HOMEGROWN
RESILIENCE

ANNUAL REPORT 2023/24

sunshine

HOMEGROWN RESILIENCE

Being a fully homegrown business with a history that spans over five decades, Sri Lanka's growth as a developing economy was always intrinsically linked to our own. Since its founding, Sunshine's short and long-term objectives invariably aligned with those of the nation, while our corporate strategies envisioned a growth trajectory that would also help drive Sri Lanka's own development arc.

Sunshine's story this past year was one of resilience and perseverance. The lessons learnt during the height of a debilitating financial crisis proved invaluable, as we embarked on a journey of recovery and growth with unrelenting defiance in the face of unprecedented challenges. The result was a marked improvement in performance year-on-year across Healthcare and Consumer which served to sharpen our competitive edge in a slowly but surely booming market as interest rates come down, private credit grows and economic activity steadily rises.

Since our inception, we have been big believers in Sri Lanka's capacity for greatness against seemingly insurmountable odds. As a truly homegrown enterprise, we remain committed to nurturing and investing in our roots and drawing from the country's immense untapped potential. Built on our core values of integrity, trust and innovation and as a growing concern that has repeatedly demonstrated its ability to adjust to new demands of sustainable growth in times both good and bad, Sunshine is ready to once again steer Sri Lanka towards strength and prosperity.

Sunshine Holdings PLC presents this annual report in PDF and HTML formats as part of a Group-wide initiative to go fully digital. Minimising the use of paper is integral to our commitment to sustainability; therefore, there will be no print edition this year

URL: https://sunshineholdings2023-24.annualreports.lk/

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VISION

To be the most admired conglomerate in Sri Lanka

MISSION

Growing our enterprises to be industry leaders

VALUES

INTEGRITY
Do the right thing

TRUST
Walk the talk

INNOVATION
Think out of the box

PERSEVERANCE
Never give up

RESPONSIBILITY
Accountable to all stakeholders

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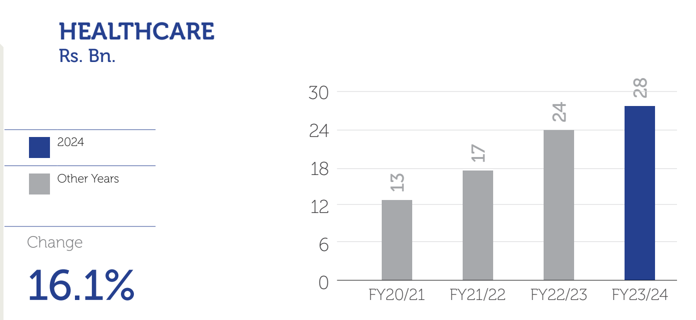
GROUP BUSINESS PROFILE

HEALTHCARE

Sunshine Healthcare Lanka Ltd. and its subsidiaries

Founded on enduring partnerships with trusted international and local principals, we deliver comprehensive solutions for healthcare in pharmaceuticals, medical devices, retail, distribution and manufacturing through our subsidiaries.

Contribution towards group revenue	50%				
Performance highlights of the year	Revenue improved by	16.1%	YoY to	Rs. 28 Bn.	



Outlook for 2024-25 and beyond

We are looking to increase our overall market share, currently at 13.1%. We will also focus on driving the progress of our distribution-as-a-service business, our Healthguard retail pharmacy chain as well as local pharmaceutical manufacturing business.

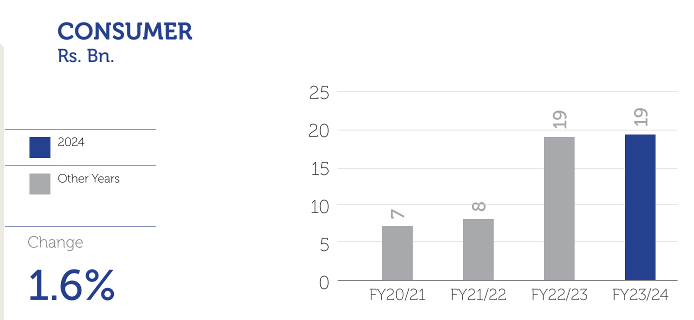
Business Partners

CONSUMER GOODS

Sunshine Consumer Lanka Ltd. and its subsidiaries

Sunshine owns the largest branded tea company in the country and our tea brands are among the most trusted names in the domestic market, while our export division is globally recognised for its high-quality Ceylon tea. Our confectionary sub-segment, meanwhile, leads the market in the hard boiled candies category.

Contribution towards group revenue	35%				
Performance highlights of the year	Revenue improved by	1.6%	YoY to	Rs. 19 Bn.	



Outlook for 2024-25 and beyond

We will continue our investments in our flagship brands, Zesta, Watawala, Ran Kahata and Daintee.

We will also look to realise synergies and cost benefits from the amalgamation and integration of our tea and confectionery distribution network and sales forces. Our export arm will look for new opportunities in the far eastern markets.

Our Brands

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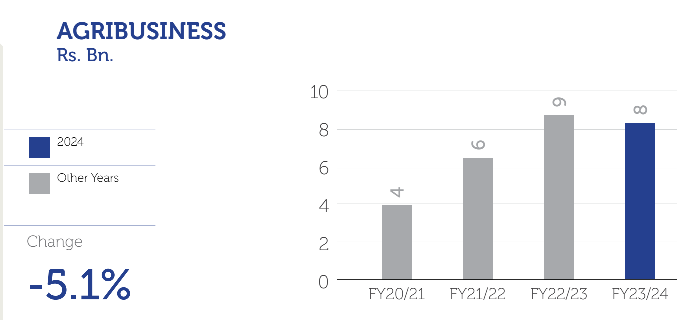
AGRIBUSINESS

Watawala Plantations PLC and its subsidiaries

In our agribusiness sector, we engage in cultivation, agricultural processing, and dairy farming. Our palm oil business, which was the first in South Asia to attain certification from the Roundtable on Sustainable Palm Oil (RSPO), remains the largest revenue generator for this segment.

Contribution towards group revenue	15%			
Performance highlights of the year	Revenue declined by	5.1%	YoY to	Rs. 8 Bn.



Outlook for 2024-25 and beyond

We will continue to maintain the profitability of our existing palm oil production and scale up our dairy business.

Strategic alliances and partners

pyramid wilmar
Changing life for the better!

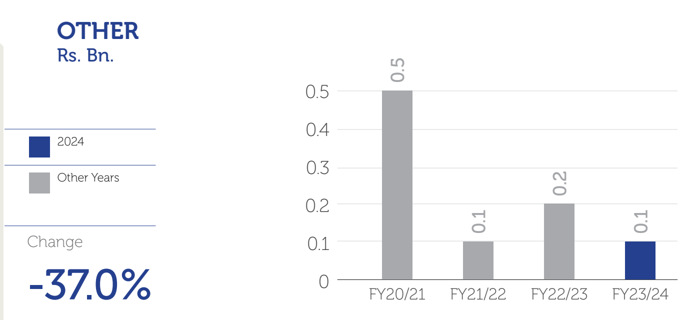
SBI Holdings

INVESTMENT HOLDINGS AND OTHER

Sunshine Holdings PLC and its subsidiaries

Sunshine Holdings PLC functions as a diversified holding company, playing a significant role in "nation building" by generating value in key sectors of the Sri Lankan economy. This includes activities in Investment Holdings and Property Management.

Contribution towards group revenue				
Performance highlights of the year	Revenue declined by	37.0%	YoY to	Rs. 0.1 Bn.



ABOUT THE REPORT

This is an integrated annual report that covers the operations of Sunshine Holdings PLC and its three core segments and various subsidiaries and partnerships (collectively referred to as the Group) based in Sri Lanka for the period of 1 April 2023 to 31 March 2024.

The Report presents both financial and non-financial information, reflecting the activities of the Group in both domestic and international spheres, unless indicated otherwise. These activities span across the Group's three primary sectors: Healthcare, Consumer Goods, and Agribusiness.

This year's report delves deeply into the operations and performance of all nine business units, examining the Group's operating environment, its value chain and the considerations of internal and external stakeholders.

This report and its many different facets such as financial statements rely on a number of guiding frameworks and industry standards to ensure accurate and stringent reporting.

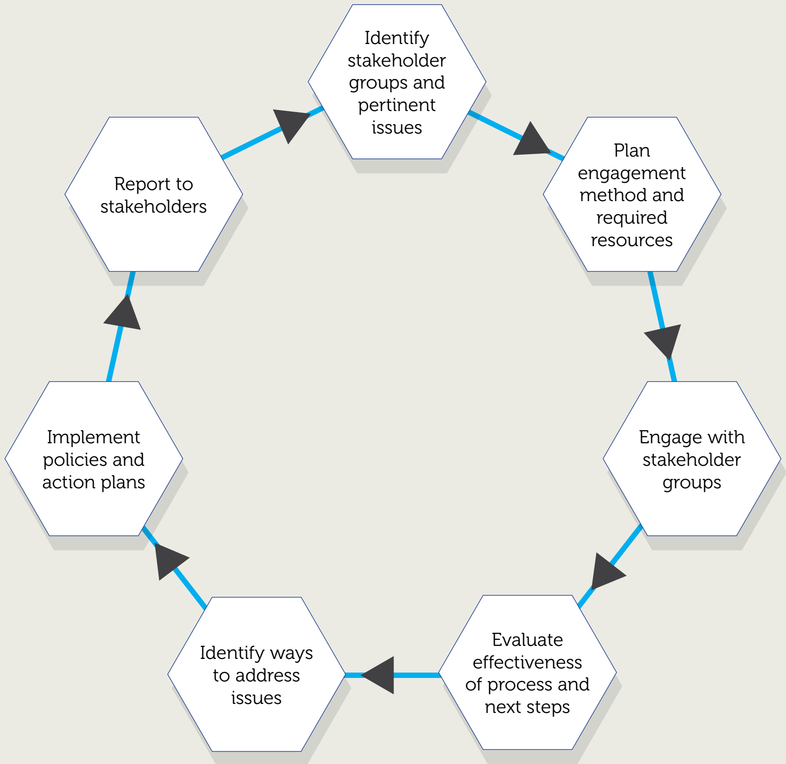
STAKEHOLDER ANALYSIS

Stakeholders are defined as individuals or groups whose lives, activities, or interests may be significantly affected by our actions, products, or services. We acknowledge the substantial impact that the insights and behaviours of our stakeholders can have on our ability to achieve our strategic objectives.

OUR PROCESS OF ENGAGING STAKEHOLDERS

Recognising and engaging with our stakeholders effectively aids us in better understanding and addressing their concerns, while also enabling us to balance the equitable distribution of created value.

Every member of Sunshine Holdings bears the responsibility of engaging with stakeholders at every interaction. This engagement not only prepares us for the future but also fuels innovation and provides valuable insights for our strategic planning process.



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Key stakeholders	Method	Frequency	Material issues/concerns
Investors	• Investor forums • Annual Report • Annual General Meeting • Extraordinary General Meeting • Press releases	• Quarterly • Biannually • Annually	• Operational viability and returns • Ethical and responsible corporate conduct • Timely disclosures
Employees`	• Staff meetings • Performance reviews • Training • Staff circulars • Newsletters • Employee surveys • Awards • Networking events • Intranet	• Daily • Monthly • Quarterly • Biannually • Annually	• Fair labour practices • Industry competitive compensation and benefits • Skills development • Career development
Customers	• One-to-one meetings • Correspondence • Direct marketing • Advertising on print and electronic media • Official website • Brochures and leaflets • Press releases	• Regularly	• Quality and standards of products and services • Product information • Customer service • Ethical business practices
Government, statutory and regulatory bodies	• Meetings • Correspondence • Filing disclosures • Audits	• Regularly	• Compliance with statutory and regulatory requirements • Uphold good governance and effective risk management practices
Business partners	• Meetings • Correspondence • Site visits • Conferences • Workshops • Roadshows • Training • Annual Report	• Regularly	• Corporate reputation and standing • Financial performance • Ethical business practices • Risk management
Society	• Sponsorships • National Campaigns • Awareness programmes • Discussions with policy makers, community leaders and not-for-profit organisations • Community projects	• As and when required	• Creating business opportunities • Employment • Philanthropy • Environmental best practices • Policy advocacy

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MATERIALITY

As a responsible corporate citizen, our strategy revolves around value creation: delivering value to stakeholders and, in turn, deriving value from them. We strive to create value responsibly by understanding stakeholder needs within the broader context of trends that affect our operations, as detailed on page 17 under Strategy and Future Outlook.

We have mapped out matters that are material to the Company – those that notably affect our capacity to generate value in the short, medium, and long term. They've been categorised based on their impact on both stakeholders and the Company itself. The materiality of each topic is determined by its relevance, the extent of its impact, and the likelihood of occurrence. These matters were subsequently categorised as risks, opportunities, or both.

Following this analysis, we pinpointed four strategic imperatives, as outlined on page 17, necessary to seize opportunities, mitigate risks, and sustain our journey of value creation.

MANAGEMENT APPROACH

We manage our material topics through our strategic planning process. Responsibility is assigned to the relevant business heads, and resources are allocated as needed, taking into account the significance of each material topic in achieving our strategic imperatives.

Goals and targets, where applicable, are integrated into the Key Performance Indicators (KPIs) of the Key Management Personnel, ensuring that the Organisation meets its objectives concerning its material topics. These are regularly reviewed to monitor progress and make any necessary adjustments.

Our employees are guided by various policies aimed at cultivating an environment where activities are carried out in a responsible, transparent, and ethical manner in handling material topics. These policies are endorsed by the Board of Directors and are subject to regular review to keep the Company aligned with evolving trends in the environment. Where applicable, grievance mechanisms are in place, with divisional heads assigned responsibility for managing, addressing, and resolving grievances. Internal and external audits are conducted to verify compliance with prescribed internal controls, policies, and procedures. Audit findings are regularly reported to the Board of Directors and/or management committees for appropriate corrective measures.

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028 Board of Directors

Unlock the full story!
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URL: https://sunshineholdings2023-24.annualreports.lk/

CHAIRMAN'S MESSAGE

The Group achieved a profit after tax of Rs. 6.0 Bn. on a turnover of Rs. 55.5 Bn. during the reporting period. An interim dividend of Rs. 1.00 per share was paid in December 2023, and a final dividend of Rs. 2.00 per share is declared for May 2024, totaling Rs. 3.00 per share for the financial year.

160%

Year-on-year dividend growth

Dear Valued Stakeholders,

I am pleased to present the Annual Report and Audited Financial Statements of Sunshine Holdings PLC for the fiscal year ended 31 March 2024. I offer a high-level overview of the operating environment and your Company's performance across our three business verticals. A more comprehensive analysis by our Group's Chief Executive follows, detailing the performance of each of our business sectors.

After weathering an unprecedented economic crisis last year, Sri Lanka experienced a steady recovery in the 2023-24 financial year, marked by positive shifts in key economic indicators. Inflation stabilized to a single digit by July 2023, dropping to as low as 0.9% by March 2024. The Gross Domestic Product (GDP) increased in the last two quarters of 2023, with growth projected in 2024 and sustained in 2025. The exchange rate remained stable for most part of the year, with the Rupee appreciating notably in the first quarter of 2024. The Average Weighted Prime Lending Rate (AWPLR) decreased from over 28 percent to single digits, enhancing private credit growth. Despite these improvements, purchasing power remains strained due to declining real incomes and increased taxes. However, anticipated reductions in the cost-reflective utility tariffs are expected to have a positive impact. While significant challenges and uncertainties remain, we are optimistic that the current policy trajectory will yield favourable results.

In this challenging environment, we entered the 2023-24 fiscal year with clear focus and determination. All nine of our verticals within the three sectors worked diligently to strengthen operations and consolidate their market presence. The Group achieved a profit after tax of Rs. 6.0 Bn. on a turnover of Rs. 55.5 Bn. during the reporting period. An interim dividend of Rs. 1.00 per share was paid in December 2023, and a final dividend of Rs. 2.00 per share is declared for May 2024, totaling Rs. 3.00 per share for the financial year.

As the theme of this annual report suggests, Sunshine's story is one of resilience amid profound uncertainty. Leveraging our extensive experience across various sectors, we emerged stronger from a series of crises. This reporting period was no exception, with excellent performance across the healthcare, consumer goods, and agribusiness sectors, despite the continued impact of the country's worst economic crisis in decades.

The healthcare sector, having endured significant challenges, showed remarkable progress. Our pharmaceutical business, under stringent price controls, achieved a 16% year-on-year growth in 2023-24 despite significant volume drops. Healthguard Infinity, our pharmaceutical distribution business, delivered a strong performance despite increased utility tariffs and fuel prices, and Healthguard, the pharmacy retail chain grew by 19%. The pharmaceutical manufacturing arm Lina doubled its revenue, benefiting from the introduction of metered dose inhalers, and our medical devices business also performed exceptionally well.

The year under review was a blend of promise and pain for the consumer goods sector. Our tea business, covering domestic markets, saw double-digit growth and increased volumes, while the confectionery business struggled to meet revenue targets despite significant progress since the crisis. The Rankahata and Watawala tea brands performed well despite the introduction of value-added tax (VAT) to this sector which was hitherto exempt of VAT. However, the high-end Zesta brand saw some volume declines. The confectionery business faced challenges in expanding its product portfolio, but we are confident of success in the current fiscal year. Sunshine Tea, our export arm, encountered challenges from an appreciating rupee and geopolitical issues, but we remain optimistic about realising new market opportunities being vigorously explored.

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As the theme of this annual report suggests, Sunshine's story is one of resilience amid profound uncertainty. Leveraging our extensive experience across various sectors, we emerged stronger from a series of crises.

In the Agribusiness sector, our dairy business achieved a remarkable turnaround, reaching breakeven with Rs. 1.4 Bn. in revenue, driven by effective cost control and quality improvements. Watawala Plantations, our palm oil segment, remained stable despite low demand and price drops. While the ongoing ban on new oil palm cultivation had no measurable impact during the reporting period, we are hopeful for a lifting of the ban to implement the expansion strategy for this lucrative segment.

A notable event this year was the leadership transition within the Group. On 25 January 2024, Mr Vish Govindasamy, Sunshine's long-standing Group Managing Director, handed over the leadership reins to Mr Shyam Sathasivam, who was appointed as the Group Chief Executive Officer. We extend our heartfelt thanks to Mr Vish Govindasamy for his visionary leadership over the past 25 years, during which he led the transformation of the Sunshine Group into a highly respected entity with market-leading positions and a strong track record of profitable growth. His continued presence on the Board as the Deputy Chairman ensures that Sunshine will continue to benefit from his vast experience and expertise. Now, under the capable leadership of Mr Shyam Sathasivam, who previously served as the Managing Director of the successful Healthcare and Consumer sectors and brings considerable experience from within the organisation, the Group is poised for further growth and success. We wish Mr Shyam Sathasivam every success in his new role.

The macroeconomic complexities of the 2023-24 period presented significant challenges to your Company. However, through sharp focus and a vision for sustainable growth, we navigated these challenges successfully, setting the standard for growth amid adversities. Supported by timely investments and innovative strategies to address hurdles such as attrition and changing consumer behaviours, your Company completed the year with confidence and renewed optimism for the future. With the economy poised for growth, our stakeholders can rest assured that Sunshine is ready to seize new and promising opportunities.

I extend my sincere gratitude to the Sunshine Team and all our stakeholders for their unwavering support. I also thank my distinguished colleagues on the Board for their wise counsel and steadfast assistance.

A. Cabraal.

Amal Cabraal
Chairman
30 May 2024

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GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

7%

Year-on-year revenue growth

The Group delivered record FY2024 results propelled by Healthcare and Consumer Sectors.

Dear Shareholders,

With the worst of the multiple crises that tormented the country now behind us, Sunshine Holdings closes the 2023-24 financial year on a decidedly high note. The year under review was a period of sharp focus for us as a Group, as all nine business units across the three sectors we operate in looked inward and worked to strengthen their respective market positions in an uncertain operating environment that continued to test our resolve.

HEALTHCARE

The Healthcare segment, which accounts for 50% of our business, recorded a remarkable rebound during the reporting period, having overcome some truly unprecedented challenges the previous year.

The pharmaceuticals business, which had just survived a period of drug import restrictions, managed to achieve a slight growth of 0.3% year-on-year. Stringent price regulations against a fluctuating currency proved to be a major hurdle during the first half of the year, though this has since normalized as the currency stabilized during the second half. Healthguard Infinity, the distribution arm, also performed reasonably well amid seemingly unrelenting challenges in terms of rising energy costs, wrapping up the year on a hopeful note.

Lina, our manufacturing business, enjoyed tremendous growth enabled by its Metered Dose Inhaler (MDI) product line, which the company enjoys an enviable monopoly in, culminating in Lina becoming a Rs. 2 Bn. enterprise by the end of the year. Revenue doubled from the previous year while profits soared, due in large part to our uninterrupted supply of this essential product to the government sector. The medical devices business as a whole enjoyed considerable traction during the year under review from sales to public and private healthcare customers, both of which had resumed investment initiatives that had been put on hold the previous year in the wake of the economic downturn. The Healthguard retail pharmacy chain saw notable growth as well, at 19%, with profits also on an upward trajectory.

Overall, 2023-24 was a markedly positive year for Sunshine Healthcare thanks to a committed focus on the fundamentals, and we are determined to maintain the momentum going into the new fiscal year.

CONSUMER GOODS

The year that passed was one of steady growth for domestic facets of our tea business, though challenges persisted in the confectionery trade and tea exports. The record levels of inflation that had come to define the previous year continued to impact both domestic tea and confectionery sectors, though discretionary spending on the part of an inflation-ravaged consumer base proved particularly challenging for the latter during the reporting period.

The local tea business recorded double-digit growth in 2023-24, both in terms of revenue and volume, reflecting a gradual increase in purchasing power as the economy stabilized. Tea consumers showed a preference for our economy brand Rankahata during this period, while the Watawala line also maintained growth over the year. The more high-end Zesta brand, however, took a hit in volumes due to several factors.

The confectionery segment had some difficulty meeting revenue targets but made considerable progress nonetheless. However, the business was unable to make much headway in expanding its product portfolio, specifically with the introduction of chocolate. The market's response to this new line was lukewarm at best, given ongoing purchasing power constraints despite improvements in the economy overall. Regardless, our efforts were not in vain, as we intend to use the experience as a learning opportunity going into the new financial year.

Sunshine Tea, our export arm, also faced challenges due to a steadily appreciating rupee towards the end of the financial year and concerns over cost versus margins. Geopolitical issues and weather conditions at home also negatively impacted our sales. The business moves into the new year with a more optimistic outlook, excited to explore fresh opportunities in new markets opening up in the Far East.

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AGRIBUSINESS

Watawala Dairy, our dairy business, saw an excellent turnaround during the year under review, driven by innovative cost-control measures in animal feed and significant improvements in product quality. The hitherto loss-making enterprise ended the year having reached breakeven in operational profitability and is currently on the verge of profitability, recording Rs. 1.4 Bn. in revenue by 31 March.

Watawala Plantations, the palm oil company, was also largely stable during the reporting period, though pricing remained significantly lower than anticipated owing to low demand in the local market. This was primarily due to a drop in consumption and a marked preference in the market from palm oil and vegetable oil to coconut oil.

Notably, the nagging uncertainty over the long-overdue lifting of the ban on palm oil cultivation had little or no impact on the Agribusiness during the year, continuing a trend from the past four years that saw no further replanting of the crop. We remain focused on improving productivity on the palms we have already cultivated.

MACRO PICTURE

The Sunshine Group had a reasonably comfortable year in terms of performance across all three sectors, despite some persistent as well as novel challenges. The diversified nature of the business allowed the Group to weather the many storms that came its way during the year and absorb the various shocks faced by each business unit, delivering a stable topline and a growing bottom-line.

Of special significance was the imposition of value-added tax (VAT), which particularly impacted the tea business, going from 0 to 18% in a rude awakening for a market more or less addicted to the beverage. As a socially conscious corporate, we made a concerted effort not to pass the burden to our consumers wherever possible, and we were able to absorb much of the impact without revising the Maximum Retail Price (MRP). This certainly was a challenge, to say the least, and we are happy to note that any volatility in this regard had greatly stabilised by the end of the financial year.

As stated previously, reduction in discretionary spending by consumers as well as a broadening of the income tax rate led to significant changes in consumer behaviour, which had a noticeable impact on our confectionery business in particular. Though consumers were less tight in their spending towards the end of the reporting period, there is room for improvement as consumer confidence remains low. This, we feel, is a new normal that will remain as the status quo for another year or two at least, and the Consumer Goods segment will no doubt have to adjust accordingly.

On the exchange rate front, the recent upward trend of the rupee did have an impact on the tea export business, but it must be noted that, overall, the appreciation of the rupee was far more beneficial to us at the Group level as it helped us mitigate many of the cost escalation issues, particularly in the import-dependent healthcare sector. The strengthening of the currency provided the opportunity to reduce prices, adjust for certain cost increases, and helped margins, which proved invaluable at the Group level. Broadly speaking, a stronger rupee has been and continues to be of significant benefit to Sunshine Holdings overall at a far greater measure than it had adversely impacted the export business.

INVESTMENTS

The Group was bullish on pharmaceutical manufacturing during the reporting period and continued to invest in Lina, targeting sustained growth. With more equipment in the pipeline during the current financial year, we expect to double the production of our MDI line by early 2025.

We also continued to invest in the Consumer segment during the year under review with more investments made into mechanization of the manufacturing processes.

At the Group level, significant investments were made during the reporting period in enhancing digital and technological capabilities and synergies, and we envision a boost in productivity in the coming year as a result.

On the human capital front, we continue to invest in training our employees in the latest software solutions and enabling them to be device-connected in a bid to drive productivity through performance augmentation. We were quite aggressive in investing in improving productivity during the reporting period, a trend that will continue into the new year.

Talent migration was perhaps the single biggest challenge posed by the lingering effects of the economic crisis, and it continued to be a major hindrance across all sectors during the year under review. This was largely addressed by the end of the financial year, though retaining talent remains a significant challenge. In light of this, we have doubled down on investing in talent acquisition, training, and developing existing talent.

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FUTURE OUTLOOK

With the country on a slow and steady path to recovery and growth, Sunshine Holdings is more than optimistic about the future. As a business whose success is inherently tied to that of the nation – operating as we do in a sector as vitally important as healthcare – our calling has always been to be of a positive disposition and adopt an optimistic outlook. It is no exaggeration to state that this has helped us expand our reach over the decades. We continue to be aggressive in our pursuit of our growth ambitions and, assuming the authorities stay the course on their current policy trajectory, we are confident that we can help Sri Lanka reach its full potential across several important sectors. Regionally, too, we are excited for fresh opportunities that are on the horizon, with ambitions to enter the Chinese market as well as India, the fastest-growing economy in the world, in line with Sri Lanka's own plans for regional integration.

The Group conducts its business in a number of tightly regulated industries, and moving into the new year as the economy further stabilizes, we are hopeful of a more consistent and quality-conscious regulatory environment materializing in the near future. The crisis that engulfed the health sector during the year under review over the quality of several pharmaceutical products laid bare the need for smarter quality control mechanisms, which we will continue to lobby for. Better streamlining with a more private sector-friendly approach to regulation is also anticipated.

As the operating environment begins to show greater promise, Sunshine too is poised to reach greater heights across all segments. We would like to assure our shareholders that the confidence they have placed in us and in our potential will be duly rewarded as we go from strength to strength, a responsibility that the management and I, as the Group CEO, take with the utmost seriousness. Whatever may lie ahead in terms of the country's macroeconomic situation, my team and I are committed to do everything in our power to deliver growth to you all.

As I commence my tenure as the Group Chief Executive Officer of Sunshine Holdings PLC, I want to express my gratitude to the Board for placing their trust in me to lead this Group and nurture the dynamic team of leaders that the company has across all levels and sectors. I wish to place on record my deep appreciation for my predecessor Vish Govindasamy, who has led this Group for over 25 years during which time the business has grown tremendously in value and hands me a solid foundation upon which to build the future. As the Deputy Chairman, he will continue to provide wise counsel to me and the team.

Shyam Sathasivam
Group Chief Executive Officer
30 May 2024

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GROUP FINANCE REVIEW

The 2023-24 financial year was a period that saw improved performance across Sunshine Holdings PLC's three verticals Healthcare, Consumer Goods and Agribusiness, with significant increases in revenue and profitability for many of our nine business units.

66%

Year-on-year profit growth

As the operating environment gradually stabilised during the reporting period under a long overdue macroeconomic reform programme, the sectors Sunshine does business in made significant recovery, resulting in the Group making much headway in its growth agenda.

The macroeconomic climate during the year under review was influenced by three fundamentals: interest rate, exchange rate, and inflation, each of which this review will examine in detail.

AN EASING INTEREST RATE

To curb galloping inflation that was eroding real incomes and tailspinning the economy at the height of the 2022 financial crisis, the Central Bank tightened its monetary policy by record levels, with interest rates peaking at 28%. However, as the impact of stabilisation efforts began to take root, the authorities eased the policy rates, averaging at 14% during the year, providing businesses including our own with much needed breathing room in the wake of the crisis.

The availability of credit allowed for greater support for working capital. Sunshine's working capital leverage, capped at a rule-of-thumb maximum of 40% at the Group level, reached 36-39% during the crisis but has since decreased to 29% due to conservative borrowing practices. Approximately 75-80% of our borrowing is for short-term working capital, with the remainder for long-term purposes, including a loan for the acquisition of Daintee funded through the International Finance Corporation (IFC), which is hedged at a fixed rate of 12.5% for seven years.

At the outset of the new fiscal year, the interest rate stands at around 10%, which is sufficiently favourable for businesses in the current climate. We expect rates to remain between 11-12% for the rest of the 2024-25 period, allowing for more credit growth in the market and higher utilisation of working capital borrowings from our end.

A STABLE EXCHANGE RATE

Several of our business activities are import-dependent and, as a result, are highly sensitive to exchange rate fluctuations. The US dollar peaked at Rs. 395 during the previous financial year but had since stabilised around Rs. 330 and subsequently dropped to somewhere around Rs. 295-300. The appreciation of the rupee has proved notably beneficial to our healthcare segment and also other businesses that rely on the import of raw materials. It did have a negative impact on our tea export business.

We appreciate the Central Bank's efforts over the last 12 months to maintain currency stability, especially in view of increased Forex inflows from tourism and worker remittances, and we are hopeful that this will continue into the new financial year.

INFLATION

Sri Lanka saw unprecedented levels of inflation during the 2022-23 financial year, with the rate of price increases reaching as high as 70% at the peak of the crisis. Thanks to a number of factors, not the least of which were the International Monetary Fund (IMF)-backed reforms, inflation came down to single digits under a year later, a remarkable achievement to say the least. Despite a slight uptick to around 2 to 3% in December 2023, headline inflation by March 2024 had dropped to 0.9%.

FINANCIAL PERFORMANCE

During the reporting period, Sunshine Holdings PLC (SUN) recorded a consolidated revenue of Rs. 55.5 Bn. for the year ended 31 March 2024, representing a 7.0% year-on-year growth. The revenue was driven by Healthcare (50%), Consumer brands (35%), and Agribusiness (15%).

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Gross profit margin improved by 500 basis points to 31.0%, resulting in a gross profit increase of Rs. 3.7 Bn. (27.6% YoY). Operating profit (EBIT) grew by 23.7% to Rs. 8.7 Bn., despite higher operating expenses. Profit after tax (PAT) rose significantly to Rs. 6.0 Bn. from Rs. 3.6 Bn. the previous year, aided by the improvement of gross profit margin, finance costs decreased to Rs. 1.2 Bn., down from Rs. 1.5 Bn. last year, supported by favourable interest rates. Profit attributable to equity shareholders (PATMI) nearly doubled, reaching Rs. 4.5 Bn.

We wish to note that, going into the new financial year, Sunshine maintains a strong financial position with a satisfactory debt-to-equity ratio, keeping borrowing primarily for short-term working capital. Our credit rating also remained stable at AA+lka (Outlook Stable), as affirmed by Fitch Ratings, during the review period.

DIVIDENDS

Our dividend policy remained unchanged during the year under review. The Group has access to the necessary funds to finance and interim dividends of Rs. 1.00 and the proposed final dividend of Rs. 2.00 per share, totalling to Rs. 3.00, and the Company's independent auditors will certify the requisite solvency levels for the payment of the proposed dividend.

Healthcare Sector

Revenue grew by 16.1% YoY, driven by the Medical Devices Division and Pharma manufacturing. The EBIT margin improvement was due to higher contributions from these segments and favorable price adjustments. The pharmaceutical segment remained stable, and the medical devices segment saw a 28.1% YoY increase. Healthguard Pharmacy experienced a 19.2% YoY increase in revenue. Lina's revenue grew by 137.4% YoY due to higher capacity utilisation.

Consumer Brands

Revenue reached Rs. 19.3 Bn., a 1.6% YoY increase. The domestic consumer brands performed well despite challenges, with tea segment revenue growing by 19.0% YoY. The export business faced a 22.5% YoY revenue decline due to currency appreciation and lower tea prices. The EBIT margin improved to 27.5%, driven by the domestic tea segment. PAT from the Consumer sector grew by 119% YoY.

Agribusiness

Revenue declined by 5.1% YoY to Rs. 8.3 Bn., primarily due to a 9.3% decline in palm oil revenue despite a 15.2% increase in production. The dairy business grew by 29.7% YoY, reducing its net loss to Rs. 139.2 Mn. from Rs. 320.9 Mn. PAT for the Agribusiness sector remained constant YoY.

FUTURE OUTLOOK

Going into the new fiscal year, each business segment has already formulated tailored strategies to sustain and grow their operations with this in mind.

SUN announced a proposed equity investment of up to Rs. 3,270 Mn. by the International Finance Corporation (IFC) into Sunshine Healthcare Lanka (SHL), giving IFC approximately 14.7% stake in SHL, subject to satisfying conditions precedent. This investment is expected to enhance SHL's operations significantly.

The Group is optimistic about navigating macroeconomic challenges while maintaining a consumer-centric approach. The Healthcare sector will focus on growth opportunities, and the Consumer sector will address macroeconomic pressures. The Agribusiness sector anticipates stable palm oil prices and improved crop volumes, along with steady milk yields and reduced feed costs.

Aruna Deepthikumara
Group Chief Financial Officer
30 May 2024

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GROUP STRATEGY

On the back of an unprecedented economic crisis that deeply impacted the disparate industries that Sunshine operates in, the 2023-2024 financial year saw our nine business units meet the lingering challenges of the crisis head on in unique and varied ways and collectively emerge stronger as a Group. Though there was a marked drop in volumes as a result of the previous year's record inflation, growth was achieved in value gains as prices increased to reflect rising costs.

Sunshine Holdings PLC stayed focused during the year under review, strengthening our presence in each industry segment and enhancing our internal processes in a concerted effort at industry consolidation.

MACROECONOMIC ENVIRONMENT

Global outlook

On the international front, ongoing conflicts and rising tensions continue to have profound implications for the world economy. However, global GDP grew by 3.1% in 2023 and is projected to rise to 3.2% in 2025, showing remarkable resilience. Headline inflation worldwide stood at 6.8% in 2023 but is expected to come down to 5.8% in 2024 and 4.4% in 2025.

Our tea export segment, and the entire Ceylon Tea industry, continued to be affected by the seemingly unrelenting war between Russia and Ukraine during much of the year under review, with the more recent conflict in the Middle East also having a demonstrable impact, leading to a notable drop in volumes. Further escalation could more adversely affect the business, making it harder to sell tea in these markets. Recognising this, we have opted to refocus our geographies to the far east, with particular emphasis on China.

Currency fluctuations also proved a challenge for our export-dependent businesses during the reporting period, Particularly for Sunshine Tea (Pvt) Limited.

Local outlook

The reporting period was more than one of healing and recuperation for Sri Lanka, with a steeply uphill but not insurmountable climb to growth and prosperity not far on the horizon. Having survived one of the toughest periods of its post-Independence history, the country's efforts at stringent fiscal consolidation and thorough reform more than paid off during the year under review, with the economy now projected to record positive growth for the first time in a long while.

Macroeconomic stability has been largely restored by the end of the reporting period, leading to an encouraging rise in economic activity. Household incomes grew over the past few months helped by a decrease in energy costs and the trickle-down effects of higher spending both by the private sector due to credit growth and by the public sector through the redistribution of tax incomes. We anticipate further growth in purchasing power in the ongoing financial year which augurs well for our business.

Commodity prices moderated during the year under review, which helped us with our margins, which in turn helped us withstand cost increases such as the 0 to 18% spike in value added tax (VAT) that applied to most of our products, particularly in the consumer segments. Price softness in these sectors helped us absorb such cost hikes and deliver value to our customers, without passing the added expense on to them in a period that remains challenging for the vast majority, positive indicators notwithstanding.

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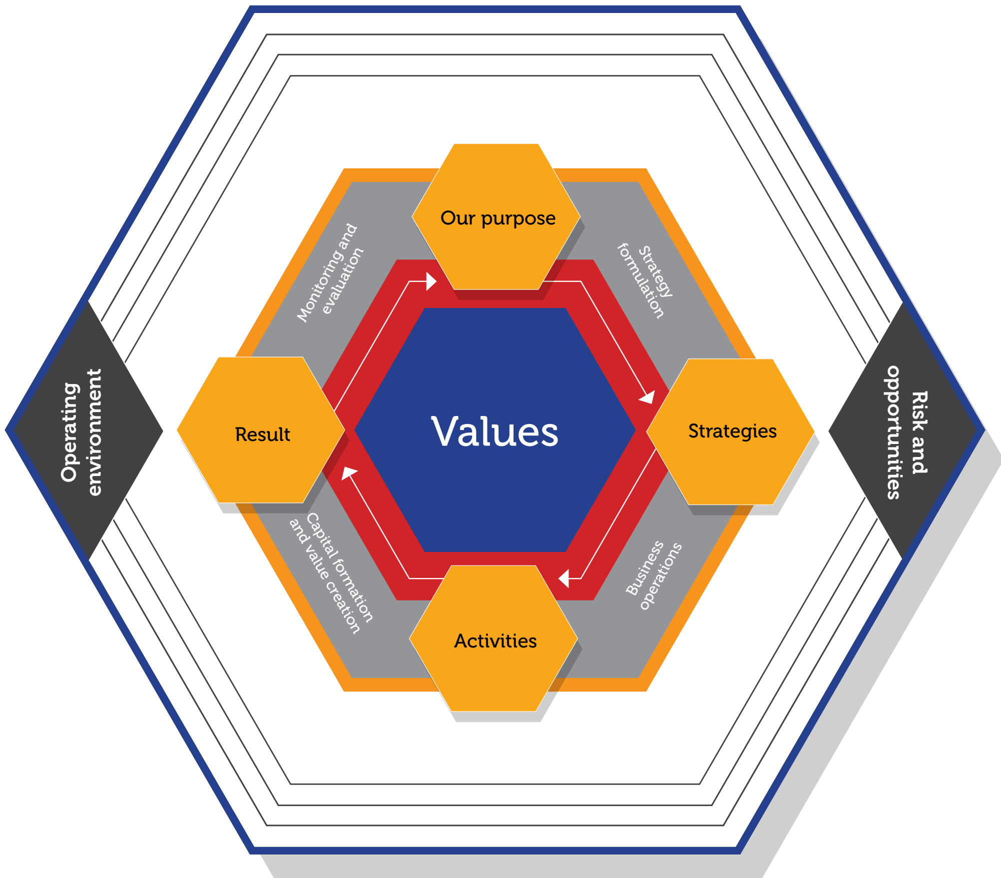
During the year under review, Sunshine Holdings PLC focused on consolidating its existing strengths, particularly in the healthcare and consumer segments, rather than diverting resources to further diversification.

With regard to our environmental performance, there is some room for improvement, though we have certainly made considerable progress in minimising the impact of our palm oil and dairy businesses, as the Agribusiness chapter will show in detail. We are currently engaged in measures to monitor our greenhouse gas emissions so that we may formulate better strategies to reduce our carbon footprint.

Governance is an area in which we continued to shine during the reporting period. The Group meets all Securities Exchange Commission (SEC) requirements for listed companies and we have gone above and beyond in establishing stringent governance practices throughout our operation. The commitment to independence at the Board-level is replicated in our individual business units, which is not strictly a statutory requirement considering they operate as private companies.

OUR BUSINESS MODEL



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STRATEGY

The Sunshine group's strategy is built on four pivotal elements: innovation, focus, synergy, and sustainability. These strategic enablers are driven by six distinct parenting functions, serving as a centralised framework to create maximum value across our nine individual business units through everyday operations and an overarching holding strategy, within which the six parenting functions operate.

Strategic enablers

Focus	Synergy	Sustainability
In the wake of the crisis, the Group took a strategic call to focus more on its existing strengths over a more diversity-oriented approach. With increased focus on deeper market penetration in the sectors we are already strong in, the Group now, going into the current financial year, concentrates on growing and consolidating through product differentiation, capacity building and innovation.	Leveraging the strengths and potential of each of our core segments to capitalise on opportunities and mitigate risks has been at the heart of our success over the decades. Synergies occur both within each segment, through the alignment and cohesion of the various operations, and at the group level through effective coordination, resource allocation, and oversight. The synergies of Sunshine's three segments come at the Group centre primarily in the form of cost synergies, governance, IT, human resources and the like, all of which are centralised.	Sunshine places great emphasis on sustainability throughout our operation cycle across each segment and is a value that's deeply entrenched in the very fabric of the Group's ethos. Serving the interests of all stakeholder groups is of paramount importance to us and our commitment to delivering value to each segment including the environment and society at large is at the foundation of our corporate philosophy.

Group Parenting Functions

Governance	Risk Management	Finance	Human Resources	Information Technology	Sustainability
Governance takes the form of independent boards, an Audit Committee, an Investment Committee, Remuneration Committee and Risk Committee, all of which come under the central Sunshine Holdings Board of Directors which appoints the boards of each respective company. High calibre Independent Directors of the Holding board also sit on the subsidiary boards.	Risk assessment is done centrally at the Group level for all business segments. A risk management system developed with the consultation of the Audit Committee and Risk Review Committee is also implemented across the Group. Headline risks including political/regulatory risks, external risks, strategic risks and business risks are all assessed and managed by this committee.	Finance's parenting function in our group is crucial for establishing financial policies, resource allocation, risk management, and performance evaluation. It ensures consistency, transparency, and optimal utilisation of financial resources across subsidiaries, fostering growth and strategic alignment. By effectively fulfilling these roles, our finance function supports the Group's financial stability, accountability, and overall success.	The Group runs a centralised HR operation as it was decided early on to achieve cost synergies by using centralised talent. A majority of functions that are universally applicable to all strategic business units are centrally controlled, with individual HR units also overseeing human capital related matters at the business unit level.	The Group's information infrastructure is primarily cloud-based, across each business unit, including Enterprise Resource Planning (ERP) systems. All businesses utilise data and analytics resources in a shared service model that is run centrally for cost sharing purposes.	Sunshine's sustainability strategy is implemented at the segment level rather than at the Group level as centralising sustainability is difficult for a conglomerate that engages in vastly different businesses.

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OUR PEOPLE

SUNSHINE GROUP HR

The beginning of the past financial year had all the hallmarks of yet another challenging period for the Group from an HR perspective, having spent the previous year navigating the stormy seas of a disastrous economic downturn. However, with the right strategies in place, we were able to manoeuvre the numerous hurdles that continued to come our way during the reporting period, ending the year with a more than satisfactory performance in managing our invaluable human capital.

As a conglomerate, Sunshine Holdings has to contain and resolve challenges that are unique to each of the several industries we do business in. While this was still the case during the reporting period, at the Group level, we were confronted with an obstacle shared by nearly all segments: retaining existing talent and retaining new talent in an exceedingly competitive environment during a period that saw an unprecedented uptick in migration.

The Group had to expend considerable resources at increased costs to keep our 1,600+ talent pool intact and at peak performance, and we are happy to report that our efforts in this regard were not in vain.
A number of initiatives were carried out based on our 3R strategy; Reach Redesigning and Resilience on top of which were built programmes aimed at redeploying, rightsising and reskilling our employees in order to get the best out of our people and preparing them for a period of unprecedented growth ahead.

TOTAL EMPLOYEES BY AGE AND GENDER

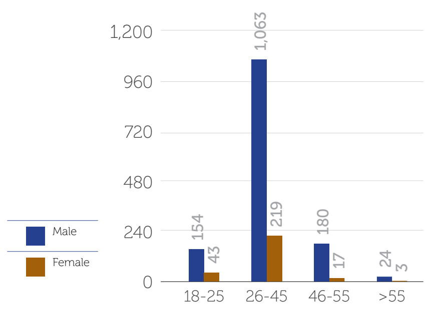
Age	Male	Female	Total
>56	24	3	27
46-55	180	17	197
26-45	1,063	219	1,282
18-25	154	43	197
Total	1,421	282	1,703

EMPLOYEES BY CATEGORY, AGE, AND GENDER

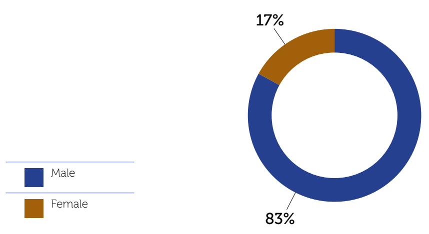
Age	Corporate Management		Executive Management		Executive		Clerical/Supervisory	
	Male	Female	Male	Female	Male	Female	Male	Female
18-25	0	0	1	0	51	18	102	25
26-45	79	19	153	33	443	100	338	67
46-55	37	3	37	5	46	3	60	6
>56	7	0	5	0	3	2	9	1
Total	123	22	196	38	543	123	559	99

AGE DISTRIBUTION OF EMPLOYEES

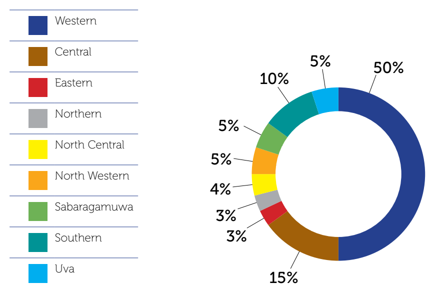
No.



GENDER BREAKDOWN



GEOGRAPHIC DISPERSION



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EMPLOYEES BY CONTRACT TYPE AGE, AND GENDER

Years	Permanent		Contract		Casual		Probation		Trainee		Other	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
18-25	119	19	4	3	–	–	31	21	–	–	–	–
26-45	977	196	2	0	–	–	84	23	–	–	–	–
46-55	170	16	4	1	–	–	6	0	–	–	–	–
>56	22	3	2	0	–	–	–	–	–	–	–	–
Total	1,288	234	12	4	0	0	121	44	0	0	0	0

TOTAL EMPLOYEES – DEPARTMENT-WISE (SUPPORT SERVICES)

Department	Male	Female	Total
Human Resources	18	27	45
Information Technology	23	7	30
Finance	53	38	91
Total	94	72	166

TOTAL EMPLOYEES BY EMPLOYMENT CATEGORY AND YEARS OF SERVICE

Category/Years of service	<2	3-10	11-20	21-30	31-35	>35	Total
Band 5 and above	59	36	43	6	1	0	145
Band 6	79	83	61	10	1	0	234
Band 7	326	249	73	12	5	1	666
Band 8 and 9	279	268	89	22	0	0	658
Total							

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AN EQUITABLE WORK ENVIRONMENT

While a commitment to meritocracy remains a founding pillar of Sunshine's HR policy, we also prioritise diversity and inclusion in our recruitment of fresh talent. Every employee is valued equally, ensuring fair compensation and entitlements irrespective of gender, sexual orientation, or any other socially constructed distinction. Below is an overview of how our human capital is currently organised across the Group:

	2023/24 Male	2023/24 Female	2022/23 Male	2022/23 Female
Total employees	1,703		1,660	
Total employees gender wise	1,421	282	1,411	249
Permanent staff	1,288	234	1,220	196
Contract staff	12	4	7	4

TRAINING AND DEVELOPMENT

	2023/24	2022/23
Training hours	40,028	52,437
Training cost (Rs. Mn.)	45	27
Number of hours on digital training	2,786	2,604
Average training hours per employee	24	34

Sunshine also believes strongly in the potential of well-trained staff, dedicating significant resources each year to ensure that our employees are on top of the latest advancements in their respective fields. Capacity building stands as a cornerstone in our HR strategy.

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TRAINING PROGRAMMES BY CATEGORY

Type of training	Number of programmes	Number of participants	Training hours
Internal training programmes	897	10,848	20,114.81
External training programmes	309	3,421	19,913.76
Total	1,206	14,269	40,028.57

AVERAGE TRAINING HOURS BY CATEGORY

Category	Training hours
Band 1	219.50
Band 2	156.50
Band 3	313.50
Band 4	1,742.34
Band 5	3,792.61
Band 6 and below	33,804.13

AVERAGE TRAINING HOURS BY GENDER

Category	Training hours
Male	31,222.28
Female	8,806.29

A CENTRALISED APPROACH

Sunshine Holdings PLC operates a centralised HR system, managing most universally applicable functions centrally, while employing HR Business Partners within our nine Strategic Business Units (SBUs). While we have implemented standardised procedures across all SBUs, we've also allowed for customisation where necessary.

