COMPANY)

	Stated Capital	Other Capital Reserves	Other Component of Equity Fair Value Reserve	Retained Earnings	Total Equity
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
As at 31 March 2022	7,776,111	381,185	(293,619)	8,856,168	16,719,845
Adjustment for Surcharge Tax levied under Surcharge Tax Act	-	-	-	(11,627)	(11,627)
As at 1 April 2022	7,776,111	381,185	(293,619)	8,844,541	16,708,218
Profit for the Year	-	-	-	2,411,273	2,411,273
Other Comprehensive Income	-	-	705	(11,264)	(10,559)
Total Comprehensive Income	-	-	705	2,400,009	2,400,714
Share Based Payments	-	6,772	-	-	6,772
Transfer due to the Expiry of ESOS	-	(47,442)	-	47,442	-
Transfer	-	-	294,478	(294,478)	-
Final Dividend - 2021/22	-	-	-	(1,163,265)	(1,163,265)
Interim Dividend Paid - 2022/23	-	-	-	(238,618)	(238,618)
As at 31 March 2023	7,776,111	340,515	1,564	9,595,631	17,713,821
Profit for the Year	-	-	-	611,691	611,691
Other Comprehensive Income	-	-	1,281	(1,381)	(100)
Total Comprehensive Income	-	-	1,281	610,310	611,591
Share Based Payments	-	8,890	-	-	8,890
Exercise of ESOS	7,764	-	-	-	7,764
Transfer due to the Expiry of ESOS	-	(24,970)	-	24,970	-
Final Dividend - 2022/23	-	-	-	(1,163,274)	(1,163,274)
Interim Dividend Paid - 2023/24	-	-	-	(238,669)	(238,669)
As at 31 March 2024	7,783,875	324,435	2,845	8,828,968	16,940,123

The Accounting Policies and Notes on the Pages 182 to 251 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 March	Note	Group 2024 LKR '000	Group 2023 LKR '000	Company 2024 LKR '000	Company 2023 LKR '000
Profit Before Taxation		9,467,988	7,765,000	629,498	2,495,321
Adjustments for,					
Depreciation	12	1,325,520	1,219,933	29,612	20,587
Amortisation of Right-of-Use Assets	14	278,279	306,120	63,261	56,223
Gain on Disposal of Property, Plant and Equipment/ Intangible Assets	6	(32,638)	(57,332)	(21,574)	(14,226)
Gain on Fair Value Adjustment of Investment Properties	13	(264,973)	(207,889)	(77,695)	(214,005)
Amortisation and Impairment of Intangible Assets	15	79,155	76,387	28,401	25,960
Provision for Obsolete and Slow-moving Stocks	20	755,882	88,032	-	-
Provision/ (Reversal) for Impairment of Trade and Other Receivables	21	(121,936)	114,715	(15,737)	10,651
Impairment of Investment in Subsidiaries	16	-	-	80,000	-
Net (Gain)/ Loss on Disposal of Non-Current Investments	6	-	-	-	(65,950)
Share Based Payment Expense	23.1	10,548	6,772	3,395	(40)
Finance Cost	7.1	3,256,477	4,109,544	438,645	557,848
Finance Income	7.2	(803,487)	(911,393)	(79,028)	(209,798)
Investment Income	6	-	-	(1,507,409)	(2,706,034)
Share of Results of Equity Accounted Investees (Net of Tax)	17	(93,491)	400,138	-	-
Provision for Employee Benefit Liability	26	330,799	214,422	21,900	13,635
Operating Cash Flows before Working Capital Changes		14,188,123	13,124,449	(406,731)	(29,828)
Working Capital Adjustments					
(Increase)/Decrease in Inventories		5,071,433	(11,883,271)	-	-
(Increase)/Decrease in Trade and Other Receivables		(615,865)	(5,798,756)	616,078	4,069
Increase/(Decrease) in Trade and Other Payables		1,164,924	2,460,338	(10,510)	(31,400)
Increase/(Decrease) in Other Non-Current Financial Liabilities		4,000	(1,033)	-	-
Cash Generated from/(used in) Operations		19,812,615	(2,098,273)	198,837	(57,159)
Finance Cost Paid	7.1	(3,047,964)	(3,957,360)	(417,504)	(556,063)
Finance Income Received	7.2	794,218	905,381	78,877	209,600
Income Tax Paid		(3,440,339)	(2,290,117)	(3,928)	(110,303)
Surcharge Tax Paid		-	(1,668,330)	-	(11,627)
Employee Retirement Benefit Paid	26	(212,938)	(153,004)	(62,049)	(16,254)
Net Cash flows from/(used in) Operating Activities		13,905,592	(9,261,703)	(205,767)	(541,806)
Investing Activities					
Purchase of Property, Plant and Equipment	12	(2,379,134)	(1,419,730)	(75,191)	(24,171)
Purchase of Intangible Assets	15	(26,948)	(71,771)	-	-
Exercise of NCI Put Option		(3,410,096)	-	-	-
Acquisition of Subsidiaries	2.4	(2,121)	-	(351,650)	(1,228,889)
Proceeds from Disposal of Subsidiaries		-	-	-	1,150,000
Net Change in Financial Assets		22,298	(26,068)	218,850	(784,749)
Dividend Received from Equity Accounted Investees		12,240	104,400	-	-
Proceeds from Disposal of Property, Plant and Equipment/ Intangible Assets		85,475	105,002	33,170	19,701
Investment Income Received	6	-	-	1,507,409	1,939,051
Net Cash flows from/(used in) Investing Activities		(5,698,286)	(1,308,167)	1,332,588	1,070,943
Financing Activities					
Interest Bearing Loans and Borrowings (Net)	24	(6,679,996)	11,441,695	814,845	71,512
Proceed from Exercise of Employee Share Option		6,106	-	6,106	-
Proceeds from/ (to) Non-Controlling Interest		(303,000)	-	-	-
Dividends Paid to Equity Holders of the Parent	11	(1,401,944)	(1,401,883)	(1,401,944)	(1,401,883)
Dividends Paid to Non-Controlling Interest		(144,000)	(442,800)	-	-
Net Cash flows from/(used in) Financing Activities		(8,522,834)	9,597,012	(580,993)	(1,330,372)
Net Increase/(Decrease) in Cash and Cash Equivalents		(315,528)	(972,858)	545,828	(801,235)
Net Foreign Exchange Difference		65,971	(63,737)	-	-
Cash and Cash Equivalents at the Beginning of the Year	28	12,062,140	13,098,735	(711,710)	89,525
Cash and Cash Equivalents at the End of the Year	28	11,812,583	12,062,140	(165,882)	(711,710)

The Accounting Policies and Notes on the Pages 182 to 251 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE AND GROUP INFORMATION

1.1 Reporting Entity

Hemas Holdings PLC is a public limited liability Company listed on the Colombo Stock Exchange (CSE) incorporated and domiciled in Sri Lanka. The registered office and the principal place of business is situated at 'Hemas House' No. 75, Braybrooke Place, Colombo 02. Hemas Holdings PLC does not have an identifiable parent of its own.

Corporate information is presented in inner cover page of this Annual Report.

1.2 Principal Activities and Nature of Operations

The Company directs investment activities and provides advisory services to other companies in the Group. The principal activities of the Subsidiaries, Joint Ventures and Associates with their business activities are disclosed in Note 35 to the Financial Statements.

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

1.3 Consolidated Financial Statements

The Consolidated Financial Statements of the Company for the year ended 31 March 2024 comprises of Hemas Holdings PLC ('the Company') and all its Subsidiaries and Equity Accounted Investees (collectively referred to as the "Group" and individually as "Subsidiaries") whose Financial Statements have been consolidated therein.

1.4 Components of Financial Statements

The Financial Statements include the following components:

Statement of Profit or Loss and Statement of Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review.

Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end.

Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company.

Statement of Cash Flows providing the information to the users, the amount of cash and cash equivalents inflows to and outflows from the Group and the Company.

Notes to the Financial Statements comprising material accounting policy information and other explanatory information.

1.5 Responsibility for Financial Statements

The responsibility of the Directors in relation to these Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

1.6 Date of Authorisation for Issue

The Consolidated Financial Statements of Hemas Holdings PLC for the year ended 31 March 2024 were authorised for issue, in accordance with a resolution of the Board of Directors on 22 May 2024.

2 MATERIAL ACCOUNTING POLICY INFORMATION

A summary of material accounting policy information have been disclosed together with the relevant individual notes in the subsequent pages. The Group has consistently applied the accounting policies outlined with each note.

2.1 Statement of Compliance

The Financial Statements which comprises the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows, together with the Accounting Policies and Notes (the "Financial Statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.

2.2 Basis of Preparation & Measurement

The Consolidated Financial Statements of the Group and Separate Financial Statements of the Company have been prepared on an accrual basis and under the historical cost convention except for land and building included under property, plant and equipment and investment properties, derivative financial instruments and financial assets at fair value through other comprehensive income that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

Items	Basis of Measurement	Note No.	Page
Land and buildings recognised as Property, Plant and Equipment	Measured at cost at the time of acquisition and subsequently carried at fair value	Note 12	200
Land and building recognised as Investment Property	Measured at cost at the time of acquisition and subsequently carried at fair value	Note 13	206
Financial Instruments reflected as Fair value through Profit or Loss (FVPL) / Fair value through Other Comprehensive Income (FVOCI)	Measured at the fair value	Note 19	218
Employee Benefit Liability	Measured at the present value	Note 26	232

2.3 Going Concern

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

2.4 Business Combinations

Basis of Consolidation

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, fair value measured at the acquisition date and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred and included in administrative expenses.

If the business combination is achieved in stages, the previously held equity interest is re-measured at its fair value at acquisition date and any resulting gain or loss is recognised in Statement of Profit or Loss or Other Comprehensive Income as applicable.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of SLFRS 9 - Financial Instruments, is measured at fair value with the changes in fair value recognised either in Statement of Profit or Loss. If the contingent consideration is not within the scope of SLFRS 9, it is measured in accordance with the appropriate SLFRS contingent consideration that is classified as equity not re-measured and subsequent settlement is measured at fair value with changes in fair value either in the Statement of Profit or Loss or as a change to the Other Comprehensive Income (OCI).

The Consolidated Financial Statements comprise the Financial Statements of the Parent and its Subsidiaries for the year ended 31 March 2024.

Control Over an Investee

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a Subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the Subsidiary. Assets, liabilities, income and expenses of a Subsidiary acquired or disposed during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the Subsidiary.

Profit or Loss and each component of Other Comprehensive Income (OCI) are attributed to the Equity Holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the Financial Statements of Subsidiaries to bring their accounting policies in line with the Group's accounting policies.

A change in the ownership interest of a Subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a Subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest, and other components of equity while any resultant gain or loss is recognised in Statement of Profit or Loss. Any investment retained is recognised at fair value.

The Financial Statements of the Subsidiaries are prepared for the same reporting period as the Group.

Transactions Eliminated on Consolidation

All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-Controlling Interests

The proportion of the profits or losses after taxation applicable to outside shareholders of subsidiary companies is included under the heading "Non-Controlling Interests "in the Consolidated statement of Profit or Loss. Losses applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interest even if doing so causes the non-controlling interests to have a deficit balance.

Put Option Over Non-Controlling Interest

Accounting policies relating to recognition of non-controlling interest to be acquired set out in Note 25.2 to these financial statements.

Common Control Transactions

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

No entries are recognised in the Statement of Profit or Loss on the Consolidated Financial Statements arising from common control transactions.

Acquisition of Subsidiary

Hemas Holdings PLC Group acquired a controlling stake (85%) in Shipping Agency Services (Pvt) Ltd. for a total consideration of LKR 29.75 Mn on 27 March 2024, which resulted in a goodwill of LKR 5.4 Mn. Non-Controlling Interest has been valued at proportionate share of net assets.

	2024 LKR '000 Shipping Agency Services (Pvt) Ltd.
Assets	
Property, Plant and Equipment	384
Intangible Assets	69
Trade and Other Receivables	64,437
Tax Recoverable	738
Cash and Cash Equivalents	14,879
Total Assets	80,507
Liabilities	
Employee Benefit Liability	7,688
Trade and Other Payables	44,247
Total Liabilities	51,935
Total Identifiable Net Assets	28,572
Non-Controlling Interests Measured at Proportionate Share of Acquiree's Identifiable Net Assets	(4,286)
Goodwill Arising on Acquisition	5,464
Total Purchase Consideration	29,750
Deferred Purchase Consideration	12,750
Purchase Consideration Transferred	(17,000)
Net Cash Acquired with the Subsidiary	14,879
Net Cash Flow on Acquisition	(2,121)

Measurement of Fair Value

In accordance with SLFRS 3-Business Combinations, the amounts recorded for the transaction are provisional and are subject to adjustments during the measurement period if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

2.5 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (LKR), which is the Group's functional and presentation currency.

For each entity, the Group determines the functional currency and items included in the Financial Statements of each entity are measured using that functional currency.

There was no change in the Group's presentation and functional currency during the year under review.

Functional currency of all the Group companies is Sri Lankan Rupees other than the following companies whose functional currency is given below.

Name of the Entity	Relationship	Country of Incorporation	Functional Currency
Hemas Consumer Brands (Pvt) Ltd.	Subsidiary	Bangladesh	Bangladesh Taka (BDT)
Hemas Consumer Products (Pvt) Ltd.	Subsidiary	Pakistan	Pakistani Rupee (PKR)
Hemas Consumer Brands India (Pvt) Ltd.	Subsidiary	India	Indian Rupee (INR)
Hemascorp (Pvt) Ltd.	Subsidiary	Singapore	US Dollar (USD)

2.6 Materiality, Aggregation, Offsetting and Rounding

Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 on 'Presentation of Financial Statements'.

Offsetting

Assets and liabilities or income and expenses are not set off unless required or permitted by Sri Lanka Accounting Standards.

Rounding

Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand, unless indicated otherwise.

2.7 Comparative Information

The presentations and classification of the Consolidated Financial Statements of the Group and Separate Financial Statements of the Company of the previous years have been amended, where relevant, for better presentation and to be comparable with those of the current year.

2.8 Other Material Accounting Policies

The following accounting policies, which the Group has continuously applied, are regarded important yet are not covered in any other sections.

2.8.1 Current versus Non-Current Classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to sell or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.8.2 Statement of Cash Flows

The Statement of Cash Flows is prepared using the "Indirect Method" in accordance with the Sri Lanka Accounting Standard – LKAS 7 on "Statement of Cash Flows". Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and in hand and short-term deposits and money market investments with a maturity of three months or less. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts. Cash and cash equivalents as referred to in the Statement of Cash Flows are comprised of those items as explained in Note 28.

2.8.3 Foreign Currency Translation, Foreign Currency Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the Statement of Profit or Loss with the exception of all monetary items that form a part of a net investment in a foreign operation. These are recognised in Other Comprehensive Income until the disposal of the net investment, upon which time they are reclassified to the Statement of Profit or Loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in Other Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (Translation differences on items whose gain, or loss is recognised in Other Comprehensive Income or Statement of Profit or Loss is also recognised in Other Comprehensive Income or Profit or Loss respectively).

2.8.4 Foreign Operations

The assets and liabilities of foreign operations are translated into Sri Lankan Rupees at the rate of exchange prevailed at the reporting date and their Statements of Profit or Loss is translated at exchange rates prevailed at the dates of the transactions. The exchange differences arising on the translation are recognised in Other Comprehensive Income. On disposal of a foreign operation, the component of Other Comprehensive Income relating to that particular foreign operation is recognised in the Statement of Profit or Loss.

2.9 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Consolidated Financial Statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of Contingent Liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Note 30 – Financial Risk Management
- Note 30 – Sensitivity Analysis

Judgements

In the process of applying the Group's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the Consolidated Financial Statements have been discussed in the individual notes of the related financial statement line items.

Estimates and Assumptions

Information about assumptions and estimation uncertainties at 31 March 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year have been discussed in the individual notes of the related financial statement line items.

The line items which have most significant effect on accounting judgements, estimate and assumptions are as follows:

Note No	Description	Page
2.3	Going concern	183
2.4	Business Combination: whether the Group has de facto control over an investee	183
5	Revenue Recognition – estimate of expected returns Revenue Recognition: whether revenue is recognised over time or at a point in time	190
9	Deferred Taxes: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised	194
12&13	Valuation of land and buildings under property, plant & equipment and investment property	200 & 206
14	Right-of-Use Assets and Lease Liabilities – estimating the incremental borrowing rate	209
15	Impairment of non-financial assets including intangible assets: key assumptions underlying recoverable amounts	211
17	Equity Accounted Investees: whether the Group has significant influence over an investee	214
19	Fair value measurement of financial instruments	218
22	Share Based Payments	226
25	Valuation of Non-Controlling Interest Put Option	232
26	Employee Benefit Liability: key actuarial assumptions	232
33	Recognition and Measurement of Provisions and Contingencies: key assumptions about the likelihood and magnitude of an outflow of resources	247

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2024.

International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 1 January 2024.

4 SEGMENTAL INFORMATION

Accounting Policy

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group has now organised its business units into four reportable operating segments based on their products and services. The activities of each of the operating business segments of the Group are detailed in the Note 35 in the Annual report.

All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information based on the primary segments (Business Segment)

	Consumer Brands		Healthcare		Mobility		Others		Group	
Year ended 31 March	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Revenue										
Segmental Revenue - Gross	50,903,366	47,791,469	74,573,483	70,352,109	1,729,487	1,668,147	1,578,672	1,326,686	128,785,008	121,138,411
Intra Segmental Revenue	(153,450)	(196,573)	(5,448,199)	(5,682,848)	(24,075)	(26,389)	(183,711)	(146,774)	(5,809,435)	(6,052,584)
Segment Revenue	50,749,916	47,594,896	69,125,284	64,669,261	1,705,412	1,641,758	1,394,961	1,179,912	122,975,573	115,085,827
Inter Segmental Revenue	-	-	(4,952)	(1,742)	-	-	(1,356,849)	(1,144,511)	(1,361,801)	(1,146,253)
Total Revenue	50,749,916	47,594,896	69,120,332	64,667,519	1,705,412	1,641,758	38,112	35,401	121,613,772	113,939,574
Results										
Segmental Results	7,569,270	5,870,621	4,384,907	4,747,673	1,031,987	1,336,248	(1,423,650)	(799,141)	11,562,514	11,155,400
Finance Cost	(832,876)	(1,459,049)	(2,025,489)	(2,212,257)	(94,541)	(93,242)	(303,571)	(344,996)	(3,256,477)	(4,109,544)
Finance Income	283,388	279,411	367,056	353,561	131,863	282,674	21,180	(4,253)	803,487	911,393
Change in Fair Value of Investment Properties	100	-	-	-	69,623	-	195,250	207,889	264,973	207,889
Share of Results of Equity Accounted Investees (net of tax)	-	-	-	-	1,111	40,861	92,380	(440,999)	93,491	(400,138)
Profit/(Loss) Before Tax	7,019,882	4,690,983	2,726,474	2,888,977	1,140,043	1,566,541	(1,418,411)	(1,381,501)	9,467,988	7,765,000
Income Tax	(1,946,327)	(982,585)	(341,480)	(773,093)	(401,792)	(536,380)	(423,736)	(404,259)	(3,113,335)	(2,696,317)
Profit / (Loss) for the Year	5,073,555	3,708,398	2,384,994	2,115,884	738,251	1,030,161	(1,842,147)	(1,785,760)	6,354,653	5,068,683
Attributable to:										
Equity Holders of the Parent	5,075,256	3,248,568	2,287,467	2,036,132	587,944	769,915	(1,842,147)	(1,785,760)	6,108,520	4,268,855
Non-Controlling Interests	(1,701)	459,830	97,527	79,752	150,307	260,246	-	-	246,133	799,828
	5,073,555	3,708,398	2,384,994	2,115,884	738,251	1,030,161	(1,842,147)	(1,785,760)	6,354,653	5,068,683

Information based on the primary segments (Business Segment)

As at 31 March	Consumer Brands 2024 LKR '000	Consumer Brands 2023 LKR '000	Healthcare 2024 LKR '000	Healthcare 2023 LKR '000	Mobility 2024 LKR '000	Mobility 2023 LKR '000	Others 2024 LKR '000	Others 2023 LKR '000	Group 2024 LKR '000	Group 2023 LKR '000
Assets and Liabilities										
Non-Current Assets										
Property, Plant and Equipment	5,809,925	5,385,962	10,376,065	9,960,147	32,350	19,768	880,601	1,377,582	17,098,941	16,743,459
Right-of-Use Assets	594,278	138,474	782,117	787,451	64,667	54,992	80,511	14,179	1,521,573	995,097
Investment Properties	2,200	2,100	-	-	1,334,331	-	5,724,800	5,389,105	7,061,331	5,391,205
Other Financial Assets	55,718	286,805	118,669	190,518	-	-	77,312	68,083	251,699	545,406
Other Assets	6,233,794	2,827,790	1,504,978	1,506,413	1,284,833	1,251,784	26,542,345	25,504,178	35,565,950	31,090,165
Segmental Non-Current Assets	12,695,915	8,641,131	12,781,829	12,444,529	2,716,181	1,326,544	33,305,569	32,353,127	61,499,494	54,765,331
Deferred Tax Assets									496,400	87,366
Eliminations/Adjustments									(31,116,370)	(27,230,070)
Total Non-Current Assets									30,879,524	27,622,628
Segmental Current Assets										
Other Financial Assets	65,720	53,324	821,802	1,170,435	134,887	130,145	1,012,287	2,156,945	2,034,696	3,510,849
Segmental Current Assets	18,601,479	23,285,127	39,941,520	43,161,913	4,428,512	3,849,990	795,877	1,971,950	63,767,388	72,268,980
Tax Recoverable									347,038	323,854
Eliminations/Adjustments									(3,305,714)	(5,228,429)
Total Current Assets									62,843,408	70,875,255
Total Assets									93,722,932	98,497,883
Non-Current Liabilities										
Segmental Non-Current Liabilities	1,065,034	820,398	5,357,511	5,425,320	64,049	80,285	600,963	800,574	7,087,557	7,126,577
Other Non-Current Financial Liabilities	-	-	40	40	4,465	465	275,000	275,000	279,505	275,505
Deferred Tax Liability									2,898,818	2,901,176
Eliminations/Adjustments									(295,922)	(478,132)
Total Non-Current Liabilities									9,969,958	9,825,126
Segmental Current Liabilities										
Segmental Current Liabilities	7,907,403	12,497,652	27,660,626	32,358,421	3,093,251	2,942,023	2,865,536	3,064,412	41,526,816	50,862,508
Income Tax Liability									1,488,137	969,224
Eliminations/Adjustments									(3,381,577)	(2,279,376)
Total Current Liabilities									39,633,376	49,552,356
Total Liabilities									49,603,334	59,377,480
Total Segment Assets	31,363,114	31,979,582	53,545,151	56,776,877	7,279,580	5,306,679	35,113,733	36,482,022	127,301,578	130,545,160
Total Segment Liabilities	8,972,437	13,318,050	33,018,177	37,783,781	3,161,765	3,022,773	3,741,499	4,139,986	48,893,878	58,264,590
Other Segmental Information										
Provision for Employee Benefit Liability	125,230	80,634	166,819	109,687	9,487	6,191	29,263	17,910	330,799	214,422
Acquisition Cost of Property Plant and Equipment	772,872	493,651	758,620	844,819	25,497	7,749	822,145	73,511	2,379,134	1,419,730
Depreciation of Segmental Assets	490,716	421,168	721,959	706,138	18,867	12,219	93,978	80,408	1,325,520	1,219,933
Impairment and Amortisation of Intangible Assets	12,967	11,289	37,654	38,811	41	208	28,493	26,079	79,155	76,387
Amortisation of Right-of-Use Assets	76,461	94,438	168,704	185,892	32,349	25,790	765	-	278,279	306,120

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

Accounting Policy

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

Goods Transferred at a Point in Time

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

Services Transferred Over Time

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

Year ended 31 March	Group		Company	
	2024 LKR '000	2023 LKR '000	**2024** LKR '000	2023 LKR '000
Goods Transferred at a Point in Time	**111,997,751**	105,386,767	**-**	-
Services Transferred Over Time	**9,616,021**	8,552,807	**1,123,014**	993,811
	121,613,772	113,939,574	**1,123,014**	993,811

The different business segments of the Group are in the course of providing a variety of goods and services to its customers. Each segment of the Group uses following criteria in recognising the revenue.

