

VALUE CREATION model

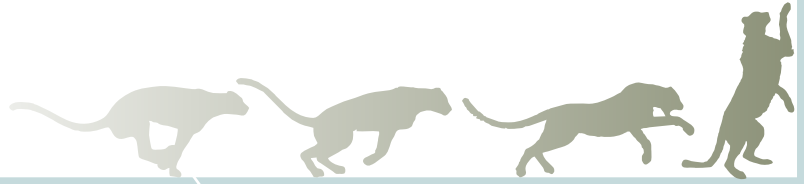
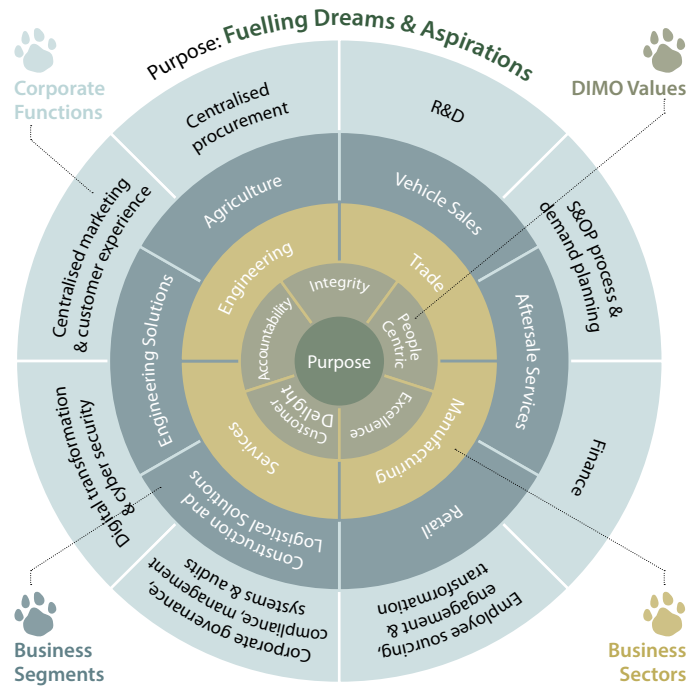


Figure 5: Value creation model



<p>Financial Capital</p> <p>Monetary assets that fund the assets of our business and increases our appetite for expansion, investment, and R&D for growth and value creation.</p>	<p>Rs. 15,466 million Equity</p> <p>Rs. 8,951 million Borrowings</p>	
<p>Manufactured Capital</p> <p>Inventory and Property, Plant and Equipment across the island excluding land.</p>	<p>Rs. 4,355 million PPE excluding land</p> <p>Rs. 9,800 million Inventory</p>	<p>31 No. of our owned buildings</p>
<p>Human Capital</p> <p>The human resources that convert the purpose into value and through whom innovative and competitive products and solutions are made possible for clients. The outcomes that benefit all stakeholders will depend on equity and fairness, people, skills, and experience.</p>	<p>50 Female employees in decision making roles</p> <p>4.20 Employee engagement score</p>	<p>1,875 Employees</p>
<p>Social & Relationship Capital</p> <p>Relationships with stakeholders, including the communities in which we operate. The relationship capital that provides DIMO partners through with and for whom DIMO creates value.</p>	<p>92% CSI</p> <p>94 Foreign principals</p>	<p>Rs. 24 million Voluntary investments in community progress</p>
<p>Intellectual Capital</p> <p>Intangible assets which include DIMO brand, reputation and franchise value, as well as capacities for research and development, innovation, to retain and use knowledge, expertise, and digital assets that enable us to create value.</p>	<p>Being recognised by external institutions for excellence in business conduct</p> <p>ISO 45001:2018 A certified Occupational Health and Safety Management System</p>	
<p>Natural Capital</p> <p>The natural resources that the group consumes in the course of its everyday operations including land.</p>	<p>85 acres Land</p> <p>Water management system</p>	<p>Waste management system</p> <p>Energy management systems</p>



Segment wise value chains are explained under Business Reports

Pages 30 - 41

OUTPUTS

Engineering

- Storage & material handling solutions
- Car parking solutions
- Medical infrastructure solutions
- Power & energy solutions
- Building technology solutions
- Fluid & water solutions
- Construction chemicals
- Aftersales services

Trading

- Vehicles for transportation of passengers and goods
- Agri-machinery
- Spare parts
- Lighting products
- Home and garden products
- Fertiliser, seeds and agrochemicals
- Construction machinery
- Chemical solutions
- Pharmaceuticals & other healthcare products

Manufacturing/ Value Adding

- Food products for export and local market
- Fertiliser
- Seeds
- Vehicle assembly
- Camper trailers
- R&D techno-parks

MANAGEMENT OF RISKS & OPPORTUNITIES

OUTCOMES

Enterprise Risks

1. Strategic
2. Operational
3. Business segment specific
4. Capital specific

ESG Risks

5. Climate related
6. Employee mobility
7. Reputation
8. Business partner retention

Enterprise Opportunities

9. Diversification, Differentiation, Collaboration
10. Improve credibility of management systems by accreditation
11. Introduce new unique selling propositions (USPs)
12. Enhance brand equity to compete for capital

ESG Opportunities

13. Introduction of sustainable products and services
14. Employee transformation and growth
15. Corporate brand management governance and best practices in sustainability
16. Partnership management through effective stakeholder engagement

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Services

- Education in Engineering
- Engineering Designs
- Engineering Consultancy
- Vocational Training
- Agri advisory services

BY - PRODUCTS



156,327 Kg
Solid Non – Hazardous Waste
(2021/22 – 246,996 KG)

66,903 Kg
Solid Hazardous Waste
(2021/22 – 108,321KG)

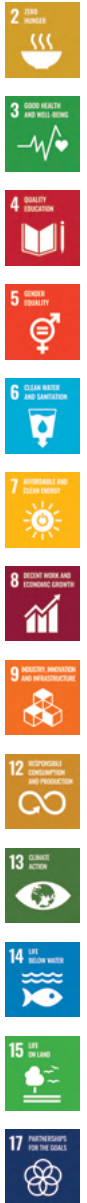


3,069 tCO₂e
Carbon Emissions
(2021/22 – 5,376 tCO₂e)

Long term value creation | preservation | erosion

			Shareholders	Customers	Suppliers	Employees	Society
Financial Capital	Rs. 15,353 million Equity	Rs. 62.73 EPS	●	●	●	●	●
	Rs. 13,730 million Borrowings		●	●	●	●	●
Manufactured Capital	Rs. 4,712 million PPE excluding land	31 No. of our owned buildings	●	●	●	●	○
	Rs. 9,978 million Inventory		●	●	●	●	○
Human Capital	54 Female employees in decision making roles	1,868 Employees Including all subsidiary employees as at 31st March	●	●	●	●	●
	4.20 Employee engagement score		●	●	●	●	●
Social & Relationship Capital	89% CSI	Rs. 17 million Voluntary investments in community progress	●	●	●	●	●
	116 Foreign principals		●	●	●	●	●
Intellectual Capital	Rs. 4 million Corporate website		●	●	●	●	●
	Certification to SEDEX (Supplier Ethical Data Exchange) and KOSHAR. Recertified to ISO 22000:2018 Food safety Management System for newly acquired Tropical Health Food (pvt) Ltd		●	●	●	●	●
Natural Capital	11,415 GJ Renewable energy (2021/22 – 11,739 GJ)	917 m ³ Recycled and re-used water (2021/22 – 10,316 m ³)	●	●	●	●	○
	DIMO INITIUM and TATA vehicle assembly businesses certified for ISO 9001:2015 Quality Management System, and ISO 14001: 2015 Environment Management System		●	●	●	●	●

● Value erosion ● Value preservation ● Value creation ○ No Significant Impact



Transformation of purpose into value

The end - result of our purpose is to create value for our shareholders and stakeholders. Our association with stakeholders has taught us that the values stated in the VCM are the values that they expect DIMO to uphold. DIMO has so far chosen six segments in four sectors through which to deliver value by living DIMO values and thereby achieving our purpose. Value creation is enabled by corporate functions outlined in the VCM to transform purpose into value.