The Group employs both embedded HR functions and centres of excellence. For instance, we operate an HR Service Centre responsible for carrying out operational HR tasks across various SBUs and overseeing compensation, benefits, and rewards at the Group level. Organisational development and design, from an HR standpoint, are also centrally managed. For example, in the event of a training requirement for a specific SBU, the planning and development of that initiative are handled by Group HR.

Each SBU inevitably faces its distinct HR challenges, prompting Group HR to collaborate with individual business management to craft a customised HR strategy tailored to each operation. However, anchoring each unique approach is a Group-level HR philosophy that sees a central Sunshine Culture ingrained to the DNA of the entire group.

RECRUITMENT BY CATEGORY, AGE, AND GENDER

Age	Corporate Management		Executive Management		Executive		Clerical/Supervisory		Other	
	Band 5 and above		Band 6		Band 7		Band 8 and 9			
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
18-25	0	0	0	0	23	14	58	19	NA	NA
26-45	21	9	25	4	115	36	70	15	NA	NA
46-55	6	1	6	0	0	0	0	0	NA	NA
>56	0	0	0	0	0	0	0	0	NA	NA

AVERAGE TRAINING HOURS BY SECTOR

Sector	Training hours
Healthcare	24,626.33
Consumer Goods	13,987.75
Agribusiness	1,414.5

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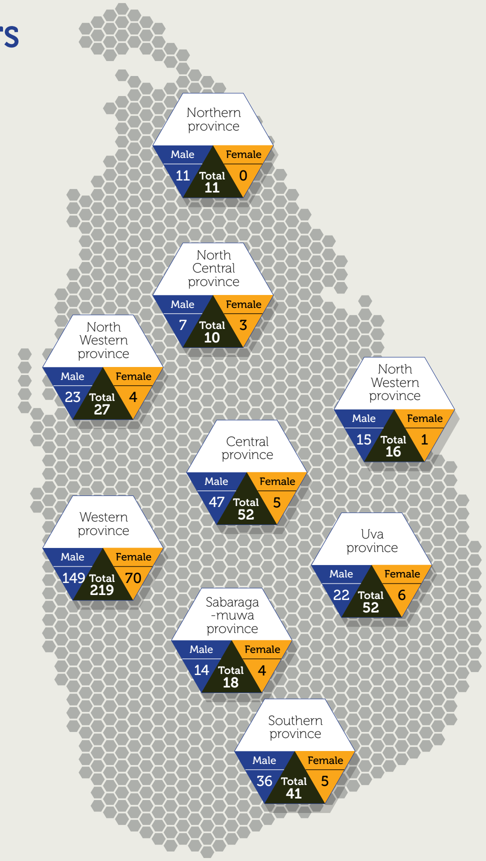
A CHALLENGING YEAR

Attrition continued to be a hurdle for Sunshine during the year under review, and the Group arrived at a two-pronged solution to address this issue: building talent pipelines targeting young recruits, and continuing a mechanism devised the previous year to convert all tacit knowledge in the talent pool into explicit knowledge, in a bid to future-proof the organisation.

The departure of talent from the industries we play in was a significant challenge during the reporting period, coupled with a shift in the skill level of available talent. Sunshine being particularly susceptible to poaching, as our competitors continued to face attrition issues of their own, also proved a hurdle. Balancing this dynamic across various industries continues to be a challenge as we move into the new fiscal year.

TOTAL RECRUITMENTS BY GENDER AND REGION



TOTAL RECRUITMENTS BY SECTOR/DEPARTMENT

Sector/Department	Male	Female
Healthcare	262	74
Agribusiness	4	1
Consumer Goods	55	19
Other	0	0
Sunshine Holdings	3	4
Total	324	98

During the reporting period, attracting young talent was a primary ambition that guided our recruitment strategy. We concentrated on pipeline development, engaging with young individuals through university and school outreach programmes throughout the year. Our goal was to expand career perspectives beyond traditional roles. We launched the Sun Step-Up programme targeting schools and the Emerging Sun program targeting universities.

Change management was a notable highlight during the year under review. With the Group transitioning to a new leadership, HR played a vital role in ensuring employee adaptation. Ensuring that employees across the Group were kept abreast of the new systems put in place by our technology division was up to the HR team, helping our people adapt to a new digital environment. A key example of this was the launch of a new sales force automation (SFA) initiative, which required hours of training.

Our Agribusiness also underwent leadership changes following the departure of the business unit's CEO during the reporting period, with the senior management of that company stepping into that role on a temporary basis.

The Consumer Goods arm, meanwhile, which had until recently had separate teams tasked with selling tea and confectioneries, which was an underutilisation of our resources. Efforts were made during the reporting period to transition them towards the sale of a variety of different Stock Keeping Units (SKUs). HR actively collaborated with Sunshine Consumer Ltd. in this regard.

We've also undertaken reskilling efforts. Throughout the pandemic and its aftermath, many of our learning and development initiatives were put on hold. Online training sessions, while valuable, was incomparable to the effectiveness of in-person sessions. Last year, we recommenced these training initiatives and, towards the end of the year, introduced various programmes aimed at nurturing young leadership. A partnership with

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the Postgraduate Institute of Marketing (PIM) was a notable highlight, and similar initiatives are on the cards, recognising the importance of building a strong talent pipeline across all sectors.

As mentioned previously, the younger generation is taking on more prominent roles and, at the Group level, we are contemplating the changes necessary to prepare for this transition. Gender balance also improved during the reporting period, with proactive steps taken in that regard. We are proud to note Group's percentage of female employees saw a notable increase during the year as a result of deliberate efforts to enhance our diversity, equity and inclusion (DEI) positioning, though we must emphasise that we resolutely maintain an ethically and religiously neutral stance. Sunshine WE project was launched to drive the DEI initiative at Susnhine.

Sunshine operates in industries that are largely male dominated. In the healthcare sector, for instance, encouraging women to take on roles like medical reps or sales reps has proven to be a significant challenge, with many potential candidates deterred due to societal stereotypes. During the year under review, we made a concerted effort to identify and support women who wished to join us. We have a large cohort of female employees who excel in their respective roles, and we provide extensive support to ensure their continued success and retention within our organisation. At the senior management level, however, there could be increased participation by women, which is an area that we're looking to address going forward.

In terms of employee safety and well-being, we continued our initiatives launched the previous to educate employees on stress management, on the importance of spending quality time with family and loved ones and how to manage their lifestyles in a way that would not add to their stress. No major incidents were recorded during the reporting period, but recognise the importance of mitigating employee stress levels and continue to prioritise it.

Our employee engagement initiatives were also successful during the year under review, and we are proud to note that employee satisfaction levels at our SBUs remain high despite economic challenges faced by all. In a significant achievement, all our businesses save for Lina Manufacturing received the Great Place to Work (GPTW) accreditation during the reporting period, in profound testimony to our reputation as a truly great employer.

FUTURE OUTLOOK

The future appears promising with new developments on the horizon on the HR front, particularly in the realm of health and safety. We recently brought on board a specialist in health and safety, demonstrating a heightened focus in this area. We have made significant strides in corporate communications as well to enhance our visibility both online and on social media platforms, potentially leading to more talent acquisition. Our ongoing collaboration with GPTW has also bolstered our reputation, resulting in a growing interest from prospective employees. Additionally, we're actively exploring sustainability initiatives to further align with our long-term goals from a human capital perspective.

The landscape of HR is evolving, incorporating previously peripheral elements into its core functions. Adapting to these changes has been a significant aspect of our organisational redesign efforts, and we look forward to a new fiscal year that promises new and rewarding opportunities for all our businesses and our valued employees along with them.

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GROUP IT

As a conglomerate doing business in a number of varied industries, Sunshine Holdings PLC uses a centralised shared services model for its Information Technology (ICT) and Digital framework at the Group level, with dedicated teams for IT and Digital functions. This approach promotes agility and digital transformation to support and drive business objectives across all nine of our business units.

A central IT department manages core IT functionalities like infrastructure, security, Enterprise Resource Planning (ERP) systems, and core applications, ensuring standardised practices and centralised control. The Group utilises a fully cloud-based infrastructure for both IT and digital functionalities, enabling scalability, flexibility, and potential cost savings. Dedicated Digital teams reside within the centralised IT structure, collaborating with IT teams embedded in each business unit. This collaborative approach ensures central expertise guides digital initiatives while allowing for flexibility to achieve specific business objectives.

Key investments

In 2023, the Group made substantial investments in IT infrastructure aimed at driving business growth, yielding significant results during the year under review. The primary focus was on the comprehensive implementation of ERP systems across the Organisation. This strategic investment sought to establish a Single Source of Truth (SSOT) by aggregating data from multiple systems into a unified location.

The ERP system functions as a centralised platform, consolidating data across various business functions to create a single source of truth. This enhances data accuracy and consistency, leading to improved decision-making. Additionally, the implementation aimed to boost visibility and scalability. The integration of the IFS ERP system, alongside infrastructure upgrades, markedly improved insights into business operations, enabling better resource allocation, performance monitoring, and quicker responses to market changes.

The scalability of the system supports growth and expansion without sacrificing efficiency. Other notable benefits of this solution include process automation, standardisation, and integration

During the reporting period, alongside core investments in IT infrastructure, ERP, and other applications, Sunshine's IT strategy prioritised security improvements, yielding significant benefits. These enhancements provided an improved security posture for the Group. Sunshine has actively invested in bolstering IT security across all systems and infrastructure, leading to better threat detection and prevention capabilities, significantly reducing potential vulnerabilities.

The security improvements enabled a faster response to threats, decreasing the detection and prevention time from 24 hours to just one minute. This rapid response minimises potential damage and ensures business continuity. Another notable benefit is the ability to detect an average of 250 cyberattacks daily, allowing Group IT to identify and neutralize potential threats before they escalate. Given the significant cost of ransomware attacks, proactive defense strategies can yield significant cost savings and enhanced security for the Group

Digital transformation

Sales Force Automation System

Sunshine is committed to continuous improvement through ongoing investments in digital transformation initiatives. One notable example for the year under review was the implementation of a new Sales Force Automation (SFA) system for our Consumer and Healthcare segments. The new SFA system provides for:

- **Enhanced customer relationship management:** Enhancing communication with customers and fostering stronger relationships.
- **Streamlining and automation of sales processes:** Improving coverage and productivity.
- **Robust reporting and analytics capabilities:** Offering data-driven insights and facilitating better decision-making.

Process Re-Engineering

By focusing on process re-engineering, Sunshine leverages its ERP systems to drive significant improvements in performance, productivity, and competitiveness across the organization. By re-engineering processes, Sunshine aims to:

- **Optimise efficiency:** Streamline workflows and eliminate redundancies, leading to faster and more efficient operations.
- **Enhance standardisation:** Implement consistent procedures across all departments, improving coordination and reducing errors.
- **Improve resource allocation:** Ensure resources are used effectively, minimising waste and maximising output.
- **Boost adaptability:** Create flexible processes that can quickly adapt to market changes and new business requirements.
- **Increase cost savings:** Reduce operational costs through improved efficiency and better resource management.

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Adopting New Technologies

The adoption of new technologies was a focal point during the year under review, particularly in the realms of Artificial Intelligence (AI) and Machine Learning (ML). Key initiatives and benefits included:

- **Power Apps for workflow streamlining:** Power Apps were instrumental in streamlining workflows, enabling more efficient process automation and data management. These applications facilitated the creation of custom solutions to address specific business needs, enhancing overall operational efficiency.
- **Enhanced cybersecurity:** The integration of AI and ML has significantly enhanced our cybersecurity measures. We deployed next-generation antivirus solutions tailored for proactive threat hunting. This bolstered our defense mechanisms, ensuring robust protection against evolving cyber threats. AI-driven analytics and ML algorithms have improved threat detection and response times, minimising potential risks.
- **Optimised resource allocation:** On the personnel front, there has been a strategic blend of in-house expertise and outsourced talent. This approach optimized resource allocation and drove innovation, allowing for a flexible adaptation to the dynamic demands of technology implementation and management at both group and business levels. By leveraging a diverse talent pool, we ensured access to specialised skills and knowledge, fostering a culture of continuous improvement and technological advancement.
- **Culture of experimentation:** We have fostered a culture of experimentation across the Organisation, encouraging teams to explore and pilot new technologies and methodologies. This culture promotes innovation and agility, allowing us to quickly test and implement promising solutions while learning from failures and successes alike. By embracing experimentation, we continuously improve our processes and stay ahead of industry trends.

FUTURE OUTLOOK

Digital transformation is part of the Group's core strategy going into the FY25. This involves the identification and implementation of innovative digital solutions that align with Sunshine's business objectives at both the Group and subsidiary levels. Essential to this endeavour will be the improvement of digital literacy, the cultivation of a culture of experimentation, and the fostering of a mindset geared towards continuous improvement. Moreover, close collaboration with business units to understand their needs and drive digital initiatives will be critical to the success of transformation endeavours.

In the coming fiscal year, Group IT plans to enhance its IT services further to support digital transformation efforts. This will involve continuous upgrades to IT infrastructure and the prioritization of robust cybersecurity measures to safeguard critical data and infrastructure against evolving threats.

Exploration and implementation of emerging technologies such as AI, machine learning, and big data analytics will be pivotal in optimizing operations, gaining deeper insights, and uncovering new business opportunities. Additionally, enhancing user experiences with IT systems will be a key focus, as streamlined and improved user experiences will drive user adoption and maximise the impact of digital initiatives.

Group IT will actively collaborate with business units to facilitate their digital adaptation journey. This may entail providing training and support to equip employees with the necessary skills to navigate new digital tools and processes, fostering a data-driven culture by empowering business units to leverage data analytics for decision-making and continuous improvement, and establishing clear governance frameworks to effectively manage digital transformation initiatives and ensure alignment with Sunshine's overarching strategy.

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BOARD OF DIRECTORS

1 Amal Cabraal

Chairman

Amal Cabraal is an independent non-executive director of Sunshine Holdings PLC since 2017. He was appointed Vice Chairman of the company in February 2020 and took over as the Chairman in June 2021.

Cabraal is an accomplished business leader with over four decades of management experience in both local and international markets. He currently serves as the Chairman of Lion Brewery (Ceylon) PLC, Ceylon Beverage Holdings PLC, Silvermill Investment Holdings, and CIC Feeds Group of Companies. In addition to his numerous leadership roles, he also serves as a Non-Executive Director of John Keells Holdings PLC and is a business advisor to several other companies.

Previously, Cabraal served as the Chairman and Chief Executive Officer of Unilever Sri Lanka, where he gained extensive knowledge and expertise in the consumer goods industry. He has also completed the stipulated maximum nine-year tenure as a Non-Executive Director of Hatton National Bank PLC, providing him with deep insights into the banking sector.

Cabraal is a member of the Board of the Ceylon Chamber of Commerce, and also serves on the Management Committee of the Mercantile Services Provident Society. As a marketer by profession and a Fellow of the Chartered Institute of Marketing-UK, he brings a wealth of marketing and branding expertise to his leadership roles. Cabraal holds an MBA from the University of Colombo, and is an executive education alumnus of INSEAD-France.

2 V Govindasamy

Deputy Chairman

Mr V Govindasamy holds a MBA from the University of Hartford, USA. He is a fellow member of the Institute of Certified Professional Managers of Sri Lanka. Currently, serves as an appointed member of the Governing Board of the Central Bank of Sri Lanka. He is the Immediate past Chairman of the Ceylon Chamber of Commerce.

3 A D B Talwatte

Director

Mr A D B Talwatte is a fellow member of The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Chartered Institute of Management Accountants of the UK, has served as the Country Managing Partner of Ernst & Young Sri Lanka for over a decade. Besides his distinguished career of more than 39 years in Assurance, Business Risk and Advisory Services, Talwatte has served as the head of numerous leading industry bodies and has been closely associated with the development of Corporate Governance in Sri Lanka.

A former President of The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) (in 2002/03) and the Chartered Institute of Management Accountants (in 1995/96), he now functions as the Chairman of Management Systems (Pvt) Limited (MSL). He serves on Boards and chairs the audit committee of several Public Listed Companies.

4 S G Sathasivam

Director/Group Chief Executive Officer

Shyam brings over 21 years of corporate experience, demonstrating local business leadership, executive management skills, and extensive expertise in healthcare and consumer sectors. Shyam is a committee member of the Ceylon Chamber of Commerce (CCC) and the former president of the Sri Lanka Chamber of Pharmaceutical Industry (SLCPI). Shyam started his career at Arthur Andersen, UK, in Corporate Finance, focusing primarily in raising capital for mid-sized companies. He joined SUN in 2005. He is a graduate of the London School of Economics, UK with an MBA from the Kellogg School of Management, Northwestern University, USA and completed the Owner/President Management (OPM) program at Harvard Business School, USA.

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5 Sivakrishnarajah Renganathan

Director

Mr Sivakrishnarajah Renganathan completed the entirety of his more than four-decade of banking career at the Commercial Bank of Ceylon PLC where he held several key positions. He retired as the Bank's Managing Director/Chief Executive Officer after serving on the Bank's Board as an Executive Director for nearly eight years.

He led the team to acquire the Banking operations of Credit Agricole Indosuez in Bangladesh in July 2003 as the first Country Manager and successfully established the Bank's operations with a high rating during the first five years of his tenure. He was the first Chief Risk Officer who led the establishment of integrated Risk Management within the Commercial Bank.

In addition, Mr Renganathan served as Managing Director and a Board Member of the Commercial Development Company PLC (Listed in the Colombo Stock Exchange), and Commercial Bank of Maldives Private Limited as Deputy Chairman. He was also a Director of the Lanka Financial Services Bureau Limited and the Sri Lanka Banks' Association (Guarantee) Limited. In addition, he also served as a Council Member of the Employers Federation of Ceylon, Vice Chairman of the International Chamber of Commerce Sri Lanka, Executive Member of the Ceylon Chamber of Commerce and an Executive Member of the Council for Business with Britain.

He is a Member of the Sri Lanka Institute of Directors, and the Vice President of the Sri Lanka India Society.

Mr Renganathan currently serves on the Boards of Hatton National Bank PLC, Ceylon Hospitals PLC, Janashakthi Life Insurance PLC, Agility Innovations Ltd., Marino Leisure Holdings Ltd. and Damro Holdings Ltd. as a Non-Executive Independent Director in addition to Sunshine Healthcare Ltd., Healthguard PVT Ltd., Lina Spiro (PVT) Ltd., and Lina Manufacturing Private Ltd.

He is a Fellow of the Chartered Institute of Management Accountants, UK (FCMA), Chartered Global Management Accountant (CGMA), Fellow of the London Institute of Banking & Finance, UK (FLIBF) and a Fellow of the Institute of Bankers Sri Lanka (FIB), and has received extensive leadership, management and banking training locally and overseas. He is a whole island Justice of Peace.

6 Reyaz Mihular

Director

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

He is a Past President and Fellow Member of The Institute of Chartered Accountants of Sri Lanka and is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) – UK. He also served as the Chairman of the CIMA Sri Lanka Division during the year 2013. Reyaz has completed International Executive Education programmes at INSEAD, France, Harvard Business School and the London Business School, UK.

Mr Reyaz served as a Board Member of the International Accounting Standards Committee (IASC) for a 5 year term from July 1995 to December 2000. Subsequently he served on the IASC's Standing Interpretations Committee for a year and as a Member of the IFRS Advisory Council of the International Accounting Standards Board for a 5 year period. He also served as a member of the International Ethics Standards Board for Accountants (IESBA) for a six year term from January 2013 – December 2018.

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

7 Sanjeev Shishoo

Director

Mr Sanjeev Shishoo is a qualified healthcare management professional holding a B Pharma, M Pharma and MBA from the Indian Institute of Management – Calcutta, a leading business school in India.

He was the Corporate Vice President, Global Shared Services, at Novo Nordisk a global healthcare company with more than 90 years of innovation and leadership in diabetes care. Headquartered in Denmark, Novo Nordisk employees over 50,000 people in 80 countries and markets its products in more than 170 countries.

He has previously been the Vice President, Business Area Oceania & South East Asia, based in Kuala Lumpur, Vice President, Regional Officer Far East based in Bangalore and Vice President of the Regional Office in India.

Mr Sanjeev Shihoo has a track record of creating high performing teams that deliver ambitious targets and is skilled in Marketing strategy & implementation. Building healthcare brands has been his passion and was responsible for making Novo Nordisk's insulin, Mixtard, the number 1 Pharma brand in India.

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8 G Sathasivam

Director

Mr G Sathasivam began his career in the pharmaceutical sector. Over the past 57 years of success and innovation, he established Sunshine Healthcare Lanka Limited (SHL) into a leader in Sri Lanka's pharmaceutical industry. Not content to rest on his laurels, he drove the Group's diversification into uncharted territories – molding Sunshine Holdings into the pride of the nation. His business acumen has recognised both in Sri Lanka and abroad. He is the Founder of Sunshine Holdings PLC.

9 Sudarshan Jain

Director

Mr Sudarshan has a strong passion for healthcare and the education sector. He is currently the Secretary General of the Indian Pharmaceutical Alliance (IPA), a Senior Advisor with APAX Partners and also a Board Member of multiple organisations. He is the Chairman of the Indian Institute of Health Management and Research (IIHMR, Jaipur) and Life Science Sector Skill Development Council. He has served in several leadership positions over the years and was earlier the Managing Director at Abbott Healthcare Solutions.

He has a rich healthcare business experience of over 40 years which includes stints in Abbott, Johnson & Johnson and leading Indian companies. His experience covers across Pharmaceutical, OTC, Hospital, Diagnostic and Nutrition businesses.

Mr Jain has received a number of recognitions for his contributions within the Company, with academic institutions and with industry associations. He is the first Indian recipient of the Global Chairman's Award at Abbott. Sudarshan has also served as Vice President of the Organisation of Pharmaceuticals Producers of India (OPPI) representing research based pharmaceutical companies. He is currently a member of the Board of Abbott India, Healthium Limited (APAX portfolio company), Sunshine holdings ,member of the Advisory Board of Narsee Monjee University, Mumbai (NMIMS), a Board Member of the Indian Education Society (IES) and a Charter Member of The Indus Entrepreneurs, Mumbai (TiE).

10 Mr Tyeabally Akbarally

Director

Mr Tyeabally Akbarally has been a Director of Akbar Brothers Group of Companies since 1979, and presently holds the position of the Managing Director and is actively engaged in the Tea and Commodity Export Trade. He was a former Chairman of The Colombo Tea Traders Association, and Spices & Allied Products Producers' and Traders' Association. He was also a Director of Amãna Bank and the Chairman of Amãna Takaful PLC and is on the Boards of several other companies. Mr Akbarally is a Trustee of the M H Kanji Charitable Trust.

11 Aruni Goonetilleke

Director

Mrs Aruni Goonetilleke is a financial services expert with over 25 years of experience in regional financial markets. She has extensive experience in risk management, credit, audit, and business origination having held leadership positions in local and international banks. Her last role was Head of Corporate Banking at People's Bank, where she was responsible for a large portfolio of public and private sector clients. Immediately before that, she was the Head of Credit for Commercial Banking, at Standard Chartered Bank, Singapore. She has also held the positions of Head of Credit for SME at Standard Chartered Bank, Singapore, Chief Risk Officer, at Standard Chartered Bank, Sri Lanka, and global audit roles in wholesale and retail Bank and distressed assets management at Standard Chartered Bank Singapore. She is a former Chairperson of Hatton National Bank PLC.

She has a Master's in Law from Harvard Law School, Harvard University, USA, and a Bachelor's in Law (Honours) from the Faculty of Law, University of Colombo, and was a visiting lecturer in law at the University of Colombo.

She is a Non-Executive Director of Tea Smallholder Factories PLC, PGP Glass Ceylon PLC and an audit committee member of Goodhope Asia Holdings Ltd.

12 Aruna Deepthikumara

Director/Group Chief Financial Officer

Aruna Deepthikumara, a finance expertise with over 20 years of experience in reputed business entities. Currently, he is an Executive Committee Member, and Group Chief Financial Officer at Sunshine Holdings PLC since August 2017.

Aruna previously served in BASF Lanka (Pvt) Limited, fully owned subsidiary of BASF SE, Germany, as a Board member and Chief Executive Officer to drive Sri Lanka business operations from January 2016 to July 2017. He was also served as Finance Director at BASF Lanka since 2013.

Aruna served in his career journey as Accountant, Management Accountant, and Finance Manager in the Property Sector at John Keells Holdings PLC between 2004 and 2013, and also an alumni of Ernst & Young, Colombo.

Aruna is a Fellow Member/FCA of The Institute of Chartered Accountants of Sri Lanka and an Associate Member/ACMA of the Institute of Certified Management Accountants of Sri Lanka. In addition, he holds a degree in B.Sc. Marketing Management from the University of Sri Jayewardenepura, and was also CIM (UK) qualified.

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As per the Section 9.10.4.(e) of the Listing Rules mandated by the Colombo Stock Exchange, the Director and/or Key Management Personnel of other companies, who are directors of the Company are disclosed as follows:

Damian Amal Cabraal

Healthguard Pharmacy Limited	Chairman
Sunshine Healthcare Lanka Limited	Chairman
Lina Manufacturing (Private) Limited	Chairman
Lina Spiro (Private) Limited	Chairman
Sunshine Consumer Lanka Limited	Chairman
Sunshine Tea (Pvt) Private Limited	Chairman
Sunshine Foundation for Good	Director
John Keells Holdings PLC	Director
Ceylon Beverage Holdings PLC	Chairman
CIC Feeds (Private) Limited	Chairman
CIC Vetcare (Private) Limited	Chairman
CIC Poultry Farms (Private) Limited	Chairman
CIC Bio Security Breeder Farms (Private) Limited	Chairman
Silvermill Investment Holdings (Private) Limited	Chairman
Lion Brewery (Ceylon) PLC	Chairman

Aruna Deepthikumra

Sunshine Wilmar (Pvt) Limited	Director

A Goonetilleke

Tea Small Holder Factories PLC	Director
Sunshine Packaging Lanka Limited	Director
Norris Canal Properties (Private) Limited	Director
Goodhope Asia Holdings Limited	Member, Audit Committee
PGP Glass Ceylon PLC	Director

Govindasamy Sathasivam

Lamurep Properties Limited	Director
Lamurep Investments Limited	Director

Asite Talwatte

Sunshine Foundation for Good	Director
Sunshine Healthcare Lanka Limited	Director
Ceylon Hospital PLC	Director
Central Finance PLC	Chairman
DIMO PLC	Director
CT Holdings PLC	Director
Tokyo Cement PLC	Director
Silvermill Investment Holdings (Private) Limited	Director
Braybrooke Residential Towers (Private) Limited	Director
Chevron Lubricants Lanka PLC	Director
Gilkrist Leisure (Private) Limited	Director
Cirute Plantations (Private) Limited	Director
Management Systems (Private) Limited	Chairman
Cargills Ceylon PLC	Director
Kotmale Holdings PLC	Director
Myanthiho Investment and Trading (Private) Limited	Director
Colombo City Apartments (Private) Limited	Director

Reyaz Mihular

Bairaha Farms PLC	Chairman and Shareholder (0.04%)
Melstacorp PLC	Director
Agility Innovation (Pvt) Ltd.	Director
LTL Holdings Limited	Director
Watawala Plantations PLC	Director
Sunshine Tea (Pvt) Ltd.	Director
Damro Holdings Ltd.	Director

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S Renganathan

Sunshine Healthcare Lanka Limited	Director
Healthguard Pharmacy Limited	Director
Lina Manufacturing (Pvt) Ltd.	Director
Lina Spiro (Private) Limited	Director
Janashakthi Insurance (Pvt) Ltd.	Director
Ceylon Hospitals PLC	Director
Damro Holdings Ltd.	Director
SRF Holding (Pvt) Ltd.	Director
Marino Leisure Holdings (Pvt) Ltd.	Director
Agility Innovations (Pvt) Ltd.	Director
Hatton National Bank PLC	Director

Sudarshan Jain

Abbott India Limited	Independent director and shareholder
Healthium Medtech Private Limited	Nominee director and shareholder
Sunshine Healthcare Lanka Limited	Director

Sanjeev Shishoo

Healthguard Pharmacy Limited	Director
Sunshine Healthcare Lanka Limited	Director
Lina Manufacturing (Private) Limited	Director
Lina Spiro (Private) Limited	Director
Sunshine Consumer Lanka Limited	Director

T Akbarally

Akbar Brothers (Private) Limited	Director

Vish Govindasamy

Healthguard Pharmacy Limited	Director
Sunshine Healthcare Lanka Limited	Director
Sunshine Consumer Lanka Limited	Director
Watawala Plantations PLC	Director
Watawala Dairy Limited	Director
Sunshine Wilmar (Private) Limited	Chairman
Sunshine Foundation for Good	Director
Tata Communications Lanka Limited	Chairman
TAL Lanka Hotels PLC	Director
Softlogic Life Insurance PLC	Director
1990 Suwaseriya Foundation	Director
Sunshine Tea (Private) Limited	Chairman
Lanka Island Resorts Ltd.	Director
Central Bank of Sri Lanka	Member of Governing Board and Monetary Policy Board

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Scan the QR code to access the HTML version of our Annual Report and explore our achievements.

URL: https://sunshineholdings2023-24.annualreports.lk/

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HEALTHCARE

OVERVIEW

Our largest business to date, healthcare is the centerpiece of our portfolio and is perhaps the best-known aspect of our corporate identity, accounting for 50% of the Group's revenue.

Sunshine Healthcare Lanka Ltd functions as five distinct business units that operate under an overarching enterprise, delivering cutting edge curative (pharmaceutical), corrective (surgical), and preventative (diagnostic) healthcare solutions to a highly regulated market, increasingly conscious of the quality, efficacy, and safety of their medical and surgical needs. The healthcare segment of the group serves private and public sectors, along with individual consumers, through five business units that collectively span across the entire healthcare supply chain.

Business Segment Value: **Rs. 16 Bn.**

PHARMACEUTICALS

Serves as an agency house and master importer for prescription drugs, consumer health and wellness products and represents foreign principals.

Business Segment Value: **Rs. 6 Bn.**

MEDICAL DEVICES

Importer of surgical devices and diagnostic equipment, serving mainly to hospitals in both Government and private sectors.

Business Segment Value: **Rs. 16 Bn.**

DISTRIBUTION

Known as Healthguard Distribution, the distribution arm of Sunshine Healthcare delivers to over 4,500 customer points Islandwide.

Business Segment Value: **Rs. 2 Bn.**

RETAIL

The Healthguard chain of retail outlets sell pharmaceuticals, devices and wellness products to a loyal customer base in the Western Province.

Business Segment Value: **Rs. 2 Bn.**

PHARMA MANUFACTURING

Lina Manufacturing is the pioneer and only manufacturer of MDIs (Metered Dose Inhalers, in Sri Lanka. The DPI (dry powdered inhaler) manufactured by Lina is a patented, state-of-the-art inhaler which has won the Presidential Award for its invention and innovation. Pharma manufacturing business consists of 6 production line which includes MDI, DPI capsules, tablets, cream, device and nasal sprays.

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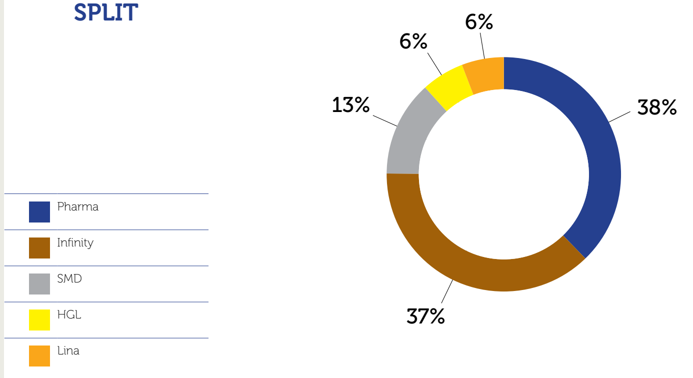
Healthcare recorded Rs. 28 Bn. in FY24, with earnings before interest and tax (EBIT) of Rs. 4.3 Bn. at a margin of 15.5%, and profit after tax (PAT) of Rs. 2.5 Bn. at a margin of 9.1%.

REVENUE SPLIT



Mere months after the devastation of the COVID-19 pandemic, Sri Lanka's healthcare sector had to brace itself for the worst financial crisis the country had faced in decades, which nearly left the industry in tatters. Owing to over 57 years of experience and business acumen in the sector, Sunshine was able to withstand the brunt of these catastrophes, and emerged stronger than most, ready to reap the benefits of a rapidly recovering economy.

Though there is certainly a long way to go, Sri Lanka's ongoing reform agenda along with increased dollar inflows has led to increased economic activity and low inflation and the country is on the verge of positive growth for the first time in years. In this context, Sunshine Healthcare, already an industry leader, is poised to grow beyond expectation and secure its position as a veritable giant.

During the reporting period, each business unit was faced with its own unique set of challenges that it had to meet head-on, particularly in terms of price restrictions, healthcare being a tightly price-regulated sector. The sudden imposition of value added tax (VAT) also posted challenges, compounded by fluctuations in the exchange rate. The pharmaceuticals, medical devices, pharma manufacturing and retail operations, all import-dependent businesses, were heavily impacted by the rise in the US dollar, though the economy's improved liquidity situation was a welcome change and pricing strategies helped all business record remarkable growth against heavy odds. Attrition also proved a major obstacle for all SBUs, though intelligent employment engagement initiatives have helped us contain the issue to a large degree.

In terms of performance, Healthcare recorded Rs. 28 Bn. in FY24, with earnings before interest and taxes (EBIT) of Rs. 4.3 Bn. at a margin of 15.5%, and profit after tax (PAT) of Rs. 2.5 Bn. at a margin of 9.1%.

Margins for the segment overall improved over the reporting period due to Maximum Retail Price (MRP) adjustments on all stock-keeping units (SKUs) due to the devaluation of the rupee against the US dollar. The improvement in the EBIT margin can be attributed to improved gross profit margin and overhead cost controls during the year.

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PHARMACEUTICALS

Market share

2023/24	2022/23
13.1%	12.7%

GROWTH
3.1%

Sunshine's Rs. 16 Bn. pharmaceutical business is at the core of the Group's deeply entrenched image as a leading player in the healthcare industry. As the country's third largest pharmaceuticals importer, we enjoy a market share of 13.1% in a space occupied by a handful of major players who together hold 75% of the market. Over the years, Sunshine Healthcare has secured leading sales positions in a number of fast-moving therapies. Segments such as diabetes, cardiology, and gastroenterology. Today, the Company dominates the diabetes segment, being the largest provider of insulin in Sri Lanka, with a significant 64% share of the private market.

Primarily, Sunshine's pharmaceutical arm serves as master importer of high quality, regulator-approved drugs from India, Denmark, Indonesia, Bangladesh, Australia, Germany and other markets. As the Group's legacy business going back to the founding of the Company over 50 years ago, our agency house operation is perhaps the biggest contributor to Sunshine's accelerated growth over the decades.

In Sri Lanka, the pharmaceutical landscape is predominantly import-driven, with about 85% of the supply sourced internationally and the remaining 15% locally manufactured. Sunshine Healthcare primarily focuses on serving the private market, which imports pharmaceuticals alongside the state sector. The pharmaceutical industry operates under strict government regulation and exists in a rigorous regulatory environment that demands 100% statutory compliance. Nearly all products distributed by Sunshine Healthcare are sensitive to exchange rate fluctuations and most are subject to price controls. All imported drugs are registered with the National Medicines Regulatory Authority (NMRA), the industry regulator, and our processes also meet the even stricter compliance requirements of our principals abroad. While audits are regularly conducted across all business units of the Group, nowhere is this more thorough than in the pharma division.

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Quality Management System has earned ISO 9001:2015 (UKAS) and Good Distribution Practices (Bureau Veritas) marks the ongoing journey towards establishing a Total Quality Culture within the organisation and fostering a culture of excellence at every level.

The pharmaceutical operation's business model includes regulatory services, import and clearing services, inventory planning, sales booking, physical distribution, finance and HR, which invariably results in the Company routinely acquiring talent on behalf of our principals. We leverage Group synergies by relying on the state-of-the-art, end-to-end cold chain capabilities and real-time monitoring systems made possible by Healthguard Distribution, our distribution arm, that ensure our products meet stringent temperature requirements as specified by the principals and by the NMRA. The business model is also designed around our supporting services to drive growth for our principal brands.

Within our healthcare vertical, the pharmaceuticals business contributes some 40% of our overall revenue, with the vertical as a whole contributing around 44%. The pharma business represents around 37 principals as at March 2024.

Year under review

In the wake of the financial crisis of 2022, which deeply hurt our pharmaceutical business, the operation recorded a growth of approximately 11% in the 2023-2024 financial year that ended 31 March due in large part to price increases. This occurred in a challenging market environment that, despite some recovery, saw a 9% shrinkage in volume. The reporting period was marked by price increases across the board, driven by currency depreciation against the US dollar earlier in the year, which directly impacted the pricing of imported drugs.

As macroeconomic conditions improved along with the country's dollar liquidity situation, the debilitating challenge of the previous financial year of not being able to issue letters of credit had been overcome by the beginning of the reporting period, but the depreciation of the rupee meant that prices had to be raised for most of our products. As a business that is both hypersensitive to exchange rate fluctuations and must, at the same time remain compliant with the strictly enforced Maximum Retail Price (MRP) regime, it was a challenge to strike a balance between these two imperatives, but we were able to grow regardless, with due consideration paid to the potential consequences of increasing the price of medicine, which we at Sunshine have always believed must remain affordable, while also keeping the business afloat.

As was the case the previous year, we were conscious of the reality that availability of a vital medicine even at a higher price point was a markedly less undesirable outcome than not being able to find it at all. With this in mind, we continued our lobbying efforts with the authorities during the reporting period to introduce an equitable pricing mechanism for pharmaceuticals, with direct engagement with the Ministry of Health and other agencies still ongoing.

A major challenge during the year under review was a rise in fuel costs, which affected the operations of our 450-strong field force responsible for promoting pharmaceuticals to doctors, supplying products to hospitals, and interacting with pharmacies.

On the human resources front, attrition proved a severe obstacle as some of our most qualified personnel opted to migrate in the wake of the economic crisis. Meanwhile, operational expenses also rose due to salary and perk adjustments for staff to reflect the increase in living costs.

Our partners in the SME sector also grappled with numerous challenges during the reporting period, which invariably had an impact on our own performance. The retail sector faced similar difficulties in sustaining businesses. The Company supported pharmacies by settling expired products and adjusting prices to help them maintain operations, which was vital for the health of the industry overall.

The pharmaceutical division was able to sustain its gross profit margins in 2023-24 up to a point, some losses notwithstanding. The significant rupee depreciation against the dollar (around 330 to 295 rupee) squeezed margins since pharmaceutical pricing was determined based on a lower exchange rate a year prior. Though the Company had initially observed a period of adjustment to the "new normal" with increased operational costs (30-35% in the past two years), the recent rupee appreciation has offered temporary relief on margins.

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DISTRIBUTION

Our pharmaceuticals distribution arm, Healthguard Distribution, operates largely in the private retail pharmacy channel, modern trade (supermarkets) and hospitals distributing pharmaceutical and wellness products – imported either by Sunshine or other players – to over 4,500 touchpoints island wide.

Healthguard Distribution, which was formerly a division of the agency business, now operates as its own independent entity serving all of the healthcare segment's internal distribution requirements while also building its roster of external clients. The talent and knowhow that Healthguard Distribution inherited from its previous incarnation, being part of the country's only major pharmaceutical importer with its own distribution channel, helped the business become the Group's fastest-growing business over the last few years.

With its uniquely advanced capabilities and sophistications, the Company provides a comprehensive delivery solution for importers and local manufacturers alike to distribute their own pharmaceuticals and wellness products to any customer point in the island. Our services include a 24-hour distribution promise and strict adherence to end-to-end cold chain delivery standards, with high-tech temperature monitoring and online tracking features enabled for our fleet of 38 vehicles which guarantee sustained product quality throughout the delivery journey. Achievement of ISO 9001:2015 (UKAS) and Good Distribution Practices (Bureau Veritas) reaffirms dedication to deliver the best healthcare solutions that meet customer and regulatory requirements.

We boast a dedicated team of 180 employees who are highly trained in managing and overseeing the distribution process and are experts in collection and are also adept at maintaining professional relationships with chemists, all of which are important attributes that our clients can use to maximise value.

Although Sunshine's agency business predominantly comprises Healthguard Distribution's operations at present, the Company has, over the years, diversified its portfolio by signing up with a number of players who operate in consumer health and wellness, cosmetics and ayurveda segments. This expansion aims to extend their distribution reach beyond

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pharmaceuticals to include a wide range of products suitable for pharmacy shelves. Healthguard Distribution has also expanded its distribution services beyond retail outlets to include institutions and modern trade spaces across the island, broadening the company's market presence and offerings.

As of March 2024, Healthguard Distribution has 6 regional centres that distribute to 14 sales areas covering the entire island since the establishment of the business.

Year under review

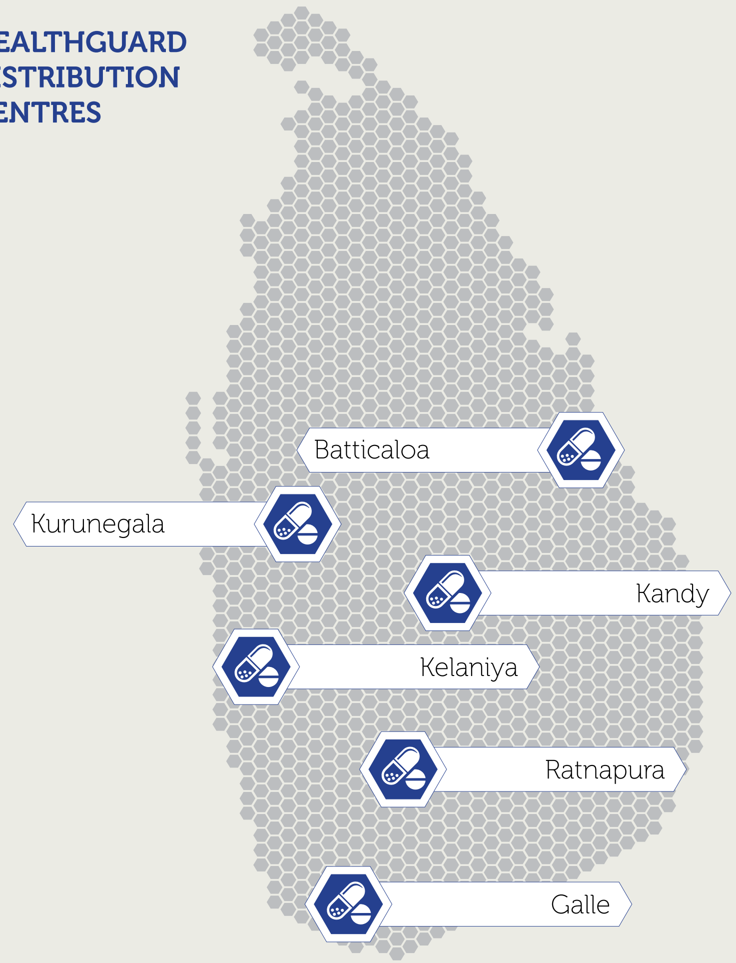
A major challenge faced by the distribution business during the year under review was the unprecedented rise in energy costs, as utility tariffs and fuel prices increased substantially during the early part of the year. Having just recovered from a crippling fuel crisis the previous year that threatened to grind the operation to a halt, this new status quo was far from ideal, as it had a direct impact on our distribution activities.

We took great pains to mitigate the impact through rationalisation, with significant time spent on amending our route plans and optimising our itineraries. We could only do this up to a point, however, as further reductions would have affected the quality of our service offered to
our clients.

There was also the question of keeping our distribution centers always running, to ensure an uninterrupted cold chain. Our refrigerators had to be kept on at all times, which proved costly, and the matter remains a concern despite recent reductions in electricity and fuel prices.

Attrition was a challenge for the distribution business too, while rising costs including meal allowances to account for increased food costs also proved difficult.

HEALTHGUARD DISTRIBUTION CENTRES



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MEDICAL DEVICES

Sunshine Healthcare's Rs. 5 Bn. medical devices arm increased its revenue five-fold and is now one of the Group's fastest-growing businesses. Today, it is the healthcare segment's third largest business unit in terms of revenue, and has a strong presence in the surgical, diagnostic, and other medical devices markets.

In 2017, the devices operation split from the pharmaceuticals business becoming its own SBU, looking to tap into the devices segment's immense untapped potential. Sunshine Medical Devices' market share has since increased to 11% from the 4% it held at the time.

Sunshine's medical devices business operates across three segments: surgical, diagnostic and equipment, showing steady growth in the first two segments in particular. The business represents some of the world's leading surgical and diagnostic device manufacturers, including such renowned names as Johnson & Johnson, 3M (Solventum), Siemens Healthineers, GE Healthcare, ICU Medical, Cordis and Randox to name a few.

Year under review

The medical devices business began the 2023-2024 financial year on a high note, having crossed the Rs. 5 Bn. mark early on. A major contributing factor to this growth was our strategic move to play a bigger role in the Government sector. In 2023 we took a decisive call to enter the public healthcare sector in a bigger way, taking a calculated risk with respect to the Government's credit situation and the possibility of cumbersome tender procedures. Our presence in the public sector has increased dramatically. An avenue that had hitherto not been open to us, particularly as a result of the pandemic followed by economic downturn, was now within our grasp, and our medical devices business did not hesitate to grab the opportunity.

A number of government projects also proved beneficial during the year under review, one of which was a fund facility extended by the Asian Development Bank (ADB) to the State Pharmaceuticals Corporation (SPC) for the purchase of medical devices and equipment, which opened yet another avenue for growth.

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The end result of this foray into the government sector was that the medical devices arm became a star entity of the Group. Not only did the business unit's revenue shoot up to Rs 5 Bn., but we also delivered high margins which helped us significantly boost profitability during the reporting period.

During the last quarter of the year under review, device prices had to be increased following the increase of VAT, which affected our entire line of products. Procedure prices also went up earlier on in the year and during most of the previous fiscal year due to inflation, which resulted in volumes coming down. This was seen across the industry, and recapturing some of those areas helped the medical devices business perform. Though there were some unit drops when it came to some products, such as surgical consumables, these were not significant enough to have a notable impact. Given the constraints faced during the pandemic followed by the financial crisis, the year under review saw us grow in spite of macroeconomic conditions not being the most favourable. We are happy to note that we are now coming out of the uncertainties caused by the crises that engulfed the industry and are on our way to increased growth and profitability. The recent appreciation of the rupee also allowed us to decrease prices on devices, passing the benefit on to customers.

Attrition was a fairly significant obstacle for the devices business during the year under review, which we were able to keep low through rigorous employment engagement initiatives. The business also scored the highest for the Great Place to Work (GPTW) accreditation at 84%, an increase from the previous year's 69%, which helped ease the attrition issue.

Medical devices will continue to grow in the new financial year with the forex advantage coming despite the continued imposition of VAT. We will, however, continue to lobby the Ministry of Finance and the Ministry of Health for some relief in this area. Regardless, we are confident that volumes will increase with the growth of the economy.

As the economy continues to improve, the Government's purchasing capacity will also improve, which we expect will have a positive impact on the business, particularly in the in vitro diagnostics line. We also anticipate the issue of delayed payments will not worsen in the coming months. Overall, the medical devices business is quite optimistic for the future for the 2024-2025 financial year as economic conditions improve further and the purchasing power of the public increases over time, leading to more volumes and growth for the business.

PHARMA MANUFACTURING

Our manufacturing business consists of two entities operating as a singular unit: Lina Manufacturing and Lina Spiro, both subsidiaries of the Group. Established in 2011, Lina, primarily focuses on the respiratory segment. The business specialises in patented Dry-powder Inhalers (DPIs) and currently stands as the only manufacturer of Metered Dose Inhalers (MDIs) in the local market, giving Sunshine Healthcare a monopoly in this area. The company also benefited from being awarded the government's order for this specific products.

Over the span of its 12-year existence, Lina Manufacturing has emerged as a key supplier of respiratory products to both government and private sectors. Having pioneered the development of local respiratory products, the company continues to invest in research and development initiatives aimed at introducing more cutting-edge products to the local market. At present, Lina manufactures six product lines, with an emphasis on asthma therapy. All lines have demonstrated operational success: the dry powder capsules line, the tablet line, the nasal spray line, device line, the metered dose inhaler line and cream line.

Sunshine Healthcare acquired the Lina manufacturing following a merger with Akbar Pharmaceuticals in December 2020, which elevated Sunshine Healthcare to being Sri Lanka's first fully integrated healthcare company that operates in all five segments of the healthcare supply chain: R&D, manufacturing, importation, distribution, and retail.

