



**GALLE FACE CAPITAL PARTNERS PLC**  
Annual Report 2024

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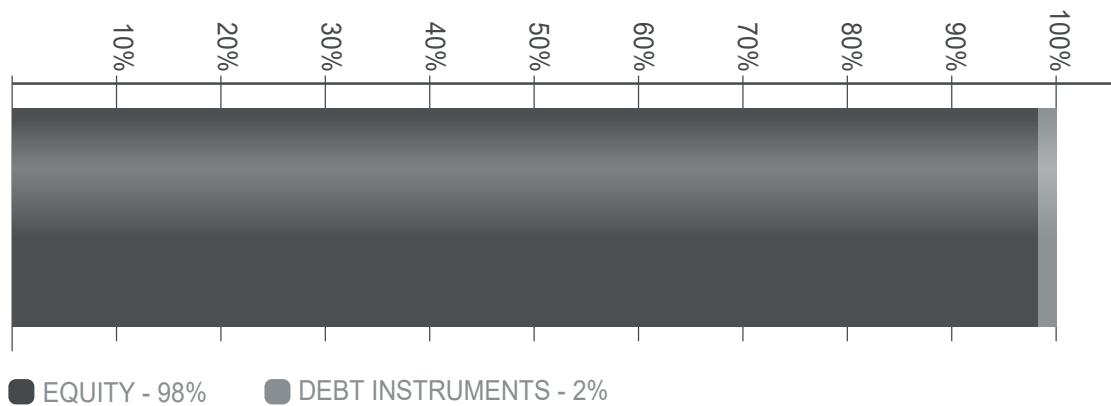
# WHO WE ARE

Galle Face Capital Partners PLC is an investment trust listed on the Colombo Stock Exchange. The company actively manages a portfolio of listed equity, debt instruments, private equity and investments in alternate asset classes.

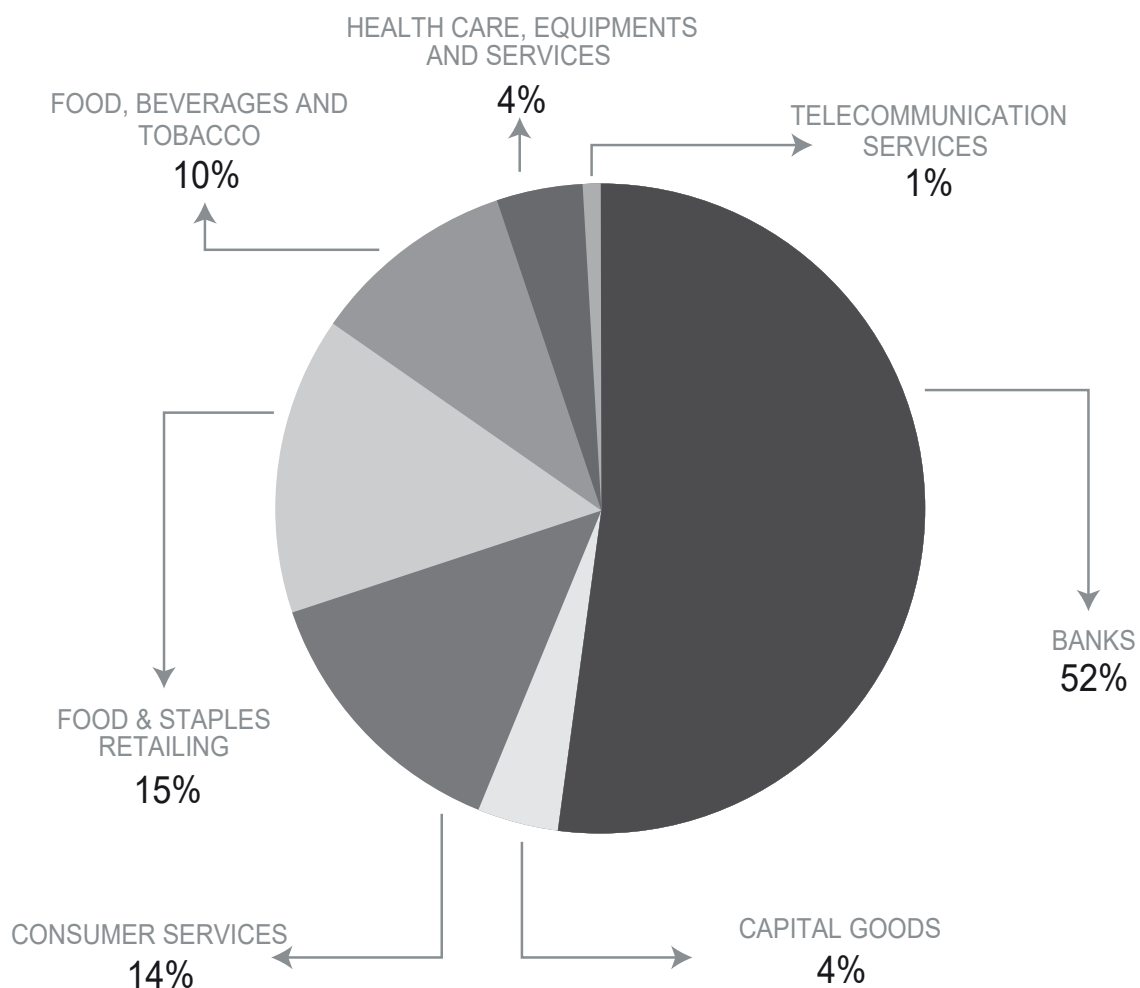
# OUR VISION

To be a leading investment trust focused on value investing and wealth creation with a medium to long term perspective.

# INVESTMENT PORTFOLIO as at 31<sup>st</sup> March 2024



# EQUITY EXPOSURE as at 31<sup>st</sup> March 2024



## Chairman's Review

On behalf of the Board of Directors, I take pleasure in welcoming you to the 104th Annual General Meeting of the company and presenting to you the Annual Report and Audited Financial Statements of the Company for the year ended 31st March 2024.

The Sri Lankan economy displayed signs of stabilization, spurred by favorable conditions in the external sector. Higher earnings from tourism and increased domestic economic activity contributed to the overall improvement. After setbacks in the previous year, the external sector showed stability in 2023, with improved foreign exchange inflows and a stronger balance of payments position, which bolstered the Sri Lankan Rupee. Overall, macroeconomic conditions in 2023 were marked by optimism, with improvements seen in various economic indicators, such as inflation, currency stability, and external sector performance. According to the Census and Statistics Department, Sri Lanka's economy contracted by 2.3% in 2023, but it grew by 4.5% in the fourth quarter. The economy seems to be on a trajectory towards stabilization and recovery in 2024, supported by both domestic and external factors.

Galle Face Capital Partners PLC is a dedicated investment trust investing in equity listed on the Colombo Stock Exchange, treasury bills, treasury bonds and other equity and debt instruments. During the year the portfolio saw a strategic shift from debt to equity investments.

The company recorded a revenue of Rs. 32 Million. The profit after tax was Rs. 428 Million compared to Rs. 147 Million in the previous year. The Net Asset Value of your Company was Rs. 48.38 per share as against Rs. 33 per share in the preceding year. The fair value of quoted investments as at 31st March, 2024 and 31st March 2023 were Rs. 1.286 Billion and Rs. 566 Million respectively.

Whereas the debt instruments of the company as of 31st March 2024 stands at 24 Million. Your board recommends a First and Final Dividend of Rs. 2.05 per share in the form of Scrip Dividend for the financial year ended 31st March, 2024.

Taking into consideration a year with extraordinary challenges, I wish to express my sincere gratitude to my fellow Directors on the Board for their support and to my colleagues in the group who have worked tirelessly to add to shareholder value for their dedication and commitment. I also extend my gratitude to the shareholders and other stakeholders for the support and confidence placed in us for the challenges that lie ahead as well.

Sgd  
S.V Rajiyah  
Chairman  
21st August 2024

## Directors' Profiles

### **Mr. S. V. Rajiyah**

*(Executive Chairman)*

Mr. S. V. Rajiyah is the Executive Chairman of the Company. He is also the Managing Director of Renuka Holdings PLC, Renuka Foods PLC, Renuka Agri Foods PLC, Shaw Wallace Ceylon Ltd, Richlife Dairies Ltd and Director of Companies of the Renuka Group. He is also the Executive Chairman of Ceylon Land & Equity PLC. He is a graduate in Management from the Warwick Business School, University of Warwick, United Kingdom. He has over 20 years of experience in General Management.

### **Mr. M. S. Dominic**

*(Non-Executive/ Independent)*

Mr. M.S. Dominic is an Independent Non-Executive Director and holds a BSc (Hons) degree in Computer Science from the University of South Bank, United Kingdom. He has over 38 years of experience in the Information Technology field. He is also Director of Galle Face Properties Ltd, Renuka Foods PLC, Renuka Agri Foods PLC, Renuka Holdings PLC and Sithijaya Fund. He is a trustee of the George Keyt Foundation. He is also on the Council of the University of Visual and Performance Art Colombo.

### **Mr. K.G. Vairavanathan**

*(Non-Executive/ Independent)*

K.G Vairavanathan is currently a non-executive independent director of Galle Face Capital Partners PLC.

He was the CEO of Asia Wealth Management (Private) Limited between February 2023 and May 2024. Prior to holding this post, he was the Managing Director of Assetline Capital (Private) Limited and Assetline Securities (Private) Limited between November 2016 and February 2022. He also held directorship positions in four other

companies in the David Pieris Group, namely DPMC Assetline Holdings (Private) Limited, Assetline Leasing Company Limited, David Pieris Investment Properties (Private) Limited and David Pieris International Ventures (Private) Limited.

Before joining the DPMC Group, Mr. Vairavanathan held CEO/Director posts in the Capital Alliance Group for eight years. He was a Director of Janashakthi Limited and was also General Manager, Investments at Janashakthi Insurance and the head of NDB Stockbrokers.

Mr. Vairavanathan holds a Master in Business Administration (Finance and Investments) from the United States and a Bachelor of Science in Mathematics from the University of Sussex, United Kingdom.

### **Mr. K. Liyanagamage**

*(Non-Executive/ Independent)*

Mr. K. Liyanagamage is an Independent Non-Executive Director and an Attorney-at-Law of the Supreme Court of Sri Lanka with more than 25 years of experience in the field of Civil & Commercial Law. He holds a degree of Master of Laws in Law of International Trade from the University of Wales. He is presently serving as a Director of Galle Face Properties Ltd, Ceylon Land & Equity PLC and Alpha Fire Services PLC.

### **Fit and Proper**

To ensure compliance with listing rule 9.7.1 each member of the board has declared conformity with the Fit and Proper assessment criteria outline in listing rule number 9.7.3 by providing signed declaration for the year under review. Individuals who failed to comply with the criteria as per the above rule will no longer be eligible to serve as director of the company.

## Management Discussion and Analysis

### Operating Environment

During the year under review, the Sri Lankan economy continued to face its most challenging period in its post-independence history, comprising severe economic hardship that led to both public and political upheaval and the resultant economic upheaval. Although the corrective measures required necessarily affected the vast majority in the short term, they were inevitable to safeguard the economy from unrestrained economic instability such as hyperinflation, collapse of economic activity etc. The Sri Lankan economy witnessed a gradual revival in 2023 from the deepest economic downturn in its post-independence history, helped in no small measure with the assistance from the international financial institutions towards the foreign currency crisis and the stabilization of the domestic economy. This has brought about a relative stability in the economy for its participants to re-evaluate and re-engage in economic activity. However, the reduction in the purchasing power of the consumers due to the abovementioned upheavals seems to be plaguing the economy still further.

The economic adjustment program has already yielded promising outcomes in 2023. As per the national accounts estimates of the Department of Census and Statistics (DCS), the Sri Lankan economy recorded a decline of 2.3 percent during the year (-7.8 percent in 2022). Agriculture sector of the economy registered a growth of 2.6 percent whilst All other sectors of the economy registered declines during the year (industry by 9.2 percent and services by 0.2 percent). The persistent twin deficit of the overall government budget and the external current account which was the root cause of the economic downturn, showed signs of correction during 2023.

In real terms, the Sri Lankan economy recorded a decline of 2.3 percent in 2023, compared to a decline of 7.8 percent observed in 2022. Accordingly, the overall size of the economy was US dollars 74 billion in 2023 compared to US dollars 76 billion in the previous year. Per capital GDP was US dollars 3,830 in 2023 compared to US dollars 3,464 in 2022.

The aforementioned turbulence in the economy also affected the supply chains of many industries resulting in shortages of products/services of every description. The subsequent early indications of stabilisation of the economy have contributed towards ironing out many such disruptions; the full recovery of which is still to be seen. While the decline of the economy initially led to the increase in the unemployment rate, the increase in both the labor force and inactive population led to a decline in labour force participation during the year. The unemployment rate continued to be at 4.7 percent in 2023.

Due to the unprecedented socio-political tensions which prevailed previously, the liquidity in the domestic/ foreign exchange markets had dried up. As a result, there was an adverse impact to the Economy of the Country as a whole. Subsequent improvements of the foreign exchange inflows from tourism and other services exports as well as workers' remittances, amidst subdued import demand, supported the country in alleviating the severe foreign exchange crunch that prevailed previously. In light of these developments, along with enhanced confidence in the market, the Sri Lanka rupee witnessed a strengthening in late 2023. One significant impact of the above-mentioned upheaval was the drastic rise in the interest rates in the domestic markets to approximately 30 percent at the beginning of the year. The subsequent corrective actions by the central Bank saw the rates being managed at a more realistic rate of near single digit towards the end of the financial year. The financial sector demonstrated its resilience stemming from the proactive and prudent policies of the Central Bank and the greater crisis preparedness of the financial institutions

The following aspects were discussed pertaining to the primary macro - economic variables during the year under review and the resultant impacts on the performance of Galle Face Capital Partners PLC.

## Management Discussion and Analysis Contd..

| Movement  | Cause  | Impact to Galle Face Capital Partners PLC   |
|---|--|---|
| <p><b>Economy</b><br/>Sri Lankan economy recorded a decline of 2.3 percent in 2023, in real terms, compared to a negative 7.8 percent recorded in the preceding year.</p> | <p>Agriculture sector of the economy registered a growth of 2.6 percent whilst All other sectors of the economy registered declines during the year (industry by 9.2 percent and services by 0.2 percent)</p> <p>The performance of the agriculture, forestry and fishing sector was showed signes of recovery by the notable increases in the subcategories of growing of cereals, rice, vegetables, and tea while the growth in Oleaginous fruits also weighed in positively on the sectorial performance.</p> <p>The majority of subcategories within the industries sector registered declines.</p> <p>Most subcategories in the services sector also registered negative growths.</p> | <p>The recorded decline in GDP during the period of the financial year did not have a significant impact to the Company, as during this period funds were invested in short to medium term instruments.</p> |



## Management Discussion and Analysis Contd..

| Movement  | Cause  | Impact to Galle Face Capital Partners PLC  |
|---|--|--|
| <p><b><u>Inflation</u></b><br/> Headline inflation initially accelerated in 2022 driven mainly by domestic supply side disturbances, the surge in global commodity prices and upward revisions to administered prices, while core inflation also accelerated reflecting the lagged effect of significant monetary Accommodation. The subsequent corrective actions taken by the central Bank has driven the inflation to a more manageable rate of a single digit towards the end of the financial year.</p>  | <p>As reflected by the year-on-year change in both the National Consumer Price Index (NCPI, 2021=100) and the Colombo Consumer Price Index (CCPI, 2021=100), the decrease in headline inflation was attributed to the decrease in both food and non-food inflation, though food inflation accounted for a larger share. Several upward revisions made to energy prices and other administered Prices in the previous periods are now being slowly reversed, which has contributed to the decrease in the inflation rates. Accordingly, year-on-year headline inflation, measured by the CCPI which was recorded at 50 percent at end 2022, has decreased to 0.9 percent by end 2023.</p> | <p>No major Impact to the Company.</p>   |
| <p><b><u>Domestic Interest Rates</u></b><br/> Market lending interest rates during 2022 was very high at 27 percent in response to the tight monetary and liquidity conditions, while lending interest rates began to moderate towards end 2023 to approx 12 per centum.</p> <p>The unprecedented increase in the Central Bank's policy interest rates, the substantial liquidity deficit in the domestic money market drove up deposit interest rates, and the elevated yields on government securities, mainly caused the rise in market lending interest rates in 2022. This has new stabilised with Central Bank of Sri Lanka intervention.</p> | <p>Considering the build-up of excessive inflationary pressures and the imbalances that emerged in the external sector and financial markets, the Central Bank, which deployed unprecedented monetary stimulus measures since 2020, commenced monetary tightening measures from the beginning of the financial year.</p> <p>The Central Bank eased on providing financial support to the Government by way of purchasing Treasury bills from the primary market.</p>   | <p>The company was well placed to take advantage of the short term disruptions in the Govt Securities and Share markets.</p> |

## Management Discussion and Analysis Contd..

| Movement  | Cause   | Impact to Galle Face Capital Partners PLC   |
|---|---|---|
| <p><b>Exchange Rates</b></p> <p>In 2023, the Sri Lanka rupee appreciated significantly against the US dollar by 11 percent from Rs. 363.11 as at end 2022 to Rs. 323.92 as at end 2023.</p> <p>The foreign exchange appreciation pressure was largely due to the limited demand for forex together with large renewed inflows from the tourism and worker remittance sectors. As a result, the exchange rate started to stabilize gradually at around Rs. 323 level during the last quarter of 2023, and lower in subsequent periods.</p> | <p>The pressures that was witnessed on the exchange rate amidst dried up liquidity in the domestic foreign exchange market in 2022 had an adverse effect. Subsequent improvements of the foreign exchange inflows from tourism and other services exports as well as workers' remittances, amidst subdued import demand, supported the country in alleviating the severe foreign exchange crunch that prevailed previously.</p> | <p>Less impact to the Company due to less exposure to foreign currency transactions.</p>  |
| <p><b>Share Market</b></p> <p>The Colombo Stock Exchange (CSE) recorded a decline in 2022, mainly responding to the general market sentiment and the interest rates prevailing in the market. The foreign participation in the market too declined in line with the Sovereign rating assigned by international rating agencies. The subsequent changes in the economy changed the tide in the Colombo Stock Exchange too and generated gains in the overall market.</p>   | <p>When the interest rates were rising due to central banks corrective actions, the market participation declined. However there was much interest from the domestic investors when the interest rates were plummeting in the last quarter of the year.</p>   | <p>The company took advantage of investing in value stocks which paid dividends by the appreciation of the value with the gradual stabilization in the economy.</p> |

### Capital Management Review

Being in the investment business, we seek creation of long term sustainable value to our shareholders while safeguarding the financial stability of the Company.

### Financial Capital Trading Investment portfolio:

The Company recorded a profit of Rs. 396Mn. from its fair value investment measured at Fair Value through Profit or Loss during the year, against a profit of Rs. 54 Mn. during the previous year.

# Report of the Board of Directors

The Board of directors have pleasure in presenting the report of the affairs of the Company and the Audited Financial Statements of the Company for the year ended 31st March 2024 together with auditor's Report and pertinent information required under section 168 of Companies Act No. 07 of 2007, Colombo Stock Exchange Listing Rules and the recommended best practices on Corporate Governance.

## 1. Overview

Galle Face Capital Partners PLC incorporated in Sri Lanka under joint stock ordinance in 1920. The company was listed on the Colombo Stock Exchange in 2001.

The registered Office of the company is situated at "Renuka House", No. 69, Sri Jinaratana Road, Colombo 02.

Section 168 of the Companies Act No 07 of the 2007, specifies the information to be published in the Annual Report, Prepared for the year ended 31st March 2024 and compliance status of same is given in the Corporate Governance Report on pages No. 16 to 27 to this Annual Report.

## 2. Review of Business

### 2.1 Principal Business Activities and business review

The principal activity of the Company is to invest in equity, debt and other alternate asset classes. The Chairman's Review contains the performance of the Company and the future developments. Further risk involvement analysis and measures taken to mitigate the risks are given in the Management Discussion and Analysis and the Risk Management Report.

## 3. Future Developments

Future development activities of the Company are discussed in the Chairman's Review on the page No. 3 to this Annual Report.

## 4. Financial Statements of the Company

The Financial Statements of the Company duly approved by two Directors in compliance with the requirements of sections 151, 152 and 168(1) (b) of the Companies Act No 07 of 2007 are given on pages No. 46 to 72 to this Annual Report.

## 5. Directors' Responsibility for Financial Statements

The Directors are responsible for the preparation of Financial Statements of the Company to reflect the state of its affairs. The Directors are of the view that Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows presented on pages No. 40 to 41 have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards as mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Companies Act No. 07 of 2007. Further, these Financial statements are also complying with the requirements of listing rules of the Colombo Stock Exchange. The Report of "Directors' Responsibilities" appearing on pages No. 46 to 49 of this Annual Report forms an integral part of this report.

## 6. Auditor's Report

The Auditors of the Company, Messrs. KPMG Chartered Accountants performed the audit on the Financial Statements for the year ended 31st March 2024 and the Independent Auditor's Report on the Financial Statements is given on pages No. 42 to 45 of this Annual Report as required by section 168(1) (c) of the Companies Act No. 07 of 2007.

## Report of the Board of Directors Contd..

### 7. Accounting Policies and Changes During the Year

The Company prepared its Financial Statements in accordance with Sri Lanka Accounting Standards (LKAS/ SLFRS) which were in effect up to year end under review. The significant accounting policies adopted in the preparation of Financial Statements of the Company are given on pages No. 50 to 59 to this Annual Report as required by Section 168 (1) (d) of the Companies Act No. 07 of 2007. The Board confirms that there were no changes to the Accounting Policies used by the Company during the year.

### 8. Financial Results and appropriations

The Company turnover for the year ended 31st March 2024 was Rs. 32Mn. compared to Rs. 34Mn. in the previous year. Further net profit after tax of the Company was Rs. 431 Mn. compared with the net profit of Rs. 173 Mn. for the previous year. Detailed analysis of the Revenue is given in Note No. 13 to the Financial Statements.