Segment	Revenue Recognition Policies
Consumer Brands	Revenue is recognised when the goods are delivered and have been accepted by customers.
	In relation to the contracts with the distributors, international suppliers and modern traders for the sale of FMCG products, the Group considered the upfront discounts, rights of return and the consideration payable to the customer in determining the transaction price. Revenue is recognised by reducing the above component from the transaction price.
Healthcare	Revenue is recognised over time as the services are provided and when the goods are delivered and have been accepted by customers.
	Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured, regardless of when the payment is being made after considering discounts, offers given to the customers, consultations, and services provided under packages.
Mobility & Other	Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Accounting Judgement, Estimate and Assumptions

SLFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

In determining the transaction price for the revenue contracts, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Variable Consideration

Some revenue contracts in the Consumer and Healthcare sector in the Group provide customers with a right to return, rebate, discounts and consideration payable to the customers. These give rise to variable consideration. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Principal versus Agent Considerations

In determining whether the Group is the principal or the agent pertaining to certain revenue contracts the Group has evaluated who has control over the goods before transferring it to the customer;

The following factors were also considered;

- The primary responsibility for fulfilling the promise to provide the specified goods or the service.
- Inventory risk before or after the specified goods has been transferred to the customer.
- The discretion in establishing the price for the specified equipment.

Based on the above factors if the Group concludes that it has control over the goods before transferring it to the customer, Group acts as the principal in which case revenue will be recognised at gross and if the Group does not have the control over the goods before transferring it to the customer, it will recognise revenue on the contract on net basis as an agent.

Determining Method to Estimate Variable Consideration and Assessing the Constraint

Certain revenue contracts especially in Consumer and Healthcare sector include a right of return, rebates and customer incentives that rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract.

The most likely amount method is used for those contracts with single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Evaluation of Point of Transfer of Control of Goods or Services to the Customer under Revenue Recognition

The following factors were considered in determining the point of transfer of control to the customer.

- The entity has a present right to payment for the goods or the service.
- The customer has legal title to the goods or the service.
- The entity has transferred physical possession of the goods or the service.
- The customer has the significant risks and rewards of ownership of the goods or the service.
- The customer has accepted the goods or the service.

Whilst the above indicators assist in the determination of transfer of control, none of the indicators above are meant to individually establish or conclude whether control has been transferred. Further all criteria need not be present. Hence, the above evaluation requires significant judgement.

Geographical Segmentation of Revenue from Contracts with Customers

The geographic information analysis the Group's revenue by the business units country of domicile. In presenting the geographic information, segment revenue has been based on the geographic location of the Strategic Business Units (SBUs).

	Group		Company	
	2024 LKR '000	2023 LKR '000	**2024 LKR '000**	2023 LKR '000
Sri Lanka	**118,404,260**	110,040,753	**1,123,014**	993,811
Asia (Excluding Sri Lanka)	**3,209,512**	3,898,821	**-**	-
	121,613,772	113,939,574	**1,123,014**	993,811

The disaggregation of the Group's revenue from contracts with customers is set out in Note 4 to these financial statements.

6 OTHER OPERATING INCOME

Accounting Policy

Dividends

Dividend income is recognised when the Group's/Company's right to receive the payment is established.

Other Income and Gains

Other Income and gains are recognised on accrual basis. Net gains from the disposal of Property, Plant and Equipment and other non-current assets, including investments in subsidiaries, joint ventures and associates, are accounted in the Statement of Profit or Loss, after deducting the carrying amount of such assets and the related selling expenses from the proceeds on disposal.

	Group		Company	
Year ended 31 March	**2024 LKR '000**	2023 LKR '000	**2024 LKR '000**	2023 LKR '000
Gain on Disposal/De-recognition of Non-Current Investments	**-**	-	**-**	65,950
Gain on Disposal of Property Plant & Equipment/Intangible Assets	**32,638**	57,332	**21,574**	14,226
Change in Fair Value of Investment Properties	**264,973**	207,889	**77,695**	214,005
Rental Income	**6,747**	7,923	**-**	-
Commission Income	**-**	5,087	**-**	-
Foreign Exchange Gain	**128,391**	137,003	**-**	7,541
Dividend Income from Investments in ;				
- Related Parties	**-**	-	**1,507,405**	2,706,028
- Other	**4**	42	**4**	6
Sundry Income	**321,335**	304,776	**3,375**	4,769
	754,088	720,052	**1,610,053**	**3,012,525**

7 FINANCE COST AND INCOME

Accounting Policy

Finance income comprises of interest income and unwinding of fair value differences on financial assets measured at amortised cost.

Interest income is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the Statement of Profit or Loss.

Finance costs comprise of interest expense on borrowings, Interest expense on other financial liabilities, finance charges on lease liabilities and unwinding of fair value differences on financial assets measured at amortised cost.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs, depending on whether foreign currency movements are in a net gain or net loss position.

	Year ended 31 March	Group 2024 LKR '000	Group 2023 LKR '000	Company 2024 LKR '000	Company 2023 LKR '000
7.1	**Finance Cost**				
	Interest Expense on Overdrafts	333,209	1,423,168	73,545	178,731
	Interest Expense on Loans and Borrowings				
	- Related Parties	-	-	106,454	237,202
	- Others	2,655,682	2,344,214	237,505	140,130
	Foreign Exchange Loss on Foreign Currency Borrowings	31,573	161,809	-	-
	Interest Expense on Other Financial Liabilities	27,500	27,500	-	-
	Finance Charges on Lease Liabilities	206,661	151,071	21,141	1,785
	Total Interest Expense	3,254,625	4,107,762	438,645	557,848
	Unwinding of Fair Value Differences on Financial Assets Measured at Amortised Cost	1,852	1,782	-	-
	Total Finance Cost	3,256,477	4,109,544	438,645	557,848
7.2	**Finance Income**				
	Interest Income on Loans and Receivables				
	- Related Parties	-	-	76,711	206,505
	- Others	794,218	905,381	2,166	3,095
	Total Interest Income	794,218	905,381	78,877	209,600
	Unwinding of Fair Value Differences on Financial Assets Measured at Amortised Cost	9,269	6,012	151	198
	Total Finance Income	803,487	911,393	79,028	209,798
	Net Finance Cost	(2,452,990)	(3,198,151)	(359,617)	(348,050)

8 PROFIT BEFORE TAX

Accounting Policy

Expenditure Recognition

Expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to the Statement of Profit or Loss.

For the purpose of presentation of the Statement of Profit or Loss, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company's and Group's performance.

8 PROFIT BEFORE TAX (CONTD.)

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

	Group		Company	
Year ended 31 March	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Staff Expenses	10,929,473	9,073,581	545,551	393,446
Directors Emoluments	612,007	447,477	224,328	110,915
Costs of Defined Employees Benefits,				
- Defined Benefit Plan Cost - Gratuity	330,799	214,422	21,900	13,635
- Defined Contribution Plan Cost - MSPS/EPF/ETF	681,222	577,850	53,001	40,437
Depreciation	1,325,520	1,219,933	29,612	20,587
Amortisation of Right-of-Use Assets	278,279	306,120	63,261	56,223
Amortisation of Intangible Assets	79,155	76,387	28,401	25,960
Auditors' Remuneration				
- Audit	18,469	16,942	2,750	2,486
- Non Audit	21,490	24,135	2,675	8,055
Legal Fees	11,972	19,092	-	-
Donations	32,297	74,164	27,551	57,451
Provision for Obsolete Stocks	755,882	88,032	-	-
Provision/ (Reversal) for Impairment of Trade Receivables	(121,936)	114,715	(15,737)	10,651
Net Loss/ (Gain) on Disposal of Subsidiaries	-	-	-	(65,950)
Transport Cost	541,608	568,694	-	-
Advertising Cost	2,150,945	1,681,030	-	-

9 TAXES

Accounting Policy

Tax expense comprises of current and deferred tax. Current tax and deferred tax are recognised in the Statement of Profit or Loss except to the extent that it relates to a business combination, or items recognised directly in Equity or in Other Comprehensive Income.

Current Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit or Loss.

Provision for taxation is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 and the subsequent amendments thereto. This Note also includes the major components of tax expense and a reconciliation between the Profit Before Tax and Tax Expense, as required by the Sri Lanka Accounting Standard – LKAS 12- Income Taxes.

Deferred Tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except;

- Where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in Subsidiaries, Associates and interests in Joint Ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in Subsidiaries, Associates and interests in Joint Ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit or Loss is recognised outside the Statement of Profit or Loss. Deferred tax relating to items recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales Tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.
- The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments and it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

9 TAXES (CONTD.)

9.1 Income Tax Expenses

Year ended 31 March	Note	Group 2024 LKR '000	Group 2023 LKR '000	Company 2024 LKR '000	Company 2023 LKR '000
Current Income Tax					
Current Income Tax Charge	9.1.1	3,118,263	2,342,785		-
Adjustment in Respect of Income Tax of Prior Years		239,289	(12,963)		(12,767)
Tax on Dividends		369,562	135,350	-	-
Deferred Tax Charge/(Reversal)					
Relating Origination and Reversal of Temporary Differences	9.1.2	(613,779)	231,145	17,807	96,815
		3,113,335	2,696,317	17,807	84,048
Effective Tax Rate		33%	35%	-	-

9.1.1 Reconciliation Between Income Tax Expenses and Accounting Profit

Year ended 31 March	Group 2024 LKR '000	Group 2023 LKR '000	Company 2024 LKR '000	Company 2023 LKR '000
Accounting Profit Before Tax	9,467,988	7,765,000	629,498	2,495,321
Intra Group Adjustments/Share of Results of Joint Ventures/Associates	(93,491)	400,138	-	-
Intercompany Dividend Income	-	1,825,446	-	-
Income not Subject to Income Tax	(423,444)	(2,229,339)	(1,507,408)	(3,007,972)
Exempt Profit	(611,969)	(529,511)		-
Aggregate Disallowed Expenses	5,518,406	4,741,562	605,459	237,207
Aggregate Allowable Expenses	(3,040,413)	(2,797,764)	(189,250)	(34,531)
Adjustment for Tax Losses	(144,674)	-	-	-
Taxable Profit	10,672,403	9,175,532	(461,701)	(309,975)
Standard Rates	2,332,446	1,891,941	-	-
Concessionary Rates	785,817	450,844	-	-
Current Income Tax Charge	3,118,263	2,342,785	-	-

9.1.2 Deferred Tax Charge/(Reversal) Relate to the following;

Year ended 31 March	Group 2024 LKR '000	Group 2023 LKR '000	Company 2024 LKR '000	Company 2023 LKR '000
Revaluation of Investment Properties to Fair Value	78,983	129,184	23,309	117,740
Accelerated Depreciation for Tax Purposes	(17,194)	386,633	(7,067)	(6,722)
Employee Benefit Liability	(35,382)	(92,805)	12,875	(7,946)
Losses Available for offset against Future Taxable Income	(21,086)	(218,639)	-	-
Net Impact from Right of Use Asset and Lease Liability	(21,012)	(37,210)	(2,086)	317
Provisions	(138,365)	234,806	3,425	3,195
Unrealised Exchange Gain/Loss	(361,933)	(177,483)	(12,649)	(9,769)
Others	(97,790)	6,659	-	-
	(613,779)	231,145	17,807	96,815

9.2 Deferred Tax Assets and Liabilities

As at 31 March	Group			
	Deferred Tax Assets		Deferred Tax Liabilities	
	2024 LKR '000	2023 LKR '000	**2024 LKR '000**	2023 LKR '000
Balance at the Beginning of the Year	**87,366**	85,621	**2,901,176**	1,723,527
Recognised through Profit or Loss	**129,734**	(43,012)	**(484,045)**	188,133
Recognised through Other Comprehensive Income	**2,610**	(28,807)	**200,895**	913,159
Transfers	**280,792**	76,357	**280,792**	76,357
Recognised through Changes in Equity	**(4,102)**	(2,793)	**-**	-
Balance at the End of the Year	**496,400**	87,366	**2,898,818**	2,901,176

As at 31 March	Company	
	Deferred Tax Liabilities	
	2024 LKR '000	2023 LKR '000
Balance at the Beginning of the Year	**239,951**	147,963
Recognised through Profit or Loss	**17,807**	96,815
Recognised through Other Comprehensive Income	**(592)**	(4,827)
Balance at the End of the Year	**257,166**	239,951

9.2.1 The Closing Deferred Tax Liability/(Asset) Balances Relate to the following;

As at 31 March	Group		Company	
	2024 LKR '000	2023 LKR '000	**2024 LKR '000**	2023 LKR '000
Revaluation of Land and Buildings to Fair Value	**2,797,979**	2,584,882	**-**	-
Revaluation of Investment Properties to Fair Value	**223,395**	144,412	**308,391**	285,082
Accelerated Depreciation for Tax Purposes	**923,807**	926,715	**(15,317)**	(8,250)
Employee Benefit Liability	**(378,516)**	(331,253)	**(11,624)**	(23,907)
Losses Available for Offset Against Future Taxable Income	**(336,725)**	(316,002)	**-**	-
Net Impact from Right of Use Asset and Lease Liability	**(79,553)**	(58,541)	**(2,086)**	-
Provisions	**(490,502)**	(355,696)	**(11,818)**	(15,240)
Unrealised Exchange Gain/Loss	**(101,399)**	261,172	**(10,380)**	2,266
Others	**(156,068)**	(41,879)	**-**	-
	2,402,418	2,813,810	**257,166**	239,951

9.3 Tax Losses Carried Forward

Unutilised carry forward Group tax losses as at 31 March 2024 is LKR 1.1 Bn. (Provisional) (2023 - LKR 1.1 Bn)

9.4 Applicable Tax Rates

As per the Inland Revenue Act, No. 24 of 2017 and the subsequent amendment thereto, all Group companies which are resident in Sri Lanka are liable to Income Tax at 30% (2022/23 - w.e.f 01 October 2022 - 30%, upto 30 September 2022 - 24%) on taxable profit during the period with the exception of the Companies stated below.

Management has used its judgement in the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 TAXES (CONTD.)

9.4.1 Concessionary Rates Granted Under the Board of Investment Law

Company	Nature	Concession	Period
Hemas Hospitals (Pvt) Ltd	Profit of the company is exempt from income tax for a period of 5 years, at 10% for next 2 years and 20% thereafter.	20%	Open-ended
Hemas COE (Pvt) Ltd	Exempt from income tax for a period of 3 years, at 10% for the next 2 years and 20% thereafter.	20%	Open-ended
Hemas Manufacturing (Pvt) Ltd.	For manufacturing and/or marketing of soap, personal care items and other fast moving consumer goods at its relocated factory in Dankotuwa under "300 Enterprises Programme", Inland Revenue Act shall not apply for a period of 5 years. After the exemption, the profits are taxed at 10% for a period of 2 years and 20% thereafter.	20%	Open-ended

9.4.2 Exemptions Granted Under the Inland Revenue Act

Company	Nature	Exemption or Concession	Period
Hemas Capital Hospital (Pvt) Ltd.	Entitled for a tax exemption period of 9 years.	Exempt	9 years ending 2023/2024

9.4.3 Applicable Tax Rates of Foreign Subsidiaries

Company	Applicable Tax Law	Tax Rate
Hemas Consumer Brands (Pvt) Ltd.	Income Tax Ordinance of 1984	30.0%
Hemas Consumer Products (Pvt) Ltd.	Income Tax Ordinance 2001 (IT-2)	30.0%
Hemas Consumer Brands India (Pvt) Ltd.	Income Tax Act India	25.0%
Hemascorp (Pvt) Ltd.	Income Tax Act Singapore	17.0%

10 EARNINGS PER SHARE (EPS)

Accounting Policy

Basic Earnings Per Share is calculated by dividing the profit for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year plus weighted average number of ordinary shares that would be issued on conversion of all the diluted potential ordinary shares.

The following reflect the income and share data used in the Earnings Per Share computation.

10.1 Basic Earnings Per Share

	Group	
Year ended 31 March	**2024**	2023
Amount Used as the Numerator:		
Profit for the Year Attributable to Ordinary Shareholders for Basic Earnings Per Share (LKR '000)	6,108,520	4,268,855
Number of Ordinary Shares Used as Denominator:		
Weighted Average Number of Ordinary Shares in Issue Applicable to Basic Earnings Per Share ('000)	596,617	596,546
Basic Earnings Per Share (LKR)	10.24	7.16

10.2 Diluted Earnings Per Share

Year ended 31 March	Group 2024	2023
Amount Used as the Numerator:		
Profit for the Year Attributable to Ordinary Shareholders for Diluted Earnings Per Share (LKR '000)	6,108,520	4,268,855
Number of Ordinary Shares Used as Denominator:		
Weighted Average Number of Ordinary Shares in Issue Applicable to Diluted Earnings Per Share ('000)	597,220	597,276
Diluted Earnings Per Share (LKR)	10.23	7.15

The difference between weighted average number of shares used for basic EPS and diluted EPS is due to the potential number of shares from the Employee Share Option Scheme.

11 DIVIDEND PER SHARE (DPS)

11.1 Dividends Paid

Year ended 31 March	Group 2024 LKR '000	2023 LKR '000
Declared and Paid During the Year		
Dividends on Ordinary Shares;		
Final Dividend - 2022/2023 (2023-2021/2022)	1,163,274	1,163,265
Interim Dividend - 2023/2024 (2023-2022/2023)	238,669	238,618
Total Dividend	1,401,944	1,401,883

11.2 Dividend Per Share

Year ended 31 March	Group 2024 LKR	2023 LKR
Final Dividend - 2022/2023 (2023-2021/2022)	1.95	1.95
Interim Dividend - 2023/2024 (2023-2022/2023)	0.40	0.40
	2.35	2.35

11.3 Dividend Payout

	Group 2024	2023
Dividend Payout	23%	33%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Basis of Recognition

Property, Plant and Equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Basis of Measurement

Property, Plant and Equipment is stated at cost except for land and building and building on leasehold land, net of accumulated depreciation and/or accumulated impairment losses, if any. Construction in progress is stated at cost net of impairment losses, if any. Such cost includes the cost of replacing component parts of the Property, Plant and Equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the Group/ Company derecognises the net book value of replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit or Loss as incurred.

Revaluation

When items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued. Any revaluation surplus is recognised in Other Comprehensive Income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Statement of Profit or Loss, in which case the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in the Statement of Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

The Group has adopted a policy of revaluing land and building by professional valuers at each reporting date.

The valuation methodology adopted and the key assumptions used to determine the fair value of the properties and sensitivity analysis are provided in Note 12.1.3.

Capital expenditure incurred in relation to fixed assets which are not completed as at the Reporting date are shown as capital work-in-progress and is stated at cost. On completion, the related assets are transferred to property, plant and equipment. Depreciation on such assets commences when the assets are ready for their intended use.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation

Depreciation is calculated on a straight line basis over the estimated useful lives of all Property, Plant and Equipment.

The principal annual rates used by the Group/Company are as follows:

Freehold Buildings	1.5% - 10%
Plant and Machinery	6% - 25%
Furniture and Fittings	7% - 25%
Office and Factory Equipment	10% - 33%
Computer Hardware	25% - 33%
Motor Vehicles	16% - 25%

Buildings on Leasehold Land are depreciated over the remaining useful life or lease period which ever is lower.

Derecognition

An item of Property, Plant and Equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss when the asset is derecognised.

Impairment of Property, Plant & Equipment

At each reporting date, the Group evaluates whether there is indications that an asset may be impaired. If there is any such indication, or if annual impairment testing is required for an asset, the Group estimates the asset's recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash generating unit’s (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Estimated future cash flows are discounted to present value using a pre-tax discount rate that incorporates current market assessments of the time value of money and the risks specific to the asset when determining value in use. Impairment losses are recorded in the Statement of Profit or Loss, with the exception that impairment losses in respect of previously revalued property, plant, and equipment are recorded against the revaluation reserve through the Statement of Other Comprehensive Income to the extent that they reverse a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss, unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Borrowing Costs

Borrowing costs are recognised as expense in the year in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale, are capitalised as part of the respective asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The interest capitalised is calculated using Company's weighted average cost of borrowing after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investments. Interest is capitalised from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted.

Revaluation of Land and Buildings

Accounting Judgement, Estimate and Assumption

Fair value of the Land Buildings are ascertained by independent valuations carried out by Chartered valuation surveyors, who have recent experience in valuing properties of similar location and category. Land Buildings are appraised in accordance with LKAS 16, SLFRS 13 and the Valuation Standards published by the Institute of Valuers of Sri Lanka and by the RICS, UK. In determining the fair value, the current condition of the properties, future usability and associated re-development requirements have been considered. Further valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values. A sensitivity analysis on these assumptions is included in Note 12.1.3.

12 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

12.1 Group

As at 31 March	Freehold Land	Freehold Buildings	Buildings on Leasehold Land	Plant and Machinery	Furniture , Fittings & Other Equipment	Motor Vehicles	Capital Work-in-Progress	**Total**	Total
								2024	2023
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	**LKR '000**	LKR '000
Cost or Valuation									
Balance at the Beginning of the Year	4,823,711	4,419,770	4,975,964	5,857,110	5,722,539	742,368	259,298	**26,800,760**	24,275,610
Additions	472	106,245	59,324	356,517	1,240,305	1,263	615,008	**2,379,134**	1,419,730
Acquisition through Subsidiaries	-	-	-	-	13,673	-	-	**13,673**	-
Increase due to Revaluations	94,649	226,644	279,344	-	-	-	-	**600,637**	1,834,135
Transfers due to Revaluations	-	(94,535)	(156,579)	-	-	-	-	**(251,114)**	(263,266)
Disposals	-	-	-	(17,415)	(87,116)	(41,613)	-	**(146,144)**	(390,403)
Foreign Currency Translation Difference	(55,160)	(1,155)	-	(13,997)	14,393	(2,681)	-	**(58,600)**	(72,088)
Transfers and Reclassifications	(914,218)	(522,069)	17,591	108,192	47,666	-	(239,472)	**(1,502,310)**	(2,958)
Balance at the End of the Year	3,949,454	4,134,900	5,175,644	6,290,407	6,951,460	699,337	634,834	**27,836,036**	26,800,760
Accumulated Depreciation/Impairment									
Balance at the Beginning of the Year	-	-	-	2,600,021	3,685,914	601,947	-	**6,887,882**	6,268,702
Charge for the Year	-	144,721	156,579	436,374	534,753	53,093	-	**1,325,520**	1,219,933
Acquisition through Subsidiaries	-	-	-	-	13,289	-	-	**13,289**	-
Transfers due to Revaluations	-	(94,535)	(156,579)	-	-	-	-	**(251,114)**	(263,266)
Disposals	-	-	-	(20,152)	(84,360)	(25,208)	-	**(129,720)**	(325,934)
Foreign Currency Translation Difference	-	(604)	-	(3,460)	(9,705)	1,166	-	**(12,602)**	(11,436)
Transfers and Reclassifications	-	(49,582)	-	-	-	-	-	**(49,582)**	(117)
Balance at the End of the Year	-	-	-	3,012,783	4,139,892	630,998	-	**7,783,673**	6,887,882
Carrying Value									
At the End of the Year	3,949,454	4,134,900	5,175,644	3,277,624	2,811,568	68,339	634,834	**20,052,363**	
At the Beginning of the Year	4,823,711	4,419,770	4,975,964	3,257,089	2,036,625	140,421	259,298	**19,912,878**	

12.1.1 Following Companies have stated their properties at revalued amounts. The surplus arising from the revaluation was transferred to Revaluation Reserve.