Year under review

Driven largely by our Government contract with the Department of Health Services for our inhaled products, the manufacturing business crossed the Rs. 2 Bn. milestone, having doubled our revenue from the previous financial year.

Efficiencies in our factory were increased during the reporting period and the factory now operates 24 hours a day.

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Lina Manufacturing play's large role in the Government sector, private sector and also contribute to local manufacturing by contract manufacturing products for other companies. In the new financial year, we have identified a growth opportunity in the private sector and plans are in place to increase our presence by aggressively marketing our products. A marketing team has already been appointed and further investments into promoting our products.

Another major initiative that we have launched is a partnership with overseas suppliers to manufacture their products in Sri Lanka under their own brands. This presents a significant growth opportunity for Sunshine's manufacturing business, and we are optimistic that we will start to see results this year itself.

While some pharmaceuticals were exempted from VAT, the tax still applies to primary and secondary materials. Since we cater to over 15% of the demand, this proved challenging during the financial year. This drives up costs, but to address this, we capitalized on the increased capacities and our increased quantities which brought production costs down due to economies of scale. We significantly increased our production, resulting in revenue and profits growth.

We play largely in the Government sector, which presents some difficulties in terms of price controls and delayed payments which have an impact on working capital, despite there not being any bonds that needed to be settled during the year. The government did show a preference to settle payments early for manufacturing, assuring payments in 120 days, but invariably payments would take 150 or 180 days which eroded our Return on Invested Capital (ROIC) for the long term. For devices, some payments, amounting to billions of rupees, were delayed by as much as a year. This was a major challenge that we needed to manage within our operating profit margins, but we were able to overcome it due to the sheer financial capacity of the Group and through continuous lobbying.

The country's foreign exchange situation was largely beneficial to the manufacturing segment during the reporting period. As the US dollar appreciating, costs for our raw materials came down, which helped offset the impact of the VAT increase and also helped our profit margins.

Attrition was a major issue for the manufacturing business as well. Though we survived the pandemic, many of our most senior employees left the country in the wake of the economic crisis, a problem that continued into the year under review. This was further compounded by senior personnel leaving other companies, resulting in their poaching our top talent who have had the best training from our principals. We, however, able to contain the issue through various interventions. Though attrition was still notably high at 26%, we performed reasonably well in this count compared to the industry through various initiatives by our human resources department and salary increases reflecting market rates as well as timely bonus payments by developing and retaining talent.

The business scored 65% in the Great Place to Work (GPTW), this was an improvement from the previous year's score of 52%. Training initiatives, town halls and engagement initiatives proved successful in improving employee retention as well.

Moving forward, the Government is making a concerted effort to support local manufacturing of pharmaceuticals and medical devices. We are also looking at enhancing our own brands and venturing deeper into the territory of contract manufacturing, which we anticipate will help Lina Manufacturing make a significant leap forward. The future looks optimistic for the manufacturing business on the whole, as we anticipate increased production and more volume growth and margin improvements as the economy recovers further.

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RETAIL

Healthguard, our flagship retail brand was founded on a single central premise: to deliver high-quality pharmaceuticals and wellness products to an increasingly discerning consumer base that values quality above all else.

Healthguard stands out by pursuing a level of differentiation and sophistication across three fundamental pillars: ambiance, product offering, and service driven on expertise and technology. Over the past decade, this has elevated the business to an enviable position of unrivalled leadership.

Healthguard's product portfolio predominantly features pharmaceuticals and wellness products categorised as upmarket, which necessarily aligns with our brand identity as a high-street pharmacy serving the urban, middle-upper-income individuals. Our clientele, often prescribed medications of a higher price range by their physicians, gravitate towards our curated selection which tend to be of a higher price point. While we do maintain stock of lower-tier alternatives for many products, our fast-moving range predominantly consists of higher-end offerings, a trend that has persisted despite an unprecedented economic downturn.

Healthguard is staffed by qualified, well-trained pharmacists, and our service stands out as being customer-centric and offering data-driven solutions that rely on analytics to understand customer preferences.

Ambience is a key highlight of the Healthguard customer experience. We consider it essential to create an atmosphere that's conducive to a pleasant shopping experience, which comes through in the physical layout and overall look and feel of our outlets. Adherence to strict storage standards is also considered of the utmost importance at Healthguard. It is no exaggeration to say that we have set the standard for modern

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pharmacy retailing in Sri Lanka that conveys quality and trust in the design of its store format and customer service. Our commitment to exceptional service is reinforced through the care we put into displaying and merchandising our products assortment as well.

Though it is a fully-owned subsidiary of the group, Healthguard is not limited to pharmaceutical products imported by Sunshine Healthcare. Our 15 retail outlets across the Western Province representing all major pharmaceutical and wellness importers including the group's competitors so as to offer our customers as diverse a range of products as possible.

WESTERN PROVINCE OUTLETS

Total Branches

Total number of Branches
15

Ethul Kotte	1
Pitakotte	1
Colombo 07	2
One Galle Face	1
Havelock City	1
Colombo 03	1
Colombo 05	2
Colombo 04	1
Dehiwala	1
Nugegoda	1
Kohuwala	1
Nawala	1
Thalawathugoda	1

At Healthguard, we transcend the traditional concept of a pharmacy. Our retail outlets are vibrant spaces that go beyond pharmaceutical and wellness products and offer impulse-driven categories that seamlessly complement routine purchases, enhancing the overall shopping experience for our valued customers, many of whom appreciate the convenience and familiarity of the pharmacy-cum-lifestyle-store model, akin to those found in more developed markets across Europe and elsewhere.

The pharmacy retail chain also leverages the group's robust ICT capabilities to enhance its product and service offerings. A prime example is its automated ordering engine, which enables seamless weekly orders across its supplier network; typically, the system processes beyond 300 orders to its 160 existing suppliers every week. This sophisticated software solution predicts stock availability and autonomously places orders as required, minimising manual intervention. The system cross-references available alternatives, allowing pharmacists to offer informed choices to customers, enhancing the overall customer experience.

Year under review

Our retail pharmacy operation grew 19% year-on-year during the reporting period, also recording a healthy same-store growth of 14%, with both pharmaceutical and wellness product categories contributing to an increase in topline and bottomline revenue. Satisfactory growth was recorded in profits as well during the year owing to a number of factors.

Consequent to the 2022 financial crisis, consumption of wellness products by our mid-tier clients reduced during the year under review, while our higher-income clients continued to purchase our products.

Price increases in both pharmaceutical and wellness categories, which also had an impact on volumes during the year under review, even as the wider market saw a parallel drop in volumes and is facing a decline that continues to this day. In this context, however, we are happy to note that we have performed reasonably well, given the constraints at play.

Many of our pharmaceutical products went up in price during the reporting period and subsequently came back down, while wellness products were impacted by a significant increase in VAT. However, as mentioned previously, considering that a sizable percentage of our customers have higher disposable income, wellness product volumes remained largely unchanged. Consumer sentiment surveys carried out during the year showed that most customers had prioritised health expenditure in the wake of the crisis, which meant that many were prepared to accept the price increase. Pharmaceuticals sales grew by 23% during the reporting period, and wellness by as much as 30%, helped

Our retail pharmacy operation grew 19% year-on-year during the reporting period, also recording a healthy same-store growth of 14%, with both pharmaceutical and wellness product categories contributing to an increase in topline and bottomline revenue.

in large part by our more affluent customers. Consumption at the upper and higher-middle income levels remain more or less the same during the year at a quantity level, despite the price increases. The inelasticity of medicine also contributed to this growth.

A notable challenge during the reporting period was the necessity to negotiate better terms with our suppliers on the possibility of exploring higher growth ambitions for improved margin support to Healthguard retail chain. This paid dividends by the end of the year, with several suppliers signaling their agreeability to continue the renewed joint business plan for the next year too.

Measures are also being taken, at present, to improve our existing loyalty programme, in an effort to broaden our base of regular customers. Online delivery, which had taken a backseat with the end of the pandemic largely due to resource constraints, is also poised to make a comeback and we are actively looking into enhancing this aspect of our service offering.

An ambitious growth strategy is also on the cards, despite the ongoing decline of the market and no anticipated price increases on the horizon. We have set ourselves the task in the near future to formulate a formidable growth strategy, envisioning higher revenues and profits. This will not, however, be through geographical expansion, although one outlet may be added to our chain in the coming months, but through a revision of our business model and enhancement of our service offering, which we are currently working on.

Enriching the partnerships we have built with our suppliers over the past 10 years and enhancing the performance capabilities of our employees is another facet of this growth strategy. We are also looking to minimise the unavailability of certain medicines and are currently engaged in discussions with suppliers to improve this situation without overburdening the working capital. The wellness portfolio will also be expanded going forward as economic activity surges.

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CONSUMER GOODS

Our consumer goods segment comprises the largest branded tea company in Sri Lanka, selling three trusted brands that consistently perform well in the domestic market. Under the Consumer vertical is our export arm, which is renowned globally for its high quality Ceylon tea. We also have a consumer goods sub segment which currently leads the market in the confectionery category.

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CONSUMER GOODS

Sunshine Consumer Lanka Ltd., our consumer segment, has for over a quarter of a century been one of the top performing entities in the entire Fast Moving Consumer Goods sector. An undisputed industry giant, Sunshine Holdings PLC's consumer goods trade is Rs. 19.0 Bn. business that all but dominates the local market in tea and confectioneries. The company is also a leading player in the tea export trade, helping Sri Lanka earn much needed foreign exchange.

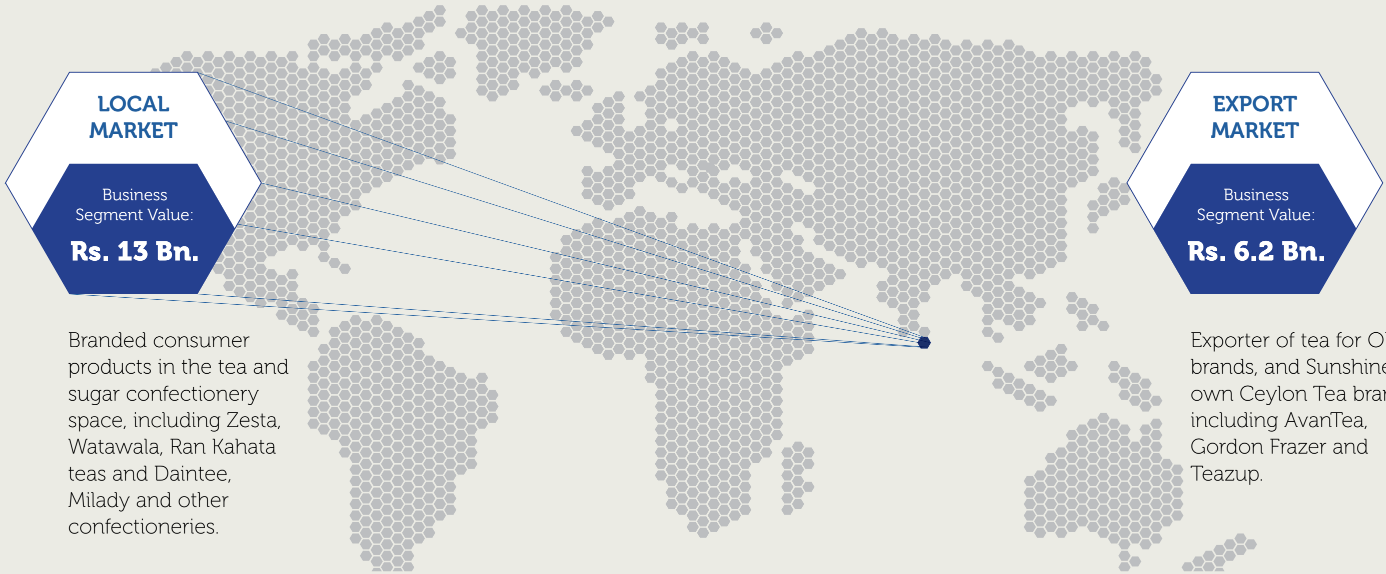
Consisting of several distinct business units that cater to both the local and international markets, Sunshine Consumer Lanka's tea brands, Zesta, Watawala and Ran Kahata, all record high sales volumes in their respective target markets, while the 75+ products of the more recently acquired Daintee Ltd. are among the most popular confectionery brands in the country.

Meanwhile, our export arm, Sunshine Tea (Pvt) Ltd. is consistently ranked among the top exporters of Ceylon Tea. The company exports over 200 varieties of the finest teas grown in the island to an exclusive clientele scattered over 80 countries.

Having recovered from the unprecedented economic crisis of the previous year that tested the resolve of all sectors, the 2023-2024 financial year proved largely lucrative for the consumer goods segment, with both tea and confectionery businesses performing well throughout the reporting period.

The domestic tea business, in particular, performed exceptionally well, marking double digit growth as the country's macroeconomic situation improved and economic activity increased, while the confectionery business nearly achieved its targets despite some struggles.

Sunshine Tea (Pvt) Ltd., however, found the year under review somewhat challenging, initially due to input cost increases caused by currency fluctuations, Value Added Tax (VAT), poor weather and, later in the year, the still ongoing depreciation of the US dollar. Geopolitical conditions also played a part in a drop in volumes. However, the segment's overall performance during the year under review was commendable, all things considered, and we're hopeful of a resurgence in the current financial year.



Branded consumer products in the tea and sugar confectionery space, including Zesta, Watawala, Ran Kahata teas and Daintee, Milady and other confectioneries.

Exporter of tea for OEM brands, and Sunshine's own Ceylon Tea brands including AvanTea, Gordon Frazer and Teazup.

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TEA

With an estimated 98% of the population indulging in a hot cuppa at least once a day, tea is the most widely consumed beverage in Sri Lanka. The approximately 30 million kilogrammes of domestically consumed tea in Sri Lanka is retailed to customers both as branded tea and loose tea, with the former making up about 60% of the market. Sunshine Consumer is a dominant player in the branded tea segment, with its three brands enjoying nearly 50% market share and occupying the top five brands of tea.

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Zesta

Going back over 25 years, Zesta is our premium tea brand renowned for its unique flavour and rich, full-bodied taste. Made entirely of 100% BOPF tea, the Zesta brand celebrates the 'Art of Tea' and is synonymous with exceptional quality. Besides tea, we sell a range of wellness infusions blended with herbs and healing spices under the Zesta brand to the discerning the discerning consumer.

Watawala Tea

Launched in 2002, Watawala Tea is today the number one brand in Sri Lanka's tea market, according to the Kantar Worldpanel, an international company dealing in consumer knowledge and insights based on continuous consumer panels. The brand has won the "Most Popular Hot Beverage Brand of the Year" at the SLIM People's Awards for five consecutive years since 2016 and continues to grow in popularity all over Sri Lanka.

Ran Kahata

An affordable cup of high quality tea remains elusive to many Sri Lankans, despite Ceylon tea's global renown as a tea of premium quality. *Ran Kahata* is our solution to this unfortunate disparity. Promising two cups for every teaspoon of tea, this innovative brand proved an immediate hit with tea drinkers from all walks of life and is among the top five selling tea brands in the country. *Ran Kahata* remains a popular choice among those who crave a strong cup of "*kahata*" after a hard day's work.

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CONFECTIONERIES

Daintee is perhaps the most recognisable confectionery brand in Sri Lanka, going back nearly 40 years. Launched in 1984 as a collaboration with UK confectionery giant, Barker and Dobson, Daintee Ltd. is famous for its assortment of candy, jellies and other confectionery items and popular toffee brands like Milady, Chocomint and X-tra, all of which has contributed to its unchallenged position as market leader. The Company enjoys a 40% market share in the hard candy (toffee) space and, since its acquisition by Sunshine in 2020, it has expanded the chocolate, biscuits and other confectioneries looking to fill niches that aren't occupied by the bigger players.

Perhaps the most recognisable candy brand in the country, Daintee is an icon in the confectionery trade, with a legacy spanning four decades. Established in 1984 through a partnership with the UK confectionery giant Barker and Dobson, Daintee Ltd. is well known for its wide range of candies, jellies, and other confectionery delights. Its popular toffee brands such as Milady, Chocomint, and X-tra have played a significant role in solidifying its position as the undisputed market leader. The Company enjoys a 40% market share in the hard candy (toffee) segment and, since its acquisition by Sunshine in 2020, has further diversified its offerings, expanding into chocolates, biscuits, and other confectioneries, to fill niche markets that are not dominated by larger players.

Daintee, along with Milady and several other confectionery brands under Sunshine Consumer, offer affordable treats that qualify as accessible indulgences available at the grocery store level, making them immensely popular with the masses. Milady Chocomint, in particular, boasts a remarkable track record and is currently the largest-selling confectionery item in Sri Lanka in terms of volume.

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Year under review

Having carefully navigated the rough seas of 2022, the 2023-2024 financial year was a fresh opportunity for the consumer goods business to thrive once again. Performance improved significantly during the reporting period, with the Company recording high double-digit growth in terms of revenue, net revenue, and gross profit by the end of the fiscal year.

We experienced double-digit growth in the tea segment, both in volume and gross revenue, with a similarly notable gross profit margin compared to the previous year. As Sri Lanka's economy stabilised and consumers' purchasing power increased, our volumes grew, helped by favourable currency fluctuations despite some challenges.

Our confectionery segment, meanwhile, faced some hurdles in meeting targets set for the year under review but recorded considerable progress regardless, nearly meeting all revenue and profitability targets. Strategies are in place to bridge gaps in the current fiscal year.

Both segments encountered challenges such as the increase in value-added tax (VAT) – from 0 to 18% for tea and 15% to 18% for confectioneries – which impacted pricing strategies and profitability targets. The management took a conscious decision to absorb this added cost and not pass it on to the customer given the state of the economy. Earlier in the year, dollar appreciation and consequent increases in raw material costs as well as a rise in the sugar tax further complicated matters, which had a particularly big impact on the confectionery business.

To address these and other challenges, we strategically promoted our products with value-for-money offers to attract shoppers during the reporting period, which proved highly effective.

We currently lead the consumer goods sector in numeric and weighted distribution compared to our competitors and aim to improve the quality and presentation of our products, particularly in the confectioneries segment, to surpass our competitors with a view to dominating the domestic market before venturing out to the export market.

Challenges remain in the tea business in the form of price fluctuations and competition from small, untaxed players who aggressively engage in the sale of dubiously sourced and packaged loose tea to circumvent VAT obligations. We intend to counter this challenge by resolutely promoting hygienically packaged, high quality tea to our growing base of customers. To this end, strategic promotions were carried out during the reporting period, including price waivers and branded offers, to maintain market share and consumer interest.

Our sales approach was also revisited during the year under review, merging our tea and confectionary sales teams to improve efficiency and customer service. Our goal is to reach more outlets and wholesalers to expand our market presence. While the confectionery business leads in distribution, it faces tough competition, especially from international players, and efforts are underway to enhance product presentation and brand recognition. Plans have also been made for improvements in the chocolate category and a relaunch of the wafer biscuit line under the Daintee brand.

In the new financial year, we intend to strategically implement innovation and renovations in both segments, with a focus on quality enhancement and vertical expansion. Plans for market expansion include targeting the HORECA channel and increasing presence in middle and lower-tier establishments such as bakery chains and eateries.

Despite challenges, with Sri Lanka's economy now well into and perhaps already beyond its recovery phase, we are hopeful of new opportunities for growth. We are confident that the consumer segment is well poised to capitalise on these developments.

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EXPORT MARKET

Sunshine Tea (Pvt) Ltd. is a leading exporter of premium Ceylon tea, serving over 80 clients in the US, China, Europe, Middle East, and various Asian markets. The company exports a diverse range of nearly 200 varieties of tea, including its flagship brands AvanTea, Gordon Frazer, and Teazup. Renowned for its high-quality offerings, Sunshine Tea is a reputable and reliable contributor to foreign exchange earnings for the country.

Sunshine Tea has built a reputation for its advanced blending and packaging techniques, adhering to international standards and stringent quality assurances. With state-of-the-art high-capacity tea bagging machines, the company has cemented its position as a prominent exporter of value-added Ceylon tea.

Our factory, equipped with a comprehensive array of cutting-edge machinery, processes over 8 million kilogrammes of tea every year. From tea cleaning and blending to packing operations, every aspect of our facility is outfitted with highly sophisticated equipment and processes. The factory also features an in-house tea room and laboratory specifically tailored for conducting chemical and microbiological analyses, ensuring the highest standards of quality and safety are upheld throughout production.

Sunshine Tea relies on the expertise of more than 100 dedicated personnel, contributing to an annual turnover surpassing USD 18 Mn. Our product offerings extend beyond tea bags and bulk tea, showcasing versatility across various categories and capabilities. Our commitment to quality is underscored by a range of certifications, including ISO 9001, FSSC 22000, GMP, Fair Trade, Rainforest Alliance, Halaal, SMETA, and SGP (Green rating), ensuring adherence to rigorous standards across all aspects of our operations.

Year under review

Sunshine Tea, however found the year under review challenging due to several factors, including increased input costs driven by currency fluctuations, value-added tax (VAT), adverse weather conditions, and the ongoing depreciation of the US dollar. Additionally, geopolitical factors contributed to a decline in volumes. Despite these obstacles, the segment's overall performance during the review period was commendable. Looking forward, we remain optimistic about a resurgence in the current financial year.

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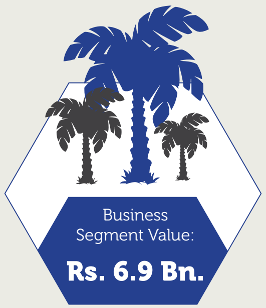
AGRIBUSINESS

Our agribusiness comprises cultivation, agricultural processing, and dairy farming. Our palm oil venture, the first and so far the only entity in South Asia to attain Roundtable on Sustainable Palm Oil (RSPO) certification, continues to be the primary revenue generator for this segment.

OVERVIEW

As of March 2024, our Agribusiness is the third largest revenue generator for the Group, accounting for Rs. 8.3 Bn. With a legacy that spans over a quarter of a century, the Sunshine Agribusiness at present comprises two primary upstream business units: oil palm cultivation and dairy farming, both of which have had to contend with multiple crises over the past three years that posed almost an existential threat to the segment. Meanwhile, the dairy business made an enviable recovery, showing much promise.



PALM OIL

Watawala Plantations PLC

Upstream plantation and mill selling crude palm oil to refiners and local brands.

DAIRY FARMING

Watawala Dairy Ltd.

Upstream farm with 900 milking cows and an automated milking parlour selling fresh milk at the farm gate to local brands.

The 2023-2024 financial year was a period of exceptional recovery and rejuvenation for the Agribusiness, which had been hit hard by the 2022 financial crisis. The impact of a ruinous ban on inorganic fertiliser and debilitating shortages in animal feed which proved a major distraction for the plantation segment as it had to concentrate on growing its own maize, and a host of other issues had threatened to grind our business activities to a halt. Both palm oil and dairy segments recovered at an unexpected rate in the months that followed, recording notable growth during the year under review.

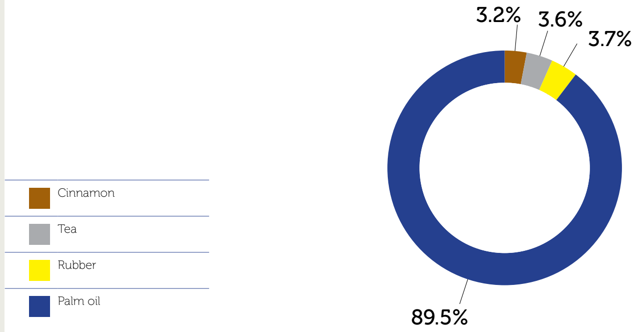
The plantation business is also encouraged by ongoing conversations at the national policy level on lifting of the prevailing ban on oil palm cultivation that has been a thorn in the side of the business for some years. Irrespective of the outcome, we are confident that the business will continue to grow, supported by our strategic expansion and active replanting prior to the ban.

	2024	2023	GROWTH
Revenue	RS. 8,321	RS. 8,768	RS. -5%
Gross profit	RS. 3,155	RS. 3,358	RS. -11%
Operating profit	RS. 2,661	RS. 2,931	RS. -9%

PALM OIL

Generating over Rs. 6.8 Bn. for the Group annually, our oil palm cultivation, managed by Watawala Plantations PLC, had expanded over the years to cover 3,393 hectares and operates one palm oil mill. In addition to oil palm, we also cultivate rubber, tea, cinnamon and coconut, though the investments into these areas are significantly small in comparison to palm oil.

CROPS CULTIVATED BY WATAWALA PLANTATIONS PLC



As a joint-venture between Sunshine Holdings PLC and Pyramid Wilmar Plantations Pvt Ltd., Watawala Plantations PLC stands as a true pioneer, setting the regional benchmark for environmentally and socially responsible oil palm cultivation that is simultaneously sustainable and profitable. Adhering strictly to the highest international cultivation standards, our plantation is the first and only oil palm management company in South Asia to receive the prestigious Roundtable on Sustainable Palm Oil (RSPO) certification, underscoring our commitment to sustainable agricultural practices. The ISO 45001 (Occupational Health and Safety) certification received by our palm oil mill is also testimony to our unwavering commitment to ensuring the safety and well-being of our workers.

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PALM OIL LOCATIONS

The 1,500-strong workforce at Watawala Plantations undergoes regular training on international best practices, ensuring their proficiency in an ever-evolving industry landscape. Their collective efforts contribute to the production of premium palm oil, which we supply to a total of six refiners and brands, with over 15,700 tons of oil sold in 2023-2024. As of 31 March 2024, the company commands an impressive market share of approximately 50% of palm oil production in Sri Lanka, maintaining its status as a leading producer of this highly sought-after product.

No crop is without a certain degree of impact on the environment. However, oil palm, whose roots don't go very deep, consumes little groundwater and nutrients compared to other crops like tea, rubber and coconut. Nonetheless, Watawala Plantations conducts regular experiments to evaluate any potential effects of our plantations on the water table and freshwater streams that surround our plantations. Our stakeholders can rest assured that our in-house teams of experts routinely and meticulously monitor our compliance levels at all levels of the production cycle.

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In fact, our company goes above and beyond to ensure comprehensive environmental protection measures. Treated wastewater from our oil palm mill in Nakiyadeniya serves a dual purpose: providing moisture, nutrients, and organic matter to the soil while reducing reliance on chemical fertilisers. Prior to discharge, the water undergoes rigorous testing to ensure compliance with Central Environment Authority (CEA) standards, mitigating the risk of groundwater pollution and disturbance to aquatic ecosystems. Meanwhile, the effluent from the water treatment plant is used as fertiliser in our fields, saving costs.

We also take great pains to ensure that our carbon footprint is as minimal as possible. One innovative solution that we have implemented in this sector in order to reduce our reliance on fossil fuel energy is to generate our own electricity. Our palm oil mill saves 50% of its energy cost by turning a turbine using the steam generated from our boiler, which in turn is run using the kernel shells, fibre and other byproducts from the palm we cultivate.

We anticipate a lifting of the ban on oil palm replantation and on cultivation by the end of 2024, and we are hopeful that the authorities will take these factors into consideration in its decision. Until such time, and statutory hurdles notwithstanding, Watawala Plantations remains the industry leader in palm oil, and, with years of expertise and state-of-the-art technology at our disposal, we are ready to take charge again no sooner than the Government revokes the gazette. If the ban is lifted, as we anticipate, we plan to suspend our diversification efforts into other crops such as coconut and focus more on the palm oil business, though our ongoing venture into cinnamon cultivation and production will remain.

Year under review

Having made a significant recovery from the stresses of the economic downturn of the previous year, the palm oil business remained largely stable during the year under review though low demand caused by increased consumption of coconut oil led to costly price reductions. The 2023-2024 financial year thus saw a 9% drop in revenue, from Rs. 7.6 Bn. to Rs. 6.9 Bn. High prices for palm oil charged the previous fiscal year, which averaged around Rs. 520 a kilogramme of palm oil came down to Rs. 420 a kilo during the reporting period, which was a major contributing factor for the drop in revenue. Reduced purchasing power in the wake of the financial crisis was also a reason for the drop in demand for products that use palm oil as an ingredient, while businesses, too, found it cheaper to import coconut oil over the more expensive palm oil which is also levied a higher duty. The reporting period did, however, record growth in crop cultivation, at around 9% compared to the previous year.

The previous year's macroeconomic emergency led to an impairment of the agriculture subsidiary. We are happy to note that we have made a remarkable turnaround during the year under review, with profits increased by 3% for the palm oil segment during the reporting period, from Rs. 2.3 Bn. to Rs. 2.4 Bn. year-on-year. This was owing to the discontinuation of our maize cultivation in July 2023 following the resolution of the animal feed crisis of the previous year. Watawala Plantations had to divert significant resources to produce its own maize for the dairy business, but the resolution of this issue meant those resources could be redirected to palm oil.

As we move into the new financial year, the palm oil business anticipates significant growth in crop yield, from 16.8 metric tonnes during 2023-24 to 17.4 metric tonnes during the New Year. This increase in yield is already contributing to an ongoing revenue boost for the company. We have also put in place plans for an improved crude palm oil extraction rate from our mill, from 22% to 23%.

In terms of profitability, however, we are protecting a loss in profits in the new fiscal year, due to the agriculture sector expected to be liable to a 30% tax.

Discussions will continue with the authorities on lifting the ban on oil palm cultivation. If, as is widely anticipated, the ban is lifted on replanting, we have formulated plans to replant some of our older fields that give a lower yield, which should take three to four years to generate revenue. If the ban is lifted for new planting, the plan at present is to replace our rubber and tea plantations with oil palm, as those two crops do not sufficiently meet our profitability targets at the moment. However, our diversification efforts will not cease entirely, as we intend to further cinnamon cultivation and production, with the new processing plant which was opened in September 2023. In the unlikely event the ban is not lifted, we will continue with our existing plantations for at least the next 20 years, as the oil palm tree has a lifespan of 30 years. Our rubber and tea businesses will also continue, as the lands would have to be maintained.

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DAIRY

Watawala Dairy Ltd., a Sunshine subsidiary valued at Rs. 1.4 Bn., produces around 1.5% of Sri Lanka's total production of milk every year, which is significant for a market that sources only 40% of its annual dairy requirement locally. Sunshine's long-term objective is to tap into the enormous potential in the market for 100% self-sufficiency in dairy, a prospect Watawala Dairy takes quite seriously.

Our herd of 900+ milking cows comprise of high-producing crossbreeds imported from Australia and New Zealand and their offspring. These animals contribute to our state-of-the-art facility's production of nearly six million litres of fresh milk annually, having supplied four major food brands in 2023/24.

At Watawala Dairy, we believe in ethical and sustainable dairy production, a philosophy that underpins our business as demonstrated by our dedication to the wellbeing and welfare of our herd, recognising our responsibility towards the planet and a sustainable future. The Watawala Dairy Farm also utilises a fully automated Dairymaster milking parlour system imported from Ireland. This sophisticated piece of equipment is capable of monitoring the progress of each animal's yield and quality of the milk produced. Sensors are clipped to the ear of each heifer to measure temperature, activity, resting time, rumination time, feeding behaviour, facilitating better care over the welfare of each cow.

Year under review

Our dairy business performed remarkably well during the year under review, demonstrating an excellent turnaround propelled largely by cost control measures with respect to animal feed, as well as significant improvements in quality. During the reporting period, the dairy business went from loss-making to breakeven, concluding the year with a significant reduction in losses.

We close the 2023-2024 financial year recording Rs. 1.5 Bn. in revenue, a notable increase from the Rs. 1.2 Bn. the previous year. In terms of profits, the losses incurred the previous year which amounted to Rs. 334 Mn., came down to Rs. 141 Mn. during the reporting period. This was largely due to a reduction in biological asset loss, increased production in milk and reduced feed costs. Net financing costs, too, reduced by Rs. 8 Mn.

During the ongoing financial year, we expect to increase profitability . There are restructuring efforts already underway, with 100 new heifers being purchased in 2023/24, which together with the farm's replacement herd will lead to an increase in milk production and revenue.

As economic conditions improve, cost of sales is also expected to go down in the coming months, with cattle feed costs to be reduced by purchasing higher quality cattle feed at a lower cost.

There are no expansion plans for the dairy business at present, though we do intend to increase our herd from 800 to 1,200 cows over the next few years.

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SUSTAINABILITY REVIEW

Discover the highlights of our year!
Scan the QR code to access the HTML version of our Annual Report.

URL: https://sunshineholdings2023-24.annualreports.lk/

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CORPORATE SOCIAL RESPONSIBILITY

SUWA DIVIYA

Our diabetes awareness and management programme *"Suwa Diviya"* continued to raise awareness during the reporting period through workshops conducted at multiple corporate offices and factories, webinars, social engagement groups and on social media. *Suwa Diviya* also marked its presence at the Annual CA Sri Lanka Conference, providing participants that included top decision-makers in the corporate sector an opportunity to learn. A public awareness campaign was organised to coincide with World Diabetes Day. The project has increased its digital/electronic media presence while also expanding its reach through regional outreach initiatives.

Value **Rs. 7.5 Mn.**

THREE NEW REVERSE OSMOSIS (RO) PLANTS IN KILINOCHCHI DISTRICT

Three new RO plants were opened in the Grama Niladhari divisions of Pallavarayankaddu, Pallikkuda and Gowtharimunai in Poonakary, also known as Pooneryn, in the Kilinochchi district, providing safe drinking water to over 1,200 people.

Value **Rs. 9.3 Mn.**

PHARMACEUTICAL DONATIONS

Essential medicines were donated on a quarterly basis to the free medical clinic managed by the Ramakrishna Mission in Batticaloa.

Value **Rs. 0.8 Mn.**

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DONATION OF CPAP MACHINE TO NAGODA TEACHING HOSPITAL

Lina Manufacturing (Pvt) Ltd. donated a continuous positive airway pressure (CPAP) device to the Nagoda teaching hospital's Chest & Respiratory Ward.

Value **Rs. 0.9 Mn.**

DONATION OF STATIONERY VOUCHERS TO 525 STUDENTS

The Sunshine Foundation for Good donated stationery vouchers to assist the educational journey of 525 students from five low-resource schools within the Colombo and Gampaha districts which are in close proximity to the operational centres of our business lines.

Value **Rs. 2.5 Mn**

FREE MEDICAL CAMP TO MARK 'WORLD DIABETES DAY'

DONATION TO THE COLOMBO FRIEND-IN-NEED SOCIETY

Value **Rs. 1 Mn.**

DONATION TO THE 1333 BIKEATHON FUNDRAISER EVENT ORGANISED BY THE CCC FOUNDATION

Value **Rs. 0.5 Mn.**

DONATION TO THE 'CANCER WALK' CHARITY EVENT BY THE SRI LANKA CANCER SOCIETY

Value **Rs. 0.5 Mn.**

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Get the big picture!

Scan the QR code to read our Annual Report in an engaging HTML format.

URL: https://sunshineholdings2023-24.annualreports.lk/

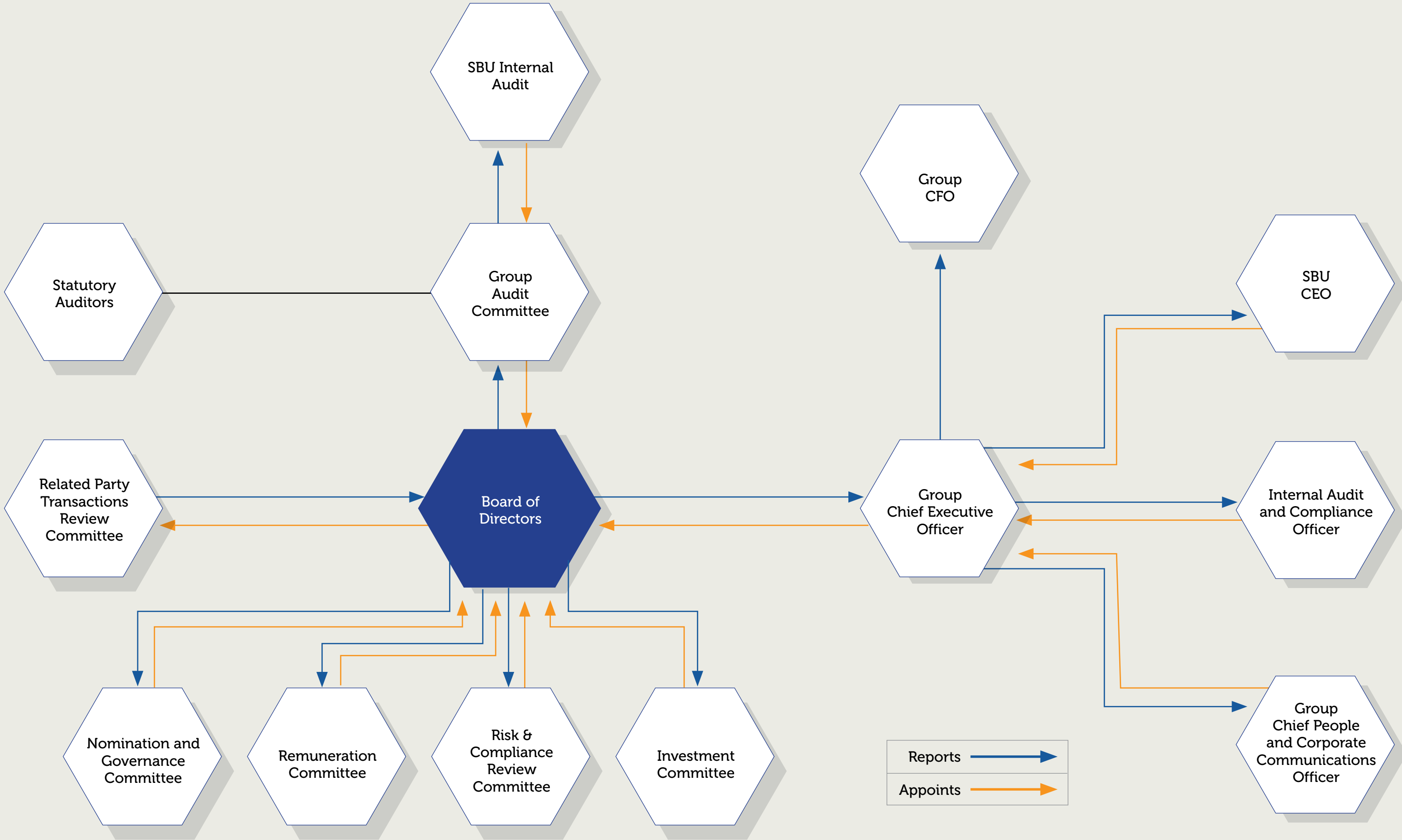
CORPORATE GOVERNANCE

Sunshine Holdings PLC (SUN)is the holding company of four subsidiaries namely Sunshine Healthcare Lanka Limited, Sunshine Consumer Lanka Limited, Sunshine Wilmar (Pvt) Limited, Sunshine Tea (Pvt) Limited and Sunshine Packaging Lanka Limited, representing the business sectors, Healthcare, Consumer Goods, Agriculture and others.

SUN believes that an important aspect of communication with stakeholders and other interested parties, is in compliance with best practice on corporate governance issued by the Institute of Chartered Accountants of Sri Lanka in 2017, the rules set out in Section 09 of the Corporate Governance of the Colombo Stock Exchange and compliance with the Country's Legislative and Regulatory requirements relevant to the Group.

The Group's corporate governance framework provides the directors and the corporate management guidance on their responsibilities and duties. It defines the matters which requires board approval, delegate to management and requiring review by board sub-committee.

The SUN corporate governance framework is given in the following diagram.



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THE BOARD OF DIRECTORS

The Company's business and operations are managed under the supervision of the Board, which consists of members with experience and knowledge in the areas of business, in which the company is engaged, with specific acumen in terms of commercial, financial and or technical expertise.

BOARD RESPONSIBILITIES AND RIGHTS

The Board has the following powers to execute its responsibilities.

Strategic Direction

The Board provides vision, strategic direction and stewardship to the business entities whilst transparency and accountability is maintained. The Board also reviews and monitors the Company's activities.

Business Performance

Reviews business results on a regular basis and guides the management by giving appropriate direction in achieving it's goals.

Management of Risks

With the consultation of the Audit Committee and Risk Review Committee, a risk management system was developed and periodically reviewed. Risk review committee report is depicted in page 80 of this report. Further, the Audit Committee report is also given in page 76.

Code of Conduct and Ethics

The Company communicates it's code of conduct and ethics to all levels of the employees including it's board of directors.

Financial Performance of the Company

The Board meets at a minimum, once in three months to review the financial performance of the company. The Quarterly Financial Statements are reviewed by the Audit Committee before recommending to the Board of Directors for adoption and release to the public. Final dividends and interim dividends are considered and recommended by the Board of Directors.

Investor Rights and Relations

The Company communicates periodically with its shareholders through the quarterly reports. The Annual Report provides a comprehensive assessment of the Company's performance during the year.

Audit

An independent statutory audit review is carried out annually and the appointment of auditors for the ensuing year is recommended to the shareholders at the Annual General Meeting.

Budget

The Board is responsible for approval of annual budgets, capital budgets and new projects. The performances are monitored and reviewed against budgets quarterly.

Corporate Governance

Monitoring and reviewing Corporate Governance in accordance with the best practice framework issued by the Institute of Chartered Accountants of Sri Lanka.

Statements confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity.

Board Balance

The Company maintains a Board balance of executive, non-executive and independent Directors as required under Listing Rules of the Colombo Stock Exchange. Together, the Directors with their wide experience in both the public and private sectors and diverse academic backgrounds provide a collective range of skills, expertise and experience, which is vital for the successful direction of the Group.

Compliance with the requirements of the policy in place governing matters relating to the Board of directors in the Annual Report and provide explanations for any non- compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.

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Composition of the Board

The Board consists of twelve (12) members. Nine (9) members are Non-Executive Directors (including the Chairman) and three (3) are Executive Directors. Seven (7) Non-Executive Directors are independent as defined under the Listing Rules of the Colombo Stock Exchange.

The Non-Executive Independent Directors are;

Mr A Cabraal

Mr A D B Talwatte

Mr S Renganathan

Mr S Shishoo

Mr S Jain

Mr M R Mihular *(appointed w.e.f. 6 April 2023)*

Ms A Goonetilleke *(appointed w.e.f. 15 November 2023)*

Mr H Abeywickrama *(retired w.e.f. 24 May 2023)*

Ms R Fernando *(retired w.e.f. 27 October 2023)*

There is a distinct and clear division of responsibility between the Chairman and the Group Chief Executive Officer to ensure that there is a balance of power and authority. The roles of the Chairman and the Group Chief Executive Officer are separated and clearly defined. The Chairman is responsible for ensuing Board effectiveness and conduct whilst the Group Chief Executive Director has overall responsibilities over the operating units, organisational effectiveness and implementation of Board policies and decisions.

COMPOSITION AND ATTENDANCE AT MEETINGS

The Board met quarterly to discharge its duties effectively. In addition, special Board Meetings are also held whenever necessary. A total of six (6) meetings was held in the financial year ended 31 March 2024. The attendances of Directors at these Meetings were as follows;

Attendance

6

Name of Director	No.	%
Mr A Cabraal	6/6	100
Mr V Govindasamy	6/6	100
Mr A D B Talwatte	5/6	83
Mr S G Sathasivam	6/6	100
Mr S Renganathan	6/6	100
Mr S Shishoo	5/6	83
Mr S Jain	5/6	83
Mr G Sathasivam	4/6	67
Mr Tyeabally Akbarally	4/6	67
Mr M R Mihular *(appointed w.e.f. 6 April 2023)*	6/6	100
Ms Aruni Goonetilleke *(appointed w.e.f. 15 November 2023)*	3/6	50
Mr Aruna Deepthikumara *(appointed w.e.f. 18 January 2024)*	2/6	33
Ms Wedage Yasanthi Ruvini Fernando *(resigned w.e.f. 27 October 2023)*	2/6	33
Mr Harsha Abeywickrama *(resigned w.e.f. 24 May 2023)*	0/6	0

RE-ELECTION OF DIRECTORS

The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next annual general meeting and seek re-appointment by the shareholders at that meeting. The Articles call for one third of the Directors in office to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment/re-appointment. Retiring Directors are generally eligible for re-election. In addition, a newly appointed Director is required to submit himself for retirement and re-election at the Annual General Meeting immediately following his appointment. The Group Chief Executive officer does not retire by rotation. Additionally the Director appointments are been evaluated by the Nominations and Governance committee.

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DIRECTORS REMUNERATION

The objectives of the Company's policy on Directors remuneration it to attract and retain Directors of the caliber needed to direct the group successfully. In the case of the executive Director, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. Performance is measured against profits and other targets set from the Company's annual budget and plans, and from returns provided to shareholders. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Director concerned.

The Remuneration Committee recommends to the Board the frameworks of the Executive Director's remuneration and the remuneration package for the Executive Director and Senior Management team. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of the executive Director. The Director's remuneration is disclosed in Note 41 of the Financial Statements.

DELEGATION OF BOARD AUTHORITY – BOARD COMMITTEES

The Board in discharging its duties, establishes various Board Committees. The function and terms of reference of the Board Committee are clearly defined and where applicable, comply with the recommendations of the code of best practice on corporate governance. The group has five Board sub committees,

Audit Committee

Nominations and Governance Committee

Remuneration Committee

Related Party Transactions Review Committee

Risk and Compliance Review Committee

Investment Committee

However, the Board of Directors are collectively responsible for the decisions taken on the recommendation by Board Sub Committees.

AUDIT COMMITTEE

The Audit Committee provides an oversight on the Financial Statements and other related information prepared for presentation for external financial reporting, review the work of the internal audit function and ensures that the external auditor carry out their statutory duties in an independent and objective manner. It also assists the Board in ensuring a sound system of internal control. The Committee has full access to the auditors both internal and external who, in turn, have access at all times to the Chairman of the Committee. The Committee meets with the external auditors without any executives present except for the Group Secretaries, at least once a year. The report on the Audit Committee is presented on page 76 and the duties of the Audit Committee are included therein.

NOMINATIONS AND GOVERNANCE COMMITTEE

The Nomination Committee reviews the board composition to ensure board balance and adequacy of skills and experiences among the members of the Board. It reviews and recommends any new appointments to the Board.

REMUNERATION COMMITTEE

The Remuneration Committee recommends to the Board, the remuneration policy and the remuneration to be paid to each Executive director. The Remuneration Committee reviews the Group's remuneration policy and the remuneration packages of key management personnel of the Group.

INVESTMENT COMMITTEE

The role of the Investment Committee is to review capital expenditure budgets and new projects and make recommendations to the Board of Directors.

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RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Committee exercises oversight on behalf of the Board, that all Related Party Transactions (RPTs, other than those exempted by the CSE listing rules on the RPTs) are carried out at arms length basis and disclosed in a manner consistent with the CSE Listing Rules.

RISK AND COMPLIANCE REVIEW COMMITTEE

The Risk and Compliance Committee is responsible for reviewing and assessing relevant risk categories within the organization. When necessary, the Committee will escalate these matters to the Board for further consideration. Additionally, the Committee will evaluate the compliance status of various business units and report any identified non-compliances to the Board for appropriate action.

Membership of Sub Board Committees are listed below.

	Appointment to the Board	Nomination and Governance Committee	Remuneration Committee	Audit Committee	Investment Committee	Related Party Transactions Committee	Risk & Compliance Review Committee
Executive							
Mr V Govindasamy	8 February 2000						
Mr S G Sathasivam	13 June 2006						
Mr A Deepthikumara	18 January 2024						
Non-Executive							
Mr G Sathasivam	9 August 2000	⊗	⊗				
Independent Non-Executive							
Mr A D B Talwatte	30 May 2016		⊗	⊗	⊗	⊗	
Mr S Shishoo	18 December 2017			⊗		⊗	⊗
Mr A Cabraal	31 May 2017	⊗	⊗	⊗	⊗	⊗	
Mr S Jain	3 February 2022						
Mr S Renganathan	27 May 2022	⊗		⊗	⊗	⊗	
Mr T Akbarally	17 August 2022						
Mr M R Mihular	6 April 2023		⊗		⊗		⊗
Ms A Goonetilleke	15 November 2023						⊗

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FINANCIAL ACUMEN

The Board comprises of a Senior Chartered Accountant and he serves as members of the Audit Committee and Related Party Transaction Review Committee. Moreover, there are finance professionals who serves for the Board.

SUPPLY OF INFORMATION

Directors are provided with quarterly reports on performance, minutes of quarterly meetings and such other reports and documents as necessary. The Chairman ensures all Directors are adequately briefed on issues arising at meetings.

COMPANY SECRETARIES

The services and advice of the Company secretaries are made available to Directors as necessary. The company secretaries keep the Board informed of new laws, regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board.

Corporate Services (Private) Limited having their registered office at No, 216, De Saram Place, Colombo 10 are the Company secretaries since 1 April 2016.