### 9. Dividends and Reserves

#### 9.1 Profit appropriations

The Company had a profit of Rs. 431 Mn. before tax for the year ended 31st March 2024 compared to Profit of Rs. 173Mn. in 2023 and Net Profit after tax was Rs. 428 Mn. (2023 net profit after tax of Rs. 147Mn).

#### 9.2 Dividends on Ordinary Shares

The Board of Directors has recommended Rs 2.05 per share for 2023/24 (2022/23 Rs. 0.20 per share) by way of Scrip Dividend. The Directors are confident that the Company would meet the solvency test requirement under Section 56 (2) of the Companies Act of No. 7 of 2007 immediately after the proposed final dividend distribution.

##### 9.2.1 Solvency Test

Solvency test has been carried out by the Board of Directors before the payment of the final dividend as required by the Companies Act No. 7 of 2007.

### 9.3 Provision for Taxation

The taxable income of the Company is taxed at 30% (2023 - 14% & 30%). Taxable income is arising from the operations of the Company and has been disclosed in accordance with Sri Lanka Accounting Standards. The Company has provided deferred tax on all known temporary differences under the liability method, as permitted by the Sri Lanka Accounting Standard - LKAS 12 on "Income Taxes" Information on Income Tax Expenses & Deferred Taxes are given in Notes No. 16 to the Financial Statements.

### 9.4 Reserves

The Reserves of the Company are given in the Changes in Equity Statement to the Financial Statements on page No. 48 to this Annual Report.

### 10. Investments

The Group has a share portfolio in quoted shares amounting to Rs. 1.269 Bn. Detailed portfolio of the investments held by the Company is given in Note No. 3 to the Financial Statements.

### 11. Property, Plant & Equipment and Capital Expenditure

There were no Property, Plant & Equipment held by the Company.

### 12. Market value of Freehold Properties and Investment Properties

There are no Freehold or Investment Properties held by the Company.

### 13. Stated capital

The Stated capital of the Company as at 31st March 2024 was Rs. 542,775,948/- Comprised of 26,949,524 Ordinary shares (2023 - Rs. 513,655,750 comprising 25,833,808 Ordinary Shares).

## Report of the Board of Directors Contd..

### 14. Share Information

#### 14.1 Information on earnings, net assets and market values

Information relating to earnings and net assets are given with five year summary appearing on page No. 73 to this Annual Report. Market value details of the ordinary shares are appearing with Shareholders' Information on pages No. 74 to 76 of this Annual Report.

**14.2** Distribution schedule is given on pages No. 74 to 76 to this Annual Report together with Shareholders' and investors' information.

#### 15. Major Shareholdings

Details of the twenty largest shareholders with the percentage of their respective shareholdings as at 31st March 2024 are given on page No. 76 together with comparative shareholdings.

#### 16. Interest Register

The Interests Register is maintained by the Company Secretary, as per the Section 168(1) (e) of the Companies Act No. 7 of 2007. All Directors have made their declarations as provided for in section 192(1) & (2) of the Companies Act aforesaid. The Share ownership of Directors is disclosed on page No. 12 to this Annual Report, Entries were made in the Interests Register on share transaction and Directors' interest in contracts. The Interest Register is available for inspection by shareholders or their authorised representatives as required by the section 119 (1) (d) of the Companies Act No. 07 of 2007.

### 17. Equitable treatment to all shareholders

The Company has made every endeavor to ensure the equitable treatment to all shareholders and adopted adequate measures to prevent information asymmetry.

### 18. Public Holding

There were 1,995 (2023-1,939) registered shareholders as at 31st March 2024 out of which public shareholding with the percentage of shares held by the public, as per the Colombo Stock Exchange rules, being 29.94% (2023 - 47.35%).

### 19. Information to Shareholders

The Board strives to be transparent and provide accurate information to shareholders in all public material.

The quarterly financial information during the year has been sent to the Colombo Stock Exchange in a timely manner.

### 20. Board of Directors

#### 20.1 List of Directors

The names of the Directors who held office during the financial year are given below. The brief profile of the Board of Directors appear on page No. 4 to this Annual Report.

The basis on which Directors are classified as Independent and Non-Executive directors is discussed in the Corporate Governance Report.

| Name of Director             | Executive | Non-Executive | Independent |
|------------------------------|-----------|---------------|-------------|
| Mr. S. V. Rajiyah (Chairman) | X         |               |             |
| Mr. M.S. Dominic             |           | X             | X           |
| Mr. K.G. Vairavanathan       |           | X             | X           |
| Mr. K. Liyanagamage          |           | X             | X           |

## Report of the Board of Directors Contd..

### 20.2 Recommendation for re-election

To re-elect Mr. K.G. Vairavanathan as a Director who retires by rotation in terms of Article 72

To re-appoint Mr. K. Liyanagamage as per Article 68 of the Article Association who has been appointed by the board since last AGM, as a Director.

### 20.3 Directors Meetings

Details of the meetings of the Board of Directors are presented on page No. 17 to this Annual Report.

### 20.4 Directors' Interest in transactions

The Company carried out transactions in the ordinary course of business with the entities which a Director of the Company is a Director. The transactions with the entities where a Director of the Company either has control or exercises significant influence have been classified as related party transaction and disclosed in Note 18 to the Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

### 20.5 Directors' Interest in Shares

Directors of the Company and who have relevant interest in shares of their respective companies have disclosed their shareholdings and any acquisitions/ disposals to their Boards, in compliance with section 200 of the Companies Act.

Directors holdings, in Ordinary Shares of the Company are given in the below table.

| Name of Director                                     | As at 31st March 2024 | As at 01st April 2023 |
|--|-----------------------|-----------------------|
| Mr. S. V. Rajiyah (Joint with Mrs. J.J.B.A. Rajiyah) | 1,403                 | -                     |
| Mr. M.S. Dominic                                     | -                     | -                     |
| Mr. K.G. Vairavanathan                               | -                     | -                     |
| Mr. K. Liyanagamage*                                 | -                     | -                     |

\* Appointed w.e.f. 08/09/2023

Share dealings by Directors during the year were disclosed to Colombo Stock Exchange.

### 20.6 Remuneration of Directors

The remuneration of Directors in respect of the Company for the year ended 31st March 2024 is given in the Financial Statements.

### 20.7 Directors Responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true & fair view of the status of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka, Companies Act No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 and the Listing Rules of Colombo Stock Exchange.

### 20.8 Board Committees

The Board has established committees for better monitoring and guidance of different aspects of operations and control.

#### Audit Committee

The Audit Committee comprising of Non- Executive Directors are provided on pages No. 34 to 35 of this Annual Report. Detailed scope of the Audit Committee and their work during the year disclosed in Audit Committee Report given on page No. 34 - 35 this Annual Report.

#### Related Party Transactions Review Committee (RPTR)

Related Party Transactions Review Committee (RPTR) comprise of three independent non- executive Directors. RPTR Committee of Renuka Holdings PLC, the ultimate parent company, act as the RPTR Committee of Galle Face Capital Partners PLC . Detailed scope and the meetings held during the year under review is given in the RPTR Committee Report on pages No 36 to 37 in this Annual Report.

## Report of the Board of Directors Contd..

### **Remuneration Committee**

Remuneration Committee of ultimate parent company, Renuka Holdings PLC, acts as the Remuneration Committee of Galle Face Capital Partners PLC. The scope and meetings of the Remuneration Committee is given in the Remuneration Committee report on page No. 39 in this Annual Report.

### **Nomination & Governance Committee**

Nomination & Governance Committee of ultimate parent company, Renuka Holdings PLC, act as the Nomination & Governance Committee of Galle Face Capital Partners PLC. The scope and meetings of the Nomination & Governance Committee is given in the Nomination & Governance Committee report on pages No. 38 in this Annual Report.

### **21. Related Party Transactions**

The Board of Directors has given the statement in respect of the related party transactions. The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing Rules.

### **22. Statutory Payment**

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments are due to the Government; other regulatory institutions have been made on time.

Declaration relating to statutory payments is made in the Statement of Directors' Responsibilities on the pages No. 40 to 41 to this Annual Report.

### **23. Environmental Protection**

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 it has complied with the relevant environmental regulations.

### **24. Events Occurring After the Reporting Date**

There are no events of material and significance nature that requires adjustment to the Financial Statements, occurred subsequent to the date of the reporting date, other than those disclosed in Note No. 21 to the Financial Statements.

### **25. Going Concern**

The Directors, after considering the financial position, operating conditions, regulatory and other factors including matters addressed in the Corporate Governance code, have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore the going concern basis has been adopted in the preparation of the Financial Statements.

### **26. Corporate Donations**

The Company has not made any donations during the year under review.

### **27. Risk Management**

The Company has a structured risk management process in place to support its operations. The Galle Face Capital Partners PLC's Board, Audit Committee play a major role in this process. The Risk Management Report elaborates these processes and the Company's risk factors.

### **28. Internal Controls**

The Directors acknowledge their responsibility for the Company's system of internal control. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated.

## Report of the Board of Directors Contd..

However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period. The Board, having reviewed the system of internal controls, is satisfied with the Group's adherence to and effectiveness of these controls for the year up to the date of signing the Financial Statements.

### 29. Capital Commitments

No significant capital commitments exist as at 31st March 2024 other than those disclosed in Note No. 20 to this Financial Statements.

### 30. Compliance with Laws and Regulations

The Company has complied with all applicable laws and regulations. A compliance checklist is signed-off on a quarterly basis by responsible officers and any violations are reported to the Board Audit Committee. Detailed report of the Audit Committee is given on pages No. 36 to 37 to this Annual Report.

### 31. Contingent Liabilities

There are no contingent liabilities existed as at the Balance Sheet date except what is disclosed in the Note No. 19 to the Financial Statements.

### 32. Outstanding Litigations

There are no litigations pending against the Company as at the Balance Sheet date.

### 33. Code of Conduct

The Company demands impeccable standards of conduct from its Directors and employees in the performance of their official duties and in situations that could affect the Company's image.

### 34. Corporate Governance

The Company has complied with the Corporate Governance rules laid down under the Listing Rules of the Colombo Stock Exchange. The Corporate Governance Report on pages 16 to 27 detailed this further.

### 35. Compliance with Transfer Pricing Regulations

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

### 36. Employees and industrial Relations

There are no employees attached to Galle Face Capital Partners PLC.

### 37. Appointment of Auditors

Messrs KPMG, Chartered Accountants, who are the Company Auditors during the year, will not be re-appointed, in terms of Section 158 of the Companies Act No.7 of 2007, as Auditors of the Company. A resolution to appoint Messrs Ernst & Young Chartered Accountants as auditors of the company for the financial year 2025 and authorizing directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

### 38. Auditors' Remuneration and Interest in Contracts

The fee amount paid/payable for the services provided to the Company during the year with corresponding figures for the previous year is present in Note No. 15 to Financial Statements.

### 39. Annual Report

The Board of Directors approved the Company Financial Statements on 12th August 2024. The appropriate No. of copies of this report will be submitted to Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board.

### 40. Annual General Meeting

Following the issuance of guidelines by the Colombo Stock Exchange (CSE) the 104th Annual General Meeting of Galle Face Capital Partners PLC will be held on 19th September 2024 at 4.15pm.

### 41. Acknowledgment of the contents of the Report

As required by section 168(1) (k) of the Companies Act No.07 of 2007 the Board of Directors hereby acknowledge the contents of this report.

Sgd. S.V.Rajiyah  
*Chairman*

Sgd. M.S. Dominic  
*Director*

For and on behalf of the Board.

Sgd. Renuka Enterprises (Pvt) Ltd.  
*Managers and Company Secretaries*  
21st August 2024



## Statement by the Senior Independent Director

Profile of Mr.Kishan Ganesh Vairavanathan is given on page no 04 of this report.

In compliance with Section 9.6.3. 2 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company appointed me as the Senior Independent Director of the Company with effect from 1st October 2023.

Section 9.6.3. 2 of the Listing Rules Provide that in the event the Chairman is an Executive Director a Senior Independent Director shall be appointed.

At Galle Face Capital Partners PLC Mr Shamindra Vatsalan Rajiyah remains as Chairperson and Executive Director, in the interest of the Company.

### **ROLE OF THE SENIOR INDEPENDENT DIRECTOR (SID)**

The Senior Independent Director provides guidance to the Chairman on matters of governance of the Company.

The Senior Independent Director makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company should the need arise.

### **ACTIVITIES DURING THE YEAR**

Meetings were held with the Non-Executive Directors without the presence of the Executive Directors. At these meetings the performance of the Chairman and the Executive Director was appraised. The outcome of these meetings together with recommendations were duly informed to the Chairman and the Board.

As we look to the future, company remain focused on navigating the challenges and opportunities that lie ahead. Galle Face Capital Partners PLC's strategic priorities will continue to be underpinned by our commitment to sound corporate governance, effective risk management, and sustainable growth.

As the senior independent director, I am confident that the process and practices established by Galle Face Capital Partners PLC ensure that the role of the SID is effectively carried out contributing to the robust governance of the company.

The independence and objectivity of the SID, along with the engagement with both the board and share holders, help to maintain transparency, accountability and trust in our corporate governance frame work.

I remain committed to upholding these standards and will continue to work closely with the board to ensure that the company aligned with the best practices in corporate governance.

K.G. Vairavanathan  
Senior Independent Director  
21st August 2024  
Colombo

## Report on the Corporate Governance

Galle Face Capital Partners PLC is involved in Investing and trading in equity and other alternative asset classes. Therefore, structured and sound Corporate Governance processors are required to mitigate the risk involved and to provide added value to its shareholders and other stakeholders. The Renuka Group Corporate Governance framework facilitates Galle Face Capital Partners PLC too to adhere and adopt a well sounded corporate governance framework that facilitates effective management of corporate relationships and deliver continuous value to its stakeholders. Core principles of accountability, participation and transparency have been in-built to the corporate governance system and manage the wider range of Companies in the Renuka Group.

This is a robust framework of structures, principles, policies, procedures, codes and processors to ensure that our Group values and standards are maintained throughout the Companies in the Group. Corporate Governance essentially involves balancing the interests of the shareholders and many stakeholders of the Company - which extend to Management, Customers, Suppliers, Financiers, Government and the Community at large. Since Corporate Governance also provides the framework for attaining the objectives of the Company, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

The Company holds itself accountable to the highest standards of Corporate Governance and provides public accessibility to the information of the Company. Corporate Governance has been institutionalized at all levels in the Group through a strong set of corporate values which have been adhered to by the Senior Management and Board of Directors in the performance of their official duties and in other situations which could affect the Company image.

The Company is committed to the highest standards of integrity, ethical values and professionalism in all its activities.

At the Group level, we set our framework of Corporate Governance in line with Code of Best Practice on Corporate Governance issued by the Institute of

Chartered Accountants of Sri Lanka and the rules set out in the Colombo Stock Exchange Listing Rules and also comply with the Country's Legislative and Regulatory requirement. This applies to Galle Face Capital Partners PLC as well.

### Corporate Governance System

The Board of Directors who are appointed by the shareholders are the ultimate governing body of the Company having the highest decision making authority and overall responsibility for determining the strategic directions of the Company. In all actions taken, the Board of Directors is expected to exercise their business judgment considering the best interest of the Company. The Corporate Governance frame work is subject to continuous reviews, assessments and improvements to provide best interest to its stakeholders.

### BOARD LEADERSHIP

#### Composition of the Board

The Board comprised of four Directors as at the date the Financial Statements are approved, of which one Director is Executive and three Directors are Non- Executive. Three of the Non-Executive Directors are Independent. The status of Directors are given below.

| Executive Director | Non - Executive and Directors                  |
|--------------------|--|
| Mr. S. V. Rajiyah  | Mr. M.S. Dominic<br><i>(Independent)</i>       |
|                    | Mr. K.G. Vairavanathan<br><i>(Independent)</i> |
|                    | Mr. K. Liyanagamage<br><i>(Independent)</i>    |

The Board determined that the Independence of the Directors should be measured in accordance with the Colombo Stock Exchange Rules and the Independent Non- Executive Directors have submitted signed confirmation of their Independence. The profiles of the Directors are given in page No. 04 to this Annual Report which states that all the Directors are having diverse experience, being eminent professionals and dynamic entrepreneurs in the corporate world.

## Report on the Corporate Governance Contd..

### Role & Responsibilities of the Board

The Board aims at fulfilling its responsibilities by creating value for all the stakeholders that is sustainable and beneficial. Under the direction of the Executive Director and oversight of the Board, the business of the Company is conducted to enhance the long term value of the Company. The Board gives leadership in setting the strategic direction and establishing a sound control framework for the successful functioning of the Company. The Board's composition reflects a sound balance of independence.

Whilst the management provides information to the Board on regular basis, relating to the Company operations, the Board meets quarterly and gives full consideration to the followings:

- Reviewing of strategic and key business performances
- Reviewing of profit/loss and asset position and quarterly management accounts
- Providing advice and guidelines to senior Managers
- Approving major Investments
- Approving the Interim and Annual Reports
- Risk management and adequacy of internal controls of the Company
- Seeking business developments and expansions in the Company
- Reviewing reports of Related Party Transactions, Compliance with legal and regulatory requirement

### Board Composition

The composition of Executive and Non-Executive Independent Directors on the Board who are professionals / academics / business leaders holding senior positions in their respective fields ensures a right balance between executive expediency and independent judgment as no individual Director or small Group of Directors dominate the Board discussion and decision making.

### Board Meetings and Attendance

The Board convened five times during the year ended 31st March 2024 and the Directors attendance at the meetings is as follows.

| Name of the Director        | Eligible to Attended | Attended |
|-----------------------------|----------------------|----------|
| Mr. S.V. Rajiyah (Chairman) | 3                    | 3/3      |
| Mr. M.S. Dominic            | 3                    | 3/3      |
| Mr. K.G. Vairavanathan      | 3                    | 3/3      |
| Mr. K. Liyanagamage*        | 1                    | 1/1      |
| Mr. B.V. Selvanayagam**     | 2                    | 2/2      |

\* Appointed w.e.f. 08/09/2023

\*\* Resigned w.e.f. 08/09/2023

### Chairman's Role

The Chairman is responsible for ensuring the effectiveness and conduct of the Board whilst the Management has overall responsibilities over the operating units, organizational effectiveness of the implementation of Board policies and decisions.

The Chairman ensures that Board members have access to adequate information and are provided with sufficient opportunity to obtain clarifications on the matters before the meetings through presentations and documents prepared by the management and their teams. Board members also have access to key management personnel for any clarifications. Chief Financial Officer presents the updates on performance of the Company, compliance with regulatory requirements such as Colombo Stock Exchange Listing rules, Companies Act requirements and compliance with tax regulations.

### Financial Acumen

The Board constitutes members who are having multiple disciplines and experiences in Finance, Marketing, Economic, Legal and Human Resources. As a result well balanced members in the Board have the capability in providing constructive debates and reviews to assist in developing capable strategies.

## Report on the Corporate Governance Contd..

### **Information to the Board**

Directors are provided with quarterly reports on the performance of the Company. Chairman ensures that Managers provide all clarifications and documentations to the Board with minutes and Board papers which are circulated among Directors prior to seven days of the Board meeting.-

### **Board Appointment and Re-election of Directors**

The Board follows a formal process to appoint Directors to the Board mainly through the recommendation of the Nomination & Governance Committee.

The Articles of Association of the Company require one third of the Non-Executive Directors retire at each Annual General Meeting and the Directors who retire are those who have served the longest periods after their respective appointments/re-appointments.

### **Access to Independent Professional Advice**

In the process of preserving the independence of the Board and the effective decision making, the Directors obtain independent and professional advice where necessary.

### **Access to Advice and Services of the Company Secretaries**

All the Directors have access to the advice and services of the Company Secretarial function provided by Renuka Enterprises (Pvt) Ltd, which is responsible for ensuring that Board procedures are followed, compliance with rules and regulation, directions and statutes, recording minutes and maintaining required records of the Company.

### **Independent Judgment**

Directors bring independent judgment to bearing on issues of strategy, performance, resources and standards on business conduct. Composition of the Board ensures that there is a sufficient balance of power and contribution by all the Directors without any domination by one or few Directors on Board processes or decision making.

### **Dedication of Adequate Time and Effort to Matters of the Board and the Company**

Directors ensure that they dedicate adequate time and effort to the matters of the Board and the Company and that the duties and responsibilities owed to the Company are satisfactorily discharged. Accordingly dates of quarterly Board meetings and Board Sub- Committee meetings are scheduled well in advance and the relevant papers and documents are circulated a week prior to each meeting giving sufficient time for review. There is provision to circulate papers closer to the meeting on an exceptional basis.

### **Disclosure of information on Directors to Shareholders**

Information relating to each Director is disclosed with the profile given on page No. 04 of this Annual Report. Director's profiles include name, qualifications, experience, and material business interest.

Memberships in sub-committees are given on pages No. 09 to 14 of this Annual Report together with attendance at such meetings. Attendance at Board meeting is given on page No. 16 to 27 to this Annual Report.

Remunerations paid to Directors are disclosed in the Note No. 18 to the Financial Statements. Related Party Transactions had with Directors are disclosed in the Note No. 18 to the Financial Statements. Further any Director - ships in Listed Companies established in Sri Lanka are included in the profile of each Director on page No. 04 to this Annual Report.

### **Directors' Remuneration Procedure**

Remuneration Committee determines and sets out the guidelines for remuneration of the management staff in the Group. Scope of Remuneration Committee and its composition are included on page No. 39 of this Annual Report.

## Report on the Corporate Governance Contd..

The Board determines the remuneration of Non- Executive Directors who are paid a Directors Fee for attending the Board meetings and sub-committee meetings. However they are not paid a performance based incentive payment.