Professional Valuer : Perera Sivaskantha & Co

Name of Company/ Location	No of Buildings	Extent	Method	Range of Estimates for Unobservable Inputs	Valuation	Date
				Estimated price per perch (LKR) / Estimated price per square foot (LKR) / Estimated discount rate (%) / Depreciation rate (%)	LKR' 000	
Hemas Manufacturing (Pvt) Ltd.						
Land at Dankotuwa		16A-0R-12.8P	Market Comparable Method	157,500 per perch	394,400	3/31/24
Buildings at Dankotuwa	13	202,585 Sq. ft.		4,000 - 10,000 per sq. ft.	1,047,000	
				Depreciation rate 27.5%		
Land at Welisara		1A-0R-33.12P	Market Comparable Method	1.46Mn per perch	282,500	3/31/24
Buildings at Welisara	3	55,094 Sq.ft.		4,000 - 10,500 per sq. ft.	286,500	
				Depreciation rate 45%		
Hemas Pharmaceuticals (Pvt) Ltd.						
Land at Hendala		1A-0R-17.8P	Market Comparable Method	1.35Mn per perch	240,000	3/31/24
Buildings at Hendala	2	37,863 Sq. ft.		5,000 - 10,000 per sq. ft.	236,850	
				Depreciation rate 37.5%		
Atlas Axillia Co. (Pvt) Ltd.						
Land at Peliyagoda		28.94 P	Market Comparable Method	1.9Mn per perch	55,000	3/31/24
Land at Peliyagoda		1A 3R 19.5 P		3Mn per perch	880,000	
Buildings at Peliyagoda	3	92,291 Sq.ft.		4,500 - 9,000 per sq. ft.	380,000	
				Depreciation rate 65%		
Buildings on Leasehold Land at Kandy	2	8,577 Sq. ft.	Market Comparable Method	2,500 - 5,000 per sq. ft.	8,580	3/31/24
Building on Leasehold Land at Kerawalapitiya	1	11,164 Sq. ft.	Market Comparable Method	700 - 14,250 per sq. ft.	23,449	3/31/24
Sanctuary Resorts Wilpattu Lanka (Pvt) Ltd.						
Land at Wanathawilluwa		42A 3R 29.45P	Market Comparable Method	900,000 per perch	38,200	3/31/24
Hemas Hospitals (Pvt) Ltd.						
Buildings on Leasehold Land at Wattala	2	120,133 Sq.ft.	Investment Method	Rate of return 7.25%	1,035,750	3/31/24
Hemas Capital Hospital (Pvt) Ltd.						
Buildings on Leasehold Land at Thalawathugoda	2	60,512 Sq.ft.	Investment Method	Rate of return 7.25%	690,250	3/31/24
Morison Limited						
Land at Aluthmawatha		27.78 P	Investment Method	Rate of return 7.0%	160,200	3/31/24
Building at Aluthmawatha	1	21,930 Sq.ft.			133,300	
Land at Aluthmawatha		1R 19.15 P	Investment Method	Rate of return 6.5%	334,600	3/31/24
Building at Aluthmawatha	1	21,901 Sq.ft.			136,250	
Buildings on Leasehold Land at Homagama	4	113,310 Sq. ft.	Investment Method	Rate of return 8.5%	3,417,615	3/31/24
Professional Valuer : Ahsan Manzur & Company						

12 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Name of Company/ Location	No of Buildings	Extent	Method	Range of Estimates for Unobservable Inputs	Valuation	Date
				Estimated price per perch (LKR) / Estimated price per square foot (LKR) / Estimated discount rate (%) / Depreciation rate (%)	LKR' 000	
Hemas Consumer Brands (Pvt) Ltd.						
Land at Bhadurpur, Bangladesh		466.63 Decimals	Market Comparable Method	900,000 - 1,000,000 per Decimals	436,554	3/31/24

12.1.2 Details of the Investment Properties used by the Group companies are as follows:

Name of Company / Location	No of Buildings	Extent	Method	Range of Estimates for Unobservable Inputs	Valuation	Date
				Estimated price per perch (LKR) / Estimated price per square foot (LKR) / Estimated discount rate (%) / Depreciation rate (%)	LKR' 000	
Hemas Holdings PLC						
Freehold Property at Welisara						
Land		1A-3R-8P	Market Comparable Method	1.35Mn - 1.5Mn per perch	394,000	3/31/24
Buildings	4	67,300 sq.ft.		5,250 - 10,500 per sq.ft.	367,000	
				Depreciation rate 45%		
Hemas Developments (Pvt) Ltd.						
Freehold Property at Braybrooke Place						
Land		1R-10P	Investment Method	Rate of return 7.25%	734,000	3/31/24
Building	1	99,372 Sq.ft.			1,548,000	

12.1.3 Significant Unobservable Inputs

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are tabulated below;

Valuation Technique	Significant Unobservable Valuation Inputs	Sensitivity of the Fair Value Measurement to Inputs
Market Comparable Method		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process outlier transactions, indicative of particular motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price per perch for Land Price per square foot for building	Estimated fair value would increase (decrease) if; • Price per perch increases/ (decreases) • Price per square foot increases /(decreases)
Investment Method		
This method involves capitalisation of the expected rental income at an appropriate rate of years purchase currently characterised by the real estate market.	Gross monthly rental Years from purchase (Present value of 1 unit per period) Void Period	Estimated fair value would increase (decrease) if; • Gross Annual Rental increases/(decreases) • Years from Purchase increases /(decreases) • Void Period increases / (decreases)

12.1.4 Carrying Value

As at 31 March	Group 2024 LKR '000	2023 LKR '000
At Cost	6,792,365	5,693,432
At Valuation	13,259,998	14,219,446
	20,052,363	19,912,878

12.1.5 The carrying amount of revalued Freehold Land, Freehold Buildings & Buildings on Leasehold Land if they were carried at cost less depreciation would be as follows,

As at 31 March	Cost LKR '000	Accumulated Depreciation LKR '000	Net Carrying Amount 2024 LKR '000	2023 LKR '000
Freehold Land	869,063	-	869,063	869,063
Building on Freehold Land	5,277,871	1,454,926	3,822,945	4,017,993
Building on Leasehold Land	13,321	8,433	4,887	771
	6,160,255	1,463,359	4,696,895	4,887,827

12.1.6 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of LKR 2,379 Mn (2023-LKR 1,420 Mn) by means of cash.

12.1.7 Property, Plant and Equipment includes fully depreciated assets having gross carrying value of LKR 3,359 Mn (2023-LKR 2,972 Mn).

12.1.8 Details of the assets pledged as a security for liabilities are given in Note 34 to these financial statements.

12.2. Company

Year ended 31 March	Furniture and Fittings LKR '000	Office Equipment LKR '000	Computer Hardware LKR '000	Motor Vehicles LKR '000	Total 2024 LKR '000	Total 2023 LKR '000
Cost or Valuation						
Balance at the Beginning of the Year	88,129	36,291	118,618	83,532	326,570	317,693
Additions	44,346	10,103	20,742	-	75,191	24,171
Disposals	(22,351)	(2,138)	(9,684)	(23,500)	(57,674)	(15,294)
Balance at the End of the Year	110,123	44,255	129,676	60,032	344,087	326,570
Accumulated Depreciation						
Balance at the Beginning of the Year	72,271	25,954	101,672	66,130	266,027	255,259
Charge for the Year	7,702	4,079	11,852	5,979	29,612	20,587
Disposals	(22,191)	(2,138)	(9,671)	(12,077)	(46,077)	(9,819)
Balance at the End of the Year	57,782	28,894	103,853	60,032	249,562	266,027
Carrying value						
At the End of the Year	52,341	16,361	25,823	-	94,525	
At the Beginning of the Year	15,858	10,337	16,946	17,402	60,543	

12.2.1 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of LKR 75 Mn (2023-LKR 24 Mn) by means of cash.

12.2.2 Property, Plant and Equipment includes fully depreciated assets having gross carrying value of LKR 195 Mn (2023-LKR 216 Mn).

13 INVESTMENT PROPERTIES

Accounting Policy

Investment property is a property held either to earn rental income or for capital appreciation or both, rather than sale in the ordinary course of business and use in the production or supply of goods or services or for administrative purposes.

Basis of Recognition

Investment Properties are recognised only if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the investment property can be reliably measured.

Basis of Measurement

Investment Properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, Investment Properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of Investment Properties are included in the Statement of Profit or Loss in the period in which they arise.

Investment Properties are 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 Statement of Profit or Loss in the period of derecognition.

Reclassification to or from Investment Property

Transfers are made to or from Investment Property only when there is a change in use. For a transfer from Investment Property to owner occupied property, the value for subsequent accounting is the fair value at the date of change. If owner occupied property becomes an Investment Property, Group/Company accounts for such property in accordance with the policy stated under Property, Plant and Equipment up to the date of change.

Group companies occupy a significant portion of the Investment Property of a subsidiary, such Investment Properties are treated as Property, Plant and Equipment in the consolidated financial statements, and accounted using Group Accounting Policy for Property, Plant and Equipment.

Accounting Judgement, Estimate and Assumption

Fair value of the Investment Property is ascertained by independent valuations carried out by Chartered valuation surveyors, who have recent experience in valuing properties of similar location and category. Investment property is appraised in accordance with LKAS 40, SLFRS 13 and the Valuation Standards published by the Institute of Valuers of Sri Lanka and by the RICS, UK. In determining the fair value, the current condition of the properties, future usability and associated re-development requirements have been considered. Further valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

A sensitivity analysis on these assumptions is included in Note 13.1.1.

13.1 Group

As at 31 March	2024 LKR '000	2023 LKR '000
At the Beginning of the Year	2,310,150	2,100,161
Addition	1,208	-
Transfers	1,431,785	2,100
Change in Fair Value	264,973	207,889
At the End of the Year	4,008,116	2,310,150
Rental Income Derived from Investment Properties	16,305	-
Direct Operating Expenses Generating Rental Income (Including Repair and Maintenance)	(13,124)	-
Direct Operating Expenses that did not Generate Rental Income (Including Repair and Maintenance)	(650)	(324)
Net Profit Arising from Investment Properties Carried at Fair Value	2,531	(324)

13.1.1 Details of Investment Properties

Professional Valuer : Perera Sivaskantha & Co

Name of Company / Location	No of Buildings	Extent	Method	Range of Estimates for Unobservable Inputs: Estimated price per perch (LKR) / Estimated price per square foot (LKR) / Estimated discount rate (%) / Depreciation rate (%)	Sensitivity	Valuation LKR' 000	Date
Hemas Holdings PLC							
Freehold Land at Tangalle		1A-2R-26.06P	Market Comparable Method	765,000 per perch	+/- 20Mn	203,500	3/31/24
					+/- 10% in each input		
Freehold Property at Hendala							
Land		2R-4.13P	Market Comparable Method	2.15Mn per perch	+/- 17Mn	170,200	3/31/24
Building	1	2,960 sq.ft.		6,250 per sq.ft.	+/- 550,000	8,300	
				Depreciation rate 55%			
					+/- 10% in each input		
Peace Haven Resorts Limited							
Land		19A-2R-34.16P	Market Comparable Method	600,000- 700,000 per perch	+/- 200Mn	2,006,400	3/31/24
Building	1	4,250 sq.ft.		7,500 per sq.ft.		9,600	
				Depreciation rate 70%			
					+/- 10% in each input		
Mowbray Hotels Limited							
Land at Kandy		32A-1R-29P	Market Comparable Method	52,500 per perch	+/- 27Mn	272,400	3/31/24
Buildings at Kandy	3	11,134 Sq.ft.		4,250 - 5,500 per sq.ft	+/- 600,000	11,400	
				Depreciation rate 80%			
					+/- 10% in each input		
Atlas Axillia Company (Pvt) Ltd.							
Land at Morahela, Balangoda		0A – 1R – 30.70P	Market Comparable Method	30,000 - 31,500 per perch	+/- 200,000	2,200	3/31/24
					+/- 10% in each input		
Morlan (Pvt) Ltd.							
Land at Pethiyagoda, Kelaniya		7A 3R 7P	Investment Method	Rate of return 9%	- 0.5% in rate of return +30Mn	925,866	3/31/24
Buildings at Pethiyagoda, Kelaniya	13	83,686 Sq.ft.			+ 0.5% in rate of return +27Mn	398,250	

Description of the above valuation techniques together with narrative descriptions on sensitivity of the fair value measurement to changes in significant unobservable inputs are the same as disclosed in Note 12.1.3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 INVESTMENT PROPERTIES (CONTD.)

13.2 Company

Year ended 31 March	2024 LKR '000	2023 LKR '000
At the Beginning of the Year	1,065,305	851,300
Change in Fair Value	77,695	214,005
At the End of the Year	1,143,000	1,065,305
Rental Income Derived from Investment Properties	28,807	24,377
Direct Operating Expenses Generating Rental Income (Including Repair and Maintenance)	(780)	(877)
Direct Operating Expenses that did not Generate Rental Income (Including Repair and Maintenance)	(90)	(75)
Net Profit Arising from Investment Properties Carried at Fair Value	27,937	23,425

13.2.1 Details of Investment Properties

Professional Valuer : Perera Sivaskantha & Co

Name of Company / Location	No of Buildings	Extent	Method	Range of Estimates for Unobservable Inputs: Estimated price per perch (LKR) / Estimated price per square foot (LKR) / Estimated discount rate (%) / Depreciation rate (%)	Sensitivity	Valuation LKR' 000	Date
Freehold Property at Welisara							
Land		1A-3R-8P	Market Comparable Method	1.35Mn - 1.5Mn per perch	+/- 39.5Mn	394,000	3/31/24
Buildings	4	67,300 sq.ft.		5,250 - 10,500 per sq.ft.	+/- 18Mn	367,000	
				Depreciation rate 45%			
					+/- 10% in each input		
Freehold Property at Hendala							
Land		2R-4.13P	Market Comparable Method	2.15Mn per perch	+/- 17Mn	170,200	3/31/24
Building	1	2,960 sq.ft.		6,250 per sq.ft.	+/- 550,000	8,300	
				Depreciation rate 55%			
					+/- 10% in each input		
Freehold Land at Tangalle		1A-2R-26.06P	Market Comparable Method	765,000 per perch	+/- 20Mn	203,500	3/31/24
					+/- 10% in each input		

14 RIGHT-OF-USE ASSETS

Accounting Policy

The Group/ Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

The Group/ Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group recognises lease liabilities to make lease payments and Right-of-Use Assets representing the right to use the underlying assets.

The Group/ Company only re-assesses whether a contract is, or contains, a lease subsequent to initial recognition if the terms and conditions of the contract are changed.

Right-of-Use Assets

The Group/ Company recognises Right-of-Use Assets when the underlying asset is available for use. Right of Use Assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of Right-of-Use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group/ Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised Right-of-Use Assets are depreciated on a straight line basis over the shorter of its estimated useful life or the lease term. If ownership of the leased asset transfers to the Group/ Company at the end of the lease term or the cost reflects the exercise of a purchase option, amortisation is calculated using the estimated useful life of the asset (Land and Building 2-30 years). Right-of-Use Assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Group/ Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The Group’s lease liabilities are included in Interest-bearing loans and borrowings.

Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight line basis over the lease term.

Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset is classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Set out below, are the carrying amounts of the Group's Right-of-Use assets and lease liabilities (Included under Interest Bearing Borrowings) and the movements for the period ended 31 March 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 RIGHT-OF-USE ASSETS (CONTD.)

14.1 Right-of-Use Assets

	Group		Company	
As at 31 March	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
At the Beginning of the Year	995,097	1,177,653	-	56,223
Additions	587,303	126,076	127,528	-
Amortisation	(278,279)	(306,120)	(63,261)	(56,223)
Foreign Currency Translation Difference	10,046	(2,512)	-	-
At the End of the Year	1,314,167	995,097	64,267	-

Right-of-Use Assets represent the land and buildings.

14.2 Lease Liabilities

	Group		Company	
As at 31 March	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
At the Beginning of the Year	1,228,626	1,303,108	-	57,544
Additions	587,202	122,163	127,528	
Interest Expense	206,661	151,071	21,141	1,785
Payments	(401,698)	(344,204)	(77,446)	(59,329)
Foreign Currency Translation Difference	(3,419)	(3,512)	-	-
At the End of the Year	1,617,372	1,228,626	71,223	-
Current	283,592	200,832	71,223	-
Non-Current	1,333,780	1,027,794	-	-
Total	1,617,372	1,228,626	71,223	-

The following are the amounts recognised in the Statement of Profit or Loss from:

	Group		Company	
Year ended 31 March	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Amortisation Expense of Right-of-Use Assets	278,279	306,120	63,261	56,223
Interest Expense on Lease Liabilities	206,661	151,071	21,141	1,785
Expense Relating to Short Term Leases and Low Value Assets	134,049	112,489	-	-

15 INTANGIBLE ASSETS

Accounting Policy

Basis of Recognition

Intangible Assets are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Basis of Measurement

Intangible Assets acquired separately are measured on initial recognition at cost. The cost of Intangible Assets acquired in a business combination is recognised at their fair value as at the date of acquisition. Following initial recognition, Intangible Assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated Intangible Assets (excluding capitalised development costs) are not capitalised and expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

Purchased Software

Purchased software is recognised as an Intangible Asset and is amortised on a straight line basis over its useful life.

Research and Development Costs

Research costs are expensed as incurred. Intangible Assets arising from development expenditure on an individual project is recognised only when the Group can demonstrate, the technical feasibility of completing the Intangible Assets so that it will be available for use or sale, its intention to complete and its ability to use or sell the assets, how the assets will generate future economic benefits, the availability of resources to complete the assets and the ability to measure reliably the expenditure during the development.

During the period of development, the assets are tested for impairment annually. Following the initial recognition of the development expenditure, the cost model is applied requiring the assets to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the assets begins when development is completed and the asset is available for use. It is amortised over the period of expected future benefit. During the period where the asset is not yet in use it is tested for impairment annually.

Brands

Brands acquired as part of a business combination are capitalised if the Brand meets the definition of an intangible asset and the recognition criteria are satisfied.

Brands with finite lives are amortised over their useful economic lives & assessed for impairment whenever there is an indication for impairment

Brands with the indefinite useful life are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in Intangible Assets. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for Non- Controlling Interests over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in Statement of Profit or Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Where goodwill has been allocated to a cash generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is allocated to the carrying amount of the equity accounted investee.

Useful Economic Lives, Amortisation / Impairment

The useful lives of Intangible Assets are assessed as either finite or indefinite.

Intangible Assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the Intangible Asset may be impaired. The amortisation period and the amortisation method for an Intangible Asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on Intangible Assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the Intangible Assets.

15 INTANGIBLE ASSETS (CONTD.)

Intangible Assets with infinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of infinite life is reviewed annually to determine whether the infinite life continues to be supportable. If not, the change in useful life from infinite to finite is made on a prospective basis. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

A summary of the policies applied to the Group's intangible assets is, as follows:

Intangible Assets	Useful Life	Type	Subsequent Measurement	Rate
Software	Finite	Acquired	Amortisation	10% - 33.3%
Brands	Finite / Indefinite	Acquired	Amortisation/ Tested for Impairment	6.7% - 10%
Goodwill	Indefinite	Acquired	Tested for Impairment	-

Derecognition

Gains or Losses arising from derecognition of an Intangible Asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is derecognised.

Accounting Judgement, Estimate and Assumption

Recoverable amounts of the CGU have been ascertained based on value in use calculations and the assumptions used are as follows.

Goodwill The business acquisition to which the goodwill is attributable is valued based on the earnings growth method. Assumptions applied in such computations are reviewed each year.

Brands Brands are valued based on the earnings growth method, and assumptions applied are reviewed each year.

The key assumptions used to determine the recoverable amount for the different CGUs, are as follows;

Variable	Assumptions Used	Sensitivity		
		Change	Impact on Value In Use	Impact on Goodwill
Discount Rate	The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium - 16% - 20% (2023 - 18% - 33%).	Increases by 1%	-8.8%	No Impact
		Decreases by 1%	10.2%	No Impact
Long-Term Growth Rate for Cash Flows for Subsequent Years	Based on historical growth rate and business plan 3% - 4% (2023 - 2% - 5%).	Increases by 1%	5.6%	No Impact
		Decreases by 1%	-4.8%	No Impact
Inflation Rate	Based on the current inflation rate and the percentage of the total cost subject to the inflation.			

Above assumptions are affected by expected future market and future economic conditions.

15.1 GROUP

	Software LKR '000	Brands LKR '000	Goodwill LKR '000	Total 2024 LKR '000	Total 2023 LKR '000
Cost					
Balance at the Beginning of the Year	771,353	1,150,721	2,107,436	4,029,510	3,942,826
Additions	26,948	-	-	26,948	71,771
Acquisition of Subsidiaries	150	-	5,464	5,614	-
Transfers	-	-	-	-	25,162
Foreign Currency Translation Difference	14,896	-	-	14,896	(3,584)
Disposals	(1,469)	-	-	(1,469)	(6,664)
Balance at the End of the Year	811,878	1,150,721	2,112,900	4,075,499	4,029,510
Accumulated Amortisation/Impairment					
Balance at the Beginning of the Year	551,427	166,710	-	718,137	647,362
Amortisation	79,155	-	-	79,155	76,387
Acquisition of Subsidiaries	81	-	-	81	-
Foreign Currency Translation Difference	(4,053)	-	-	(4,053)	(3,526)
Disposals	(898)	-	-	(898)	(2,086)
Balance at the End of the Year	625,793	166,710	-	792,503	718,137
Carrying Value					
At the End of the Year	186,085	984,011	2,112,900	3,282,996	
At the Beginning of the Year	219,926	984,011	2,107,436	3,311,373	

The aggregate carrying amount of goodwill allocated to each unit is as follows;

	2024 LKR '000	2023 LKR '000
Morison Limited	259,288	259,288
Atlas Axillia Company (Pvt) Ltd.	1,848,148	1,848,148
Shipping Agency Services (Pvt) Ltd.	5,464	-
	2,112,900	2,107,436

15.2 Company

As at 31 March	Software 2024 LKR '000	 2023 LKR '000
Cost		
Balance at the Beginning of the Year	279,630	254,468
Transfers	-	25,162
Balance at the End of the Year	279,630	279,630
Accumulated Amortisation		
Balance at the Beginning of the Year	230,146	204,186
Amortisation	28,401	25,960
Balance at the End of the Year	258,547	230,146
Carrying Value	21,083	49,484

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 INVESTMENT IN SUBSIDIARIES

Accounting Policy

Investment in Subsidiaries are initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of subsidiaries are immediately recognised in the Statement of Profit or Loss. Following initial recognition, investment in subsidiaries are carried at cost less any accumulated impairment losses.

As at 31 March	Direct Holding		Direct Investment	
	2024	2023	2024 LKR '000	2023 LKR '000
Non-Quoted Investments				
Hemas Corporate Services (Pvt) Ltd.	100%	100%	39,891	39,891
Hemas Developments (Pvt) Ltd.	100%	100%	909,869	909,869
Hemas Manufacturing (Pvt) Ltd.	100%	100%	914,295	914,295
Hemas Pharmaceuticals (Pvt) Ltd.	100%	100%	213,331	213,331
Hemas Surgicals and Diagnostics (Pvt) Ltd.	100%	100%	273,957	273,957
Leisure Asia Investments Ltd.	100%	100%	5,533,371	5,533,371
Hemas Transportation (Pvt) Ltd.	100%	100%	723,029	723,029
Far Shipping Lanka (Pvt) Ltd.	100%	100%	3,000	3,000
Hemas COE Pvt Ltd.	100%	100%	6,172	6,172
Magnicare (Pvt) Ltd.	100%	100%	200	50
Hemascorp (Pvt) Ltd.	100%	100%	127,789	127,789
Hemas Ecopower (Pvt) Ltd.	100%	100%	711,810	663,310
Hemas Marketing (Pvt) Ltd.	100%	100%	273,517	273,517
Hemas Trading (Pvt) Ltd.	100%	100%	35,362	35,362
Hemas Hospitals (Pvt) Ltd.	89%	85%	2,850,122	2,547,122
Atlas Axillia Co. (Pvt) Ltd.	75%	75%	5,658,706	5,658,706
Morison Limited	0%	0%	126	126
Exchange & Finance Investments (Pvt) Ltd.	100%	100%	9,412	9,412
Far Shipping Lanka (Pvt) Ltd.	100%	100%	3,000	3,000
Concept Ventures (Pvt) Ltd.	100%	100%	372,024	372,024
			18,655,983	18,304,333
Impairment of Investment in;				
FAR Shipping Lanka (Pvt) Ltd.			(3,000)	(3,000)
Exchange & Finance Investments (Pvt) Ltd.			(9,412)	(9,412)
Concept Ventures (Pvt) Ltd.			(372,024)	(292,024)
			(384,436)	(304,436)
Total			18,271,547	17,999,897

17 INVESTMENT IN EQUITY ACCOUNTED INVESTEES

Accounting Policy

An Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A Joint Venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the Joint Venture. Joint Control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its Associates and Joint Ventures are accounted for using the equity method.

Under the equity method, the investment in an Associate or Joint Venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the Associate or Joint Venture since the acquisition date.

Goodwill relating to the Associate or Joint Venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the Associate or Joint Venture. Any change in Other Comprehensive Income of those investees is presented as a part of the Group's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the Associate or Joint Venture, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the Associate or Joint Venture are eliminated to the extent of the interest in the Associate or Joint Venture.

The aggregate of the Group's share of profit or loss of an Associate and a Joint Venture is shown on the face of the Statement of Profit or Loss and represents profit or loss after tax.

Share of losses are recognised only to the extent that the investment becomes zero.

The Financial Statements of Associates and Joint Ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in Associate or Joint Venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the Associate or Joint Venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the Associate or Joint Venture and its carrying value, and then recognises the loss in the 'Share of results of Associates and Joint Ventures' in the Statement of Profit or Loss.

Upon loss of significant influence over the Associate or Joint Control over the Joint Venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the Associate or Joint Venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in Statement of Profit or Loss.