OVERVIEW OF THE *operating context*

Table 4: Operating context

Indicator	Scenario/Measure	Impact to DIMO
GDP Growth Rate	The Sri Lankan economy which grew by 3.7% in year 2021, suffered a contraction of 8.7% in year 2022. (Source – The Central Bank of Sri Lanka)	A significant part of the Group's offering consists of capital goods, for which demand is linked to GDP growth rate. Overall, the contraction had an adverse impact on demand for most of the goods and services offered by DIMO.
Interest Rates	The annual average of the Weekly Average Weighted Prime Lending Rate (AWPLR) for Financial Year 2022/23 was 26.61 percent compared to the annual average of 7.01 percent recorded in the previous financial year. As at 31st March 2023, the AWPLR was reported at 21.40. (Source – The Central Bank of Sri Lanka)	The high interest rates impacted the group in more than one way. Firstly, they made the capital goods that we sell less affordable to other businesses and consumers as the cost of leasing/ borrowing became phenomenally high. Secondly, it increased the interest cost of working capital, the full impact of which could not be passed on to the customer. Thirdly, it hindered the Group's diversification and expansion programmes due to the increased cost of funding.
Inflation Rate	Headline inflation measured by the year-on-year (YoY) change in the National Consumer Price Index settled at 49.20 percent in March 2023. (21.50% in March 2022) (Source – The Central Bank of Sri Lanka)	The increase in inflation during the financial year adversely impacted consumer demand, as spending power was curtailed. In addition, it increased the overhead costs of the Group, the full impact of which cannot be passed onto the customer.
Exchange Rates	The Rupee fell by 13% to Rs. 332.50 against the US dollar on March 31, 2023, compared to its closing rate of Rs. 293.87 per USD on March 31, 2022. Meanwhile, reflecting on cross-currency movements, the Sri Lankan Rupee depreciated against the Euro, the Sterling Pound and the Japanese Yen during the year. (Source – The Central Bank of Sri Lanka)	The depreciation of the Sri Lankan Rupee during the first three quarters of the year, resulted in an escalation of import costs for all the sectors of the Group. This led to a substantial price hike, affecting demand.
Import Restrictions	The government began placing restrictions on imports commencing April 2020, with some changes to the regulations since then. As at 31st March 2023, 679 items remained restricted compared to 1,465 items in March 2022. (Source – Sri Lanka Customs)	Import restrictions on vehicles continued to seriously affect revenues of DIMO. The import ban on various other items too had an impact on revenues and growth. With the lifted restrictions on few specific imports, towards the latter part of the financial year, DIMO had the opportunity to import and sell these goods by maintaining its competitive position in the market.
Covid-19 Pandemic	Compared to the financial year 2021/22, the impact of Covid-19 pandemic gradually reduced in the financial year 2022/23. (Source – World Health Organisation)	The gradual recovery from Covid-19 pandemic has helped the Group to get back to business as usual, although other economic factors negatively affected the outcome. The increase in agricultural activities started during the pandemic, contributed positively to DIMO Agri business, which also was a contributing factor towards the Agri business delivering impressive turnovers and results.

Sri Lanka experienced a serious economic crisis during the year that encompassed a lack of foreign exchange, unprecedented levels of inflation, extremely high interest rates, a government liquidity crisis, and the sharp depreciation of the Rupee, all of which triggered knock-on effects on consumers and society.

Overall, it was a period of extreme uncertainty with a dearth of resources to continue business as usual. In this context, the key external factors that were material for the DIMO group are discussed below.



Please refer page 81 - 86 of the Risk Management section for more information about key risk mitigation.



Please refer page 10 - 11 of the Chairman's message and page 12 - 13 of Group CEO's statement for the perception of the management on operating context.



Please refer Business Reports on page 30 - 41 for industry specific external environmental context.

Future Outlook

Impact on the Availability, Affordability, and the Quality of Capitals

FC MC HC SC IC NC

Considering the progress that has been made thus far in relation to securing financial assistance from the International Monetary Fund (IMF), the economy, if managed carefully, is expected to gain momentum and lead itself to a path of recovery that will enable a positive economic growth. The latest forecast made by Asian Development Bank (ADB) shows a 4% increase in GDP growth rate for the calendar year 2023.



There is an evident decline in interest rates in the recent past. Public announcements by the Government also point to a desire to bring down the interest rates provided that inflation rates, affordability and other factors allow it.



Based on the latest macroeconomic projections of the Central Bank of Sri Lanka (CBSL) we expect a gradual slowdown in inflation throughout 2023 supported by a decline in global commodity prices due to subdued demand conditions and a similar downward trend in prices locally, which we expect to be primarily driven by a stronger Rupee.



The Rupee saw an appreciation during the period immediately succeeding the financial year. However, the recommencement of foreign debt repayment and the lifting of import restrictions are expected to lead to Rupee volatility. There is no formal guidance by Central Bank of Sri Lanka (CBSL) on the exchange rate.



Although there is no indication of the import ban on vehicles being relaxed, Sri Lanka is expected to relax the remaining import restrictions on various other items in a phased-out manner.



The World Health Organisation (WHO) has officially declared that Covid-19 no longer constitutes a public health emergency of international concern. Therefore, Covid-19 will no longer be considered a factor that would significantly affect Group performance.



PROTECTION

We are armed with distinctive mechanisms designed to safeguard us against adversity.

● High Impact ● Moderate Impact ● Low Impact ○ No Significant Impact

OVERVIEW OF THE OPERATING CONTEXT

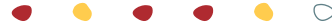
Indicator	Scenario/Measure	Impact to DIMO
Taxation	<p>The corporate tax rate applicable to the company increased from 24% to 30%. The highest rate for personal income tax increased from 18% to 36%, standard Value Added Tax (VAT) rate increased from 12% to 15% and a 2.5% levy was imposed on turnover as Social Security Contribution Levy (SSCL).</p> <p>(Source – The Department of Inland Revenue)</p>	<p>The increase in income tax restricted the distribution of profits and the deferred tax liability of the Group. Increases in VAT and SSCL tax increased the prices of DIMO products to the end customer. The increase in personal income tax significantly affected the take-home salary of the employees.</p>
Energy Prices	<p>On 15th February 2023, electricity prices were increased by 66% in a move that the Government hoped would persuade the IMF to provide urgent support for the crisis-stricken economy.</p> <p>(Source – Public Utilities Commission of Sri Lanka)</p>	<p>The electricity cost of the Group was increased. DIMO's energy business sector had a higher demand for renewable energy resources such as solar panels. The sharp increase in energy cost pushed the Group to consider revising margins. The ability to pass on the full cost was a determining factor of competitiveness.</p>
Human Capital	<p>Compared to the Human Capital Index (HCI) score in 2021 which stood at 60, higher than the South Asian and global averages, the current HCI of Sri Lanka has weakened due to the Covid-19 pandemic and current economic crisis.</p> <p>(Source – Human Capital project Sri Lanka by World Bank)</p>	<p>The staff turnover rate of the Group was 23% in 2022/23 financial year, which was a 10% increase compared to the previous financial year. Migration is seen as a major contributing factor. We have also witnessed an expectation of higher gross remuneration among employees due to the impact of inflation and higher personal taxation.</p> <p>The positive factor regarding Human Capital management at DIMO is, post the outbreak of the pandemic the optimization of Human Capital has been assured through updated learning platforms coupled with virtual technology and the intervention of analytics.</p>
Technological Development	<p>The development in technology has been rapid during the past few years with Robotic Process Automation (RPA), Artificial Intelligence (AI) and the Data Analytics driving organisations to improve efficiency and effectiveness and quality of decision making.</p>	<p>Not keeping pace with technology may make DIMO lose out on cost competitiveness and customer experience.</p>
Foreign Business Operations	<p>Myanmar – due to the political instability the business environment is adversely affected.</p> <p>Bangladesh - Consistent GDP growth rates over 6% have rendered an enabling business environment.</p> <p>Maldives – Attracts high numbers of tourists and is a popular holiday destination.</p> <p>Uganda – Infrastructure development projects will be prioritized in Uganda. The volatility of the Uganda Shilling is seen as a negative factor.</p>	<p>Myanmar – The DIMO business activities suffered a major set-back due to the country's political instability.</p> <p>Bangladesh – Expansions in the construction sector positively impacted DIMO business operations.</p> <p>Maldives – Opportunities in Marine Engineering improved the DIMO business operations in the Maldives.</p> <p>Uganda – The infrastructure development projects carried out by DIMO in Uganda will be completed successfully during the ensuing financial year.</p>

Future Outlook

Impact on the Availability, Affordability, and the Quality of Capitals

FC MC HC SC IC NC

It appears that these high taxes will prevail for a longer period, requiring our businesses to adjust to the new way of life.