### **Stakeholder Management and Shareholder Relationship Communication with Shareholders**

The Board considers the Annual General Meeting as a prime opportunity to communicate with the shareholders of the Company. The Shareholders are given the opportunity of exercising their rights at the Annual General Meeting. The notice of the Annual General Meeting and the relevant documents required are published and circulated to the shareholders within the statutory period.

The Company circulates the agenda of the meeting and shareholders' vote on each issue separately. All the shareholders are invited and encouraged to participate the Annual General Meeting. The Annual General Meeting provides an opportunity for the shareholders to seek and obtain clarifications and information on the performance of the Company and to informally meet the Directors. The External Auditors are also present at the Annual General Meeting to render any professional assistance that may be required. Shareholders who are not in a position to attend the Annual General Meeting in person are entitled to have their voting rights exercised by a proxy of their choice. The Company publishes quarterly accounts and Annual Report in a timely manner as its principal mode of communication with shareholders and others. This enables stakeholders to make a rational judgment of the Company.

### **Disclosure of Material Proposed Transactions**

During the year under review there were no material proposed transactions entered in to by Galle Face Capital Partners PLC which would materially affect the Net Assets base of the Company other than those disclosed in the Note No. 20 to this Annual Report.

### **Accountability and Audit**

The Board through the Chief Financial Officer and the Management is responsible for the preparation and presentation of Financial Statements of the Company in Accordance with the Sri Lanka Accounting Standards comprising SLFRS and LKAS. This responsibility is monitored by the completion of a check list before finalizing the Interim and full year Financial Statements from the respective sector Financial Managers and Chief Financial Officer.

The Directors' Responsibility Statement for Financial Reporting is included on pages No. 40 and 41 to this Annual Report.

### **Risk Management and Internal Controls**

The Board is responsible for the Company's internal controls and their effectiveness. Internal controls are established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision making. It covers all the controls, including financial, operational and compliance control and risk management. It is important to state, that any system can ensure only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time.

### **Board Sub Committees**

To assist the Board in discharging its duties various Board Sub Committees are established. The functions and terms of references of the Board Sub-Committees are clearly defined where applicable and comply with the recommendation of the Code of Best Practice on Corporate Governance.

### **The Four Board Sub Committees are as follows.**

- i. Audit Committee
- ii. Remuneration Committee
- iii. Related Party Transactions Review Committee
- iv. Nomination & Governance Committee

## Report on the Corporate Governance Contd..

### **Audit Committee**

The Board has established an Audit Committee which has oversight responsibility for financial reporting system of the Company considering how they should select and apply accounting policies, financial reporting, establish internal controls and maintain an appropriate relationship with the External Auditors.

The Members of the Audit Committee consist of Independent Non-executive Directors who are appointed by and responsible to the Board of Directors. The Executive Director and Chief Financial Officer attended the meetings by invitation. Other members of the Board, members of the Management as well as External Auditors were present when required. The Company Secretary serves as Secretary to the Committee.

The Audit Committee reviews the Accounting Policies and presentation for external audit function and ensures that the objectives and professional relationships are maintained with the External Auditors. Also Audit Committee reviews and assists the Board in maintaining a sound system of internal control.

The Committee has full access to the External Auditors who, in turn, have access at all times to the Chairman of the Committee. The Committee meets with the External Auditors without any executive Directors present at least once a year, in line with good Corporate Governance Practice.

The Report of the Audit Committee is present on pages No. 34 to 35 and the duties of the Audit Committee are included therein.

### **Related Party Transactions Review Committee**

The objective of the Committee is to exercise oversight on behalf of the Board of Galle Face Capital Partners PLC and its listed associate Companies, to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka ("The Code") and with the Listing Rules of the Colombo Stock Exchange (CSE). The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka and the CSE. The Related Party Transactions Review Committee of the ultimate holding Company Renuka Holdings PLC, acts as the Related Party Transactions Review Committee of Galle Face Capital Partners PLC.

The Related Party Transactions Review Committee consists of three Independent Non-Executive Directors who are appointed by and responsible to the Board.

The Executive Director and Chief Financial Officer attend the meetings by invitation and the Company Secretaries serve as Secretaries to the Committee.

The Report of the RPTR Committee is presented on pages No. 36 to 37 and the duties of the Committee are included therein.

### **Remuneration Committee**

The Remuneration Committee determines the remuneration of the Chairman and the Executive Directors and sets guidelines for the remuneration of the key management staff within the Group. The Remuneration Committee of ultimate holding Company Renuka Holdings PLC acts as the Remuneration Committee of Galle Face Capital Partners PLC

The Remuneration Committee consists of three Directors who all are independent and Non-Executive. The Company Secretaries serve as Secretaries to the Committee.

The Report of the Remuneration Committee is presented on page No. 39 and the duties of the Remuneration Committee are included therein.

### **Nomination & Governance Committee**

The Committee objective is to define and establishes the nomination process for Non-Executive Directors, lead the process of Board appointments and make recommendations to the Board. The Committee sets out the scope comprising tasks such as assessing skills required to be on the Board, periodic review of the extent of skills required to represent the Board, Review the clear description of role and capabilities required for a particular Board appointment and Identify and recommend suitable candidates to the Board. The Nomination & Governance Committee of ultimate holding company, Renuka Holding PLC, acts as the Nomination & Governance Committee of Galle Face Capital Partners PLC.

All three directors in the Nomination & Governance Committee are Non- Executive of which two Directors are Independent.

The Report of the Nomination & Governance Committee is presented on page No. 38 and the duties of the Committee are included therein.

## Report on the Corporate Governance Contd..

### **Institutional Investors**

The Shareholders are provided with Interim Financial Statements and Audited Financial Statements together with Annual Report which contains the periodic/ annual performance of the Company and its Associate Companies. This information is available in the web site of Colombo Stock Exchange. Further Board of Directors ensures that Shareholders are given a fair chance to communicate at the Annual General Meeting and clarify any information relating to the Company. Board also encourages discussions of a high level on the strategic decisions and achievement of goals of the Company at the Annual General Meeting. Further the Board disseminates any information which is price sensitive to the shareholders by announcing to the Colombo Stock Exchange.

### **Other Investors**

The Board expects any investor to carry out analysis on the information published in the Colombo Stock Exchange web site and to seek independent advice on their investment decisions to invest or divest the shares.

### **Information Technology Governance**

The Board is vigilant on the impact of the technology towards the business. The Board is concerned about the threat and the need for the management of IT and Cyber security risk. Chief Information Technology Officer in the Group is entrusted with formulation of the Group Information Technology policy and Information Security Policy.

Management of IT and Cyber security is reviewed at monthly meetings with Directors and they are informed of any risks, issues and precautionary.

### **Compliance Summary**

Statement of compliance under Section 7.6 of the Listing Rules of Colombo Stock Exchange on Annual Report disclosures.

### **Shareholder Relations**

The company assign a high priority to the communication of the results and prospects for the future to its shareholders as a responsible listed company on the Colombo Stock Exchange. The quarterly and Annual Reports are simultaneously updated on the companies website [www.renukagroup.com](http://www.renukagroup.com).

If you have any question on accessing of the digital copy of this report, please call 0112 314750, company secretaries.

### **Corporate Governance Compliance Statement**

Galle Face Capital Partners PLC has fully complied with the Corporate Governance listing requirements of the Colombo Stock Exchange and adheres to the different regulating authorities including,

- Companies Act No.7 of 2007
- Code of Best Practices on Corporate Governance issued jointly by the CA Sri Lanka and the Securities & Exchange Commission of Sri Lanka
- Inland Revenue Act
- Exchange Control Act

## Report on the Corporate Governance Contd..

| CSE Rule Reference | Corporate Governance Principles   | Compliance Status | Company's Extent of Adoption  |
|--------------------|---|-------------------|---|
| (i)                | Names of persons who were Directors of the entity   | Complied          | Refer Report of the Board of Directors Report on pages No. 9 to 14 to this Annual Report.   |
| (ii)               | Principal activities of the entity during the year and any changes therein  | Complied          | Refer Note No. 1 to Financial Statements.   |
| (iii)              | The names and the No. of shares held by the 20 largest holders of voting shares and the percentage of such shares held                                      | Complied          | Refer Shareholders' and Investors' information on pages No. 74 to 76 to this Annual Report. |
| (iv)               | The public holding percentage   | Complied          | Refer Shareholders details on pages No. 74 to 76 to this Annual Report                      |
| (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        | Complied          | Refer pages No.9 to 14 to this Annual Report  |
| (vi)               | Information pertaining to material foreseeable risk factors of the Entity   | Complied          | Refer Report on the Risk management on pages No. 30 to 33 to this Annual Report.            |
| (vii)              | Details of material issues pertaining to employees and industrial relation of the Entity  | Not Applicable    | There are no employees in the Company.  |
| (viii)             | Extent, Locations, Valuations and the number of buildings of the Entity's land holding and investment properties  | Not Applicable    |   |
| (ix)               | Number of shares representing the Entity's Stated Capital   | Complied          | Refer Page No. 74 to 76 Shareholders Informations   |
| (x)                | A distribution schedule of the number of holders in each class of equity securities and the percentage of their total holdings                              | Complied          | Refer Shareholders' and Investors' information on page No. 74 to 76 to this Annual Report.  |
| (xi)               | Financial ratios and market price information   | Complied          | Refer Five year summary given on page No. 73 to this Annual Report.                         |
| (xii)              | Significant change in the Company's fixed assets and market value of Land, if the value differs substantially from the book value as at the end of the year | Not Applicable    |   |
| (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 scheme   | Not Applicable    |   |



## Report on the Corporate Governance Contd..

Extent of the compliance with a listing rule set out in section 9 of the Colombo Stock Exchange's on Corporate Governance, are summarized below. (Mandatory provisions fully complied and subject to transitional provisions which will be comply in line with effective date as at 1st of October 2024).

| CSE Rule Reference     | Corporate Governance Principles   | Compliance Status | Company's Extent of Adoption   |
|------------------------|---|-------------------|--|
| (xv)                   | Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6.c. of Section 7 of the Listing Rules                          | Complied          | Refer Report on the Corporate Governance on page No. 16 to 27 to this Annual Report.                                       |
| (xvi)                  | Related Party Transactions exceeding 10 percent of the equity or 5 percent of the total assets of the entity as per Audited Financial Statements, whichever is lower. | Complied          | Refer Note No. 18 to Financial Statements.   |
| <b>9.1/9.1.1/9.1.2</b> | <b>COMPLIANCE</b>   |                   |  |
| a./b./c.               | Compliance with Corporate Governance Rules  | Complied          | This report declares the confirmation on compliance and refer Page No. 21 for "CORPORATE GOVERNANCE COMPLIANCE STATEMENT". |
| <b>9.8.1</b>           | <b>NON-EXECUTIVE DIRECTORS (NED)</b>  |                   |  |
| a.                     | At least 2 members or 1/3 of the Board, whichever is higher should be NEDs  | Complied          | Three out of four Directors are Non-Executive Directors.   |
|                        | The Total number of Directors is to be calculated based on the number as at the conclusion of the immediately preceding Annual General Meeting                        | Complied          | Calculation is based on number as at the conclusion of the immediately preceding Annual General Meeting.                   |
| b.                     | Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change   | Not Applicable    |  |
| <b>9.8.2</b>           | <b>INDEPENDENT DIRECTORS</b>  |                   |  |
|                        | 2 or 1/3 of NEDs, whichever is higher shall be 'Independent'  | Complied          | Two Non-Executive Directors are independent out of Three.  |
| <b>9.8.3</b>           | Each NED to submit a signed and dated declaration annually of his/her independence or non-independence  | Complied          | All Non-Executive Independent Directors have submitted their conformation on independence.                                 |
| <b>9.10</b>            | <b>DISCLOSURES RELATING TO DIRECTORS</b>  |                   |  |
|                        | Board shall annually determine the independence or otherwise of NEDs  | Complied          | The Board assessed the independence declared by Directors and determined the Directors who are independent.                |
| <b>9.10.14</b>         | A brief resume of each Director should be included in the Annual Report including the Directors' experience   | Complied          | Refer pages No. 04 for a brief resume of each Director.  |
|                        | Provide a resume of new Directors appointed to the Board along with details   | Complied          | Refer pages No. 04 for a brief resume of each Director.  |

## Report on the Corporate Governance Contd..

Compliance Summary Contd...

| CSE Rule Reference | Corporate Governance Principles   | Compliance Status | Company's Extent of Adoption   |
|--------------------|---|-------------------|--|
| <b>9.8.3</b>       | <b>CRITERIA FOR DEFINING INDEPENDENCE</b>   |                   |  |
| a.                 | Requirements for meeting the criteria to be an Independent Director   | Complied          | As per 9.8.3 i-viii in determining of the independence or otherwise of NEDs, Board reviewed the criteria for defining independence as per 7.10.4 a to h also subject to transitional provisions which will be comply in line with effective date as at 1st October 2024. |
| <b>9.1.2</b>       | <b>REMUNERATION COMMITTEE</b>   |                   |  |
| <b>12.1</b>        | Remuneration Committee shall comprise of NEDs, a majority of whom will be independent                                     | Complied          | The Remuneration Committee comprises of 3 Non-Executive Directors of all are Independent.  |
| <b>12.6.3</b>      | One Non-Executive Director shall be appointed as Chairman of the Committee by the Board of Directors                      | Complied          | Refer page No. 39 for Chairman of Remuneration Committee.  |
| b.                 | Remuneration Committee shall recommend the remuneration of the CEO and the Executive Directors                            | Complied          | Refer page No 39 for Remuneration Committee scope.   |
| c.1                | Names of Remuneration Committee members   | Complied          | Refer page No. 39 for names of the Committee members.  |
| c.2                | Statement of Remuneration policy  | Complied          | Refer pages No. 39.  |
| c.3                | Aggregate remuneration paid to EDs and NEDs   | Complied          | Refer to Note No. 15 of the Financial Statements.  |
| <b>9.13</b>        | <b>AUDIT COMMITTEE</b>  |                   |  |
| 3.                 | Audit Committee shall comprise of NEDs, or a majority of whom should be independent                                       | Complied          | The Audit Committee comprises of three Non-Executive Directors which two are independent.  |
| 5.                 | A NED shall be the Chairman of the Committee  | Complied          | The Chairman of the Committee is an Independent Non-Executive Director.  |
| 6.                 | CEO and CFO should attend Audit Committee meetings  | Complied          | Refer pages No. 34 to 35 of the Report of Audit Committee.   |
| 7.                 | The Chairman of the Audit Committee or one member should be a member of a professional accounting body                    | Complied          | One member of the Audit Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.   |
| <b>9.13.4</b>      | <b>Functions of the Audit Committee</b>   |                   |  |
|                    | Overseeing of the preparation, presentation and adequacy of disclosure in the financial statements                        | Complied          | Refer pages No. 34 to 35 for Audit Committee Report.   |
|                    | Overseeing the compliance with financial reporting requirements, information requirements as per the laws and regulations | Complied          | Refer pages No. 34 to 35 for Audit Committee Report.   |

## Report on the Corporate Governance Contd..

Compliance Summary Contd...

| CSE Rule Reference | Corporate Governance Principles   | Compliance Status | Company's Extent of Adoption                         |
|--------------------|---|-------------------|--|
|                    | Ensuring the internal controls and risk management are adequate to meet the requirements of the SLFRS/LKAS  | Complied          | Refer pages No. 34 to 35 for Audit Committee Report. |
|                    | Assessment of the independence and performance of the Entity's External Auditors  | Complied          | Refer pages No. 34 to 35 for Audit Committee Report. |
|                    | Make recommendations to the Board pertaining to appointment, re- appointment and removal of External Auditors and to approve the remuneration and terms of engagement of the External Auditors.   | Complied          | Refer pages No. 34 to 35 for Audit Committee Report. |
|                    | Names of the Audit Committee members shall be disclosed   | Complied          | Refer pages No. 34 to 35 for Audit Committee Report. |
|                    | Audit Committee shall make a determination of the independence of the external Auditors   | Complied          | Refer pages No. 34 to 35 for Audit Committee Report. |
|                    | Report on the manner in which Audit Committee carried out its functions   | Complied          | Refer pages No. 34 to 34 for Audit Committee Report. |
| <b>9.14</b>        | <b>RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTR)</b>   |                   |  |
| 9.14               | Reviewing of Related Party Transactions except the transactions mentioned under rule No. 9 should be carried out by the Committee prior to entering or completion of the transaction  | Complied          | Refer pages No. 36 to 37 for Audit Committee Report. |
| 9.14.2             | The Committee should comprise a combination of non-executive directors and independent non-executive directors. The composition of the Committee may also include executive directors, at the option of the Listed Entity. One independent non- executive director shall be appointed as Chairman of the Committee. | Complied          | Refer pages No. 36 to 37 for Audit Committee Report. |
|                    | Holding Company RPT Committee to function as the RPT Committee of subsidiaries  | Complied          | Refer pages No. 36 to 37 for Audit Committee Report. |
| 9.14.4             | Frequency of Meetings   | Complied          | Refer pages No. 36 to 37 for Audit Committee Report. |

## Report on the Corporate Governance Contd..

Compliance Summary Contd...

| CSE Rule Reference | Corporate Governance Principles   | Compliance Status | Company's Extent of Adoption  |
|--------------------|---|-------------------|---|
| 9.14.7             | <b>RPTR COMMITTEE DISCLOSURE IN THE ANNUAL REPORT</b>   |                   |   |
| 9.14.8 (1 & 2)     | <p>Immediate Disclosure:</p> <p>a) Any non-recurrent related Party transaction with a value exceeding 10 percent of the Equity or 5 percent of Total Assets which ever is lower, OR if the aggregate value of all non-recurrent Related Party Transactions entered in to with the same Related Party during the same Financial year amounts to 10 percent of the equity or 5 percent of the Total assets of the Entity as per the latest Audited Financial Statements</p> <p>b) Any subsequent Non-Recurrent Transaction after it exceeds 5 percent of Equity entered with the same related party</p> | Complied          | Refer Note No. 18 to Financial Statements.  |
|                    | Details pertaining to Non-Recurrent Related Party Transactions  | Complied          | Refer Note No. 18 to the Financial Statements.  |
|                    | Details pertaining to Recurrent Related Party Transactions  | Complied          | Refer Note No. 18 to the Financial Statements.  |
| 9.14.8 (3)         | Report of the Related Party Transactions Review Committee   | Complied          | Refer pages No. 36 to 37 for Report of the Related Party Transactions Review Committee. |
|                    | Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related Party Transactions, or a negative statement otherwise  | Complied          | Refer pages No. 36 to 37 for Report of the Related Party Transactions Review Committee. |

## Report on the Corporate Governance Contd..

Below summary list the Company compliance with Companies Act No 7 of 2007

| Section     | Corporate Governance Principles  | Compliance status | Reference  |
|-------------|--|-------------------|--|
| 168 (1) (a) | The state of the Company's affairs and nature of the business of the Company together with any change thereof during the accounting period             | Complied          | Refer Note No. 01 to the Financial Statements.                               |
| 168 (1) (b) | Signed Financial Statement of the Company for the accounting period completed  | Complied          | Refer page No. 46 of this Annual Report.                                     |
| 168 (1) (c) | Auditors Report on Financial Statements of the Company   | Complied          | Refer pages No. 42 to 45 of this Annual Report.                              |
| 168 (1) (d) | Accounting Policies and any changes therein  | Complied          | Refer Note No. 02 to the Financial Statements.                               |
| 168 (1) (e) | Particulars of the entries made in the Interests Register during the accounting period   | Complied          | Refer page No. 09 to 15 of this Annual Report.                               |
| 168 (1) (f) | Remuneration and other benefits paid to Directors of the Company during the accounting period  | Complied          | Refer Note No. 15 to the Financial Statements.                               |
| 168 (1) (g) | Corporate donations made by the Company during the accounting period   | Complied          | Refer page No. 13 of this Annual Report.                                     |
| 168 (1) (h) | Names of the Directors of the Company at the end of the accounting period and name of Directors who ceased to hold office during the accounting period | Complied          | Refer page No. 11 of this Annual Report.                                     |
| 168 (1) (i) | Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period                           | Complied          | Refer Note No. 15 to the Financial Statements.                               |
| 168 (1) (j) | Other relationships or any interest of Auditors with the Company.  | Complied          | Refer pages No. 34 to 35 of the Audit Committee Report.                      |
| 168 (1) (k) | Acknowledgment of the content of this report and signature on behalf of the Board  | Complied          | Refer page No. 41 of the Annual Report for Report of the Board of Directors. |

# Report on the Sustainability of the Company

## Overview

Sustainability of the Company is the key element which is incorporated to the Corporate Governance frame work where the utilization of resources efficiently and environmentally responsible provision of services that deliver sustainability benefits which can leverage commercial advantage for the Company. Based on each stakeholder expectations and the company desire to deliver sustainable stakeholder values over time, the Company designed appropriate strategies to face the challenge of fulfilling stakeholder expectations.

The key business drives for sustainability are internal operations and stakeholder engagement. The first focuses on our internal operations and provision of our services more efficiently using limited resources. This approach helps us to reduce costs of supply of services and at the same time reduces our impact on the environment. The second approach focuses on our partnerships with our stakeholders. Stakeholders are any individual or party that has an interest in our Group, and who are affected by or can affect our organizational activities. Partnerships help to build trust among our key stakeholders and to reach better understanding on a variety of issues. It can also pave the way for more successful solutions to problems, concerns and challenges.

## Impact on Economic Performance

In economic performance, the Company focused on operational excellence across all its business divisions and value addition to economic development. Operational excellence measured in terms of efficiency and effectiveness of internal process, improvements to processes and reduces waste. Further investment in IT/ ERP helps measurement of operational results on time with increase accuracy.

## Galle Face Capital Partners PLC Sustainability Policy and Guidelines

Identify the stakeholders and rate them in line with the degree of influence and importance. Such stakeholders thus identified are,

- Investors
- Customers
- Key suppliers and business partners
- Environment

Galle Face Capital Partners PLC has formulated sustainability strategies to create value for those identified stakeholders. We have created formal and informal channels in line with ultimate Group (Renuka Holdings PLC) policies to develop effective communication systems and engagement programs to involve our stakeholders and implement continuous monitoring systems through the management team in order to gauge our impact on the stakeholders.