As at 31 March	Note	Statement of Financial Position 2024 LKR '000	2023 LKR '000
Investment in Joint Ventures	17.1	1,461,835	679,810
Investment in Associates	17.2	11,828	22,253
		1,473,663	702,063

Year ended 31 March	Share of Profit or Loss 2024 LKR '000	2023 LKR '000	Share of Other Comprehensive Income 2024 LKR '000	2023 LKR '000
Investment in Joint Ventures	92,380	(440,999)	689,644	1,121,182
Investment in Associates	1,111	40,861	(43)	(373)
	93,491	(400,138)	689,601	1,120,809

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 INVESTMENT IN EQUITY ACCOUNTED INVESTEES (CONTD.)

17.1 Investment in Joint Venture

As at 31 March	Holding 2024	Holding 2023	2024 LKR '000	2023 LKR '000
Cost				
PH Resorts (Pvt) Ltd.	50%	50%	1,411,398	1,411,398
			1,411,398	1,411,398
Cumulative Loss Accruing to the Group Net of Dividend			(1,827,918)	(1,920,299)
Cumulative Other Comprehensive Income Accruing to the Group			1,878,355	1,188,711
			50,437	(731,588)
Carrying Amount of the Investment			1,461,835	679,810

Summarised Financial Information of Joint Venture

	2024 LKR '000	2023 LKR '000
Group Share of Joint Venture's Statement of Financial Position;		
Current Assets	659,537	457,495
Non-Current Assets	5,629,035	5,073,350
Current Liabilities	(766,783)	(740,690)
Non-Current Liabilities	(4,059,954)	(4,110,345)
Carrying Amount of the Investment	1,461,835	679,810
Group Share of Joint Venture's Statement of Profit or Loss;		
Share of the Joint Venture Revenue	1,812,876	883,649
Share of the Joint Venture Losses Before Tax	92,616	(437,153)
Share of the Joint Venture Losses After of Tax	92,380	(440,999)
Share of the Joint Venture Other Comprehensive Income		
To be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax)	189,551	(530,570)
Not to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax)	500,093	1,651,752

Details of the Commitments and Contingencies are given in Note 33 to these financial statements.

17.2 Investment in Associates

As at 31 March	Holding 2024	Holding 2023	2024 LKR '000	2023 LKR '000
Unquoted				
Pulz Solutions (Pvt) Ltd.	30%	30%	6,500	6,500
Hire 1 Technologies (Pvt) Ltd.	20%	20%	29,500	29,500
VulcanD (Pvt) Ltd.	20%	20%	10,000	10,000
FAR Shipping Agency (Pvt) Ltd.	36%	36%	132,028	132,028
			178,028	178,028
Cumulative Loss Accruing to the Group Net of Dividend			(125,869)	(115,487)
Cumulative Other Comprehensive Income Accruing to the Group			(747)	(704)
Impairment of Investment in Associate			(39,584)	(39,584)
			(166,200)	(155,775)
Carrying Amount of the Investment			11,828	22,253

Summarised Financial Information of Associate

	2024 LKR '000	2023 LKR '000
Group Share of Associates' Statement of Financial Position;		
Current Assets	52,942	107,932
Non-Current Assets	2,136	2,041
Current Liabilities	(38,609)	(84,005)
Non-Current Liabilities	(4,641)	(3,716)
Carrying Amount of Associate	11,828	22,253
Group Share of Associates' Statement of Profit or Loss;		
Share of the Associate Revenue	38,306	77,882
Share of the Associate Profits Before Tax	7,580	59,068
Share of the Associate Profits After of Tax	1,111	40,861
Share of the Associate Other Comprehensive Income		
Not to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax)	(43)	(373)

Details of the Commitments and Contingencies are given in Note 33 to these financial statements.

18 LEASE RECEIVABLES

The assets are reported as receivables at an amount equal to the net investment in the lease. Lease income from finance leases is recognised over the term of the lease based on the effective interest rate method.

As at 31 March	2024 LKR '000 Gross Investment in Lease	2024 LKR '000 Present Value of Minimum Lease Receipts	2023 LKR '000 Gross Investment in Lease	2023 LKR '000 Present Value of Minimum Lease Receipts
Non-Current - Between One to Five Years	48,029	42,186	129,446	122,186
Current	35,824	30,639	30,630	22,761
	83,853	72,825	160,076	144,947

19 FINANCIAL INSTRUMENTS

Accounting Policy

Recognition and Initial Measurement

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

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual 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 (FVPL), 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

Financial Assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets 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. The Group did not classify any instrument under this category as of 31 March 2024.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. The Group's financial assets at amortised cost includes trade receivables, loans to an employees, loans to related parties and other investments included under other financial assets.
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. The Group elected to classify irrevocably its listed and non-listed equity investments under this category.
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.

Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Statement of profit or loss. Any gain or loss on derecognition is also recognised in the Statement of profit or loss.

Derecognition

Financial Assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

In these cases, the transferred assets are not derecognised.

Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. 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.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative Financial Instruments and Hedge Accounting

Initial Recognition and Subsequent Measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

19 FINANCIAL INSTRUMENTS (CONTD.)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged.
- The item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash Flow Hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

Cross Currency SWAP

The Group uses cross currency swaps (CCS) to hedge the interest rate risk and exchange rate risk arising from a floating rate borrowing denominated in foreign currencies. The hedge type is designated as cash flow hedge since the Group is expecting to hedge the variability arise by the interest rate risk and exchange rate risk, where the USD borrowing can be identified as the hedged item, the CCS can be identified as the hedge instrument and interest rate risk and exchange rate risk can be identified as the hedged risk.

The economic relationship between the hedged item (currency outflows for repayments of foreign currency loan) and the hedging instrument (inflows from cross currency SWAP) is such that it moves in an opposite direction as a result of the common underlying or hedged risk.

The Group has established a hedge ratio of 1:1 between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting. Moreover, the hedge effectiveness is set at 100% as per the contractual terms where the fair value change in the hedge instrument is 100% efficient in offsetting the fair value change of the liability.

The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps.

Impairment of Financial Assets

The Group recognises an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

19 FINANCIAL ASSETS

As at 31 March	Note	Group 2024 LKR '000	Group 2023 LKR '000	Company 2024 LKR '000	Company 2023 LKR '000
Non-Current	19.1	209,633	181,515	15,143	13,928
Current	19.2	168,880	139,171	316,878	536,063
Total Financial Assets		378,513	320,686	332,021	549,991

19.1 Other Financial Assets - Non Current

	Note	Group 2024 LKR '000	Group 2023 LKR '000	Company 2024 LKR '000	Company 2023 LKR '000
Investment In Equity Securities	19.1.1	75,964	68,283	13,639	12,357
Loans to Company Employees		64,528	44,781	1,504	1,571
Refundable Deposits		69,141	68,451	-	-
		209,633	181,515	15,143	13,928

19.1.1 Investment In Equity Securities

Group

Quoted	No. of Shares 2024	No. of Shares 2023	Carrying Value 2024 LKR '000	Carrying Value 2023 LKR '000	Fair Value 2024 LKR '000	Fair Value 2023 LKR '000
Overseas Realty (Ceylon) PLC	1,000	1,000	18	16	18	16
Eden Hotels Lanka PLC	127	127	2	2	2	2
Galadari Hotels PLC	1,500	1,500	25	22	25	22
CT Holdings PLC	10,934	10,934	2,775	1,657	2,775	1,657
CIC Holdings PLC	296	296	21	11	21	11
Royal Palm Beach Hotels PLC	85	85	3	1	3	1
Hayleys PLC	13	13	1	1	1	1
Lankem Ceylon PLC	50	50	3	1	3	1
John Keells Holdings PLC	2,377	2,377	461	332	461	332
Mercantile Shipping Company PLC	484,334	484,334	-	-	-	-
Dolphin Hotel PLC	2,069,955	2,069,955	72,655	66,239	72,655	66,239
			75,964	68,283	75,964	68,283

Unquoted	No. of Shares 2024	No. of Shares 2023	Carrying Value 2024 LKR '000	Carrying Value 2023 LKR '000
Digital Healthcare Solutions (Pvt) Ltd - Preference Shares	3,950,000	3,950,000	-	-
			-	-
Total Group			75,964	68,283

Company

Quoted	No. of Shares 2024	No. of Shares 2023	Carrying Value 2024 LKR '000	Carrying Value 2023 LKR '000	Fair Value 2024 LKR '000	Fair Value 2023 LKR '000
Overseas Realty (Ceylon) PLC	500	500	9	8	9	8
John Keells Holdings PLC	2,081	2,081	404	291	404	291
Mercantile Shipping Company PLC	484,334	484,334	-	-	-	-
Dolphin Hotel PLC	376,808	376,808	13,226	12,058	13,226	12,058
			13,639	12,357	13,639	12,357

19 FINANCIAL INSTRUMENTS (CONTD.)

19.2 Other Financial Assets - Current

		Group		Company	
	Note	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Loans to Company Employees		168,691	136,210	978	1,313
Loans Due From Related Parties	19.2.1	-	-	315,900	534,750
Refundable Deposits		189	2,961	-	-
		168,880	139,171	316,878	536,063

19.2.1 Loans Due From Related Parties

		Company	
	Relationship	2024 LKR '000	2023 LKR '000
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	300,000	-
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	15,900	-
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	-	534,750
		315,900	534,750
Current		315,900	534,750
Non-current		-	-

Terms and Conditions

Security - Unsecured

Repayment -To be Repaid on Demand

Interest - Based on Market Rates (AWPLR + Margin)

19.3 Financial Assets and Liabilities by Categories

		Group		Company	
As at 31 March	Note	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Financial Assets					
Financial Assets at Amortised Cost					
Trade and Other Receivables (Excluding Advance and Prepayments)	21	24,701,589	22,153,559	391,577	971,028
Other Financial Assets					
Loans to Company Employees	19	233,219	180,991	2,482	2,884
Loans Due from Related parties	19	-	-	315,900	534,750
Refundable Deposits	19	69,330	71,412	-	-
Cash and Short Term Deposits	28	13,222,991	16,330,774	24,589	23,712
Financial Assets at FVOCI					
Equity Share Investment	19	75,964	68,283	13,639	12,357
Financial Liabilities					
Loans & Borrowings					
Interest Bearing Loans and Borrowings	24	9,677,585	15,960,140	1,817,000	865,000
Loans Due to Related Parties	24	-	-	337,530	397,240
Lease Liability	14	1,617,372	1,228,626	71,223	-
Trade and Other Payables	27	30,847,653	29,625,732	769,189	776,928
Bank Overdraft	28	1,410,408	4,268,634	190,471	735,422
Other Financial Liabilities					
Preference Share	25	275,000	275,000	-	-
Rent Deposits/Advances	25	4,505	505	-	-
Put Option over Non-Controlling Interests	25	-	2,949,482	-	-

20 INVENTORIES

Accounting Policy

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw Materials - Weighted Average basis.
- Finished Goods and Work In Progress - at the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity.
- Consumables and Spares - at actual cost on First In First Out basis.
- Goods In Transit and Other Stocks - at Actual Cost.
- Medical Supplies - Weighted Average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

The determination of inventory provisions for the Group (except specific items) was based on a comprehensive assessment of inventory age (expiry date) and shelf life.

As at 31 March	Group	
	2024 LKR '000	2023 LKR '000
Raw Materials	3,560,320	5,207,398
Work In Progress	606,861	369,596
Finished Goods	18,242,310	21,901,756
Other Stocks	874,551	388,578
Goods In Transit	662,214	1,150,261
Less: Provision for Slow-Moving and Obsolete Inventory	(1,171,111)	(415,229)
	22,775,145	28,602,360

There were no inventories have been pledged as security for liabilities as at the reporting date.

21 TRADE AND OTHER RECEIVABLES

Accounting Policy

A receivable represents the Group's right to an amount of consideration that is unconditional.

Impairment of Trade Receivables

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs.

The Group recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors of the economic environment. To estimate loss given default (LGD) parameters, the Group analyses the historical recovery rates. GDP growth rates were used for forward-looking factors in the economic environment.

		Group		Company	
	Note	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Trade Receivables					
Related Parties	21.2	-	-	305,467	159,631
Others		21,480,494	17,807,862	1,442	2,487
		21,480,494	17,807,862	306,909	162,118
Less: Allowance for Impairment					
Related Parties		-	-	(27,981)	(43,677)
Others		(433,993)	(562,619)	(886)	(927)
	21.1	(433,993)	(562,619)	(28,867)	(44,604)
		21,046,501	17,245,243	278,042	117,514
Other Receivables					
Related Parties	21.3	-	-	66,368	67,129
Others		3,952,442	5,231,803	57,684	792,084
Less: Allowance for Impairment		(297,354)	(323,487)	(10,517)	(5,699)
Advances and Prepayments		1,597,126	3,302,776	49,366	55,661
		26,298,715	25,456,335	440,943	1,026,689

21 TRADE AND OTHER RECEIVABLES (CONTD.)

The Age Analysis of Trade Receivables as at 31 March, is as follows:

Group			Past due but not impaired				
	Total	Neither due nor impaired	< 30 days	31-60 days	61-90 days	91-120 days	> 120 days
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
2024	21,480,494	17,326,028	2,395,375	818,738	326,933	130,534	482,886
2023	17,807,862	15,442,388	1,182,352	170,669	349,701	125,162	537,589

Company			Past due but not impaired				
	Total	Neither due nor impaired	< 30 days	31-60 days	61-90 days	91-120 days	> 120 days
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
2024	306,909	124,304	104,783	27,743	9,014	2,796	38,269
2023	162,118	103,244	5,104	307	1,121	3,223	49,119

21.1 Movements in the allowance for impairment of Trade Receivables;

	Group			Company		
	Individually Impaired LKR '000	Collectively Impaired LKR '000	Total LKR '000	Individually Impaired LKR '000	Collectively Impaired LKR '000	Total LKR '000
As at 1 April 2022	-	570,233	570,233	-	33,953	33,953
Charge/ (Reversal) for the Year	-	170,741	170,741	-	10,651	10,651
Recovered during the year	-	(122,329)	(122,329)	-	-	-
Write off	-	(56,026)	(56,026)	-	-	-
As at 31 March 2023	-	562,619	562,619	-	44,604	44,604
Charge/ (Reversal) for the Year	-	(81,067)	(81,067)	-	(15,737)	(15,737)
Recovered during the year	-	(6,690)	(6,690)	-	-	-
Write off	-	(40,869)	(40,869)	-	-	-
As at 31 March 2024	-	433,993	433,993	-	28,867	28,867

21.2 Trade Dues From Related Parties

	Relationship	Company 2024 LKR '000	Company 2023 LKR '000
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	116,600	9,655
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	4,119	556
Hemas COE Pvt Ltd.	Subsidiary	9,225	-
Hemas Hospitals (Pvt) Ltd.	Subsidiary	6,316	4,418
Hemas Capital Hospital (Pvt) Ltd.	Subsidiary	4,754	1,991
Hemas Surgicals & Diagnostics (Pvt) Ltd.	Subsidiary	14,095	9,870
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	89,860	27,767
Forbes Air Services (Pvt) Ltd.	Subsidiary	436	263
Hemas Developments (Pvt) Ltd.	Subsidiary	43	41
FAR Shipping Agency Lanka (Pvt) Ltd.	Associate	76	136
Hemas Transportation (Pvt) Ltd.	Subsidiary	174	107
P H Resorts (Pvt) Ltd.	Joint Venture	7,404	6,136
Morison Limited	Subsidiary	3,102	1,378
Hemas Maritime (Pvt) Ltd.	Subsidiary	-	4
Hemas Consumer Brands (Pvt) Ltd.	Subsidiary	46,614	95,662
Evergreen Shipping Agency Lanka (Pvt) Ltd.	Subsidiary	39	23
Atlas Axillia Company (Pvt) Ltd.	Subsidiary	1,538	1,362
Mazu Shipping (Pvt) Ltd.	Subsidiary	23	19
Life Connect Solutions (Pvt) Ltd.	Subsidiary	1,049	243
		305,467	159,631

21.3 Other Dues From Related Parties

	Relationship	Company 2024 LKR '000	Company 2023 LKR '000
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	24,265	47,501
Hemas Development (Pvt) Ltd.	Subsidiary	20	7
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	6,091	617
Forbes Air Services (Pvt) Ltd.	Subsidiary	41	45
Hemas COE Pvt Ltd.	Subsidiary	1,117	-
Hemas Surgicals and Diagnostics (Pvt) Ltd.	Subsidiary	81	73
Hemas Hospitals (Pvt) Ltd.	Subsidiary	4,002	4,472
Hemas Capital Hospital (Pvt) Ltd.	Subsidiary	711	433
FAR Shipping Agency Lanka (Pvt) Ltd.	Associate	24	24
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	5,791	322
Hemas Transportation (Pvt) Ltd.	Subsidiary	128	50
Evergreen Shipping Agency Lanka (Pvt) Ltd.	Subsidiary	50	58
Morison Limited	Subsidiary	16,211	7,931
Life Connect Solutions (Pvt) Ltd.	Subsidiary	49	76
Hemas Consumer Brands (Pvt) Ltd.	Subsidiary	730	4,759
Mazu Shipping (Pvt) Ltd.	Subsidiary	3	3
Healthnet International (Pvt) Ltd.	Subsidiary	15	-
Atlas Axillia Company (Pvt) Ltd.	Subsidiary	7,039	758
		66,368	67,129

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 STATED CAPITAL

22.1 Fully Paid Ordinary Shares

	2024		2023	
	Number	LKR '000	Number	LKR '000
Balance at the Beginning of the Year	596,546,025	7,776,111	596,546,025	7,776,111
Exercise of Employee Share Option	126,592	7,764	-	-
Balance at the End of the Year	596,672,617	7,783,875	596,546,025	7,776,111

22.2 Rights, Preferences and Restrictions of Classes of Capital

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company.

22.3 Share Based Payment Scheme

Accounting Policy

Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transactions).

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identifiable goods or services received at the grant date.

The Group applies SLFRS 2 - Share based payments in accounting for employee remuneration in the form of shares.

Equity-Settled Transactions

The cost of Equity-Settled Transactions is recognised, together with a corresponding increase in other Capital Reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the Statement of Profit or Loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Under the Group's Employee Share Option Scheme (ESOS), share options of the parent are granted to executives of the Group/ Company generally with more than 12 months of service. The exercise price of the share options is equal to the 30 day volume weighted average market price of the underlying shares on the date of grant. The share options vested after period of one year from the date of grant and it depends on the performance criteria and time criteria. The fair value of the share options is estimated at the grant date using the Black Scholes option pricing model taking into account the terms and conditions upon which the share options were granted.

Employee Share Option Scheme (ESOS) - 2015

The Board of Directors, with the approval in principal of the Colombo Stock Exchange, and authorised by the shareholders at an Extraordinary General Meeting dated 10 April 2015, to create a Employee Share Option Scheme (ESOS) to offer 13,900,000 ordinary shares being 2.4% of the total number of shares in issue to Executive Directors and Senior Executives of the Company and its Subsidiaries whom the Board deems to be eligible to be awarded the shares.

Accordingly the options were granted to the Executive Directors and Senior Executives of the Company and its subsidiaries as follows,

	Date of Grant	No of Shares Granted	Grant Price (LKR)	Vesting Period	Exercise Period	Date of Expiry
Grant 1	27.07.2015	3,053,750	82.00	1 Year	3 Years	27.07.2019
Grant 2	27.07.2016	3,008,750	87.50	1 Year	3 Years	27.07.2020
Grant 3	27.07.2017	3,420,000	149.50	1 Year	3 Years	27.07.2021
Grant 4	27.07.2018	3,491,250	108.81	1 Year	3 Years	27.07.2022
Grant 5	27.07.2019	4,115,000	69.00	1 Year	3 Years	27.07.2023
Grant 6	27.07.2020	2,630,758	60.00	1 Year	3 Years	27.07.2024

The exercise period for each option granted is three years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

Employee Share Option Scheme (ESOS) - 2021

The Board of Directors, with the approval in principal of the Colombo Stock Exchange, and authorised by the shareholders at an Extraordinary General Meeting dated 30 June 2021, to create a Employee Share Option Scheme (ESOS) to offer 13,500,000 ordinary shares being 2.26% of the total issued and fully paid ordinary voting shares of the Company. The ESOS 2021 is applicable to Eligible Employees, who are employees of a company in the Hemas Group (i.e. the Company and subsidiaries of the Company as identified by the Board whose employees are eligible to participate in the Scheme).

	Date of Grant	No of Shares Granted	Grant Price (LKR)	Vesting Period	Exercise Period	Date of Expiry
Grant 1	20.07.2021	3,538,112	82.46	1 Year	5 Years	20.07.2027
Grant 2	20.07.2022	3,071,647	43.84	1 Year	5 Years	20.07.2028
Grant 3	20.07.2023	3,375,000	71.02	1 Year	5 Years	20.07.2029

	Group		Company	
Year Ended 31 March	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Total Expense Arising from Share-Based Payment Transactions	10,548	6,772	3,395	(40)

	Group			
As at 31 March	2024		2023	
	No of Shares	WAEP*	No of Shares	WAEP*
Outstanding at the Beginning of the Year	7,854,050	58.94	9,148,593	81.09
Granted during the Year	3,375,000	71.02	3,071,647	43.84
Expired during the Year	(1,701,612)	69.00	(2,032,822)	108.81
Exercised during the Year	(126,592)	48.23	-	-
Cancelled during the Year	(2,144,193)	-	(2,333,368)	-
Outstanding at the End of the Year	7,256,653	66.85	7,854,050	58.94
Exercisable at the End of the Year	3,881,653	63.22	4,782,403	68.63

	Company			
As at 31 March	2024		2023	
	No of Shares	WAEP*	No of Shares	WAEP*
Outstanding at the Beginning of the Year	1,531,717	80.12	1,847,733	80.12
Granted during the Year	950,000	71.02	638,542	43.84
Expired during the Year	(301,700)	69.00	(368,016)	108.81
Cancelled during the Year	(435,664)	-	(586,542)	-
Outstanding at the End of the Year	1,744,353	50.78	1,531,717	80.12
Exercisable at the End of the Year	893,175	60.06	576,675	70.47

*WAEP - Weighted Average Exercise Price (LKR)

22 STATED CAPITAL (CONTD.)

The following information were used and results were generated using Black Scholes Option Pricing Model for ESOS granted and indicate only relating to active Grants.

	2021			2015
	Grant 1	Grant 2	Grant 3	Grant 6
Dividend Yield (%)	2.82	6.92	4.39	2.47
Expected Volatility (%)	1.85	2.19	1.94	1.77
Risk Free Interest Rate (%)	8.04	26.51	15.74	6.57
Expected Life of Share Options (Years)	6	6	6	4
Weighted Average Share Price at the Date of Exercise of these Options (LKR)	82.46	43.84	71.02	60.00
Weighted Average Remaining Contractual Life for the Share Options Outstanding (Years)	3.3	4.3	5.3	2.3
Weighted Average Fair Value of Options Granted during the Year (LKR)	27.12	20.29	29.31	14.47
Exercise Price for Options Outstanding at the End of the Year (LKR)	82.46	43.84	71.02	60.00

23 RESERVES

23.1 Other Capital and Revenue Reserves

	Group		Company	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Balance at the Beginning of the Year	119,164	159,834	340,515	381,185
Provision for Share-Based Payment	10,548	6,772	3,395	(40)
Exercise of Employee Share Option	(1,658)	-	-	-
Charge from Group Companies	-	-	5,495	6,812
Transfer to Retained Earnings	(24,970)	(47,442)	(24,970)	(47,442)
Balance at the End of the Year	103,084	119,164	324,435	340,515

Group

Other Capital Reserve of Group is used to recognise the value of equity settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Company

Other Capital Reserves of the company represents the value of equity settled share-based payment provided to employees and the share of subsidiaries Capital Reserves accounted for using equity method until 31 March 2006. With effect from 1 April 2006 the investments in subsidiaries are accounted at carrying value as at that date and any investment made after 1 April 2006 are carried at cost, net of any provision for impairment.

23.2 Other Component of Equity

Revaluation Reserve

The Revaluation Reserve relates to the net surplus on revaluation of Property, Plant and Equipment.

Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve comprise all foreign currency differences arising from the translation of the financial statements of foreign operations and equity accounted investees.

Fair Value Reserve

Fair Value Reserve comprises the cumulative net change in the fair value of Financial Assets at FVOCI.

Hedge Reserve

Cash Flow Hedge Reserve

The Group designates its identified foreign currency loans as a hedging instrument in order to hedge the variation in highly probable specifically identified future foreign currency revenue attributable to changes in foreign exchange rates.

The effective portion of the gain or loss on the hedging instrument is recognised in the Cash Flow Hedge Reserve, through Other Comprehensive Income while any ineffective portion is recognised immediately in the Statement of Profit or Loss.