The Sri Lankan Government aims to achieve 70 percent electricity production through renewable sources by 2030. DIMO also has a long-term plan to invest in renewable power plants. With more renewable energy sources in place, electricity prices are expected to go down gradually.

(Source – Sri Lanka Sustainable Energy Authority)



If the current macro-economic conditions in Sri Lanka remain the same, the employee turnover rate may persist and may directly increase the Company's cost of Human Capital.

DIMO will have to seek ways of introducing technology and digitalized tools towards increasing efficiency and effectiveness of Human Capital.



Use of technology is rapidly increasing and DIMO is focused on using technology to compete.



Myanmar – The return to normalcy cannot be forecasted due to the prevailing political and economic instability.

Bangladesh – In future, there will be more opportunities in the construction sector.

Maldives – The increased activity in tourism will positively impact the operations of the DIMO Joint venture.



Uganda – DIMO is seeking more opportunities in Uganda and the African region.

● High Impact ● Moderate Impact ● Low Impact ○ No Significant Impact

BUSINESS reports

VEHICLE SALES



Vehicles for transportation of passengers and goods (brand-new motor vehicles, special purpose vehicles and pre-owned vehicles).

Industry & external environment

The embargo on import of motor vehicles continued for the third successive year seriously limiting business options. The segment was limited to sale of pre-owned vehicles, sale of TATA Ace vehicles assembled locally and prime movers which were permitted to be imported, though lacking in demand. These vehicle sales were too curtailed due to high interest rates and down payments applicable for leases.

Value chain

The following table shows how the segment-specific value creation activities impact each capital.

Table 5: Value chain activities and impact on capitals – Vehicle sales segment

Capital	Sourcing	Modifications Repairs	Delivering	Customer Engagement
Financial	Value erosion	Value erosion	Value creation	Value erosion
Manufactured	Value creation	Value creation	Value erosion	Value preservation
Human	Value preservation	Value creation	Value preservation	Value preservation
Social & Relationship	Value creation	Value preservation	Value creation	Value creation
Intellectual	Value preservation	Value creation	Value preservation	Value preservation
Natural	Value erosion	Value preservation	Value preservation	Value preservation

Value erosion (Red dot) Value preservation (Orange dot) Value creation (Green dot)



DIMO Batta Trucks give self-employed individuals the opportunity to organize their own transportation and run mobile sales outlets. This revolutionized their dependency on third party transport solutions. The reliability of the vehicle, its build quality, and unparalleled fuel efficiency sets the DIMO Batta apart from all other competitor vehicles.

"I am a curd businessman from Tissamaharama and currently have four shops in Colombo. My DIMO Batta vehicles travel to Colombo from Tissamaharama and back, on a daily basis. They run 365 days per year, covering a minimum of 500km per day. I also use these vehicles to transport coconut, rice, honey, etc. I started out with one DIMO Batta and now own five. This is a very reliable vehicle, backed by an efficient after sales team. Parts and service costs are affordable. My success is due to the cost-effective operations of DIMO Batta, especially its fuel efficiency, which allowed me to save a lot of money.

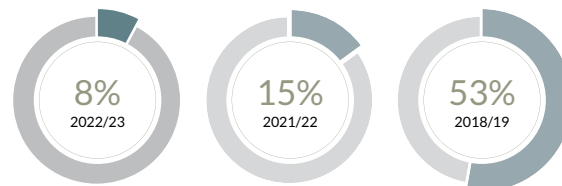
Mr. Nimal Rohana
Curd Businessman
Tissamaharama



Segment Strategy

Widening the pre-owned business for commercial vehicles arm was a product diversification strategy followed by the business. Curtailment of business was the only strategy for its survival with the alternative approach being to engage in vehicle assembly business.








Graph 1: Vehicle sales segment revenue contribution to the Group

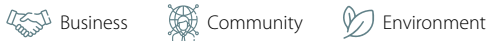


Scan this QR Code to view the sales related stakeholder testimonial in Our Performance Section

Value Creation Dashboard

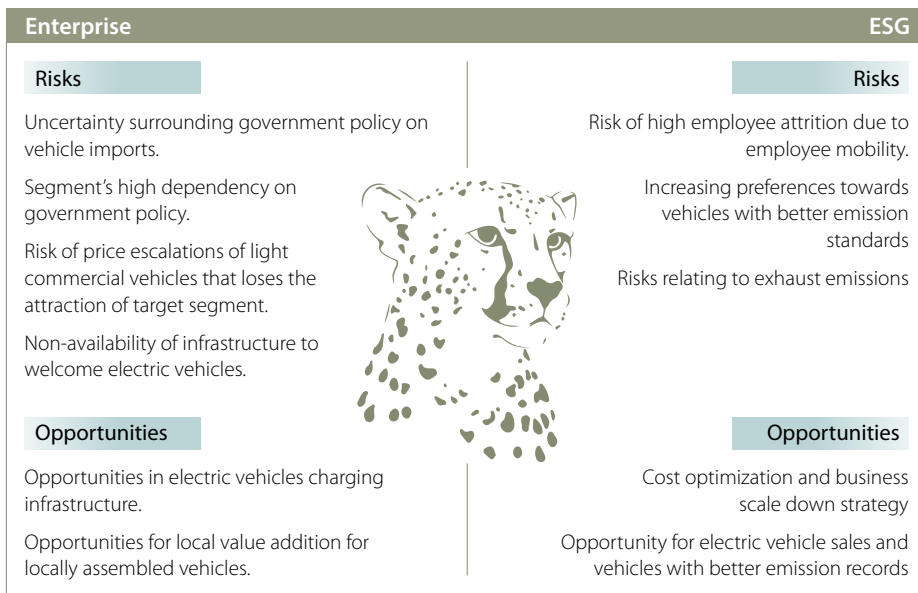
Table 6: Vehicle sales - Value creation dashboard

Capital	KPI's		Availability, Affordability & Quality of capitals					Sustainability pillars
			2022/23	2021/22	2020/21	2019/20	2018/19	
Financial	Revenue	Rs. million	2,710	5,684	6,439	13,783	20,318	
	Contribution to the group's revenue	%	8	15	21	40	53	
	Segment results	Rs. million	(185)	189	340	659	968	
	Contribution to the group's segment results	%	(2)	3	11	22	31	
Manufactured	Total capital expenditure during the year	Rs. million	5	2	3	17	13	
	Inventory	Rs. million	1,431	1,692	451	379	784	
Human	Engagement score	Index	3.95	4.36	3.76	4.08	3.88	
	Employee benefits	Rs. million	236	258	349	406	489	 
	Investment on Training & development	Rs. million	1	2	1	6	8	
Social & Relationship	Customer Satisfaction Index	%	92	96	93	91	91	
	Foreign principals	No.	4	4	4	4	4	
Intellectual	IT spending (process & knowledge management, data security)	Rs. million	14	19	18	10	10	
	Accredited management systems	No.	3	2	2	2	2	
Natural	Water consumption to generate one-million-rupee turnover	m ³	9.33	0.97	1.44	1.31	1.36	
	Energy consumption to generate one-million-rupee turnover	GJ	0.88	1.42	1.11	1.19	0.98	



Segment specific risks & opportunities

Figure 6: Vehicle sales segment risks & opportunities



Segment Outlook

- The industry is awaiting a signal from the Government regarding vehicle imports.
- Foreign principals have introduced efficient electric vehicles and DIMO is awaiting Government's policy change relating to vehicle imports.
- Demand for pre-owned vehicles may increase if interest rates reduce to acceptable levels.
- A strong demand for vehicles is anticipated if and when vehicle imports are permitted.