GOING CONCERN

The Directors after making necessary inquiries and reviews including reviews of the Group's budget for the ensuring year, capital expenditure requirements, future prospects and risks, cash flows and borrowings facilities, have a reasonable expectation of the Company's existence in the foreseeable future. Therefore, the going concern basis is adopted in the preparation of the Financial Statements.

INTERNAL CONTROL

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

COMMUNICATION WITH STAKEHOLDERS

Shareholders are provided with quarterly Financial Statements and the Annual Report which the Group considers as its principal communication with them and other stakeholders. These reports are provided to the Colombo Stock Exchange and also published in virtual media platforms. Shareholders may bring up concerns they have, either with the Chairman or Group Chief Executive Officer as appropriate. Sunshine Holdings PLC's website www.sunshineholdings.lk and websites of listed companies within the Group serve to provide a wide range of information on the Group. The Company has reported a fair assessment of its position via the published Audited Financial Statements and quarterly accounts. In preparation of these documents, the company has complied with the requirements of the Companies Act No. 07 of 2007 and in accordance with the Sri Lanka Financial Reporting Standards.

CORPORATE GOVERNANCE DISCLOSURE

The Company has published quarterly financial statements with the necessary explanatory notes as required by the rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka to all stakeholders. Any other financial and non-financial information, which is price sensitive or warrants the shareholders and stakeholders' attention and consideration is promptly disclosed to the public.

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Subject	Rule/ Code No.	Compliance requirement	Compliance status	Section
The Board of Directors	A 1	Company to be headed by an effective Board to direct and control the company	Complied	Profile of the Board
	A 1.1	Regular Board meetings	Complied	Composition & attendance
	A 1.2	Responsibilities	Complied	Board Responsibility
	A 1.3	Act in accordance with the laws of the country and obtain professional advice as and when required	Complied	Annual Report of the Board of Directors
	A 1.4	Access to Company Secretary	Complied	Communication with stakeholders
	A 1.5	Bring Independent judgment on various business issues and standards of business conduct	Complied	The Directors are permitted to get professional advice when necessary and the Directors of SUN group has obtained professional advice for certain matters during the year and coordinated through company secretaries
Chairman and Group Chief Executive Officer (GCEO)	A 2	Chairman and GCEO's division of responsibilities to ensure a balance of power and authority	Complied	The Chairman does not involve himself in day-to-day operations of the Group and acts as an independent Non-Executive Director. The GCEO executes powers given by the Chairman and the Board to run the operation
Chairman's Role	A 3	Facilitate the effective discharge of Board functions	Complied	The Chairman is responsible for conducting meetings effectively and he preserves order and implements board decisions taken
	A 3.1	Ensure Board proceedings are conducted in a proper manner	Complied	The Chairman is responsible for the effective participation of both executive & non-executive directors, their contribution for the benefit of the group, balance of power between executive & non-executive directors and control of group's affairs and communicate to stakeholders
Financial Acumen	A 4	Availability of financial acumen within the Board	Complied	Financial acumen
Board Balance	A 5.1	Non-Executive Directors	Complied	Nine (9) out of Twelve (12) are Non-Executive Directors
	A 5.2	Independent Non-Executive Directors	Complied	Seven (7) out of Nine (9) Non-Executive Directors are independent
	A 5.3	Independent Non-Executive Directors	Complied	All independent Non-Executive Directors are in fact free of any business with the group and are not involved in any activity that would affect to their independence
	A 5.4	Annual Declaration	Complied	Submitted the declarations as prescribed
	A 5.5	Determination of independence of the Directors	Complied	The independence of Directors is determined based on declarations submitted by the Non-Executive Directors

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Subject	Rule/ Code No.	Compliance requirement	Compliance status	Section
Supply of Information	A 6.1	Provide appropriate & timely information to the Board	Complied	Directors are provided quarterly performance reports, minutes of review meetings and other relevant documents in advance to the board meeting
	A 6.2	Adequate time for effective conduct of Board meeting	Complied	The minutes, agenda and reports for the board meeting are provided well before the meeting date
Appointments to the Board	A 7	Formal and transparent procedure for Board appointments	Complied	Nomination committee makes recommendations to the Board on new Board appointments
	A 7.1	Nomination Committee to make recommendations on new Board appointments	Complied	Nomination committee makes recommendations to the Board on new Board appointments
	A 7.2	Assessment of the capability of the Board to meet strategic demands of the company	Complied	Profile of the Board
	A 7.3	Disclosure of New Board member profile and interests	Complied	Profile of the Board
Re election	A 8 – 8.2	Board members should be subject to election, and re-election by shareholders	Complied	Re-election of Directors
Appraisal of Board performance	A 9 – 9.3	Existence of Board evaluation methods and execution	Complied	The Chairman & Remuneration committee evaluates the performance of the Executive Directors
Disclosure of information in respect of Directors	A 10 – 10.1	Profiles of Directors Directors' interests Board meeting attendance Board committee memberships	Complied	Profile of the Board
Appraisal of GCEO	A 11 – 11.2	Appraisal of the GCEO against the set strategic targets	Complied	Evaluation is done by the Chairman & Remuneration committee based on the financial & non-financial targets set with the discussion of the committee
Directors' Remuneration	B 1	Establishment of the Nomination & Remuneration Committee	Complied	Nomination & Remuneration committee report
	B 1 – 1.3	Membership of the nomination & remuneration committee to be disclosed and should only comprise of Non-Executive Directors	Complied	Discussed under sub committees
Disclosure of Remuneration	B 3.1	Disclose the remuneration policy and aggregate remuneration	Complied	Discussed under sub committees

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Subject	Rule/ Code No.	Compliance requirement	Compliance status	Section
Relations with Shareholders	C 1.1	Counting of proxy votes	Complied	A Form of Proxy accompanies the Annual Report, when they are dispatched to the shareholders. The Chairman makes and announcement of the proxies received at the commencement of the Annual General Meeting
	C 1.2	Separate resolution to be proposed for each item	Complied	The Company propose a separate resolution at the AGM on each significant issue
	C 1.3	Heads of Board subcommittees to be available to answer queries	Complied	Sub-committee Chairman's are present at the AGM
	C 1.4	Notice of Annual General Meeting to be sent to shareholders with other papers as per statute	Complied	A copy of Annual Report including financials, Notice of Meeting and the form of Proxy are sent to shareholders 15 working days prior to the date of the AGM
	C 1.5	Summary of procedures governing voting at General Meetings to be informed	Complied	Circulated through Notice of the Annual General Meeting
Major Transactions	C 2 - 2.1	Disclosure of all material facts involving any proposed acquisition, sale or disposal of assets	Complied	Major transactions of the Group were disclosed to all stakeholders through the Colombo Stock Exchange, print media, and the Company website
Accountability & Audit	D 1.1	Disclosure of interim and other price-sensitive and statutorily mandated reports to Regulators	Complied	Annual Report of the Board of Directors
	D 1.2 – 1.5	Declaration by the Directors that the company has not engaged in any activities, which contravene laws and regulations, declaration of all material interests in contracts, equitable treatment of shareholders and going concern with supporting assumptions or qualifications as necessary	Complied	Annual Report of the Board of Directors
	D 1.3	Statement of Directors' responsibility	Complied	Directors' Responsibility report
	D 1.4	Management Review & Preview	Complied	Segment Analysis
Internal Control	D 2.1	Annual review of effectiveness of the system of internal control	Complied	Internal Auditors carry out an independent review, and report directly to the Audit Committee
Audit Committee	D 3.1	Audit Committee composition	Complied	Composition of Audit Committee
	D 3.2	Terms of reference, duties and responsibilities	Complied	Clearly documented to Audit Committee charter
Communication with Shareholders	E 1 – 1.1	Regular dialogue to be maintained with shareholders	Complied	Shareholders are provided Quarterly Financial Statements and the Annual Report. These reports are also available in the Group website & provided to the Colombo Stock Exchange

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Levels of Compliance with the CSE's Listing Rules Section 07 – Rules on Corporate Governance are given in the following table.

Subject	Rule No.	Applicable requirement	Compliance status	Details
Non-Executive Directors	7.10.1	At least one third of the total number of Directors should be Non-Executive Directors	Complied	Nine (9) out of Twelve (12) Directors are Non-Executive Directors
Independent Directors	7.10.2 (a)	Two or one-third of Non-Executive Directors, whichever is higher should be independent	Complied	Seven (7) out of Nine (9) Non-Executive Directors are independent
Independent Directors	9.8.5 (a)	Each Non-Executive Director should submit a declaration of independence/ non-independence in the prescribed format	Complied	Non-Executive Directors have submitted these declarations
Disclosure relating to Directors	9.8.5.(b)	Name of independent Directors should be disclosed in the Annual Report	Complied	Please refer page 65
Disclosure relating to Directors	7.10.3 (b)	The basis for the Board to determine a director is independent, if criteria specified for independence is not met	Complied	Given in page 64 under the heading of Board balance
Disclosure relating to Directors	9.10.4. (a) and (b)	A brief resume of each director should be included in the Annual Report and should include the Director's areas of expertise	Complied	Profile of Directors
Disclosure relating to Directors	7.10.3 (d)	Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3 (d) to the CSE	Complied	Brief resumes have been provided to the Colombo Stock Exchange
Remuneration Committee	9.12.2	A listed company shall have a Remuneration Committee	Complied	Remuneration Committee comprises of: Mr A Cabraal Mr G Sathasivam Mr A D B Talwatte Mr M R Mihular
Composition of Remuneration Committee	9.12.5	Shall comprise Non-Executive directors- a minimum of three members out of which two shall be independent	Complied	All members are Non-Executive and Three (3) out of Four (4) are independent
Remuneration Committee Functions	9.12.7 (1)	Shall recommend the remuneration of the Executive Directors and GCEO	Complied	As above

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Subject	Rule No.	Applicable requirement	Compliance status	Details
Disclosure in the Annual Report relating to Remuneration Committee	9.12.8 (a)	The Annual Report should set out Names of Directors comprising the Nomination & Remuneration Committee	Complied	Please refer page 76
	9.12.8 (b)	Statement of Remuneration Policy	Complied	Please refer page 78
	9.12.8 (c)	Aggregated remuneration paid to Executive and Non-Executive Directors	Complied	Note 41 of Financial Statement
Audit Committee	9.13.1	The Company shall have an Audit Committee	Complied	Please refer Report of the Audit Committee on page 76
Composition of Audit Committee	7.10.6 (a)	Shall comprise of Non-Executive Directors, majority of whom will be independent	Complied	Four (4) out of Four (4) Directors are Independent Non-Executive Directors
		Non-Executive Directors shall be appointed as the Chairman of the Committee	Complied	Chairman of the Committee is an Independent Non-Executive Director
		GCEO and Group Chief Financial Officer should attend Audit Committee Meetings	Complied	GCEO and Group Chief Financial Officer attend meetings by invitation
		The Chairman of the Audit Committee or one member should be a member of a professional Accounting body	Complied	One (1) member is a Qualified Chartered Accountants
Audit Committee functions	7.10.6 (b)	Should be as outlined in the section 7.10 of the listing rules	Complied	The terms of reference of the Audit Committee have been ratified by the Board
Disclosure in the Annual Report relating to Audit Committee	7.10.6 (c)	a. Names of the Directors comprising the Audit Committee	Complied	Please refer page 76
		b. The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	Complied	Please refer Audit Committee Report on pages 76
		c. The Annual Report shall contain a Report of the Audit Committee setting out of the manner of compliance with their functions	Complied	Please refer Audit Committee Report on pages 76

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Statement of Compliance under Section 9.14.8 of the Listing Rules of the CSE on Corporate Governance

Mandatory Provisions – Fully Compliant

Subject	Rule No.	Applicable requirement	Compliance status	Reference (within the WATA Annual report)
Disclosures in the Annual Report	9.14.8 (1)	Details pertaining to Non-Recurrent Related Party Transactions	Complied	Notes to the Financial Statements
Disclosures in the Annual Report	9.14.8 (2)	Details pertaining to Recurrent Related Party Transactions	Complied	Notes to the Financial Statements
Disclosures in the Annual Report	9.14.8 (3)	Report of the Related Party Transaction Review Committee	Complied	Refer Report of the Related Party Transaction Review Committee
Disclosures in the Annual Report	9.14.8 (4)	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	Annual Report of the Board of Directors
Disclosures in the Annual Report	9.10.4	Whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity	Complied	Refer the Director ship list provided on page 31
Disclosures in the Annual report	9.10.4	Whether Executive, Non-Executive and/or independent Director; (e) the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity, provided that where he/she holds directorships in companies within a Group of which the Listed Entity is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies	Complied	Refer the Director ship list provided on page 31
Disclosures in the Annual report	9.10.4	Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees	Complied	Refer the Sub committee reports

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REPORT OF THE NOMINATION AND GOVERNANCE COMMITTEE

The Nomination and Governance Committee comprises Three (3) members. The Committee is chaired by Mr S Renganathan with Corporate Services (Private) Limited serving as the Secretaries to the Committee. The Group Chief Executive Officer and Group Chief Financial Officer attend meetings by invitation. The Committee's Charter adheres to international best practices and undergoes an annual review to incorporate current developments and other necessary considerations.

COMPOSITION

Mr S Renganathan (Chairman) Independent Non-Executive
Mr A Cabraal (Member) Independent Non-Executive
Mr G Sathasivam (Member) Non-Independent Non-Executive

KEY AREAS OF FOCUS

- The Committee evaluates and recommends the appointment and re-appointment of Directors to the Board and its Committees, considering their contributions, qualifications, and external commitments.
- It establishes transparent procedures for the selection, evaluation, and appointment/re-appointment of Directors, ensuring gender diversity and industry-specific qualifications.
- The Committee advises the Board or the Chairperson on appointments, including the selection of a Chairperson in case of a vacancy, and develops succession plans for Board and Key Management Personnel.
- It oversees the annual evaluation of the Board and CEO performance, reviews the Board and Committee structures, and recommends the corporate governance framework and policies to align with regulatory requirements and best practices.
- The Committee reviews and recommends the Corporate Governance Statement, ensures compliance with governance policies, and advises on indemnity and insurance cover for directors and key management personnel, with members abstaining from decisions about their own appointments.

PURPOSE/OBJECTIVES OF THE COMMITTEE

The Sunshine Holdings PLC Board Nominations & Governance Committee will assist the Board of Directors to fulfil its responsibility by overseeing that:

(a) The Board and boards of relevant Sunshine Holdings and its subsidiaries comprise individuals best able to discharge the responsibilities of Directors; and

(b) Corporate governance arrangements are appropriate, having regard to the compliance to all regulations and the Board's aspirations for excellence in corporate governance standards.

EVALUATION OF THE COMMITTEE

The Committee carries out a self-evaluation of the performance and effectiveness of the Committee.

REPORT OF COMMITTEE

The Nomination and Governance Committee plays a critical role in the governance framework of the Group, with a mandate to oversee the nomination and governance policies. This includes evaluating and recommending the appointment and re-appointment of Directors to the Board and its Committees, and ensuring that these processes are transparent and in line with best practices.

The Committee also focuses on the criteria for Director Selection, considering academic and professional qualifications, skills, industry-specific requirements, and ensuring gender diversity. It is responsible for developing succession plans for Board and Key Management Personnel, and for reviewing and recommending updates to the corporate governance framework to align with regulatory requirements and best practices.

In addition to these responsibilities, the Committee oversees the periodic annual evaluation of Board and CEO performance, ensuring effective discharge of responsibilities. It also reviews the Board and Committee structures, sizes, and compositions to ensure effective governance.

The Chairperson of the Committee reports on developments and updates the Board on various matters since the last Board meeting, as relevant and requested.

On behalf of the Nominations and Governance Committee.

S Renganathan
Chairman
Nomination and Governance Committee
30 May 2024

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REPORT OF THE AUDIT COMMITTEE

The Audit Committee comprises four (4) members, including one Senior Chartered Accountant. The Committee is chaired by Mr A D B Talwatte, with Corporate Services (Private) Limited serving as the Secretaries to the Committee. The Group Managing Director and Managing Director attend meetings by invitation, while the Group Chief Financial Officer and Sector Financial Controllers attend as required. The Committee's Charter adheres to international best practices and undergoes an annual review to incorporate current developments and other necessary considerations.

COMPOSITION

Mr A D B Talwatte (Chairman) Independent Non-Executive
Mr A Cabraal (Member) Independent Non-Executive
Mr S Shishoo (Member) Independent Non-Executive
Mr S Renganathan (Member) Independent Non-Executive

MEETINGS

The Audit Committee met five (05) times during the year. Attendance of the Committee members at each of these meetings is as follows.

ATTENDANCE

	Meetings
Mr A D B Talwatte (Chairman) Independent Non-Executive	05 of 05
Mr A Cabraal (Member) Independent Non-Executive	05 of 05
Mr S Shishoo (Member) Independent Non-Executive	03 of 05
Mr S Renganathan (Member) Independent Non-Executive	05 of 05

RESPONSIBILITIES OF THE AUDIT COMMITTEE

The primary objectives of the Audit Committee include:

- Ensuring the Company's Financial Statements present a true and fair view
- Complying with applicable financial reporting standards and relevant laws and regulations
- Maintaining an effective system of internal controls and risk management, and overseeing an independent external audit process

The Audit Committee receives representations from the Group Chief Financial Officer concerning compliance with laws and regulations, the adequacy and effectiveness of internal control systems, any incidents of fraud, and the Company's going concern status. The Committee reviews the published Financial Statements, assesses regulatory compliance, evaluates the impact of risks, fraud, and errors, reviews internal audit reports and external audit findings, and recommends the appointment and remuneration of the external auditors.

THE REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS OF SUNSHINE HOLDINGS PLC

The Committee reviewed the financial reporting system adopted by the Group in the preparation of its quarterly and annual Financial Statements to ensure reliability of the processes and consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards. The methodology included obtaining statements of compliance from Heads of Finance of the operating units. The Committee recommended the Financial Statements to the Board for its deliberations and issuance. The Committee, in its evaluation of the financial reporting system, also recognised the adequacy of the content and quality of routine management information reports forwarded to its members periodically.

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To fulfill its obligations the Audit Committee carried out the following activities

- Reviewed and discussed the consolidated Financial Statements for the financial year ending 31st March 2024 with management and the independent auditors
- Ensured the consolidated Financial Statements comply with Sri Lanka Financial Reporting Standards and accurately represent the Company's operations and financial position
- Coordinated with the Risk Committee to review procedures for identifying and managing business risks
- Assessed the operational effectiveness of internal controls
- Discussed and reviewed information system security measures implemented by management
- Reviewed compliance reports from Senior Management to monitor adherence to laws and regulations
- Evaluated the Company's ability to continue as a going concern based on the audited Financial Statements
- Reviewed and discussed annual and quarterly Financial Statements prior to their release, ensuring compliance with Sri Lanka Financial Reporting Standards and the Companies Act, No. 7 of 2007
- Examined internal audit reports and external audit findings to support the integrity of reported results
- Reviewed procedures established by management for regulatory compliance
- Recommended to the Board the approval of non-audit services to be granted to the external auditors
- Obtained a confirmation of independence from the external auditors and recommended KPMG Chartered Accountants as the independent auditors to audit and report on the annual consolidated Financial Statements

EXTERNAL AUDITOR

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors from Sunshine Holdings PLC and its subsidiaries. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. The Committee also met the External Auditors without management being present, prior to the finalization of the Financial Statements.

The Committee is independent from External Auditors and Internal Auditors of the Company and the Group.

CONCLUSION

The Committee believes that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and that the reported financial results present a true and fair view. The Audit Committee concurs that the adoption of the going concern premise in the preparation of the Financial Statements is appropriate. The Audit Committee recommended to the Board of Directors that the Financial Statements as submitted be approved.

On behalf of the Audit Committee.

A D B Talwatte
Chairman
Audit Committee
30 May 2024

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REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee comprises four (4) members. The Committee is chaired by Mr. A.D.B. Talwatte. The Group Chief Executive Officer attend meetings by invitation. The Committee's Charter adheres to international best practices and undergoes an annual review to incorporate current developments and other necessary considerations.

COMPOSITION

Mr A D B Talwatte (Chairman)	Independent Non-Executive
Mr A Cabraal (Member)	Independent Non-Executive
Mr R Mihular (Member)	Independent Non-Executive
Mr G Sathasivam (Member)	Non-Independent Non-Executive

KEY AREAS OF FOCUS

- Remuneration policy for Key Management Personnel - Review and approve the overall remuneration policy, strategy, and practices of the Group.
- Remuneration structure – Set and review all components of the remuneration and other benefits of the Chief Executive Officers, Chief Operating Officers, Executive Directors and such other Senior Management as the Board may determine whilst ensuring the integrity of the Group's compensation and benefits programme is maintained.
- Performance evaluation – Review and approve the performance appraisal for the Chief Executive Officers, Chief Operating Officers, Executive Directors, and Senior Management.
- Succession Planning – The committee reviewed succession plans for all Key Management Personnels and enquired from Management to ensure that a process of succession planning is in place for key executive positions.

PURPOSE/OBJECTIVES OF THE COMMITTEE

The objective of the Remuneration Committee ("the Committee") is to ensure that a consistent remuneration framework is adopted and practiced for Directors and Senior Management in the Group.

The Committee ensures that the Remuneration Policy of the Group is fair, transparent and competitive, and linked to business strategy to drive sustainable performance and entrepreneurship. The Committee appraises the performance of the senior management against the set goals and targets, to determine increments, bonuses, and other performance-based incentives.

EVALUATION OF THE COMMITTEE

The Committee carries out a self-evaluation of the performance and effectiveness of the Committee.

REPORT OF COMMITTEE

The Remuneration Committee forms a key part of the governance framework of the Group and carries the mandate to oversee the compensation and benefits policies adopted by the Group, and in doing so, review and recommend overall remuneration strategy, policies and performance-based pay plans. Furthermore, it reviews performance, compensation and benefits of the Directors, Chief Executive Officers, Chief Operating Officers, and key management who support and implement decisions at an apex level.

The Group is able to attract, motivate, and retain key talent with the Group's compensation and benefits policy which is compliant with applicable laws and regulations. The evaluation of performance of Directors, Chief Executive Officers, Chief Operating Officers, and key management was considered in determining remuneration whilst also using market comparators for similar positions and in accordance with the Company's Compensation and Benefits policy.

The Chairperson of the Committee reports on the developments which have taken place since the last Board meeting, if any, and updates the Board on various matters, as relevant and requested.

On behalf of the Remuneration Committee.

A D B Talwatte
Chairman
Remuneration Committee
30 May 2024

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REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Board's Related Party Transactions Review Committee (the Committee) has been established in accordance with Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules"). The Committee consists of four (4) Non-Executive Independent members, one of whom is a Senior Chartered Accountant.

COMPOSITION

A D B Talwatte (Chairman) Independent Non-Executive
A Cabraal (Member) Independent Non-Executive
S Shishoo (Member) Independent Non-Executive
S Renganathan (Member) Independent Non-Executive

This composition adheres to the requirements set forth by the Code and the Rules. Brief profiles of the members can be found on pages 28 to 32 of this Annual Report. The Company Secretary serves as the Secretary to the Committee.

MEETINGS

The Committee met four (04) times during the year. Attendance of the Committee members at each of these meetings is as follows.

	Meetings
Mr A D B Talwatte (Chairman) Independent Non-Executive	4 out of 4
Mr A Cabraal (Member) Independent Non-Executive	2 out of 4
Mr S Shishoo (Member) Independent Non-Executive	2 out of 4
Mr S Renganathan (Member) Independent Non-Executive	4 out of 4

TERMS OF REFERENCE

The Committee's roles and functions are governed by the Rules.

ROLE AND RESPONSIBILITIES

The Committee's mandate, derived from the Rules, includes the following key responsibilities:

- Developing and maintaining a Related Party Transactions Policy in line with the CSE Listing Rules (Section 9) for adoption by the Board of Directors and its subsidiaries, and reviewing the reporting processes for Related Party Transactions (RPTs).
- Reviewing all RPTs to ensure compliance with the Rules, and advising the Board on obtaining shareholders' approval, making immediate market disclosures, and including necessary disclosures in the Annual Report.
- Issuing Procedures/Directives/Guidelines requiring all RPTs to be referred to the Committee for review.
- Reviewing the transfer pricing policy and ensuring periodic independent transfer pricing reviews as required by regulations.
- Review Function of the Committee
- The Committee reviews RPTs on a quarterly basis and communicates its observations to the Board. RPTs are disclosed in Note 41 to the Financial Statements.

REPORTING TO THE BOARD

Minutes of the Committee meetings are presented at Board meetings, providing all Board members with access to them. Prior approval of the Board is obtained where necessary.

PROFESSIONAL ADVICE

The Committee is authorized to seek external professional advice on matters within its scope. The RPTs are audited by the Group's external auditors, Messrs. KPMG, as part of the annual audit process.

On behalf of the Board Related Party Transactions Review Committee

A D B Talwatte
Chairman
Related Party Transactions Review Committee
30 May 2024

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REPORT OF THE RISK & COMPLIANCE REVIEW COMMITTEE

The Board Risk Review Committee consists of Three (3) independent non- executive Board Directors. The Committee was chaired by Mr Reyaz Mihular and Corporate Services (Private) Limited, the Secretaries of the Company function as the Secretaries to the Board Risk Review Committee. The Group Chief Executive Officer has a standing invitation to meetings and the Group Chief Financial Officer, Internal Audit and Compliance Officer, Sector Business Heads and Heads of Finance attend meetings on request. The Charter for the Board Risk Review Committee is in line with the best practice framework and was set up in November 2020. The Charter will be reviewed annually and updated to reflect current developments and to include other matters considered necessary by the Committee.

MEETINGS

The Committee met four (4) times for the financial year 2023/24. The attendance of the Committee members at each of these meetings is as follows;

ATTENDANCE

	Meetings
Mr R Mihular (Chairman) – Independent Non-Executive	04 of 04
Mr S Shishoo (Member) Independent Non-Executive	04 of 04
Ms A Goonetilleke (Member) Independent Non-Executive *(Appointed w.e.f 15th November 2023)*	02 of 04
Ms R Fernando (Member) Independent Non-Executive *(Retired w.e.f. 27th October 2023)*	01 of 04

THE BOARD RISK & COMPLIANCE REVIEW COMMITTEE

The Board Risk & Compliance Review Committee is appointed by the Board as per the section D.2 of the Code of Best Practice of the Corporate Governance Act of 2017. The Purpose of the Committee is to establish a Risk Management Policy and Framework to safeguard shareholders' investments and the company's assets and to oversee and approve the company wide risk management practices to assist the Board in:

- Overseeing that the executive team has identified and assessed all the key risks that the organisation faces and has established a risk management infrastructure and mitigation plan capable of addressing those risks
- Overseeing the monitoring of applicable risks such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks
- Overseeing the division of risk-related responsibilities and performing a gap analysis to determine that the oversight of any risks is not missed
- In conjunction with the full board, approving the company's enterprise-wide risk management policy and framework

THE RESPONSIBILITY OF THE COMMITTEE

- The establishment and implementation of a risk management framework for identification of financial and non-financial risks of the Group, monitor, assess and the development of strategies to manage and mitigate those risks
- Periodically reviewing the Group's Risk Management Policy and disclosing, in relation to each reporting period, whether such a review has taken place
- Carrying out any processes or procedures required by the Group's Risk Management Policy as amended from time to time
- Review of compliance with approved Risk Management Policy
- Monitor the organization's Risk Profile Matrix, it's ongoing and potential exposure to risks of various types

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CONCLUSION

The Board Risk Review Committee has periodically evaluated the risk identification and assessment process of risks in the business units/ sectors and mitigation actions taken to control or eliminate the potential business risks. The evaluation is based on the risk matrix given the probability of occurrence of the event and the potential impact to the business.

The Committee is of the view that the adequate risk mitigation controls and procedures are in place at Business Unit level to provide a reasonable assurance that businesses are safeguarded from the potential risks identified.

On behalf of the Report of the Risk & Compliance Review Committee.

Reyaz Mihular
Chairman
Risk & Compliance Review Committee
30 May 2024

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RISK MANAGEMENT

Serial Number	Headline Risk	Related Risk	Risk	Risk Control Measure/Mitigation Action
1.	Political/Regulatory	Changes in Government policies	The government regulates the prices of pharmaceutical and medical device products to ensure they remain affordable and accessible The government's policy supporting local manufacturing may impact procurement practices, potentially prioritising domestically produced goods	a. Ongoing negotiations with principals to transfer price control risk by reducing CIF b. Revenue growth driven by volume c. Lobbying and discussions with regulators to derive at product MRP to mitigate currency devaluation risks d. Advocacy through industry associations/ memberships for pricing formula for pharmaceuticals and healthcare products
2.	Political/Regulatory	Government policy on oil palm expansion/ cultivation	Challenges to expanding palm oil production include new regulations banning replanting and increasing social pressure. These regulations restrict the ability to renew plantations, limiting growth opportunities	a. Engaging with government agencies and Planter Association for constructive discussions on cultivation best practices and environmental protection b. Obtaining RSPO certification c. Implementing public awareness programs
3.	External	Exchange rate movements and limited foreign currency reserves	Potential loss due to adverse exchange rate fluctuations Limited availability of US dollars in the banking system, disrupting the supply chain	a. Negotiating with principals to establish fixed exchange rates in contracts b. Settling bills prematurely at favorable exchange rates or making advance payments to suppliers c. Diligently managing foreign currency inflows within the group and prioritising availability of foreign currency/US dollars for life-saving pharmaceuticals and healthcare products
4.	Business	Debtors – Government	Potential debtor write-offs occur when debts cannot be recovered, impacting the company's profitability and cash flow	a. Establishment of a focused recovery team for the government sector b. Integration of ECL calculation into Audited Financials
5.	Business	Increase in raw material prices	Potential impacts on cost structure and availability may affect quality tea, fertilizers, and confectionery raw materials	a. Holding weekly tea buying meetings to concentrate on purchasing plans b. Optimising inventory levels and considering local sourcing for certain raw materials c. Investigating alternative packaging and materials options d. Implementing a competitive bidding process e. Reviewing product pricing strategies

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Serial Number	Headline Risk	Related Risk	Risk	Risk Control Measure/Mitigation Action
6.	Business	Volume degrowth in Private Sector	Consumption may drop as people prioritize essential purchases over non-essentials	a. Emphasizing key institutional relationships and offering tactical pricing strategies to regain volume
7.	Technology	Cyber Security Information Security	Businesses face continuity challenges due to potential data breaches, cyber-attacks on internal IT systems and infrastructure, and associated reputational risks	a. Conducting IT audits for control and compliance reviews b. Establishing an IT governance framework covering security controls, policies, user awareness and training, and business continuity and disaster recovery protocols c. Ensuring IT security through regular vulnerability risk assessments, penetration testing, and network scanning assessments for group application systems and websites. Also, reviewing and supporting group firewalls, anti-virus software, and patch management systems d. Managing cloud services effectively

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STATEMENT OF DIRECTORS' RESPONSIBILITY

Statement of Directors' Responsibility
This Statement of Directors' Responsibility should be read in conjunction with the Report of the Auditors. It aims to clarify the distinct roles and duties of the Directors and the Auditors regarding the Financial Statements included in this Annual Report.

RESPONSIBILITIES OF THE DIRECTORS

Under the Companies Act No. 07 of 2007, the Directors are obligated to prepare financial statements for each financial year that provide a true and fair view of the Company's and the Group's financial position at the end of the year, as well as their income and expenditure for the year. The Directors confirm that the Financial Statements for the year ended 31 March 2024 have been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS) and the Companies Act No. 07 of 2007.

In preparing these Financial Statements, the Directors have:

- Selected and consistently applied appropriate accounting policies.
- Made reasonable and prudent judgments and estimates.
- Followed applicable accounting standards.
- Prepared the Financial Statements on a going concern basis.

The Directors believe that sufficient resources are available for the Company to continue operations in the foreseeable future. They have taken all reasonable measures to safeguard the Company's and the Group's assets, established robust internal controls, and ensured the security of information systems to prevent, deter, and detect fraud, misappropriation, or other irregularities. Additionally, the Directors have ensured that accurate accounting records are maintained, capturing all transactions and providing an accurate disclosure of the Company's financial position.

RESPONSIBILITIES TO THE AUDITORS

The Directors are committed to providing the Auditors with all necessary information and explanations and ensuring they have the opportunity to perform their audit procedures. The Directors believe they have fulfilled their responsibilities in this regard.

COMPLIANCE REPORT

To the best of their knowledge, the Directors confirm that all taxes, levies, and other statutory obligations payable by the Company as of the reporting date have been paid or appropriately provided for in the Financial Statements. The Directors have also obtained compliance reports from senior management on a quarterly basis covering areas such as Finance, Regulatory Requirements, Human Resources, Insurance, Company Secretarial, and Information Security Controls.

As required by section 56(2) of the Companies Act No. 07 of 2007, the Board of Directors confirms that the Company satisfies the Solvency Test immediately after proposed distributions, and under any other circumstances as mandated by the Companies Act No. 07 of 2007.

By Order of the Board

S Sathasivam
Executive Director/
Group Chief Executive Officer

A D B Talwatte
Non-Executive Independent Director

30 May 2024

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GROUP CHIEF EXECUTIVE OFFICER'S AND GROUP CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Consolidated Financial Statements of Sunshine Holdings PLC have been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka, the Companies Act No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, and the Listing Rules of the Colombo Stock Exchange.
The accounting policies applied in preparing the Consolidated Financial Statements are appropriate and consistently followed by the Company. Any material departures are disclosed and explained in the notes to the Consolidated Financial Statements. There are no deviations from the prescribed accounting standards. Comparative information has been reclassified as necessary to align with the current presentation.

Significant accounting policies and estimates, which involve substantial judgment and complexity, have been discussed with our External Auditors and the Audit Committee. The Board of Directors, the Audit Committee, and the Group Chief Financial Officer take responsibility for the integrity and objectivity of these Consolidated Financial Statements. Estimates and judgments were made prudently and reasonably to ensure that the Consolidated Financial Statements accurately reflect the transactions and present the Company's financial position fairly. To support this, the Company has implemented a robust internal control system and maintains thorough accounting records to safeguard assets and prevent fraud and other irregularities, which are continuously reviewed and updated.

Our Subsidiaries' Internal Auditors conduct periodic audits to provide reasonable assurance that the Company's policies and procedures are consistently followed. Nonetheless, inherent limitations exist in any system of internal controls and accounting.

Messrs. KPMG, Chartered Accountants, audited the Company's Consolidated Financial Statements, and their report can be found on pages 87 to 91 of this Annual Report. The Audit Committee regularly meets with the internal audit team and the External Auditors to review audit plans, evaluate their performance, and discuss reports on internal controls and financial reporting issues.
To maintain complete independence, the External Auditors and Internal Auditors have unrestricted access to the Audit Committee for discussing significant matters.

The Audit Committee pre-approves all audit and non-audit services provided by our External Auditors, KPMG, to ensure their independence is not compromised. We confirm that the Company complies with all applicable laws, regulations, and guidelines and that there are no material litigations pending against the Company, other than those disclosed in the Financial Statements within this Annual Report.

S Sathasivam
Executive Director/
Group Chief Executive Officer

Aruna Deepthikumara
Executive Director/
Group Chief Financial Officer

30 May 2024

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INDEPENDENT AUDITORS' REPORT

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

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

TO THE SHAREHOLDERS OF SUNSHINE HOLDINGS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sunshine Holdings PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies as set out on pages 101 to 204 of this Annual Report.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Impairment testing of goodwill

Refer to Note 24 to the consolidated financial statements and the accounting policies on pages 152 to 155.

As at 31 March 2024 the carrying value of the goodwill reported by the Group, which resulted from the acquisition of three subsidiaries in Health sector and two subsidiaries in Consumer sector amounted to Rs. 1,387 Mn.

Risks Description	Our responses
The majority of goodwill of the Group has been allocated to the Health sector manufacturing and distribution cash-generating unit (CGU), and Company has been allocated to the Consumer sector cash-generating unit (CGU). The annual impairment testing of goodwill is considered to be a key audit matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the CGUs, which is based on the higher of the value in use or fair value less costs of disposal, has been derived from discounted forecast cash flow models.	Our audit procedures to assess the potential impairment of goodwill included the following: • Evaluating the appropriateness of the assumptions applied by the management to key inputs such as sales volumes and prices, operating costs, inflation, and long-term growth rates, which included comparing these inputs with our own assessments based on our knowledge of the Group and the industry; • Performing our own sensitivity analysis which included assessing the effect of reasonably possible reductions in growth rates and forecast cashflows to evaluate the impact on the currently estimated headroom for the Health sector manufacturing and distribution and Consumer sector cash-generating units (CGUs); and

Risks Description	Our responses
These models use several key assumptions, including estimates of future sales volumes and prices, operating costs, terminal value, growth rates and the weighted-average cost of capital (discount rate). Judgement has to be applied by the management as a result of the uncertainties associated with the prevailing economic environment. Estimation uncertainty has resulted in increased judgement in forecasting cash flows and the underlying assumptions used in the discounted cash flow models.	• Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements and sensitivities.

Measurement of Biological Assets

Refer to Note 22 (accounting policy and financial statement disclosures) to these financial statements.

The Group reported bearer biological assets of Rs. 2,494 Mn., and biological assets livestock carried at fair value amounting to Rs. 1,165 Mn. as at 31 March 2024.

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Risks Description	Our responses
Bearer biological assets mainly include mature and immature palm oil, tea, rubber and other trees in identified plantation fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported profits as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point at which commercial harvesting could start depends on the soil condition, weather patterns and plant breed. The biological assets livestock include cattle, which are measured at fair value less cost to sell. The management has used internally developed discounted cash flow method to calculate the fair value of the Group's biological assets as at the reporting date. The calculation of the fair value of biological assets involves significant degree of judgments, particularly in respect of expected production, market prices of raw milk, expected costs and discounting factor. Estimating the fair value is a complex process involving a number of judgements and estimates regarding various inputs. Considering the nature the assets, valuation techniques include discounted cash flow models that used a number of inputs from internal sources due to lack of relevant reliable observable inputs. Consequently, we have considered the Biological assets to be a key audit matter .	Our audit procedures to assess the measurement of Biological assets included the following: **Bearer biological assets** • Obtaining an understanding of the process of immature to mature transfer and testing the design, implementation and operating effectiveness of management key internal controls in relation to bearer biological assets; • Obtaining schedules of costs incurred and capitalized under immature plantations as well as cost transferred to mature plantations by each estate and reconciling those balances to the general ledger on sample basis, verifying the reconciling items and obtaining explanations from management for any significant variances identified; • Physical verification of fields on a sample basis and cross checking with the classification of immature and mature plantations; • Testing immature to mature cost transfer worksheet for selected estates to check whether the amounts transferred during the year were consistent with the Group accounting policy and industry norms. **Livestock Biological assets** • Obtaining and understanding of the process of valuation and testing the design, implementation and operating effectiveness of management key controls relation to the valuation of livestock; • Challenging the methodologies adopted in the valuation of livestock with reference to the requirements of the prevailing accounting standards; • Challenging the key assumptions and methodology used in the valuation, in particular the discount rate, average milk production, selling price of milk, average cost per cow, weight and selling price of the cattle in evaluating the appropriateness of the valuation methodology and discount rate use; • Evaluating the accuracy, completeness and reasonableness of the data and inputs used for the valuation of livestock and evidence for physical verification of cattle during the year; • Comparing the discount rate, normal life cycle of a milking cow, milking yield per lactation with available industry data; and • Assessing the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements and sensitivities.

Risks Description	Our responses

Valuation of unquoted investments classified as FVOCI

Refer to Note 18 (accounting policy), Note 26.2 (financial statement disclosures) to these financial statements.

Valuation of Unquoted Equity Instruments at Fair Value Through Other Comprehensive Income (FVOCI).

The Group's portfolio of Investments comprised of financial assets classified at FVOCI as at 31 March 2024 which comprise investment in unquoted shares of Rs. 670 Mn. which have been valued using discounted cash flows.

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Risks Description	Our responses
The fair value of the Company/Group's unquoted (Level 3) financial instruments is determined by the Group through the application of valuation techniques which often involved the exercise of judgement and the use of assumptions and estimates. We focused on this area because of the degree of complexity associated with the valuation methodology and model increase in subjectivity and estimate uncertainty. In particular, the determination of the valuation of these unquoted investments is more subjective given the lack of available market-based observable data of the unquoted equity instruments.	Our audit procedures to assess the valuation of unquoted investment included the following: • Documenting and assessing the design and implementation of the investment valuation processes and key controls relating specifically to these financial instruments; • Evaluating the key assumptions used and discount factor applied by the management to develop the cash flow projections and assessing whether the estimate reflected the uncertainties associated with the prevailing economic conditions; • Comparing key underlying financial data inputs used in the valuation with the external sources such as investee company audited financial statements; and • Assessing the adequacy of disclosures in the financial statements and inherent degree of subjectivity and key assumptions in the estimates as required by the applicable accounting standards.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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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 and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is FCA 2294.

KPMG
CHARTERED ACCOUNTANTS

Colombo, Sri Lanka
30 May 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March	Note	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Continuing Operations					
Revenue	10	55,533,886	51,886,754	2,070,290	1,381,728
Cost of sales		(38,293,643)	(38,380,521)	–	–
Gross profit		17,240,243	13,506,233	2,070,290	1,381,728
Net other income	11	355,084	154,822	489,970	472,625
Selling & distribution expenses		(5,260,705)	(3,381,440)	–	–
Administrative expenses		(3,672,230)	(3,278,685)	(743,919)	(697,726)
Operating profit	12	8,662,392	7,000,930	1,816,341	1,156,627
Finance income	13	577,588	477,806	159,616	122,206
Finance costs	13	(1,168,094)	(1,463,801)	(1,217)	(27,759)
Net finance costs		(590,506)	(985,995)	158,399	94,447
Impairment of goodwill	24.4	–	(354,295)	–	–
Profit before tax		8,071,886	5,660,640	1,974,740	1,251,075
Income tax (expenses)/benefits	14.1	(2,052,638)	(2,043,785)	17,289	(738)
Profit for the year		6,019,248	3,616,855	1,992,029	1,250,337
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of retirement benefit liability	35.1	(24,249)	(129,252)	(8,673)	1,482
Equity investments at FVOCI – net change in fair value	26.2.1	360,558	(130,397)	360,558	(130,397)
Related tax	14.2	(101,089)	84,626	(105,565)	46,928
		235,220	(175,023)	246,320	(81,987)

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For the year ended 31 March	Note	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Items that are or may be reclassified subsequently to profit or loss					
Foreign operations – foreign currency translation differences		(3,335)	711	–	–
		(3,335)	711	–	–
Other comprehensive income for the year, net of tax		231,885	(174,312)	246,320	(81,987)
Total comprehensive income for the year		6,251,133	3,442,543	2,238,349	1,168,349
Profit attributable to:					
Owners of the Company		4,471,041	2,263,930	1,992,029	1,250,336
Non-controlling interests		1,548,206	1,352,922	–	–
		6,019,248	3,616,851	1,992,029	1,250,336
Total comprehensive income attributable to:					
Owners of the Company		238,670	(123,719)	246,320	(81,987)
Non-controlling interest		(6,785)	(50,593)	–	–
Total comprehensive income for the year		231,885	(174,312)	246,320	(81,987)
Earnings per share					
Basic earnings per share (Rs.)	16.1	9.09	4.67	4.05	2.58

Figures in brackets indicate deductions.

The Notes to the Financial Statements on pages 101 to 204 are integral part of these Consolidated Financial Statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Assets					
Property, plant and equipment	19	6,641,907	6,735,559	8,652	25,523
Intangible assets	20	277,903	349,109	14,490	19,759
Leasehold land	21	359,851	243,876	–	–
Biological assets	22	3,658,653	3,503,610	–	–
Investment property	23	631,212	627,529	–	–
Investments in subsidiaries	24	–	–	7,747,698	7,248,733
Other investments	26	833,617	519,017	782,224	465,734
Deferred tax assets	27	420,127	320,099	31,602	121,249
Goodwill on acquisition	24.4	1,387,106	1,387,106	–	–
Non-current assets		14,210,376	13,685,904	8,584,666	7,880,998
Biological assets	22	70,867	86,126	–	–
Other investments	26	1,770,256	1,084,020	846,226	225,000
Inventories	28	12,063,288	9,861,121	296	1,883
Current tax assets	29	139,136	139,070	75,566	74,195
Trade & other receivables	30	9,782,520	7,892,295	44,017	28,133
Amounts due from related parties	31	31,747	149,443	257,990	233,869
Cash and cash equivalents	32	5,403,789	3,110,102	723,291	814,025
Current assets		29,261,603	22,322,177	1,947,386	1,377,105
Total assets		43,471,979	36,008,081	10,532,052	9,258,103
Equity					
Stated capital	33	4,240,394	4,240,394	4,240,394	4,240,394
Reserves		430,473	191,803	430,590	184,270
Retained earnings		14,233,958	11,356,303	5,572,519	4,638,236
Equity attributable to owners of the Company		18,904,825	15,788,500	10,243,503	9,062,901
Non-controlling interests	33.3	3,767,868	3,448,610	–	–
Total equity		22,672,693	19,237,110	10,243,503	9,062,901

As at 31 March	Note	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Liabilities					
Loans and borrowings	34	1,676,016	1,911,006	–	3,470
Employee benefits	35	1,009,377	883,412	190,922	141,256
Refundable deposit received		–	2,518	–	–
Deferred income and capital grants	36	36,726	39,084	–	–
Deferred tax liabilities	27	1,686,737	1,404,406	–	–
Non-current liabilities		4,408,856	4,240,426	190,922	144,726
Loans and borrowings	34	5,311,993	3,387,971	–	16,306
Trade and other payables	37	7,603,511	6,423,945	97,345	34,158
Amounts due to related parties	38	–	55,000	282	12
Current tax liabilities	29	785,681	555,159	–	–
Bank overdraft	32	2,689,245	2,108,469	–	–
Current liabilities		16,390,430	12,530,545	97,627	50,476
Total liabilities		20,799,286	16,770,971	288,549	195,202
Total equity and liabilities		43,471,979	36,008,081	10,532,052	9,258,103
Net assets per share		38.43	32.08	22.83	18.42

Figures in brackets indicate deductions.

The Notes to the Financial Statements on pages 101 to 204 are integral part of these Consolidated Financial Statements.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Aruna Deepthikumara
Group 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,

Amal Cabraal
Chairman

S Sathasivam
Group Chief Executive Officer

30 May 2024
Colombo

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group

For the year ended 31 March	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Stated capital Rs. '000	General reserve Rs. '000	Reserve on exchange gain/(loss) Rs. '000	Fair value reserve Rs. '000	Retained earnings Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 31 March 2022	1,641,715	1,258	4,224	269,079	11,061,418	12,977,694	5,450,236	18,427,931
Balance as 1 April 2022	1,641,715	1,258	4,224	269,079	11,061,418	12,977,694	5,450,236	18,427,931
Adjustment for surcharge tax	–	–	–	–	(550,653)	(550,653)	(102,759)	(653,411)
Adjusted balance as at 1 April 2022	1,641,715	1,258	4,224	269,079	10,510,766	12,427,042	5,347,477	17,774,520
Total comprehensive income								
Profit for the year	–	–	–	–	2,263,930	2,263,930	1,352,922	3,616,851
Total other comprehensive income for the year	–	–	711	(83,469)	(40,961)	(123,719)	(50,593)	(174,312)
Total comprehensive income for the year	–	–	711	(83,469)	2,222,969	2,140,211	1,302,329	3,442,539
Acquisition of NCI in Sunshine Healthcare Lanka Ltd.	–	–	–	–	(736,115)	(736,115)	(1,862,564)	(2,598,680)
Acquisition of 2.59% of Watawala Plantations PLC shares	–	–	–	–	(291,034)	(291,034)	(170,747)	(461,781)
Share Issue SUN	2,598,679	–	–	–	–	2,598,679	–	2,598,679
Transactions with NCI	–	–	–	–	–	–	196,000	196,000
Acquisition of NCI	–	–	–	–	7,982	7,982	(7,982)	–
WHT payment on dividend distribution from SHL	–	–	–	–	(97,500)	(97,500)	–	(97,500)
Capital Infusion in Watawala Plantations PLC	–	–	–	–	(14,778)	(14,778)	14,778	–
Dividend paid to owners for 2021/22 (Note 17.1)	–	–	–	–	(245,987)	(245,987)	(1,370,682)	(1,616,668)
	2,598,679	–	–	–	(1,377,432)	1,221,248	(3,201,196)	(1,979,949)
Balance as at 31 March 2023	4,240,394	1,258	4,935	185,610	11,356,303	15,788,500	3,448,610	19,237,110
Balance as 1 April 2023	4,240,394	1,258	4,935	185,610	11,356,303	15,788,500	3,448,610	19,237,110
Total comprehensive income								
Profit for the period	–	–	–	–	4,471,041	4,471,041	1,548,206	6,019,247
Total other comprehensive income for the period	–	–	(3,335)	242,005	–	238,670	(6,785)	231,885
Final dividend paid to owners for 2022/23 (Note 17.1)	–	–	–	–	(565,770)	(565,770)	–	(565,770)
Interim dividend paid to owners for 2023/24 (Note 17.1)	–	–	–	–	(491,974)	(491,974)	(1,365,219)	(1,857,193)
Lina Manufacturing (Pvt) Ltd. and Lina Spiro (Pvt) Ltd. Share Swap (Note 24.2.2)	–	–	–	–	(96,918)	(96,918)	189,918	93,000
WHT payment on dividend distribution from SHL WPL SCL	–	–	–	–	(438,724)	(438,724)	(46,862)	(485,586)
Balance as at 31 March 2024	4,240,394	1,258	1,600	427,615	14,233,958	18,904,825	3,767,868	22,672,693

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Company

For the year ended 31 March	Stated capital Rs.	General reserve Rs.	Fair value reserve	Retained Profit Rs.	Total Rs.
Balance as at 1 April 2022	1,641,715	1,258	264,999	3,694,810	5,602,783
Surcharge tax	–	–	–	(60,924)	(60,924)
Adjusted balance as at 1 April 2022	1,641,715	1,258	264,999	3,633,886	5,541,859
Total comprehensive income for the year					
Profit for the year	–	–	–	1,250,336	1,250,336
Total other comprehensive income for the year	–	–	(81,987)	–	(81,987)
Total comprehensive income for the year	–	–	–	1,250,336	1,168,349
Private placement share issue to Akbar Brothers Ltd.	2,598,679	–	–	–	2,598,679
Dividend paid (for 2022/23)	–	–	–	(245,987)	(245,987)
Surcharge tax	–	–	–	–	–
Balance as at 31 March 2023	4,240,394	1,258	183,012	4,638,236	9,062,900
Balance as at 1 April 2023	4,240,394	1,258	183,012	4,638,236	9,062,900
Profit for the year	–	–	–	1,992,026	1,992,026
Total other comprehensive income for the year	–	–	246,320	–	246,320
Total comprehensive income for the year	–	–	246,320	1,992,026	2,238,346
Final dividend paid (for 2022/23)	–	–	–	(565,770)	(565,770)
Interim dividend paid (for 2023/24)	–	–	–	(491,974)	(491,974)
Balance as at 31 March 2024	4,240,394	1,258	429,332	5,572,519	10,243,503

Figures in brackets indicate deductions.