Cross Currency Swap Hedge Reserve

The Group uses Cross Currency Swaps (CCS) to hedge the interest rate risk and exchange rate risk arising from a floating rate borrowing denominated in foreign currencies.

Group	Revaluation Reserve	Foreign Currency Translation Reserve	Fair Value Reserve	Hedge Reserve: Cash Flow Hedge	Hedge Reserve: Cross Currency Swap	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
As at 1 April 2022	4,373,663	642,174	(330,746)	(244,091)	5,109	4,446,109
Other Comprehensive Income	2,472,170	(119,563)	(15,507)	(530,943)	(5,109)	1,801,048
Transfer	-	-	294,478	-	-	294,478
As at 31 March 2023	6,845,833	522,611	(51,775)	(775,034)	-	6,541,635
Other Comprehensive Income	875,653	(113,319)	7,723	189,551		959,608
As at 31 March 2024	**7,721,486**	**409,292**	**(44,052)**	**(585,483)**	**-**	**7,501,243**

Company	Fair Value Reserve LKR '000
As at 1 April 2022	(293,619)
Other Comprehensive Income	705
Transfers	294,478
As at 31 March 2023	1,564
Other Comprehensive Income	1,281
As at 31 March 2024	**2,845**

24 INTEREST BEARING LOANS AND BORROWINGS

	Note	Group 2024 LKR '000	Group 2023 LKR '000	Company 2024 LKR '000	Company 2023 LKR '000
Term Loans		**9,677,585**	15,960,140	**2,154,530**	1,262,240
Lease Liability	14.2	**1,617,372**	1,228,626	**71,223**	-
		11,294,957	17,188,766	**2,225,753**	1,262,240

24.1 Movement of Interest Bearing Loans and Borrowings

	Group 2024 LKR '000	Group 2023 LKR '000	Company 2024 LKR '000	Company 2023 LKR '000
Balance at the Beginning of the Year	**17,188,766**	5,771,087	**1,262,240**	1,188,944
Cash Movement				
Obtained During the Year	**46,425,488**	35,177,824	**10,085,353**	5,243,240
Repayments	**(52,703,786)**	(23,391,925)	**(9,193,063)**	(5,112,400)
Lease Payments	**(401,698)**	(344,204)	**(77,446)**	(59,328)
Non Cash Movement				
Leases Obtained	**587,202**	122,163	**127,528**	-
Interest on Leases	**206,661**	151,071	**21,141**	1,785
Foreign Currency Translation Difference	**(7,676)**	(297,251)	**-**	-
Balance at the End of the Year	**11,294,957**	17,188,766	**2,225,753**	1,262,240
Non-Current	**5,407,779**	5,449,482	**519,000**	692,000
Current	**5,887,178**	11,739,284	**1,706,753**	570,240
	11,294,957	17,188,766	**2,225,753**	1,262,240

24 INTEREST BEARING LOANS AND BORROWINGS (CONTD.)

24.2 Details of Interest Bearing Loans and Borrowings

Company	Lending Institution	Nature of Facility	Interest Rate	Repayment Terms	2024 LKR '000	2023 LKR '000
Hemas Pharmaceuticals (Pvt) Ltd.	The Hongkong & Shanghai Banking Corporation	Short Term Loan	Fixed	Repayable in May 2024	300,000	-
	The Hongkong & Shanghai Banking Corporation	Short Term Loan	Fixed	Repayable in June 2024	1,000,000	-
	The Hongkong & Shanghai Banking Corporation	Term Loan	Standard Lending Facility Rate Based Rate	Repayable in 36 Instalments starting from July 2023	1,350,000	-
	Hatton National Bank PLC	Short Term Loan	AWPLR Based Rate	-	-	4,890,000
	The Hongkong & Shanghai Banking Corporation	Short Term Loan	Cost of Funding plus Margin	-	-	916,667
Morison Limited	Commercial Bank	Term Loan	Fixed	Repayable in 48 Instalments starting from June 2023	1,850,000	2,000,000
	The Hongkong & Shanghai Banking Corporation	Short Term Loan	AWPLR Based Rate	Repayable in May 2024	1,200,000	-
	Hatton National Bank PLC	Short Term Loan	AWPLR Based Rate	-	-	788,000
	Commercial Bank	Short Term Loan	AWPLR Based Rate	-	-	400,000
Atlas Axillia Company (Pvt) Ltd.	Hatton National Bank PLC	Short Term Loan	AWPLR Based Rate	-	-	750,000
	The Hongkong & Shanghai Banking Corporation	Short Term Loan	Cost of Funding plus Margin	-	-	1,627,794
Hemas Surgicals & Diagnostics (Pvt) Ltd.	DFCC Bank	Term Loan	Fixed	Repayable in 60 Instalments starting from April 2023	960,000	1,200,000
Life Connect Solutions (Pvt) Ltd.	DFCC Bank	Term Loan	Fixed	Repayable in 60 Instalments starting from April 2023	900,000	1,140,000
Hemas Manufacturing (Pvt) Ltd.	The Hongkong & Shanghai Banking	Short Term Loan	Fixed	-	-	716,667
	Deutsche Bank	Short Term Loan	AWPLR Based Rate	-	-	378,072
	Nations Trust Bank	Short Term Loan	AWPLR Based Rate	-	-	250,000
Hemas Consumer Brands (Pvt) Ltd.	The Hongkong & Shanghai Banking Corporation	Short Term Loan	Fixed	Repayable in September 2024	300,585	37,940
Hemas Holdings PLC	The Hongkong & Shanghai Banking Corporation	Term Loan	Fixed	Repayable in 60 Instalments starting from April 2023	692,000	865,000
	Commercial Bank	Short Term Loan	AWPLR Based Rate	Repayable in 4 quarterly instalments starting from November 2023	100,000	-
	Hatton National Bank PLC	Short Term Loan	AWPLR Based Rate	Repayable in June 2024	1,025,000	-

24.3 Company

	Note	2024 LKR '000	2023 LKR '000
Interest Bearing Loans & Borrowings-Non Current			
Bank Loans		519,000	692,000
		519,000	692,000
Interest Bearing Loans & Borrowings-Current			
Loans due to Related Parties	24.3.1	337,530	397,240
Bank Loans		1,298,000	173,000
Lease Liability	14.2	71,223	-
		1,706,753	570,240

24.3.1 Loans due to Related Parties

Subsidiaries	As at 01.04.2023 LKR '000	Obtained During the Year LKR '000	Repayments LKR '000	As at 31.03.2024 LKR '000	Non-Current LKR '000	Current LKR '000
Hemas Developments (Pvt) Ltd.	182,240	71,990	(139,000)	115,230	-	115,230
Hemas Manufacturing (Pvt) Ltd.	-	935,863	(935,863)	-	-	-
Hemas Marketing (Pvt) Ltd.	-	322,600	(195,000)	127,600	-	127,600
Forbes Air Services (Pvt) Ltd.	-	60,000	(60,000)	-	-	-
Atlas Axillia Company (Pvt) Ltd.	-	405,000	(405,000)	-	-	-
Hemas COE (Pvt) Ltd.	-	37,000	-	37,000	-	37,000
Hemtours (Pvt) Ltd.	215,000	27,900	(185,200)	57,700	-	57,700
	397,240	1,860,353	(1,920,063)	337,530	-	337,530

	As at 01.04.2022 LKR '000	Obtained During the Year LKR '000	Repayments LKR '000	As at 31.03.2023 LKR '000	Non-Current LKR '000	Current LKR '000
Total Loans due to Related Parties	1,131,400	1,453,240	(2,187,400)	397,240	-	397,240

Terms and Conditions

Treasury Loans
Security - Unsecured
Repayment - To be Repaid on Demand
Interest - Based on Market Rates (AWPLR + Margin)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 OTHER FINANCIAL LIABILITIES

Accounting Policies

Put Option over Non-Controlling Interest

The option value related to the put options issued by the Group over the equity of subsidiary companies are accounted using the method below when the Group doesn't have a present ownership to such shares.

- At each period end, the Group determines the amount that would have been recognised for the non-controlling interest, including an allocations of profit or loss, allocations of changes in other comprehensive income and dividends declared for the reporting period, as required by SLFRS 10 - Consolidated Financial Statements.
- The entity derecognises the non-controlling interest as if it was acquired at each reporting date.
- The value of the option on exercise is initially recognised at fair value within non-financial liabilities with a corresponding charge directly to equity. Such options are subsequently measured at fair value, in order to remeasure the liability. The difference between fair value and the carrying value is recognised in equity.
- In the event the option is not exercised, the non-controlling interest is recognised at the amount it would have been, as if the put option had never been granted. The financial liability is derecognised, with a corresponding credit to the equity.

25.1 Other Financial Liabilities - Non Current

	Group	
As at 31 March	**2024** **LKR '000**	2023 LKR '000
Preference Shares*	**275,000**	275,000
Rent Deposits/Advances	**4,505**	505
	279,505	275,505

* In 2019 Hemas Development (Pvt) Ltd, a fully owned subsidiary of Hemas Holdings PLC issued LKR 275 Mn Redeemable, Cumulative and Non - Convertible Preference Shares at LKR 10 each carrying a yield of 10%.

25.2 Other Financial Liabilities - Current

	Group	
As at 31 March	**2024** **LKR '000**	2023 LKR '000
Put Option over Non-Controlling Interests	**-**	2,949,482
	-	2,949,482

Hemas Holdings PLC Group has exercised the Put Option over non-controlling interest (24.9%) of Atlas Axillia Company (Pvt) Ltd. on 13 June 2023 for a total consideration of LKR 3.4 Bn. Following the above transaction, Atlas Axillia Company (Pvt) Ltd. is a fully owned subsidiary of the Hemas Holdings PLC Group.

26 EMPLOYEE BENEFIT LIABILITY

Accounting Policy

Defined Contribution Plans –Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

Some employees of the Group are eligible for Mercantile Services Provident Society Fund, for which the Company contributes 12% of gross emoluments of such employees.

Defined Benefit Plans –Gratuity

The Group measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary using the Projected Unit Credit method (PUC). Actuarial gains and losses for defined benefit plans are recognised in full in the period in which they occur in Other Comprehensive Income.

However, as per the payment of Gratuity Act No. 12 of 1983 this liability only arises upon completion of 5 years of continued service based on half a month salary.

The gratuity liability is not externally funded.

As at 31 March	Note	Group 2024 LKR '000	Group 2023 LKR '000	Company 2024 LKR '000	Company 2023 LKR '000
Balance at the Beginning of the Year		1,198,963	991,714	79,692	66,507
Acquisition/ (Disposal) through Subsidiaries		7,688	-	-	-
Charge for the Year	26.1	330,799	214,422	21,900	13,635
Actuarial (Gain)/Loss	26.2	59,344	145,831	1,972	16,091
Benefits Paid		(212,938)	(153,004)	(62,049)	(16,254)
Transfers During the Year		-	-	(2,769)	(287)
Balance at the End of the Year		1,383,856	1,198,963	38,746	79,692

26.1 Post Employee Benefit Expenses for

Year ended 31 March	Group 2024 LKR '000	Group 2023 LKR '000	Company 2024 LKR '000	Company 2023 LKR '000
Current Service Cost	114,983	97,717	7,556	5,654
Interest Cost	215,816	116,705	14,344	7,981
	330,799	214,422	21,900	13,635

26.2 Actuarial (Gain)/Loss

Year ended 31 March	Group 2024 LKR '000	Group 2023 LKR '000	Company 2024 LKR '000	Company 2023 LKR '000
Actuarial (Gains)/Losses on Obligations;				
Due to Change in Financial Assumptions	39,762	29,843	1,257	1,759
Due to Experience adjustment	19,582	115,988	715	14,332
	59,344	145,831	1,972	16,091

Messrs. K.A. Pandit Consultants and Actuaries, carried out an actuarial valuation of the defined benefit plan on 31 March 2024. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principle assumptions used are as follows:

As at 31 March	2024	2023
Demographic Assumptions		
Retirement Age	60 Years	60 Years
Financial Assumptions		
Discount Rate Assumed (%)	12.1	18.0
Future Salary Increase (%)	10.0	15.0

26.3 Sensitivity of Assumptions Used in the Actuarial Valuation

The sensitivity analysis has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The sensitivity analysis is based on changing a significant assumption, while keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

26 EMPLOYEE BENEFIT LIABILITY (CONTD.)

Assumed Changes in Financial Assumptions

31 March 2024	Group		Company	
	Effect on Profit or Loss LKR '000	Post Employment Benefit Liability LKR '000	Effect on Profit or Loss LKR '000	Post Employment Benefit Liability LKR '000
If Discount Rate Increases By 1%	51,156	(51,156)	1,617	(1,617)
If Discount Rate Decreases By 1%	(55,947)	55,947	(1,770)	1,770
If Salary Increment Rate Increases By 1%	(56,527)	56,527	(1,788)	1,788
If Salary Increment Rate Decreases By 1%	52,546	(52,546)	1,661	(1,661)

31 March 2023	Group		Company	
	Effect on Profit or Loss LKR '000	Post Employment Benefit Liability LKR '000	Effect on Profit or Loss LKR '000	Post Employment Benefit Liability LKR '000
If Discount Rate Increases By 1%	41,569	(41,569)	2,454	(2,454)
If Discount Rate Decreases By 1%	(36,542)	36,542	(2,627)	2,627
If Salary Increment Rate Increases By 1%	(45,942)	45,942	(2,674)	2,674
If Salary Increment Rate Decreases By 1%	41,502	(41,502)	2,538	(2,538)

26.4 Following payments are the expected payments to the defined benefit plan for the future years:

	Group		Company	
	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Years From the Current Period				
1st Following Year	283,136	207,161	5,639	12,958
2nd Following Year	194,411	213,957	4,894	12,961
3rd Following Year	207,558	204,822	5,082	12,416
4th Following Year	179,121	220,332	5,440	15,721
5th Following Year	178,100	178,541	5,732	12,081
Sum of Years 6 to 10	762,366	903,749	26,928	68,954
Sum of Years 11 and above	960,585	1,695,773	27,501	59,171

27 TRADE AND OTHER PAYABLES

As at 31 March	Note	Group 2024 LKR '000	Group 2023 LKR '000	Company 2024 LKR '000	Company 2023 LKR '000
Trade Payables					
Others		20,718,204	19,213,807	-	-
Other Payables					
Related Parties	27.1	-	-	43,634	161,576
Others		4,116,827	5,119,242	227,626	172,997
Sundry Creditors including Accrued Expenses		5,980,130	5,260,190	472,144	420,078
Dividend Payable-Unclaimed		32,492	32,493	25,785	22,277
		30,847,653	29,625,732	769,189	776,928

27.1 Non Trade Dues to Related Parties

	Relationship	Company 2024 LKR '000	Company 2023 LKR '000
Hemas Corporate Services (Pvt) Ltd.	Subsidiary	146	3,946
Hemas Pharmaceuticals (Pvt) Ltd.	Subsidiary	3,780	127,789
Hemas Manufacturing (Pvt) Ltd.	Subsidiary	5,822	3,169
Hemtours (Pvt) Ltd.	Subsidiary	1,908	3,932
Hemas COE (Pvt) Ltd.	Subsidiary	1,414	2,092
Hemas Developments (Pvt) Ltd.	Subsidiary	11,874	11,082
Hemas Hospitals (Pvt) Ltd.	Subsidiary	-	589
Hemas Transportation (Pvt) Ltd.	Subsidiary	13,259	-
Concept Venture (Pvt) Ltd.	Subsidiary	-	8,006
Atlas Axillia Company (Pvt) Ltd.	Subsidiary	278	971
Magnicare (Pvt) Ltd.	Subsidiary	150	-
Forbes Air Service (Pvt) Ltd.	Subsidiary	2,991	-
Hemas Marketing (Pvt) Ltd.	Subsidiary	2,012	-
		43,634	161,576

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 CASH AND CASH EQUIVALENTS IN STATEMENT OF CASH FLOWS

Accounting Policy

Cash and short term deposits in the Statement of Financial Position comprise cash at banks and in hand and short-term deposits and money market investments with a maturity of three months or less.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

28.1 Favourable Balances

	Group		Company	
As at 31 March	**2024** **LKR '000**	2023 LKR '000	**2024** **LKR '000**	2023 LKR '000
Cash and Bank Balance	**7,618,591**	9,509,547	**24,589**	23,712
Fixed Deposits and REPO Investments	**5,604,400**	5,152,306	**-**	-
Restricted Bank Balance	**-**	1,668,921	**-**	-
	13,222,991	16,330,774	**24,589**	23,712
28.2 Unfavourable Balances				
Bank Overdraft	**(1,410,408)**	(4,268,634)	**(190,471)**	(735,422)
Total Cash and Cash Equivalents for the Purpose of Statement of Cash Flows	**11,812,583**	12,062,140	**(165,882)**	(711,710)

29 FAIR VALUE

Accounting Policy

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties at fair value at each reporting date.

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

- in the principal market for the asset or liability or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1	Quoted (unadjusted) prices 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).

For assets and liabilities that are recognised in the Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as defined benefit obligations. Involvement of external valuers is decided upon annually after discussion with and approval by the Group's Board Audit Committee wherever necessary. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Board Audit Committee, whenever necessary, after discussions with the Group's external valuers decide which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Management in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Following Methods and Assumptions were Used to Estimate the Fair Values:

- Cash and short term deposits and trade receivables approximate their carrying amounts largely due to the short term maturities of these instruments.
- Variable rate and long term fixed rate receivables/ borrowings are evaluated by the Group/Company based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 March 2024, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.
- The fair value of the quoted equity shares recorded under FVOCI assets are determined by reference to published price quotations in an active market. The fair value of the unquoted equity shares are estimated using appropriate valuation techniques and if it's impracticable in assessing the fair value of the investment, primarily as a result of the unavailability of adequate and comparable market information are carried at cost.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 22.3 - Share-based payment arrangement
- Note 12 - Property, Plant and Equipment
- Note 13 - Investment Properties
- Note 19 - Financial Instruments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 FAIR VALUE (CONTD.)

29.1 Fair Value Hierarchy

The Group/Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

Group 31 March 2024	Note	Total LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000
Financial Assets Measured at Fair Value					
Financial Assets at FVOCI					
Quoted Equity Shares	19.1.1	75,964	75,964	-	-
Non-Financial Assets Measured at Fair Value					
Land and Building	12.1.4	13,259,998	-	-	13,259,998
Investment Properties	13.1	4,008,116	-	-	4,008,116

31 March 2023	Note	Total LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000
Financial Assets Measured at Fair Value					
Financial Assets at FVOCI					
Quoted Equity Shares	19.1.1	68,283	68,283	-	-
Non-Financial Assets Measured at Fair Value					
Land and Building	12.1.4	14,219,446	-	-	14,219,446
Investment Properties	13.1	2,310,150	-	-	2,310,150

Company 31 March 2024	Note	Total LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000
Financial Assets Measured at Fair Value					
Financial Assets at FVOCI					
Quoted Equity Shares	19.1.1	13,639	13,639	-	-
Non-Financial Assets Measured at Fair Value					
Investment Properties	13.2	1,143,000	-	-	1,143,000

31 March 2023	Note	Total LKR '000	Level 1 LKR '000	Level 2 LKR '000	Level 3 LKR '000
Financial Assets Measured at Fair Value					
Financial Assets at FVOCI					
Quoted Equity Shares	19.1.1	12,357	12,357	-	-
Non-Financial Assets Measured at Fair Value					
Investment Properties	13.2	1,065,305	-	-	1,065,305

29.2 Non-Financial Assets Measured at Fair Value

	Group		Company
	Land and Building LKR '000	Investment Properties LKR '000	Investment Properties LKR '000
As at 1 April 2022	12,589,963	2,100,161	851,300
Recognised in Profit or Loss	(263,882)	207,889	214,005
Recognised in Other Comprehensive Income	1,778,806	-	-
Purchased / Acquisition	108,966	-	-
Transfers	5,593	2,100	-
As at 31 March 2023	14,219,446	2,310,150	1,065,305
Recognised in Profit or Loss	(301,300)	264,973	77,695
Recognised in Other Comprehensive Income	544,926	-	-
Purchased / Acquisition	166,041	1,208	-
Transfers	(1,369,114)	1,431,785	-
As at 31 March 2024	13,259,998	4,008,116	1,143,000

30 FINANCIAL RISK MANAGEMENT

The Group's principal financial liabilities comprise of loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to fund the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits. The Group also holds investments in equity instruments and enters into derivative transactions to mitigate risks.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks and re-assesses those frequently. The Group's senior management is supported by the Group Risk Management Committee and Group Treasury that advises on financial risks and the appropriate financial risk governance framework for the Group.

Group Risk Management Committee and Group Treasury provide the assurance to the Group's senior management and the Board of Directors that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision and external consultants advise is taken when ever its required according to the Group's Policy. The Board of Directors review and agree policies for managing each of these risks, which are summarised below.

30.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise various types of risks interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, financial assets at FVOCI and derivative financial Instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2024 and 2023.

The overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

30 FINANCIAL RISK MANAGEMENT (CONTD.)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. Further, the Group has entered in to Cross Currency Swaps, in which it has agreed to exchange the variable rate with fixed.

Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's/ Company's profit before tax affected through the impact on floating rate borrowings as follows:

Year ended 31 March	Increase / (Decrease) in basis points	Effect on Profit before tax (LKR '000)	
		Group	Company
2024	+150	(55,125)	(21,938)
	-150	55,125	21,938
2023	+150	(160,758)	(5,959)
	-150	160,758	5,959

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency), foreign currency borrowings and the Group's net investments in foreign subsidiaries.

Group Treasury analyses the market condition of foreign exchange and provides market updates to the Group Senior Management, with the use of external consultants' advice when required. Based on the suggestions made by Group Treasury, Group Senior Management takes decisions on whether to enter in to, hold or sell derivative contracts.

Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in USD, EURO, GBP and TAKA exchange rates against LKR with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

As at 31 March 2024	Group	
	5% Movement	
	Strengthening LKR '000	Weakening LKR '000
USD	(308,816)	308,816
EURO	(2,103)	2,103
GBP	452	(452)
TAKA	(75,142)	75,142

Equity Price Risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to quoted and unquoted equity securities at fair value is disclosed in Note 19.

30.2 Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks.

Trade Receivables

Customer credit risk is managed by each Company subject to the Group's established policy, procedures and controls. Credit quality of the customer is assessed based on the credit risk evaluation model and individual credit limits are defined in accordance with this assessment. The Group companies also obtains bank guarantees to mitigate the credit risks as required by the Group policy.

Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

Large number of minor receivables are grouped into homogeneous groups and assessed for Impairment collectively. The calculation is based on expected loss approach with forward looking Expected Credit Loss (ECL) approach. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 19.

Cash and Cash Equivalents

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's Treasury Policy. Investments of surplus funds are made only with approved counterparties as per this policy and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Board of Directors on an annual basis, and updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Company's maximum exposure to credit risk for the components of the Statement of Financial Position is the carrying amounts as illustrated in Note 28.

Liquidity Risk

The Group monitors its risk to a shortage of funds by setting up a minimum liquidity level. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and intercompany borrowings. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Group As at 31 March 2024	On Demand LKR '000	Less than 3 Months LKR '000	3 to 12 Months LKR '000	1 to 5 Years LKR '000	> 5 Years LKR '000	Total LKR '000
Interest Bearing Loans and Borrowings	-	-	5,603,586	4,073,999	-	9,677,585
Lease Liability	-	119,506	306,502	831,278	1,071,957	2,329,243
Other Financial Liabilities	-	-	-	279,505	-	279,505
Trade and Other Payables	-	29,851,322	-	-	-	29,851,322
Bank Overdraft	1,410,408	-	-	-	-	1,410,408
	1,410,408	29,970,828	5,910,088	5,184,782	1,071,957	43,548,063

As at 31 March 2023	On Demand LKR '000	Less than 3 Months LKR '000	3 to 12 Months LKR '000	1 to 5 Years LKR '000	> 5 Years LKR '000	Total LKR '000
Interest Bearing Loans and Borrowings	-	-	11,538,451	4,421,688	-	15,960,139
Lease Liability	-	35,599	199,403	791,809	306,715	1,333,526
Other Financial Liabilities	2,949,482	-	-	275,505	-	3,224,987
Trade and Other Payables	-	28,080,777	-	-	-	28,080,777
Bank Overdraft	4,268,634	-	-	-	-	4,268,634
	7,218,116	28,116,376	11,737,854	5,489,002	306,715	52,868,062

30 FINANCIAL RISK MANAGEMENT (CONTD.)

Company As at 31 March 2024	On Demand LKR '000	Less than 3 Months LKR '000	3 to 12 Months LKR '000	1 to 5 Years LKR '000	> 5 Years LKR '000	Total LKR '000
Interest Bearing Loans and Borrowings	337,530	1,168,250	129,750	519,000	-	2,154,530
Lease Liability	-	13,107	65,536	-	-	78,643
Trade and Other Payables	-	711,312	-	-	-	711,312
Bank Overdraft	190,471	-	-	-	-	190,471
	528,001	1,892,669	195,286	519,000	-	3,134,956

As at 31 March 2023	On Demand LKR'000	Less than 3 Months LKR '000	3 to 12 Months LKR '000	1 to 5 Years LKR '000	> 5 Years LKR '000	Total LKR '000
Interest Bearing Loans and Borrowings	397,240	43,250	129,750	692,000	-	1,262,240
Lease Liability	-	-	-	-	-	-
Trade and Other Payables	-	748,953	-	-	-	748,953
Bank Overdraft	735,422	-	-	-	-	735,422
	1,132,662	792,203	129,750	692,000	-	2,746,615

Capital Management

Capital includes ordinary shares and preference shares. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is debt divided by total capital plus debt. The Group's policy is to keep the gearing ratio below 40%.