Galle Face Capital Partners PLC has strive to ensure that all processes will not knowingly harm people and will minimize the negative impact our businesses will have on human life as well as environment.

## Our Stakeholder Engagement Process

### Investors Support

Shareholder engagement is important to have access to growth capital and in turn provide a sound return to them. In meeting global challenges and evolving consumer needs we must be geared to be proactive with new ideas and investment opportunities and ready with the output as well. When we operate according to these principles the shareholders should realize a fair return.

## Report on the Sustainability of the Company Contd..

### Method of Engagement

- We have open doors policy which enables shareholders to keep in contact, visit and obtain information from the Company Secretaries and engage in dialogue.
- Further e-mail address has been provided for comments and suggestions.
- Update with latest financials for shareholders/ investor to take rational decisions which is very important.
- We report company performance in timely and relevant manner through quarterly Financial Reports and Annual Report published in the Colombo Stock Exchange web site.
- We hold Annual General and Extra Ordinary meetings to communicate with our shareholders

### Our Concern

Our concern is to increase the return on investment, sustainable profitability, good governance and transparency in carrying out group operations.

### Customers Support

The Company uses its competencies and decades of experiences to identify the needs and wants of our customers in order to provide quality product and services creating value-for-money.

### Suppliers Support

We always try to build business relationships all over the world and not only centered in Sri Lanka.

Renuka Group considers engagement to be an increasingly important component of its corporate citizenship strategy. Our engagement efforts help Renuka Group identify those issues that are most material to our business operations and shape our approach to addressing a range of areas relating to the financial, social and environmental performance of the organization.

# Report on the Risk Management

Risk Management is an integral part of our business, since management of risks against returns is a critical trade off decision, businesses have to make every day when it comes to investment and operational decision making. Proactive risk management is vital for the Group since our business is exposed risk arising out of economic, demographic and political factors.

Each Business sector of the Company carries out sector risk assessments on periodic basis and reviewed at the Group management meetings.

We reviewed and refined our investment and business processes balancing objectively with responsiveness and flexibility. The aim was to lay a sound foundation to integrate our risk management activities as part and parcel of our business operations.

## Our Approach to Risk Management

Our definition for risk is the potential occurrence of an external or internal event that may negatively impact our ability to achieve the Company's business objectives. The process of embedding risk management system within our company systems and procedure can be outlined as below:

1. Identify Controls that are already operating
2. Monitor those controls to ensure their effectiveness
3. Improve and refine as per the requirement
4. Document evidence of monitoring and control operation

Galle Face Capital Partners PLC follows the risk management governance framework of Renuka Group set by the Ultimate Parent Company.

Company's risk management framework takes into account the range of risks to be managed, and summery in to below categories.

- 01. Strategic Risk** - A possible source of loss that might arise from an unsuccessful strategic decision taken by the organization. These content strategies related to growth and strategic positioning which ultimately affect the overall mission of the Company.
- 02. Operational Risk** - is The potential loss that might arise in business operation resulting from inadequate or failed internal processes, people and system or external events which ultimately affect the day to day activities of the Company.
- 03. Financial Risk**- The likelihood of loss inherent in financing procedures which may weaken the ability to deliver adequate return to the Company. This may include liquidity risk, currency risk, and interest rate risk.

The systems and standard operating procedures and processes are in place to deal with these risks, and the chain of responsibility within the organization to monitor the effectiveness of our mitigation measures.

## Enterprise Risk Management Process

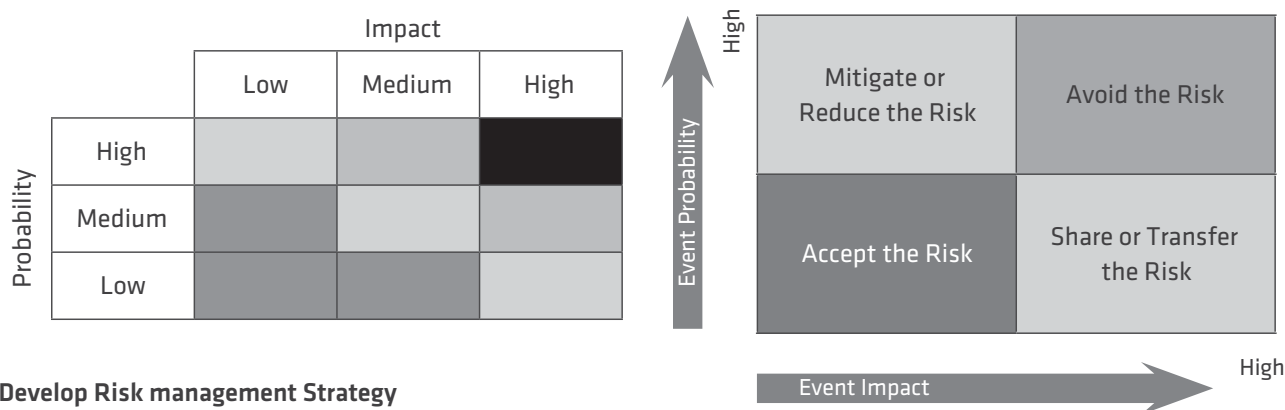
### Risk Identification, Prioritization and Assessment

As the initial step of the risk framework, it is important to identify risks for effective management. Galle Face Capital Partners PLC identifies all the risks by key stakeholders. We consider risk identification to be a key component of a robust risk management framework. In the absence of a proper risk identification process, the organization is incapable of effectively managing its key risks.

We evaluate risks according to the likelihood of occurrence and magnitude of impact. This assessment provides a prioritized risk list, identifying those risks that need the most urgent attention.



## Report on the Risk Management Contd..



### Develop Risk management Strategy

The Risk management strategies address how Group intend to assess risk, respond to risk and making explicit and transparent the risk perceptions that organization routinely use in making both investment and operational decisions.

The above concept has been embedded with risk mapping in order to develop a robust framework to determine an appropriate risk management strategy as shown below.

The Risk Management process in place ensures the clear allocation and segregation of responsibilities relating to risk identification, assessment, mitigation, monitoring, control and communication. We have in place several measures to strengthen our risk management process which are linked to our business processes. These include policies to mitigate business risks along with the upgrading of the support system that enable easy monitoring and management risks.

The main categories of risks that we take into account in the pursuit of our business goals are detailed below

### Strategic Risk

| Risk   | Impact  | Risk Management Strategies  |
|--|---|---|
| <b>Competitive Risk</b>                        |   |   |
| Risk to the Group's reputation and Brand image | <p>Reduced market share and rates reducing revenue, cash flow and profitability.</p> <p>Increased promotional expenditure.</p> <p>The positive correlation between cost of resources and competition.</p> | <p>Aim to have a broad appeal in price, range and format in a way that allows us to compete effectively in different markets.</p> <p>Formed strategic relationships with a diverse pool of suppliers, enabling flexibility in pricing contracts and hedging mechanisms are used wherever possible to mitigate exposure to commodity price fluctuations.</p> <p>The Company's service excellence, uniqueness of properties, innovative product and service developments and the strength of its brands enables the Group to eliminate threats from new and existing players.</p> |

## Report on the Risk Management Contd..

| Risk                          | Impact  | Risk Management Strategies   |
|-------------------------------|---|--|
| <b>Operational Risk</b>       |   |  |
| IT systems and infrastructure | Inability to obtain timely and accurate information due to failures in IT systems.  | Implementation of effective IT infrastructure and to ensure consistency of delivery.   |
|                               | Potential disruption to operations.   | Engage with service providers to mitigate IT related risks through effective policy and procedures as well as increased awareness.   |
|                               | Significant financial losses.   | Implementation of a comprehensive IT policy within the Group, supported by adequate systems and controls, ensure the safety and security of data. Contingency plans are in place to mitigate any short term loss on IT services.   |
|                               |   | All shared service divisions are bound by the code of conduct to safeguard the Group's information, irrespective of its physical form.<br><br>A dedicated central IT team is in place to support all IT related aspects of the Group.  |
| Legal Regulatory Compliance   | Risk of legal action due to non performance of legal and statutory requirements.<br><br>Result high cost of legal and penalty fees that reduce profitability<br><br>Adversely impact to the Groups' reputation and brand image. | The legal support services to Renuka Group management come through the legal department which ensure all legal and regulatory provisions are complied with.<br><br>The legal function pro-actively identified and sets up appropriate system and processes for legal regulatory compliance in any foreign country that we operate in, and in such instances through legal council retained in those environments.<br><br>Internal audit function of the Group ensures the safeguarding of company assets and recommends process improvements in areas where process control failure are noted. |

## Report on the Risk Management Contd..

### Operational risk contd...

| Risk                           | Impact  | Risk Management Strategies  |
|--------------------------------|---|---|
| Legal Regulatory Compliance    |   | The operations of the Galle Face Capital Partners PLC come within the rules and regulations applicable to companies listed on the CSE and regulations applicable to securities trading set by the Securities and Exchange Commission of Sri Lanka. Our systems and processes are structured to satisfy the criteria set by these regulations.   |
| Breakdown of Internal Controls | <p>Wastage of management Time and resources.</p> <p>Possible loss of data.</p> <p>Increased possibility of fraud and misuse. Disruptions to the normal course of operations.</p> <p>lack of ability to track performance against budgets, forecasts and schedules</p> | <p>Regular reviews of the effectiveness of internal controls by the corporate internal audit department supplemented by regular management audits carried out by internal teams within the Group ensures the robustness of internal controls. The Company uses comprehensive general and specific reporting and monitoring systems to identify, assess and manage risks.</p> <p>Internal auditors are also engaged to carry out special reviews wherever necessary.</p> <p>The Company uses comprehensive general and specific reporting and monitoring systems to identify, assess and manage risks.</p> <p>Ensuring that only trained, trustworthy, knowledgeable and competent personnel perform tasks which in turn, prevents errors, irregularities and fraud.</p> |

### Financial Risk

Financial risk management obligations and policies have been described in Note No. 23 to the Financial Statements.

## Report of the Audit Committee

The Board appointed the Audit Committee to be in line with the Code of the Best Practice on Corporate Governance and the requirement of the Securities and Exchange Commission for Public Listed Companies. The Audit committee functions, authority and duties have been clearly identified in the Audit Committee Charter.

### Role of the Audit Committee

The main role and the responsibilities of the Audit Committee include;

- Assisting the Board in discharging its responsibilities by satisfying the Board oversight responsibilities in relation to quality and integrity of the Financial Statements of the Company. This includes preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards.
- The overall responsibility in ensuring that the Internal controls systems and risk management systems of the Company are adequate and comply with legal and regulatory requirements.
- Oversight responsibility to ensure compliance in relation to financial reporting requirement and the information requirement as required by Companies Act No. 07 of 2007 and other relevant financial reporting-related regulations and requirements.
- Assessing the independence, qualifications and performance of External Auditors.
- Making recommendations to the board pertaining to appointment, re-appointment and removal of external auditors and approval of the remuneration and terms of engagement of the external auditors.
- Discussion of the audit plan, key audit issues and their resolution and management responses.
- Discussion of the Company's Annual Audited Financial Statements and Interim Financial Statements with management and the Auditors.

The Audit Committee also reviews the nature and extent of non-audit services provided by the auditors to ensure that auditors are able to maintain objectivity and independence.

The Parent Company Ceylon Land & Equity PLC Audit Committee appointed as audit committee of the Company with effect from 24th June 2022 after dissolving the previous Audit Committee.

### Composition of the Audit Committee

The Audit Committee consists of three Non- Executive Directors of which two directors are independent who are appointed by, and are responsible to the Board of Directors.

### Audit Committee Members

Mr. M. R. Ratnasabapathy (Chairman)  
(Independent Non-Executive Director)

Mr. K. Liyanagamage  
(Independent Non-Executive Director)

Mr. T. A. P. Peiris  
(Non-Executive Director)

Brief profiles of Mr. K. Liyanagamage is given on Page 4 of this annual report, Mr. M.R. Ratnasabapathy and Mr. Telge Asitha Prasad Peiris profiles are given below.

### Audit Committee Meetings

The committee has met 4 times during the year under review on a quarterly basis in compliance with the listing rules. The attendance of the members of Audit Committee meeting is stated in the table below.

#### Mr. M. R. Ratnasabapathy

(Non-Executive/ Independent)

Mr. M.R. Ratnasabapathy is an independent Non - Executive Director of the Company. He is a Chartered Global Management Accountant (CGMA), FCMA (UK) and holds an MBA from PIM, University of Sri Jayewardenepura. He has over 25 years' experience in finance, in a range of different industries from audit, trade, agribusiness, power & energy and telecoms, most of the latter in senior positions. He is Director of The Autodrome PLC, where he is a member of the Related Party Transaction Review Committee and the Remuneration Committee, and chairs the Audit Committee.

#### Mr. T.A.P Peiris

(Non- Executive Director)

Mr. T.A.P. Peiris is the Chief Operation Officer (IT, Legal & Secretarial) of Renuka Enterprises (Pvt) Ltd. As an IT professional, he has held Senior Executive positions over 25 Years in various International and Local Organizations. He has extensive experience in Project Planning & Management, Business process reengineering & Implementation, besides others. He holds a Master of Science degree specialized in Information Technology from National University of Ireland. He is also an Attorney-at-Law with an LLB from Open University of Sri Lanka and a Project Management Professional (PMP) awarded by Project Management Institute of USA. Since 2021, he is serving as an executive Committee member of Association of Corporate lawyers of Sri Lanka and delegate member of Bar Council at Bar Association of Sri Lanka.

### Audit Committee Meetings

The committee has met 4 times during the year under review on a quarterly basis in compliance with the listing rules. The attendance of the members of Audit Committee meeting is stated in the table below.

| Name of Director         | Eligible to Attend | Attend |
|--------------------------|--------------------|--------|
| Mr. M. R. Ratnasabapathy | 4                  | 4/4    |
| Mr. K. Liyanagamage      | 4                  | 4/4    |
| Mr. T. A. P. Peiris      | 4                  | 4/4    |

## Report of the Audit Committee Contd...

Company Secretary acts as the Secretary to the Audit Committee. The Executive Director and Chief Financial Officer, attended the meetings by invitation. Other members of the Board, Management members as well as External Auditors were presented when required.

### **Charter of the Audit Committee**

“Rules on Corporate Governance” under the listing rules of Colombo Stock Exchange and “Code of Best Practice on Corporate Governance” issued jointly by Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka are followed.

### **Functions of the Audit Committee**

The proceedings of the Audit Committee are regularly reported to the Board of Directors.

### **Controls and Risks**

During the year, the Committee reviewed the effectiveness of the Company’s system of Internal Control. The Committee also assessed the major business and control risks and the control environment prevalent in the Company and advised the Board on action to be taken where weaknesses were observed. The Audit Committee is satisfied that the Company’s accounting policies and operational controls provide reasonable assurance that affairs of the company are managed in accordance with company policies and that Company assets are properly accounted for and adequately safeguarded.

### **External Audit**

The Committee met with the External Auditors in relation to the scope of the audit and also to discuss the Key Findings at the conclusion of the Audit.

The Committee reviewed the Audited Financial Statements with the External Auditors who are responsible to express an opinion on its conformity with the Sri Lanka Accounting Standards. The External Auditors kept the Audit Committee advised on an on-going basis regarding any unresolved matters of significance.

The Audit Committee undertook the evaluation of the independence and objectivity of the external auditor and the effectiveness of the audit process. As far as the Audit Committee is aware, Auditors do not have any relationship (other than of Auditors) with the Company.

In addition, as required by the Company’s Act No 07 of 2007, the Committee has received a declaration from Messrs. KPMG confirming that they do not have any relationship with the Company, which may have a bearing on their independence.

The audit committee recommended to the board of directors that Messrs Ernst & Young Chartered Accountants to be appointed as auditors for the financial year ending 31st March 2025 subject to approval of shareholders at the Annual General Meeting and to authorize the directors to determine their remuneration complying with the code of best practices issued by SEC and CASL subject to approval shareholders at the Annual General Meeting.

### **Conclusion**

The Audit Committee is satisfied that the internal controls and procedures in place for assessing and managing risks are adequately designed and operate effectively and is of the view that they provide reasonable assurance that the Company’s assets are safeguarded and that the financial statements of the Company are reliable. The Company’s External Auditors have been effective and independent throughout the year.

Sgd.  
M. R. Ratnasabapathy  
Chairman  
21st August 2024

## Report of Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTR) was constituted with an objective of keeping in line with the Code of Best Practice on Corporate Governance and the requirement of the Securities and Exchange Commission with a view to ensure that the interests of shareholders as a whole are taken into account by Galle Face Capital Partners PLC and are consistent with the Code when entering into Related Party Transactions and made required disclosures in a timely manner. The committee has also adopted the Best Practices as recommended by the Institute of Chartered Accountants of Sri Lanka and Colombo Stock Exchange.

RPTR Committee of ultimate parent Company, Renuka Holdings PLC acts as the RPTR Committee of Galle Face Capital Partners PLC.

### Composition of the Related Party Transactions Review Committee (RPTR)

The committee comprises three Independent Non executive Directors who are appointed by and responsible to the Board of Directors.

### The Committee comprised of following members as at 31st March 2024.

Mr. T. K. Bandaranayake – Chairman (Independent Non-Executive Director)

Mr. M. S. Dominic

(Independent Non-Executive Director)

Dr. J. M. Swaminathan

(Independent Non-Executive Director)

Brief profiles of each members are given below.

### Mr T. K. Bandaranayake

Mr. T.K. Bandaranayake is an Independent Non- Executive Director of Renuka Holdings PLC which is the ultimate parent Company. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. He was in public practice with Ernst & Young for 27 years since 1982. He was a Senior Partner managing a large portfolio of clients. He is also a Director of Nawaloka Hospitals PLC, Overseas Realty (Ceylon) PLC, Havelock City (Pvt) Ltd, Mireka Capital Land (Pvt) Ltd, Mireka Homes (Pvt) Ltd, Samson International PLC, Harischandra Mills PLC and Browns & Company PLC.

### Mr. M. S. Dominic

Mr. M.S. Dominic is an Independent Non-Executive Director and holds a BSc (Hons) degree in Computer Science from the University of South Bank, United Kingdom. He has over 38 years of experience in the Information Technology field. He is also Director of Renuka Foods PLC, Galle Face Capital Partners PLC and Sithijaya Fund. He is a trustee of the George Keyt Foundation. He is also Council of the University of Visual and Performance Art Colombo.

### Dr. J. M. Swaminathan

Dr. J. M. Swaminathan is an Attorney-at-Law with over 60 years in practice and has been appointed as a Senior Instructing Attorney-at-Law by his excellency the president. He was the former Senior Partner of Messrs. Julius & Creasy. He was the member of the office for Reparations Sri Lanka. He has served as a Member of the Law Commission of Sri Lanka and Member of the Council of Legal Education and the Council of the University of Council. He is also a Member of the Company Law Advisory Commission and The Intellectual Property Law Advisory Commission. He is the Chairman of the Board of Studies of the Council of Legal Education and also a Consultant at the Institute of Advanced Legal Studies of the Council of Legal Education. He is a Member of the Visiting Faculty of the LLM Course of the University of Colombo. He also serves on the Boards of several public and private companies.

### Related Party Transactions Review Committee Meetings

The Committee has met four times during the year under review on quarterly basis in compliance with continuous listing rule of the CSE. The attendance of the members of Committee meeting is stated in the table below.

| NAME OF DIRECTOR      | ELIGIBLE TO ATTEND | ATTENDED |
|-----------------------|--------------------|----------|
| Mr. T.K.Bandaranayake | 4                  | 4/4      |
| Mr. M. S. Dominic     | 4                  | 3/4      |
| Dr. J. M. Swaminathan | 4                  | 4/4      |

Company Secretary acts as the Secretary to the Related Party Transactions Review Committee. The Executive Chairman and the Chief Financial Office attended the meetings by invitation.

## Report of Related Party Transactions Review Committee Contd..

### **Policies and procedures of Related Party Transactions Review Committee**

- Establishing and defining the threshold values of each listed related party transaction as per the Code which require discussion in detail and disclose.
- Identifying related party transactions that need pre-approval from the Board of Directors and need immediate market disclosure. And identify transactions that need shareholder approval and disclosure in the Annual Report.
- Formulating a standard template to implement to all listed subsidiaries in the Group to follow when documenting RPT when presenting to RPTR Committee.
- Establishing proper guide lines to identify recurrent & non-recurrent Related party transactions to review economic and commercial substance of the related party transaction.
- Establishing a method of having access to adequate knowledge or expertise to assess all aspects of proposed related party transactions where necessary and procedure for obtaining appropriate professional and expert advice from appropriately qualified persons.
- Providing guidelines which senior management must follow dealing with related parties.
- Quarterly review to ensure that adequate disclosures have been done in the market or Annual Report as required by the Code.
- The Committee communicates its comments/ observations to the Board of Directors after each review of related party transactions.

### **Task of the Committee**

The Committee reviewed the related party transaction presented to them by the management and their compliance in Galle Face Capital Partners PLC and communicated the same to the Board of Directors.

The Board of Directors declared that no RPT falling within the scope of the Code was entered into by the Company during the financial year 2023/2024 other than discuss in Note No. 18 to the Financial Statements.

Sgd.  
T. K. Bandaranayake  
Chairman  
21st August 2024

## Report of the Nomination & Governance Committee

The Nomination & Governance Committee of Galle Face Capital Partners PLC as at 31st March 2024 consisted of three Non- Executive Directors of which two Directors are independent.

The Nomination & Governance Committee of ultimate parent Company, Renuka Holdings PLC, acts as the Nomination Committee of Galle Face Capital Partners PLC.