Impact on SDGs



BUSINESS REPORTS

AFTERSALES SERVICES



1990 Suwa Seriya Pre-Hospital Care Emergency Ambulance service is designed to serve the people of Sri Lanka with response times on par with international standards. It caters to medical emergencies quickly and competently to stabilize the patient and transfer to a suitable hospital depending on the patient's condition. It offers its service 24 hours a day with 297 Tata ambulances operating across the island.

"The fleet uptime is crucial to the success of the service. DIMO After Sales Service and their 24-hour Roadside Assistance continue to ensure that our ambulances are available on the road 24/7 for any emergency. Their service and parts support has been excellent around the clock. Even during the Covid-19 pandemic period and spare parts import restrictions period, they went beyond the normal call of duty to ensure that our ambulances were operational."

Mr. Sohan De Silva
CEO
1990 SuwaSeriya Ambulance Service



Premium vehicles aftersales, mainstream vehicles aftersales, general engineering, vehicle assembly, camper trailer manufacturing and education in engineering.

Industry & external environment

Road passenger transportation activities improved towards the latter part of 2022/23, demonstrating a progressive normalization of public mobility. Despite COVID-19 and fuel availability issues, the private sector running grew by almost 25% in 2022. Lack of the most important three ingredients mentioned below made 22/23 the one of the hardest years for the aftersales segment, notwithstanding improvements in the external environment.

- Restrictions on automotive spare-parts imports for replacement
- Fuel availability
- Foreign currency availability for imports

Value chain

The following table shows how the segment-specific value creation activities impact each capital.

Table 7: Value chain activities and impact on capitals – Aftersales services segment

Capital	Solution Mapping	Sourcing	Engineering	Customer Engagement
Financial				
Manufactured				
Human				
Social & Relationship				
Intellectual				
Natural				

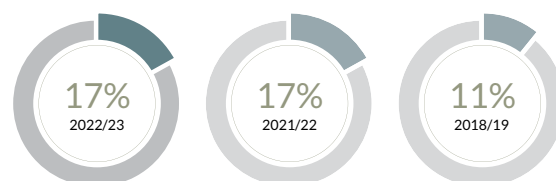
Value erosion Value preservation Value creation

Segment Strategy

The segment pre dominantly followed the differentiation pillar of the corporate strategy. Constantly seeking a differentiated proposition through quality, authenticity, ethical behaviour, customer confidence and value for money. The expertise from the 'Best in Class' foreign principals help the customer to have the optimum solution. The 'solutions' mindset of the aftersales teams adds value to customers in many ways. Tacit knowledge of the organisation carried by the team members is helpful in differentiating DIMO from other solutions available in the market.

Graph 2:

Aftersales services segment revenue contribution to the Group



Scan this QR Code to view the after sales related stakeholder testimonial in Our Performance Section

Value Creation Dashboard

Table 8: Aftersales services segment - Value creation dashboard

Capital	KPI's		Availability, Affordability & Quality of capitals					Sustainability pillars
			2022/23	2021/22	2020/21	2019/20	2018/19	
Financial	Revenue	Rs. million	5,986	6,220	4,889	4,468	4,245	
	Contribution to the group's revenue	%	17	17	16	13	11	
	Segment results	Rs. million	1,445	1,583	964	867	806	
	Contribution to the group's segment results	%	19	29	31	30	26	
Manufactured	Total capital expenditure during the year	Rs. million	59	67	53	46	45	
	Inventory	Rs. million	803	768	684	1,942	3,175	
Human	Engagement score	Index	4.31	4.28	3.91	4.29	3.95	
	Employee benefits	Rs. million	614	587	440	476	720	
	Investment on Training & development	Rs. million	10	6	3	13	16	
Social & Relationship	Customer Satisfaction Index	%	88	87	89	87	85	
	Foreign principals	No.	4	4	4	4	4	
Intellectual	IT spending (process & knowledge management, data security)	Rs. million	86	56	40	10	17	
	Accredited management systems	No.	3	2	2	2	2	
Natural	Water consumption to generate one-million-rupee turnover	m ³	20.6	9.25	7.01	11.00	13.93	
	Energy consumption to generate one-million-rupee turnover	GJ	1.94	2.03	2.68	3.58	4.45	

Business Community Environment

Segment specific risks & opportunities

Figure 7: Aftersales services segment risks & opportunities

Enterprise
ESG

Risks

Risk of automotive spare parts shortage due to import restrictions.

Risk of decline in sales due to affected disposable income and thereby consumers shifting away from franchised spare parts to low- cost alternatives.

Transitions from fuel combustion engines to fully electrically powered vehicles that require lesser repairs.

Opportunities

Improve efficiency to bring down costs.

Offer bundled services at affordable prices to attract more sales & retain private customers.

To exploit opportunities in repair of fully electrically powered vehicles.

Risks

Risk of the need to scale down combustion engine mechanics.

Skill migration of technical experts.

Opportunities

Promoting DIMO automobile training school diplomas to produce more professional experts.

Segment Outlook

- More focus to be given in the long-term to the vehicle assembly line to enhance the product portfolio, which will benefit the Mobility segment, followed by Aftersales segment.
- Rationalize the island-wide after sales network in response to the current economic situation.
- Expansion of operations of the joint venture in Maldives.
- Build on expertise in catering to electric vehicles aftersales market.

Impact on SDGs



BUSINESS REPORTS



RETAIL



Skilled entrepreneurship needs both technical and practical knowledge. DIMO has taken the initiative to arrange product demonstrations and trainings for students who undergo courses at the National Apprentice and Industrial Training Authority (NAITA) and Vocational Training Authority (VTA). This gives them an opportunity to put their technical and theoretical knowledge into practical use, without having to purchase expensive modern equipment.

"While I was studying at the Vocational Training Authority (VTA), the DIMO Power Tools representative taught us to use the most modern power tools. With this practical knowledge, I was able to improve my skills and I have now started my own carpentry business. This is a good initiative.

Mr. NGR Lakmal (NVQ Level 3)
Kalagedihena



Automotive parts, Lighting products, Home and garden products.

Industry & external environment

Trade operations were negatively impacted by import restrictions that led to a significant decline in import volumes, notably imports of consumer items, and due to fuel supply shortages during the year. The problem was made worse by the low demand conditions brought on by the decline in purchasing power due to the high inflationary environment and the increase in taxes and utilities costs.

Value chain

The following table shows how the segment-specific value creation activities impact each capital.

Table 9: Value chain activities and impact on capitals – Retail segment

Capital	R&D	Sourcing	Distribution Channels	Customer Engagement
Financial	Value erosion	Value erosion	Value creation	Value erosion
Manufactured	Value preservation	Value creation	Value erosion	Value preservation
Human	Value creation	Value preservation	Value preservation	Value preservation
Social & Relationship	Value preservation	Value creation	Value creation	Value creation
Intellectual	Value creation	Value preservation	Value creation	Value creation
Natural	Value preservation	Value erosion	Value preservation	Value erosion

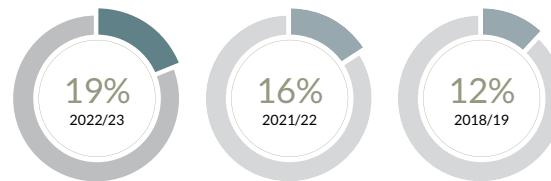
● Value erosion
 ● Value preservation
 ● Value creation

Segment Strategy

Differentiation through transformation from a product driven business to customer focused business. The segment focused on providing solutions to customers as opposed to selling a product through its channels. Cross selling is focused upon. More details of the strategy is available from pages 18 - 23. Diversification in terms of product portfolio is currently being pursued.