As at 31 March	Note	Group 2024 LKR '000	 2023 LKR '000
Interest Bearing Borrowings	24	11,294,957	17,188,766
Bank Overdraft	28.2	1,410,408	4,268,634
Debt		12,705,365	21,457,400
Equity Attributable to Equity Holder of the Parent		43,431,769	38,404,559
Non-Controlling Interests		687,829	715,842
Total Equity		44,119,598	39,120,401
Equity and Debt		56,824,963	60,577,801
Gearing Ratio		22%	35%

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes managing capital during the years ended 31 March 2024 and 31 March 2023.

31 RELATED PARTY DISCLOSURES

Refer Note 35 for effective equity holding percentages and other key information of Group entities.

Terms and Conditions of Transactions with Related Parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. The sales to and purchases from related parties and interest on interest bearing borrowings are made at terms equivalent to those that prevail in arm's length transactions.

Guarantees

Guarantees given by the Company to banks on behalf of related parties are disclosed in the Note 33.2 to these financial statements.

Non-recurrent Related Party Transactions

There were no other non-recurrent Related Party Transactions of the Company which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower, as per March 31, 2024. Audited Financial Statements, which required additional disclosures in the Annual Report under Colombo Stock Exchange Listing Rule 9.14.8 and the Code of Best Practices on Related Party Transactions published in accordance with the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Recurrent Related Party Transactions

There were no other recurrent Related Party Transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2024 Audited Financial Statements, which required additional disclosures in the Annual Report under the Colombo Stock Exchange Listing Rule 9.14.8 and the Transactions under the Securities and Exchange Commission Directive issued The Directors declare that they have complied with the provisions of the Code relating to full disclosure of Related Party Transactions entered into during the Financial Year ended March 31, 2024.

Terms and conditions and other related information on loans obtained from related parties and loans granted to related parties are disclosed in Note 19.2.1 & 24.3.1 to these financial statements respectively.

31.1 Transactions with Related Entities

Details of significant related party disclosures are as follows:

Company	Subsidiaries		Equity Accounted Investees		Other		Total	
Nature of Transaction	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	LKR '000	LKR '000	**LKR '000**	LKR '000	**LKR '000**	LKR '000	**LKR '000**	LKR '000
Services Rendered	**952,549**	852,351	**-**	-	**157**	149	**952,706**	852,500
Bank Guarantee Fees	**-**	-	**16,594**	24,805	**-**	-	**16,594**	24,805
IT Charges	**292,889**	208,627	**2,100**	1,569	**2,194**	1,692	**297,183**	211,888
Rent	**33,345**	27,513	**-**	-	**-**	-	**33,345**	27,513
Loan Interest Income	**76,711**	206,505	**-**	-	**-**	-	**76,711**	206,505
Loans Granted to Subsidiaries	**2,642,900**	(3,263,964)	**-**	-	**-**	-	**2,642,900**	(3,263,964)
Loans Repaid by Subsidiaries	**(2,861,750)**	2,479,214	**-**	-	**-**	-	**(2,861,750)**	2,479,214
Loan Interest Expense	**(106,454)**	(237,197)	**-**	-	**-**	-	**(106,454)**	(237,197)
Receipt of Services	**(105,968)**	(84,449)	**-**	-	**-**	-	**(105,968)**	(84,449)
Shared Service Fee	**(15,739)**	(13,119)	**-**	-	**-**	-	**(15,739)**	(13,119)
Purchase of Goods	**(4,958)**	(69)	**-**	-	**-**	-	**(4,958)**	(69)
Loans Obtained from Subsidiaries	**1,860,353**	1,453,240	**-**	-	**-**	-	**1,860,353**	1,453,240
Loans Repaid to Subsidiaries	**(1,920,063)**	(2,187,400)	**-**	-	**-**	-	**(1,920,063)**	(2,187,400)

The provision made for on accounts of related party receivables is disclosed in Note 21 to these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 RELATED PARTY DISCLOSURES (CONTD.)

Details of Transactions

Entity	Nature of Transaction	2024 LKR '000	2023 LKR '000
Hemas Manufacturing (Pvt) Ltd.	Services Rendered	238,079	213,901
	IT Charges	125,104	83,929
	Rental Income	33,345	27,513
	Interest Income	328	-
	Purchases	(696)	(53)
	Interest Expense	(39,290)	(105)
	Treasury Loans Granted	(300,000)	(526,964)
	Treasury Loans Repaid	-	526,964
	Treasury Loans Obtained	935,863	70,000
	Treasury Loans Repaid	(935,863)	(70,000)
Hemas Pharmaceuticals (Pvt) Ltd.	Services Rendered	634,835	573,234
	IT Charges	60,935	42,945
	Interest Income	54,241	120,188
	Treasury Loans Granted	(917,000)	(1,684,750)
	Repayment of Treasury Loan	1,451,750	1,150,000
Hemas Hospitals (Pvt) Ltd.	Services Rendered	3,290	3,585
	IT Charges	17,684	15,727
	Receipt of Services	(3,375)	(283)
Hemas Capital Hospital (Pvt) Ltd.	IT Charges	8,349	10,402
	Services Rendered	1,060	1,167
Forbes Air Services (Pvt) Ltd.	Services Rendered	238	218
	Interest Expense	(498)	-
	Treasury Loans Obtained	60,000	-
	Treasury Loans Repaid	(60,000)	-
	IT Charges	4,907	3,573
Hemtours (Pvt) Ltd.	Interest Expense	(36,144)	(44,523)
	Treasury Loans Obtained	27,900	99,000
	Treasury Loans Repaid	(185,000)	(64,000)
Far Shipping Agency Lanka (Pvt) Ltd.	IT Charges	932	1,296
	Services Rendered	391	362
Hemas Transportation (Pvt) Ltd.	IT Charges	1,481	1,058
	Interest Income	346	-
	Treasury Loans Granted	(60,000)	-
	Repayment of Treasury Loan	60,000	-
	Treasury Loans Obtained	-	1,000,000
	Treasury Loans Repaid	-	(1,000,000)
	Interest Expense	-	(22,104)
	Services Rendered	95	83
Hemas Developments (Pvt) Ltd.	Services Rendered	451	424
	IT Charges	31	42
	Interest Expense	(7,911)	(137,671)
	Rental Expense and Service Charges	(95,545)	(70,620)
	Receipt of Services	(33,888)	(10,131)
	Treasury Loans Obtained	71,990	274,240
	Repayment of Treasury Loan	(139,000)	(853,400)

Entity	Nature of Transaction	2024 LKR '000	2023 LKR '000
Hemas COE (Pvt) Ltd.	Services Rendered	3,408	2,785
	IT Charges	32,133	24,344
	Interest Expense	(47)	(29,092)
	Shared Services Expenses	(15,739)	(13,119)
	Treasury Loans Obtained	37,000	-
	Repayment of Treasury Loan	-	(165,000)
Hemas Corporate Services (Pvt) Ltd.	IT Charges	2,056	1,652
	Interest Expense	-	(3,087)
	Interest Income	590	7,415
	Services Rendered	897	665
	Receipt of Services	(2,046)	(1,898)
	Repayment of Treasury Loan	-	(25,000)
	Treasury Loans Granted	(15,900)	-
Morison Limited	Services Rendered	605	489
	Treasury Loans Granted	(1,200,000)	-
	Repayment of Treasury Loan	1,200,000	-
	Interest Income	19,687	-
	IT Charges	7,248	4,194
P H Resorts (Pvt) Ltd.	IT Charges	2,100	1,569
	Corporate Guarantee Fees	16,594	24,805
Hemas Maritime (Pvt) Ltd.	IT Charges	-	62
Mazu Shipping (Pvt) Ltd.	IT Charges	102	256
	Services Rendered	5	8
Atlas Axillia Company (Pvt) Ltd.	IT Charges	16,365	7,321
	Treasury Loans Granted	-	(225,000)
	Repayment of Treasury Loan	-	225,000
	Treasury Loans Obtained	405,000	-
	Repayment of Treasury Loan	(405,000)	-
	Interest Expense	(5,183)	(130)
	Interest income	-	1,338
	Services Rendered	249	493
	Purchases	(4,958)	(373)
Hemas Consumer Brands Pvt Ltd.	IT Charges	11,801	11,516
Evergreen Shipping Agency Lanka (Pvt) Ltd.	IT Charges	58	123
	Services Rendered	165	139
Peace Haven Resorts Limited	Services Rendered	-	3
Hemas Surgicals & Diagnostics (Pvt) Ltd.	Services Rendered	68,665	54,647
	Interest Income	1,519	77,564
	Treasury Loans Granted	(150,000)	(827,250)
	Repayment of Treasury Loan	150,000	827,250
Healthnet International (Pvt) Ltd.	IT Charges	-	68
Life Connect Solutions (Pvt) Ltd.	IT Charges	3,703	119
	Services Rendered	115	148
Leisure Asia Investments (Pvt) Ltd.	Treasury Loans Obtained	-	10,000
	Repayment of Treasury Loan	-	(10,000)
	Interest Expense	-	(484)
Hemas Marketing (Pvt) Ltd.	Treasury Loans Obtained	322,600	-
	Repayment of Treasury Loan	(195,000)	-
	Interest Expense	(17,380)	-

31 RELATED PARTY DISCLOSURES (CONTD.)

Group

Company	Relationship	Name of Director	Nature of Transaction	Value 2024 LKR '000	2023 LKR '000
PH Resorts (Pvt) Ltd.	Joint Venture	A.N. Esufally	Services Rendered	2,343	1,569
			Corporate Guarantee Charges	16,594	24,805
ET Properties (Pvt) Ltd.	Key Management Personnel	A.N. Esufally	Services Rendered	252	282
		I.A.H. Esufally	Rent & Utilities	(39,629)	(29,338)
Printcare PLC Group	Key Management Personnel	A.N. Esufally	Services Obtained	(7,806)	(22,518)
			Rent & Utilities	16,304	-
Chemanex PLC	Key Management Personnel	S. A. B. Ekanayake	Purchase of Goods	(10,644)	(46,100)
Jada Resort & Spa (Pvt) Ltd.	Key Management Personnel	A.N. Esufally	Services Obtained	700	541

31.2 Transactions with Key Management Personnel

The key Management Personnel are the all Executive and Non Executive Directors of Hemas Holdings PLC and its subsidiaries.

(a) Key Management Personnel Compensation

	Group		Company	
Year ended 31 March	2024 LKR '000	2023 LKR '000	2024 LKR '000	2023 LKR '000
Short Term Benefits	612,007	447,477	224,328	110,915
Post Employment Benefits	89,405	28,945	62,730	7,096
Share Based Payment	1,657	-	-	-

(b) Transactions, Arrangements and Agreements Involving Key Management Personnel

With the approval of Group Remuneration Committee and Related Party Transactions Review Committee, Hemas Holdings PLC, sold its one motor vehicle to a Key Management Personnel for a total consideration of LKR 38.5Mn on 28 March 2024. The selling price was based on independent valuation.

Other than above no significant transactions had taken place involving Key Management Personnel and their close family members.

32 EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company has declared a final dividend of LKR 3.00 per share for the financial year ended 31 March 2024 as required by section 56(2) of the Companies Act, No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with section 57 of the companies Act, No. 07 of 2007, and has obtained a certificate from the Auditors, prior to declaring the final dividend which is to be paid on or before 17 July 2024.

In accordance with the Sri Lanka Accounting Standard (LKAS 10) - Events after the reporting date, the final dividend has not been recognised as a liability in the Financial Statements as at 31 March 2024.

Other than that mention above, no circumstances have arisen since the reporting date, which would require adjustment to or disclosure in the financial statements.

33 COMMITMENTS AND CONTINGENCIES

Accounting Policy

Provisions

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resource is remote. A contingent liability recognised in a business combination is initially measured at its fair value.

Subsequently, it is measured at the higher of: the amount that would be recognised in accordance with the general guidance for provisions above (LKAS 37) or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (SLFRS 15).

Contingent assets are disclosed, where inflow of economic benefit is probable.

33.1 Capital Commitments

	2024 LKR '000	2023 LKR '000
Hemas Hospitals (Pvt) Ltd.	212,770	155,933
	212,770	155,933

33.2 Other Commitments/ Contingencies

(a) Hemas Manufacturing (Pvt) Ltd.

Income Tax Assessments relating to years of assessment 2008/09 and 2009/10.

The Department of Inland Revenue has issued Income Tax assessments for the years of assessment 2008/2009 and 2009/2010 disputing the qualifying payment relief claimed on factory relocation under the 300 enterprise programme.

The Tax Appeals Commission and Court of Appeal provided determinations against company for the year of assessment 2008/09 and the company filed a case against such determinations at the Supreme Court which is ongoing.

The Tax Appeals Commission provided determinations against company for the year of assessment 2009/10 and the company filed a case against such determinations at the Court of Appeal which is ongoing. Having discussed with independent legal and tax experts and based on information available, the Directors are of the view that the company has followed due process and acted in accordance with the prevailing laws in its tax submissions, and no provisions have been made in the financial statements for the year ended 31 March 2024 in this regard.

The Company has provided a Standby Documentary Credit Facility to Hemas Consumer Brands India (Pvt) Ltd. for USD 160,000 in favour of The Hongkong and Shanghai Banking Corporation Limited.

(b) Hemas Pharmaceutical (Pvt) Ltd.

The Company has given a corporate guarantee to the Hongkong and Shanghai Banking Corporation Limited on behalf of Hemas Surgicals & Diagnostics (Pvt) Ltd amounting to LKR 395 Mn relating to the facilities obtained.

The Company has given a corporate guarantee to the DFCC Bank on behalf of Hemas Surgicals & Diagnostics (Pvt) Ltd amounting to LKR 1,400 Mn relating to the facilities obtained.

(c) Morison Limited

The Department of Inland Revenue has issued VAT assessments for the taxable periods within the years 2014 to 2015 disputing the application of exemption for sale of pharmaceutical product under the provision of section 3 (1) of the Value Added Tax Act, No. 14 of 2002 and the subsequent amendment hereto.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 COMMITMENTS AND CONTINGENCIES (CONTD.)

The Tax Appeals Commission provided determinations against the company for the said taxable periods and the company is seeking court of appeal remedy. Having discussed with independent legal and tax experts and based on information available, the Directors are of the view that the company has followed due process and acted in accordance with the prevailing laws in its tax submissions, and no provisions has been made in the financial statements for the year ended 31 March 2024 in this regard.

The Company has given a bank guarantee of LKR 5.7 Mn to Tax Appeals Commission with respect to the above tax appeal.

(d) Atlas Axillia Company (Pvt) Ltd.

The Department of Inland Revenue has issued Income Tax assessments for the years of assessment 2016/2017 and 2018/2019 for which the company has duly appealed. The appeals for years of assessment 2016/2017 and 2018/2019 are pending hearing at the Tax Appeals Commission. The Directors are of the view that the company has followed due process and acted in accordance with the prevailing laws in its tax submissions, and no provisions have been made in the financial statements for the year ended 31 March 2024 in this regard.

(e) Evergreen Shipping Agency Lanka (Pvt) Ltd.

The Company has obtained a guarantee from Standard Chartered Bank in favour of the Chairman of Sri Lanka Ports Authority for the credit facility amounting to LKR 2 Mn.

The Company has obtained a guarantee from Standard Chartered Bank favouring Director General of Merchant Shipping to obtain Shipping license amounting to LKR 500,000/-.

The Company has obtained a guarantee from Standard Chartered Bank in favour of the Chairman of Sri Lanka Ports Authority for a credit facility amounting to LKR 160 Mn.

(f) Forbes Air Services (Pvt) Ltd.

The Company has obtained a guarantee from Standard Chartered Bank in favour of Emirates - Dubai amounting to LKR 2,612 Mn.

The Company has obtained a guarantee from Standard Chartered Bank in favour of Airport and Aviation amounting to LKR 589,981/-.

The Company has obtained a guarantee from Standard Chartered Bank in favour of the Director General of Civil Aviation amounting to LKR 385 Mn.

(g) Hemas Maritime (Pvt) Ltd.

The Company has obtained a guarantee from Standard Chartered Bank in favour of the Chairman, Sri Lanka Ports Authority amounting to LKR 2 Mn.

The Company has obtained a guarantee from Standard Chartered Bank in favour of the of Director of Merchant Shipping to obtain Shipping license amounting LKR 500,000/-.

The Company has obtained a guarantee from Standard Chartered Bank in favour of the The Chairman, Sri Lanka Ports Authority for the credit facility obtained amounting to LKR 1 Mn.

The Company has obtained a guarantee from Standard Chartered Bank in favour of the Director General of Customs for the Credits facility obtained amounting to Rs 384,557/-

(h) Shipping Services Agency (Pvt) Ltd.

The Company has obtained a guarantees from Standard Chartered Bank in favour of the Chairman, Sri Lanka Ports Authority amounting to LKR 1 Mn.

The Company has obtained a guarantee from Standard Chartered Bank in favour of the Director General of Merchant Shipping amounting to LKR 500,000/-.

(i) Mazu Shipping (Pvt) Ltd.

The Company has obtained a guarantee from Standard Chartered Bank in favour of the of Director of Merchant Shipping to obtain Shipping license amounting LKR 500,000/-.

The Company has obtained a guarantee from Standard Chartered Bank in favour of the Chairman, Sri Lanka Ports Authority amounting to LKR 2 Mn.

Other than the above, there were no material contingent liabilities pertaining to employees and industrial relations.

34 ASSETS PLEDGED

No assets have been pledged as security for liabilities as at the reporting date.

35 GROUP COMPANIES

For the period under review Hemas Holdings PLC operates in three industry segments; Consumer Brands, Healthcare, and Mobility. More information of the Group brands and the market served can be found on page 74.

The holding company is located at No. 75, Hemas House, Braybrooke Place, Colombo 02. The Group has considered all its subsidiary and associate companies numbering 40 in capturing its financial performance. For the purpose of reporting on its sustainability performance, the Group has considered 17 companies which are the legal entities and for which the Group is accountable and has management control. The 23 companies not included for reporting on Sustainability Performance are companies that do not carry out any operations that significantly interact with the environment or society at large. These are either non-operational entities, investment entities, companies only holding lands, companies that are office based or overseas operations that have been excluded this year for sustainability reporting.

The companies included in the financial reporting boundary are listed below, with the companies that are not included in the sustainability reporting boundary marked clearly with an identifier against such entities. Any company that is merged or acquired is considered within the sustainability reporting boundary, unless they fall within the exclusions noted above. Information from all companies within the sustainability reporting boundary use Group-wide materiality assessment methodology, Group level policies, Management Approaches, a common data collection and analysis IT platform, and similar Standard Operating Procedures (SOPs) for sustainability data gathering. The sustainability information is consolidated by the Group Sustainability and Corporate Communications Division of the Group to ensure consistency of approach.

Name /Principle Place of Business	Relationship	Effective Holding		Principal Activities	Board Members
		2024	2023		
CONSUMER BRANDS					
Hemas Manufacturing (Pvt) Ltd. 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Manufacturing and Trading of Consumer Products	Husein Esufally, V. S. Sitaram, Sabrina Esufally, Sabeen Fazli Alavi, Mamun Ur Rashid
Hemas Consumer Brands (Pvt) Ltd.* House # SE (H)- 2, (Level -1), Road - 142 Gulshan 1, Dhaka 1212. Bangladesh.	Subsidiary	100%	100%	Manufacturing and Trading of Consumer Products	Naveedul I. Khan, Sabrina Esufally,
Hemas Consumer Products (Pvt) Ltd.* No 1418, BRR Tower, I.I Chundrigar Road, Karachi, Pakistan.	Subsidiary	100%	100%	Trading of Consumer Products	Husein Esufally, Steven Mark Enderby, Roy Gnankaran Joseph
Hemas Consumer Brands India (Pvt) Ltd.* No 1865, Rajdanga Main Road, The Chambers,6th Floor, Room No-605, Kolkata-700107, India.	Subsidiary	100%	100%	Trading of Consumer Products	Asaratharaman Kannan, Asitha Samaraweera
Unicorn Investment (Pvt) Ltd.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Research and Development Services	Sabrina Esufally, Dimuthu Jayasinghe
Morison Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	96%	96%	Manufacturing, Importing and Distribution of Consumer Products	Murtaza Esufally, Dinesh Athapaththu, Zalmi Fazeel, Ranjan Chakravarti, Dr. Sanjit Singh Lamba
Atlas Axillia Company (Pvt) Ltd. No. 96, Parakrama Road, Peliyagoda, Sri Lanka.	Subsidiary	100%	75%	Manufacturing and trading of all kinds of school and office stationery.	Husein Esufally, Nilika Goonetilleke, Asitha Samaraweera
HEALTHCARE					
Hemas Pharmaceuticals (Pvt) Ltd. 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Distribution of Pharmaceutical Products	Murtaza Esufally, Jude Fernando, Stuart Chapman, Coralie Pietersz, Arun Gupta, Sakina Esufally, Moiz Rehmanjee
Hemas Surgicals & Diagnostics (Pvt) Ltd. 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Distribution of Healthcare Products	Jude Fernando, Moiz Rehmanjee
Hemas Hospitals (Pvt) Ltd. No 389, Negombo Road, Wattala, Sri Lanka.	Subsidiary	89%	85%	Hospital Services	Murtaza Esufally, Dr. Lakith Peiris, Dinesh Athapaththu, Dr. Uma Kadamboor, Dr. Gershu Paul, Vajira Kulatilaka.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 GROUP COMPANIES (CONTD.)