The Accounting Policies and Notes form pages 101 to 204 an integral part of these Financial Statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Cash flows from operating activities				
Profit before tax for the year	8,071,886	5,660,640	1,974,740	1,251,075
Adjustments for:				
Interest Income	(525,313)	(477,806)	(159,616)	(91,626)
Profit on disposal of property, plant and equipment	2,221	(25,722)	–	–
Biological assets – (gain)/loss from produce crop valuation	(10,558)	(14,455)	–	–
Impairment of intercompany loan	–	–	14,000	–
Impairment of investment in subsidiary	–	–	1,034	–
Impairment of goodwill	–	354,295	–	–
Gain on fair valuation of livestock	(29,431)	157,440	–	–
Interest expense	980,115	1,463,801	1,218	28,973
Depreciation of property, plant and equipment	771,098	787,998	28,113	25,050
Amortisation of intangible assets	92,214	87,055	–	5,269
Depreciation of mature plantations	179,312	196,741	–	–
Provision/(reversal) and write off for bad and doubtful debts	318,629	175,819	–	–
Provision/(reversal) and write-off for inventories	103,939	154,756	–	–
Write-off of intangible asset	–	(458)	–	–
Amortisation of capital grants	(2,358)	(2,358)	–	–
Amortisation of leasehold right to land	17,536	100,932	–	–
Fair value gain/(loss)	6,352	39,989	13,462	355
Provision for retirement benefit obligations	235,618	162,859	40,993	29,603
Rent concession	–	(4,605)	–	–
Timber fair valuation gain	–	(10,486)	–	–
Operating profit before working capital changes	10,211,260	8,806,433	1,913,944	1,248,698
Changes in:				
Decrease/(increase) in inventories	(2,306,107)	(2,262,768)	1,587	(1,883)
Decrease/(increase) in trade and other receivables	(2,208,854)	(1,053,650)	(15,883)	108,596
Decrease/(increase) in amounts due from related parties	117,693	(106,254)	(38,122)	8,463
Increase/(decrease) in trade and other payables	1,179,565	6,143	63,187	(64,506)
Increase/(decrease) in amounts due to related parties	(55,000)	(10,728)	269	4
Cash generated from operating activities	6,938,557	5,379,176	1,924,982	1,299,372
Interest paid	(494,687)	(1,362,250)	(270)	(24,914)
Income tax paid	(2,226,550)	(1,944,113)	–	(103,702)
Employee benefits paid	(133,626)	(66,454)	–	–
Net cash from operating activities	4,083,694	2,006,359	1,924,712	1,170,756

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For the year ended 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Cash flows from investing activities				
Interest received	525,313	477,806	143,359	67,152
(Investments)/disposal in other investments	882,237	72,714	–	–
(Investments)/disposal in short term investments	(1,540,386)	(366,293)	(574,364)	(25,000)
(Investment)/disposal of subsidiary	–	–	(500,000)	(1,440,000)
Investments in debentures	–	–	–	100,000
Investment in gratuity fund	9,000	19,030	–	–
Additions to bearer plants	(36,021)	(64,052)	–	–
Investment in live stock	(306,209)	(165,176)	–	–
Additions to property, plant and equipment	(709,789)	(1,502,498)	(5,973)	(1,332)
Acquisition of Intangible assets	(21,006)	(40,135)	–	–
Proceeds from sales of livestock	63,122	57,870	–	–
Proceeds from sale of property, plant and equipment	30,121	472,160	–	–
Acquisition of non-controlling interest in subsidiaries	–	(461,781)	–	–
Acquisition of subsidiaries (net of cash)	–	(1,563,684)	–	–
Disposal of shares held in subsidiary	93,000	–	–	–
Acquisition of investment property	(3,685)	(13,293)	–	–
Net cash used in from investing activities	(1,014,303)	(3,077,332)	(936,978)	(1,299,180)
Cash flows from financing activities				
Receipts of interest bearing borrowings	4,195,897	13,702,041	–	771,000
Proceeds from share issued by subsidiary to NCI	–	196,000	–	–
Repayments of interest bearing borrowings	(2,958,226)	(12,467,823)	–	(771,000)
Payment of lease liabilities	(167,853)	(88,865)	(20,724)	(19,860)
Dividend paid	(2,422,963)	(1,616,668)	(1,057,744)	(245,987)
Net cash from financing activities	(1,353,145)	(275,315)	(1,078,468)	(265,846)
Net increase/(decrease) in cash and cash equivalents	1,716,246	(1,346,288)	(90,734)	(394,270)
Cash & cash equivalents at 1 April	1,001,633	2,347,210	814,025	1,208,295
Effect of movement in exchange rates	(3,335)	711	–	–
Cash and cash equivalents at 31 March	2,714,544	1,001,633	723,291	814,025

Figures in brackets indicate deductions.

The Accounting Policies and Notes from pages 101 to 204 an integral part of these Financial Statements.

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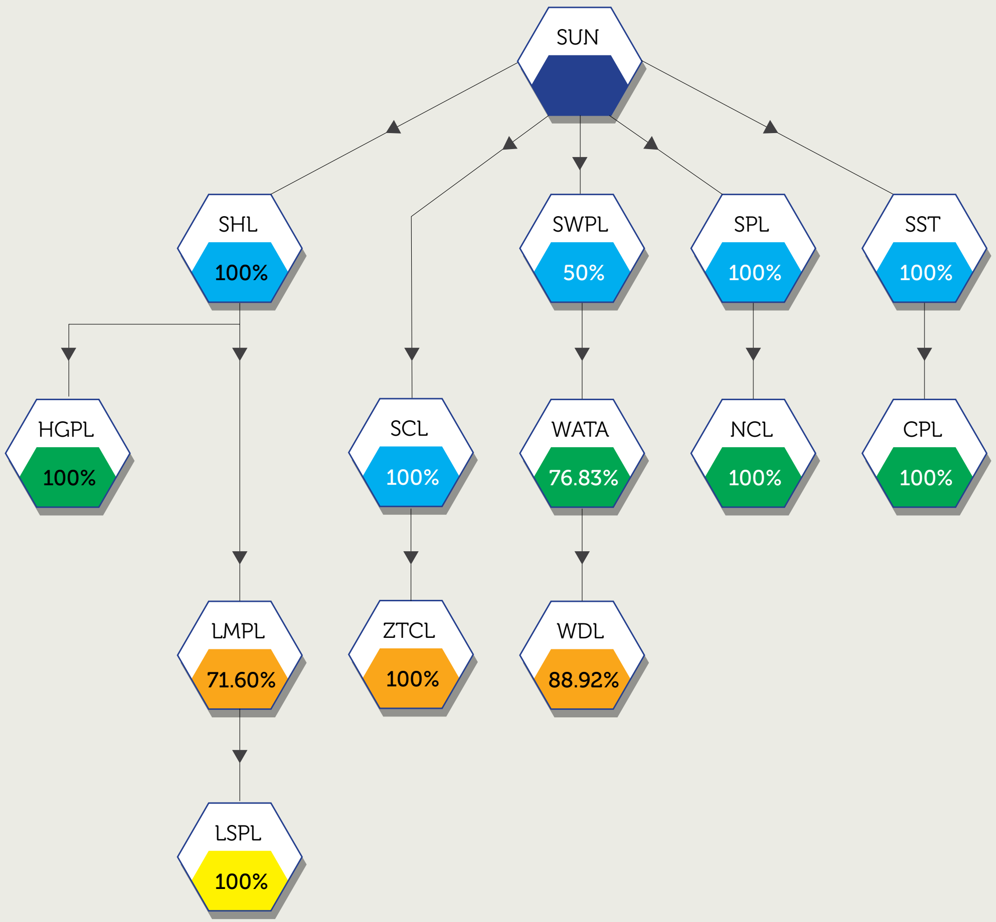
GROUP STRUCTURE



Abbreviation

SUN	Sunshine Holdings PLC
SHL	Sunshine Healthcare Lanka Ltd.
HGPL	Healthguard Pharmacy Ltd.
SCL	Sunshine Consumer Lanka Ltd.
SST	Sunshine Tea (Pvt) Ltd.
LMPL	Lina Manufacturing (Pvt) Ltd.
LSPL	Lina Spiro (Pvt) Ltd.
SWPL	Sunshine Wilmar (Pvt) Ltd.
WATA	Watawala Plantations PLC
WDL	Watawala Dairy Ltd.
CPL	Century Properties Ltd.
ZTCL	Zesta Tea Ceylon (Shenzhen) Co. Ltd.
SPL	Sunshine Packaging Lanka Ltd.
NCL	Norris Canal Properties (Pvt) Ltd.

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NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. Domicile and legal form

Sunshine Holdings PLC (the Company) is a public limited liability Company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka. The registered office and principle place of business of the Company is located at No. 60, Dharmapala Mawatha, Colombo 3.

Total staff strength of the Company and the Group on 31 March 2024 was as follow:

Group 1,703 (31 March 2023 – 1,660)

Company 29 (31 March 2023 – 24)

1.2 Consolidated and separate Financial Statements

The consolidated Financial Statements of Sunshine Holdings PLC as at and for the year ended 31 March 2024 comprise the financial information of Company and its subsidiaries [together referred to as "the Group" and encompass the Company and its subsidiaries (together referred to as the "Group")]. The subsidiaries are listed in Note 24.

The Financial Statements of all Companies in the Group are prepared for a common financial year, which ends on 31 March.

1.3 Parent entity and ultimate parent entity

The Ultimate parent of Sunshine Holdings PLC is Lamurep Investments Limited. The Company is the parent of the Group companies.

1.4 Principal business activities, nature of operations of the Group and ownership by the Company in its subsidiaries and associates

The Group structure is given on page 100.

Entity	Principal business activity
Sunshine Holdings PLC	Managing portfolio of investments
Subsidiaries	
Sunshine Healthcare Lanka Ltd.	Import and distribution of pharmaceutical products island wide
Healthguard Pharmacy Ltd.	Engaged in buying and selling of pharmaceutical and healthcare items through its chains of pharmacies
Lina Manufacturing (Pvt) Ltd.	Manufacturing of drugs
Lina Spiro (Pvt) Ltd.	Manufacturing of drugs
Watawala plantations PLC	Engaged in cultivation, manufacture and sale of crude palm oil
Watawala Dairy Ltd.	Engaged in dairy farming
Sunshine Consumer Lanka Ltd. (formerly known as Watawala Tea Ceylon Ltd.)	Buying and adding value to tea for local and export markets and manufacturing and selling confectionery items
Zesta Tea Ceylon (Shenzhen) Co. Ltd.	Wholesale, retail and import and export of tea leaves, tea set raw materials and accessories
Sunshine Tea (Pvt) Ltd.	Tea Packaging and Export
Century Properties Ltd.	Construct the Werehousing Complex for the Storage of Genaral Cargo for Rent/Lease out
Sunshine Packaging Lanka Ltd.	Engaging in renting out premises and earn rental income
Norris Canal Properties (Pvt) Ltd.	Engage in renting out premises and earn rental income

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

Refer Note 24 for the changes in the group structure during the year.

2. BASIS OF ACCOUNTING

2.1 Statement of compliance

These consolidated Financial Statements of the Group and the Separated Financial Statements of the Company have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS's and LKAS's) laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 7 of 2007. These provide appropriate disclosures as required by the listing rules of the Colombo Stock Exchange (CSE).

2.2 Responsibiity for Financial Statements

The Board of Directors acknowledges this responsibility as set out in the "Statement of Directors' Responsibility for Financial Statements", "Annual Report of the Board of Directors" and in the statement appearing with the Statement of Financial Position of this Annual Report on pages 85 and 95 respectively.

2.3 Approval of Financial Statements by Directors

The Financial Statements of the Group and the Company were authorised for issue by the Board of Directors in accordance with the resolution of the directors on 30 May 2024.

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These Financial Statements include the following components:

- a Statement of Profit or Loss and Other Comprehensive Income providing information on the financial performance of the Group and the Company for the year under review; (Refer pages 92 and 93).
- a Statement of Financial Position providing information on the financial position of the Group and the Company as at the year end; (Refer pages 94 and 94).
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and Company; (Refer pages 96 and 97).
- a Statement of Cash Flows providing information to the users, on the ability of the Group and Company to generate cash and cash equivalents and the needs of the entity to utilise those cash flows; (Refer pages 98 to 99).
- Notes to the Financial Statements comprising material accounting policies and other explanatory information. (Refer pages 101 to 204)

2.4 Materiality and aggregation

Each item which is similar in nature is presented separately if material. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard LKAS 1 – Presentation of Financial Statements.

2.5 Going concern

The Group's/Company's Financial Statements have been prepared under the assumption of a going concern, as the Board of Directors is confident that the Group/Company possesses sufficient resources to continue its operations into the foreseeable future. This confidence is based on directors' comprehensive assessment, which took account the uncertainities associated with the prevailing economic conditions, and their possible effects on the Group's/Company's business operations, profitability, liquidity and capital.

2.6 Rounding

All Financial information presented in Sri Lankan Rupees have been rounded to the nearest thousand (Rs '000), except where otherwise indicated, as permitted by the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements".

2.7 Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability.

As per LKAS 1 Presentation of Financial Statements, if the presentation or classification of items in the financial statements is changed, then the comparative amounts should be reclassified unless.

3. FUNCTIONAL AND PRESENTATION CURRENCY

The Financial Statements of the group are presented in Sri Lankan Rupees (LKR), which is the Group's functional currency.

4. BASIS OF MEASUREMENT

These Financial Statements have been prepared on the historical cost basis and applied consistently which no adjustments being made for inflationary factors affecting the Financial Statements except for the following material items in the Statement of Financial Position.

Items	Subsequent measurement bases
Financial assets at fair value through profit or loss (FVTPL)	Fair value
Financial assets at fair value through other comprehensive income (FVOCI)	Fair value
Defined benefit obligations	Present value of the defined benefit obligation
Biological assets measured at fair value	Fair value less costs to sell
Investment Properties measured at fair value	Fair value

5. USE OF ESTIMATE AND JUDGMENTS

The preparation of these Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Estimates and underlining assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Items with the most significant effect on the amounts recognised in these Financial Statements with substantial management judgement and/or estimates are collated below with respect to judgement/estimates involved.

The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and the assessment of the recoverable amount of non-financial assets.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Financial Statements is included in the following notes:

- Note 10 – revenue recognition: whether revenue is recognised over time or at a point in time
- Note 24 – consolidation: whether the Group has the control over an investee
- Note 25 – equity-accounted investees: whether the Group has significant influence over an investee
- Note 34.3 – lease term: whether the Group is reasonably certain to exercise extension options.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 March 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 35 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 14 – recognition of current tax expense;
- Note 27 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- Note 22 – determining the fair value of biological assets on the basis of significant unobservable inputs;
- Note 43 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 23 – determining the fair value of Investment Properties on the basis of significant unobservable inputs;
- Note 24 – assessment of recoverability of goodwill assigned to CGUs.

6. MATERIAL ACCOUNTING POLICIES

Application of Accounting Policies

The Group/Company has consistently applied the material accounting policies for all periods presented in the Financial Statements, unless otherwise indicated excepted for those disclosed under Note 7.

The Group/Company has adopted the standards set out in Note 7 during the year. The changes in accounting policies due to adoption of new standards and interpretations or adoption of new accounting policies have been presented in Note 7 to the Financial Statements.

Apart from the general material accounting policies set out below, the specific material accounting policies pertaining to each item in the Financial Statements have been presented within the respective notes to the financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective as given in Note 8.

6.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

From 1 April 2020, in determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

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

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

Subsidiaries

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

Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

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

Transactions eliminated on consolidation Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting period

The Financial Statements of all entities in the Group have a common financial year which ends on 31 March.

Consolidated Financial Statements/ Separate Financial Statements

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. The assets and liabilities of the acquired entity or business should be recorded at the book values as stated in the Financial Statements of the controlling party.

No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party or parties' interests; and

Comparative amounts in the Financial Statements are presented using the principles as set out above as if the entities or businesses had been combined at the previous balance sheet date unless the combining entities or businesses first came under common control at a later date.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented (i.e. including the comparative period) or since the date when the combining entities or businesses first came under the control of the controlling party or parties, where this is a shorter period, regardless of the date of the common control combination. The consolidated income statement also takes into account the profit or loss attributable to the minority interest recorded in the consolidated Financial Statements of the controlling party.

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Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred. Such expenditure includes professional fees, registration fees, costs of furnishing information to shareholders, and salaries and other expenses involved in achieving the common control combination.

Consolidation is performed in accordance with LKAS 27 and SLFRS 10. The principal consolidation entries are as follows:

(a) the effects of all transactions between the combining entities or businesses, whether occurring before or after the common control combination, are eliminated; and

(b) since the combined entity will present one set of consolidated Financial Statements, a uniform set of accounting policies is adopted which may result in adjustments to the assets, liabilities and equity of the combining entities or businesses.

6.2 Foreign currency

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

6.3 Impairment of Assets

6.3.1 Financial instruments and contract assets

The Group/Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

Loss allowances for trade receivables is always measured at an amount equal to lifetime Expected Credit Loss (ECL).
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group/Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group/Company considers a financial asset to be in default when:

- the debtors is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-months ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group/Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

For individual customers, the Group has a policy of writing off the gross carrying amount as approved by the Board of Directors based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Evidence of impairment included a significant or prolonged decline in its fair value below its cost.

6.3.2 Non-financial assets

At each reporting date, the Group/Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

7. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group/Company adopted the following new accounting standards/amendments to accounting standards during the year.

7.1 Deferred tax related to assets and liabilities arising from a single transaction

The Group/Company adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 1 April 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases. For leases, the Group is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the Group applies the amendments to transactions that occur on or after the beginning of the earliest period presented. The Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis.

Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under LKAS 12. There was also no impact on the opening retained earnings as at 1 January 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised.

7.2 Material accounting policy information

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

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information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed regarding the Material accounting policies (2023 – significant accounting policies) in certain instances in line with the amendments.

8. NEW AND AMENDED STANDARDS AND INTERPRETAIONS

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued several new accounting standards and amendments/ improvements to existing standards. These new standards are set to become effective in the coming years. Early application of these standards is allowed, but the Group/ Company has not early adopted any of the new or amended standards in the preparation of these Financial Statements.

8.1 Classification of liabilities as current or non-current (Amendments to LKAS 1)

Amendments to LKAS 1 alter the classification of liabilities like convertible debt and introduce new disclosure requirements for liabilities subject to covenants. The Standard will become effective for the Group from 1 April 2024. No material impact is expected on adoption.

8.2 Lease liability in a sale and leased back (Amendment to SLFRS 16)

The amendments specifically affect seller-lessee accounting in sale and leaseback transactions that qualify as a sale under SLFRS 16, especially those involving variable lease payments not based on an index or rate. They 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. The Standard will become effective for the Group from 1 April 2024. No material impact is expected on adoption.

8.3 Sri Lanka Accounting Standard – SLFRS 17 "Insurance Contracts"

SLFRS 17 Liability Recognition: Presents future cash flows as present value with risk adjustment and Contractual Service Margin (CSM), groups contracts by risk and profitability, and recognises losses directly in the income statement.

New Insurance Revenue Measure: Shifts revenue measurement to service delivery, excluding investment-related premiums, and necessitates calculating deferred profit (CSM) at transition. The Standard will become effctive from 1 January 2026, however, it will not be applicable to the Group.

8.4 Supplier Finance – Amendments to LKAS 7 and SLFRS 7

This Standard amended LKAS 7. An entity shall apply that amendment when it applies the amendments to LKAS 7. The Standard will become effective for the Group from 1 April 2024. No material impact is expected on the Group. A 1 April 2024. No material impact is expected on the Group.

8.5 -SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information and SLFRS S2 Climate-related Disclosures

SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

SLFRS S2 Climate-related Disclosures is to requires an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

These standards will become effective for the Group from 1 April 2025. No financial impact is expected on the Group except for additional disclosures.

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9. OPERATING SEGMENTS

Accounting policy

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with any of the Group's other components, whose operating results are regularly reviewed by the Group's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO (being the CODM) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

9.1 Basis for segmentation

The Group has the following seven strategic divisions, which are reportable segments. These divisions offer different products and services, and are managed separately based on the Group's management and internal reporting structure.

Healthcare	Manufacturing, importing and marketing pharmaceuticals, nutraceuticals, medical diagnostic equipment and surgical products
Agribusiness	Cultivate, manufacture and sale of crude palm oil and dairy farming
Consumer goods	Sale and export of value-added teas wee as manufacturing and distribution of confectionery products
Investment	Managing portfolio of investments
Management services	Providing expert management services
Rental business	Renting out of premises

Segment performance is evaluated based on operating profits or losses which are measured differently from operating profits or losses in the consolidated Financial Statements. Income taxes are managed on a group basis and are not allocated to operating segments.

The Group's Management Committee reviews internal management reports from each division at least monthly.

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Information about reportable segments

Information related to each reportable segment is set out below. Segment profit/(loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

2024	Reportable segments					Total
	Healthcare Rs. '000	Agribusiness Rs. '000	Consumer goods Rs. '000	Investment Rs. '000	Rental business Rs. '000	Rs. '000
External revenues	27,772,530	8,320,903	19,323,518	3,663,602	25,968	59,106,521
Segment revenue	27,772,530	8,320,903	19,323,518	3,663,602	25,968	59,106,521
Segment profit/(loss) before tax	3,778,407	2,765,846	1,533,762	3,588,336	289	11,666,640
Interest income	139,314	183,771	91,566	182,929	378	597,958
Interest expense	(659,733)	(78,639)	(431,693)	(1,308)	(20,370)	(1,191,743)
Depreciation and amortisation	(327,656)	(411,783)	(247,822)	(29,430)	–	(1,016,691)
Other material non-cash items						
– Impairment losses on trade and other receivables	(301,275)	–	(16,457)	–	(898)	(318,630)
Segment assets	20,666,686	9,431,316	9,079,744	14,082,838	1,258,553	54,519,137
Capital expenditure	(290,026)	(697,593)	(174,229)	(5,914)	–	(1,167,762)
Segment liabilities	12,210,704	3,033,993	5,149,295	294,099	413,748	21,101,837

2023	Reportable segments					Total
	Healthcare Rs. '000	Agribusiness Rs. '000	Consumer goods Rs. '000	Investment Rs. '000	Rental business Rs. '000	Rs. '000
External revenues	23,924,435	8,768,041	19,010,565	3,526,467	35,164	55,264,672
Segment revenue	23,924,435	8,768,041	19,010,565	3,526,467	35,164	55,264,672
Segment profit/(loss) before tax	1,982,225	2,953,488	759,991	3,390,067	(4,684)	9,081,087
Interest income	91,017	138,938	149,808	147,065	–	526,828
Interest expense	(727,719)	(116,195)	(577,563)	(56,609)	(34,739)	(1,512,824)
Depreciation and amortisation	(305,221)	(451,228)	(234,696)	(32,850)	–	(1,023,994)
Other material non-cash items						
– Impairment losses/(reversal) on trade and other receivables	(129,203)	–	311,694	–	(870)	181,621
Segment assets	14,809,534	8,865,548	8,570,908	12,979,903	1,247,624	46,473,516
Capital expenditure	(280,567)	(900,361)	(695,134)	(40,757)	–	(1,916,818)
Segment liabilities	7,813,807	2,362,560	6,079,477	376,992	401,985	17,034,820

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9.2 Operating segments

Reconciliations of information on reportable segments to SLFRS measures

	2024 Rs. '000	2023 Rs. '000
Revenue		
Total revenue for reportable segments	59,106,521	55,264,672
Elimination of inter-segment revenue	(3,572,635)	(3,377,918)
Consolidated revenue	55,533,886	51,886,754
Profit before tax		
Total profit before tax for reportable segments	11,666,640	9,081,087
Elimination of inter-segment profit	(3,594,754)	(3,420,449)
Consolidated profit before tax from operations	8,071,886	5,660,638
Assets		
Total assets for reportable segments	54,519,137	46,473,516
Elimination of inter-segment assets	(11,047,158)	(10,465,435)
Consolidated total assets	43,471,979	36,008,081
Liabilities		
Total liabilities for reportable segments	21,101,837	17,034,820
Elimination of inter-segment liabilities	(302,551)	(263,849)
Consolidated total liabilities	20,799,286	16,770,971

2024	Reportable segment totals Rs. '000	Adjustments Rs. '000	Consolidated totals Rs. '000
Other material items			
Finance income	597,958	(20,370)	577,588
Finance cost	(1,191,743)	23,649	(1,168,094)
Capital expenditure	(1,167,762)	–	(1,167,762)
Depreciation and amortisation	(1,016,691)	–	(1,016,691)
Impairment losses on trade and other receivables	(318,630)	–	(318,630)

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2023	Reportable segment totals Rs. '000	Adjustments Rs. '000	Consolidated totals Rs. '000
Other material items			
Finance income	526,828	(49,022)	477,806
Finance cost	(1,512,824)	49,023	(1,463,801)
Capital expenditure	(1,916,818)	–	(1,916,818)
Depreciation and amortisation	(554,603)	(469,391)	(1,023,994)
Impairment losses on trade and other receivables	181,621	(302,831)	(121,210)

9.3 Geographic information

Consumer Goods segment is managed on a worldwide basis, but operate manufacturing facilities and sales offices primarily in Sri Lanka.

The geographic information analyses the Group's revenue and assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	2024 Rs. '000	2023 Rs. '000
Revenue		
Sri Lanka	53,410,849	47,582,769
China	1,091,324	980,087
Japan	216,931	232,298
Other countries	4,387,417	6,469,518
	59,106,521	55,264,672
Segment assets		
Sri Lanka	54,519,137	46,473,516
	54,519,137	46,473,516

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10. REVENUE

Accounting policy

SLFRS 15 – Revenue from contracts with customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The Group recognises revenue when it transfers control over goods or services to a customer. Judgement is used to determine the timing of transfer of control – at a point in time or over time.

A. Revenue streams

The Group generates revenue primarily from investment, healthcare, plantation, consumer goods and other sectors.

	Group		Company	
For the year ended 31 March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Revenue from contracts with customers	55,507,918	51,851,590	2,070,290	1,381,728
Rent income from investment property*	25,968	35,164	–	–
	55,533,886	51,886,754	2,070,290	1,381,728

Rent income included in revenue consists of the rent income received from third parties out of investment properties of Norris Cannel Properties Ltd. which is the primary business activity of the company.

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contacts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 9).

	Group		Company	
For the year ended 31 March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Primary geographic markets				
Local	49,838,214	44,204,851	2,070,290	1,381,728
Exports	5,695,672	7,681,903	–	–
	55,533,886	51,886,754	2,070,290	1,381,728
Major product/service lines				
Investments	111,740	160,128	2,070,290	1,381,728
Healthcare	27,772,530	23,924,435	–	–
Plantation	8,320,903	8,768,041	–	–
Consumer goods	19,323,518	19,010,565	–	–
Rent income	5,195	23,585	–	–
	55,533,886	51,886,754	2,070,290	1,381,728

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For the year ended 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Timing of revenue recognition				
Revenue from contracts with customers	55,533,886	51,886,754	2,070,290	1,381,728
External revenue as reported in Note 9.2	55,533,886	51,886,754	2,070,290	1,381,728

C. Contract balances

These refer to the Group's rights to consideration for work completed but not billed at the reporting date. There were no contract balances as at the reporting date.

D. Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer, at a point in time or over the time as appropriate.

The following table provides information about the nature and timing of the satisfaction of performance obligation in contacts with customers, including significant payment terms and related revenue recognition policies.

Type of product/service	Nature of timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under SLFRS 15
Investments	Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.	Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established. This is now under the scope of SLFRS 9.
Healthcare	Customers obtain control of the goods sold when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time.	Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control is at a point in time.
Plantation	Customers obtain the control of the produce after the customer acknowledgement at the dispatch point.	Revenue is recognised point in time, at the time of dispatch after the customer acknowledgement.
Consumer goods	Customers obtain control of the goods sold when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time.	Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control is at a point in time.
Rent income	This includes rental income earned from renting out investment property owned by the Subsidiary.	Revenue is recognised over time as the rent income is recognised on a straight line basis over the term of the agreement.

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11. NET OTHER INCOME

Accounting policy

Gains and losses on disposal of an item of property, plant & equipment

Profit or loss is determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment.

Grants

Grants are recognised initially as deferred income when there is a reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in Statement of Profit or Loss on a systematic basis in the periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in Statement of Profit or Loss on a systematic basis over the useful life of the asset.

Gains and losses on the disposal of investments

Such gains and losses are recognised in Statement of Profit or Loss.

Dividend income

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

Service income

Service income is recognised in profit or loss as per terms of the agreement on the basis of services rendered.

For the year ended 31 March	Note	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Gain/(loss) on sale of property, plant and equipment		(2,221)	25,722	–	–
Estate income		–	1,138	–	
Rebates from telecommunication service providers	11.1	13,190	12,021	13,190	12,021
Profit/(loss) on sale of trees/green leaf	11.2	903	29,730	–	–
Profit/loss on disposal of investment		20,096	(3,691)	220	(3,691)
Income from short-term investment		27,457	–	27,457	–
Income from investment fund		–	5,915	–	–
SSC tax expense – Revenue deduction		(11,322)	–	(11,322)	–
Sundry income	11.3	286,574	168,944	94	(4,094)
Rent income	11.4	2,978	12,434	–	–
Service income		–	–	452,869	463,309
Change in fair value of quoted shares		(22,560)	35,102	7,462	5,080
Change in fair value of live stock	22.3.2	(15,259)	(157,435)	–	–
Change in fair value of unharvested crop	22.3	29,431	14,455	–	–
Change in fair value of biological assets	22.2.1	25,817	10,486	–	–
		355,084	154,821	489,970	472,625

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11.1 Income from Telco Rebate of the Company, represents the rebate received from telecommunication institutes for the data usage.

11.2 The gain/(loss) on fair value of trees and live stock in Watawala Plantations PLC, a subsidiary of the Company, represents the unrealised gain from valuation of live stock and trees/timber at the reporting date.

11.3 Major part of the sundry income consist with tender commission. Tender commission income mainly includes commission income received from foreign suppliers for securing contracts with the government to Sunshine Healthcare Lanka Ltd. amounting to Rs. 129.6 Mn. (2023 – Rs. 81 Mn.).

11.4 The rent income primarily consists of property rent received from third parties, specifically from Watawala Plantations PLC and Sunshine Tea (Pvt) Ltd., alongside their core business operations.

12. OPERATING PROFIT

Accounting policy

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity-accounted investees and income taxes.

Expenses

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year. Repairs and renewals are charged to Statement of Profit or Loss in the year in which the expenditure is incurred.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

			Group		Company	
For the year ended 31 March		Note	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Staff costs		12.1	4,152,819	3,686,120	460,539	469,028
Director fees			56,310	38,475	19,195	14,520
Statutory audit fees	– KPMG		14,351	13,070	2,350	2,180
	– Other auditors		1,337	3,032	–	–
Audit related	– KPMG		225	800	530	–
Non audit	– KPMG		1,325	410	–	–
	– Other auditors		3,594	809	–	–
Provision/(reversal) for trade debtors		30.1	151,313	181,621	–	–

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For the year ended 31 March	Note	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Depreciation					
– Property, plant and equipment	19	647,132	647,912	4,448	7,868
– Immovable lease assets		–	20,142	–	–
– Biological assets-bearer	22.1	194,570	196,743	–	–
Amortisation of intangible assets		92,210	87,056	5,269	5,269
Amortisation – Leasehold right to bare land		–	12,261	–	–
Amortisation – Right-to-use assets	19	140,085	140,085	18,395	18,395
Legal fees		14,819	9,434	–	–
Donations		41,015	55,849	10,250	15,000
CSR Expenses		7,928	9,986	–	–

12.1 Staff costs

For the year ended 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Defined benefit plan (gratuity)	232,210	167,993	26,301	29,603
Defined contribution EPF and ETF	390,463	301,695	36,857	33,225
Salaries, wages and other staff cost	3,530,146	3,216,432	397,381	406,200
	4,152,819	3,686,120	460,539	469,028

Executive Directors' emoluments are included under Salaries, wages and other staff cost in Note 12.1 and also disclosed under Key Management Personnel Note 41.1.a.

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13. NET FINANCE COST

Accounting policy

The Group's finance income and finance costs include:

– interest income

– interest expenses

– the foreign currency gain or losses on financial assets and financial liabilities

– Interest income or expenses is recognized using the effective interest method.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

– the gross carrying amount of the financial assets; or

– the amortised cost of the financial liability.

In calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial assets. if the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

		Group		Company	
For the year ended 31 March	Note	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Interest income from related companies		–	–	20,370	49,023
Exchange gain	13.1	52,275	171,667	–	–
Interest income on other deposits/loans		525,313	306,139	139,246	73,183
Finance income		577,588	477,806	159,616	122,206
Interest on overdrafts and loans		853,467	1,383,276	270	24,914
Interest on finance lease		–	460	–	–
Exchange loss	13.1	187,980	21,840	–	–
Finance expense on lease liabilities		126,647	58,225	947	2,845
Finance cost		1,168,094	1,463,801	1,217	27,759
Net finance cost		(590,506)	(985,995)	158,399	94,447

13.1 The exchange losses have been significantly increased due to the continuous devaluation of rupee during the financial year.

13.2 There are no any financial instruments for which the interest is not valued under effective interest method.

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14. INCOME TAX EXPENSE

Accounting policy

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in Statement of Profit or Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in Other Comprehensive Income.

The Group applies IFRIC 23 "Uncertainty Over Income Tax Treatment" (IFRIC 23) in determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over the income tax treatment. However, the application of IFRIC 23 did not have any significant impact on the financial statements of the Group to provide additional disclosures in the financial statements.

The Group has determined that interest and penalties relating 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.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the taxation authorities in respect of current year as well as any adjustment to the tax payable or receivable in respect of previous years. The tax rates and tax laws used to compute the amount of current tax assets and liabilities are those that are enacted or substantively enacted on the reporting date.

Current income tax relating to items recognised directly in equity, is recognised in equity and not in the income statement.

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

Management periodically evaluates positions taken in the tax returns, with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Management has used its judgement on the application of tax law including transfer pricing regulations involving identification of associated undertaking, estimation of respective arm's length prices and selection of appropriate pricing mechanism"

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Refer Note 27 for detail accounting policy.

Accounting judgement, Estimates and Assumptions

The Group is subject to income tax and judgement is required to determine the total provision for current, deferred and other taxes due to the uncertainties that exist with respect to interpretation of the applicability of tax laws, at the time of preparation of these financial statements.

Uncertainties also exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense amounts that were initially recorded and deferred tax amounts in the period in which the determination is made. The Group has evaluated these uncertainties in terms of IFRIC 23 "Uncertainty Over Income Tax Treatment".

The deferred tax liabilities/assets are disclosed under Note 27 to the financial statements.

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14.1 Amount recognised in profit or loss

For the year ended 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Current tax expense				
Current income tax expense	2,001,848	1,377,312	(1,370)	15,552
Changes in estimates relating to prior years	(29,951)	(6,030)	–	–
Unclaimable Economic Service Charges (ESC)	–	(7,418)	–	–
Write-off of tax receivable	(848)	–	–	–
	1,971,049	1,363,865	(1,370)	15,552
Deferred tax expenses				
Origination and reversal of deferred tax assets (Note 27.2)	(199,655)	(103,121)	(14,404)	(16,329)
Origination and reversal of deferred tax liabilities (Note 27.3)	281,245	783,043	(1,515)	1,515
	81,589	679,922	(15,919)	(14,814)
Income tax expenses/Benefit	2,052,639	2,043,786	(17,289)	738

A. Current Taxes

Company

As per the Inland Revenue (Amendment) Act No. 45 of 2022 (certified on 19 December 2022) income tax rates applicable to Company and Subsidiaries increased from 24% to 30% with effect from 1 October 2022. Accordingly, tax liability of the Company and Group was calculated and accounted for at 30% for the year of assessment 2023/24. However, the Company/Group has computed current tax payable on a pro rata basis for year of assessment 2022/23 since rate increase was at the mid year.

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	Tax Rate		
	2024 Rs. '000 1 April 2023 to 31 March 2024 %	2023 Rs. '000 1 April 2022 to 30 September 2022 %	2023 Rs. '000 1 October 2022 to 31 March 2023 %
Sunshine Holdings PLC	30	24	30
Sunshine Healthcare Lanka Ltd.	30	24	30
Watawala Plantations PLC – Profits from Cultivation	Exempted	Exempted	Exempted
– Profits from agro processing	30	14	30
– Profits from other activities	30	24	30
Healthguard Pharmacy Ltd.	30	24	30
Sunshine Consumer Lanka Ltd.	30	18	30
Sunshine Packaging Lanka Ltd.	30	24	30
Norris Canal Properties (Pvt) Ltd.	30	24	30
Lina Manufacturing (Pvt) Ltd.	30	18	30
Lina Spiro (Pvt) Ltd.	30	18	30
Sunshine Wilmar (Pvt) Ltd.	30	24	30
Sunshine Tea (Pvt) Ltd.	30	14	30
Watawala Dairy Ltd.	20	20	20
Century Properties Ltd.	30	24	30

Watawala Dairy Ltd.

Watawala Dairy Ltd. enjoys a tax exemption period of five years from the year in which the enterprise commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations whichever is earlier, under Section 17 (2) of the Board of Investment of Sri Lanka Law No. 4 of 1978 and in accordance with the provisions of the Inland Revenue Act No. 10 of 2006.

After the expiration of the tax exemption period, the profit and income of the Company shall be charged at the rate of twenty percent (20%) for any year of assessment immediately succeeding the last date of the tax exemption period during which the profit and income of the entity is exempted from income tax.

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14.2 Amount recognised in OCI

For the year ended 31 March	Note	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Remeasurement of defined benefit liability/(asset)	27.2	7,078	123,745	2,602	86,041
Equity investments at FVOCI – net change in fair value	27.3	(108,167)	(39,199)	(108,167)	(39,113)
		(101,089)	84,546	(105,565)	46,928

14.3 Amounts recognised directly in equity

There were no items recognised directly in equity during the year ended 31 March 2024.

14.4 Reconciliation between accounting profit and taxable profit

Group

	2024 %	2024 Rs. '000	2023 %	2023 Rs. '000
Profit before tax (before inter-company eliminations)		8,071,886		5,660,639
Intra-group adjustments		3,688,398		3,313,397
Profit before tax		11,760,284		8,974,036
Disallowable expenses	28	3,235,531	28	2,480,378
Tax deductible expenses	-18	(2,135,009)	-18	(1,624,114)
Tax exempt income	-52	(6,091,145)	-41	(3,634,529)
Tax loss brought forward	-19	(2,214,164)	-20	(1,752,437)
Tax loss carried forward	18	2,116,230	24	2,185,781
Taxable income		6,671,727		6,629,115
Income tax at 14%		–		284,812
Income tax at 15%		–		138,330
Income tax at 18%		–		31,466
Income tax at 24%		–		358,955
Income tax at 30%		2,001,518		542,279
Income tax on current year profit		2,001,518		1,355
Under/(Over) provision in respect of previous years		(30,468)		8,023
Special tax credit		–		–
		1,971,050		1,363,865
Origination of temporary differences		81,590		679,922
Tax expense		2,052,640		2,043,786
Effective tax rate (%)		17		23

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Company

	2024 %	2024 Rs. '000	2023 %	2023 Rs. '000
Profit before tax		1,974,740		1,251,075
		1,974,740		1,251,075
Disallowable expenses	4	76,097	8	95,322
Tax deductible expenses	-1	(26,795)	-2	(25,068)
Tax exempt income	-105	(2,070,509)	-96	(1,196,049)
Tax loss brought forward	-1	(14,191)		–
Tax loss carried forward	3	60,660	-1	(14,191)
Taxable income		–	9	111,090
Income tax		–		15,553
Income tax on current year profit		–		15,553
Under/(over) provision in respect of previous years		(1,370)		–
Origination of temporary differences		(15,918)		(14,814)
Tax expense		(17,288)		738
Effective tax rate		N/M		N/M

N/M – Not meaningful

14.5 Tax losses carried forward

	Group		Company	
For the year ended 31 March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Tax loss brought forward	519,405	610,346	–	–
Reassessment of previous year tax losses	29,316	199,229	–	–
Recognised through acquisition of business combination	–	148,283	–	–
Tax loss for the year of assessment	28,293	4,250	–	–
Set off against the current taxable income	(246,844)	(146,137)	–	–
Tax loss carried forward	330,170	519,406	–	–

15. ADJUSTED EARNINGS BEFORE INTERST, TAX, DEPRECIATION AND AMORTISATION (ADJUSTED EBITDA)

Management has presented the performance measure adjusted EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net financier costs, depreciation, amortisation, impairment losses/reversals related to goodwill, intangible assets, property, plant and equipment and the premeasurement of disposal groups and share of profit of equity-accounted investees.

Adjusted EBITDA is not a defined performance measure in SLFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosers by other entities.

Reconciliation of adjusted EBITDA to profit from continuing operations – Group

For the year ended 31 March	Note	2024 Rs. '000	2023 Rs. '000
Profit from continuing operations		6,019,246	3,616,855
Income tax expense		2,052,638	2,043,785
Profit before tax		8,071,884	5,660,640
Net finance costs		590,507	985,996
Depreciation – Property Plant and Equipment and Amortisation – Right to Use Assets	12	787,217	787,997
Depreciation – Biological Assets-Bearer	12	194,570	196,743
Amortisation		92,213	87,056
Adjusted EBITDA		9,736,391	7,718,432

There is no significant impact to EBITDA due to the economic crisis prevailing in the country.

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16. EARNINGS PER SHARE

Accounting policy

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

16.1 Basic Earnings Per Share

The earnings per share is computed on the profit attributable to ordinary shareholders after tax and Non Controlling Interest divided by the weighted average number of ordinary shares during the year.

	Group		Company	
For the year ended 31 March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Profit for the year, attributable to the owners of the Company (Rs.)	4,471,039	2,263,930	1,992,026	1,250,336
Weighted average number of ordinary shares (basic) Note 16.1.1	491,974	484,755	491,974	484,755
Basic Earnings per share (Rs.)	9.09	4.67	4.05	2.58

16.1.1 Weighted average number of shares

For the year ended 31 March	2024 Rs. '000	2023 Rs. '000
Issued ordinary shares as at 1 April	491,974	448,662
Effect of the share split	–	36,093
Weighted average No of shares	491,974	484,755

16.2 Diluted earnings per share

There was no dilution of ordinary shares outstanding at any time during the year. Therefore, diluted earnings per share is the same as basic earning per share as shown in Note 16.1.

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17. DIVIDEND PER SHARE

Accounting policy

Dividend declared by the Board of Directors after the reporting date is not recognised as a liability and is disclosed as a note to the financial statements.

The Board of Directors of the Company has declared a final dividend of Rs. 2.00 per share (2023 – final dividend of Rs. 1.15 per share) for the financial year ended 31 March 2024.

	2023/24 (Final)	2023/24 (Interim)	2022/23 (Final)	2023 (Interim and Final)
Dividend declared – Final and Interim (Rs. '000)	983,948	491,974	565,770	245,987
Number of ordinary shares '000	491,974	491,974	491,974	484,755
Dividend per share (Rs.)	2.00	1.00	1.15	0.50

Compliance with section 56 and 57 of Companies Act No. 7 of 2007
As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the company satisfied the solvency test in accordance with Section 57, prior to declaring the final dividend. A statement of solvency duly completed and signed by the Directors on 30 May 2024 will be audited by Messrs. KPMG.

17.1 Dividend paid during the year

For the year ended 31 March	2024 Rs. '000	2023 Rs. '000
Final dividend of Rs. 0.50 per share out of 2021/22 profit	–	245,987
Final dividend of Rs. 1.15 per share out of 2022/23 profit	565,770	–
Interim dividend of Rs. 1.00 per share out of 2023/24 profit	491,974	–
	1,057,744	245,987

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18. FINANCIAL ASSETS AND LIABILITIES

Financial Assets

Recognition and initial measurement

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

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

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI (Fair value through OCI) – debt investment; FVOCI – equity investment; or FVTPL (Fair value through profit or loss).

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets – Business model assessment

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

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

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

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

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

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

Financial assets – Subsequent measurement and gains and losses

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

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other payables and bank overdrafts.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Derecognition

(a) Financial assets

The Group derecognised a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group entered into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets were not derecognised.

b. Financial liabilities

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

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

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Classification of financial assets and financial liabilities

The following table provides a reconciliation between line item in the statement of financial position and categories of financial instruments.

31 March 2024 Amounts in (Rs. '000)	Group Mandatorily at FVTPL	Group FVOCI – equity instruments	Group Amortised cost	Group Total carrying value	Company Mandatorily at FVTPL	Company FVOCI – equity instruments	Company Amortised cost	Company Total carrying value
Financial Assets								
Investment in unquoted shares	–	670,469	–	670,469	–	670,469	–	670,469
Investment in quoted shares	7,549	–	–	7,549	7,549	–	–	7,549
Investment fund	51,393	–	–	51,393	–	–	–	–
Investment in debentures	–	–	104,206	104,206	–	–	104,206	104,206
Trade and other receivables	–	–	9,782,520	9,782,520	–	–	44,017	44,017
Amounts due from related parties	–	–	31,749	31,749	–	–	257,990	257,990
Short term investments	1,770,256	–	–	1,770,256	846,226	–	–	846,226
Cash and cash equivalents	–	–	5,403,789	5,403,789	–	–	723,291	723,291
Total financial assets	1,829,198	670,469	15,322,264	17,821,931	853,775	670,469	1,129,504	2,653,748
Financial Liability								
Loans and borrowings	–	–	6,192,556	6,192,556	–	–	–	–
Lease liability	–		404,762	404,762	–	–	–	–
Bank overdraft	–	–	2,689,245	2,689,245	–	–	–	–
Trade and other payables	–	–	7,603,511	7,603,511	–	–	97,345	97,345
Amounts due to related parties	–	–	–	–	–	–	282	282
Total financial liabilities	–	–	16,890,074	16,890,074	–	–	97,627	97,627

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31 March 2023 Amounts in (Rs. '000)	Group				Company			
	Mandatorily at FVTPL	FVOCI – equity instruments	Amortised cost	Total carrying value	Mandatorily at FVTPL	FVOCI – equity instruments	Amortised cost	Total carrying value
Financial Assets								
Investment in unquoted shares	–	309,911	–	309,911	–	309,911	–	309,911
Investment in quoted shares	21,011	–	–	21,011	21,011	–	–	21,011
Investment fund	53,283	–	–	53,283	–	–	–	–
Investment in debentures	–	–	104,173	104,173	–	–	104,173	104,173
Trade and other receivables	–	–	7,892,295	7,892,295	–	–	28,133	28,133
Financial lease receivable	–	–	48,343	48,343	–	–	–	–
Amounts due from related parties	–	–	149,443	149,443	–	–	233,869	233,869
Short term investments	–	–	229,870	229,870	–	–	225,000	225,000
Cash and cash equivalents	–	–	3,110,102	3,110,102	–	–	814,025	814,025
Total financial assets	74,294	309,911	11,534,226	11,918,431	21,011	309,911	1,405,200	1,736,122
Financial Liability								
Loans and borrowings	–	–	4,635,232	4,635,232	–	–	19,458	19,458
Lease liability	–	–	663,745	663,745	–	–	–	–
Bank overdraft	–	–	2,108,469	2,108,469	–	–	–	–
Trade and other payables	–	–	6,423,945	6,423,945	–	–	34,158	34,158
Amounts due to related parties	–	–	55,000	55,000	–	–	12	12
Total financial liabilities	–	–	13,886,391	13,886,391	–	–	53,628	53,628

19. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Recognition and measurement

Property, Plant and Equipment are recorded at cost less accumulated depreciation and accumulated impairment losses if any.