Graph 3:








Retail segment revenue contribution to the Group






Scan this QR Code to view the retail related stakeholder testimonial in Our Performance Section

Value Creation Dashboard

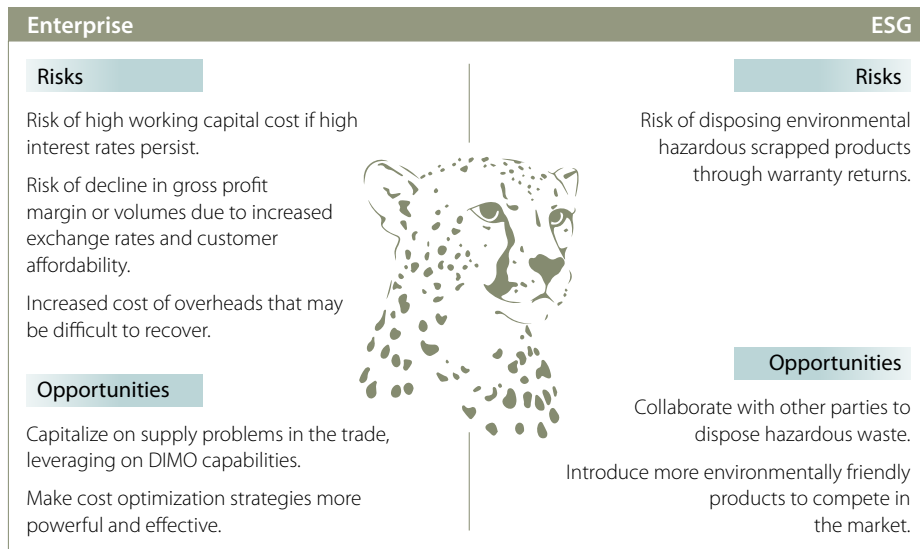
Table 10: Retail - Value creation dashboard

Capital	KPI's		Availability, Affordability & Quality of capitals					Sustainability pillars
			2022/23	2021/22	2020/21	2019/20	2018/19	
Financial	Revenue	Rs. million	6,274	6,112	4,598	5,077	4,406	
	Contribution to the group's revenue	%	19	16	15	15	12	
	Segment results	Rs. million	1,414	1,015	460	486	379	
	Contribution to the group's segment results	%	18	19	15	16	12	
Manufactured	Total capital expenditure during the year	Rs. million	31	12	12	39	76	
	Inventory	Rs. million	2,331	2,369	1,532	1,788	1,719	
Human	Engagement score	Index	4.13	4.10	4.07	3.95	3.7	
	Employee benefits	Rs. million	591	544	460	448	399	 
	Investment on Training & development	Rs. million	1	3	2	2	1	
Social & Relationship	Customer Satisfaction Index	%	88	90	86	87	84	
	Foreign principals	No.	32	33	36	39	40	
Intellectual	IT spending (process & knowledge management, data security)	Rs. million	26	18	13	7	8	
	Accredited management systems	No.	2	2	2	2	2	
Natural	Water consumption to generate one-million-rupee turnover	m ³	22.59	0.58	0.81	0.92	0.97	
	Energy consumption to generate one-million-rupee turnover	GJ	2.13	1.42	1.90	2.05	2.63	

 Business  Community  Environment

Segment specific risks & opportunities

Figure 8: Retail segment risks & opportunities



Segment Outlook

- Greater emphasis to be placed on forming synergies to develop the human capital foundation within the segment.
- More cost effective revenue through channel and route to market optimization.
- Launch of a customer-centric DIY store & enhance customer experience.

Impact on SDGs



BUSINESS REPORTS



CONSTRUCTION & LOGISTICAL SOLUTIONS



Construction machinery, storage, material handling and warehouse solutions, car parking solutions.

Industry & external environment

This segment serves the construction and logistics business domains. Due to the adverse economic situation in the country, initiation of new projects in this segment were curtailed and, in many instances, current projects were temporarily halted. The increase in interest rates and reduced appetite to borrow affected this segment, which comprises mainly capital-intensive projects and equipment.

Value chain

The following table shows how the segment-specific value creation activities impact each capital.



Table 11: Value chain activities and impact on capitals – Construction and logistical solutions segment

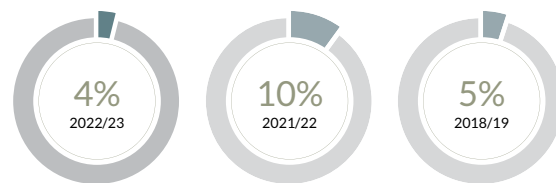
Capital	Solution Mapping	Sourcing	Engineering Installation & Testing	Aftersales Services	Continuous Customer Engagement
Financial	Value creation	Value erosion	Value creation	Value creation	Value erosion
Manufactured	Value preservation	Value creation	Value erosion	Value preservation	Value preservation
Human	Value creation	Value preservation	Value creation	Value preservation	Value preservation
Social & Relationship	Value creation	Value creation	Value creation	Value creation	Value creation
Intellectual	Value creation	Value preservation	Value preservation	Value creation	Value creation
Natural	Value preservation	Value preservation	Value preservation	Value preservation	Value preservation

● Value erosion ● Value preservation ● Value creation

Segment Strategy

The strategy for the construction and machinery business in 22/23 was to follow the corporate strategy pillars of diversification and collaboration. This strategy led commencement of a permanent establishment in Bangladesh. Establishing arrangements with overseas partners also helped us to expand the ambitions of this business. The section on strategy and resource allocation from pages 18 - 23 provides more information on this.

Graph 4: Construction and logistical solutions segment revenue contribution to the Group



Scan this QR Code to view the construction and logistics related stakeholder testimonial in Our Performance Section

Cargills Ceylon PLC's Kist Production Plant sought a contemporary storage and material handling solution. DIMO Infrastructure successfully secured the opportunity to supply Schaefer material flow systems and Bendi Articulated Forklifts to meet their requirements.








"Our supplier selection process adhered to rigorous standards. Following a thorough tender procedure, we evaluated potential suppliers and ultimately chose DIMO based on their established reputation, corporate strength, and proven track record. The valuable input from our frontline operators aided our decision, as they expressed a preference for DIMO solutions based on their experience. We are highly content with DIMO's performance and the effective solutions they have provided."

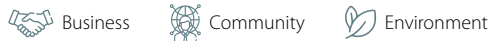
Mr. Arjuna Kumarasinghe
Chief Operating Officer
Cargills Ceylon PLC



Value Creation Dashboard

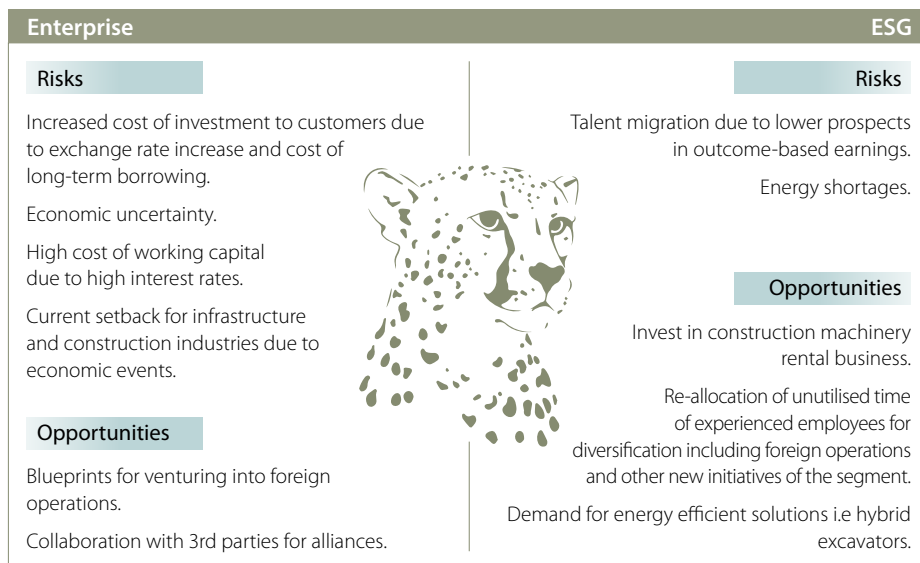
Table 12: Construction & logistic solutions - Value creation dashboard