Name /Principle Place of Business	Relationship	Effective Holding 2024	2023	Principal Activities	Board Members
Hemas Capital Hospital (Pvt) Ltd. No. 647, Pannipitiya Road, Thalwathugoda, Sri Lanka.	Subsidiary	89%	85%	Hospital Services	Murtaza Esufally , Dr. Lakith Peiris
Morison Limited 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	96%	96%	Manufacturing, Importing and Distribution of Pharmaceuticals and Medical Aid	Murtaza Esufally, Dinesh Athapaththu, Zalmi Fazeel, Ranjan Chakravarti, Dr. Sanjit Singh Lamba
Healthnet International (Pvt) Ltd.* No. 25, Elibank Road, Colombo 05, Sri Lanka.	Subsidiary	100%	100%	Online Pharmacy Services	Jude Fernando, Mohamed Rizny Faisal
Lifeconnect Solutions (Pvt) Ltd.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Import and Distribution of Pharmaceuticals, Surgical and Diagnostics and other Products	Jude Fernando, Dinesh Kumar Athapaththu, Moiz Rehmanjee, Hazel Pereira, Chinthaka Perera
MOBILITY					
Far Shipping Agency Lanka (Pvt) Ltd. 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Associate	36%	36%	Shipping Agents	Yu Yongjun, Samitha Mohan Perera, Mushin Kitchilan, Namal Perera, Ricky Barnett
Hemas Transportation (Pvt) Ltd. 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Investment Holding Company	Imtiaz Esufally, Moiz Rehmanjee, Mushin Kitchilan, Ricky Barnett
Shipping Agency Services (Pvt) Ltd.* No. 07, Cambridge Terrace, Colombo 07, Sri Lanka.	Subsidiary	85%	-	Shipping Agency Services	Imtiaz Esufally, Mushin Kitchilan, L.N. Jayasooriya
Hemas Maritime (Pvt) Ltd. 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Break Bulk Casual Callers & Cargo Handling	Imtiaz Esufally, Mushin Kitchilan, Ricky Barnett
Evergreen Shipping Agency Lanka (Pvt) Ltd. Level 9, "Parkland", No:33, Park Street, Colombo 02, Sri Lanka.	Subsidiary	60%	60%	Break Bulk Casual Callers & Cargo Handling	Imtiaz Esufally, Yen-I-Chang, Kuang-Hui Wu, Mushin Kitchilan
Mazu Shipping (Pvt) Ltd. 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Shipping Agents	Imtiaz Esufally, Mushin Kitchilan, Ricky Barnett
Forbes Air Services (Pvt) Ltd. 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Genaral Service Administrations of Emirates Airline	Husein Esufally, Imtiaz Esufally, Murtaza Esufally, Abbas Esufally, Mushin Kitchilan, Ricky Barnett
Morlan (Private) Ltd.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Property Development	Murtaza Esufally, Moiz Rehmanjee
Far Shipping Lanka (Pvt) Ltd. 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Shipping Agents	Imtiaz Esufally, Mushin Kitchilan
OTHER					
Hemas Corporate Services (Pvt) Ltd. 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Corporate Secretaries	Moiz Rehmanjee, Peshala Fernando
Hemas Developments (Pvt) Ltd. 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Property Development	Abbas Esufally, Moiz Rehmanjee
Hemas COE (Pvt) Ltd. 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	IT, Financial & Accounting BPO	Ravi Jayasekera, Moiz Rehmanjee

Name /Principle Place of Business	Relationship	Effective Holding 2024	2023	Principal Activities	Board Members
Concept Ventures (Pvt) Ltd.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Investment Holding	Moiz Rehmanjee, Mohamed Rizny Faisal
Hemtours (Pvt) Ltd.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Investment Holding	Abbas Esufally, Moiz Rehmanjee
Hemas Marketing (Pvt) Ltd.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Trading & Distribution of Consumer Products	Sabrina Esufally, Moiz Rehmanjee
Hemas Trading (Pvt) Ltd.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Import and sale of Food Products	Sabrina Esufally, Moiz Rehmanjee
Hemascorp (Private) Limited* 531A Upper Cross Street, #04-98, Hong Lim Complex, Singapore.	Subsidiary	100%	100%	Trading & Distribution of Consumer and Healthcare Products	Sabrina Esufally, Moiz Rehmanjee, Safura Binte Sa'Ad
Leisure Asia Investments Ltd.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Investment Holding Company	Husein Esufally, Abbas Esufally, Imtiaz Esufally
Mowbray Hotels Limited* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Hotel Property	Abbas Esufally, Moiz Rehmanjee, Jayantha Panabokke, Shantha Kurumbalapitiya
PH Resorts (Pvt) Ltd.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Joint Venture	50%	50%	Operating a Tourist Hotel	Abbas Esufally, Dillipraj Rajakarier, Stephen Chojnaki, Micah Thamthai, Steven Enderby, Shantha Kurumbalapitiya
Sanctuary Resorts Wilpattu Lanka (Pvt) Ltd.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Hotel Property	Abbas Esufally, Shantha Kurumbalapitiya
Peace Haven Resorts Limited* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Hotel Property	Abbas Esufally, Shantha Kurumbalapitiya
Magnicare (Pvt) Ltd.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Investment Holding Company	Murtaza Esufally, Moiz Rehmanjee
Hemas Ecopower (Pvt) Ltd.* 'Hemas House' No. 75, Braybrooke Place, Colombo 02, Sri Lanka.	Subsidiary	100%	100%	Production, Transmission and Distribution of Renewable Electricity Using Solar Energy	Murtaza Esufally, Moiz Rehmanjee
Pulz Solutions (Pvt) Ltd.* 8th Floor, Concept Nursery, SLIIT, New Kandy Road, Malabe, Sri Lanka.	Associate	30%	30%	Research & Development, Manufacturing and Sales & Distribution of Invention.	Pramadhi Atapattu, Mithra Mayadunna
Hire 1 Technologies (Pvt) Ltd.* No.199/29, Obesekara Crescent, Rajagiriya, Sri Lanka.	Associate	20%	20%	Providing digital Logistics Services	Yeshanth Gunewardena
VulcanD (Pvt) Ltd.* 570, Gothatuwa Watta, Baddegama, Galle, Sri Lanka.	Associate	20%	20%	Development of Health related technology based products.	Dimuthu Lakmal, Ayesha Rathnayake

* These companies have been excluded for sustainability reporting purposes.

QUARTERLY SNAPSHOT

INFORMATION PURPOSES ONLY

Group	Q1		Q2		Q3		Q4	
	2024 LKR '000	2023 LKR '000	**2024 LKR '000**	2023 LKR '000	**2024 LKR '000**	2023 LKR '000	**2024 LKR '000**	2023 LKR '000
Extract from Statement of Profit or Loss								
Revenue from Contracts with Customers	29,121,435	24,841,247	29,829,387	27,118,911	31,222,706	29,770,003	31,440,244	32,209,413
Gross Profit	7,855,379	6,339,351	8,654,858	7,592,795	9,851,289	7,974,516	9,635,703	9,886,198
Operating Profit	2,153,159	2,030,969	2,766,724	2,693,268	3,868,472	3,234,767	3,132,623	3,004,147
Net Finance Cost	(741,340)	(111,008)	(763,088)	(796,199)	(515,575)	(1,201,250)	(432,987)	(1,089,694)
Profit Before Tax	1,411,819	1,919,961	2,003,636	1,897,069	3,352,897	2,033,517	2,699,636	1,914,453
Income Tax Expenses	(285,834)	(700,715)	(726,347)	(556,759)	(1,055,468)	(854,064)	(1,045,686)	(584,779)
Profit for the Year	1,125,985	1,219,246	1,277,289	1,340,310	2,297,429	1,179,453	1,653,950	1,329,674
Attributable to:								
Equity Holders of the Parent	1,093,645	1,080,150	1,219,721	1,150,614	2,220,061	979,762	1,575,093	1,058,329
Non-Controlling Interests	32,340	139,096	57,568	189,696	77,368	199,691	78,857	271,345
Extract from Statement of Financial Position								
Non Current Assets	27,768,969	24,926,546	27,827,848	24,876,038	27,899,897	24,803,489	30,879,524	27,622,628
Current Assets	67,426,050	59,548,736	66,906,041	68,192,791	70,259,021	68,935,378	62,843,408	70,875,255
Non Current Liabilities	11,340,746	6,246,974	11,182,383	6,237,414	10,819,358	7,669,288	9,969,958	9,825,126
Current Liabilities	45,337,628	43,416,592	44,037,938	51,009,456	45,733,792	49,819,920	39,633,376	49,552,356
Total Equity	38,516,645	34,811,716	39,513,568	35,821,959	41,605,768	36,249,659	44,119,598	39,120,401

INDICATIVE US DOLLAR FINANCIAL STATEMENTS

INFORMATION PURPOSES ONLY

	Group	
	2024 USD '000	2023 USD '000
Extract from Statement of Profit or Loss		
Revenue from Contracts with Customers	379,204	312,092
Gross Profit	112,243	87,084
Operating Profit	37,171	30,029
Net Finance Cost	(7,649)	(8,760)
Profit Before Tax	29,522	21,269
Income Tax Expenses	(9,708)	(7,385)
Profit for the Year	19,814	13,884
Attributable to:		
Equity Holders of the Parent	19,047	11,693
Non-Controlling Interests	767	2,191
Extract from Statement of Financial Position		
Non Current Assets	101,913	83,705
Current Assets	207,404	214,774
Non Current Liabilities	32,905	29,773
Current Liabilities	130,803	150,159
Total Equity	145,609	118,547
Closing Exchange Rate	303	330
Average Exchange Rate	321	365

This information does not constitute a full set of financial statements in compliance with SLFRS/LKAS.

The above should be read together with the Auditors' opinion and the notes to the Financial Statements.

TEN YEAR SUMMARY

LKR '000	2024	2023	2022	2021	2020	2019	2018 Restated	2017	2016	2015 Restated
Operating Results										
Group Revenue	**121,613,772**	113,939,574	78,830,850	64,500,748	60,043,490	64,082,154	49,874,384	43,404,452	37,976,564	32,496,953
Gross Profit	**35,997,229**	31,792,860	21,849,662	19,416,707	19,147,684	21,477,549	17,706,958	16,741,841	14,128,153	11,388,000
Operating Profit	**11,920,978**	10,963,151	6,782,644	6,060,661	3,531,779	5,661,325	4,245,095	4,783,801	3,943,929	3,371,176
Profit Before Taxation	**9,467,988**	7,765,000	6,648,180	5,669,910	2,840,724	5,093,140	4,392,336	5,086,894	4,074,369	3,094,939
Taxation	**3,113,335**	2,696,317	1,813,714	1,523,051	1,356,706	1,413,904	1,441,523	1,333,044	1,148,399	704,200
Profit After Taxation	**6,354,653**	5,068,683	4,834,466	3,342,026	1,362,707	3,679,236	2,950,813	3,753,850	2,925,970	2,390,739
Profit Attributable to the Parent	**6,108,520**	4,268,855	4,248,553	3,253,350	1,235,717	3,369,279	2,687,457	3,491,478	2,653,208	1,927,051
Equity & Liabilities										
Stated Capital	**7,783,875**	7,776,111	7,776,111	7,776,111	7,734,054	7,734,054	5,960,450	5,741,038	5,722,837	1,600,603
Other Reserves	**7,604,327**	6,660,799	4,605,943	2,341,732	1,606,005	1,867,941	2,097,672	2,262,995	2,081,186	1,327,720
Retained Earnings	**28,043,567**	23,967,649	23,205,732	21,777,539	18,574,233	18,496,649	17,420,761	16,907,218	14,187,670	12,730,653
Non-Controlling Interests	**687,829**	715,842	919,517	1,542,904	3,560,170	3,771,078	3,590,445	3,217,800	2,661,619	2,263,623
Non-Current Liabilities	**9,969,958**	9,825,126	6,084,689	5,869,395	9,696,699	6,105,593	6,817,837	3,195,557	4,236,430	4,244,615
Current Liabilities	**39,633,376**	49,552,356	33,715,678	24,286,707	23,209,256	24,774,085	21,811,416	15,993,943	13,437,433	12,271,106
	93,722,932	98,497,883	76,307,670	63,594,388	64,380,417	62,749,400	57,698,581	47,318,551	42,327,175	34,438,320
Assets										
Non Current Assets	**30,879,524**	27,622,628	25,086,301	25,739,662	28,726,781	26,241,984	25,664,398	18,849,704	17,618,989	16,258,408
Current Assets	**62,843,408**	70,875,255	51,221,369	37,854,726	35,653,636	36,507,416	32,034,183	28,468,847	24,708,186	18,179,912
	93,722,932	98,497,883	76,307,670	63,594,388	64,380,417	62,749,400	57,698,581	47,318,551	42,327,175	34,438,320
Cash Flows										
Net cash flows from operating activities	**13,905,592**	(9,261,703)	8,052,336	6,539,456	1,589,246	1,813,421	5,782,146	3,005,374	4,250,945	3,329,052
Net cash flows from / (used in) investing activities	**(5,698,286)**	(1,308,167)	267,884	(1,110,675)	(2,499,723)	(2,197,332)	(7,357,605)	(2,209,008)	(952,068)	173,714
Net cash flows from / (used in) financing activities	**(8,522,834)**	9,597,012	(3,535,923)	(1,772,351)	833,566	(1,135,168)	(3,291,577)	(1,087,290)	2,693,583	(164,953)
Net increase / (decrease) in cash and cash equivalents	**(315,528)**	(972,858)	4,784,297	3,656,430	(76,911)	(1,519,079)	(4,867,036)	(290,924)	5,992,460	3,337,813
Capital Expenditure	**2,379,134**	1,419,730	1,531,239	1,820,200	3,042,111	2,644,095	2,416,892	1,827,820	1,100,899	1,187,533
Key Indicators										
Earnings Per Share (LKR)	**10.24**	7.16	7.12	5.46	2.07	5.65	4.52	6.10	4.71	3.74
Dividends Per Share (LKR)	**2.35**	2.35	4.35	0.40	1.45	4.93	1.85	1.40	1.10	1.10
Dividend Cover (No. of Times)	**4.36**	3.05	1.62	13.64	1.43	1.15	2.44	4.36	4.28	3.40
Dividend Payout Ratio (%)	**23.0**	32.8	61.1	7.3	70.0	87.3	40.9	23.0	23.4	29.4
Interest Cover (No. of Times)	**3.66**	2.77	7.26	9.87	3.68	5.41	6.87	9.21	7.70	7.33
Net Asset Per Share (LKR)	**72.79**	64.38	59.7	53.5	46.8	47.1	44.3	43.5	38.4	30.4
Current Ratio (No. of Times)	**1.59**	1.43	1.52	1.60	1.50	1.47	1.47	1.78	1.84	1.48
Gearing (%)	**22.4**	35.4	15.2	17.2	23.2	18.2	19.7	16.0	18.5	26.9
ROE (%)	**15.3**	13.4	13.8	10.3	4.3	12.1	10.3	14.2	13.7	13.4
Asset Turnover (No. of times)	**1.3**	1.2	1.0	1.0	0.9	1.0	0.9	0.9	0.9	0.9
Debt : Equity (No. of times)	**0.29**	0.55	0.18	0.21	0.30	0.22	0.25	0.19	0.23	0.37
Debt : Total Asset (No. of times)	**0.14**	0.22	0.09	0.11	0.15	0.11	0.12	0.11	0.13	0.19
Investor Information										
Closing Market Price (LKR)	**80.40**	65.00	46.20	83.40	56.20	75.00	124.90	108.70	80.60	73.70
P/E ratio	**7.85**	9.08	6.49	15.28	27.11	13.27	27.63	17.83	17.10	19.71
Shares in issue ('000)	**596,673**	596,546	596,546	596,546	596,043	596,043	574,934	572,733	572,545	515,291
Market Capitalisation (LKR Mn.)	**47,972**	38,775	27,560	49,752	33,497	44,703	71,809	65,256	46,147	37,977
52 - Week Market Share Price High (LKR)	**85.90**	70.00	87.00	107.00	86.70	127.00	154.90	110.00	99.80	89.90
52 - Week Market Share Price Low (LKR)	**60.00**	39.00	45.40	54.00	55.10	73.50	108.00	81.00	71.00	37.70

SHAREHOLDER INFORMATION

1. ANALYSIS OF SHAREHOLDERS AS AT 31 MARCH 2024

Shareholdings	Resident			Non-Resident			Total		
	No. of Shareholders	No. of Shares	Percentage (%)	No. of Shareholders	No. of Shares	Percentage (%)	No. of Shareholders	No. of Shares	Percentage (%)
1 to 1000 Shares	4,920	1,564,203	0.28	21	6,444	0.00	4,941	1,570,647	0.28
1001 to 10,000 Shares	1,961	6,889,713	1.15	33	123,082	0.02	1,994	7,012,795	1.17
10,001 to 100,000 shares	597	18,318,568	3.07	25	965,667	0.16	622	19,284,235	3.23
100,001 to 1,000,000 shares	116	36,591,518	6.13	10	4,290,911	0.72	126	40,882,429	6.85
Over 1,000,000 Shares	33	445,342,233	76.31	11	72,580,278	12.16	44	527,922,511	88.47
Total	7,627	518,706,235	86.94	100	77,966,382	13.06	7,727	596,672,617	100.00

2. CATEGORIES OF SHAREHOLDERS

	No. of Shareholders	No. of Shares
Individual	7,302	77,732,671
Institutional	425	518,939,946
	7,727	596,672,617

3. SHARE TRADING

	2024	2023
Market Price		
Highest Price	85.90	70.00
Lowest Price	60.00	39.00
As at year-end (Rs.)	80.40	65.00
No. of Trades	15,092	14,622
No. of Shares Traded	55,423,283	50,961,183
Value of Shares Traded (Rs. Mn)	4,060	3,032
Market Capitalisation (Rs. Mn)	47,972	38,775

4. COMPUTATION OF PUBLIC SHAREHOLDING

	2024
Issued Share Capital as at 28 March	596,672,617
Less	
Parent Company	-
Subsidiaries of Parent	-
Directors' Shareholding (a)	5,709,910
Spouses of Directors and Chief Executive Officer	7,553,900
Key Management Personnel	-
Close Family Members (b)	-
Controlling Interest (c)	364,012,855
Over 10% Holding	-
Public Holding	219,395,952
Public Holding as a % of issued Share Capital	36.769%
Total Number of Shareholders	7,727
Number of Persons Holding Shares Excluded when Computing Public Holding %	16
Number of Shareholders representing the Public Holding	7,711

SHAREHOLDER INFORMATION

TOP 20 SHAREHOLDERS

	List of 20 Major Shareholders as at 31 March	2024		2023	
		No. of shares	%	No. of shares	%
1.	A Z HOLDINGS (PRIVATE) LIMITED	94,092,305	15.77	94,092,305	15.77
2.	AMAGROUP PVT LTD	91,427,333	15.32	91,427,333	15.33
3.	SARAZ INVESTMENTS (PRIVATE) LIMITED	89,565,277	15.01	89,565,277	15.01
4.	BLUEBERRY INVESTMENTS (PVT) LTD	88,927,940	14.90	88,927,940	14.91
5.	CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	18,322,898	3.07	18,829,504	3.16
6.	BBH-KOPERNIK GLOBAL ALL-CAP FUND	16,019,905	2.68	16,019,905	2.69
7.	BBH-KOPERNIK GLOBAL ALL-CAP EQUITY FUND	12,263,194	2.06	12,263,194	2.06
8.	MRS. R.G. ABDULHUSEIN	10,000,000	1.68	-	-
9.	COCOSHELL (PVT) LTD	9,473,029	1.59	8,784,879	1.47
10.	RUBBER INVESTMENT TRUST LTD A/C NO 01	8,345,002	1.40	7,339,008	1.23
11.	BBH-TUNDRA SUSTAINABLE FRONTIER FUND	7,001,928	1.17	7,001,928	1.17
12.	MR. H.H. ABDULHUSEIN	5,980,000	1.00	5,500,000	0.92
13.	MELLON BANK N.A-UNITED TECHNOLOGIES CORP. MASTER	5,488,757	1.00	5,488,757	0.92
14.	MR. M.J. FERNANDO (DECEASED)	5,448,160	0.91	5,448,160	0.91
15.	CB LONDON S/A VERDIPAPIRFONDET HOLBERG RURIK	4,760,433	0.80	5,289,130	0.89
16.	CEYLON INVESTMENT PLC A/C # 02	3,988,719	0.67	3,706,719	0.62
17.	AKBAR BROTHERS (PVT) LTD A/C NO 1	3,968,420	0.67	-	-
18.	INVENCO CAPITAL PRIVATE LIMITED	3,816,867	0.64	3,997,109	0.67
19.	CEYLON GUARDIAN INVESTMENT TRUST PLC A/C 2	3,451,771	0.58	-	-
20.	BBH-KOPERNIK GLOBAL ALL-CAP MASTER FUND,LP	3,252,575	0.55	3,252,575	0.55

a) **Directors' Shareholding**

	31 March 2024	31 March 2023
A.N. ESUFALLY	167,353	167,353
H.N. ESUFALLY	2,291,640	2,291,640
I.A.H. ESUFALLY	2,086,284	7,086,284
M.A.H. ESUFALLY	1,164,633	6,164,633
DR. S.A.B. EKANAYAKE	-	-
A.S. AMARATUNGA	-	-
J.M. TRIVEDI	-	-
K.A.C. WILSON	-	-
P. SUBASINGHE	-	-
R. PATHIRANA	-	-
TOTAL	15,709,910	15,709,910

b) **Close Family Members**

	31 March 2024	31 March 2023
MRS. A. ESUFALLY	-	-
MISS. Z. ESUFALLY	2,350,000	2,350,000
MR. AMAAR ESUFALLY	2,350,000	2,350,000
MRS. A. ESUFALLY	-	-
MISS SABRINA ESUFALLY	259,170	259,170
MR. ADAM ESUFALLY	259,170	259,170
MISS. R.H. ESUFALLY	259,170	259,170
MRS. BILLIQUIS I. ESUFALLY	725	725
MISS. SAKINA IMTIAZ ESUFALLY	2,073,365	2,073,365
MAST. H.I. ESUFALLY	-	-
MRS. A.M. MOONESINGHE	-	-
MAST. A.M. ESUFALLY	-	-
MRS. A.J. AMARATUNGA	-	-
TOTAL	7,551,600	7,551,600

c) **Controlling Interest**

	31 March 2024	31 March 2023
A Z HOLDINGS (PRIVATE) LIMITED	94,092,305	94,092,305
SARAZ INVESTMENTS (PRIVATE) LIMITED	89,565,277	89,565,277
BLUEBERRY INVESTMENTS (PVT) LTD	88,927,940	88,927,940
AMAGROUP PVT LTD	91,427,333	91,427,333
TOTAL	364,012,855	364,012,855

	Date of Grant	Employee Category	Shares Granted	Expiry date	Option Grant Price (Rs.)	Exercised	Cancelled		Expired	Outstanding			End/Current price
							Due to Resignation	Due to Performance		Total	Vested	Unvested	
ESOS Scheme - 2015*													
Grant 5	27.07.2019		4,115,000	26.07.2023	69.00	502,600	70,000	1,840,788	1,701,612	-	-	-	69.00
		Executive Directors	687,500			-	40,000	265,458	382,042	-	-	-	
		Senior Executives	3,427,500			502,600	30,000	1,575,330	1,319,570	-	-	-	
										-			
Grant 6	27.07.2020		2,630,758	26.07.2024	60.00	34,425	76,500	630,193	-	1,889,640	1,889,640		60.00
		Executive Directors	547,188			-	-	166,423	-	380,765	380,765		
		Senior Executives	2,083,570			34,425	76,500	463,770	-	1,508,875	1,508,875		
ESOS Scheme - 2021													
Grant 1	20.07.2021		3,538,112	19.07.2027	82.46	-	457,959	1,923,427	-	1,156,726	1,156,726		82.46
		Executive Directors	778,815			-		673,515	-	105,300	105,300		
		Senior Executives	2,759,297			-	457,959	1,249,912	-	1,051,426	1,051,426		
Grant 2	20.07.2022		3,071,647	19.07.2028	43.84	92,167		2,144,194	-	835,287	835,287		43.84
		Executive Directors	526,500			-		336,960	-	189,540	189,540		
		Senior Executives	2,545,147			92,167	-	1,807,234	-	645,747	645,747		
Grant 3	20.07.2023		3,375,000	19.07.2029	71.02	-	-	-	-	3,375,000	-	3,375,000	71.02
		Executive Directors	-			-		-	-	-	-	-	
		Senior Executives	3,375,000			-	-	-	-	3,375,000	-	3,375,000	

*ESOS Scheme - 2015 - Grant 01,02,03, and 04 was expired prior to the 01 April 2023.

INDEPENDENT ASSURANCE REPORT

EY
Building a better working world

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INDEPENDENT PRACTITIONER'S ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF HEMAS HOLDINGS PLC

SCOPE

We have been engaged by Hemas Holdings PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Hemas Holdings PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Hemas Holdings PLC's (the "Entity's") Integrated Annual Report/ Annual Report/ Sustainability Report for the year ended 31 March 2024 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

CRITERIA APPLIED BY HEMAS HOLDINGS PLC

In preparing the Subject Matter, Hemas Holdings PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at https://www.globalreporting.org

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

HEMAS HOLDINGS PLC'S RESPONSIBILITIES

Hemas Holdings PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG'S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Hemas Holdings PLC on [insert date of signed engagement letter]. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY MANAGEMENT

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

INDEPENDENT ASSURANCE REPORT

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

OUR PROCEDURES INCLUDED:

- Validated the information presented and checked the calculations performed by the organization through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organization's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

EMPHASIS OF MATTER

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Hemas Holdings PLC for the year ended 31 March 2024, in order for it to be in accordance with the Criteria.