The cost of Property, Plant and Equipment is the cost of purchase or construction together with any expenses incurred in bringing the asset to its working condition for its intended use.

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 to increase the earning capacity of the business has been treated as capital expenditure. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items or major components of property, plant & equipment.

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

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Restoration costs

Repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Capital work-in-progress

Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for the intended use. These are expenses of a capital nature directly incurred in the construction of buildings, major plants/machineries and system developments awaiting capitalization. Capital work-in-progress is stated at cost less any accumulated impairment loss.

Leasehold assets

The determination of whether an arrangement is, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit or Loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset or the lease term.

The cost of improvements on leased hold property is capitalised and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is lower.

Subsequent costs

The cost of replacing a component of an item of property, plant & equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably.

De-recognition

The carrying amount of an item of property, plant & equipment is de-recognised on disposal; or when no future economic benefits are expected from its use. Gains and losses on de-recognition are recognised in Statement of Profit or Loss and gains are not classified as revenue.

Depreciation

Depreciation is recognised in Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant & equipment.

Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Expected useful life of lease assets are determined by reference to comparable owned assets or over the term of lease, which is shorter. As no finite useful can be determined related carrying value of freehold land is not depreciated though it is subject to impairment testing.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is de-recognised.

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The estimated useful lives for the current and comparative periods are as follows:

Freehold assets	
Buildings	15-40 Years
Roads and bridges	40 Years
Sanitation, water and electricity	20 Years
Plant and machineries	13 Years
Furniture and fittings	5-10 Years
Equipments	5-8 Years
Computer equipments	3-5 Years
Computer softwares	4-6 Years
Motor vehicles	4-5 Years
Electrical equipments	2 Years
Diagnostics and analyser equipments	4 Years
Medical equipments	4 Years
Hydro power plants	20 Years
Fence and security lights	3 Years
ROU assets	Lease term

Leasehold Assets	
Bare lands	53 Years
Roads and bridges	23 Years/Lease period
Improvements to lands	30 Years
Vested other assets	30 Years
Buildings	23 Years/Lease period
Plant and machineries	13 Years
Sanitation, water and electricity	20 Years
Water supply systems	20 Years
Mini-hydro power plants	10 Years
Motor vehicles	4-5 Years

Depreciation methods, useful life and residual values are re-assessed at the reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment of financial assets

The carrying amount to groups non-financial assets are reviewed at each reporting date to determine if there is any indication of impairment. If any such indication exists, them the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently, if events or changes in circumstances indicate that they might be impaired.

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and there risks specific to the asset. A cash generating unit is the smallest identifiable assets group that generate cash flows that are largely independent from other assets and groups.

Provision for/reversal of impairment

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

19.1 Reconciliation of carrying amount

a. Group

Cost

	Balance as at 1 April 2022 Rs. '000	Additions Rs. '000	Disposals Rs. '000	Transfers Rs. '000	Acquisition through business combination Rs. '000	Balance as at 31 March 2023 Rs. '000	Balance as at 1 April 2023 Rs. '000	Additions Rs. '000	Disposals Rs. '000	Transfers Rs. '000	Balance as at 31 March 2024 Rs. '000
Freehold assets											
Lands	851,538	166,042	–	–	–	1,017,580	1,017,580	–	–	–	1,017,580
Buildings	2,097,877	539,692	–	416,198	823,929	3,877,696	3,877,696	144,606	(16,826)	58,957	4,064,433
Plant and machineries	1,996,199	234,279	(24,794)	98,308	586,307	2,890,300	2,890,300	60,298	(3,445)	–	2,947,153
Furniture and fittings	237,600	26,316	(15,731)	4,392	47,062	299,639	299,639	43,239	(292)	11,241	353,827
Equipments	230,964	15,106	(11,224)	10,454	–	245,299	245,299	35,526	(126)	–	280,699
Computer equipments	149,084	21,075	693	446	36,470	207,768	207,768	35,186	(5,072)	(153)	237,729
Motor vehicles	694,151	14,950	(16,948)	–	15,866	708,018	708,018	145,653	(24,563)	–	829,108
Electrical equipments	115,806	32,834	–	2,964	14,291	165,895	165,895	18,890	(818)	3,860	187,827
Medical equipments	424,389	100,761	(821)	3,839	–	528,168	528,168	10,010	(169,050)	(1,162)	367,966
Other	256,706	75,336	–	–	–	332,042	332,042	15,117	–	–	347,159
ROUA (Note 34)	777,157	128,326	–	–	24,823	930,306	930,306	136,650	(2,633)	(7,023)	1,057,301
Capital work in progress	238,698	110,415	(11,613)	(499,236)	232,761	71,025	71,025	90,814	–	(76,022)	85,817
	8,070,168	1,465,133	(80,438)	37,365	1,781,508	11,273,735	11,273,735	735,989	(222,825)	(10,302)	11,776,599
Leasehold Assets											
Roads and bridges	5	–	–	–	–	5	5	–	–	–	5
Improvements to lands	1,135	–	–	–	–	1,135	1,135	–	–	–	1,135
Vested other assets	1,201	–	–	–	–	1,201	1,201	–	–	–	1,201
Buildings	35,894	–	–	–	–	35,894	35,894	–	–	–	35,894
Water supply systems	89	–	–	–	–	89	89	–	–	–	89
Machineries	23,208	–	–	–	–	23,208	23,208	–	–	–	23,208
Mini-hydro power plants	1,042	–	–	–	–	1,042	1,042	–	–	–	1,042
	62,574	–	–	–	–	62,574	62,574	–	–	–	62,574
Total cost	8,132,742	1,465,133	(80,438)	37,365	1,781,508	11,336,309	11,336,309	735,989	(222,825)	(10,302)	11,839,173

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Accumulated depreciation

	Balance as at 1 April 2022 Rs. '000	Charge for the year Rs. '000	Disposals Rs. '000	Transfers Rs. '000	Acquisition through business combination Rs. '000	Balance as at 31 March 2023 Rs. '000	Balance as at 1 April 2023 Rs. '000	Charge for the year Rs. '000	Disposals Rs. '000	Transfers Rs. '000	Balance as at 31 March 2024 Rs. '000
Freehold assets											
Buildings	435,668	177,616	–	–	58,667	671,951	671,951	211,601	(2,987)	15,910	896,476
Plant and machineries	960,188	204,651	(22,621)	4,527	358,128	1,504,873	1,504,873	194,374	(3,398)	–	1,695,849
Furniture and fittings	161,453	16,279	(11,891)	–	28,464	194,305	194,305	25,692	(244)	–	219,753
Equipments	105,966	28,052	(3,459)	–	–	130,558	130,558	32,330	(126)	–	162,762
Computer equipments	121,729	16,633	(172)	–	30,633	168,823	168,823	19,531	(5,011)	(12)	183,331
Motor vehicles	566,995	71,479	(15,934)	–	15,866	638,406	638,406	60,137	(24,563)	–	673,980
Electrical equipments	91,633	26,680	–	–	14,291	132,604	132,604	28,290	(711)	–	160,183
Medical equipments	361,456	39,552	(306)	–	–	400,702	400,702	46,187	(153,443)	–	293,446
Other	66,141	66,189	–	–	–	132,330	132,330	15,370	–	–	147,700
ROUA (Note 34)	412,744	140,085	–	–	10,839	563,669	563,669	137,586	–	–	701,255
	3,283,973	787,217	(54,383)	4,527	516,888	4,538,222	4,538,222	771,098	(190,483)	15,898	5,134,735
Leasehold assets											
Roads and bridges	5	–	–	–	–	5	5	–	–	–	5
Improvements to lands	1,125	10	–	–	–	1,135	1,135	–	–	–	1,135
Vested other assets	393	770	–	–	–	1,163	1,163	–	–	–	1,163
Buildings	35,894	–	–	–	–	35,894	35,894	–	–	–	35,894
Water supply systems	89	–	–	–	–	89	89	–	–	–	89
Machineries	23,208	–	–	–	–	23,208	23,208	–	–	–	23,208
Mini-hydro power plants	1,034	–	–	–	–	1,034	1,034	–	–	–	1,034
Motor vehicles	–	–	–	–	–	–	–	–	–	–	–
	61,748	780	–	–	–	62,528	62,528	–	–	–	62,528
Total accumulated depreciation	3,345,722	787,997	(54,383)	4,527	516,888	4,600,750	4,600,750	771,098	(190,483)	15,898	5,197,263

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	Note	Balance as at 31 March 2022 Rs. '000	Balance as at 31 March 2023 Rs. '000	Balance as at 31 March 2024 Rs. '000
Freehold assets				
Lands		851,538	1,017,580	1,017,580
Buildings		1,662,209	3,205,745	3,167,957
Plant and machineries		1,036,011	1,385,427	1,251,304
Furniture and fittings		76,147	105,333	134,073
Equipments		124,998	114,741	117,937
Computer equipments		27,355	38,945	54,398
Motor vehicles		127,155	69,612	155,128
Electrical equipments		24,173	33,291	27,644
Medical equipments		62,933	127,466	74,520
Other		190,565	199,712	199,457
ROUA	34	364,413	366,637	356,046
Capital work in progress		238,698	71,025	85,817
		4,786,194	6,735,513	6,641,861
Leasehold assets				
Improvements to lands		10	–	–
Vested other assets		808	38	38
Motor vehicles		8	8	8
		826	46	46
Total carrying value		4,787,020	6,735,559	6,641,907

- Assets in estates that are held under leasehold right to use have been taken into books of the Group retrospective from 18 June 1992. For this purpose, the Board of Directors of Watawala Plantations PLC is decided at its meeting on 8 March 1995 that those assets would be taken at their book value as they appeared in the books of the JEDB/SLSPC, on the date immediately preceding the date of formation of Watawala Plantations PLC.
- The assets shown above includes assets vested in the Watawala Plantations PLC by Gazetted notification on the date of formation of the subsidiary (18 June 1992) and all the investments made in the fixed assets by the subsidiary since its formation.
- Investment by the Group on mature and immature plantations are shown separately under biological assets – mature/immature plantations.
- The transfer of immature plantation to mature plantations commences at the time the plantation is ready for commercial harvesting.
- As described in Note 24.4, the Group has acquired the Subsidiaries namely Sunshine Tea (Pvt) Ltd. during the financial year 2022/23. The net book value of the Property, plant and equipment acquired through business combination amounted to Rs. 824 Mn.
- Land and building classified as investment properties in the respective entity level and classified as PPE at consolidated level are carried at revalued amounts.

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a. Company

Cost

	Balance as at 31 March 2022 Rs. '000	Additions Rs. '000	Balance as at 31 March 2023 Rs. '000	Balance as at 1 April 2023 Rs. '000	Additions Rs. '000	Transfers Rs. '000	Balance as at 31 March 2024 Rs. '000
Freehold assets							
Furniture and fittings	8,334	–	8,334	8,334	298	–	8,633
Equipments	6,419	199	6,618	6,618	–	–	6,618
Computer equipments	12,322	1,133	13,455	13,455	5,616	59	19,129
Motor vehicles	17,370	–	17,370	17,370	–	–	17,370
ROUA	45,654	36,791	82,445	82,445	–	–	82,445
	90,099	38,123	128,222	128,222	5,914	59	134,195

	Balance as at 31 March 2022 Rs. '000	Charge for the year Rs. '000	Balance as at 31 March 2023 Rs. '000	Balance as at 1 April 2023 Rs. '000	Charge for the year Rs. '000	Transfers Rs. '000	Balance as at 31 March 2024 Rs. '000
Freehold assets							
Furniture and fittings	5,107	1,111	6,217	6,217	1,096	–	7,314
Equipments	4,206	1,036	5,242	5,242	966	–	6,209
Computer equipments	7,579	2,247	9,827	9,827	2,378	–	12,205
Motor vehicles	13,889	3,474	17,363	17,363	7	–	17,370
ROUA	45,654	18,395	64,050	64,050	18,395	–	82,445
	76,435	26,264	102,699	102,699	22,844	–	125,543

Carrying Value

	Balance as at 31 March 2022 Rs. '000	Balance as at 31 March 2023 Rs. '000	Balance as at 31 March 2023 Rs. '000	Balance as at 31 March 2024 Rs. '000
Freehold assets				
Furniture and fittings	3,227	2,117	2,117	1,318
Equipments	2,213	1,375	1,375	409
Computer equipments	4,742	3,628	3,628	6,925
Motor vehicles	3,481	7	7	–
ROUA	–	18,395	18,395	–
Total carrying value	13,664	25,523	25,523	8,652

19.2 Title restriction on property, plant and equipment

There are no restrictions that existed on the title of the property, plant and equipment of the Group as at the reporting date.

19.3 Acquisition of property, plant and equipment during the year

During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 735.9 Mn. (2023- Rs. 1,465 Mn.).

19.4 Capitalisation of borrowing costs

There is no capitalisation of borrowing cost relating to the acquisition of property, plant and equipment by the Group during the year (2023 - Nil).

19.5 Amount of contractual commitments for the acquisition of property, plant and equipment

The commitments for the acquisition of property, plant and equipment as at the reporting date has been disclosed in Note 43. (2023 – Nil)

19.6 Impairment of property, plant and equipment

The Board of Directors has assessed the potential impairment loss of property, plant and equipment as at 31 March 2024. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date in respect of property, plant and equipment.

19.7 Property, plant and equipment pledged as security

Assets pledged as at 31 March 2023 are disclosed in Note 34.5.

19.8 Temporarily idle property, plant and equipment

There are no temporarily idle property, plant and equipment as at the reporting date.

19.9 Compensation from third parties for items of property, plant and equipment

There were no compensation received/receivable from third parties for items of property, plant and equipment that were impaired, lost or given up.

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20. INTANGIBLE ASSETS

Accounting policy

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is de-recognised.

Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the Group's interest in the net fair value of identifiable assets and liabilities of acquired entity.

Goodwill arising from business combinations is included in intangible assets whereas goodwill on acquisition of associate is included in investment in associates and is tested for impairment as part of the overall balance.

The excess of the purchase price over the carrying amount of non-controlling interest, when the Group increases its interest in an existing subsidiary, is recognised in equity.

Goodwill is tested annually for impairment, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups that are expected to benefit from the business combination which the goodwill arose.

Research and development costs

The costs on research activities undertaken with the prospect of gaining new scientific or technical knowledge is expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

a. the technical feasibility of completing the intangible asset so that it will be available for use or sale.

b. its intention to complete the intangible asset and use or sell it.

c. its ability to use or sell the intangible asset.

d. how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

f. its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

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Brand name

Brands acquired as part of a business combination, are capitalised as part of a Brand Name if the Brand meets the definition of an intangible asset and the recognition criteria are satisfied. Brand Names are reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Computer software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives and carried at its cost less accumulated amortisation and accumulated impairment losses. Costs associated with maintaining computer software programs are recognised as expense incurred.

Development costs that are directly attributable to the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets and amortised over the useful lives.

Directly attributable costs, capitalised as part of the software product include the software development employee cost and an appropriate portion of relevant overheads. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. When the computer software is an integral part of the related hardware which cannot operate without the specific software is treated as property, plant and equipment.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in Statement of Profit or Loss as incurred.

Amortisation

Amortisation is recognised in Statement of Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and brand name, from the date on which they are available for use. The estimated useful lives are as follows;

Software license	02 – 06 years
Software development cost	02 – 05 years
Brand	20 years
Development cost	10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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20.1 Reconciliation of carrying amount – Group

Group

	Note	Software Rs. '000	Brand Rs. '000	Development Cost Rs. '000	Capital Work in Progress Rs. '000	Total Rs. '000
Cost						
Balance as at 1 April 2022		327,963	167,150	88,892	24,822	608,827
Acquisition through business combination	24.4	32,668	–	–	–	32,668
Acquisitions		21,222	–	–	26,864	48,087
Disposal/write-off		(110)	–	–	–	(110)
Transfer		1,800	–	–	(9,277)	(7,477)
Balance at 31 March 2023		383,543	167,150	88,892	42,409	681,995
Balance as at 1 April 2023		383,543	167,150	88,892	42,409	681,995
Acquisitions		59,906		3,209	12,349	75,463
Transfer		–	–	–	(54,458)	(54,458)
Balance at 31 March 2024		443,449	167,150	92,101	300	703,000

	Note	Software Rs. '000	Brand Rs. '000	Development Cost Rs. '000	Capital Work in Progress Rs. '000	Total Rs. '000
Accumulated amortization						
Balance as at 1 April 2022		135,566	85,222	2,586	–	223,374
Acquisition through business combination	24.4	23,027	–	–	–	23,027
Amortization		54,334	23,358	8,889	–	86,581
Transfers/Disposals		(95)	–	–	–	(95)
Balance at 31 March 2023		212,832	108,580	11,475	–	332,887
Balance as at 1 April 2023		212,832	108,580	11,475	–	332,887
Amortisation		61,134	21,697	9,380	–	92,210
Balance at 31 March 2024		273,965	130,277	20,855	–	425,097
Carrying value as at 31 March 2023		170,712	58,570	77,417	42,409	349,107
Carrying value as at 31 March 2024		169,484	36,873	71,246	300	277,903

20.1.1 Brand acquisition

The Group has recognised the brand "HEALTHGUARD" upon the acquisition of Healthguard Pharmacy Ltd., on 19 December 2010 and the brand has been valued by an independent valuer, Quasar Capital Advisors (Pvt) Ltd. The value of the brand is tested for impairment on every reporting date. The Board of Directors has decided to amortise the brand for 20 years beginning from the year 2014/15.

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20.1.2. Reconciliation of Carrying amount – Company

Company

	Software Rs. '000	2024 Rs. '000	2023 Rs. '000
Cost			
Balance as at 1 April	29,358	29,358	29,358
Balance at 31 March	29,358	29,358	29,358
Accumulated amortisation and impairment losses			
Balance as at 1 April	9,599	9,599	4,330
Amortisation	5,269	5,269	5,269
Balance at 31 March	14,868	14,868	9,599
Carrying value as at 31 March	14,489	14,490	19,759

Assessment of Impairment of Intangible Assets

The Board of Directors has assessed the potential impairment loss of intangible assets as at 31 March 2024. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date.

Title Restriction on Intangible Assets

There are no restrictions that existed on the title of the intangible assets of the Company/Group as at the reporting date.

Intangible Assets pledged as Security

None of the intangible assets have been pledged as security as at the reporting date.

Acquisition of Intangible Assets During the Year

During the financial year, the Group acquired intangible assets to the aggregate value of Rs. 75 Mn. (2023 – Rs. 48 Mn.).

Amount of Contractual Commitments for the Acquisition of Intangible Assets

The contractual commitments for the acquisition of Intangible Assets as at the reporting date has been disclosed in Note 42.

Fully Amortised Intangible Assets in Use

Intangible assets include fully amortised computer software which are in use in the normal business activities to the gross carrying value of Rs. 16.5 Mn. (2023 – Rs. 45.1 Mn.).

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21. LEASEHOLD LAND

Leasehold right to land of JEDB/SLSPC estates

	Group	
	2024 Rs. '000	2023 Rs. '000
Cost/Revaluation		
Balance as at 1 April	366,949	449,869
Remeasurement of lease liabilities	133,511	20,142
Balance at 31 March	500,460	470,011
Accumulated amortisation		
Balance as at 1 April	123,073	213,874
Amortisation	17,536	12,261
Balance at 31 March	140,609	226,135
Carrying amount	359,851	243,876

The lease of JEDB/SLSPC estates handed over to the subsidiary, Watawala Plantations PLC for the period of 53 years are all executed. The leasehold rights to the land on all these estates are taken in to the books of the subsidiary as at 18 June 1992 immediately after formation of the subsidiary Watawla Plantation PLC in terms of a ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. The bare land are revalued at the value established for this land by valuation specialists, DR Wickramasinghe, just prior to the formation of the subsidiary.

The leasehold rights to land is recorded in accordance with the Statement of Recommended Practice for the Right-to-Use of land on lease which was approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19 December 2012. Corresponding liability is shown as a lease payable to JEDB/SLSPC.

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22. BIOLOGICAL ASSETS

Accounting policy

Biological assets shall be qualified for recognition if the Group controls the assets as a result of past event. It is probable that future economic benefits associated with the assets will flow to the Group and fair value or cost of the asset can be measured reliably.

Livestock

A biological asset is a living animal or plant. Livestock are measured at their fair value less estimated costs to sell with any change therein recognised in Statement of Profit or Loss. Estimated cost to sell includes all costs that would be necessary to sell the assets such as transport cost, commission etc.

The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit. The fair value represent the estimated amount for which cattle could be sold on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing where in the parties had each acted knowledgably, prudently and without compulsion.

Mature and immature plantations

The costs directly attributable to re-planting and new planting are classified as immature plantations up to the time of harvesting the crop.

Since the market determined prices or values are not available and for which alternative estimates of fair value are determined to be clearly unreliable, the Group measures immature and mature plantations of bearer biological assets such as tea, rubber, oil palm etc. at its cost less any accumulated depreciation and any accumulated impairment losses on initial recognition in line with the ruling given by the Institute of Chartered Accountants of Sri Lanka to measure bearer biological assets under LKAS 16, Property, Plant and Equipment.

Nurseries are carried at cost as the fair value cannot be easily determined. The costs consist of direct materials, direct labour and appropriate proportion of other directly attributable overheads. Once the fair value of such a biological asset becomes reliably measurable, the Group measures it at its fair value less cost to sell.

All expenses incurred in land preparation, planting and development of crops up to maturity or up to the harvesting of the crop are capitalised as biological assets.
All expenses subsequent to maturity are recognised directly in Statement of Profit or Loss. General charges incurred on the re-plantation and new plantations are apportioned based on the labour days spent on respective re-planting and new planting and capitalised on immature areas. The remaining portion of the general charges is expensed in the accounting period in which it is incurred.

Where infilling results in an increase in the economic life of a relevant field beyond its previously assessed standard of performance, the costs are capitalised and depreciated over the remaining useful life at rates applicable to mature plantations. Infilling costs that are not capitalised are charged to the Statement of Profit or Loss in the year in which they are incurred.

The cost of areas coming into bearing are transferred to mature plantations and depreciated over their useful lives as follows:

	Freehold (Years)	Leasehold (Years)
Tea	33	30
Rubber	20	20
Palm oil	20	20
Cinnamon	30	10
Caliandra	15	–
Grass	5	–
Coconut	33	–

Timber plantation

Timber plantation is measured at fair value on initial recognition and at the end of each reporting period at fair value less cost to sell which includes all the cost that would be necessary to sell the assets including transportation costs.

Gain or loss arising on initial recognition of timber plantations at fair value less costs to sell and from the change in fair values less costs of plantations at each reporting date are included in the Statement of Profit or Loss for the period in which they arise. All costs incurred in maintaining the assets are included in Statement of Profit or Loss in the year in which they are incurred.

	Note	Group 2024 Rs. '000	2023 Rs. '000
Biological assets – Bearer	22.1	2,493,849	2,652,400
Biological assets – Consumables	22.2	70,086	44,269
Biological assets – Live stock	22.3	1,165,585	893,067
		3,729,520	3,589,736
Non current – Biological assets consumable		3,658,653	3,503,610
Current – Biological assets produce on bearer plant		70,867	86,126
		3,729,520	3,589,736

22.1 Biological assets – Bearer

	Nurseries Rs. '000	Immature plantations Rs. '000	Mature plantations Rs. '000	2024 Rs. '000	2023 Rs. '000
Cost					
Balance as at 1 April	11,173	140,939	4,150,659	4,302,771	4,152,593
Additions	–	47,191	–	47,191	95,832
Impairment losses and write-downs	–	–	–	–	55,100
Transfers	(11,173)	–	–	(11,173)	(755)
Balance as at 31 March	–	188,130	4,150,659	4,338,789	4,302,770
Accumulated depreciation					
Balance as at 1 April	–	–	1,650,370	1,650,370	1,453,627
Charged for the year	–	–	194,570	194,570	196,743
Balance as at 31 March	–	–	1,844,940	1,844,940	1,650,370
Carrying value					
As at 31 March 2024	–	188,130	2,305,719	2,493,849	–
As at 31 March 2023	11,173	140,939	2,500,289	–	2,652,400

Investments in biological assets-plantations since the formation of the Company have been classified as shown above and includes bearer biological assets comprising mainly tea and palm plantations. Bearer biological assets together with any unmanaged biological assets are stated at cost.

The requirement of recognition of bearer biological assets at its fair value less cost to sell under LKAS 41 was superseded by the ruling issued on 2 March 2012, by the Institute of Chartered Accountants of Sri Lanka. Accordingly, Watawala Plantations PLC, a subsidiary of the Company has elected to measure the bearer biological assets at cost using LKAS 16 – "Property, Plant and Equipment".

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22.2 Biological assets – Consumables

	Nurseries Rs. '000	Immature plantations Rs. '000	Mature plantations Rs. '000	2024 Rs. '000	2023 Rs. '000
Cost					
Balance as at 1 April	–	–	44,269	44,269	33,783
(Loss)/Gain arising from changes in fair value less costs to sell	–	–	25,817	25,817	10,486
Balance as at 31 March	–	–	70,086	70,086	44,269

– Expected rate of return p.a. 17.6 (2023 – 24.5%)

– Maturity for harvesting – 25 years (2023 – 25 years)

Immature consumer biological assets comprising trees under 5 years old are carried at cost less accumulated impairment losses.

22.2.1 Measurement of fair values

The valuation of consumable biological assets was carried by Mr Weerasinghe Chadrasena, an independent Incorporated Valuation Surveyor, using Discounted Cash Flows (DCF) methods. The Valuation Report dated 31 March 2024 has been prepared based on the physically verified timber statistics provided by the Group.

The future cash flows are determined by reference to current timber prices

(a) The fair value measurements for the timber have been categorised as Level 3 fair values based on the inputs to the valuation techniques used. The fair value measurements of livestock have been categorised as Level 2 fair values based on observable market sales data.

(b) Level 3 fair values

The following table shows a breakdown of the total gains (losses) recognised in respect of Level 3 fair values (Timber).

	Group	
	2024 Rs. '000	2023 Rs. '000
Gain included in "other income"		
Change in fair value (unrealised)	25,817	10,486

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(c) Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques used in measuring Level 3 fair value of consumable biological assets as well as the significant unobservable inputs used for the valuation as at 31 March 2024.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Standing timber Standing timber older than 4 years	**Discounted cash flows** The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per-tree basis. Expected cash flows are discounted using a risk-adjusted discount rate of 24.5% (2023: 24.50%). Following factors have been considered in determining the risk premium; – The illiquid nature of The plantations prior to maturity – A lack of market evidence as to the value of biological assets through their life cycle – Risk relations to diseases and fire affecting the biological assets – Adoption of conservative valuation approach	**Determination of timber content** Timber trees in inter-crop areas and pure crop areas have been identified field-wise and spices were identified and harvestable trees were separated, according to their average girth and estimated age. Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size. **Determination of price of timber** Trees have been valued as per the current timber prices per cubic metre based on the industry average prices logs sawn timber at the popular timber traders in Sri Lanka. In this exercise, following factors have been taken into consideration a. Cost of obtaining approval of felling. b. Cost of felling and cutting into logs. c. Cost of transportation. d. Sawing cost. e. Cost of sale. f. Exclusion of trees located in restricted area specialized in the circular No. 2019/01 dated on 6 November 2019 issued by the Ministry of Plantation Industries. Price range per cu.ft. is Rs. 350-/ to Rs. 1,000/- (2023 – Rs. 350/- to Rs. 1,000/-) **Risk-adjusted discount rate.** 2024 – 17.6% (2023 – 24.5%).	The estimated fair value at the time of harvesting each specific species is sensitive to the following variables: – the estimated timber content (The higher the volume, the higher the fair value) – the estimated selling related costs (Lower the selling related costs, the higher the fair value) – the estimated maturity age (Lower the rotation period, the higher the fair value) – the estimated maturity age – the risk-adjusted discount rate. (The higher the discount rate, the lesser the fair value)

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22.2.2 Sensitivity analysis

The financial impact on the value appearing in the Statement of Financial Position due to change of selling price and variation of discount rate is given below.

Sensitivity variation sales price (using 10% estimated variation)

Simulations made for the timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

	2024 Rs. '000	2023 Rs. '000
Value stand as now	70,086	44,269
Value stand as at 10% (2023 – 10%) positive variance	77,094	48,696
Value stand as at 10% (2023 – 10%) negative variance	63,077	39,842

Sensitivity variation discount rate (using 1% variation)

Simulations made for the timber trees show that a rise or decrease by 1% of the discount rate has the following effect on the net present value of biological assets:

	2024 Rs. '000	2023 Rs. '000
Value stand as now	70,086	44,269
Value stand as at 1% positive variance	67,419	42,573
Value stand as at 1% negative variance	72,956	46,083

22.3 Biological assets – Livestock

	Group	
	2024 Rs. '000	2023 Rs. '000
Balance as at 1 April	893,067	943,201
Additions	306,209	165,176
Disposals during the year	(63,122)	(57,870)
Gain/(loss) arising from changes in fair value less costs to sell	29,431	(157,440)
Balance as at 31 March	1,165,585	893,067

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22.3.1 Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Livestock Livestock comprises cattle	Discounted cash flows The valuation model considers present value of future net cash flows expected to be generated by the cattle based on lactation-wise annual milking averages and costs incurred. Expected cash flows are discounted using a risk-adjusted discount rate of 18.75% (2023 – 26.34%).	Determination of selling price Selling price has been determined based on the market prices Determination of cost per cow Cost per cow has been determined based on the adjusted cost during the year. Determination of cost per cow Risk adjusted discount rate of 18.75% (2023 – 26.15%) has been use for the valuation. Determination of yield Yield has been determined based on the actual milk production in each lactation. Risk-adjusted discount rate. 2024 – 18.75% (2023 – 26.15%).	The estimated fair value would increase/(decrease): – the estimated milking prices were higher/(lower) – the estimated yield per cow were higher/(lower) – the risk-adjusted discount rate were higher/ (lower)

22.3.2. Sensitivity analysis

The fair value measurements of livestock have been categorised as Level 3 fair value based on assumptions used.

Sensitivity variation sales price (using 10% estimated variation)

Simulations made for livestock show that an increase or decrease by 10% of the estimated future selling price has the following effect on the fair value of biological assets:

	2024 Rs. '000	2023 Rs. '000
Value stand as now	1,165,585	893,067
Value stand as at 10% positive variance	1,807,588	910,936
Value stand as at 10% negative variance	523,589	875,783

Sensitivity variation Cost (using 10% variation)

Simulations made for livestock show that an increase or decrease by 10% of the estimated future cost has the following effect on the fair value of biological assets:

	2024 Rs. '000	2023 Rs. '000
Value stand as now	1,165,585	893,067
Value stand as at 10% positive variance	626,146	823,025
Value stand as at 10% negative variance	1,705,032	963,615

Sensitivity variation discount rate (using 1% variation)

Simulations made for livestock show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the fair value of biological assets:

	2024 Rs. '000	2023 Rs. '000
Value stand as now	1,165,585	943,201
Value stand as at 1% positive variance	1,139,462	933,769
Value stand as at 1% negative variance	1,192,697	952,633

Sensitivity Variation on yield (using 1% variation)

	2024 Rs. '000	2023 Rs. '000
Value stand as now	1,165,585	943,201
Value stand as at 1% positive variance	1,260,156	952,633
Value stand as at 1% negative variance	1,071,628	933,769

LKAS 41-Ammended-Valuation of growing crops on bearer plants

The amendment became effective for the period beginning on or after 1 January 2016.T he growing crops on bearer plants should be fair valued and recognised in the Financial Statements.

	Group	
	2024 Rs. '000	2023 Rs. '000
Balance as at 1 April	86,126	71,671
Change during the year	(15,259)	14,455
Balance as at 31 March	70,867	86,126

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The volume of produce growing on bearer plants are measured considering the estimated crop of the last harvesting cycle of the year as follows,

Tea – Three days crop (50% of 6 days cycle),

Oil palm – Five days crop(50% of 10 days cycle)

Produce that grows on mature bearer plantations are measured at fair value less cost to sell. The value of the unharvested green leaves is measured using the Tea commissioner's formula for bought leaf and the value of unharvested fresh fruit bunches (FFB) of oil palm is measured using the actual price used to purchase FFB from out growers.

Risk management strategy related to agricultural activities

Regulatory and environmental risks
The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Supply and demand risk
The Group is exposed to risks arising from fluctuations in the price and sales volume. When possible, the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

Climate and other risks
The Group's plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

23. INVESTMENT PROPERTY

Accounting policy

Recognition and measurement

'Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as revenue on a straight-line basis over the term of the lease.

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23.1 Reconciliation of carrying amount

Group

	Land Rs. '000	Building Rs. '000	Total Rs. '000
Balance as at 1 April 2022	841,422	188,671	1,030,093
Additions	(246,705)	(169,153)	(415,858)
Fair value	13,293	–	13,293
Balance as at 31 March 2023	**608,010**	**19,518**	**627,528**
Balance as at 1 April 2023	608,010	19,518	627,528
Additions	3,684	–	3,684
Balance as at 31 March 2024	**611,694**	**19,518**	**631,212**

23.2 Details of land and building under Investment Property

Location	Extent		No of Buildings	Fair valued amount			
	Land (Perches)	Building (Square feet)		Land Rs. '000	Building Rs. '000	Carrying value after fair valuation Rs. '000	Carrying value if carried at cost Rs. '000
No. 75A, Kandawala Road, Rathmalana	195.50	42,367.50	–	221,700	148,550	370,250	327,205
No. 130/6, Sri Wickrema Mawatha	117.00	31,105.00	–	129,258	90,105	219,362	71,616
No. 60/46, Sri Wickrama Road, Colombo 15	25.60	–	–	30,700	–	30,700	11,980
No. 107/11, Pasbatel Road, Mattakkuliya	246.29	–	–	221,661	–	221,661	171,674
No. 75, Norris Canel Road, Colombo 10	28.25	–	–	268,375	–	268,375	226,000
Budanapitiya Road, Hengawa and Modera, Kurunagala	1,672.00	3,082.00	–	39,180	27,355	66,535	37,072
Rukgaha Thothupola Road, Aluthgama, Bandaragama	160.00	–	–	28,000	–	28,000	16,960

Lands and buildings were revalued as at 31 March 2022, by Mr S Sivaskantha, B.Sc. Est, Mgt and Val (SL), Diploma in Valuation, a professional valuer in Sri Lanka. The fair value is determined based on an open market value using existing use basis.

The Group policy is to carry out independent valuation of the Investment Properties by an independent professional valuer every three (3) years period. During the three years the management carries out an internal Assessment annually to conclude no any significant changes to market value. The investment property were independently valued last on 31st March 2022. Accordingly the group has carried out an internal assessment as at 31 March 2024 and concluded that there is no significant change in the market value and no adjustment were made to the financial statements.

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23.3 Measurement of fair values

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every 3 years.

The fair value measurement of all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

Valuation techniques and significant unobservable inputs

The table below sets out the significant unobservable inputs used in measuring land and building categorized as Level 3 in the fair value hierarchy as at 31 March 2024.

Location and address of the property	Method of valuation	Significant unobservable inputs	Range of estimates for unobservable inputs	Estimated fair value would increases or decreases
No. 75A, Kandawala Road, Rathmalana.	Direct Comparison Approach	Land – Price per perch	Rs. 1,050,000 – Rs. 1,100,000	Price per perch for land increases
	Direct Comparison Approach	Building – Price per square feet	Rs. 3,000 – Rs. 4,000	Price per perch for land increases
No. 107/11, Pasbatel Road, Mattakkuliya	Direct Comparison Approach	Land – Price per perch	Rs. 850,000 – Rs. 900,000	Price per perch for land increases
No. 60/52, Sri Wickrema Mawatha, Mattakkuliya	Direct Comparison Approach	Land – Price per perch	Rs. 850,000 – Rs. 900,000	Price per perch for land increases
	Direct Comparison Approach	Building – Price per square feet	Rs. 5,500 – Rs. 6,000	Price per square feet for Building increases, decreases
No. 75, Norris Canal Road, Colombo 10	Direct Comparison Approach	Land – Price per perch	Rs. 7,500,000 – Rs. 9,500,000	Price per perch for land increases
Budanapitiya Road, Hengawa and Modera, Kurunagala	Direct Comparison Approach	Land – Price per perch	Rs. 23,438/-	Price per perch for land increases
Rukgaha Thothupola Road, Aluthgama, Bandaragama	Direct Comparison Approach	Land – Price per perch	Rs. 175,000/-	Price per perch for land increases

Method of Valuation

Direct Comparison Approach

When the rental value of a specific property is unavailable, but there is evidence of the sale price for comparable properties in the area, this approach can be applied. In such instances, the capitalised value of the property is determined by directly comparing it to the capitalized value of similar properties in the vicinity.

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23.4 Income from Investment Property

	Note	Group 2024 Rs. '000	Group 2023 Rs. '000
Rent income from Investment Property	9	25,968	31,016
Direct Operating Expenses (including maintenance) generating Rent income		(4,408)	(3,045)
Net Profit from Investment Property carried at Fair Value		21,560	27,971

24. INVESTMENT IN SUBSIDIARIES

Accounting policy

Recognition and measurement

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

Investments in subsidiaries are recognised at cost of acquisition and thereafter it is carried at cost less any impairment losses in the separate Financial Statements of the Company. The net assets of each subsidiary are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the investment is estimated and the impairment loss is recognised to the extent of its net assets loss.

Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the Group's interest in the net fair value of identifiable assets and liabilities of acquired entity.

Goodwill arising from business combinations is included in intangible assets whereas goodwill on acquisition of associate is included in investment in associates

The excess of the purchase price over the carrying amount of non-controlling interest, when the Group increases its interest in an existing subsidiary, is recognized in equity.

Goodwill is tested annually for impairment, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups that are expected to benefit from the business combination which the goodwill arose.

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	Note	2024					2023				
		Holding %	Number of Shares	Cost Rs. '000	Impairment Rs. '000	Carrying value Rs. '000	Holding %	Number of Shares	Cost Rs. '000	Impairment Rs. '000	Carrying value Rs. '000
Unquoted											
Sunshine Healthcare Lanka Ltd.		100	11,033	3,027,470	–	3,027,470	100	11,033	3,027,470	–	3,027,470
Sunshine Consumer Lanka Ltd.		100	35,500	741,595	–	741,595	100	35,500	741,595	–	741,595
Sunshine Packaging Lanka Ltd.	24.3	100	91,479	696,500	(178,616)	517,884	100	91,479	696,500	(177,582)	518,918
Sunshine Wilmar (Pvt) Ltd.		50	395,000	1,520,750	–	1,520,749	50	395,000	1,520,750	–	1,520,749
Sunshine Tea (Pvt) Ltd.		100	4,717	1,940,000	–	1,940,000	100	3,500	1,440,000	–	1,440,000
				7,926,315	(178,616)	7,747,698			7,426,315	(177,582)	7,248,732

24.1 Group's Indirect Holdings

	Direct/ Indirect	2024 %	2023 %
Watawala Plantations PLC	Indirect	38.42	38.42
Sunshine Consumer lanka (Pvt) Ltd.	Direct	100.00	100.00
Watawala Dairy Ltd.	Indirect	34.54	34.54
Zesta Tea Ceylon (Shenzhen) Co. Ltd.	Direct	100.00	100.00
Sunshine Healthcare Lanka (Pvt) Ltd.	Direct	100.00	100.00
Healthguard Pharmacy Ltd.	Direct	100.00	100.00
Norris Canal Properties (Pvt) Ltd.	Direct	100.00	100.00
Sunshine Wilmar (Pvt) Ltd.	Direct	50.00	50.00
Lina Manufacturing (Pvt) Ltd.	Indirect	71.60	90.62
Lina Spiro (Pvt) Ltd.	Indirect	71.60	46.22
Sunshine Tea (Pvt) Ltd.	Direct	100.00	100.00

24.2 Changes to the group structure during the year

24.2.1 Capital Infution for Sunshine Tea (Pvt) Ltd.

The board of directors of Company at the meeting held on 18 January 2024 resolved to infuse a sum of Sri Lanka Rupees Five Hundred Million (Rs. 500,000,000/-) into the capital of it's subsidiary Sunshine Tea (Pvt) Ltd. Accordingly SST has capitalise such sum of Sri Lanka Rupees Five Hundred Million (Rs. 500,000,000/-) by the issue of fully paid ordinary shares to the Company.

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24.2.2 Acquisition of NCI of Lina Spiro (Pvt) Ltd.

The subsidiary Lina Spiro (Pvt) Ltd. issued new shares valued at Rs. 93 Mn. to Celegon Lanka (Pvt) Ltd. in exchange for settling a Rs. 93 Mn. payables to Bion Healthcare (Pvt) Ltd. The issuance involved 46.5 million new shares vales at Rs. 2 each. the share value was determined based on the latest share transaction from the previous financial year.

Accordingly with the above transaction the shareholding in the subsidiary with Lina Manufacturing was reduced to 39%. However immediately after above transaction below transaction also occurred and , no changes were incurred in the control of the subsidiary during the year.

The company issued new shares valued at Rs. 307.3 Mn. to Celegon Lanka (Pvt) Ltd. in exchange for 153,686,250 shares of Lina Spiro (Pvt) Ltd. valued at a total of Rs. 307 Mn. The issuance involved 12,754,046 new shares vales at Rs. 24.10 each. The share value was determined based on the internal valuation carried out based on PER method. With the above transaction the ownership in Lina Spiro (Pvt) Ltd. with Lina Manufacturing increased to 100%.

On 3 August 2023, Lina Manufacturing Private Ltd. ("LMPL"), which is a subsidiary of Sunshine Healthcare Lanka Ltd., acquired the remaining Non-Controlling Interest of 49% thereby acquired 100% ownership of Lina Spiro Private Ltd. (LSPL). The consideration for this purchase was satisfied by the issuance of new ordinary (voting – removed) shares in Lina Manufacturing (Pvt) Ltd. to Celogen Lanka Private Ltd. for a consideration of Rs. 307 Mn. As a result of this transaction, the effective shareholding of SHL in LMPL was diluted from 90.62% to 71.6%.

24.2.3 Amalgamation of a Subsidiary

Gordon Frazer & Bosanquate Skrine Company Ltd. was amalgamated with Sunshine Tea (Pvt) Ltd., a fully owned subsidiary of Sunshine Tea (Pvt) Ltd. with effect from 27 September 2023. Accordingly, the book value of Gordon Frazer and Bosanquate Skrine Company Ltd. was amalgamated with Sunshine Tea (Pvt) Ltd. and Sunshine Tea (Pvt) Ltd. continues as the surviving entity.

24.3 Assessment of Impairment of Subsidiaries

The Board of Directors has assessed the potential impairment loss of investment in subsidiaries as at 31 March 2024. Based on the assessment, except for Sunshine Packaging Lanka Ltd., no impairment provision was required to be made in the financial statements as at the reporting date based on the losses the net asset value lower to cost of investment.

The Board of Directors of Sunshine Packaging Lanka Ltd., fully owned subsidiary of Sunshine Holdings PLC, decided to discontinue the manufacture and sell metal cans and allied products for the food canning industry with effect from 31 August 2017. Subsequent to the discontinue the operation, the Company is engaged in renting out premises and earn rental income. However, considering the net asset position and future cash flows of the subsidiary the Board has decided to make a provision for probable impairment of investment of Rs. 178.76 Mn. (2023 – Rs. 177.6 Mn.).

The Board of Directors of the Company carried out an internal assessment of the potential implications of prevailing economic condition on its subsidiaries and are of the view that there is no additional provision for impairment needed against its investments in subsidiaries as at reporting date

24.4 Goodwill

On 1 April 2022, Sunshine Holdings PLC, acquired 100% of the ordinary voting shares of Sunshine Tea (Pvt) Ltd. ("SST"). The consideration for this purchase was satisfied for a consideration of Rs. 1,440 Mn. (Net asset value as of 1 April 2022 – Rs. 1,226 Mn.)

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The aggregate effects of acquisition of subsidiaries are as follows:

	Total Rs. '000	Sunshine Helthcare Lanka Ltd. Rs. '000	Sunshine consumer Lanka Ltd. Rs. '000	Sunshine Tea (Pvt) Ltd. Rs. '000
Opening balance as at 1 April 2022	1,526,648	1,526,648	195,440	–
Acquisition during the year	214,753	214,753	–	214,753
Impairment during the year*	(354,295)	(354,295)	–	–
Closing balance as at 31 March 2023	1,387,106	1,387,106	195,440	214,753
Opening balance as at 1 April 2023	1,387,106	976,913	195,440	214,753
Closing balance as at 31 March 2024	1,387,106	976,913	195,440	214,753

**Goodwill is annually assess for the impairment. Based on the detailed assessment carried out by the Board of Directors on potential impairment loss of the goodwill identified on consolidation and a provision amounting to Rs. 354 Mn. was made in previous financial years. Based on the impairment assessment carried out by the Board of Directors are as at reporting date, no further provision is was required for the identified goodwill.*

25. EQUITY ACCOUNTED IN INVESTEE

The Company does not have any investment in equity accounted in Investee as of 31 March 2024.

26. OTHER INVESTMENTS

See accounting policies in Note 18.

Derivative financial instruments
The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group's financial instruments are summarised as follows:

		Group		Company	
	Note	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Fair Value Through Profit or Loss – FVTPL	26.1	656,985	928,444	605,592	21,011
Fair Value Through Other Comprehensive Income – FVOCI	26.2	670,469	309,911	670,469	309,911
Investments measured at amortised cost	26.3	1,276,419	364,682	352,389	359,812
		2,603,873	1,603,037	1,628,450	690,734
Non-current investments		833,617	519,017	782,224	465,734
Current investments		1,770,256	1,084,020	846,226	225,000
		2,603,873	1,603,037	1,628,450	690,734

Information about the Group's exposure to credit and market risk, and fair value measurement, is included in Note 39 and 40.

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26.1 Fair Value through Profit or Loss – FVTPL

	Note	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Investment in quoted shares	26.1.1	7,549	21,011	7,549	21,011
Investment in unit trust	26.1.2	598,043	–	598,043	–
Investment fund	26.1.3	51,393	53,283	–	–
Investment in treasury bonds	26.1.4	–	854,150	–	–
		656,985	928,444	605,592	21,011

26.1.1 Investment in Quoted Shares

Group and Company

	2024 Number of Shares	2024 Cost Rs. '000	2024 Market Value Rs. '000	2023 Number of Shares	2023 Cost Rs. '000	2023 Market Value Rs. '000
John Keells Holdings PLC	–	–	–	10,848	1,606	1,519
Commercial Bank of Ceylon PLC	–	–	–	62,281	5,482	3,961
Aitken Spence Hotels Holdings PLC	18,000	1,456	1,192	18,000	1,456	1,078
Peoples Leasing and Finance PLC	–	–	–	376,335	5,403	2,973
Chevron Lubricants Lanka PLC	59,000	8,684	6,357	59,000	8,684	5,404
Sampath Bank PLC	–	–	–	115,725	8,771	6,076
Total	77,000	10,140	7,549	642,189	31,442	21,011
Fair value adjustment		(23,852)			(10,391)	
Market value		7,549			21,011	

26.1.2 Investment in Unit Trusts

	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Balance as at 1 April	–	–	–	–
Investments/disposals made during the year	570,000	–	570,000	–
Gain on increase in net asset value during the year	28,043	–	28,043	–
Carrying value as of 31 March	598,043	–	598,043	–

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The Investment in Unit Trusts comprises investments made in Capital Alliance Investments Ltd. and NDB Wealth Management Ltd., a Hatton National Bank Custody Trustee Services. The average annual yield of the two investments are as follows;

Institution	Fund	Yeild Rate (%)
Capital Alliance PLC	Investment Grade Fund	16.20
NDB Wealth Management Ltd.	Money Fund	12.65

26.1.3 Investment fund

	Group	
	2024 Rs. '000	2023 Rs. '000
Balance as at 1 April	53,283	72,313
Investments/disposals made during the year	–	(23,687)
Funds transferred to short term deposit account	(9,000)	–
Gain on increase in net asset value during the year	7,110	4,657
Carrying value as of 31 March	51,393	53,283

The fund comprises Hatton National Bank Custody Trustee Services. The average yeild for the year was 13.20%. (HNB 2023 – 12.67%). The Net asset value of the investment fund comprise of following instruments as at 31 March.