Capital	KPI's		Availability, Affordability & Quality of capitals					Sustainability pillars
			2022/23	2021/22	2020/21	2019/20	2018/19	
Financial	Revenue	Rs. million	1,431	3,708	1,943	1,607	1,984	
	Contribution to the group's revenue	%	4	10	6	5	5	
	Segment results	Rs. million	399	618	303	250	263	
	Contribution to the group's segment results	%	5	11	10	9	9	
Manufactured	Total capital expenditure during the year	Rs. million	11	110	36	26	33	
	Inventory	Rs. million	671	400	495	201	358	
Human	Engagement score	Index	4.53	4.50	4.09	4.13	3.85	
	Employee benefits	Rs. million	197	214	150	132	162	 
	Investment on Training & development	Rs. million	1	1	1	2	2	
Social & Relationship	Customer Satisfaction Index	%	89	91	90	91	91	
	Foreign principals	No.	19	20	17	17	18	
Intellectual	IT spending (process & knowledge management, data security)	Rs. million	7	5	3	2	2	
	Accredited management systems	No.	2	2	2	2	2	
Natural	Water consumption to generate one-million-rupee turnover	m ³	4.93	2.27	2.32	3.49	3.49	
	Energy consumption to generate one-million-rupee turnover	GJ	0.46	0.621	1.20	2.92	5.52	



Segment specific risks & opportunities

Figure 9: Construction and logistical solutions segment risks & opportunities



Segment Outlook

- Forecasted drop in interest rates and government's efforts to bring debt sustainability may increase business opportunities significantly.
- Further expansion of geographic footprint, by commencing a business operation in another country in 2023/24 provides additional revenues as well as geographical diversification.
- Business plans indicate that this segment will produce a much-improved performance.

Impact on SDGs



BUSINESS REPORTS



AGRICULTURE



Fertiliser, seeds and agrochemicals, agri machinery, organic food products for export and local market, R&D techno-parks, agri advisory services.

Industry & external environment

This segment faced a few problems during the early part of the financial year, which included limitations in opening letters of credit for imports, fuel shortages and an increase in costs due to rupee depreciation during the first quarter. However, with the help of financial institutions import of fertiliser was managed to an extent that supply shortages from DIMO were minimal.

Value chain

The following table shows how the segment-specific value creation activities impact each capital.

Table 13: Value chain activities and impact on capitals – Agriculture segment

Capital	R&D	Agriculture Inputs (Sourcing)	Production	Processing & Value Adding	Export & Retail Markets
Financial	Value erosion	Value erosion	Value erosion	Value erosion	Value erosion
Manufactured	Value creation	Value creation	Value creation	Value creation	Value erosion
Human	Value creation	Value preservation	Value creation	Value preservation	Value preservation
Social & Relationship	Value preservation	Value creation	Value preservation	Value preservation	Value creation
Intellectual	Value creation	Value preservation	Value preservation	Value preservation	Value preservation
Natural	Value creation	Value preservation	Value erosion	Value erosion	Value preservation

Value erosion (Red dot) Value preservation (Orange dot) Value creation (Green dot)

Segment Strategy

All three pillars of DIMO corporate strategy were seen in action in this segment. Product and service differentiation was the key strategy of the segment under the theme of 'next generation agriculture' that focuses on transformation of traditional agriculture to contemporary agriculture through management, technology and innovation. Segment's newest additions to the business, namely, Tropical Health Food (Pvt) Ltd. and Virgin Oil International (Pvt) Ltd. are clear examples of diversification in terms of product as well as geographically, through exports. The segment also partnered with new renowned principals in Germany, Belgium, and Thailand, by bringing in technology to Sri Lanka.

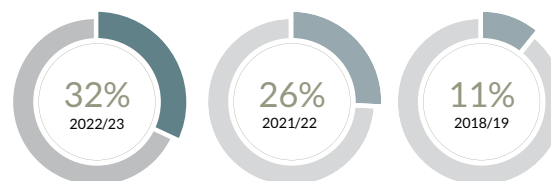
Farmers are facing substantial challenges due to the prevailing economic situation in the country. In particular, the significant costs associated with renting tractors to prepare their fields for crop cultivation is a growing concern. Despite these hardships, DIMO has stepped forward to provide valuable assistance to farmers in Bellana, offering Mahindra tractors free of charge for land preparation.

"I oversee a village organisation comprising 85 farming families who collectively work on 120 acres of land. We extend our heartfelt gratitude to DIMO and Mahindra Tractor Company for their invaluable support in preparing our fields. This noble act of generosity will greatly alleviate the difficulties we currently encounter."

Mr. Serasinghe Bandara
President
Bellana Govi Development Society










Graph 5: Agriculture segment revenue contribution to the Group






Scan this QR Code to view the agriculture related stakeholder testimonial in Our Performance Section

Value Creation Dashboard

Table 14: Agriculture - Value creation dashboard


Capital	KPI's		Availability, Affordability & Quality of capitals					Sustainability pillars
			2022/23	2021/22	2020/21	2019/20	2018/19	
Financial	Revenue	Rs. million	11,331	9,804	7,565	3,532	4,153	
	Contribution to the group's revenue	%	32	26	25	10	11	
	Segment results	Rs. million	3,753	1,992	599	124	307	
	Contribution to the group's segment results	%	49	36	19	4	10	
Manufactured	Total capital expenditure during the year	Rs. million	132	53	68	88	105	
	Inventory	Rs. million	2,526	1,827	596	353	115	
Human	Engagement score	Index	4.37	4.02	3.58	4.21	3.77	
	Employee benefits	Rs. million	450	321	243	203	206	 
	Investment on Training & development	Rs. million	61	1	0.5	1	2	
Social & Relationship	Customer Satisfaction Index	%	91	89	88	85	84	
	Foreign principals	No.	21	5	3	2	2	
Intellectual	IT spending (process & knowledge management, data security)	Rs. million	11	5	4	2	1	
	Accredited management systems	No.	6	4	4	2	2	
Natural	Water consumption to generate one-million-rupee turnover	m ³	39.00	2.00	4.20	0.44	1.53	
	Energy consumption to generate one-million-rupee turnover	GJ	3.67	0.94	1.44	1.58	3.45	

 Business  Community  Environment

Segment specific risks & opportunities

Figure 10: Agriculture segment risks & opportunities

Enterprise	ESG
<p>Risks</p> <p>Risk of business continuation during fertiliser ban in Sri Lanka.</p> <p>Risk of lower revenue, through adversely affected demand as a result of unprecedented price escalations in the market.</p> <p>Possible risk of excessive regulation by government relating to fertiliser imports.</p> <p>Low demand for agri machinery due to high leasing rates and down payments.</p> <p>Opportunities</p> <p>Partnered with farmers during their worst period through agri advisory services and strengthened the partnerships as a long-term investment.</p> <p>Move from higher to lower government regulation provided a level playing field in the fertiliser industry.</p>	<p>Risks</p> <p>Unclear understanding of the truths and myths surrounding use of organic fertiliser</p> <p>Excessive use of fertiliser and agrochemicals can be harmful to the environment and society.</p> <p>Incomes of Agri Machinery hirers in the farming areas affected due to disruptions in Agriculture and unaffordable interest rates.</p> <p>Too much dependence of agriculture sector on rainfall</p> <p>Opportunities</p> <p>Explaining correct use of fertiliser and agrochemicals and advisory through customer interaction initiatives allow development of customer intimacy</p>



Segment Outlook

- Having faced many obstacles, the segment performed extremely well during the year.
- Expects a year with a favourable economic background that will help the country's agriculture.
- With the stability of the country's agriculture sector improving, this segment is expected to deliver satisfactory result for the ensuring year.
- Committed to be a leader in propagating technology-based agriculture to maximize yields.
- Plans are afoot to make further investments and take the agriculture business to facilitate a leap in DIMO Agriculture to the next level.
- Long term goal of the business is to balance the agriculture portfolio between agriculture inputs and outputs.