22 May 2024
Colombo

GRI CONTENT INDEX

Statement of use	Hemas Holdings PLC has reported in accordance with the GRI Standards for the period April 1, 2023 to March 31, 2024
GRI 1 used	GRI 1: Foundation 2021

GRI Standard/ Other Source	Disclosure	Location	Omission			UNSDG Goals	UNGC 10 Principals
			Requirement(S) Omitted	Reason	Explanation		
GENERAL DISCLOSURES							
GRI 2: General Disclosures 2021	2-1 Organisational details	IBC	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.				
	2-2 Entities included in the organisation's sustainability reporting	6,248-251					
	2-3 Reporting period, frequency and contact point	6,7					
	2-4 Restatements of information	6					
	2-5 External assurance	6,50,259-260					
	2-6 Activities, value chain and other business relationships	5,112					
	2-7 Employees	91				Goal 1 Goal 5 Goal 8 Goal 10	
	2-8 Workers who are not employees	91					
	2-9 Governance structure and composition	124-125				Goal 8 Goal 16	
	2-10 Nomination and selection of the highest governance body	128,164-165					
	2-11 Chair of the highest governance body	127					
	2-12 Role of the highest governance body in overseeing the management of impacts	136					
	2-13 Delegation of responsibility for managing impacts	51-52,136					
	2-14 Role of the highest governance body in sustainability reporting	51-52					
	2-15 Conflicts of interest	130					
	2-16 Communication of critical concerns	52,128					
	2-17 Collective knowledge of the highest governance body	133					
	2-18 Evaluation of the performance of the highest governance body	131-132					
	2-19 Remuneration policies	133					
	2-20 Process to determine remuneration	162-163					
	2-21 Annual total compensation ratio	99					
	2-22 Statement on sustainable development strategy	16-21					
	2-23 Policy commitments	49-50				Goal 8 Goal 16	
	2-24 Embedding policy commitments	49-50					
	2-25 Processes to remediate negative impacts	49-50,92					

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission			UNSDG Goals	UNGC 10 Principals
			Requirement(S) Omitted	Reason	Explanation		
	2-26 Mechanisms for seeking advice and raising concerns	53					
	2-27 Compliance with laws and regulations	113					
	2-28 Membership associations	113				Goal 17	
	2-29 Approach to stakeholder engagement	53-54					
	2-30 Collective bargaining agreements	94				Goal 8	1,3
Material Topics							
GRI 3: Material Topics 2021	3-1 Process to determine material topics	55	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.				
	3-2 List of material topics	55-57					
Economic Performance							
GRI 3: Material Topics 2021	3-3 Management of material topics	50					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	61				Goal 1 Goal 8 Goal 10	
	201-2 Financial implications and other risks and opportunities due to climate change			Information unavailable/ incomplete			
	201-3 Defined benefit plan obligations and other retirement plans	99				Goal 1 Goal 8 Goal 10	
	201-4 Financial assistance received from government		201-4 a,b,c	Not applicable	The Group does not receive any assistance from the Government		
Anti-Corruption							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 16	10
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	92					
	205-2 Communication and training about anti-corruption policies and procedures		GRI 205-2 a,b,c,d,e	Information unavailable/ incomplete	Communication on anti-corruption is a mandatory requirement in the Group onboarding process for all employees, who signs a Hemas Way document that provides guidelines and relevant information on bribery and corruption. As a result, the training is not tracked by the Group.		

GRI Standard/ Other Source	Disclosure	Location	Omission			UNSDG Goals	UNGC 10 Principals
			Requirement(S) Omitted	Reason	Explanation		
	205-3 Confirmed incidents of corruption and actions taken		GRI 205-3 a,b,c,d	Confidentiality constraints	The maintains confidentiality regarding confirmed incidents of corruption and the actions taken to protect ongoing investigations and ensure the safety of individuals involved. While transparency is valued, this approach aims to strike a balance between disclosure and safeguarding sensitive information.		
Energy							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 7	8
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	104				Goal 12 Goal 13	
	302-2 Energy consumption outside of the organisation		GRI 302-2 a,b,c	Not applicable	The Group does not track this information at present		
	302-3 Energy intensity	104					
	302-4 Reduction of energy consumption		GRI 302 - 4 a,b,c,d	Not applicable	This information is partially reported		
	302-5 Reductions in energy requirements of products and services		GRI 302 - 5 a,b,c	Not applicable	The Group does not track this information at present		
Water and Effluents							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 6 Goal 12	8
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	106					
	303-2 Management of water discharge-related impacts	106-107					
	303-3 Water withdrawal	106					
	303-4 Water discharge	106-107					
	303-5 Water consumption	106					
Emissions							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 7 Goal 12 Goal 13	8
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	103					
	305-2 Energy indirect (Scope 2) GHG emissions	103					

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission			UNSDG Goals	UNGC 10 Principals
			Requirement(S) Omitted	Reason	Explanation		
	305-3 Other indirect (Scope 3) GHG emissions	103	GRI 305-3 a,b,c,d,e,f,g	Information unavailable/ incomplete	The Group partially tracks this information		
	305-4 GHG emissions intensity	103					
	305-5 Reduction of GHG emissions	103					
	305-6 Emissions of ozone-depleting substances (ODS)		GRI 305-6 a,b,c,d	Not applicable	The Group does not track this information at present		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		GRI 305-7 a,b,c	Not applicable	The Group does not track this information at present		
Waste							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 12 Goal 14 Goal 15	8
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	108					
	306-2 Management of significant waste-related impacts	108					
	306-3 Waste generated	108					
	306-4 Waste diverted from disposal		GRI 306-4 a,b,c,d,e	Information unavailable/ incomplete	The Group does not track this information at present		
	306-5 Waste directed to disposal		GRI 306 -5 a,b,c,d,e	Information unavailable/ incomplete			
Employment							
GRI 3: Material Topics 2021	3-3 Management of material topics	50					3,6
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	92				Goal 10	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		GRI 401-2 a, b	Not applicable			
	401-3 Parental leave		GRI 401-3 a.b.c.d.e	Information unavailable/ incomplete	While the Group has in place a robust parental leave policy that exceeds the legal requirement, this indicator is partially reported and information on to be found on page 93		
Occupational Health and Safety							
GRI 3: Material Topics 2021	3-3 Management of material topics	50					
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	96				Goal 3 Goal 8	3,6

GRI Standard/ Other Source	Disclosure	Location	Omission			UNSDG Goals	UNGC 10 Principals
			Requirement(S) Omitted	Reason	Explanation		
	403-2 Hazard identification, risk assessment, and incident investigation	96					
	403-3 Occupational health services	96					
	403-4 Worker participation, consultation, and communication on occupational health and safety	96					
	403-5 Worker training on occupational health and safety	96					
	403-6 Promotion of worker health	96					
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	96					
	403-8 Workers covered by an occupational health and safety management system		GRI 403-8 a,b,c	Information unavailable/ incomplete	The Group does not track this data at present		
	403-9 Work-related injuries	96				Goal 3 Goal 8	
	403-10 Work-related ill health		GRI 403-10 a,b,c,d,e	Information unavailable/ incomplete	The Group does not track this data at present		
Training and Education							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 5 Goal 8	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	97					6
	404-2 Programs for upgrading employee skills and transition assistance programs		GRI 404-2 a,b	Information unavailable/ incomplete	The Group does not track this data at present		
	404-3 Percentage of employees receiving regular performance and career development reviews	98					
Freedom of Association and Collective Bargaining							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 8	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	94					
Child Labour							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 8 Goal 16	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	91					5
Forced or Compulsory Labour							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 8	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	91					4

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission			UNSDG Goals	UNGC 10 Principals
			Requirement(S) Omitted	Reason	Explanation		
Local Communities							
GRI 3: Material Topics 2021	3-3 Management of material topics	50				Goal 11	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	113				Goal 1 Goal 2 Goal 6 Goal 10 Goal 11 Goal 17	
	413-2 Operations with significant actual and potential negative impacts on local communities		GRI 413-2 a	Not applicable	The Group has in place processes to identify any community grievances and has not identified any operations with significant negative impacts on local community		
Customer Health and Safety							
GRI 3: Material Topics 2021	3-3 Management of material topics	50					
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories		GRI 416-1 a	Not applicable	The Group does not track this data at present		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	112					
Marketing and Labelling							
GRI 3: Material Topics 2021	3-3 Management of material topics	50					
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling			Not applicable			
	417-2 Incidents of non-compliance concerning product and service information and labelling	112					
	417-3 Incidents of non-compliance concerning marketing communications	112					
Customer Privacy							
GRI 3: Material Topics 2021	3-3 Management of material topics	50					
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	112					

ALIGNMENT TO TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Disclosure		Location
Governance	(a) Describe the board's oversight of climate related risks and opportunities.	51-52
	(b) Describe management's role in assessing and managing climate related risks and opportunities.	51-52
Strategy	(a) Describe the climate related risks and opportunities the organisation has identified over the short, medium, and long term	150
	(b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	150
	(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	61
Risk Management	(a) Describe the organisation's processes for identifying and assessing climate related risks	146,148
	(b) Describe the organisation's processes for managing climate related risks.	150
	(c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	148
Metrics and Targets	(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	103-104, 106-108
	(b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	102-104
	(c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets	101-109

ALIGNMENT TO IFRS STANDARDS (S1 AND S2)

IFRS S1 (CORE CONTENT)

IFRS No.	IFRS S1 CORE CONTENT (CLAUSES 25 to 53 OF IFRS S1)	Location
Core content		
25	a, b,c,d	124, 125, 133, 136, 52, 128, 51,16-21, 49-50
Governance		
26		124 -125, 136, 133, 51- 52, 128, 52, 136, 16-21, 49-50, 133, 162-163, 136
27	a-i, a-ii, a-iii, a-iv, a-v, b-i, b-ii	
Strategy		
28		146-151
29	a,b,c,d,e	60 - 66, 32-35, 146 - 151
Sustainability-Related Risks and Opportunities		
30	a,b,c	146-151
31		
Business Codel and Value Chain		
32	a,b	146 - 151
Strategy and Decision-Making		
33	a,b,c	146-151
Financial Position, Financial Performance and Cash Flows		
34	a,b	34 - 40, 64 - 67
35	a,b,c-i,c-ii,d	
36		
37	a,b	
38	a,b	
39		
40	a,b,c	
Resilience		
41		146 - 151
42		
Risk Management		
43	a,b	146 - 151
44	a-i, a-ii, a-iii, a-iv, a-v, a-vi, b,c	52, 128, 146 - 151
Metrics and Targets		
45		116 - 121
46	a,b-i,b-ii	
47		
48		
49		
50	a,b,c,d	
51	a,b,c,d,e,f,g,h	
52		
53		

IFRS S2 (CORE CONTENT)

IFRS No.	IFRS S2 CORE CONTENT (CLAUSES 5 to 37 OF IFRS S2)	Location
Governance		
5		136,133,52, 128, 51-52, 16-21, 49-50, 162-163,
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GLOSSARY

ACCRUAL BASIS
Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

ASSET/CAPITAL EMPLOYED
Average total assets divided by average capital employed.

ASSET TURNOVER
Total revenue divided by average total assets.

CAPITAL EMPLOYED
Total Shareholders' funds plus debt and non-controlling interests.

CAPITAL RESERVES
Reserves identified for specific purposes and considered not available for distribution.

CURRENT RATIO
Current assets divided by current liabilities.

CONTINGENT LIABILITIES
Conditions or situations existing at the reporting date, the financial effect of which are to be determined by future events which may or may not occur.

DEBT
The sum of interest-bearing long-term and short-term loans and overdrafts.

DEBT/EQUITY RATIO
Debt as a percentage of shareholders' funds and non-controlling interests.

DEFERRED INCOME TAX
The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

DILUTED EARNINGS PER SHARE
Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

DIVIDEND COVER
Net profit attributable to the Ordinary Shareholders divided by the total dividend paid and proposed.

DIVIDEND PAYOUT RATIO
Dividend paid as a percentage of Company profits adjusted for non-cash gains items.

EARNINGS
Profit after tax less Non Controlling Interests.

EARNINGS PER SHARE (EPS)
Profit attributable to Ordinary Shareholders divided by the weighted average number of Ordinary Shares in issue during the year.

EBIT
Earnings Before Interest and Tax.

EBITDA
Earnings before interest expense, tax, depreciation, amortisation.

EFFECTIVE RATE OF TAXATION
Income tax over Profit Before tax.

EQUITY
Equity attributable to Equity Holders of the Parent.

GEARING
Debt divided by the sum of equity, non-controlling interests and debt.

INTEREST COVER
Consolidated operating profits over finance cost.

MARKET CAPITALISATION
Number of shares in issue at the end of the period multiplied by the market price at the end of the period.

NON-CONTROLLING INTERESTS
Part of the net results of operations and net assets of a subsidiary attributable to interests which are not owned, directly or indirectly, through Subsidiaries, by the Parent.

NET ASSETS
Total assets minus current liabilities, long-term liabilities, and non-controlling interests.

NET ASSETS PER SHARE
Shareholders' funds divided by the number of Ordinary Shares in issue as at the end of the year.

NET DEBT (CASH)
Total debt minus cash and short-term deposits.

OPERATING PROFIT
Profit Before Interest and Tax.

PRICE EARNINGS RATIO
Market price per share divided by the earnings per share.

QUICK RATIO
Current assets minus inventory, divided by current liabilities.

RETURN ON EQUITY (ROE)
Profit attributable to shareholders as a percentage of average shareholders' funds.

RETURN ON CAPITAL EMPLOYED (ROCE)
Earnings Before Interest expense and Tax divided by average of capital employed at the beginning and end of the year.

REVENUE RESERVES
Reserves set aside for future distributions and investments.

SEGMENT
Constituent business units grouped in terms of similarity of operations and strategy.

SHAREHOLDERS' FUNDS
Total of stated capital, other components of equity and revenue reserves.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Seventy Fifth Annual General Meeting (AGM) of Hemas Holdings PLC will be held as a Virtual AGM, emanating from the Registered Office, 'Hemas House' No. 75, Braybrooke Place, Colombo 2, on Thursday, 27 June 2024 at 3.00 p.m. for the following purposes;

AGENDA

1. To receive and consider the Statements of Accounts of the Company and of the Group for the Year ended 31st March 2024 together with the Reports of the Directors and Auditors thereon.

2. To re-elect, Dr. S. A. B. Ekanayake who retires by rotation in terms of Article 84 of the Articles of Association, as a Director.

3. To re-elect, Mr. H. N. Esufally who retires by rotation in terms of Article 84 of the Articles of Association, as a Director.

4. To re-elect, Mr. A. S. Amaratunga who retires by rotation in terms of Article 84 of the Articles of Association, as a Director.

5. To pass the following Ordinary Resolution set out below to re-appoint as Director Mr. A. N. Esufally who has completed 70 years of age and vacates office as a Director of the Company in terms of Section 210 (2) (a) of the Companies Act No. 7 of 2007.

   "RESOLVED that Mr. A. N. Esufally who has completed 70 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared as provided for in Section 211 (1) of the Companies Act No. 7 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Mr. A. N. Esufally."

6. To declare a final dividend of Rs. 3.00 per Ordinary Share as recommended by the Board.

7. To re-appoint M/s Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorise the Directors to determine their remuneration.

8. To authorise the Directors to determine and make donations to Charity.

By order of the Board of,
HEMAS HOLDINGS PLC

Hemas Corporate Services (Private) Limited
Secretaries

22 May 2024

Notes:

- A member entitled to attend, and vote is entitled to appoint a Proxy to attend and vote online in his/her place.
- A Proxy need not be a member of the Company.
- A Form of Proxy is enclosed for this purpose.
- The Board of Directors, has decided to hold the Annual General Meeting (AGM) as a virtual AGM in conformity with the regulatory provisions of the Company and, the Listing Rules and the guidelines of the Colombo Stock Exchange.
- Shareholders who wish to participate in the Annual General Meeting through the Online Platform are kindly requested to complete and forward the Annexure 1 to the Annual Report, to the email address peshalaf@hemas.com with the email subject titled "Hemas Holdings PLC AGM 2024" or post it to the registered address mentioned below not less than 3 days before holding of the meeting. Shareholders are requested to provide their email address in the space provided in the annexure in order to forward the web link if they wish to view the proceedings through an online platform.
- The Chairman and certain members of the Board, the Company Secretary and key officials essential for the administration of formalities will be physically present at the Registered Office.
- Voting on the items listed in the Agenda will be registered by using an online platform or a designated ancillary online application. All of such procedures will be explained to the shareholders prior to the commencement of the meeting.
- Shareholders who wish to appoint a member of the Board of Directors as his/her proxy to represent them at the AGM may do so by completing the Form of Proxy, in such event the email address of the proxy holder will not be required.
- Shareholders may send their questions/ comments on the items listed in the Agenda of the Notice Convening the AGM by email to peshalaf@hemas.com or by post to Company Secretarial Division, 9th Floor, 'Hemas House' No. 75, Braybrooke Place, Colombo 2 not less than 3 days before holding of the meeting.
- The instrument appointing a proxy should be deposited at the Registered Office at 'Hemas House' No. 75, Braybrooke Place Colombo 2 not less than 48 hours before holding of the meeting or scanned and emailed to peshalaf@hemas.com.
- Only registered shareholders and registered proxy holders will be permitted to log in and participate in the virtual AGM.
- The Annual Report, Form of Proxy and the Shareholder Information Form will be hosted in the Company's Website www.hemas.com
- The date fixed for the AGM will not be affected even if a public holiday is declared on such date since arrangements will be in place to proceed via the online platform.

FORM OF PROXY

I/We.. ....
....of...
.... being a Member/s of Hemas Holdings PLC do
hereby appoint Mr/Mrs/Miss ....
....of ....
.... whom failing.

Mr. Husein Nuruddin Esufally of Colombo 7	whom failing
Dr. Sumitha Anura Bandara Ekanayake of Nugegoda	whom failing
Ms. Kasturi Chellaraja Wilson of Colombo 6	whom failing
Mr. Abbasally Nuruddin Esufally of Colombo 7	whom failing
Mr. Imtiaz Abidhusein Hassanally Esufally of Colombo 7	whom failing
Mr. Murtaza Abidhusein Hassanally Esufally of Colombo 5	whom failing
Mr. Amitha Shaktha Amaratunga of Colombo 7	whom failing
Mr. Jyotindra Manibhai Trivedi of Colombo 2	whom failing
Mr. Prabhash Subasinghe of Colombo 4	whom failing
Mr. Ranil Prasad Pathirana of Rajagiriya	

as *my/our Proxy to *speak and /to vote for *me/us on *my/our behalf at the Seventy Fifth Annual General Meeting (AGM) of Hemas Holdings PLC to be held as a virtual AGM on Thursday, 27th day of June 2024 at 3.00 p.m. emanating from the Registered Office at 'Hemas House' No. 75, Braybrooke Place, Colombo 2 and at any adjournment thereof.

I/We hereby authorise my/our proxy to vote for me/us and on my/our behalf in accordance with the preferences indicated below:

		For	Against
1.	To receive and consider the Statements of Accounts of the Company and of the Group for the Year ended 31st March 2024 together with the Reports of the Directors and Auditors thereon.		
2.	To re-elect, Dr. S. A. B. Ekanayake who retires by rotation in terms of Article 84 of the Articles of Association, as a Director.		
3.	To re-elect, Mr. H. N. Esufally who retires by rotation in terms of Article 84 of the Articles of Association, as a Director.		
4.	To re-elect, Mr. A.S. Amaratunga who retires by rotation in terms of Article 84 of the Articles of Association, as a Director		
5.	To pass the following Ordinary Resolution set out below to re-appoint as Director Mr. A. N. Esufally who has completed 70 years of age and vacates office as a Director of the Company in terms of Section 210 (2) (a) of the Companies Act No. 7 of 2007 "RESOLVED that Mr. A. N. Esufally who has completed 70 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared as provided for in Section 211 (1) of the Companies Act No. 7 of 2007 that the age limit of 70 years referred to in Section 210 of the said Companies Act shall not apply to Mr. A. N. Esufally."		
6.	To declare a final dividend of Rs. 3.00 per Ordinary Share as recommended by the Board.		
7.	To re-appoint M/s Ernst & Young, Chartered Accountants, as Auditors of the Company and to authorise the Directors to determine their remuneration.		
8.	To authorise the Directors to determine and make donations to Charity.		

*The Proxy may vote as he/she thinks fit on any other resolution brought before this Meeting

.... Signature/s and Date

.... NIC No/PP No

Note:
Please delete the inappropriate words.

INSTRUCTIONS AS TO COMPLETION OF THE PROXY IS ON THE REVERSE

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION OF FORM OF PROXY

1. Kindly perfect the Form of Proxy after filling in legibly your full name and address and by signing in the space provided. Please fill in the date of signature.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/her.
3. In the case of Corporate Members, the Form of Proxy must be completed under the Common Seal, which should be affixed and attested in the manner prescribed by the Articles of Association /Statutes.
4. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy.
5. The completed Form of Proxy should either be:

   (i) addressed to the 'Company Secretary' and posted or hand delivered to the registered office of the Company at 'Hemas House' No. 75, Braybrooke Place, Colombo 2;

   or

   (ii) Scanned and emailed to the email address: peshalaf@hemas.com with the email subject titled "HEMAS HOLDINGS PLC AGM PROXY" not less than 48 hours before the time appointed for the holding of the AGM together with the following information.

CDS Account Number of the Shareholder (s):	
Shareholder's contact number/s:	
Proxy holder's telephone number (residence/work):	
Proxy holder's mobile number:	
Email address to which the online link should be forwarded for the proxy holder's participation at the AGM:	
Proxy holder's NIC number:	

ANNEXURE 1

Folio/CDS Account Number

Hemas Holdings PLC
75th Annual General Meeting - 2024

REGISTRATION OF SHAREHOLDER INFORMATION

1. Full Name of the Shareholder:

2. Address of the Shareholder:

3. Shareholder's NIC/Passport/Co. Reg. No.:

4. Shareholder's Contact No.

Residence		Mobile	

5. Name of the Proxyholder:

6. Proxyholder's NIC/Passport No.:

7. Shareholder's/Proxyholder's E-mail Address:

8. Participation at AGM via Online Platform: Yes/No

9. Name of Joint holders if any

   a. .... b. ....

10. NIC/Passport Nos. of Joint holder

   a. .... b. ....

....	....	....
Principal Shareholder Signature and Date	1st Joint holder Signature and Date	2nd Joint Holder Signature and Date

FORM OF REQUEST

Date:

Hemas Corporate Services (Private) Limited

'Hemas House' No. 75, Braybrooke Place, Colombo 2

Dear Sirs/ Madam,

HEMAS HOLDINGS PLC -

REQUEST FOR A PRINTED COPY OF THE ANNUAL REPORT 2023/24

I wish to obtain a printed copy of the Annual Report 2023/24 of Hemas Holdings PLC.

I will collect a copy from your Office

Please hand over copy to bearer

(Name of bearer..)

Please mail a copy to my address given below

Full name of Shareholder	
NIC/Passport no./ Company Registration no.	
Correspondence Address	
Contact number	

……………..……………………

Signature of Shareholder

CORPORATE INFORMATION

LEGAL FORM

A Limited Liability Company incorporated in Sri Lanka and listed on the Colombo Stock Exchange on 15th October 2003

DATE OF INCORPORATION

10th December 1948

DATE OF RE-REGISTRATION

30th May 2007

COMPANY RE-REGISTRATION NUMBER

P Q 6

ACCOUNTING YEAR END

31st March

REGISTERED OFFICE

'Hemas House'
No. 75, Braybrooke Place,
Colombo 2.
Telephone: +94 11 4731731
Website: www.hemas.com

DIRECTORS

H. N. Esufally (Chairman)
Dr. S. A. B. Ekanayake (Deputy Chairman)
K.A.C. Wilson (resigned as CEO w.e.f. 31st March 2024)
A. N. Esufally
I. A. H. Esufally
M. A. H. Esufally
A. S. Amaratunga
J. M. Trivedi
P. Subasinghe
R. P. Pathirana

AUDIT COMMITTEE

A. S. Amaratunga – Chairman
I. A. H. Esufally
R. P. Pathirana

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Dr. S. A. B. Ekanayake – Chairman
H. N. Esufally
A. S. Amaratunga

NOMINATION AND GOVERNANCE COMMITTEE

Dr. S. A. B. Ekanayake – Chairman
J. M. Trivedi
A. N. Esufally

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

A. S. Amaratunga – Chairman
I. A. H. Esufally
R.P. Pathirana

SECRETARIES

Hemas Corporate Services (Private) Limited
'Hemas House' No. 75, Braybrooke Place,
Colombo 2
Telephone: +94 11 4731731 (hunting)
Facsimile: +94 11 4731777

REGISTRARS

SSP Corporate Services (Pvt) Ltd
No.101, Inner Flower Road,
Colombo 3
Tel.: +94 11 2573894, +94 11 2576871
Fax: +94 11 2573609
Email: sspsec@sltnet.lk

INVESTOR RELATIONS

Director - Group Finance /Group Treasurer
Hemas Holdings PLC
'Hemas House' No. 75, Braybrooke Place,
Colombo 2
Telephone: +94 11 4731731
Email: ir@hemas.com

AUDITORS

Ernst & Young
Chartered Accountants
Rotunda Towers,
No. 109, Galle Road,
P.O. Box 101, Colombo 03.

LAWYERS TO THE COMPANY

Group Legal
Hemas Holdings PLC
'Hemas House' No. 75, Braybrooke Place,
Colombo 2
Telephone: +94 11 4731731

BANKERS

Bank of Ceylon
Citibank N A
Commercial Bank of Ceylon PLC
Deutsche Bank AG
DFCC Bank
Hatton National Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Sampath Bank PLC
Seylan Bank PLC
Standard Chartered Bank
The Hongkong & Shanghai Banking Corp. Ltd
Union Bank PLC

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