### Members of the Nomination & Governance Committee

Mr. M. S. Dominic - Chairman (Independent Non-Executive) Mr. T. K. Bandaranayake (Independent Non-Executive) Mrs. J.J.B.A.Rajiyah (Non Executive Director) Brief profiles of Mr. T. K. Bandaranayake and Mr. M. S. Dominic are given on page No. 37 and of profiles of Mrs. J.J.B.A.Rajiah is given Below.

### Mrs. J. J. B.A. Rajiyah

Mrs. J. J. B. A. Rajiyah is a Non - Executive Director of Renuka Holdings PLC which is the ultimate parent Company. She has earned her B.Sc in Law with Management from the University of London and holds a MBA from the Postgraduate Institute of Management, University of Sri Jayawardenepura. She is an Executive Director on the Board of The Autodrome PLC since 2004 and serves in the capacity of the Marketing Director. She is also a Director of Renuka Group Limited, Renuka Enterprises (Pvt) Limited, Galle Face Properties Ltd and other Companies of the Renuka Group. She is also a Director of Tuckers (Pvt) Ltd., and Tourama (Pvt) Ltd.

### Attendance of Nomination & Governance Committee Meetings

During the financial year under review, the Committee had met once, with all members in attendance. The attendances of the meetings are given below.

| NAME OF DIRECTORS             | ELIGIBLE TO ATTEND | ATTENDED |
|-------------------------------|--------------------|----------|
| Mr.M.S. Dominic<br>(Chairman) | 1                  | 1/1      |
| Mr.T.K.Bandaranayake          | 1                  | 1/1      |
| Mrs. J. J. B. A. Rajiyah      | 1                  | 1/1      |

### The directives of the Committee are,

- To identify suitable persons who could be considered to become Board member as a Non- Executive Director.
- To recommend to the Board the process of selection of Chairman and Deputy Chairman
- Make necessary recommendation to the board as and when needed by the Board

### The Scope of the Committee is;

- To define and establish the nomination process for Non-Executive Directors,
- Lead the process of Board appointments and make recommendations to the Board.
- The Committee scope out the tasks such as assess skills required to be on the Board.
- Periodic review of the extent of skills required which are represent on the Board.
- Review description of role and capabilities required for a particular Board appointment and Identify and recommend suitable candidate to the Board.

Sgd.

M.S.Dominic  
Chairman

Nomination & Governance Committee

21st August 2024



# Report of the Remuneration Committee

## Composition of the Committee

The committee consists of three non-executive directors who are independent. The members of the committee have wide experience and knowledge of the business industry we are engage in.

The Remuneration Committee of ultimate parent Company, Renuka Holdings PLC, acts as the Remuneration Committee of Galle Face Capital Partners PLC.

## Members of Remuneration Committee

Mr. M. S. Dominic - Chairman  
(Independent Non- Executive)

Mr. T. K. Bandaranayake  
(Independent Non-Executive)

Dr. J. M. Swaminathan  
(Independent Non-Executive)

The brief profiles of Mr. M.S.Dominic, Mr. T.K. Bandaranayake and Dr. J.M.Swaminathan are given on page No 36 of this Annual Report.

## Remuneration Committee Meeting Attendance

The Committee met once during the financial year under review. Attendances of the directors in such meetings are given below.

| NAME OF DIRECTORS       | ELIGIBLE TO ATTEND | ATTENDED |
|-------------------------|--------------------|----------|
| Mr. M. S. Dominic       | 1                  | 1/1      |
| Mr. T. K. Bandaranayake | 1                  | 1/1      |
| Dr. J. M. Swaminathan   | 1                  | 1/1      |

## Independence of the Committee

The committee is independent from the management of the business and not involve in any business operations.

## The scope of the Committee

- The committee study and recommends the remuneration policy of Directors & Key Management Personnel.
- Review the performances of Key Management personnel on periodic basis.
- The Committee recommends the remuneration based on the prevailing market rates and perquisites applicable to the Key Management personnel of the Company and makes appropriate recommendations to the Board of Directors for Approval.
- The Committee also carries out periodic reviews to ensure that the remunerations are in line with market conditions.

The Remuneration Policy is to attract and retain best professional managerial talent within the Renuka Group and also to motivate and encourage them to perform at the highest possible level. The Group has a structure and professional methodology in evaluate the performance of employees. The policy ensure equally and fairness between the various employees is maintained.

## Activities during 2024

The Remuneration Committee reviewed the remuneration policy for Key Management Personnel and was satisfied that the existing framework was satisfactory. The total sum that was paid as Directors Remunerations in the year under review is set out in Note 18 to the Financial Statements.

Sgd.  
M.S. Dominic  
Chairman  
21st August 2024

## Statement of Directors' Responsibility

The Board of Directors of the Company is responsible for preparation and presentation of Financial Statements for the year ended 31st March 2024 in accordance with the requirements of the Sri Lanka Accounting Standards, the Listing Rules of the Colombo Stock Exchange and the Companies Act No. 7 of 2007.

As per the provisions of the Companies Act No. 7 of 2007, the Directors are required to prepare Financial Statements, for each financial year and presented before a General Meeting comprising:

- a. A statement of Income and Statement of Comprehensive Income of the Company which present a true and fair view of the profit or loss of the Company for the financial year
- b. A Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of the financial year together with explanatory notes to the Financial Statements
- c. A statement of changes in Equity which presents a true and fair view of the changes in the Company's retained earnings for the financial year
- d. A Cash Flow Statement which presents a true and fair view of the flow of cash in and out of the Company for the financial year; and notes to the Financial Statements and which comply with the requirements of the Act.

The Board of Directors are of the view that prevailing Corporate Governance frame, Internal Control systems, risk management policies established in the Company ensure that there are reasonable assurance that all assets are safeguard and all transactions are properly authorized by the management and recorded on time, hence any material misstatements or irregularities are prevented or bring to the notice of the management within a reasonable time.

The Directors are of the view that, in preparing these Financial Statements:

- a. The appropriate accounting policies have been selected and applied in a consistent manner, material deviations if any have been disclosed and explained;
- b. All applicable Accounting Standards, in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) as relevant have been applied.
- c. Reasonable and prudent judgments and estimates have been made so that the form and substance of transactions properly reflected.
- d. It provide the information required by and otherwise complies with the Companies Act No. 7 of 2007, Listing Rules of Colombo Stock Exchange and requirement of any other regulatory authority as applicable to the Company.

Further the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy of the financial position of the Company and also to reflect the transparency of transactions and to ensure that the Financial Statements presented comply with the requirements of the Companies Act.

The External Auditors, Messrs. KPMG, Chartered Accountants, who were deemed reappointed in terms of the Companies Act No. 07 of 2007 were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion the Financial Statements. The Report of the Auditors, shown on page 43-47 set out their responsibilities in relation to the Financial Statements. The Directors are also of the view that the Company have adequate resources to continue in operations and have applied the going concern basis in preparing these Financial Statements.

## Statement of Directors' Responsibility Contd..

As required by Companies Act, the Board of Directors has authorized distribution of the dividend now proposed, being satisfied based on information available to it that the Company would satisfy the solvency test after such distribution in accordance with the Section 57 of the Companies Act, and have obtained/sought in respect of the dividend now proposed, a certificate of solvency from the Auditors.

### **Compliance Report**

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

By order of the Board

Sgd.

**Renuka Enterprises (Pvt) Ltd**  
Managers and Company Secretaries  
21st August 2024



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

Tel +94 - 11 542 6426  
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## Independent Auditor's Report

### TO THE SHAREHOLDERS OF GALLE FACE CAPITAL PARTNERS PLC

#### Opinion

We have audited the financial statements of Galle Face Capital Partners PLC ("the Company"), 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 policies and other explanatory information as set at on pages 50 to 72 of this annual report.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as of 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 Company in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

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

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

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

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



## Independent Auditor’s Report Contd..

### KEY AUDIT MATTERS

| <b>01. Investments - Measured at fair value through profit or loss</b>  |  |
|---|--|
| <p><i>Refer to the accounting policies in “Note 2.14 to the Financial Statements: Investments - Measured at fair value through profit or loss”, “Note 2.8 to the Financial Statements: Use of Estimates and Judgments” and “Note 3 to the Financial Statements: Investments - Measured at fair value through profit or loss”.</i></p>   |  |
| <b>Risk Description</b>   | <b>Our responses</b>   |
| <p><i>As at 31 March 2024, the Company’s FVTPL investment portfolio is made up of listed equity investments amounting to Rs. 1,268,433,716/-, which represents 97% of the total assets.</i></p> <p><i>Investments are measured based on quoted market prices which is a key driver of operations and performance results. As a result of the prevailing uncertain and volatile macro-economic environment, volatility in the financial markets has increased.</i></p> <p><i>Due to the materiality of the FVTPL financial instruments in the context of the financial statements, and measurement uncertainty created due to the prevailing uncertain macro-economic environment, we considered the valuation of FVTPL financial instruments as a Key Audit Matter.</i></p> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• <i>Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management’s key controls in relation to the investment valuation process;</i></li> <li>• <i>Checking the Central Depository Systems (CDS) statements to verify the existence, completeness, and accuracy of the number of quoted shares and agreeing the market price as of 31 March 2024 with the Colombo Stock Exchange (CSE) prices;</i></li> <li>• <i>Assessing the adequacy of disclosure in the financial statements in relation to the fair valuation of the financial investments as required by the accounting standards.</i></li> </ul> |



## Independent Auditor's Report Contd..

### Auditor's responsibilities for the audit of the financial statements (Continued)

#### Other Information

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

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

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

#### Responsibilities of 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



## Independent Auditor's Report Contd..

### Auditor's responsibilities for the audit of the financial statements (Continued)

- *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 Company'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 Company 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.*

*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 3707.*

KPMG  
Chartered Accountants  
23rd August 2024

## Statement of Financial Position

| AS AT 31ST MARCH,   |      | 2024                 | 2023               |
|---|------|----------------------|--------------------|
|   | Note | Rs.                  | Rs.                |
| <b>Assets</b>   |      |                      |                    |
| <b>Non current assets</b>                                   |      |                      |                    |
| Investments - Measured at fair value through profit or loss | 3    | 1,268,433,716        | 566,747,384        |
| <b>Total non current assets</b>                             |      | <b>1,268,433,716</b> | <b>566,747,384</b> |
| <b>Current assets</b>                                       |      |                      |                    |
| Amount due from related party                               | 4    | 38,395               | 1,000,000          |
| Trade and other receivables                                 | 5    | 372,106              | 3,135,293          |
| Investments   | 6    | 24,307,328           | 398,393,216        |
| Cash and cash equivalents                                   | 7    | 10,612,351           | 22,657,572         |
| <b>Total current assets</b>                                 |      | <b>35,330,180</b>    | <b>425,186,081</b> |
| <b>Total assets</b>   |      | <b>1,303,763,896</b> | <b>991,933,465</b> |
| <b>Equity and liabilities</b>                               |      |                      |                    |
| <b>Equity</b>   |      |                      |                    |
| Stated capital  | 8    | 542,775,948          | 513,655,750        |
| Retained earnings   | 9    | 732,508,525          | 334,095,194        |
| <b>Total equity</b>   |      | <b>1,275,284,473</b> | <b>847,750,944</b> |
| <b>Current liabilities</b>                                  |      |                      |                    |
| Other payable   | 10   | 860,002              | 592,085            |
| Income tax payable  | 11   | 1,053,395            | 26,422,683         |
| Amount due to related party                                 | 12   | 6,473,132            | 102,000,000        |
| Bank overdraft  | 7.1  | 20,092,894           | 15,167,753         |
| <b>Total current liabilities</b>                            |      | <b>28,479,423</b>    | <b>144,182,521</b> |
| <b>Total equity and liabilities</b>                         |      | <b>1,303,763,896</b> | <b>991,933,465</b> |

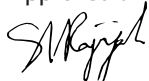
The financial statements are to be read in conjunction with the related notes, which form an integral part of these financial statements of the Company.

I certify that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



A.R.D. Perera  
Chief Financial Officer

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



S. V. Rajiyah  
Director

21st August 2024  
Colombo



M.S. Dominic  
Director



## Statement of Profit or Loss and Other Comprehensive Income

| FOR THE YEAR ENDED 31 MARCH   | Note | 2024<br>Rs.        | 2023<br>Rs.        |
|---|------|--------------------|--------------------|
| Revenue   | 13   | 32,031,268         | 34,269,667         |
| Administrative expenses   | 14   | (2,212,162)        | (2,648,913)        |
| Gain/(Loss) on Fair Value of Investments Measured at Fair Value Through Profit or Loss                  | 3    | 396,013,735        | 54,276,679         |
| <b>Profit / (Loss) from operations</b>  |      | <b>425,832,841</b> | <b>85,897,433</b>  |
| Finance income  | 15.1 | 29,721,337         | 87,862,624         |
| Finance cost  | 15.2 | (23,708,335)       | (9,850)            |
| <b>Profit / (Loss) before tax</b>   | 16   | <b>431,845,843</b> | <b>173,750,207</b> |
| Taxation  | 17   | (1,140,252)        | (26,447,448)       |
| <b>Profit / (Loss) for the year</b>   |      | <b>430,705,591</b> | <b>147,302,759</b> |
| <b>Other Comprehensive income /(Expenses) to be reclassified to Profit or loss in subsequent period</b> |      |                    |                    |
| Items that are or may be reclassified to profit or loss   |      | -                  | -                  |
| <b>Other comprehensive income/ (expense) for the year</b>   |      | -                  | -                  |
| <b>Total Comprehensive Income for the year</b>  |      | <b>430,705,591</b> | <b>147,302,759</b> |
| <b>Earnings per share</b>   | 18.1 | 15.98              | 5.47               |
| <b>Devidend per share</b>   | 18.2 | 1.25               | -                  |

The accounting policies and notes on pages 50 to 72 form an integral part of these Financial Statements.

## Statement of Changes In Equity

| FOR THE YEAR ENDED 31 MARCH        | Stated<br>Capital<br>Rs. | General<br>Reserve<br>Rs. | Retained<br>Earnings<br>Rs. | Total<br>Rs.         |
|------------------------------------|--------------------------|---------------------------|-----------------------------|----------------------|
| <b>Balance as at 1 April 2022</b>  | <b>513,655,750</b>       | <b>618,803</b>            | <b>186,173,632</b>          | <b>700,448,185</b>   |
| Profit for the year                | -                        | -                         | 147,302,759                 | 147,302,759          |
| <b>Balance as at 31 March 2023</b> | <b>513,655,750</b>       | <b>618,803</b>            | <b>333,476,391</b>          | <b>847,750,944</b>   |
| Scrip Dividend                     | 29,120,198               | -                         | (32,292,260)                | (3,172,062)          |
| Profit for the year                | -                        | -                         | 430,705,591                 | 430,705,591          |
| <b>Balance as at 31 March 2024</b> | <b>542,775,948</b>       | <b>618,803</b>            | <b>731,889,722</b>          | <b>1,275,284,473</b> |

The accounting policies and notes on pages 50 to 72 form an integral part of these Financial Statements.

## Statement of Cash Flows

| <b>FOR THE YEAR ENDED 31 MARCH</b>                                  | <b>2024</b>         | <b>2023</b>          |
|---|---------------------|----------------------|
|   | <b>Rs.</b>          | <b>Rs.</b>           |
| <b>Cash flows from operating activities</b>                         |                     |                      |
| Profit/ (loss) before income tax expense                            | 431,845,843         | 173,750,207          |
| Adjustments for:  |                     |                      |
| Finance income  | (29,721,337)        | (87,862,624)         |
| Gain on Investments - Measured at Fair value Through Profit or Loss | (396,013,735)       | (54,276,679)         |
| Gain on Disposal of Shares  | (7,889,671)         | (21,387,168)         |
| Finance cost  | 23,708,335          | 9,850                |
| <b>Operating (loss) / profit before working capital changes</b>     | <b>21,929,435</b>   | <b>10,233,586</b>    |
| <b>Changes in working capital</b>                                   |                     |                      |
| Decrease / (Increase) in Trade and other receivables                | 2,763,187           | 23,325,535           |
| Decrease / (Increase) in amount due from related party              | 961,605             | (1,000,000)          |
| Loan Obtained during the year from Related Companies                | 571,700,000         | 102,000,000          |
| Loan settled during the year from Related Companies                 | (667,226,868)       | -                    |
| Increase / (Decrease) in other payables                             | 267,917             | (16,665)             |
| Finance cost  | (23,708,335)        | (9,850)              |
| <b>Cash flows used in operating activities</b>                      | <b>(93,313,059)</b> | <b>134,532,606</b>   |
| Investments in treasury bill  | (96,914,112)        | (598,393,216)        |
| Disposal of treasury bill   | 471,000,000         | 343,829,312          |
| Disposal of Shares  | 628,958,058         | 65,763,086           |
| Investment in quoted shares   | (926,740,984)       | (219,625,277)        |
| Interest received   | 29,721,337          | 87,862,624           |
| WHT paid  | (3,172,062)         | (59,866)             |
| Income tax paid   | (26,509,540)        | (1,306,862)          |
| <b>Net cash flows generated from / used in operating activities</b> | <b>(16,970,362)</b> | <b>(187,397,593)</b> |
| <b>Cash flows from investing activities</b>                         |                     |                      |
| Net (decrease) / increase in cash and cash equivalents              | (16,970,362)        | (187,397,593)        |
| Cash and cash equivalents at the beginning of the year              | 7,489,819           | 194,887,412          |
| <b>Cash and cash equivalents at the end of the year (Note 7)</b>    | <b>(9,480,543)</b>  | <b>7,489,819</b>     |

The accounting policies and notes on pages 50 to 72 form an integral part of these Financial Statements.

# Notes To The Financial Statements

## 1. CORPORATE INFORMATION

### 1.1. REPORTING ENTITY

GALLE FACE CAPITAL PARTNERS PLC is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on Colombo Stock Exchange. The Company's Registered Office and the principal place of business is located at "RENUKA HOUSE", No. 69, Sri Jinaratana Road, Colombo 02.

### 1.2. PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

The Company is in the Business of investing and trading in debt, equity and other alternative asset classes.

### 1.3. PARENT ENTERPRISE AND ULTIMATE PARENT ENTERPRISE

The Company's parent Enterprise is CEYLON LAND & EQUITY PLC which effectively holds 52.61% of the shares of the Company and the ultimate parent company is RENUKA HOLDINGS PLC.

## 2. MATERIAL ACCOUNTING POLICIES

### 2.1. STATEMENT OF COMPLIANCE

The Statement of Financial Position, Income Statement and Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement, together with Notes to the Financial Statements ("Financial Statements") of the Company as at 31st March 2024 and for the year then ended, comply with the Sri Lanka Accounting Standards (SLFRSs/ LKASs) as laid down by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

### 2.2. BASIS OF PREPARATION

These financial statements for the year ended 31st March 2024 are prepared in accordance with Sri Lanka Accounting Standards (SLFRS & LKAS) effective for the periods beginning on or after 01st January 2012.

The Financial Statements have been prepared on a historical cost basis, except for the financial instruments which have been measured at fair value.

The preparation and presentation of these Financial Statements is in compliance with the Companies Act No. 07 of 2007.

Consolidated Financial Statements have not been prepared for the current year since there were no subsidiaries as at 31st March 2024.

### 2.3. FOREIGN CURRENCY TRANSLATION

The Company's financial statements are presented in Sri Lankan Rupees, which is also the company's functional currency.

### 2.4. CHANGES IN MATERIAL ACCOUNTING POLICIES

The Company also adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) from 1 April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the Financial Statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the Financial Statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 - Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

### 2.5. RELATED PARTY TRANSACTIONS

Disclosures are made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies or decisions of the other irrespective of whether price is being charged.

## Notes To The Financial Statements Cont..

### 2.6. EVENTS OCCURRING AFTER THE REPORTING PERIOD

All material events occurring after the Reporting period have been considered and where necessary adjustments to or disclosure have been made in the Financial Statements.

### 2.7. GOING CONCERN

The Management has made an assessment on the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Companies' ability to continue as a going concern.

### 2.8. USE OF ESTIMATES & JUDGMENTS

The preparation of Financial Statements requires management to make judgments estimates and Assumptions that affect the application of accounting policies and the reported amounts of Assets, Liabilities, Income and Expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about critical judgement in applying accounting policies that have the most significant effect on the amount recognized in the financial statement is included in the following Note no. 21 - Contingent Liabilities.

#### **Transfer pricing regulation**

The Company is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations, necessitated using management judgment to determine the impact of transfer pricing regulations. Accordingly critical judgments and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

### 2.9. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### 2.10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Cash Flow Statement, Cash and Cash Equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

### 2.11. PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

## Notes To The Financial Statements Cont..

### 2.12. CAPITAL COMMITMENTS AND CONTINGENCIES

All material capital commitments and contingencies of the Company as at the Statement of Financial Position date are disclosed in the notes to the Financial Statements.

### 2.13. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

### 2.14. FINANCIAL INSTRUMENTS-INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

#### **Financial Assets**

#### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

## Notes To The Financial Statements Cont..

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through Other Comprehensive Income (OCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

### Financial assets at amortized cost (debt instruments)

- The Company measures financial assets at amortised cost if both of the following conditions are met:  
The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Accordingly treasury bills are measured at amortized cost.

### Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Profit or Loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company does not classify any instrument under this category as of 31 March 2024.

### Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to Statement of Profit or Loss.

Dividends are recognised as revenue in the Statement of Profit or Loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not classify any instrument under this category as at 31st March 2024.

## Notes To The Financial Statements Cont..

### ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognized in the Statement of Profit or Loss.

### **Derecognition**

A financial asset is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.

### **Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification as follows:

#### **Financial liabilities at fair value through profit or loss**

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 FVPL 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 profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.



## Notes To The Financial Statements Cont..

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit or Loss. This category generally applies to interest bearing loans and borrowings.

### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

All assets and liabilities for which fair value is measured or disclosed in the 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) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

## **2.15. DETERMINATION OF FAIR VALUE**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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.

## Notes To The Financial Statements Cont..

### Level 1

When available, the Company measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price), without any deduction for transaction costs. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on basis.