Impact on SDGs



BUSINESS REPORTS

ENGINEERING SOLUTIONS



Fluorodeoxyglucose (FDG) is a radiotracer that is vital in the use of Positron Emission Tomography (PET), an important medical imaging format. The transportation of FDG presents a highly delicate logistical challenge. The radiotracers must be meticulously handled with upright storage within a lead-shielded setting, while maintaining controlled room temperatures. Additionally, it is noteworthy that FDG exhibits a relatively short half-life of 110 minutes.

DIMO Healthcare successfully ensured that a steady and stable supply of Fluorodeoxyglucose (FDG) is provided to Apeksha Hospital - Maharagama for their critical PET Scans.

"The exceptional focus on precision and the display of professionalism by the teams at DIMO and Healthcare played a significant role in our decision to form a partnership with DIMO. Despite encountering various obstacles, they have consistently delivered the supplies promptly, which is a commendable achievement!"

Dr. P. A. S. P. Sarath Perera
 Consultant Radiologist
 MBBS, MD (Radiology)
 Apeksha Hospital - Maharagama



Engineering and related solutions in power & energy, building technologies, water and fluid management, and healthcare.

Industry & external environment

The Government's construction projects made barely any progress in 2022, which was due to the year's severe financial constraints, shortages of raw materials, and escalations in the cost of construction industry inputs. With regard to healthcare industry, the investment on capital goods were at its lowest, predominantly due to liquidity constraints. However, in terms of power & energy industry, Sri Lanka Sustainable Energy Authority continued to engage in developing all forms of renewable energy, improving energy efficiency and encouraging energy conservation, while National Water Supply and Drainage Board increased its services in supplying safe and sustainable water to satisfy the rising demand for pipe-borne water.

Value chain

The following table shows how the segment-specific value creation activities impact each capital.

Table 15: Value chain activities and impact on capitals – Engineering Solutions segment

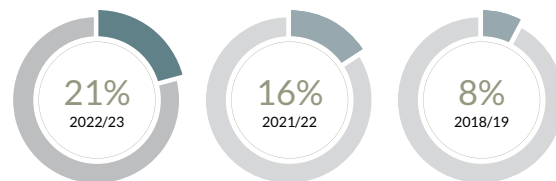
Capital	Solution Mapping	Sourcing	Engineering, Installation, Testing, Commissioning, and Project Management	Aftersales Services	Customer Engagement
Financial	Value creation	Value erosion	Value creation	Value creation	Value erosion
Manufactured	Value preservation	Value creation	Value erosion	Value erosion	Value preservation
Human	Value creation	Value preservation	Value creation	Value preservation	Value preservation
Social & Relationship	Value creation	Value creation	Value creation	Value creation	Value creation
Intellectual	Value creation	Value preservation	Value creation	Value creation	Value preservation
Natural	Value preservation	Value erosion	Value preservation	Value preservation	Value preservation

Value erosion (Red dot) Value preservation (Orange dot) Value creation (Green dot)

Segment Strategy

The differentiation strategy was followed by leveraging in-house technology capabilities and expertise of 'best in class' foreign principals. Create a position of strength by building teams, that can provide solutions for complex engineering related issues to a niche. Geographical diversification was also sought by securing business opportunities overseas.

Graph 6: Engineering Solutions segment revenue contribution to the Group



Scan this QR Code to view the engineering related stakeholder testimonial in Our Performance Section

Value Creation Dashboard

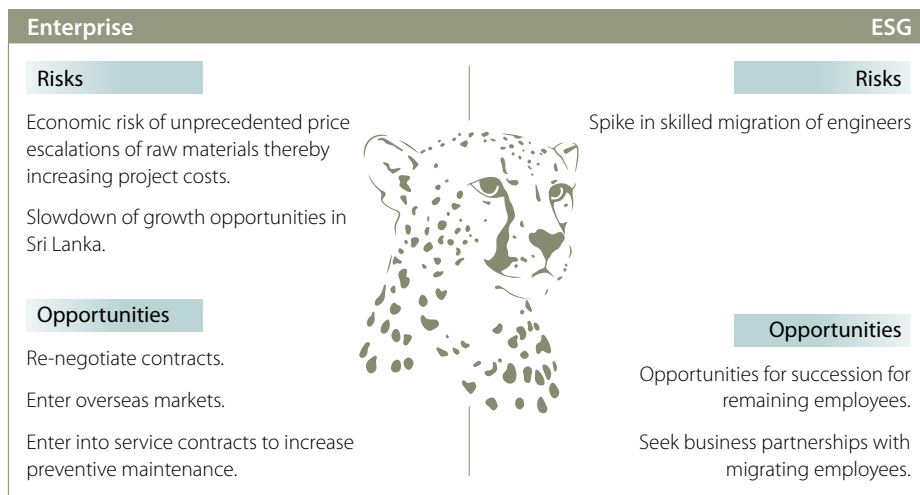
Table 16: Engineering Solutions - Value creation dashboard

Capital	KPI's		Availability, Affordability & Quality of capitals					Sustainability pillars
			2022/23	2021/22	2020/21	2019/20	2018/19	
Financial	Revenue	Rs. million	7,567	6,179	5,386	5,911	3,196	
	Contribution to the group's revenue	%	21	16	17	17	8	
	Segment results	Rs. million	878	73	407	546	366	
	Contribution to the group's segment results	%	11	1	13	19	12	
Manufactured	Total capital expenditure during the year	Rs. million	29	34	166	198	65	
	Inventory	Rs. million	310	137	123	101	85	
Human	Engagement score	Index	3.95	4.15	4.15	3.94	3.51	
	Employee benefits	Rs. million	634	470	611	595	473	
	Investment on Training & development	Rs. million	8	6	2	8	12	
Social & Relationship	Customer Satisfaction Index	%	85	97	89	98	98	
	Foreign principals	No.	44	37	31	31	27	
Intellectual	IT spending (process & knowledge management, data security)	Rs. million	26	15	9	5	5	
	Accredited management systems	No.	3	2	2	2	2	
Natural	Water consumption to generate one-million-rupee turnover	m ³	39.00	0.23	0.27	0.41	1.78	
	Energy consumption to generate one-million-rupee turnover	GJ	3.67	1.22	0.91	1.09	2.00	

Business Community Environment

Segment specific risks & opportunities

Figure 11: Engineering Solutions segment risks & opportunities



Segment Outlook

- Looking forward to expanding our healthcare domain by entering into related new businesses and growing the recently acquired businesses.
- Energy sector to enhance footprint in renewable energy.
- Strengthen our presence in the Maldives and other neighbouring countries in power and energy business in the medium term.
- Long term focus on a portfolio in renewable energy.

Impact on SDGs









CAPITAL

reports

Segregation of Monetised Capital






Under the diversification strategy, DIMO has invested in manufacturing and value adding plants and other facilities during the year, which led us to believe, that it is important to segregate Financial Capital and Manufactured Capital.

Table 17: Statement of capital performance

Capitals	Unit	2022/23	2021/22	2020/21	2019/20	2018/19
Financial Capital						
 Equity	Rs. million	15,353	15,466	14,961	12,349	12,080
Borrowings	Rs. million	13,730	8,951	4,551	11,287	10,134
Earnings per share	Rs.	62.73	76.06	52.72	21.12	5.78
Gross margin	%	38.38	26.30	24.23	21.21	19.03
Debt to equity ratio	%	47.21	36.66	23.33	47.75	45.62
Manufactured Capital						
 Freehold building	Sq. ft.	823,359	823,359	823,359	775,321	748,891
Inventory	Rs. million	9,978	9,800	6,198	8,007	8,360
Human Capital						
 Employee engagement score	Index	4.20	4.20	4.06	4.11	3.89
Average training hours per employee	Hours	11	23	19	13	19
Female employees in decision-making roles	Number	54	50	43	42	45
Social and Relationship Capital						
 Customer satisfaction index	%	89	90	89	92	87
Number of strategic relationships with foreign principals	Number	116	94	86	88	85
Investment in social progress	Rs. million	17	24	22	75	89
Intellectual Capital						
 Being recognised as a Great Place to Work	Status	Yes	Yes	Yes	Yes	Yes
Recognition for corporate reporting by external bodies	Status	Yes	Yes	Yes	Yes	Yes
Obtaining ISO accreditation for QMS and EMS	Status	Yes	Yes	Yes	Yes	Yes
Natural Capital						
 Total water consumption to generate Rs. 1 million revenue	m ³	1.44	2.62	3.13	2.67	3.08
Total energy consumption to generate Rs. 1 million revenue	GJ	1.21	1.52	1.47	1.90	2.00
Renewable energy generation	GJ	11,415	11,739	10,734	N/A	N/A