	Group	
	2024 Rs. '000	2023 Rs. '000
Debentures	17,453	37,015
Fixed deposits	–	12,407
Cash at bank	25	3,861
Money market	33,915	–
	51,393	53,283

26.1.4 Investment in Treasury bonds

	Group	
	2024 Rs. '000	2023 Rs. '000
Cost of investment	–	814,319
Unrealised gain/(loss) from marked to market valuation	–	30,022
	–	844,341
Interest Receivable	–	9,809
	–	854,151

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26.2 Fair Value through Other Comprehensive Income – FVOCI

	Group/Company		Group/Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Investment in unquoted shares	670,469	309,911	670,469	309,911
	670,469	309,911	670,469	309,911

26.2.1 Investment in Unquoted Shares

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
TATA Communication Lanka Ltd.	350,611	192,052	350,611	192,052
Lanka Commodity Brokers Ltd.	319,858	117,859	319,858	117,859
	670,469	309,911	670,469	309,911

Group and Company

	Lanka Commodity Brokers Ltd. Rs. '000	TATA Communication Lanka Ltd. Rs. '000	Total Rs. '000
Cost			
Cost as of 1 April 2022	117,693	75,000	192,693
Balance as at 31 March 2023	117,693	75,000	192,693
Balance as at 31 March 2024	117,693	75,000	192,693
Fair Value			
Fair Value as at 31 March 2022	181,391	258,918	440,309
(Decrease)/increase in fair valuation during the year	(63,532)	(66,865)	(130,397)
Fair Value as at 31 March 2023	117,859	192,052	309,911
(Decrease)/increase in fair valuation during the year	232,752	127,805	360,557
Fair Value as at 31 March 2024	350,611	319,857	670,468

Equity securities designated as at FVOCI*

As at 1 April 2018, the Group designated the investment shown below as equity securities at FVOCI because these equity securities represent investment that the Group intends to hold for the long term for strategic purposes.

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	% Holding	Fair value at 31 March 2024	Dividend income recognised during 2023
Lanka Commodity Brokers Ltd.	15.55	350,445	19,309
TATA Communication Lanka Ltd.	10	319,858	90,534
		670,303	109,843

**No Strategic investments were disposed during 2023/24, and there were no transfer of any cumulative gain or loss within equity relating to these investments.*

26.2.2 Basis of Computation and Unobservable Input

The Free Cash flow method was used to determine the fair value of the unquoted share investments. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The key assumptions used in the estimation of the fair value are set out below. Key assumptions are determined based on management experience, expectation of future outcome taking into account past experience adjusted for anticipated growth, historical data and industry norms.

	Tata Communication Lanka Ltd.	Lanka Commodity Brokers Ltd.
Terminal Growth (%)	3	3
Marker risk premium (%)	5	5
Beta	0.700	1.273
Risk free rate of return (%)	12.3	12.3
EBIT Growth (%)	5	5
Tax rate (%)	30	30

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	2023/24		2022/23	
	Tata Communication Lanka Ltd. Rs. '000	Lanka Commodity Brokers Ltd. Rs. '000	Tata Communication Lanka Ltd. Rs. '000	Lanka Commodity Brokers Ltd. Rs. '000
Terminal Growth				
1% increase	(16,483)	(28,839)	(3,855)	(3,554)
1% decrease	14,094	23,980	3,502	3,244
Marker risk premium				
1% increase	16,044	24,508	3,559	4,051
1% decrease	(17,907)	(27,712)	(3,722)	(4,282)
Beta				
100 basis point increase	11,633	9,977	3,781	3,448
100 basis point decrease	(12,582)	(10,469)	(3,965)	(3,613)
Risk free rate of return				
1% increase	22,421	31,018	7,390	6,740
1% decrease	(26,234)	(36,334)	(8,129)	(7,405)
EBIT Growth				
1% increase	(8,702)	(16,037)	(6,946)	(9,547)
1% decrease	8,480	15,621	6,728	9,252
Tax rate				
1% increase	3,569	7,492	2,875	4,019
1% decrease	(3,569)	(7,492)	(2,875)	(4,019)

26.3 Investments measured at Amortised Cost

		Group		Company	
	Note	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Debentures	26.3.a	104,206	104,173	104,206	104,173
Investments in deposits		1,172,213	260,508	248,183	255,638
		1,276,419	364,682	352,389	359,812

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26.3.a Debentures

Company/Group has invested Rs. 100 Mn. in listed rated unsecured redeemable Type A+ 5 years debentures issued by National Development Bank with fixed Interest Rate of 11.9% per annum payable semi-annually.

	Group/Company	
	2024 Rs. '000	2023 Rs. '000
Investment made	100,000	100,000
Interest received	4,206	4,173
Balance as at 31 March	104,206	104,173

For the year ended 31 March 2024	Credit Rating	Maturity date	No. of debentures	Carrying value Rs. '000	Interest %
Investment in debentures					
National Development Bank	A+	27 November 2026	1,000,000	100,000	11.9

For the year ended 31 March 2023	Credit Rating	Maturity date	No. of debentures	Carrying value Rs. '000	Interest %
Investment in debentures					
National Development Bank	A+	27 November 2026	1,000,000	100,000	11.9

26.4.b Other Short Term Investments

Financial Instruments at amortised cost include Short term investments made in money market instruments with the intention of withdrawing after 3 months period.

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27. DEFERRED TAXATION

Accounting policy

Deferred tax is recognised in respect of temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes

Deferred tax liabilities

Deferred tax liabilities are recognised for all taxable temporary differences, except:

– When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses (if any), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and unused tax losses carried forward can be utilised except;

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses (if any), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and unused tax losses carried forward can be utilised except; when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction, that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at each reporting date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates, that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in equity are also recognised in equity, through other comprehensive income and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

As of 1 April 2023, following amendments to LKAS 12, the Group separately recognises deferred tax assets and liabilities for lease liabilities and right-of-use assets, respectively. This has no impact on the financial position due to the offsetting nature of these balances. As of 31 March 2024, the total deferred tax assets recognised for lease liabilities amounted to Rs. 222 Mn. (2023 – Rs. 128 Mn.), and the total deferred tax liabilities recognised for right-of-use assets were Rs. 251 Mn. (2022 – Rs. 139 Mn.).

Accordingly, provision for taxation is made on the accounting profit for the year as adjusted for taxation purposes in accordance with the provisions of the applicable Inland Revenue Act. In estimating the provision for taxation, the Group had applied the provisions of Inland Revenue Act No. 24 of 2017 and the subsequent amendments thereto.

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27.1 Composition of net and gross deferred tax asset/(liability)

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Composition of net deferred tax asset/(liability)				
Net deferred tax asset	420,127	320,099	31,602	121,249
Net deferred tax liability	(1,686,737)	(1,404,406)	–	–
	(1,266,610)	(1,084,307)	31,602	121,249

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Composition of gross deferred tax asset/(liability)				
Gross deferred tax asset	611,140	484,471	59,383	122,763
Gross deferred tax liability	(1,877,750)	(1,568,778)	(27,781)	(1,515)
	(1,266,610)	(1,084,307)	31,602	121,248

27.2 Deferred tax asset (gross)

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance as at 1 April	484,471	290,846	122,763	59,506
Charge for the year recognised in profit or loss	199,655	103,121	14,404	16,329
Charge/(reversal) for the year recognised in other comprehensive income	(73,360)	84,626	(77,784)	46,928
Adjustment/Transferred during the year	374	–	–	–
Acquisition through business combination	–	5,878	–	–
Balance as at 31 March	611,140	484,471	59,383	122,763

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27.3 Deferred tax liability (gross)

	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Balance as at 1 April	(1,568,777)	(732,786)	(1,515)	–
Charge/(reversal) for the year recognised in profit or loss	(281,245)	(783,043)	1,515	(1,515)
Charge/(reversal) for the year recognised in other comprehensive income	(27,728)	–	(27,781)	–
Acquisition through business combination	–	(52,949)	–	–
Balance as at 31 March	(1,877,750)	(1,568,778)	(27,781)	(1,515)
Net deferred tax asset/(liability)	(1,266,610)	(1,084,307)	31,602	121,249

27.4 Reconciliation of Deferred Tax Liabilities and Deferred Tax Assets

Group

	2024 Temporary Difference Rs. '000	2024 Tax effect Rs. '000	2023 Temporary Difference Rs. '000	2023 Tax effect Rs. '000
Property, plant and equipment	(2,512,463)	(687,355)	(1,513,962)	(560,527)
Lease creditor – ROU	(306,843)	(92,053)	(239,350)	(72,807)
Biological assets	(3,654,639)	(968,377)	(2,635,243)	(790,573)
Retirement benefit obligation	1,007,269	297,402	793,972	238,192
Debtors provision	305,734	91,721	170,209	51,063
Inventory provision	54,266	5,646	40,390	12,117
Revaluation surplus of Property, Plant and Equipment	(346,100)	(103,830)	(119,838)	(35,951)
Fair value gain on investment property	(39,468)	(11,840)	(39,468)	(11,840)
Capital grants	397,737	119,313	39,085	11,726
Lease liabilities	50,219	15,066	267,955	80,386
Fair value gain on investments at FVOCI	(92,603)	(27,781)	313,835	93,684
Tax losses carried forward	477,396	95,480	(92,879)	(99,776)
	(4,659,495)	(1,266,610)	(3,015,294)	(1,084,307)

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	2024		2023	
	Temporary Difference Rs. '000	Tax effect Rs. '000	Temporary Difference Rs. '000	Tax effect Rs. '000
Property, plant and equipment	7,017	2,105	3,379	(1,013)
Lease creditor – ROU	–	–	1,670	(501)
Retirement benefit obligation	190,922	57,277	141,256	42,377
Fair value gain on investments at FVOCI	(92,603)	(27,781)	267,955	80,386
	105,336	31,601	414,260	121,249

27.5 Reconciliation of Deferred Tax Liabilities and Deferred Tax Assets included under Asset Held for Sale and Liability held for sale

	2024		2023	
	Temporary Difference Rs. '000	Tax effect Rs. '000	Temporary Difference Rs. '000	Market Value
Unrecognised deferred tax assets on tax losses:				
Sunshine Packaging (Pvt) Ltd.	459,963	137,989	67,630	20,289
Century Properties (Pvt) Ltd.	22,466	6,740	–	–
Lina Spiro (Pvt) Ltd.	38,042	11,413	–	–
	520,471	156,142	67,630	20,289

The deferred tax assets and liabilities are arrived by applying the relevant tax rate applicable for the sources of income of the Company and its subsidiaries.

With the introduction of the Inland Revenue Act No. 24 of 2017 which became effective from 1 April 2018, the Company will have taxable income from the year ended 31 March 2020. As such, the Company will be eligible to claim its brought forward tax losses against its future taxable income within a period of 6 years.

Accordingly, during the year ended 31 March 2024, the Group recognised a deferred tax asset amounting to Rs. 420 Mn. (2023 – Rs. 320 Mn.) arising from brought forward tax losses as at 31 March 2024 after assessing the availability of future taxable profits for utilisation based on the 5 year profit projection approved by the Board. The deferred tax asset recognised will be tested for impairment on an annual basis and deferred tax asset recognised may written off if required. Accordingly, unrecognised deferred tax asset as at reporting date was Rs. 156 Mn. (2023 – Rs. 20 Mn.).

Deferred tax liability arising from revaluation gain
Deferred tax recognised in profit and loss for Sunshine Packaging Lanka Ltd. amounted to Rs. 21,471 (2023 – Rs. 63 Mn.). FY 2022/23 deferred tax recognised in profit and loss includes deferred tax recognised on revaluation surplus of Rs. 35 Mn. relating the revaluation of the Buildings at the rate of 30% and on the capital gain on land amounting to Rs. 51.6 Mn. at the tax rate of 30% as at reporting date.

Due to uncertainties that exist on the interpretation of the new tax law relating to freehold land for tax purposes, significant judgement was exercised to determine the provision required for deferred taxes on capital gains applicable to freehold land.

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27.6 Recoverability of Deferred Tax assets

During the year ended 31 March 2024, the Group has recognised a deferred tax asset amounting to Rs. 420 Mn. (2023 – Rs. 320 Mn.), arising from tax losses as at 31 March 2024 after assessing the availability of future taxable profits for utilization based on the 5 years profit projection approved by the Board.
The Board of Directors of Company/Group had revised the business plan and approved by incorporating the potential implications of prevaling economic condition on business operations. Based on the profit projections, the Board is confident on the availability future taxable profits against which Deferred Tax asset of Rs. 420 Mn. could be utilised. The deferred tax asset recognised will be tested for impairment on an annual basis and deferred tax asset recognised may be written off, if required.

28. INVENTORIES

Accounting policy

Recognition and measurement

Inventories other than produce stock and nurseries are stated at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. The Group uses weighted average cost/FIFO formula in assigning the cost of inventories. The cost includes expenses in acquiring stocks, production and conversion cost and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

- The value of each category of inventory is determined on the following basis;
- Raw materials and consumables are valued at cost on a weighted average/purchase price basis
- Nurseries are valued at cost.
- Agricultural produce harvested from biological assets are measured at fair value less cost to sell at the point of harvest.
- Medical Items are valued at actual cost, on first in first out basis.
- Other Sundry Stocks are valued at actual cost, on first in first out basis
- Finished good are valued at lower of cost or net realisable value
- Work in progress are valued at actual cost

		Group		Company	
As at 31 March	Note	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Medical items		7,036,122	1,342,258	–	–
Harvested crop		98,218	120,784	–	–
Input materials and consumables		3,253,773	7,066,954	–	–
Finished goods		1,271,783	772,928	–	–
Work-in-progress		266,578	242,088	–	–
Goods-in-transit		349,825	443,558	–	–
Machinery spares		141,214	138,576	296	1,883
		12,417,513	10,127,146	296	1,883
Less: Provision for impairment of inventories	28.1	(354,225)	(266,025)	–	–
		12,063,288	9,861,121	296	1,883

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28.1 Provision for impairment of inventories

As at 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Balance as at 1 April	266,025	111,269	–	–
Acquisition through business combination	–	14,497	–	–
Charge during the year	343,107	234,778	–	–
Reversal during the year	(203,886)	(23,363)	–	–
Written-off during the year	(51,021)	(71,156)	–	–
Balance as at 31 March	354,225	266,025	–	–

The Board of Directors has assessed the potential impairment loss of inventory as at 31 March 2024 by considering the potential impact of current econimic condition on net realisable value based on the implications on subsequent selling prices and cost to complete in additional to the normal assessment process.

29. CURRENT TAX ASSETS/LIABILITIES

As at 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Current tax assets	139,136	139,070	75,566	74,195
Current tax liabilities	(785,681)	(555,159)	–	–
	(646,545)	(416,089)	75,566	74,195

As at 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Balance as at 1 April	(416,089)	(238,936)	74,195	(12,907)
Acquisition through business combinations	–	(16,861)	–	–
Current income tax expense	(1,997,792)	(1,328,393)	–	(15,553)
Changes in estimate relating to prior years	27,468	1,687	1,371	(1,047)
Set off against WHT	(3,304)	7,418	–	–
Payment during the year	1,743,172	1,158,994	–	103,702
Balance as at 31 March	(646,545)	(416,089)	75,566	74,195

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30. TRADE AND OTHER RECEIVABLES

The accounting policy for trade and other receivables has been given in Note 18.

As at 31 March	Note	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Trade Receivables		7,894,830	6,242,040	–	–
Less: Provision for impairment (Note)	30.1	(318,629)	(175,819)	–	–
		7,576,201	6,066,219	–	–
Staff Loan Recoverable		32,600	46,935	–	7
Receivable from Principals		907,860	547,509	–	–
Other Receivables		406,892	162,230	18,312	13,437
Withholding Tax Recoverable		27,472	8,333	8,056	20
VAT Recoverable		312,690	244,576	–	–
Advances and Deposits		518,805	816,493	17,649	14,669
		2,206,319	1,826,076	44,017	28,133
		9,782,520	7,892,295	44,017	28,133

The Sunshine Healthcare Lanka Ltd. and Lina Manufacturing (Pvt) Ltd. have received Treasury Bonds in lieu of settling the government debts amounting to Rs. 916,714,453/- on 10 March 2023. Details of treasury bonds are given below:

Maturity Date	15.09.2027
Coupon Rate	20%
Yield	29.37%
Face Value (Rs.)	1,053,043,000
Settlement Value	916,714,453

During the year Healthcare sector has recognised Rs. 30.5 Mn. Interest on Treasury bonds and sold the treasury bond on 22 May 2023.

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30.1 Provision for impairment of trade receivables

For the year ended 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Balance as at 1 April	175,819	90,581	–	–
Acquisition through Business Combination	–	317,774	–	–
Charge/(Reversal) during the year	151,313	(181,621)	–	–
Written-off during the year*	(8,503)	(50,915)	–	–
Balance as at 31 March	318,629	175,819	–	–

** Trade receivables with the contractual amount of Rs. 8.5 Mn. (2023 – Rs. 50.9 Mn.) written off during the year are still subject to enforcement activity.*

Expected credit loss method has been used to recognized the Impairment of trade receivable.

B. Credit and market risks, and impairment losses
Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 40.

31. AMOUNTS DUE FROM RELATED PARTIES

The accounting policy for amount due from related parties has been given in Note 18.

As at 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Sunshine Healthcare Lanka Ltd.	–	–	215	210
Watawala Plantations PLC	–	–	9,515	818
Sunshine Packaging Lanka Ltd.	–	–	231,798	231,185
Healthguard Pharmacy Ltd.	–	–	15,457	–
Sunshine Tea (Pvt) Ltd.	–	–	219	970
Pyramid Lanka (Private) Ltd.	20,528	149,147	–	–
Pyramid Wilmar (Pvt) Ltd.	10,922	–	–	
Pyramid Wilmar Oils & Fats (Pvt) Ltd.	297	–		
Lina Manufacturing (Pvt) Ltd.	–	–	786	684
Sunshine Foundation	–	296	–	–
	31,747	149,443	257,990	233,869

All outstanding balances are short term in nature and there were no special terms and conditions pertaining to the outstanding balances.

Credit and market risks, and impairment losses
Information about the Group's exposure to credit and market risks, and impairment losses for amount due from related parties is included in Note 40.

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32. CASH AND CASH EQUIVALENTS

Accounting policy

The accounting policy for cash and cash equivalents has been given in Note 18.

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand with a maturity of three months or less.

Statement of Cash Flows
The Statement of Cash Flows has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Statement of Cash Flows.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

	Group		Company	
For the year ended 31 March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Cash at bank	2,496,024	1,514,519	94,537	61,969
Fixed deposits	2,858,879	1,546,441	628,694	752,000
TR/Import Margins	–	32,096	–	–
Cash in hand	48,886	17,046	60	56
	5,403,789	3,110,102	723,291	814,025
Bank overdraft (Note 32.1)	(2,689,245)	(2,108,469)	–	–
Cash and cash equivalents in the statement of cash flows	2,714,544	1,001,633	723,291	814,025

32.1 Bank Overdrafts

For the year ended 31 March	2024 Rs. '000	2023 Rs. '000
Watawala Dairy Ltd.		
Hatton National Bank PLC	22,272	20,471
Standard Charted Bank	28,024	38,975
Peoples' Bank	30,343	–
	80,639	59,446

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For the year ended 31 March	2024 Rs. '000	2023 Rs. '000
Sunshine Healthcare Sector		
MCB Bank Ltd.	–	40,860
Hongkong and Shanghai Banking Corporation Limited	696,241	
Nations Trust Bank PLC	138,251	–
Nations Devolopment Bank PLC	577,486	87,650
DFCC Bank PLC	268,464	–
Sampath Bank PLC	31,776	11,996
Commercial Bank of Ceylon PLC	236,449	288,674
Hatton National Bank PLC	104,797	147,952
Standard Chartered Bank	10,023	169,298
Cargills Bank PLC	6,651	11,259
	2,070,138	757,691
Sunshine Consumer Lanka Ltd.		
Hatton National Bank PLC	4	282,807
Commercial Bank of Ceylon PLC	–	40,986
Nations Trust Bank PLC	–	45
Standard Chartered Bank Ltd.	–	86,469
DFCC Bank PLC	–	183,026
National Development Bank PLC	–	41,043
	4	634,376
Sunshine Tea (Pvt) Ltd.		
Hatton National Bank PLC	106,699	124,165
Seylan Bank PLC	2,111	38,123
Nations Trust Bank PLC	146,846	112,842
Sampath Bank PLC	67,433	94,272
Standard Chartered Bank	59,961	97,837
Bank of Ceylon	6,590	5,732
Cargills Bank PLC	–	25,043
Indian Overseas Bank	129,413	138,370
National Development Bank PLC	19,411	20,572
	538,464	656,956
	2,689,245	2,108,469

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33. CAPITAL AND RESERVES

Accounting policy

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with LKAS 12.

Repurchase and reissue of ordinary shares (treasury shares)

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

33.1 Stated capital

	Number of shares		Value	
As at 31 March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance at the beginning	491,974	448,662	4,240,394	1,641,715
Share split	–	43,312	–	2,598,679
Balance at the end of the year	491,974	491,974	4,240,394	4,240,394

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the share holders or one vote per share in the case of a poll.

33.2 Nature and purpose of reserves

Reserve on exchange gain or loss

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Fair value reserve

The fair value reserve comprises:

- the cumulative net change in the fair value of equity securities designated at FVOCI; and
- the cumulative net change in fair value of debt securities at FVOCI until the assets are derecognised or reclassified. This amount is reduced by the amount of loss allowance.

General reserve

This reserve has been allocated for the purpose of future distribution.

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33.3 Non-controlling interests

See accounting policies in Note 6.1.

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

For the year ended 31 March	Lina Manufacturing (Pvt) Ltd. Rs. '000	Lina Spiro (Pvt) Ltd. Rs. '000	Watawala Plantation PLC Rs. '000	Watawala Dairy Ltd. Rs. '000	Sunshine Wilmar (Pvt) Ltd. Rs. '000	Inter group elimination Rs. '000	Total Rs. '000
31 March 2024							
NCI percentage (%)	28.4	28.4	61.6	65.8	50	–	–
Non-current assets	926,346	368,375	6,181,634	2,678,906	3,480,522	–	–
Current assets	1,765,193	644,846	2,743,270	498,146	70,264	–	–
Non-current liabilities	(181,818)	(31,398)	(1,486,262)	(349,365)	–	–	–
Current liabilities	(1,207,876)	(491,791)	(931,691)	(759,964)	5,550	–	–
Net assets	1,301,845	490,033	6,506,952	2,067,723	3,545,237	–	–
Net assets attributable to NCI	369,724	139,169	4,008,282	1,360,561	1,772,618	(3,882,487)	3,767,868
Revenue	2,414,872	981,770	6,867,145	1,453,992	1,593,312	–	–
Profit	202,513	150,208	2,403,852	(139,241)	1,605,227	–	–
OCI	(262)	(192)	(9,128)	(1,572)	–	–	–
Total comprehensive income	202,251	150,016	2,394,724	(140,813)	–	–	–
Profit allocated to NCI	57,514	42,659	1,480,773	(91,621)	802,613	(743,732)	1,548,206
OCI allocated to NCI	(74)	(54)	(5,623)	(1,034)	–	–	(6,785)
Cash flows from operating activities	(1,092,088)	(1,309)	3,596,971	189,569	(181,434)	–	–
Cash flows from investment activities	235,327	(14,307)	(1,174,668)	(316,679)	23,313	–	–
Cash flows from financing activities	498,037	91,628	(2,501,021)	125,065	(8,188)	–	–
Net increase/(decrease) in cash and cash equivalents	(358,724)	76,012	(78,718)	(2,045)	(166,309)	–	–

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For the year ended 31 March	Lina Manufacturing (Pvt) Ltd. Rs. '000	Lina Spiro (Pvt) Ltd. Rs. '000	Watawala Plantation PLC Rs. '000	Watawala Dairy Ltd. Rs. '000	Sunshine Wilmar (Pvt) Ltd. Rs. '000	Inter group elimination Rs. '000	Total Rs. '000
31 March 2023							
NCI percentage (%)	9	54	62	66	50	–	–
Non-current assets	595,547	398,608	6,212,407	2,385,429	3,481,838	–	–
Current assets	988,223	275,049	2,389,730	622,174	239,962	–	–
Non-current liabilities	(164,794)	(67,259)	(1,343,405)	(121,978)	–	–	–
Current liabilities	(626,755)	(359,380)	(706,802)	(677,090)	(181,790)	–	–
Net assets	792,221	247,018	6,551,930	2,208,536	3,540,010	–	–
Net assets attributable to NCI	74,310	132,896	4,035,989	1,446,591	1,770,005	(4,011,181)	3,448,610
Revenue	1,010,994	146,068	7,573,816	1,194,789	2,144,739	–	–
Profit	23,753	(111,709)	2,335,639	(320,857)	1,825,862	–	–
OCI	(395)	213	(69,352)	(12,799)	–	–	–
Total comprehensive income	23,358	(111,496)	2,266,287	(333,656)	1,825,862	–	–
Profit allocated to NCI	2,228	(60,099)	1,438,754	(210,161)	912,931	(730,731)	1,352,922
OCI allocated to NCI	(37)	114	(42,721)	(8,383)	–	–	–
Cash flows from operating activities	(92,004)	(276,993)	2,713,273	(517,041)	1,914,896	–	–
Cash flows from investment activities	(13,612)	(7,271)	(338,381)	(97,783)	(436,922)	–	–
Cash flows from financing activities	34,852	178,201	(2,934,233)	544,478	(1,339,700)	–	–
Net increase/(decrease) in cash and cash equivalents	(70,764)	(106,063)	(559,341)	(70,346)	138,275	–	–

33.3.a Changes of NCI

For the year ended 31 March	Lina Manufacturing (Pvt) Ltd. and Lina Spiro (Pvt) Ltd. Share Swap Rs. '000	WHT payment on dividend distribution Rs. '000	Dividend paid to owners for 2023/24 Rs. '000	Total Rs. '000
Consideration paid/received to/from NCI	189,918	(46,862)	(1,365,219)	(1,122,163)
Decrease/Increase in equity attributable to owners of the Company	189,918	(46,862)	(1,365,219)	(1,122,163)

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34. LOANS AND BORROWINGS

Accounting policy

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessary take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Capitalisation of borrowing costs commences when it incurs expenditure for the asset, it incurs borrowing costs and it undertake activities that are necessary to prepare the asset for their intended use or sell. It ceases capitalization when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed. Capitalization of borrowing costs shall be suspended, if it suspends active development of a qualifying asset.

Group borrows funds generally and uses them for qualifying asset such as immature plantations of tea, rubber and oil palm. The Group determines the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditure on the above biological assets. For this purpose Group uses weighted average of the borrowing costs applicable to the general borrowings.

All other borrowing costs are recognised in Statement of Profit or Loss in the period in which they are incurred. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

This policy is applied to contracts entered into, on or after 1 April 2019.

a. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

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

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When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SLFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

		Group		Company	
As at 31 March	Note	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Amount repayable after one year					
Loans	34.1	1,055,128	1,391,782	–	–
SLSPC/JEDB lease creditors	34.2	401,592	272,394	–	–
Lease liabilities	34.3	219,296	246,565	–	3,470
		1,676,016	1,910,741	–	3,470
Amount repayable within one year					
Loans	34.1	5,137,428	3,243,449	–	–
SLSPC/JEDB lease creditors	34.2	3,170	1,637	–	–
Lease liabilities	34.3	171,396	142,886	–	16,306
		5,311,994	3,387,972	–	16,306
		6,988,010	5,298,713	–	19,776

34.1 Loans

	Group		Company	
For the year ended 31 March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance as at 1 April	4,635,231	2,020,289	–	–
Loans obtained during the year	4,195,901	13,702,041	–	881,000
Acquisition through Business Combination	–	1,338,728	–	–
Fair value adjustment	26,849	39,614	–	–
Accrued Interest	292,799	2,382	–	–
Less: Repayment during the year	(2,958,226)	(12,467,823)	–	(881,000)
Balance as at 31 March	6,192,555	4,635,231	–	–
Amount repayable within one year	5,137,428	3,243,449	–	–
Amount repayable after one year	1,055,128	1,391,782	–	–
	6,192,555	4,635,231	–	–

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34.2 SLSPC/JEDB Lease Creditors

For the year ended 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Balance as at 1 April	274,031	256,413	–	–
Additions during the year	133,511	20,173	–	–
Interest charges	58,536	40,937	–	–
Repayment during the year	(61,316)	(43,492)	–	–
Balance as at 31 March	404,762	274,031	–	–
Net Lease Obligation	404,762	274,031	–	–
Amount repayable within one year	3,170	1,637	–	–
Amount repayable after one year	401,592	272,394	–	–
	404,762	274,031	–	–

The annual lease series of payments payable by the Company with effect from 18 June 1996 in respect of these estates is Rs. 20.32 Mn. (basic lease series of payments) plus an amount to reflect inflation during the previous year determined by multiplying Rs. 20.32 Mn. by gross domestic product (GDP) deflator of the preceding year. However as per the agreement entered into with the Ministry of Plantations the application of GDP deflator has been suspended for five years commencing from 18 June 2003, resulting in a fixed lease payment of Rs. 29.04 Mn. In September 2010, as per the cabinet decision the regional plantation companies were requested to revert back to the original method of calculating lease rentals by applying the GDP deflator of the preceding year. The gross liability to the lessor represents the total basic lease series payable by the Company for the remaining term of the lease. The net liability to the lessor is the present value of annual basic lease series of payments over the remaining tenure of the lease. The discount rate used is 4% p.a.

34.3 Lease liabilities

For the year ended 31 March	Note	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Balance as at 1 April		389,451	381,546	19,776	–
Recognition of lease creditor on initial application of SLFRS 16	8.2	–	113,237	–	–
Recognised during the year		114,635	–	–	36,791
Interest charges		107,779	58,178	947	2,844
Transferred to other income		–	(4,605)	–	–
Repayment during the year		(221,173)	(158,905)	(20,723)	(19,860)
Balance as at 31 March		390,692	389,451	–	19,776
Net Lease Obligation		390,692	389,451	–	19,776
Amount repayable within one year		171,396	142,886	–	16,306
Amount repayable after one year		219,296	246,565	–	3,470
		390,692	389,451	–	19,776

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Lease liability – SLFRS 16

The Company had a lease agreement for the registered office premises for the two years period starting from 1 April 2022 to 31 March 2024. Since the agreement was coming to an end as of the date of financial statements, no ROU assets/liability was recognised.

Information about leases for which the Company/Group is a lessee is presented in Note 34.3.1.

Leases as lessee

The Group leases warehouses, office building and outlets. The leases typically run for a period of 5 years, with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The warehouses, office building and outlets were entered into many years ago as combined leases of land and buildings. Previously, these leases were classified as operating leases under LKAS 17.

The Group leases production equipment under a number of leases, which were classified as finance leases under LKAS 17. See Note 34.3.1.

The Group leases IT equipment with contract terms of one to three years. These leases are short term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

34.3.1 Right-of-use assets

Right-of-use assets related to leased properties are presented as property, plant and equipment.

		Group Building and leasehold land		Company Building	
For the year ended 31 March	Note	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance at 1 April		600,901	604,546	18,395	–
Additions to right-of-use assets during the year	19.1	136,650	101,103	–	36,791
Remeasurement of Leasehold right to land	21	133,511	20,142	–	–
Additions to leasehold land right to land	21	–	1,317	–	–
Acquisition through Business Combination		–	24,823	–	–
Disposal/written off		(2,633)	–	–	–
Depreciation and amortisation for the year	19.1 & 21	(155,122)	(151,030)	(18,395)	(18,395)
Balance at 31 March		713,307	600,901	–	18,395

34.3.2 Amounts recognised in profit or loss

For the year ended 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Interest on lease liabilities	107,779	58,178	947	2,844
Interest charges on SLSPC/JEDB lease creditors	58,536	40,937	–	–
Depreciation of right-of-use assets	137,586	–	18,395	–
Amortization of Leasehold right to land of JEDB/SLSPC Estates	17,536	12,261	–	–
	321,437	111,376	19,342	2,844

34.3.3 Amounts recognised in statement of cash flows

The Company/Group has classified:

- cash payments for the principal portion of lease payments as financing activities;
- cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Company/Group
- short-term lease payments and payments for leases of low-value assets as operating activities.

The Company/Group has not restated the comparative information.

For the year ended 31 March – Operating leases under SLFRS 16	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Total cash outflow for leases	(167,853)	(158,904)	(20,724)	(19,860)
	(167,853)	(158,904)	(20,724)	(19,860)

34.3.4 Leases as lessor

The Group leases out its investment property consisting of its owned commercial properties. All leases are classified as operating leases from a lessor perspective with the exception of a sub-lease, which the Group has classified as a finance sublease.

Finance lease

The Group has not sub-leased any right-of-use asset-property, plant and equipment.

During 2024 (2023 – Nil), the Group has no gain on derecognition of the right-of-use asset.

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34.4 Term loans

Company/Lender	Year	2024 Repayable within one year Rs. '000	2024 Repayable after one year Rs. '000	2024 Balance as at 31 March 2024 Rs. '000	2023 Repayable within one year Rs. '000	2023 Repayable after one year Rs. '000	2023 Balance as at 31 March 2023 Rs. '000	Purpose	Repayment terms	Security
Watawala Plantations PLC										
Hatton National Bank PLC	2017/18	1,277	202	1,479	1,277	1,231	2,508	To purchase a lorry with chassis	60 equal monthly installments commencing from October 2017	Ownership of the lorry
		1,277	202	1,479	1,277	1,231	2,508			
Peoples' Bank	2023/24	33,333	38,889	72,222	–	–	–	For import	36 equal monthly installments commencing from June 2023	
Peoples' Bank	2023/24	54,900	–	54,900	–	–	–	For import	Payment within 6 months from the date of loan granted	
		88,233	38,889	127,122	–	–	–			
		89,511	39,090	128,601	1,277	1,231	2,508			
Sunshine Healthcare Lanka Ltd.										
Hatton National Bank PLC	2023/24	55,000	–	55,000	–	–	–	Working Capital Requirement	120 days	
	2023	–	–	–	300,000	–	300,000	Working Capital Requirement	Repayable within 6 months period	
	2023	–	–	–	950,000	–	950,000	Working Capital Requirement	Repayable within 6 months period	
		55,000	–	55,000	1,250,000	–	1,250,000			
Seylan Bank PLC	2023/24	170,000	–	170,000	–	–	–		145 days	
	2023/24	245,000	–	245,000	–	–	–	Working Capital Requirement		
	2023/24	100,000	–	100,000	–	–	–			
	2023/24	700,000	–	700,000	–	–	–			
	2023/24	399,000	–	399,000	–	–	–			
		1,614,000	–	1,614,000	–	–	–			
Standard Chartered Bank	2023/24	127,000	–	127,000	–	–	–	Working Capital Requirement	90 days	
	2023/24	100,000	–	100,000	–	–	–	Working Capital Requirement	90 days	
		227,000	–	227,000	–	–	–			
National Development Bank PLC	2023/24	245,044	–	245,044	–	–	–	Import of goods	180 days	
		245,044	–	245,044	–	–	–			
Nations Trust Bank PLC	2023	–	–	–	1,000,000	–	1,000,000	Working Capital Requirement	Monthly instalments within 12 months	
		–	–	–	1,000,000	–	1,000,000			
		2,141,044	–	2,141,044	2,250,000	–	2,250,000			

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Company/Lender	Year	2024 Repayable within one year Rs. '000	2024 Repayable after one year Rs. '000	2024 Balance as at 31 March 2024 Rs. '000	2023 Repayable within one year Rs. '000	2023 Repayable after one year Rs. '000	2023 Balance as at 31 March 2023 Rs. '000	Purpose	Repayment terms	Security
Lina Manufacturing (Pvt) Ltd.										
Hatton National Bank PLC	2023	–	–	–	50,000	–	50,000	To finance two months working capital requirements of the business.	180 days	Unsecured
	2024	258,128	–	258,128	–	–	–	Import of goods	180 days	
		258,128	–	258,128	50,000	–	50,000			
	2024	52,293	–	52,293	–	–	–	Import of goods	180 days	
		52,293	–	52,293	–	–	–			
DFCC Bank PLC	2024	199,915	–	199,915	–	–	–	Import of goods	180 days	
		199,915	–	199,915	–	–	–			
Commercial Bank of Ceyon PLC	2024	50,000	–	50,000	–	–	–	Import of goods	180 days	
		50,000	–	50,000	–	–	–			
		560,336	–	560,336	50,000	–	50,000			
Lina Spiro (Pvt) Ltd.										
Commercial Bank of Ceyon PLC	2023	–	–	–	16,125	38,773	54,898	Working Capital Requirement	29 equal installments	
	2024	27,812	–	27,812	–	–	–	Import of goods	180 days	
		27,812	–	27,812	16,125	38,773	54,898			
National Development Bank PLC		117,890	5,589	123,479	–	–	–	Import of goods	180 days	
		117,890	5,589	123,479	–	–	–			
		145,703	5,589	151,292	16,125	38,773	54,898			
Healthguard Pharmacy Ltd.										
Nations Trust Bank PLC	2,024	300,000	–	300,000	–	–	–	Working capital financing	Within 3 months	Unsecured
National Development Bank PLC	2024	500,000	–	500,000	–	–	–			
Hatton National Bank PLC	2023	–	–	–	25,000	–	25,000	Working Capital Requirement	Repayable within 3 months	
		800,000	–	800,000	25,000	–	25,000			

Company/Lender	Year	2024 Repayable within one year Rs. '000	2024 Repayable after one year Rs. '000	2024 Balance as at 31 March 2024 Rs. '000	2023 Repayable within one year Rs. '000	2023 Repayable after one year Rs. '000	2023 Balance as at 31 March 2023 Rs. '000	Purpose	Repayment terms	Security
Sunshine Consumer Lanka Ltd.										
International Finance Corporation								Acquisition of Daintee Ltd.	11 equal capital instalments starting from December 2023	As per the loan agreement
	2021	181,836	747,442	929,278	90,918	931,783	1,022,701			
		181,836	747,442	929,278	90,918	931,783	1,022,701			
Sunshine Tea (Pvt) Ltd.										
Hatton National Bank PLC	2024	363,260	–	363,260	–	–	–	Working Capital		
Seylan Bank PLC	2022	50,000	183,333	233,333	–	–	–	Expanding the its factory and warehousing complex	4,166,667 Installement every month – 7 years	
	2024	290,000	–	290,000	–	–	–	Working Capital	Clean	
Peoples Bank	2022	19,444	4,167	23,611	16,667	23,611	40,278	Balance Sheet Restructuring	1,388,888.88 Installement every month	
Indian Overseas Bank	2023	34,010	25,507	59,517	36,029	54,044	90,073	Purchase of Machinery	USD 9,433.33 Installement every month	
Indian Bank	2022	50,000	50,000	100,000	50,000	100,000	150,000	Expanding the its factory and warehousing complex	50,000,000 every year – 4 years	
Indian Bank	2024	262,283	–	262,283	–	–	–	Working Capital	Secondary mortgage over Machinary for USD 1.0 Mio at 754/5 Weddamulla, kelaniya	
Indian Bank	2022	–	–	–	16,667	266,667	283,333	Expanding the its factory and warehousing complex		
Cargills Bank PLC	2024	150,000	–	150,000	–	–	–	Working Capital	Clean	
		1,218,997	263,007	1,482,004	119,363	444,322	563,684			
Total		5,137,427	1,055,128	6,192,556	2,552,683	1,416,109	3,968,792			

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34.5 Asset pledge as securities

Sunshine Consumer Lanka Ltd. has obtained a loan amounting to USD 5,000,000 (LKR equivalent to Rs. 1,000,200,000) on 12 October 2021 from International Finance Corporation for the purpose of financing the acquisition of Daintee Ltd. Following assets have been pledged as securities as at 31 March 2024 for the purpose of obtaining loan.

Immovable property

Name of the owner	Location	Description of the property	Owned/ leased
Sunshine Packaging Lanka Ltd.	Mattakkuliya	Lot D in Plan No. 2753 dated 17/10/2002 made by J G Kammanankada LS (Warehouse)	Owned
Sunshine Packaging Lanka Ltd.	Mattakkuliya	Lot 1A in Plan No. 4219 dated 19/12/2010 made by A R Silva LS (Car park)	Owned
Sunshine Packaging Lanka Ltd.	Mattakkuliya	Lot A in Plan No. 9508 dated 13 March 2013 made by Gamini B Dodanwela, Licensed Surveyor (resurvey of Lot 1 in Plan No. 2317 dated 28/04/1996 made by Gamini B Dodanwala LS)	Owned
Sunshine Packaging Lanka Ltd.	Mattakkuliya	Lot 2 in Plan No. 2317 dated 28/04/1996 made by Gamini B Dodanwala LS	Owned
Norris Canal Properties (Private) Ltd.	Maradana	Lot 1 depicted in Plan No. 2117 dated 1 November 1980 made by Sri D Liyanasuriya LS	Owned
Sunshine Packaging Lanka Ltd.	Ratmalana	Lot A in Plan No. 9079 in Plan No. K V M W Samaranayake LS	Owned
Sunshine Consumer Lanka Ltd.	Moratuwa	Lot 3 and lot 1 (reservation for a road 20 feet wide) on plan no. 637 dated 15/02/1983 made by T S Siriwardena, LS	Owned
Sunshine Consumer Lanka Ltd.	Moratuwa	Lot 2 on Plan No. 637 dated 15/02/1983 made by T.S. Siriwardena, LS	Owned
Sunshine Consumer Lanka Ltd.	Moratuwa	Lots 1/B, 2/B, 3/B and 4B on Plan No. 990 dated 15/02/1989 made by G.P. Abeynayaka LS	Owned
Sunshine Consumer Lanka Ltd.	Moratuwa	Land Parcel No. 26 on Cadastral Map No. 520208 in extent 0.2688 Hectares	Owned

Movable Property

Name of owner	Factory Assets
Sunshine Consumer Lanka Ltd.	Plant and Machinery, Factory Equipment, Lab Equipment, Garage Equipment, Boiler

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35. EMPLOYEE BENEFITS

Accounting policy

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Employees' Provident Fund and Employees' Trust Fund is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

All the employees who are eligible for Employees' Provident Fund and Employees' Trust Fund are covered by relevant contribution funds in line with the respective statutes. Employer's contribution to the defined contribution plans are recognised as an expense in the Statement of Comprehensive Income when incurred.

The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively. All employees of the Group are members of the Employees' Provident Fund, Estate Staff Provident Society or Ceylon Planters' Provident Fund.

Defined benefit plans

The liability recognised in the Statement of Financial Position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. Benefits falling due more than 12 months after the reporting date are discounted to present value. The defined benefit obligation is calculated annually by Independent Actuaries/internally generated models using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee Benefits".

- Actuarial gains and losses in the period in which they occur have been recognised in the Statement of Other Comprehensive Income.
- The Gratuity liability is not externally funded.

Gratuity liability is computed from the first year of service for all employees in conformity with Sri Lanka Accounting Standards 19 – "Employee Benefit. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service. The Company is liable to pay gratuity in terms of the relevant statute.

Actuarial gains and losses

The re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized in Other Comprehensive Income.

When benefits of a plan are changed or when a plan is curtailed, resulting a change in benefits paid that relates to past service or the gain or loss curtailment is recognised immideatly in profit or loss. The Group recognises gains or losses on the settlement of the defined plan when the settlement occurs.

Short term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

		Group		Company	
As at 31 March	Note	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Employees' Provident Fund					
Employers' contribution		264,728	241,588	30,069	26,881
Employees' contribution		189,063	174,633	20,956	19,371
Employees' Trust Fund		66,706	60,107	6,788	6,344
Present value of defined benefit obligations	35.1	1,009,377	883,412	190,922	141,256

35.1 Defined Benefit Obligations (PVDBO)

As at 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Liability for defined benefit obligation at 1 April	883,412	615,771	141,256	113,135
Staff transfers	3,132	(4,354)	14,692	–
Acquisition through business combination	–	41,985		
	886,544	653,402	155,948	113,135
Included in profit or loss				
Current service cost and Interest cost	232,210	167,993	26,301	29,603
	232,210	167,993	26,301	29,603
Included in OCI				
Actuarial (gains)/losses on PVDBO	24,249	129,252	8,673	(1,482)
	24,249	129,252	8,673	(1,482)
Benefits paid	(133,626)	(67,235)	–	–
Liability for defined benefit obligation at 31 March	1,009,377	883,412	190,922	141,256

The details of the actuaries involved in carrying out the valuation as at 31 March 2024 are as follows:

Company	Data of valuation	Valuation method	Details of the actuary
Watawala Plantations PLC Sunshine Consumer Lanka Ltd.	31 March 2024	Projected Unit Credit Method	Mr M Pooplanathan, Messrs Actuarial and Management Consultants (Private) Ltd.
Sunshine Healthcare Lanka Ltd.	31 March 2024	Projected Unit Credit Method	Mr Pushpakumar Gunasekera, AIAA, of Messrs Smiles Global (Pvt) Ltd.

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35.2 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Discount rate		Salary Increment Rate		Staff turnover rate	
	2024 %	2023 %	2024 %	2023 %	2024 %	2023 %
Sunshine Holding PLC – Company	11.0	19.5	15.3	16.5	23.9	30.0
Watawala Plantations PLC						
– estate workers (every 3 years)	11.0	18.5	5.0	15.7	10.3	6.9
– estate staff (every 3 years)	11.0	18.5	5.0	10.0	10.3	7.5
– estate management and head office staff (every year)	11.0	18.5	15.3	17.2	10.3	7.5
Sunshine Consumer Lanka Ltd.	11.5	18.0	15.0	20.0	17.0	16.0
Sunshine Healthcare Lanka Ltd.	12.0	17.8	14.0	17.0	17.0	13.6 - 14.0
Healthguard Pharmacy Ltd.	11.0	19.5	14.0	16.5 - 17.0	31.0	6.0 - 26.0
Lina Manufacturing (Pvt) Ltd.	11.0	19.5	15.0	18.5	23.0	21.0
Lina Spiro (Pvt) Ltd.	11.0	19.5	16.5	18.5	21.0	21.0
Sunshine Tea (Pvt) Ltd.	11.0	18.0	15.0	16.0	13.0	15.0

*** The retirement age for the group is 60 years. The weighted average duration of the defined benefit obligation of the group vary in the range of 2.5 – 8.2 Years.*

As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to convert the coupon bearing yield to a zero coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing Employee benefit obligations as per LKAS 19.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Group		Company	
As at 31 March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
1% increase in discount rate	(733,280)	(555,273)	(3,492)	(1,570)
1% decrease in discount rate	821,639	635,895	3,654	1,475
1% increase in salary increment rate	824,682	638,925	3,484	1,501
1% decrease in salary increment rate	(730,057)	(551,986)	(3,394)	(1,471)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

35.3 Determination of the Discount Rate

In determining the appropriate discount rate, the management considers the interest rates of Sri Lanka Government Bonds for a similar duration of the remaining expected working life of employees. The mortality rate is based on publicly available mortality tables. Estimate on future salary increases is based on expected future inflation rates and expected future salary increase rate of the company.

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36. DEFERRED INCOME AND CAPITAL GRANTS

Accounting policy

Government grants

The Government grants relating to the purchase of property, plant and equipment and biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses, are recognised initially as deferred income at fair value when there is a reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in Statement of Profit or Loss as other income on a straight line basis over the expected lives of the related assets.

The grants that compensate the Group expenses or losses already incurred are recognised in Statement of Profit or Loss as other income of the period in which it becomes receivable and when the expenses are recognised.

	Group	
	2024 Rs. '000	2023 Rs. '000
Balance as at 1 April	39,084	41,442
Amortised during the year	(2,358)	(2,358)
Balance as at 31 March	36,726	39,084

Funds have been received by Watawala Dairy Ltd., a subsidiary of the Company from the Ministry of Rural Development Affairs for development of dairy industry amounting to Rs. 241 Mn.

Funds had been received by Watawala Plantations PLC, a subsidiary of the Company, from the Plantation Human Development Trust (PHDT) and Ministry of Estate Infrastructure for Workers' welfare facilities including re-roofing of line rooms, latrines, water supply, sanitation, etc. The Grants received from the ministry of Estate Infrastructure for construction of crèches, farm roads and community centres, are also included above. The amounts spent have been included under the relevant classification of tangible fixed assets and the grant received is shown above. The Capital Grants are amortised on a straight line basis over the useful life of the respective asset.