### Level 2

If a market for a financial instrument is not active, then the Company establishes fair value using a valuation technique. Valuation techniques include using recent transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses, credit models, option pricing models and other relevant valuation models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, i.e. without modification or repackaging, or based on a valuation technique whose variables include only data from observable markets. When transaction

price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

### Level 3

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined by using valuation models that have been tested against prices or inputs to actual market transactions and also using the best estimate of the most appropriate model assumptions. Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions, credit and debit valuation adjustments, liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ('Day 1' profit or loss) is deferred and recognised only when the inputs become observable or on derecognition of the instrument.

## Notes To The Financial Statements Cont..

### 2.16. EARNINGS PER SHARE

The financial statements present earnings per share (EPS) for its ordinary shareholders. The EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

### 2.17. IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is higher of asset's or cash generating unit's 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognized 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 recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

### 2.18. REVENUE RECOGNITION

#### a) Revenue

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a good or service to a customer.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur

#### b) Other Income

Interest income is recognised as it accrues in the income statement. For all financial instruments measured at amortised cost and interest bearing financial assets classified as Fair value through OCI the interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. For interest bearing financial assets carried at fair value, interest is recognised on discounted cash flow method. Interest income is included under finance income in the income statement.

## Notes To The Financial Statements Cont..

### c) Dividend Income

Dividend income is recognised in the income statement on the date that the Company's right to receive payment is established, which is generally when the dividend is declared.

### d) Gains and Losses

Net gains and losses of a revenue nature arising from other non current assets, including investments, are accounted for in the statement of comprehensive income, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

## 2.19. EXPENDITURE RECOGNITION

### a) Revenue Expenditure

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

### b) Capital Expenditure

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure. For the purpose of presentation of the Income Statement, the Directors are of the opinion that function of expenses method fairly present the elements of the Company's performance, hence such presentation method is adopted.

### c) Finance Cost

Finance Cost comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, impairment losses recognized on financial assets.

## 2.20. INCOME TAX

Income tax expense is recognized in income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Income Tax has been computed in accordance with the provisions of the Inland Revenue (amendment) Act No. 45 of 2022 and the Inland Revenue Act No. 24 of 2017.

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

## Notes To The Financial Statements Cont..

### 2.21. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Consistent with others in the industry, capital is monitored on the basis of the gearing ratio.

### 2.22. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/LKASs) that are effective for annual periods beginning after the current financial year. Accordingly the Company has not early in preparing these Financial Statements. The following amended standards and interpretations are not expected to have a significant impact on the Company's Financial Statements.

#### **Classification of Liabilities as Current or Non-current and Noncurrent Liabilities with Covenants (Amendments to LKAS 1).**

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or noncurrent, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024. There is no potential impact the amendments on the classification of these liabilities and the related disclosures.

#### **Supplier finance arrangements (Amendment to LKAS 1 and SLFRS 7)**

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

#### **Lease Liability in a sales and lease leaseback (Amendment to SLFRS 16)**

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

#### **Other standards**

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

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

## Notes To The Financial Statements Cont..

### 3. Investments - Measured at Fair Value through profit or loss

|  | 2024                 | 2023               |
|--|----------------------|--------------------|
|  | Rs.                  | Rs.                |
| <b>Investments - Measured at Fair Value through profit or loss</b> |                      |                    |
| Balance as at 1 April  | 566,747,384          | 337,221,346        |
| Additions during the year  | 926,740,984          | 219,625,277        |
| Disposals during the year  | (621,068,387)        | (44,375,918)       |
| Fair value Gain/ (Loss) on Investments                             | 396,013,735          | 54,276,679         |
| Balance as at 31 March   | <b>1,268,433,716</b> | <b>566,747,384</b> |

### 3.1 Investments - Measured at Fair Value Through Profit or Loss

| Name of the Company            | 31.03.2024    |                      | 31.03.2023   |                    |
|--------------------------------|---------------|----------------------|--------------|--------------------|
|                                | No. of Shares | Market Value Rs.     | No. of Share | Market Value Rs.   |
| ACCESS ENGINEERING PLC         | 395,642       | 8,941,509            | 395,642      | 5,618,116          |
| CARGILLS (CEYLON) PLC          | 501,277       | 180,459,720          | 263,275      | 61,343,075         |
| CEYLON HOSPITALS PLC (DURDANS) | 447,774       | 53,620,937           | 447,774      | 59,218,112         |
| CEYLON TOBACCO PLC             | 105,000       | 128,966,250          | 125,000      | 85,093,750         |
| NATIONAL DEVELOPMENT BANK PLC  | 399,831       | 27,188,508           | -            | -                  |
| COMMERCIAL BANK OF CEYLON PLC  | -             | -                    | 519,011      | 33,009,100         |
| DIALOG AXIATA PLC              | 1,000,000     | 11,700,000           | 1,000,000    | 10,400,000         |
| HAYLEYS PLC                    | -             | -                    | 32,762       | 2,358,864          |
| HELA APPAREL HOLDINGS PLC      | 134,500       | 820,450              | 134,500      | 1,076,000          |
| HEMAS HOLDINGS PLC             | 516,831       | 41,553,212           | 416,831      | 27,094,015         |
| JOHN KEELLS HOLDINGS PLC       | -             | -                    | 522,000      | 73,080,000         |
| HATTON NATIONAL BANK PLC       | 3,520,359     | 633,664,620          | -            | -                  |
| NATIONS TRUST BANK PLC         | -             | -                    | 589,497      | 37,727,808         |
| SAMPATH BANK PLC               | 11,875        | 950,000              | -            | -                  |
| RENUKA AGRI FOODS PLC          | 25,088        | 92,826               | 3,024,700    | 15,728,440         |
| RENUKA FOODS PLC               | 1,906         | 26,684               | 651,874      | 13,950,104         |
| RENUKA HOTELS PLC              | 2,015,000     | 174,499,000          | 2,015,000    | 141,050,000        |
| SUNSHINE HOLDING PLC           | 100,000       | 5,950,000            | -            | -                  |
|                                |               | <b>1,268,433,716</b> |              | <b>566,747,384</b> |

## Notes To The Financial Statements Cont..

### 4. Amount Due from Related Party

|                          | 2024          | 2023             |
|--------------------------|---------------|------------------|
|                          | Rs.           | Rs.              |
| Ceylon Land & Equity PLC | 38,395        | 1,000,000        |
|                          | <b>38,395</b> | <b>1,000,000</b> |

Interested is charge at AWPLR on monthly basis, and Loans are repayable on demand.

### 5. Trade and Other Receivables

|                              | 2024           | 2023             |
|------------------------------|----------------|------------------|
|                              | Rs.            | Rs.              |
| Advance Payment              | 291,760        | 12,500           |
| Trade and Other Receivables  | -              | 3,062,927        |
| With Holding Tax Receivables | 80,346         | 59,866           |
|                              | <b>372,106</b> | <b>3,135,293</b> |

### 6. Investment

#### 6.1 Investment in Treasury Bill

|                           | 2024              | 2023               |
|---------------------------|-------------------|--------------------|
|                           | Rs.               | Rs.                |
| Opening Balance           | 398,393,216       | -                  |
| During the year purchase  | 96,914,112        | 598,393,216        |
| During the year disposals | (471,000,000)     | (200,000,000)      |
| Closing Balance           | <b>24,307,328</b> | <b>398,393,216</b> |

#### 6.2 Assets held for Sale

|  | 2024 | 2023          |
|--|------|---------------|
|  | Rs.  | Rs.           |
| The Cargo Boat Despatch Company Investments (Pvt) Ltd. |      |               |
| Opening Balance  | -    | 143,829,312   |
| During the year Sale                                   | -    | (143,829,312) |
| Closing Balance  | -    | -             |

### 7. Cash and cash equivalents

|   | 2024              | 2023              |
|---|-------------------|-------------------|
|   | Rs.               | Rs.               |
| Capital Alliances Investment Grade Fund | 36,469            | 2,210,387         |
| NDB Wealth Money Fund                   | 1,477             | 1,267             |
| Cash at bank                            | 10,574,405        | 20,445,918        |
|   | <b>10,612,351</b> | <b>22,657,572</b> |

#### 7.1 Bank Overdraft

|  |                   |                   |
|--|-------------------|-------------------|
|  | 20,092,894        | 15,167,753        |
|  | <b>20,092,894</b> | <b>15,167,753</b> |

|  |                    |                  |
|--|--------------------|------------------|
| Cash and cash equivalents for the purpose of statement of cash flows | <b>(9,480,543)</b> | <b>7,489,819</b> |
|--|--------------------|------------------|

## Notes To The Financial Statements Cont..

|   | 2024               | 2023               |
|---|--------------------|--------------------|
| <b>8. Stated capital</b>  |                    |                    |
| <b>Number of Ordinary Shares Issued and Fully Paid</b>  |                    |                    |
| Balance as at 1st April   | 25,833,808         | 25,833,808         |
| Script Issue  | 1,115,716          | -                  |
| <b>Balance as at 31st March</b>   | <b>26,949,524</b>  | <b>25,833,808</b>  |
| <b>Stated Capital</b>   |                    |                    |
|   | <b>2024</b>        | <b>2023</b>        |
|   | <b>Rs.</b>         | <b>Rs.</b>         |
| Balance as at 1st April   | 513,655,750        | 513,655,750        |
| Scrip Issue   | 29,120,198         | -                  |
| <b>Balance as at 31st March</b>   | <b>542,775,948</b> | <b>513,655,750</b> |
| The holders of ordinary shares are entitled to receive dividend as declared from time to time and one vote per individual present at the meeting of the shareholders or one vote per share in the case of a poll. |                    |                    |
| <b>9. Revenue Reserves</b>  | <b>2024</b>        | <b>2023</b>        |
|   | <b>Rs.</b>         | <b>Rs.</b>         |
| General Reserves  | 618,803            | 618,803            |
| Retained Earnings   | 731,889,722        | 333,476,391        |
|   | <b>732,508,525</b> | <b>334,095,194</b> |
| General reserve comprises the amount allocated from the earnings by the Directors to meet any contingencies.  |                    |                    |
| <b>10. Other Payables</b>   | <b>2024</b>        | <b>2023</b>        |
|   | <b>Rs.</b>         | <b>Rs.</b>         |
| Accruals and provisions   | 526,167            | 259,000            |
| Unclaimed Dividend  | 333,835            | 333,085            |
|   | <b>860,002</b>     | <b>592,085</b>     |
| <b>11. Income tax payable</b>   | <b>2024</b>        | <b>2023</b>        |
|   | <b>Rs.</b>         | <b>Rs.</b>         |
| Balance as at 01 April  | 26,422,683         | 1,282,097          |
| Income tax provision for the year (Note 17.1)   | 1,140,252          | 26,422,683         |
| Income tax under provision in respect of previous year  | -                  | 24,765             |
|   | 27,562,935         | 27,729,545         |
| Payments made during the year   | (26,509,540)       | (1,306,862)        |
| <b>Balance as at 31 March</b>   | <b>1,053,395</b>   | <b>26,422,683</b>  |
| <b>12. Amounts Due to Related Companies</b>   | <b>2024</b>        | <b>2023</b>        |
|   | <b>Rs.</b>         | <b>Rs.</b>         |
| Galle Face Properties Ltd   | 6,314,336          | 80,000,000         |
| Shaw & Wallace Hedges Ltd   | 158,796            | 22,000,000         |
|   | <b>6,473,132</b>   | <b>102,000,000</b> |
| Interest is charge at AWPLR on monthly basis, and Loans are repayable on demand.  |                    |                    |



## Notes To The Financial Statements Cont..

|  | <b>2024</b>       | <b>2023</b>       |
|--|-------------------|-------------------|
|  | <b>Rs.</b>        | <b>Rs.</b>        |
| <b>13. Revenue</b>   |                   |                   |
| Dividend income from quoted company  | 24,141,597        | 12,882,499        |
| Gain on disposal of shares   | 7,889,671         | 21,387,168        |
|  | <b>32,031,268</b> | <b>34,269,667</b> |
| <b>14. Administrative expenses</b>   |                   |                   |
| Director Fees  | 80,000            | 100,000           |
| Legal Expenses   | -                 | 632,933           |
| Printing & Stationary Expenses   | 203,841           | 211,450           |
| Audit fees   | 310,709           | 304,051           |
| Subscription Charges   | 793,557           | 329,806           |
| Professional Charges   | 106,559           | 456,699           |
| IT and networking charges  | -                 | 121,787           |
| Secretarial Expenses   | 717,496           | 492,187           |
|  | <b>2,212,162</b>  | <b>2,648,913</b>  |
| <b>15. Finance income and finance cost</b>   |                   |                   |
| <b>15.1 Finance income</b>   |                   |                   |
| Interest income on savings   | 25,349            | 31,612            |
| Interest Income on Investments on Units  | 175,035           | 9,411,050         |
| Interest Income on Inter Company Loan  | 38,395            | -                 |
| Repo interest income   | -                 | 10,599,637        |
| Interest Income on Treasury Bills  | 29,482,558        | 67,820,325        |
|  | <b>29,721,337</b> | <b>87,862,624</b> |
| <b>15.2 Finance cost</b>   |                   |                   |
| Bank charges   | 26,350            | 9,850             |
| Interest for Inter Company Loan  | 23,681,985        | -                 |
|  | <b>23,708,335</b> | <b>9,850</b>      |
| <b>16. Profit before taxation</b>  |                   |                   |
| Profit before taxation is stated after charging all the expenses including the followings; |                   |                   |
| Subscription Charges   | 793,557           | 329,806           |
| Director Fees  | 80,000            | 100,000           |
| Audit fees   | 310,709           | 304,051           |
|  | <b>1,184,266</b>  | <b>733,857</b>    |
| <b>17. Income tax expense</b>  |                   |                   |
| Current tax expense (Note 17. 1)   | 1,140,252         | 26,422,683        |
| Income tax under provision in respect of previous year                                     | -                 | 24,765            |
|  | <b>1,140,252</b>  | <b>26,447,448</b> |

## Notes To The Financial Statements Cont..

| 17.1 Tax reconciliation statement  | 2024<br>Rs.      | 2023<br>Rs.       |
|--|------------------|-------------------|
| Profit before tax  | 431,845,843      | 173,750,207       |
| Less : Dividend income   | (24,141,597)     | (12,882,499)      |
| Finance Income   | (29,721,337)     | (87,862,624)      |
| Exempted Income (Note 12)  | (7,889,671)      | (21,387,168)      |
| Gain/(Loss) on Fair Value of Investments Measured at Fair Value Through Profit or Loss (Note 03) | (396,013,735)    | (54,276,679)      |
| Add : Disallowable expenses  | -                | -                 |
| Assessable income from business  | (25,920,497)     | (2,658,762)       |
| Assessable income from investment  | 29,721,337       | 100,745,123       |
| Assessable income from business income   | (25,920,497)     | (2,658,762)       |
| Taxable income (Note 17.2)   | 3,800,840        | 98,086,361        |
| Income tax expenses (Note 17.2)  | 1,140,252        | 26,422,683        |
|  | -                | -                 |
| <b>Income tax expense</b>  | <b>1,140,252</b> | <b>26,422,683</b> |

Income tax has been provided as per the rates legislated in accordance with the Inland Revenue Act, No. 24 of 2017 and its amendments there to. In terms of the above the income tax provision has been calculated on the adjusted profit at the standard rate of 30% (24% upto 30th September 2023 and 30% there after for 2023). As per Inland Revenue amendment Act No. 45 of 2022 the dividend income received is exempted.

| 17.2 Computation of Income Tax Liability | 2024<br>Rs.      | 2023<br>Rs.       |
|--|------------------|-------------------|
| <b>Taxable income</b>                    |                  |                   |
| Dividend Income                          | -                | 12,351,131        |
| Interest income - Liable                 | 3,800,840        | 85,735,229        |
|  | 3,800,840        | 98,086,360        |
| <b>Tax Liability</b>                     |                  |                   |
| Income Tax Expenses @ 24%                | -                | 6,280,874         |
| Income Tax Expenses @ 14%                | -                | 1,253,881         |
| Income Tax Expenses @ 30%                | 1,140,252        | 18,887,928        |
|  | <b>1,140,252</b> | <b>26,422,683</b> |

### 18.1 Earnings per share

The earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the year.

|  | 2024<br>Rs.  | 2023<br>Rs.<br>(Restated) |
|--|--------------|---------------------------|
| <b>Amounts used as numerator</b>                         |              |                           |
| Profit attributable to ordinary shareholders (Rs.)       | 430,705,591  | 147,302,759               |
| <b>Number of ordinary shares used as the denominator</b> |              |                           |
| Weighted average number of shares                        | 26,949,524   | 26,949,524                |
| <b>Earnings per share (Rs.)</b>                          | <b>15.98</b> | <b>5.47</b>               |

Weighted average number of shares as at 31st March 2023 has been restated based on the number of shares issued as scrip dividend in September 2023 in accordance Sri Lanka Accounting Standard LKAS 33-earning per share.

## Notes To The Financial Statements Cont..

### 18.2 Diluted Earning Per Share

Diluted earning per share is calculated by dividing net profit for the year attributable to ordinary share holders by the number of ordinary shares outstanding during the year after adjustment for the effect of all dilutive potential ordinary shares.

There were no diluted potential of ordinary shares as at 31st March 2024, hence diluted earning per share is same as basic earning per share.

| 18.3 Dividend per share                 | 2024<br>Rs. | 2023<br>Rs. |
|---|-------------|-------------|
| <b>Amounts used as Numerator</b>        |             |             |
| Total dividend paid                     | 32,292,260  | -           |
| Weighted average number of shares (Nos) | 25,833,808  | 25,833,808  |
| <b>Dividend per share (Rs.)</b>         | <b>1.25</b> | <b>-</b>    |

### 19. Key Management Personnel

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. All the members of the Board of Directors of the Company have been classified as KMP of the Company.

There are no transaction with key managerial persons during the year other than transactions listed below:

|                       | As at<br>31.03.2024 | As at<br>31.03.2023 |
|-----------------------|---------------------|---------------------|
| Director's Fees (Rs.) | 80,000              | 100,000             |

### 20. Related Party Transactions

| Name of the Company          | Nature of relationship | Name of the common Directors             | Nature of transactions  | Transaction amount |               | Balance as at |             |
|------------------------------|------------------------|--|-------------------------|--------------------|---------------|---------------|-------------|
|                              |                        |  |                         | 2024<br>Rs.        | 2023<br>Rs.   | 2024<br>Rs.   | 2023<br>Rs. |
| Renuka Enterprises (Pvt) Ltd | Affiliate              | Mr. S.V.Rajiyah                          | Shared service expenses | 365,364            | 2,077,984     | -             | -           |
|                              |                        |  | Settlements             | (365,364)          | (2,077,984)   | -             | -           |
| Shaw Wallace & Hedges Ltd    | Affiliate              | Mr. S.V.Rajiyah                          | Sales of shares         | -                  | 143,829,312   | -             | -           |
|                              |                        |  | Settlements             | -                  | (143,829,312) | -             | -           |
|                              |                        |  | Loan granted            | 125,066,880        | 22,000,000    | 158,796       | 22,000,000  |
|                              |                        |  | Loan repaid             | (146,908,084)      | -             | -             | -           |
| Ceylon Land and Equity PLC   | Affiliate              | Mr. S.V.Rajiyah                          | Loan granted            | 38,395             | 1,000,000     | (38,395)      | 1,000,000   |
|                              |                        | Mr. K. Liyanagamage                      | Loan repaid             | (1,000,000)        | -             | -             | -           |
| Galle Face Properties Ltd    | Affiliate              | Mr. S.V.Rajiyah                          | Loan granted            | 470,315,105        | 80,000,000    | 6,314,336     | 80,000,000  |
|                              |                        | Mr. K. Liyanagamage<br>Mr. M. S. Dominic | Loan repaid             | (544,000,770)      | -             | -             | -           |

## Notes To The Financial Statements Cont..

### 20.1 Related Party Transactions - Recurrent

| Name of the Company          | Nature of relationship | Name of the common Directors | Nature of transactions  | Transaction amount |             | Balance as at |             |
|------------------------------|------------------------|------------------------------|-------------------------|--------------------|-------------|---------------|-------------|
|                              |                        |                              |                         | 2024<br>Rs.        | 2023<br>Rs. | 2024<br>Rs.   | 2023<br>Rs. |
| Renuka Enterprises (Pvt) Ltd | Affiliate              | Mr. S.V.Rajiyah              | Shared service expenses | 365,364            | 2,077,984   | -             | -           |
|                              |                        |                              | Settlements             | (365,364)          | (2,077,984) | -             | -           |

### Related Party Transactions - Recurrent

| Related Company              | Relationship | Description of transaction | Aggregate Value of related Party transactions Entered in to During the year<br>Rs. | Aggregate value of Related Party Transactions as a % of Net Revenue/Income<br>% | Balance as at<br>31/03/2024 | Balance as at<br>01/04/2023 | Terms and conditions of the Related Party transaction |
|------------------------------|--------------|----------------------------|--|---|-----------------------------|-----------------------------|---|
| Renuka Enterprises (Pvt) Ltd | Affiliate    | Shared Services            | (365,364)  | (1.14%)   | -                           | -                           | Comparable uncontrolled Price                         |
|                              |              | Settlement of Invoices     | 365,364  | 1.14%   | -                           | -                           |   |

There are no recurrent transactions other than stated above, that have been entered in to with Related Entities during the year which are more than 10% of the Company turnover that require disclosure in this Annual Report in Terms of Section 9.3.2 of the Listing Rules of Colombo Stock Exchange.

Similarly there are no non-recurrent transactions other than stated below, that have been entered in to with Related Entities during the year which are more than 10% of Equity and 5% of Total assets which ever is lower that require disclosure under the same provision.

### 20.2 Related Party Transactions - Non Recurrent

| Name of the Company        | Nature of relationship | Name of the common Directors | Nature of transactions | Transaction amount |               | Balance as at |             |
|----------------------------|------------------------|------------------------------|------------------------|--------------------|---------------|---------------|-------------|
|                            |                        |                              |                        | 2024<br>Rs.        | 2023<br>Rs.   | 2024<br>Rs.   | 2023<br>Rs. |
| Shaw Wallace & Hedges Ltd  | Affiliate              | Mr. S.V.Rajiyah              | Sales of shares        | -                  | 143,829,312   | -             | -           |
|                            |                        |                              | Settlements            | -                  | (143,829,312) | -             | -           |
|                            |                        |                              | Loan granted           | 125,066,880        | 22,000,000    | -             | 22,000,000  |
|                            |                        |                              | Loan repaid            | 146,908,084        | -             | -             | -           |
| Ceylon Land and Equity PLC | Affiliate              | Mr. S.V.Rajiyah              | Loan granted           | 38,395             | 1,000,000     | 38,395        | 1,000,000   |
|                            |                        |                              | Loan repaid            | 1,000,000          | -             | -             | -           |
| Galle Face Properties Ltd  | Affiliate              | Mr. S.V.Rajiyah              | Loan granted           | 470,315,105        | 80,000,000    | -             | 80,000,000  |
|                            |                        |                              | Loan repaid            | 544,000,770        | -             | -             | -           |

## Notes To The Financial Statements Cont..

### Related Party Transactions - Non Recurrent

| Related Company               | Relationship   | Description of transaction | Aggregate Value of related Party transactions Entered in to During the year Rs. | Value of Related party Transactions as a % of Equity % | Value of Related party Transactions as a % of Total Assets % | Terms and Conditions of the Related Party Transactions | Rationale for entering in to the transaction |
|-------------------------------|----------------|----------------------------|---|--|--|--|--|
| Ceylon Land and Equity PLC    | Parent company | Inter Company Loan         | 38,395  | 0.01%  | 0.01%  | At a market rate                                       | Inter Company Loan                           |
| Galle Face Properties Ltd     | Affiliate      | Inter Company Loan         | 6,314,366   | 0.74%  | 0.637%   | At a market rate                                       | Inter Company Loan                           |
| Shaw Wallace & Hedges Limited | Affiliate      | Inter Company Loan         | 158,796   | 0.01%  | 0.01%  | At a market rate                                       | Inter Company Loan                           |

#### 21. Contingent Liabilities

There are no material contingent liabilities which would require adjustments to or disclosure in the Financial Statements as at the reporting date.

#### 22. Capital commitments

There were no material capital commitments which have been approved as at the reporting date.

#### 23. Events occurring after the reporting date

There were no material events occurring after the reporting date that require adjustment to or disclosure in the financial statements other than the followings.

The board of directors of the company has decided a distribution of a first and final dividend of Rs. 2.05 per each existing issued and fully paid ordinary share, which will be declared at the Annual General Meeting. In accordance with the Sri Lanka Accounting Standard 10 - events occurring after the reporting date, this first and final dividend has not been recognized as a liability in the financial statements for the year ended 31st March 2024.

## Notes To The Financial Statements Cont..

### 24. Financial risk management

#### Introduction and overview

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

- (i) Credit risk
- (ii) Liquidity risk
- (iii) Market risk
  - a. Interest risk
  - b. Currency risk

#### Introduction and overview

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout this financial statements.

#### 24.1 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### Credit risk

Credit risk is the risk of financial loss to the Company if a shareholder or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each shareholders.

## Notes To The Financial Statements Cont..

### 24. Financial risk management contd..

#### 24.2 Financial risk management

##### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

|  | Carrying Amount as at |                    |
|--|-----------------------|--------------------|
|  | 2024<br>Rs.           | 2023<br>Rs.        |
| Amount due from related party                      | 38,395                | 1,000,000          |
| Investments & Treasury Bills                       | 24,307,328            | 398,393,216        |
| Cash Balance                                       | 10,612,351            | 22,657,572         |
|  | <b>34,919,679</b>     | <b>422,050,788</b> |
| Capital Alliance Investment Grade Fund - BBF (lka) | 36,469                | 2,210,387          |
| NDB Wealth Management Money Fund - A+              | 1,477                 | 1,267              |
| Standard Chartered Bank - AAA (lka)                | (9,651,324)           | 5,178,698          |
| Commercial Bank of Ceylon PLC - A (lka)            | 132,834               | 99,467             |
| Investment in treasury bills                       | 24,307,328            | 398,293,216        |
|  | <b>14,826,784</b>     | <b>405,883,035</b> |
| Ceylon Land & Equity PLC                           | <b>38,395</b>         | <b>1,000,000</b>   |
|  | <b>14,865,179</b>     | <b>406,883,035</b> |

##### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual obligation of financial liquidity;

|                             | 2024<br>Rs.    | Mature<br>within 1yr. | Mature<br>Over 1yr. | 2023<br>Rs.        | Mature<br>within 1yr. | Mature<br>Over 1yr. |
|-----------------------------|----------------|-----------------------|---------------------|--------------------|-----------------------|---------------------|
| Amount due to related party | 38,395         | 38,395                | -                   | 102,000,000        | 102,000,000           | -                   |
| Other payable               | 860,002        | 860,002               | -                   | 592,085            | 592,085               | -                   |
|                             | <b>898,397</b> | <b>898,397</b>        | -                   | <b>102,592,085</b> | <b>102,592,085</b>    | -                   |

## Notes To The Financial Statements Cont..

### 24. Financial risk management contd..

#### Market risk

The market risk is the risk that changes in market prices, such as interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### a. Interest rate risk

Interest rate risk is the risk that the fair value of the cash flows of financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises on interest bearing financial instruments recognized in the statement of financial position.

The interest rate risk of the Company arises from financial instruments which are exposed to variable or fixed rate interest rates. Variable interest rates expose the Company to cash flow due to the impact on the quantum of interest payable. Financial instruments with fixed interest rates are subject to variations in fair values due to market interest movements.

At the reporting date, the Company interest bearing financial instrument were as follows.

|                                  | Note | 2024<br>Rs.         | 2023<br>Rs.        |
|----------------------------------|------|---------------------|--------------------|
| <b>Fixed Rate Instruments</b>    |      |                     |                    |
| <b>Financial Assets</b>          |      |                     |                    |
| Investments in Treasury Bills    |      | 24,307,328          | 398,393,216        |
| Cash Balance                     | 7    | 10,612,315          | 22,657,572         |
|                                  |      | <u>34,919,643</u>   | <u>421,050,788</u> |
| <b>Variable Rate Instruments</b> |      |                     |                    |
| <b>Financial Assets</b>          |      |                     |                    |
| Amount due from related parties  | 4    | 38,395              | 1,000,000          |
|                                  |      | <u>38,395</u>       | <u>1,000,000</u>   |
| <b>Financial Liabilities</b>     |      |                     |                    |
| Amount due to related parties    | 12   | (6,473,142)         | (102,000,000)      |
| Bank Overdraft                   | 7.1  | (20,092,894)        | (15,167,753)       |
|                                  |      | <u>(26,566,026)</u> | <u>117,167,753</u> |
|                                  |      | <b>8,392,049</b>    | <b>304,883,035</b> |

#### Sensitivity analysis for variable rate Instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the profit before tax.

|   | 2024 Profit<br>or Loss | 2023 Profit<br>or Loss |
|---|------------------------|------------------------|
| <b>As at 31st of March</b>              |                        |                        |
| Variable rate instruments (1% decrease) | (4,744,602)            | (3,048,830)            |
| Variable rate instruments (1% increase) | 4,744,602              | 3,048,830              |

#### b. Currency risk

The Company is not exposed to Currency risk.



## Notes To The Financial Statements Cont..

### 24. Financial risk management contd..

#### 24.3 FAIR VALUE HIERARCHY

Level 1 - Quoted (unadjusted) Market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

| 31 March 2024  | Carrying amount     |                   |                     | Carrying amount     |          |          |                     |
|--|---------------------|-------------------|---------------------|---------------------|----------|----------|---------------------|
|  | FVTPL               | Amortized Cost    | Total               | Level 1             | Level 2  | Level 3  | Total               |
|  | Rs.                 | Rs.               | Rs.                 | Rs.                 | Rs.      | Rs.      | Rs.                 |
| <b>Financial assets measured at fair value</b>                       |                     |                   |                     |                     |          |          |                     |
| Investments - measured at fair value through profit or loss          | 1,268,433,71        | -                 | 1,268,433,71        | 1,268,433,71        | -        | -        | 1,268,433,71        |
|  | <b>1,268,433,71</b> | <b>-</b>          | <b>1,268,433,71</b> | <b>1,268,433,71</b> | <b>-</b> | <b>-</b> | <b>1,268,433,71</b> |
| <b>Financial assets not measured at fair value</b>                   |                     |                   |                     |                     |          |          |                     |
| Investments in Treasury Bills  | -                   | 24,307,328        | 24,307,328          | -                   | -        | -        | -                   |
| Cash and cash equivalents for the purpose of statement of cash flows | -                   | 10,612,351        | 10,612,351          | -                   | -        | -        | -                   |
| Amount due from related party  | -                   | 38,395            | 38,395              | -                   | -        | -        | -                   |
| Trade and other receivables  | -                   | 2,678,477         | 2,678,477           | -                   | -        | -        | -                   |
|  | <b>-</b>            | <b>37,636,551</b> | <b>37,636,551</b>   | <b>-</b>            | <b>-</b> | <b>-</b> | <b>-</b>            |
| <b>Financial liabilities not measured at fair value</b>              |                     |                   |                     |                     |          |          |                     |
| Bank overdrafts  | -                   | 20,092,894        | 20,092,894          | -                   | -        | -        | -                   |
| Amount due to related party  | -                   | 6,473,132         | 6,473,132           | -                   | -        | -        | -                   |
| Other payable  | -                   | 860,003           | 860,003             | -                   | -        | -        | -                   |
|  | <b>-</b>            | <b>27,426,029</b> | <b>27,426,029</b>   | <b>-</b>            | <b>-</b> | <b>-</b> | <b>-</b>            |

## Notes To The Financial Statements Cont..

### 24. Financial risk management contd..

| 31 March 2023   | Carrying amount    |                   |                    | Carrying amount    |          |          |                    |
|---|--------------------|-------------------|--------------------|--------------------|----------|----------|--------------------|
|   | FVPTL              | Amortized Cost    | Total              | Level 1            | Level 2  | Level 3  | Total              |
|   | Rs.                | Rs.               | Rs.                | Rs.                | Rs.      | Rs.      | Rs.                |
| <b>Financial assets measured at fair value</b>              |                    |                   |                    |                    |          |          |                    |
| Investments - measured at fair value through profit or loss | 566,747,384        | -                 | 566,747,384        | 566,747,384        | -        | -        | 566,747,384        |
|   | <b>566,747,384</b> | <b>-</b>          | <b>566,747,384</b> | <b>566,747,384</b> | <b>-</b> | <b>-</b> | <b>566,747,384</b> |
| <b>Financial assets not measured at fair value</b>          |                    |                   |                    |                    |          |          |                    |
| Other receivables   | -                  | 3,135,293         | 3,135,293          | -                  | -        | -        | -                  |
| Amounts due from related party companies                    | -                  | -                 | -                  | -                  | -        | -        | -                  |
| Cash and cash equivalents                                   | -                  | 22,657,572        | 22,657,572         | -                  | -        | -        | -                  |
|   | <b>-</b>           | <b>25,792,865</b> | <b>25,792,865</b>  | <b>-</b>           | <b>-</b> | <b>-</b> | <b>-</b>           |
| <b>Financial liabilities not measured at fair value</b>     |                    |                   |                    |                    |          |          |                    |
| Other payable   | -                  | 592,085           | 592,085            | -                  | -        | -        | -                  |
| Bank overdrafts   | -                  | 15,167,753        | 15,167,753         | -                  | -        | -        | -                  |
|   | <b>-</b>           | <b>15,759,838</b> | <b>15,759,838</b>  | <b>-</b>           | <b>-</b> | <b>-</b> | <b>-</b>           |

In determining the fair value, highest and best use of the property including the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also, the values 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.

## Five year Summary

| Year Ended 31st March  | 2024             | 2023           | 2022            | 2021           | 2020           |
|--|------------------|----------------|-----------------|----------------|----------------|
|  | Rs. '000         | Rs. '000       | Rs. '000        | Rs. '000       | Rs. '000       |
| <b>a) Summary of Operation</b>                                       |                  |                |                 |                |                |
| Revenue  | 32,031           | 34,270         | 2,886           | 75,764         | 58,259         |
| (Loss) / Profit before net finance cost and tax                      | 425,833          | 85,897         | (101,886)       | 71,452         | 13,941         |
| (Loss) / Profit before taxation                                      | 431,846          | 173,750        | (78,852)        | 96,638         | 7,238          |
| Taxation   | (1,140)          | (26,447)       | (5,525)         | (4,970)        | (10,054)       |
| Profit after tax   | 430,706          | 147,303        | (84,377)        | 91,668         | (2,816)        |
| <b>(Loss) / Profit attributable to equity holders of the company</b> | <b>430,706</b>   | <b>147,303</b> | <b>(84,377)</b> | <b>91,668</b>  | <b>(2,816)</b> |
| <b>b) Summary of Financial Position</b>                              |                  |                |                 |                |                |
| <b>As At 31 March</b>  | <b>2024</b>      | <b>2023</b>    | <b>2022</b>     | <b>2021</b>    | <b>2020</b>    |
|  | Rs. '000         | Rs. '000       | Rs. '000        | Rs. '000       | Rs. '000       |
| <b>Equity</b>  |                  |                |                 |                |                |
| Stated capital   | 542,776          | 513,656        | 513,656         | 513,656        | 513,656        |
| Retained earnings  | 730,142          | 334,095        | 186,792         | 271,169        | 178,686        |
| <b>Total Equity</b>  | <b>1,272,918</b> | <b>847,751</b> | <b>700,448</b>  | <b>784,825</b> | <b>692,342</b> |
| <b>Liabilities</b>   |                  |                |                 |                |                |
| Current liabilities  | 30,846           | 144,183        | 1,929           | 3,112          | 5,697          |
| <b>Total Liabilities</b>   | <b>80,846</b>    | <b>144,183</b> | <b>1,929</b>    | <b>3,112</b>   | <b>5,697</b>   |
| <b>Total Equity and Liabilities</b>                                  | <b>1,303,764</b> | <b>991,933</b> | <b>702,377</b>  | <b>787,937</b> | <b>698,039</b> |
| <b>Assets</b>  |                  |                |                 |                |                |
| Investments - Measured at FVTPL                                      | 1,268,434        | 566,747        | 337,221         | -              | 182,964        |
| Current Assets   | 35,330           | 425,186        | 365,156         | 787,937        | 515,075        |
| <b>Total Assets</b>  | <b>1,303,764</b> | <b>991,933</b> | <b>702,377</b>  | <b>787,937</b> | <b>698,039</b> |
| <b>c) Key Indicators</b>   |                  |                |                 |                |                |
| (Loss) / Earnings per share (Rs.)                                    | 15.98            | 5.47           | (3.27)          | 3.55           | (0.11)         |
| Net assets value per share (Rs.)                                     | 47.23            | 33             | 27.11           | 30.38          | 26.80          |
| Current ratio (times)  | 1.14             | 0.19           | 189.30          | 253.19         | 90.41          |
| <b>d) Dividend per share (Rs.)</b>                                   | <b>1.25</b>      | <b>1.25</b>    | <b>-</b>        | <b>-</b>       | <b>-</b>       |

## Shareholders' and Investors' information

### SHARE INFORMATION

|                           | <b>2024</b> | <b>2023</b> |
|---------------------------|-------------|-------------|
| Total No. of shareholders | 2,268       | 1,995       |
| Total No. of Shares       | 26,949,524  | 25,833,808  |

### PUBLIC SHARE HOLDING

|   | <b>2024</b> | <b>2023</b> |
|---|-------------|-------------|
| The percentage of Ordinary Shares held by the public          | 29.94%      | 47.36%      |
| Total number of share holders representing the public holding | 1,995       | 1,993       |

The float adjusted market capitalization was Rs. 209.2 Mn as at 31st March 2023. The Company has over 10% public shareholding and over 200 public shareholders meeting the minimum thresholds for compliance on minimum public holding under the option "2" of Section 7.13.1 (b) of continuing listing requirements.

### SHARE TRADING INFORMATION

| 1st of April to 31 <sup>st</sup> March | <b>2024</b> | <b>2023</b> |
|--|-------------|-------------|
|  | Voting      | Voting      |
| <b>Share Price</b>                     |             |             |
| Highest (Rs.)                          | 29.63       | 28.00       |
| Lowest (Rs.)                           | 20.10       | 15.00       |
| As at 31st March                       | 28.50       | 17.10       |
| <b>Market Capitalization</b>           | <b>2024</b> | <b>2023</b> |
| As at 31st March (Rs. '000)            | 441,758     | 441,758     |
| No. of Traders                         | 4,080       | 4,080       |
| No. of Shares Traded                   | 7,358,205   | 7,358,205   |
| Value of Shares Traded (Rs. '000)      | 140,102     | 140,102     |

## Voting Shares Details

### VOTING SHARES

| No of Shares Held   | 31st March 2024     |               |         | 31st March 2023     |               |         |
|---------------------|---------------------|---------------|---------|---------------------|---------------|---------|
|                     | No. of Shareholders | No. of Shares | %       | No. of Shareholders | No. of Shares | %       |
| 1 - 1,000           | 1,635               | 342,922       | 1.27%   | 1,532               | 355,763       | 1.38%   |
| 1,001 - 10,000      | 475                 | 1,483,870     | 5.51%   | 362                 | 1,271,078     | 4.92%   |
| 10,001 - 100,000    | 146                 | 4,098,719     | 15.21%  | 77                  | 2,096,023     | 8.11%   |
| 100,001 - 1,000,000 | 13                  | 2,146,176     | 7.96%   | 21                  | 4,520,266     | 17.50%  |
| 1,000,001 & Over    | 3                   | 18,877,837    | 70.05%  | 3                   | 17,590,678    | 68.09%  |
|                     | 2,272               | 26,949,524    | 100.00% | 1,995               | 25,833,808    | 100.00% |

### VOTING SHARES

| Analysis of Shareholders | 31st March 2024     |               |         | 31st March 2023     |               |         |
|--------------------------|---------------------|---------------|---------|---------------------|---------------|---------|
|                          | No. of Shareholders | No. of Shares | %       | No. of Shareholders | No. of Shares | %       |
| Individuals              | 2,145               | 5,477,533     | 20.33%  | 1,887               | 4,256,114     | 16.47%  |
| Institutions             | 127                 | 21,471,991    | 79.67%  | 108                 | 21,577,694    | 83.53%  |
| Total                    | 2,272               | 26,949,524    | 100.00% | 1,995               | 25,833,804    | 100.00% |

### ANALYSIS OF SHAREHOLDERS - VOTING

| Analysis of Shareholders | 31st March 2024     |               |         | 31st March 2023     |               |         |
|--------------------------|---------------------|---------------|---------|---------------------|---------------|---------|
|                          | No. of Shareholders | No. of Shares | %       | No. of Shareholders | No. of Shares | %       |
| Resident                 | 2,236               | 26,885,414    | 99.76%  | 1,960               | 25,657,721    | 99.32   |
| Non Resident             | 36                  | 64,110        | 0.24%   | 35                  | 176,083       | 0.68    |
| Total                    | 2,272               | 26,949,524    | 100.00% | 1,995               | 25,833,808    | 100.00% |

### ANALYSIS OF SHAREHOLDERS - VOTING

| Analysis of Shareholders | 31st March 2023     |               |        | 31st March 2023     |               |        |
|--------------------------|---------------------|---------------|--------|---------------------|---------------|--------|
|                          | No. of Shareholders | No. of Shares | %      | No. of Shareholders | No. of Shares | %      |
| Related Companies        | 1                   | 14,177,530    | 52.61% | 1                   | 17,590,678    | 70.01% |
| Directors and Spouses    | 1                   | 1,043         | 0.04%  | 1                   | 9,322         | 0.04%  |
| Public                   | 2,270               | 12,770,951    | 47.39% | 1,993               | 8,233,808     | 29.36% |
|                          | 2,272               | 26,949,524    | 100%   | 1,995               | 25,833,808    | 99.41% |

## Top 20 Largest Shareholders

| No | Name   | Voting as at<br>31.03.2024 |               | Voting as at<br>31.03.2023 |               |
|----|--|----------------------------|---------------|----------------------------|---------------|
|    |  | No. of Shares              | %             | No. of Shares              | %             |
| 1  | CEYLON LAND & EQUITY PLC                                   | 14,177,530                 | 52.61%        | 13,590,578                 | 52.61%        |
| 2  | RENUKA GROUP LIMITED                                       | 2,615,147                  | 9.70%         | 506,781                    | 1.96%         |
| 3  | JOELLA CEYLON (PVT) LTD                                    | 2,085,160                  | 7.74%         | -                          | -             |
| 4  | MR. G. WICKREMASINGHE                                      | 260,797                    | 0.97%         | -                          | -             |
| 5  | MR. P. RAMACHANDRAN  | 260,000                    | 0.96%         | -                          | -             |
| 6  | MACKSONS HOLDINGS ( PVT ) LTD                              | 208,637                    | 0.77%         | -                          | -             |
| 7  | TRADING PARTNERS (PVT) LTD                                 | 208,637                    | 0.77%         | -                          | -             |
| 8  | SEYLAN BANK PLC/ANUJA CHAMILA JAYASINGHE                   | 188,808                    | 0.70%         | -                          | -             |
| 9  | PEOPLE'S LEASING & FINANCE PLC/MR.R.R.S.ANANDA             | 174,011                    | 0.65%         | -                          | -             |
| 10 | MR. P. TILLAKARATNE PARAMI                                 | 154,696                    | 0.57%         | -                          | -             |
| 11 | HATTON NATIONAL BANK PLC/RAVINDRA ERLE RAMBUKWELLE         | 127,500                    | 0.47%         | 4,200                      | 0.00%         |
| 12 | MERCHANT BANK OF SRI LANKA AND FINANCE PLC/N.N.DISSANAYAKA | 127,421                    | 0.47%         | -                          | -             |
| 13 | UNION INVESTMENTS PRIVATE LTD                              | 115,793                    | 0.43%         | 110,000                    | 0.43%         |
| 14 | MR. A.R.H. SARATHCHANDRA                                   | 112,554                    | 0.42%         | -                          | -             |
| 15 | MR. M.I.U. DE SILVA  | 106,926                    | 0.40%         | -                          | -             |
| 16 | MR. W.G.S. INDIKA  | 100,396                    | 0.37%         | -                          | -             |
| 17 | MR. K.B.R.R. KARIYAWASAM                                   | 99,679                     | 0.37%         | -                          | -             |
| 18 | MR. M.D.S. GOONATILLEKE                                    | 98,856                     | 0.37%         | 100,962                    | 0.39%         |
| 19 | MR. S.N.C.W.M.B.C. KANDEGEDARA                             | 97,543                     | 0.36%         | 103,000                    | 0.40%         |
| 20 | DFCC BANK PLC/ KANAGASABAPATHY MITHULAN                    | 97,512                     | 0.36%         | -                          | -             |
|    |  | <b>21,417,603</b>          | <b>79.47%</b> | <b>14,415,521</b>          | <b>55.80%</b> |