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37. TRADE AND OTHER PAYABLES

Accounting policy

The accounting policy for trade and other payables has been given in Note 18.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

Provisions are not recognised for future operating losses. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation and the provision is reviewed at end of each reporting period and adjusted to reflect the current best estimate.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of possible outcomes against their associated probabilities.

	Group		Company	
As at 31 March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Trade payables	5,020,289	4,109,898	–	–
Advance for customers	223,923	329,458	–	–
Tax and other statutory payables	245,514	36,537	5,423	10,237
Accrued expenses and other payables	2,113,785	1,948,052	91,922	23,921
	7,603,511	6,423,945	97,345	34,158

37.1 The Group's liabilities in foreign currency were valued at USD/LKR 301.18 (2023 – 327.29)

38. AMOUNTS DUE TO RELATED PARTIES

The accounting policy for amount due to related parties has been given in Note 18.

	Group		Company	
As at 31 March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Sunshine Consumer Lanka Ltd.	–	–	–	12
Sunshine Consumer Lanka Ltd.	–	–	282	–
Celogen Lanka Private Ltd.	–	55,000	–	–
	–	55,000	282	12

All outstanding balances are short term in nature and there were no special terms and conditions pertaining to the outstanding balances.

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39. FAIR VALUE MEASUREMENT

Accounting policy

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short position at an ask price.

The best evidence of the fair value of a financial instrument or initial recognition is normally the transaction price- i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability not based on a valuation techniques for which any unobservable inputs are judged to be insufficient in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, threat difference is recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement. An analysis of the fair value measurement of financial and non-financial assets and liabilities are provided below:

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

When available, the Group 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 ask price), without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

This category includes instruments valued using;

(a) quoted prices in active markets for similar instruments,

(b) quoted prices for identical or similar instruments in markets that are considered to be less active, or

(c) other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

– **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

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The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

31 March 2024	Classification	Group Carrying amount Rs. '000	Group Fair value Level 1 Rs. '000	Group Fair value Level 2 Rs. '000	Group Fair value Level 3 Rs. '000	Group Fair value Total Rs. '000	Company Carrying amount Rs. '000	Company Fair value Level 1 Rs. '000	Company Fair value Level 2 Rs. '000	Company Fair value Level 3 Rs. '000	Company Fair value Total Rs. '000
Financial Assets measured at Fair value											
Investment in unquoted shares*	Fair value through OCI	670,469	–	–	670,469	670,469	670,469	–	–	670,469	670,469
Investment in quoted shares	Fair value through P&L	7,549	7,549	–	–	7,549	7,549	7,549	–	–	7,549
Short term investments	Fair value through P&L	1,545,256	–	1,545,256	–	1,545,256	621,226	–	621,226	–	621,226
Investment fund	Fair value through P&L	51,393	–	51,393	–	51,393	–	–	–	–	–
		2,274,667	7,549	1,596,649	670,469	2,274,667	1,299,244	7,549	621,226	670,469	1,299,244
Financial Assets not measured at Fair value											
Trade and other receivables**	Amortised cost	9,782,520	–	–	–	9,782,520	44,017	–	–	–	44,017
Investment in debentures	Amortised cost	104,206	–	–	–	104,206	104,206	–	–	–	104,206
Short term investments	Amortised cost	225,000	–	–	–	225,000	225,000	–	–	–	225,000
Amounts due from related parties**	Amortised cost	31,749	–	–	–	31,749	257,990	–	–	–	257,990
Cash and cash equivalents**	Amortised cost	5,403,789	–	–	–	5,403,789	723,291	–	–	–	723,291
		15,547,264	–	–	–	15,547,264	1,354,504	–	–	–	1,354,504
Financial Liabilities not measured at Fair value											
Loans and borrowings***	Other financial liabilities	6,988,010	–	–	–	6,988,010	–	–	–	–	
Bank overdraft**	Other financial liabilities	2,689,245	–	–	–	2,689,245	–	–	–	–	
Trade and other payables**	Other financial liabilities	7,603,511	–	–	–	7,603,511	97,345	–	–	–	97,345
Amounts due to related parties**	Other financial liabilities	–	–	–	–	–	282	–	–	–	282
		17,280,766	–	–	–	17,280,766	97,627	–	–	–	97,627

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31 March 2023	Classification	Group					Company				
			Fair value					Fair value			
		Carrying amount Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000	Carrying amount Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Financial Assets measured at Fair value											
Investment in unquoted shares*	Fair value through OCI	309,911	–	–	309,911	309,911	309,911	–	–	309,911	309,911
Investment in quoted shares	Fair value through P&L	21,011	21,011	–	–	21,011	21,011	21,011	–	–	21,011
Investment in treasury bounds	Fair value through P&L	854,150	854,150	–	–	854,150	–	–	–	–	–
Investment fund	Fair value through P&L	53,283	–	53,283	–	53,283	–	–	–	–	–
		1,238,355	875,161	53,283	309,911	1,238,355	330,922	21,011	–	309,911	330,922
Financial Assets not measured at Fair value											
Trade and other receivables**	Amortised cost	7,892,295	–	–	–	7,892,295	28,133	–	–	–	28,133
Investment in debentures	Amortised cost	104,173	–	–	–	104,173	104,173	–	–	–	104,173
Short term investments	Amortised cost	229,870	–	–	–	229,870	225,000	–	–	–	–
Amounts due from related parties**	Amortised cost	149,443	–	–	–	149,443	233,869	–	–	–	233,869
Cash and cash equivalents**	Amortised cost	3,110,102	–	–	–	3,110,102	814,025	–	–	–	814,025
		11,485,883	–	–	–	11,485,883	1,405,200	–	–	–	1,180,200
Financial Liabilities not measured at Fair value											
Loans and borrowings***	Other financial liabilities	5,298,977	–	–	–	5,298,977	19,776	–	–	–	19,776
Bank overdraft**	Other financial liabilities	2,108,469	–	–	–	2,108,469	–	–	–	–	–
Trade and other payables**	Other financial liabilities	6,423,945	–	–	–	6,423,945	34,158	–	–	–	34,158
Amounts due to related parties**	Other financial liabilities	55,000	–	–	–	55,000	12	–	–	–	12
		13,886,391	–	–	–	13,886,391	53,946	–	–	–	53,946

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Free cashflow valuation method has been applied in Unqouted share valuation based on the Beta factor of a Similar public quoted company. The key assumptions used in the Valuation are setout below.

	%
Terminal growth	3.0
Marker risk premium	5.0
Risk free rate of return	12.3
EBIT growth	5.0
Tax rate	30.0

*** Classes of financial instruments that are not carried at fair value and of which carrying amounts are a reasonable approximation of fair value. This includes trade receivables, cash and cash equivalents, trade payable, other payables, amounts due to and due from related parties and bank overdraft. The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values due to their short term nature.*

**** Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.*

40. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

a. Credit risk (Note 40.2)

b. Liquidity risk (Note 40.3)

c. Market risk (Note 40.4)

d. Operational risk (Note 40.5)

e. Capital Management (Note 40.6)

40.1 Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

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

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

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40.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows.

	Group		Company	
As at 31 March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Impairment loss on trade receivables and contract assets arising from contracts with customers	318,629	175,819	–	–
	318,629	175,819	–	–

Expected credit loss assessment for individual customers

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers.

	Group			
As at 31 March 2024	Weighted average loss rate %	Gross carrying amount Rs. '000	Loss allowance Rs. '000	Credit impaired
Less than 30 days	0.2	3,456,494	7,669	No
More than 30 days but less than 60 days	0.7	1,224,451	9,095	No
More than 60 days but less than 90 days	1.6	476,640	7,638	No
More than 90 days	10.7	2,737,245	294,227	Yes
		7,894,830	318,629	

	Group			
As at 31 March 2023	Weighted average loss rate %	Gross carrying amount Rs. '000	Loss allowance Rs. '000	Credit impaired
Less than 30 days	0.5	4,543,931	21,108	No
More than 30 days but less than 60 days	1.5	993,170	15,151	No
More than 60 days but less than 90 days	3.6	159,650	5,772	No
More than 90 days	26.0	545,287	133,788	Yes
		6,242,038	175,819	

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Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures and contractual agreements made for every high-value transactions. in addition, receivable balances are monitored on an ongoing basis with the results that the Group's exposure to bad debts is not significant.

The Group takes out Bank Guarantees to limit of risk of credit losses on trade receivables and contract assets. Further, the Group does not recognise impairment provision on account of Government debtors.

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to the credit risk as at 31 March 2024 is as follow:

Amount due from related parties

The Group's amounts due from related parties mainly consists of the balances from affiliates. The Company's amount due from related parties mainly consists of the loan due from a fully owned subsidiary namely Sunshine Packaging Lanka Ltd. amounted to Rs. 231 Mn. (2023 – Rs. 193 Mn.).

Cash and cash equivalents

The Group held cash and cash equivalents of Rs. 5,404 Mn. at 31 March 2024 (2023 – Rs. 3,110 Mn.). The cash and cash equivalents are held with bank and financial institution counter parties, which are rated AA- to AA+ (2023:AA- to AA+), based on the ratings given by the rating agencies.

	Group		Company	
As at 31 March	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Other investments	2,603,873	1,603,036	1,628,450	690,734
Trade and other receivables	9,782,520	7,892,295	44,017	28,133
Amount due from related parties	31,749	149,443	257,990	233,869
Cash and cash equivalents	5,403,789	3,110,102	723,291	814,025
	17,821,931	12,754,876	2,653,748	1,766,761

40.3 Liquidity risk

The following are the remaining outstanding maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

Group

As at 31 March 2024		Contractual cash flows			
	Carrying amount Rs. '000	6 months or less Rs. '000	6 – 12 months Rs. '000	More than 12 months Rs. '000	Total Rs. '000
Bank overdrafts	2,689,245	2,689,245	–	–	2,689,245
Loans and borrowings	6,988,010	2,655,997	2,655,997	1,676,015	6,988,010
Trade and other payables	7,603,511	7,603,511	–	–	7,603,511
	17,280,765	12,948,752	2,655,997	1,676,015	17,280,765

Company

As at 31 March 2024	Contractual cash flows				
	Carrying amount Rs. '000	6 months or less Rs. '000	6 – 12 months Rs. '000	More than 12 months Rs. '000	Total Rs. '000
Trade and other payables	97,345	97,345	–	–	97,345
Amount due to related parties	282	282	–	–	282
	97,627	97,627	–	–	97,627

Group

As at 31 March 2023	Contractual cash flows				
	Carrying amount Rs. '000	6 months or less Rs. '000	6 – 12 months Rs. '000	More than 12 months Rs. '000	Total Rs. '000
Bank overdrafts	2,108,469	1,497,142	182,211	429,116	2,108,469
Loans and borrowings	5,298,977	666,441	2,721,530	1,911,006	5,298,977
Trade and other payables	6,423,945	6,423,945	–	–	6,423,945
Amount due to related parties	55,000	55,000	–	–	55,000
	13,886,391	8,642,528	2,903,741	2,340,122	13,886,391

Company

As at 31 March 2023	Contractual cash flows				
	Carrying amount Rs. '000	6 months or less Rs. '000	6 – 12 months Rs. '000	More than 12 months Rs. '000	Total Rs. '000
Trade and other payables	34,158	34,158	–	–	34,158
Amount due to related parties	12	12	–	–	12
	34,170	34,170	–	–	34,170

40.4 Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group'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 optimising the return.

The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the risk management committee. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

"A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates (IBORs) with alternative rates. As a result of these uncertainties, significant accounting judgement is involved in determining whether certain hedge accounting relationships that hedge the variability of foreign exchange and interest rate risk due to expected changes in IBORs continue to qualify for hedge accounting as at 31 March 2024. IBOR continues to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR.

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Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of Group companies are primarily LKR. The currencies in which these transactions are primarily denominated are Euro, US dollars, Australian Dollar, Singapore Dollar and Japanese Yen.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

	Group					Company	
As at 31 March 2024	USD Rs. '000	Australian Dollar Rs. '000	Rs. Rs. '000	Other foreign currencies Rs. '000	Total Rs. '000	Rs. Rs. '000	Total Rs. '000
Financial assets							
Other investments (excluding derivatives)	–	–	2,603,873	–	2,603,873	1,628,450	1,628,450
Trade and other receivables	1,310,949	–	8,446,354	27,738	9,785,041	44,017	44,017
Amount due from related parties	–	–	31,747	–	31,747	257,990	257,990
Cash and cash equivalents	354,430	–	5,047,016	2,346	5,403,791	723,291	723,291
	1,665,379	–	16,128,990	30,084	17,824,452	2,653,748	2,653,748
Financial liabilities							
Loans and borrowings	(685,059)	–	(6,311,161)	–	(6,996,220)	–	–
Trade and other payables	(468,623)	–	(7,148,086)	(802)	(7,617,510)	97,345	97,345
Amount due to related parties	–	–	(316,317)	–	(316,317)	282	282
Bank overdrafts	–	–	(2,689,245)	–	(2,689,245)	–	–
	(1,153,682)	–	(16,464,809)	(802)	(17,619,292)	97,627	97,627
Net exposure	511,697	–	(335,819)	29,282	205,160	2,751,375	2,751,375

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As at 31 March 2023	Group					Company	
	USD Rs. '000	Australian Dollar Rs. '000	Rs. Rs. '000	Other foreign currencies Rs. '000	Total Rs. '000	Rs. Rs. '000	Total Rs. '000
Financial assets							
Other investments (excluding derivatives)	–	–	1,603,036	–	1,603,036	690,734	690,734
Trade and other receivables	677,833	–	7,195,872	18,590	7,892,295	28,133	28,133
Amount due from related parties	–	–	149,443	–	149,443	233,869	233,869
Cash and cash equivalents	97,713	1,352	3,007,987	3,049	3,110,102	814,025	814,025
	775,546	1,352	11,956,338	21,639	12,754,876	1,766,761	1,766,761
Financial liabilities							
Loans and borrowings	–	–	(5,298,977)	–	(5,298,977)	(19,776)	(19,776)
Trade and other payables	(1,633,026)	–	(4,740,544)	(50,375)	(6,423,945)	(34,158)	(34,158)
Amount due to related parties	–	–	(55,000)	–	(55,000)	(12)	(12)
Bank overdrafts	–	–	(2,108,469)	–	(2,108,469)	–	–
	(1,633,026)	–	(12,202,990)	(50,375)	(13,886,391)	(53,946)	(53,946)
Net exposure	(857,480)	1,352	(246,652)	(28,736)	(1,131,515)	1,712,815	1,712,815

Closing rate as 31 March 2024

Euro	Australian Dollar	Japanese Yen	US Dollar	Singapore Dollar
325.22	196.41	1.99	300.44	222.90

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Euro and US dollar against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

As at 31 March 2024	Group				Company			
	Profit or loss		Equity, net of tax		Profit or loss		Equity, net of tax	
	Strengthening Rs. '000	Weakening Rs. '000	Strengthening Rs. '000	Weakening Rs. '000	Strengthening Rs. '000	Weakening Rs. '000	Strengthening Rs. '000	Weakening Rs. '000
USD (1% movement)	16,654	(16,654)	(16,654)	16,654	–	–	–	–
AUD (1% movement)	–	–	–	–	–	–	–	–

As at 31 March 2023	Group				Company			
	Profit or loss		Equity, net of tax		Profit or loss		Equity, net of tax	
	Strengthening Rs. '000	Weakening Rs. '000	Strengthening Rs. '000	Weakening Rs. '000	Strengthening Rs. '000	Weakening Rs. '000	Strengthening Rs. '000	Weakening Rs. '000
USD (1% movement)	7,756	–	(7,756)	–	(7,756)	–	7,756	–
AUD (1% movement)	(14)	–	14	–	(14)	–	14	–

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Interest rate risk is a key constitute of the market risk exposure of the Group due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

Due to the nature of operations of the company, the impact of interest rate risk is mainly on the earnings of the company rather than the market value of portfolios. Several factors give rise to interest rate risk; among these are term structure risk, which arises due to the mismatches in the maturities of assets and liabilities; basis risk which is the threat to income arises due to differences in the bases of interest rates.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Fixed-rate instruments				
Financial liabilities				
Loans and borrowings	6,988,010	5,298,713	–	–
	6,988,010	5,298,713	–	–
Variable-rate instruments				
Financial liabilities				
Bank overdrafts	2,689,245	2,108,469	–	–
	2,689,245	2,108,469	–	–

The Variable interest rates are applicable only for bank overdrafts. Therefore, no sensitivity analysis has been performed.

40.5 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology, and infrastructure, and from external factors other than credit, market and liquidity risks – e.g. those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and innovation. In all cases, Group policy requires compliance with all applicable legal and regulatory requirements.

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The Board of Directors has established Board Integrated Risk Management Committee, which is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- information technology and cyber risks; and
- risk mitigation, including insurance where this is cost-effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the Company Operational Risk Committee, with summaries submitted to the Audit Committee and the Senior Management of the Company.

40.6 Capital Management

Overall Group target was to maintain healthier capital base to ensure the sustainability of the Holdings company and its subsidiaries. In order to achieve above target, Management monitors the return on capital and dividend payout ratio. Board of Directors ensure the optimum capital structure ensuring the best balance between equity and debt. The Group leverage will be monitored quarterly to ensure the optimum liquidity ratio. The Group leverage ratio will be maintain below 40%, while obtaining borrowing facilities ensuring the optimal returns to the shareholders

41. RELATED PARTY TRANSACTIONS

The Group/Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 – "Related Party Disclosures", the details of which are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Group and is comparable with what is applied to transactions between the Group and its unrelated customers.

41.1 Key Management Personnel (KMP)

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

KMP of the Company
The Company's KMPs include the Board of Directors who are responsible for planning, directing and controlling the operations of the Company.

KMP of the Group
The Group's KMP includes the Board of Directors of the Company and it's subsidiaries who are responsible for planning, directing and controlling the operations of the Group.

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41.1.a Compensation of key management personnel

For the year ended 31 March	Group 2024 Rs. '000	Group 2023 Rs. '000	Company 2024 Rs. '000	Company 2023 Rs. '000
Key management personnel	56,310	38,475	19,195	14,520
Short-term employee benefits	395,685	515,167	298,205	354,634
Post-employment benefits	9,369	9,441	6,919	6,469
	405,054	563,083	324,319	375,623

Compensation of the Group's/Company's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

No loans have been granted to the directors of the Company.

Transactions, arrangements and agreements involving KMP and their Close Family Members (CFM)
CFM of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the entity. They may include KMP's domestic partner and children, children of the KMP's domestic partner and dependents of the KMP or the KMP's domestic partner. CFM are related parties to the Group/Company.

There were no transactions, arrangements or agreements involving CFM during the year ended 31 March 2024 (2023 – Nill).

41.2 Transactions with group entities

The Group entities include the subsidiaries and the associates of the Company.

Non-recurrent related party transactions
There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2024 audited financial statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing Rule 9.14 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

Recurrent related party transactions
There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2024 audited financial Statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

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Transactions with subsidiaries

Company name	Nature of transaction	Transaction amount 2024 Rs. '000	Transaction amount 2023 Rs. '000	Amount (payable)/ receivable 2024 Rs. '000	Amount (payable)/ receivable 2023 Rs. '000
Sunshine Healthcare Lanka Ltd.	Service income	145,637	170,420	215	–
	Dividend income	977,500	650,000		–
Healthguard Pharmacy Ltd.	Service income	49,337	67,950	15,457	210
	Gratuity transfer	14,237	–		–
Watawala Plantations PLC	Service income	112,005	95,151	9,515	818
Sunshine Consumer Lanka Ltd.	Service income	120,767	178,225	(282)	–
	Dividend income	181,050	–		–
Sunshine Packaging Lanka Ltd.	Interest income	20,096	34,739	231,798	231,185
Lina Manufacturing (Pvt) Ltd.	Service income	9,686	12,321	786	685
Sunshine Wilmar (Pvt) Ltd.	Interest Income	–	14,284		–
	Dividend Income	800,000	519,000		–
Sunshine Tea (Pvt) Ltd.	Sale	–	–	219	970
	Gratuity transfer	219	–		–
		2,430,534	1,742,090	257,708	234,868

Transactions with other related entities

Other related entities include significant investors (either entities or individuals) that have control, joint control or significant influence.

Company name	Relationship	Nature of transaction	Transaction amount 2024 Rs. '000	Transaction amount 2023 Rs. '000	Amount (payable)/ receivable 2024 Rs. '000	Amount (payable)/ receivable 2023 Rs. '000
Lamurep Properties Ltd.	Affiliate	Rent	27,227	21,486		
			27,227	21,486	–	–

42. COMMITMENTS

There were no material contingencies and commitments as at the reporting date except for disclosures made.

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43. CONTINGENCIES

Accounting policy

A provision is recognised if, as a result of a past event, the Company/Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in profit or loss.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

Use of Judgments and Estimates

Provisions and Contingencies

The Company/Group receives legal claims against it in the normal course of business. Management has made judgment as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in the respective legal jurisdictions.

Company

Bank Guarantees:

The Company has given Bank Guarantee to Tax Appeals Commission and Department of Inland Revenue amounted to Rs. 830,196.

Pending Litigation and claims:

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

Group

Bank Guarantees:

Watawala Dairy Ltd., a subsidiary of the Company, has given a bank guarantee amounting Rs. 10 Mn. to Ceylon Grain Elevators PLC.

Sunshine Consumer Lanka Ltd. has given a Bank guarantees amounting to Rs. 77.3 Mn. in relation to the acquisition of Daintee Ltd.

Also refer Note 35.3 on the contingent liability arrising on retirment benefit obligation.

Contingencies:

Healthguard Pharmacy Ltd. (HGL)

Assessments on VAT

HGL has received Notice of Assessments for the years 2019,2020,2021 and 2022 and has dully appealed for the assessments in consultation with the Company's Tax Consultant. However, as at reporting date, there is no response received from Inland Revenue Department.

Further, HGL confirm that the company has duly appealed against all the notices on assessment received on or before the due date and documentation is in place. However, no repsonse received for such appeals and as of reporting date. However, Management is of the view that there is a less probability that the Company will be liable for above assessments. Hence, No provision has been made in the financial statements.

Sunshine Healthcare Lanka Ltd. (SHL)

(a). SHL has received an assessment on Value Added Tax for the period from 1 January 2019 to 31 March 2019 for an amount to Rs. 77 Mn. including a penalty payment of Rs. 30.6 Mn. The settlement has already made. A Payable balance of Rs. 3.6 Mn. is still appearing and the records of Inland Revenue Department need to be updated to reflect the agreement reached and no payable as at reporting date.

(b). SHL has received an assessment on Value Added Tax bearing charge number of 7001730001 for the taxable period of 1 July 2017 to 30 September 2017 for a sum of Rs. 73,198/-. The Company has duly appealed and as of reporting date there were no response from the Inland Revenue Department.

Directors are of the view that SHL has followed due process and acted in accordance with the prevailing laws in its tax submissions for and therefore, the above assessment has no rationale or basis in law. Accordingly, no provision has been made in the financial statements and considered as a contingent liability.

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Sunshine Consumer Lanka Ltd. (SCL)

Lawsuit – DC Colombo DMR 03613/2020

The Plaintiff has filed a case against Sunshine Consumer Lanka Ltd. SCL has received summons in relation to this case on 27 April 2022. The Company has filed its answer to the claim on November 2022. No provision has been made in the financial statements in respect of above outstanding legal proceedings, as there are no claims and assessments that are probable of assertion, which are required to be provided in the financial statements, as at the reporting date.

44. Events after the reporting period

Accounting policy

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the financial statements.

Company/Group

There have been no events subsequent to the reporting date, which would have any material effect on the Company/Group, other than the following;

44.1 Dividend declaration

The Board of Directors of the Company has declared a interim dividend of Rs. 1.00 and final dividend of Rs. 2.00 per share for the financial year ended 31 March 2024.

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the company satisfied the solvency test in accordance with Section 57, prior to declaring the final dividend. A statement of solvency duly completed and signed by the Directors on 30 May 2024 will be audited by Messrs. KPMG.

In accordance with the LKAS 10, Events after the reporting period, the final dividend has not been recognised as a liability in the financial statements as at 31 March 2024.

44.2 Equity infusion by International Finance Corporation (IFC)

IFC, a member of the World Bank Group, has entered into an agreement on 3 May 2024, for a proposed equity investment of USD 10 Mn. (Rs. 3,270 Mn.) into Sunshine Healthcare Lanka Ltd., the healthcare arm of Sunshine Holdings PLC. Subject to satisfaction of conditions, IFC will own approximately 14.7% stake in SHL.

44.3 Government gazettes minimum wages for the plantation workers.

Government has issued a new gazette notification on 30 April 2024, mandating an increase in the wages of plantation workers. According to the gazette, the basic salary of plantation workers will rise to Rs. 1,350 per day, effective immediately. This increment is expected to include a total increase of Rs. 1,700, incorporating a Rs. 350 special allowance. On 2 May 2024, the Planters' Association of Ceylon announced its intention to file objections to the proposed wage hike within the designated time frame set by the Labour Commissioner, The final outcome is yet to be known.

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45. COMPARATIVE INFORMATION

No changes have been made to the presentation and classification of the comparative information in these financial statements.

46. DIRECTORS ASSESSMENT ON GOING CONCERN

The Board of directors has made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The Board of Directors has considered uncertainties associated with the prevailing economic conditions and their potential impact on the business operations. Further the Board is not aware of any material uncertainities that may cost significant doubt upon the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Group. Therefore, the financial statements continue to be prepared on a going concern basis.

Based on this assessment, the Board is of the view that the Group has adequate liquidity and capital position considering the level of business operations, cash flows in hand and the secured facilities available through bank credit facilities. Accordingly, the Group will not have any limitations in meeting the future obligations and ensuring business continuity.

The Board therefore is confident that the uncertainties associated with the economic conditions prevailing in the country is not expected to significantly impact the going concern ability of the Group and the Company, and will continue to monitor any material changes in future economic conditions and the resultant implications on the business operations and amend the business projections accordingly, if required.

47. DIRECTOR'S RESPONSIBILITY

The Board of Directors is responsible for the preparation and presentation of the financial statements in accordance with Sri Lanka Accounting Standards and in compliance with the requirements of the Companies Act No 7 of 2007.

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URL: https://sunshineholdings2023-24.annualreports.lk/

DECADE AT A GLANCE

	2024		2023		2022		2021		2020		2019		2018		2017		2016		2015	
Operating results	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.
Revenue	55,533,886	2,070,290	51,886,754	1,381,728	32,166,209	1,075,338	24,339,446	850,202	20,874,637	655,897	22,641,988	514,908	21,235,736	395,125	18,890,754	414,780	17,422,250	265,431	16,326,528	313,557
Gross profit	17,240,243	2,070,290	13,506,233	1,381,728	10,239,036	1,075,338	7,737,717	850,202	6,177,984	655,897	5,699,291	514,908	5,385,359	340,600	4,763,049	260,872	4,092,816	249,067	3,610,669	(45,039)
Profit before interest and tax	8,662,392	1,816,341	7,000,928	1,156,628	5,632,248	945,840	3,525,378	3,025,600	2,909,048	1,976,429	2,213,170	303,937	2,580,028	122,913	2,072,983	107,405	1,660,599	157,705	1,413,269	268,519
Profit before tax	6,019,248	1,992,029	5,660,638	1,251,075	5,646,675	1,038,285	3,309,139	3,024,029	2,563,377	1,987,767	1,881,577	240,636	2,422,815	148,558	2,042,854	190,801	1,591,244	221,176	1,309,334	221,878
Income tax	(2,052,639)	17,289	(2,043,786)	(738)	(650,001)	(15,453)	(771,611)	(117,953)	(730,739)	(12,232)	(735,942)	19,250	(618,292)	–	(430,089)	(343)	(373,645)	(769)	(335,821)	(2,024)
Profit for the year	6,019,248	1,992,029	3,616,851	1,250,336	4,996,672	1,022,832	2,537,528	2,906,076	1,832,638	1,975,536	1,145,634	259,886	1,804,523	148,558	1,612,765	190,458	1,217,599	220,407	973,513	292,717
Profit or (loss) on discontinued operations, net of tax	–	–	–	–	–	–	–	–	–	–	–	–	(210,825)	–	8,456	–	–	–	–	–
Other comprehensive income	231,885	246,320	(174,312)	(81,987)	70,378	(39,642)	(37,970)	(15,382)	(36,539)	(27,415)	(224,827)	14,449	68,903	35,763	94,713	6,969	92,461	(6,992)	73,388	57,077
Total comprehensive income	6,251,132	2,238,349	3,442,539	1,168,349	4,989,243	28,890,694	2,499,558	983,190	1,797,282	1,948,121	920,807	274,335	1,662,601	184,321	1,715,934	197,427	1,310,060	213,415	1,046,901	349,794
Profit attributable to owners of parent company	4,471,041	1,992,029	2,263,930	1,250,336	2,720,743	2,906,076	1,522,207	1,022,832	1,147,046	1,975,536	646,984	259,886	829,363	184,321	563,802	197,427	605,789	213,415	542,304	349,794
Equity and liabilities																				
Stated capital	4,240,394	4,240,394	4,240,394	4,240,394	1,641,715	1,641,715	1,641,715	1,641,715	1,641,715	1,641,715	1,641,715	1,641,715	798,504	798,504	730,940	730,940	730,940	730,940	730,940	730,940
Capital and other reserves	430,473	430,590	191,803	184,270	274,561	266,257	339,686	331,383	357,607	351,106	386,181	380,154	390,894	364,012	331,838	329,139	324,855	322,155	1,258	1,258
Retained profit	14,233,958	5,572,519	11,348,321	4,638,236	11,061,418	3,694,810	8,551,562	3,495,157	6,414,107	3,398,264	5,488,287	1,781,111	5,185,526	1,767,356	5,186,947	1,854,405	4,725,795	1,805,860	4,571,181	2,041,726
Shareholders' funds	18,904,825	10,243,503	15,780,518	9,062,901	12,977,694	5,602,783	10,532,963	5,468,255	8,414,140	5,391,086	7,516,184	3,802,980	6,374,925	2,929,873	6,249,725	2,914,484	5,781,590	2,858,955	5,303,378	2,773,924
Non-controlling interest	3,767,868	–	3,456,592	–	5,450,236	–	4,808,856	–	4,035,566	–	3,476,651	–	3,427,199	–	5,340,766	–	4,168,557	–	3,643,544	–
Total equity	22,672,693	10,243,503	19,237,110	9,062,901	18,427,931	5,602,783	15,341,819	5,468,255	12,449,706	5,391,086	10,992,835	3,802,980	9,802,123	2,929,873	11,590,491	2,914,484	9,950,147	2,858,955	8,946,922	2,773,924
Non-current liabilities	4,408,856	190,922	4,240,426	144,726	2,826,317	113,136	3,484,909	106,078	3,547,763	1,035,713	5,632,267	1,322,862	5,462,718	1,221,729	2,839,327	51,881	2,883,820	43,199	2,607,518	9,981
Current liabilities	16,390,430	97,627	12,530,545	50,476	7,899,275	66,021	8,056,277	1,099,331	6,836,994	2,083,662	5,435,280	455,936	5,029,412	281,796	3,502,376	15,817	3,288,027	13,692	3,058,200	17,294
Total equity and liabilities	43,471,979	10,532,052	36,008,081	9,258,103	29,153,523	5,781,940	26,883,005	6,673,665	22,834,463	8,510,461	22,060,381	5,581,779	20,294,253	4,433,397	17,932,194	2,982,182	16,121,994	2,915,845	14,612,640	2,801,198

Operating results	2024 Group Rs.	2024 Company Rs.	2023 Group Rs.	2023 Company Rs.	2022 Group Rs.	2022 Company Rs.	2021 Group Rs.	2021 Company Rs.	2020 Group Rs.	2020 Company Rs.	2019 Group Rs.	2019 Company Rs.	2018 Group Rs.	2018 Company Rs.	2017 Group Rs.	2017 Company Rs.	2016 Group Rs.	2016 Company Rs.	2015 Group Rs.	2015 Company Rs.
Assets																				
Property, plant and equipment	6,641,907	8,652	6,735,559	25,523	4,787,020	13,664	4,794,111	33,067	4,719,959	45,406	5,800,455	16,334	5,451,893	3,291	4,952,871	5,901	4,104,956	6,078	3,830,814	3,032
Leasehold right to bare land	359,851		243,876	–	235,995	–	238,853	–	241,439	–	183,963	–	190,997	–	–	–	–	–	–	–
Biological assets	3,658,653		3,503,610	–	3,675,946	–	3,492,193	–	3,449,345	–	4,694,037	–	4,379,456	–	3,629,026	–	3,431,155	–	3,350,253	–
Investment property	631,212		627,529	–	1,030,094	3,210,054	769,499	–	709,499	–	327,205	–	327,205	–	–	–	–	–	–	–
Intangible assets	277,903	14,490	349,109	19,759	385,928	25,028	249,057	7,556	165,943	5	192,415	27	215,179	780	168,765	1,533	137,472	2,192	110,539	–
Investments in subsidiaries	–	7,747,698	–	7,248,733	–	3,210,054	–	3,399,509	–	3,232,076	–	3,313,402	–	3,017,901	–	1,376,748	–	1,041,372	–	961,372
Other investments	833,617	782,224	465,734	465,734	741,513	669,200	1,004,331	647,178	1,070,904	727,179	976,129	647,625	653,396	642,633	636,733	625,970	1,296,865	721,505	673,143	673,143
Investment in gratuity fund	–	–	–	–	–	–	–	–	–	–	–	–	288,595	–	258,319	–	234,369	–	220,262	–
Investment in associate	–	–	–	–	–	–	–	–	–	–	–	–	7,960	9,000	–	–	6,276	6,111	4,293	2,720
Deferred tax	420,127	31,602	320,099	121,249	259,034	59,507	42,612	43,064	65,788	32,018	57,496	17,997	73,662	–	75,591	–	82,381	–	92,863	–
Current assets	29,261,603	1,947,386	22,322,177	74,195	16,710,797	1,804,487	14,714,409	2,541,999	12,410,202	4,472,425	9,825,883	1,577,394	8,705,910	759,792	8,210,888	972,029	6,828,520	1,138,587	6,330,472	1,160,932
Total assets	43,471,979	10,532,052	36,008,081	9,258,103	29,153,523	5,781,940	26,883,005	6,673,665	22,834,463	8,510,461	22,060,381	5,581,779	20,294,253	4,433,397	17,932,194	2,982,182	16,121,994	2,915,845	14,612,640	2,801,198
Key indicators																				
Earnings per share	9.09	4.05	4.67	2.79	6.06	2.28	3.39	6.48	2.56	4.40	4.43	1.78	6.08	1.09	4.13	1.40	4.34	1.63	3.62	2.19
Dividends per share – Cash	2.00	2.00	1.15	1.15	0.96	0.96	0.83	0.83	0.75	0.75	1.25	1.25	1.00	1.00	1.50	1.50	1.05	1.05	0.95	0.95
Dividends per share – Scrip	–	–	–	–	–	–	–	–	–	–	–	–	0.50	0.50	0.50	0.50	–	–	–	–
Net assets per share	38.43	20.82	32.08	18.42	26.77	12.49	23.48	12.19	56.26	36.05	50.26	25.43	46.33	21.47	46.25	21.57	42.78	21.16	39.24	20.53
Return on equity (ROE) (%)	26.5	19.4	18.8	13.8	27.1	18.3	16.5	53.1	14.7	36.6	10.4	6.8	16.90	–	15.0	6.77	12.90	7.46	12.16	12.61
Current ratio (%)	1.79	19.95	1.78	1.47	2.12	27.33	1.83	2.31	1.82	2.15	1.81	3.46	1.73	2.70	2.34	66.71	2.08	83.16	2.06	67.13
Dividend payout ratio (%)	22.01	–	24.63	–	15.84	–	24.48	–	29.30	–	28.22	–	137.61	–	141.84	–	64.4	–	43.5	–

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TOP 20 SHAREHOLDERS LIST AS AT 31.03.2024

Name	No. of shares	%
Lamurep Investments Limited Account No. 01 & 04 and Commercial Bank of Ceylon PLC/Lamurep Investments Limited	271,454,139	55.18
Akbar Brothers Pvt Ltd. A/C No. 1	49,241,855	10.01
Deepcar Limited	45,774,076	9.30
Citibank Newyork S/A Norges Bank Account 2	14,142,347	2.87
Ceylon Property Development Limited	10,915,876	2.22
Thread Capital (Private) Limited	8,846,244	1.80
Mr. Visvanathamoorthy Govindasamy	6,079,500	1.24
Rubber Investment Trust Ltd. A/C No. 01	3,539,729	0.72
Perera and Sons Bakers PVT Limited	3,100,000	0.63
Invenco Capital Private Limited	2,989,777	0.61
Mr. Bagwan Wassiamal Kundanmal	2,977,534	0.61
Union Assurance PLC-Universal Life Fund	2,751,454	0.56
Ceylon Guardian Investment Trust PLC A/C # 02	2,494,277	0.51
Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	1,831,642	0.37
Ceylon Investment PLC A/C # 02	1,630,000	0.33
J B Cocoshell (Pvt) Ltd.	1,532,369	0.31
Jafferjee Brothers Exports (Private) Limited	1,286,787	0.26
Union Assurance Plc-Traditional Life Participating Fund	1,192,358	0.24
Employees Trust Fund Board	1,189,566	0.24
Seylan Bank PLC/JN Lanka Holdings Company (Pvt) Ltd.	1,172,152	0.24

Director's Shareholding	No. of shares	%
Visavanathamoorthy Govindasamy	6,079,500	1.24
Govindasamy Sathasivam	9,165	0.00
Shyam Govind Sathasivam	3,054	0.00
Asite Drupath Bandara Talwatte	3,054	0.00

SHARES NOT TAKEN INTO ACCOUNT TO COMPUTE PUBLIC HOLDING

	No. of shares	%
Lamurep Investments Limited Account No. 01 & 04 and Commercial Bank of Ceylon PLC/Lamurep Investments Limited	271,454,139	55.18
Ceylon Property Development Limited	10,915,876	2.22
Akbar Brothers Pvt Ltd. A/C No. 1	49,241,855	10.01
Director's Shareholding	6,094,773	1.24

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THE NUMBER OF SHAREHOLDERS AS AT 31 MARCH 2024

Number of Shares held	Residents			Non-Residents			Total		
	Number of Share holders	Number of Shares	%	Number of Share holders	Number of Shares	%	Number of Share holders	Number of Shares	%
1 – 1,000	3,433	890,903	0.18	3	415	0.00	3,436	891,318	0.18
1,001 – 10,000	1,687	6,301,634	1.28	15	72,662	0.01	1,702	6,374,296	1.29
10,001 – 100,000	475	14,490,644	2.94	6	282,000	0.06	481	14,772,644	3.00
100,001 – 1,000,000	100	30,334,640	6.17	6	2,081,492	0.42	106	32,416,132	6.59
1,000,001 & Over	21	375,373,651	76.30	4	62,145,588	12.63	25	437,519,239	88.93
Total	5,716	427,391,472	86.87	34	64,582,157	13.13	5,750	491,973,629	100.00

Categories of Shareholders	31 March 2024			
	No. of Share holders	%	No. of shares	%
Individuals	5,616	97.67	46,414,062	9.43
Institutions	134	2.33	445,559,567	90.57
Total	5,750	100.00	491,973,629	100.00

Percentage of public holding as at 31 March 2024 was 31.35%	
Total number of shareholders	5,750
Total number of shareholders who hold the Public Holding %	5,741
Total number of shares issued	491,973,629
Market capitalisation of Rs.	29,272,430,925.50
Float adjusted market capitalisation of LKR	9,176,907,095.14
In terms of the rule 7.13.1 (i) (a) of the Listing Rules if the Colombo Stock Exchange, the Company Qualifies under option Two of the minimum public holding requirement.	

Set out the highest market value per share recorded during the financial year, lowest market value per share recorded during the financial year and market value per share as at the end of financial year

1 January 2024 to 31 March 2024 (4QFY24)

Period	Date high	High (Rs.)	Date low (Rs.)	Low (Rs.)	Close (Rs.)	Trade volume	Share volume	Turnover (Rs.)	Last traded date	Last traded price (Rs.)	Days traded
1.1.2024	28.03.2024	61.5	16.01.2024	50	59.5	3,676	14,441,828	816,613,243	28.03.2024	60	58

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CORPORATE INFORMATION

NAME OF COMPANY
Sunshine Holdings PLC

LEGAL FORM
Public limited liability company (Incorporated in 1973 and listed in the Colombo Stock Exchange)

DATE OF INCORPORATION
16 June 1973

REGISTRATION NUMBER
PQ13

ACCOUNTING YEAR END
31 March

PRINCIPAL ACTIVITIES
Holding company, carrying out investment in subsidiaries

REGISTERED OFFICE
No. 60, Dharmapala Mawatha, Colombo 3

DIRECTORS
Mr Amal Cabraal

Mr V Govindasamy

Mr Asite Talwatte

Mr S G Sathasivam

Mr S Renganathan

Mr Reyaz Mihular

Mr Sanjeev Shishoo

Mr G Sathasivam

Mr Sudarshan Jain

Mr Tyeabally Akbarally

Ms Aruni Goonetilleke
Appointed w.e.f. 15 November 2023

Mr Aruna Deepthikumara
Appointed w.e.f. 18 January 2024

Ms Wedage Yasanthi Ruvini Fernando
Resigned w.e.f. 27 October 2023

Mr Harsha Abeywickrama
Resigned w.e.f. 24 May 2023

SECRETARIES
Corporate Services (Private) Limited
No. 216, De Saram Place,
Colombo 10

Phone: +94 11 460 5100

AUDITORS
KPMG
Chartered Accountants
32A, Sir Mohamed Macan Markar Mawatha,
Colombo 3

LAWYERS
F J & G de Saram
(Attorney-at-Law)
No. 216, De Saram Place,
Colombo 10

Nithya Partners
(Attorney-at-Law)
No. 97/A, Galle Road,
Colombo 3

D L & F De Saram
No. 47, C W W Kannangara Mawatha,
Alexandra Place
Colombo 7

BANKERS OF THE COMPANY
Hatton National Bank PLC

DFCC Bank

Indian Bank

National Development Bank PLC

Nations Trust Bank PLC

Standard Chartered Bank

Seylan Bank PLC

Commercial Bank of Ceylon PLC

CREDIT RATINGS
The Company has been affirmed a national long-term rating of "AA+(lka); Outlook Stable" with Fitch Ratings Lanka Limited.

WEBSITE
www.sunshineholdings.lk

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Global Standard Annual Report Number©
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NOTICE OF MEETING

Notice is hereby given that the Fifty First (51st) Annual General Meeting ("AGM") of Sunshine Holdings PLC (the "Company") will be held online via a virtual platform on Friday, the 28 June 2024 at 09.00am and the business to be brought before the meeting will be:

1. To receive and consider the Annual Report of the Board of Directors, together with the Audited Financial Statements of the Company and Group, for the financial year ended 31 March 2024 and the report of the auditors thereon.
2. To declare a final cash dividend of Rs. 2.00 per share as recommended by the Board of Directors.
3. To propose the following resolution as an ordinary resolution for the appointment of Mr G Sathasivam as a Director, who will retire on 23 June 2024 upon the expiration of one year since the passing of the ordinary resolution at the annual general meeting held on 23 June 2023 re-appointing him as a director in terms of section 211 (1) of the Companies Act No. 7 of 2007:

   "Ordinary Resolution

   IT IS HEREBY RESOLVED THAT the age limit referred to in section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr G Sathasivam, who has attained the age of seventy seven (77) years and that he be appointed as a Director of the Company."
4. To re-appoint Ms A Goonetilleke, Director of the Company, who retires in terms of article 110 of the articles of association of the Company.
5. To re-appoint Mr A Deepthikumara, Director of the Company, who retires in terms of article 110 of the articles of association of the Company.
6. To re-appoint Mr S Jain, Director of the Company, who retires by rotation in terms of article 104 of the articles of association of the Company.
7. To re-appoint Mr S Renganathan, Director of the Company, who retires by rotation in terms of article 104 of the articles of association of the Company.
8. To propose the following as Special Resolutions to amend the Articles of Association of the Company to be in line with the Listing Rules of the Colombo Stock Exchange that are currently in force:

   Special Resolution 01:
   In relation to amending the provisions on the appointment of Alternate Directors of the Company to be in line with the listing rules

   Special Resolution 02:
   In relation to amending the provision on the minimum number of directors of the Company to be in line with the listing rules
9. To re-appoint messrs KPMG Chartered Accountants as Auditors of the Company until the conclusion of the next Annual General Meeting to audit the financial statements of the Company for the year ending 31 March 2025 and to authorise the Directors to determine their remuneration therefor.
10. To authorise the Directors to determine the contributions to charities.

By order of the Board,

Corporate Services (Private) Limited
Secretaries

4 June 2024
Colombo

CIRCULAR TO THE SHAREHOLDERS

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CIRCULAR TO THE SHAREHOLDERS OF SUNSHINE HOLDINGS PLC ("Company")
PQ 13

Dear Shareholder,

CIRCULATION OF ANNUAL REPORT TO SHAREHOLDERS
Rule No. 7.5 of the Listing Rules of the Colombo Stock Exchange ("CSE") permits a listed company to forward its Annual Report to its shareholders in a mode other than in printed form.

Accordingly, the Annual Report for the financial year ended 31 March 2024 of the Company can be downloaded from the CSE website on (https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=SUN.N0000).

If you wish to receive a printed copy of the Annual Report for the year ended 31 March 2024, you may complete and forward the attached Form of Request to us on or before 14 June 2024. The Company will furnish a printed copy of the Annual Report to the shareholders requesting such printed copy within eight (8) market days from the date of receipt of the written request.

If you have any queries on this matter, please contact the following officer:

Name	: Kirana Jayawardena
Email ID	: Kirana.Jayawardena@sunshineholdings.lk
Telephone	: 0114 70 2400

Yours faithfully,
By order of the Board of
Sunshine Holdings PLC

CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries and Registrars

4 June 2024

FORM OF PROXY

*I/We ....

of ....

being a shareholder/shareholders of SUNSHINE HOLDINGS PLC do hereby appoint

1. Mr D A Cabraal	or failing him,
2. Mr V Govindasamy	or failing him,
3. Mr G Sathasivam	or failing him,
4. Mr S G Sathasivam	or failing him,
5. Mr A D B Talwatte	or failing him,
6. Mr S Shishoo	or failing him,
7. Mr S Jain	or failing him
8. Mr S Renganathan	or failing him,
9. Mr T Akbarally	or failing him,
10. Mr M R Mihular	or failing him,
11. Ms A Goonetilleke	or failing her,
12. Mr A Deepthikumara	or failing him,

....

of ....

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 Twenty Eighth (28th) day of June 2024 at 9.00a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against	Abstain
1. To receive and consider the annual report of the board of Directors together with the audited financial statements of the Company and the Group for the year ended 31 March 2024 and the report of the auditors thereon			
2. To declare a final cash dividend of Rs. 2.00 per share as recommended by the Board of Directors.			
3. To appoint Mr G Sathasivam as a Director who has attained the age of seventy seven (77) years			
4. To re-appoint Ms A Goonetilleke as a Director who retires in terms of article 110 of the articles of association of the Company			
5. To re-appoint Mr A Deepthikumara as a Director who retires in terms of article 110 of the articles of association of the Company.			
6. To re-appoint Mr S Jain as a Director who retires by rotation in terms of article 104 of the articles of association of the Company			
7. To re-appoint Mr S Renganathan as a Director who retires by rotation in terms of article 104 of the articles of association of the Company.			
8. To pass Special Resolution 01 In relation to amending the provisions on the appointment of Alternate Directors of the Company to be in line with the listing rules			
To pass Special Resolution 02 In relation to amending the provision on the minimum number of directors of the Company to be in line with the listing rules			
9. To re-appoint KPMG (Chartered Accountants), who are deemed to be re-appointed as auditors of the Company until the conclusion of the next AGM of the Company in terms of section 158 (1) of the Companies' Act, to audit the financial statements of the Company for the year ending 31 March 2025 and to authorise the Directors to determine their remuneration thereof			
10. To authorise the Directors to determine the contributions to charities.			

Signed this .... day of .... Two Thousand and Twenty Four

....
*Signature/s

Note: Please delete the inappropriate words.

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INSTRUCTIONS AS TO COMPLETION

1. Kindly complete the form of proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy who need not be a shareholder, to attend and vote instead of him.
3. In the case of a corporation, the form must be completed under its common seal, which should be affixed and attested in the manner prescribed by the articles of association.
4. If the form of proxy is signed by an Attorney, the relevant Power of Attorney should also accompany to the completed Form of Proxy, in the manner prescribed by the articles of association.
5. The completed form of proxy should be deposited at the registered office of the Company, No. 60, Dharmapala Mawatha, Colombo 03 or e-mailed to kirana.jayawardena@sunshineholdings.lk or coroprateservices@coroprateservices.lk **not less than 48 hours before** the time appointed for the holding of the meeting.

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