## Notice of Meeting - Annual General Meeting

Notice is hereby given that the One Hundred and Fourth (104th) Annual General Meeting (AGM) of Galle Face Capital Partners PLC (the 'Company') will be held on Thursday, September 19th, 2024 at 3.45 p.m. at No. 193, Dr Danister De Silva Mawatha, Colombo 9 for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company, the statement of Compliance and the Financial Statement for year ended 31st March 2024 with the Report of the Auditors thereon.
2. To declare a dividend as recommended by the Board of Directors and to consider to pass the following resolutions:

### **a. Declaration of a first and final dividend**

**THAT** a first and final dividend of Rs.2.05 cents per issued and fully paid ordinary shares constituting a total sum of Rs. 55,246,524 based on the issued ordinary shares as at 7th August 2024;

**THAT** the shareholders entitled to such dividend would be those shareholders, whose names have been duly registered in the Shareholders' Register maintained by the Registrars of the Company [i.e. SSP Corporate Services (Pvt) Ltd., No. 101, Inner Flower Road, Colombo 03] and also those shareholders whose names appear on the Central Depository Systems (Pvt) Ltd. ('CDS') as at end of trading on the Record Date [i.e. the Second (2nd) market day from and excluding the date of the meeting] (the 'Entitled Shareholders');

**THAT** subject to the shareholders and (a) approving the proposed allotment and issue of new ordinary shares by passing the resolutions set out in Items 2(i) and 2(ii) below, the declared first and final dividend of Rs. 2.05 cents per issued and fully paid ordinary share be distributed and satisfied by the allotment and issue of new ordinary shares (the 'distribution scheme') based on the share prices of ordinary shares as at 7th August 2024 to the Entitled Shareholders whose names appear on the Central Depository Systems (Pvt) Ltd. ('CDS') as at end of trading on the Record Date [i.e. the Second (2nd) market day from and excluding the date of the meeting]

- The allotment and issue of new ordinary shares of Rs. 2.05 cents per share dividend entitlement (subject to applicable government taxes).

**THAT** accordingly and subject to the approval of the shareholders being obtained in the manner aforementioned the implementation of the said distribution scheme shall be as follows:

### **By way of the allotment and issue of new shares:**

The sum of:

- Rs. 55,246,524 to which the ordinary shareholders are entitled (subject to applicable government taxes);
- and

## Notice of Meeting Cont..

shall be satisfied by the allotment and issue of new ordinary shares to the entitled shareholders of the ordinary shares respectively, on the basis of the following ratios:

- 1 new fully paid ordinary share for every 13.8528420229 existing issued and fully paid ordinary shares calculated on the basis of the market value of the ordinary shares as at end of trading on 7th August 2024;

**THAT** the ordinary residual share fractions, respectively, arising in pursuance of the aforementioned allotment and issue of new ordinary shares after applying the formulas referred to in the sub heading “Residual fractions of shares” in the “Circular to the shareholders on the first and final dividend for 2024” dated August 26th 2024 will be allotted to trustees to be nominated by the Board and such shares will be sold and the net sale proceeds arising therefrom be distributed to a charity/charities approved by the Board of Directors.

**THAT** the new shares to be issued in pursuance of the said distribution scheme constituting a total issue of 1,945,415 new ordinary shares, based on the issued and fully paid ordinary shares as at 7th August 2024, shall, immediately consequent to due allotment thereof to the entitled shareholders rank equal and pari passu in all respects with the existing issued and fully paid ordinary shares and the existing issued and fully paid ordinary shares of the Company respectively including the entitlement to participate in any dividend that may be declared after the date of allotment thereof and shall be listed on the Colombo Stock Exchange;  
and

### **a. (Dividend Resolution No. 2 i): (ordinary resolution)**

**THAT** a new issue of shares provided for by Article 4 (b) and 16 (1) of the Articles of Association of Galle Face Capital Partners PLC (the ‘Company’), be and is hereby issue of new shares to be effected by the Company for purposes of satisfying in first and final dividend for the year ended March 31, 2024:

“The allotment and issue of 1,945,415 new ordinary shares, credited as fully paid to entitled shareholders ‘as at end of trading on the Record Date [i.e. the Second (2nd) market day from and excluding the date of the meeting]’ and which new shares shall rank equal and pari passu with the existing issued and fully paid ordinary shares of the Company including the right to participate in any dividend which may be declared after the date of allotment of such shares”.



## Notice of Meeting Cont..

### **b. Approval of an issue of ordinary shares (Dividend Resolution No. 2 (ii) )(Ordinary Resolution):**

**THAT** the proposed allotment and issue of 1,945,415 new ordinary shares credited as fully paid to entitled shareholders as at end of trading on the Record Date [i.e. the Second (2nd) market day from and excluding the date of the meeting]' and which new shares shall rank equal and pari passu with the existing issued and fully paid ordinary shares of the Company including the right to participate in any dividend which may be declared after the date of allotment of such shares be and is hereby approved in pursuance of Article 4 (b) and 16 (1) of the Articles of Association of the Company; and

**THAT** accordingly the Company's management be and is hereby authorized to take all necessary steps to give effect to the aforesaid proposed issue of new ordinary shares of the Company.

**c.** To re-elect Mr. K.G.Vairavanathan as a Director who retires by rotation in terms of Article 72.

**d.** To re-elect Mr. K.Liyanagamage as a Director who eligible for re-election in terms of Article 68.

**e.** (i) To appoint Messrs Ernst & Young, Chartered Accountants, as recommended by the Board of Directors as the Company's Auditors for the financial year ending March 31, 2025; and  
(ii) To authorize the Board of Directors to determine the remuneration of the Auditors for the financial year ending March 31, 2025.

**f.** To authorize the Board of Directors to determine donations for the year 2025.

### **g. Special Resolution;**

IT IS HEREBY RESOLVED THAT Article 42- Quorum for a meeting of shareholders to be replaced as follows:

A quorum for a meeting of shareholders is deemed to be present if Two (2) shareholders entitled to attend and vote or their proxies are present.

By Order of the Board of Galle Face Capital Partners PLC,  
Renuka Enterprises (Pvt) Ltd  
Company Secretaries  
26th August 2024 - Colombo

### *Notes*

*(i) A duly registered and entitled holder of the Company's ordinary shares is entitled to participate at the meeting, speak and vote at the AGM and is entitled to appoint a proxy holder to participate speak, and vote in his/her stead.*

*(ii) A duly registered and entitled holder of the Company's ordinary (non-voting) shares is entitled only to participate at the meeting and speak at the AGM and to vote only on the resolutions set out in items 2 (i) and 2 (ii) of the Notice of Meeting. Such a shareholder is entitled to appoint a proxy holder to participate at the meeting and speak on his/her behalf and to vote only on the resolutions set out in items 2 (i) and 2 (ii) of the Notice of Meeting.*

*(iii) A proxy holder need not be a shareholder of the Company.  
(iv) A Form of Proxy is sent along with this Report. The Form of Proxy should be completed legibly and forwarded to the Company, Company Secretary, to No. 69, Sri Jinaratana Road Colombo 02, not later than forty-eight (48) hours before the time appointed for the holding of the AGM.*

## Circular to the Shareholders on the First and Final Dividend for 2024

Dear Shareholder/s,

### **First and Final Dividend for the year ended March 31, 2024 to be Satisfied by the Allotment and Issue of New Shares.**

The Board of Directors of the Company, is pleased to inform Shareholders that, a first and final dividend distribution of Rs. 2.05 per each existing issued and fully paid ordinary shares has been recommended for the financial year ended March 31, 2024 for due declaration by the Shareholders at the Annual General Meeting ('AGM') to be held on Thursday, September 19th, 2024 (the date of the AGM) at 3.45 p.m. to be held, at No. 193, Danister De Silva Mawatha, Colombo 9, and such dividend so declared be paid out of the profits of the Company and from dividend received for the financial year ended March 31, 2024, dividend declared be paid out of profit would be subject to applicable government taxes.

The Board of Directors is confident that, the Company will be able to satisfy the solvency test set out in Section 57 of the Companies Act No. 07 of 2007 (as amended) ['CA 2007'] immediately post allotment of such dividend. A Certificate of Solvency has been requested by the Company's Auditors, Messrs KPMG, Chartered Accountants.

Subject to obtaining the approval of the Shareholders, the said dividend will be satisfied in accordance with a distribution scheme where by:

(i) New ordinary shares will be allotted and issued, in satisfaction of the dividend entitlement, constituting a total sum of Rs. 55,246,524/- based on the issued and fully paid shares of the Company as at 7th August 2024.

Accordingly, and in pursuance of the aforesaid distribution scheme, the Company proposes to issue:

1,945,415 number of new ordinary shares, calculated based on the issued and fully paid ordinary shares as at 7th August 2024 and on the basis of their market value (closing price) as at end of trading on 7th August 2024;

## Circular to the Shareholders on the First and Final Dividend for 2024

The said shares shall be issued in the following ratios to the entitled Shareholders of the Company:

- a. 1 new fully paid ordinary share for every 13.8528420229 existing issued and fully paid ordinary shares calculated on the basis of the market value of the ordinary shares as at end of trading on 7th August 2024; and

The above share ratio is based on a value of Rs.26.00 per ordinary share (subject to applicable government taxes) as at the end of trading on 7th August 2024. The Board of Directors is satisfied that the aforementioned values which constitute the consideration for which the new shares are to be allotted and issued is fair and reasonable to the Company and to all its existing Shareholders.

### Entitled Shareholders

Shareholders entitled to participate in the said dividend are those who are duly registered in the Company's Share Register and also those shareholders whose names appear on the Central Depository Systems (Pvt) Ltd ('CDS') as at end of trading on the Record Date [i.e. the Two (2nd) market day from and excluding the date of the meeting] (the 'Entitled Shareholders').

In calculating the number of shares held by a shareholder at the relevant date for the proposed allotment and issue of new shares, the shareholding of the shareholder as appearing in the CDS and the Shareholders' Register maintained by the Registrars of the Company [SSP Corporate Services (Pvt) Ltd, No. 101, Inner Flower Road, Colombo 03] will not be aggregated. However, if a shareholder holds shares with multiple stockbrokers, the shares held with multiple stockbrokers will be aggregated for calculation purposes, and the shares arising as a

result of the proposed issue and allotment of new shares will be uploaded proportionately to the respective CDS accounts held with each broker. The Company has obtained the approval in principle of the Colombo Stock-Exchange ('CSE') for the proposed allotment and issue of new shares.

### Residual Fractions of Shares

The residual fractions arising from the aforementioned allotment and issue of new ordinary shares respectively, will be aggregated and the shares arising consequent thereto will be allotted to trustees to be nominated by the Board and subject to receiving the approval of the Shareholders therefor, such shares will be sold and the net sale proceeds arising therefrom be distributed to a charity/ charities approved by the Board of Directors. The donation will be effected by the Company within a reasonable period of time.

Residual fractions of ordinary shares above mentioned shall mean the above mentioned fractions arising after applying the following formula:

$$\frac{\text{Number of shares held by a shareholder as at end of trading on the Record Date} \times 1}{13.8528420229}$$

### Status of the New Shares

The new ordinary shares to be so issued, immediately consequent to due allotment thereof to the entitled Shareholders, shall rank equal and pari passu in all respects with the existing issued and fully paid ordinary shares, of the Company.

## Circular to the Shareholders on the First and Final Dividend for 2024 Contd...

### **Listing approval**

An application has been made to the CSE for listing the new ordinary shares on the official list of the CSE. This application has been approved 'in principle' by the CSE.

### **Shareholder Approvals**

The proposed method of satisfying the above mentioned first and final dividend is subject to Shareholders granting approval therefor by passing the resolutions set out in the attached Notice of Meeting pertaining to the following matters:

- Authorization to satisfy the first and final dividend by an allotment and issue of new shares:

Article 4 (b) and 16 (1) of the Company's Articles of Association provides, in effect, that, subject to the provisions of CA 2007, the Board is empowered to pay a dividend by way of shares. The Board seeks the authorization of Shareholders for the satisfaction of the first and final dividend by the issue of new ordinary shares in the manner set out above.

The relevant resolution to be passed by the Shareholders in this regard is set out in item 2(i) of the attached Notice of Meeting.

As mentioned previously, the first and final dividend is proposed to be satisfied, by the allotment and issue of new ordinary shares in the manner set out above and on the above-mentioned application of the above-mentioned share proportion.

The Company is required, in compliance with the above provisions, to seek Shareholder approval by an ordinary resolution for the proposed method of satisfaction of the first and final dividend by an allotment and issue of new ordinary shares in the manner set out above.

The relevant ordinary resolution to be passed by the Shareholders in this regard is set out in item 2(ii) of the attached Notice of Meeting.

### **Confirmation of Compliance**

The Board of Directors hereby confirms that the allotment and issue of new shares is in compliance with the Articles of Association of the Company, the Listing Rules of the CSE and the provisions of the CA 2007.

### **Allotment of the New Shares**

The Board of Directors emphasizes that the aforementioned allotment and issue of new shares is in satisfaction of the first and final dividend for the year ended March 31st, 2024 and shall be dependent on and subject to the Shareholders passing the requisite resolutions.

### **Uploading of Shares in to CDS Accounts**

In the event that the requisite resolution declaring the dividend (including its manner of satisfaction thereof) by way of the issue and allotment of new shares is passed by the Shareholders, the accounts of the Shareholders whose shares are deposited in the CDS would be directly uploaded with the new shares to the extent that such Shareholder has become entitled there to.

## Circular to the Shareholders on the First and Final Dividend for 2024 Contd...

The shares would be uploaded within five (05) market days from and excluding the Record Date. If a Shareholder holds multiple CDS accounts the total entitlement will be directly deposited to the respective CDS accounts proportionately. Pursuant to a Direction issued by the Securities and Exchange Commission of Sri Lanka ('SEC') under circular n No. 08/2010 dated November 22,2010 and circular No. 13/2010 dated November 30, 2010 issued by CDS.. Pertaining to the dematerialisation of listed securities, the Shareholders who hold shares in scrip form (i.e. Share Certificates) as per the Share Register maintained by the Registrars of the Company, will not be issued Share Certificates for the new shares allotted and issued in their favour. Such Shareholders are accordingly requested to open an account with the CDS and to deposit their Share Certificates in the CDS prior to the date of the AGM of the Company. This will enable the Company to deposit the new shares directly into the Shareholder's CDS Account.

If a Shareholder fails to deposit his/her eexisting ordinary shares in the CDS prior to the date of the AGM, such Shareholder's entitlement of new ordinary shares will be deposited by the Company after such Shareholder has opened a CDS Account and has informed the Company's Registrars in writing of his/her CDS account number. Until such CDS account is opened by a Shareholder as aforementioned, the new ordinary shares that are allotted in his/ her favour will be registered in such shareholder's account in the Share Register maintained by the Registrars of the Company.

Consequent to the opening of the CDS account by such Shareholder, the new shares will be credited to such CDS account. Direct uploads pertaining to written requests received from Shareholders to deposit such shares will be done on a weekly basis.

### **Annual General Meeting (AGM)**

Attached hereto is the Annual Report comprising the Notice convening the AGM for September 19th , 2024 and setting out in item 2 thereof, the relevant resolutions to be passed by the Shareholders inthe above regard.

### **Form of Proxy**

Shareholders who are unable to participate at the meeting are entitled to appoint a proxy to participate at the said meeting by and speak and also vote on their behalf, depending on their voting rights. If you wish to appoint such a proxy, kindly complete and return the enclosed Form of Proxy (in accordance with instructions to No. 69 Sri Jinaratana Road, Colombo 02, not later than forty-eight (48) hours before the time appointed forthe holding of the AGM.

Yours faithfully,

By Order of the Board of Galle Face Capital Partners PLC

Renuka Enterprices (Pvt) Ltd  
Company Secretaries  
August 26th, 2024



## Form of Proxy

I / We .....  
of ..... being a member/members of Galle Face Capital  
Partners PLC, hereby appoint; .....  
..... (NIC No. ....) of .....

Or failing her/him

Mr. S.V. Rajiyah or failing him  
Mr.K.Liyanagamage or failing him  
Mr. M.S.Dominic or failing him  
Mr. K.G.Vairavanathan

as my/ our proxy to represent me / us and to speak and to vote on my / our behalf at the Annual General Meeting of the Company to be held on the 19th of September 2024 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

|   | For                      | Against                  |
|---|--------------------------|--------------------------|
| 1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company, the Statement of Compliance and the Financial Statements for the year ended March 31, 2024 together with the Report of the Auditors thereon | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. To declare a dividend as recommended by the Directors and to pass the following resolutions set out in the attached Notice of Meeting:   | <input type="checkbox"/> | <input type="checkbox"/> |
| i. Declaration of a first and final dividend and approval of its method of satisfaction (Dividend Resolution No. 2 (i))   | <input type="checkbox"/> | <input type="checkbox"/> |
| ii. Approval of an issue of ordinary shares (Dividend Resolution No. 2 (ii))  | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. To re-elect K.G.Vairavanathan as a Director  | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. To re-elect K.Liyanagamage as a Director   | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. (i) To appoint Messrs Ernest & Young, Chartered Accountants as recommended by the Board of Directors, as Auditors to the Company for the Financial Year ending March 31, 2025.   | <input type="checkbox"/> | <input type="checkbox"/> |
| (ii) To authorize the Board of Directors to determine the remuneration of the Auditors for the Financial Year ending March 31, 2025.  | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. To authorize the Board of Directors to determine donations for the year 2025.  | <input type="checkbox"/> | <input type="checkbox"/> |

Dated this ..... day of ..... 2024.

.....  
Signature of Shareholder

**Note:**

- (a) A proxy need not be a member of the Company.
- (b) Instructions regarding completion appear overleaf.

## Instructions as to Completion of the Form of Proxy

1. To be valid, the completed Form of Proxy should be deposited at the Registered Office of the Company, at “Renuka House”, No. 69, Sri Jinaratana Road, Colombo 2, on or before 4.15p.m. on 17th September 2024 being not less than 48 hours before the time appointed for the holding of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all the details are legible.
3. Please indicate with an ‘X’ in the space provided how your proxy to vote on each resolution. If no indication is given the proxy, in his discretion, will vote, as he thinks fit.
4. In the case of a Company / Corporation, the proxy must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association.
5. In the case of proxy signed by the Attorney, the Power of Attorney must be deposited at the Registered Office at “Renuka House”, No. 69, Sri Jinaratana Road, Colombo 2, for registration.



## Corporate Information

### **Name of Company**

Galle Face Capital Partners PLC

### **Registration No.**

PQ 49

### **Legal Form**

Quoted Public Company with Limited Liability

### **Principal Activity**

Investment

### **Board of Directors**

Mr. S. V. Rajiyah - Chairman

Mr. M.S. Dominic

Mr. K. Liyanagama

Mr. K.Vairavanathan

### **Audit Committee –**

(Parent Company Ceylon Land & Equity PLC)

Mr. M. R. Ratnasabapathy - Chairman

Mr. K. Liyanagama

Mr. T.A.P. Peiris

### **Related Party Transactions review Committee \***

Mr. T. K. Bandaranayake – Chairman

Mr. M. S. Dominic

Dr. J. M. Swaminathan

### **Remuneration Committee \***

Mr. M. S. Dominic – Chairman

Mr. T. K. Bandaranayake

Dr. J. M. Swaminathan

### **Nomination & Governance Committee \***

Mr. M. S. Dominic- Chairman

Mr. T. K. Bandaranayake

Mrs. J. J. B. A. Rajiyah

### **Managers & Company Secretaries**

Renuka Enterprises (Pvt) Ltd

69 Sri Jinaratana Road,

Colombo 2

### **Registrars**

S S P Corporate Services (Pvt) Ltd

546 Galle Road,

Colombo 3

### **Ultimate Parent Company**

Renuka Holdings PLC

### **Registered Office**

“Renuka House”

69 Sri Jinaratana Road,

Colombo 2

Telephone: 0094-11-2314750-5

Email: info@renukagroup.com

Fax: 0094- 11-2445549

### **Postal Address**

P.O.Box 25, Colombo

### **Stock Exchange Listing**

Colombo Stock Exchange

### **Auditors**

KPMG Chartered Accountants

### **Legal Consultants**

Heritage Partners - Attorneys-at-Law

Nithya Partners – Attorneys- at-Law

Varnes International – Attorney-at-Law

### **Bankers**

Commercial Bank of Ceylon PLC

Standard Chartered Bank

\*Related Party Transactions review Committee, Remuneration Committee & Nomination Committee are represented by Ultimate Parent Company Directors.



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