MANAGEMENT APPROACH – ALIGNMENT TO STRATEGY

Table 18: Capital report - management approach

Capital	Diversification	Differentiation	Collaboration
 <p>Financial</p>	<p>Financial capital is critically important to implementing our diversification strategy. This strategy also places demand on long-term financial capital and is expected to create financial value in the medium to long-term.</p>	<p>Differentiation strategy is mainly executed via marketing strategy, and therefore, the requirement of financial capital is known once the marketing strategy is finalized. Expected to create value in the short term.</p>	<p>Collaboration strategy is mainly dependent upon relationship capital and intellectual capital. The requirement of financial capital will depend on the type of collaboration. Financial value creation is likely to happen in the short, medium and long-term.</p>
 <p>Manufactured</p>	<p>Manufactured capital is a necessity when diversification happens. For related or unrelated investments and acquisitions, financial capital support is needed to enhance manufactured capital.</p>	<p>Not Material</p>	<p>Not Material</p>
 <p>Human</p>	<p>The increase in human capital is a positive consequence of diversification. There may be a need to trade-off financial capital to attract expert talent in the new ventures. Increased Human Capital can bring value to DIMO in the short, medium and long-term.</p>	<p>Differentiation strategy requires fresh as well as mature human capital in order to invent new marketing strategies, processes and procedures to create financial value in the short and medium term.</p>	<p>Collaboration strategy requires Human Capital as the benefits of collaboration are brought about by the actors behind collaboration - Human Capital.</p>
 <p>Social & Relationship</p>	<p>Diversification requires relationship capital to be used to create partnerships for the new business. This capital helps to yield value in short term whilst strong relationships can bring value over a longer period.</p>	<p>N/A</p>	<p>Increased social and relationship capital is mandatory for collaboration, considering that it is the most essential ingredient for collaboration to succeed.</p>
 <p>Intellectual</p>	<p>The strategy demands increased intellectual capital to perform better with synergies via diversification. This will result in increased economies of scale to deliver better financial results.</p>	<p>Strategy is backed by the intellectual capital of the business. The tacit knowledge of employees makes the differentiation strategy a reality, which creates human capital as well as financial capital in the short and medium term.</p>	<p>Intellectual capital plays a pivotal role in the collaboration strategy as it becomes a key value creator when two parties collaborate. Financial capital, social and relationship capital as well as human capital are the capital enablers for this strategy to create value in the short, medium and long-term.</p>
 <p>Natural Capital</p>	<p>Natural Capital may not be the key capital to initiate a diversification. However, depending on the area of diversification, the need for natural capital may arise. A case in point is the diversification into Agriculture which required a significant amount of natural capital in terms of land and water.</p>	<p>Natural Capital in the form of water and land is required mostly for the agriculture and vehicle aftersales businesses. This is in moderate amounts. Although, these capitals are used in Agriculture, these are generally not used to differentiate.</p>	<p>Sometimes it is possible that DIMO comes up with a natural capital such as land, in order to develop novel partnership under collaboration strategy. However, there are no such plans at the moment.</p>

CAPITAL REPORTS



FINANCIAL CAPITAL

Our financial capital consists of monetary resources which are deployed with a view to creating value through our business activities. Effective and efficient financial capital management is a fundamental part of our ability to create sustained value for our stakeholders.

During the year, we focused on protecting our financial resilience by securing financial resources to continue the business uninterrupted and by ensuring that we maintain healthy levels of liquidity.

The main indicators of financial capital together with their quality and quantity are discussed in this section.

Quantity & quality of capitals

Rs. 621 million
Stated Capital

(2021/22 – Rs. 621 million)

Rs. 8,744 million
General Reserves and
Retained Earnings

(2021/22 – Rs. 8,238 million)

Rs. 11,757 million
Short-term borrowings

(2021/22 – Rs. 7,223 million)

Rs. 1,973 million
Long-term borrowings

(2021/22 – Rs. 1,729 million)

A resilient balance
sheet with
sustainable cash flows

14%
ROCE

(2021/22 – 8%)

Rs. 4,358 million
Earnings before interest, tax,
depreciation and amortization

(2021/22 – Rs. 2,411 million)

Rs. 2,568 million
Net cash position

(2021/22 – Rs. 3,653 million)

Rs. 115 million
Paid as a cash dividend

(2021/22 – Rs. 111 million)

The financial ratios disclosed on page 205 provide more financial ratios.

Availability of Financial Capital

The Board of the Directors together with the Group Management Committee regularly monitors the Group's working capital to ensure that sufficient funds are available to meet future working capital requirements and planned investments.

Table 19: Risks & responses relating to Financial Capital

Risk	Mitigation Strategy
Unexpected increases in interest rates	<ul style="list-style-type: none"> All clusters consistently follow up on debtors and inventory to minimise and reduce the requirement of working capital funding Cash-based sales are encouraged at business units with credit sales opted for where necessary Maintain an appropriate combination of fixed and floating rate borrowings.
Sustaining a surplus liquidity position	<ul style="list-style-type: none"> Increased focus on cash collection efforts and inventory management. Negotiate credit terms with suppliers.

Risk	Mitigation Strategy
Non-availability of funds for growth and expansion	<ul style="list-style-type: none"> Credit lines are secured on a long-term basis to fund and match investments and their returns. Burden of investments on DIMO cash flows is always evaluated prior to giving the 'go' decisions for new investments.
Changes in taxes and tariff	<ul style="list-style-type: none"> Effective tax planning Reduction of overheads in situations where increases in direct taxes or tariff cannot be fully passed on to the customer.

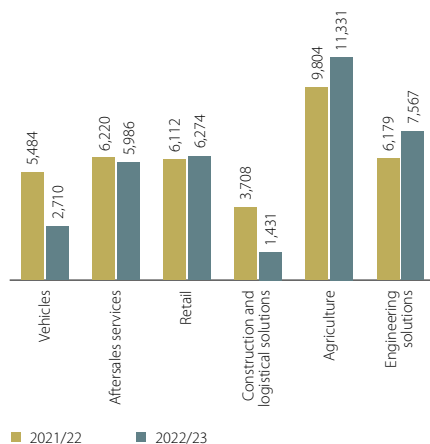
Group's Financial Results - Nurturing Financial Capital

The Group recorded a net profit before tax for the financial year under review through its diversified businesses and remained resilient throughout the year, despite many adverse events such as a rapid depreciation of the rupee, unusually high interest rates and fuel shortages.

Revenue

During the year, the Group recorded a revenue of Rs. 35,299 million (2021/22: Rs.37,507 million), generated through six business segments. Revenue generated by each business segment is shown below.

Graph 7: Segment Revenue (Rs. million)



- The Agricultural and Engineering Solutions segments collectively contributed Rs. 18,608 million (2021/22: Rs. 15,983 million) representing more than 50% of the Group revenue.
- Revenue generated by the Retail segment increased by 3% during 2022/23 (2021/22: 33%).
- A turnover reduction of 61% in Construction and Logistical Solutions, 51% in Vehicle sales and a 4% in After Sales services segment contributed to an overall reduction of 6% (2021/22: increase 22%) in Group turnover for the year.

Strategies identified for Revenue Growth

The Group's strategies for medium to long-term growth in revenue and profits are presented in the Strategy and Resource Allocation section on pages 18 to 23.

Gross Profit

The Group Gross Profit margin increased from 26% to 38% during the year. One reason for this increase was the inclusion of the rupee depreciation effect in selling prices during the year, whereas the exchange loss due to such depreciation was recognized in the previous year. However, in an environment where business was adversely affected due to non-availability of foreign exchange and fuel shortages, the efforts were heavily focused on securing requisite gross profit margins.

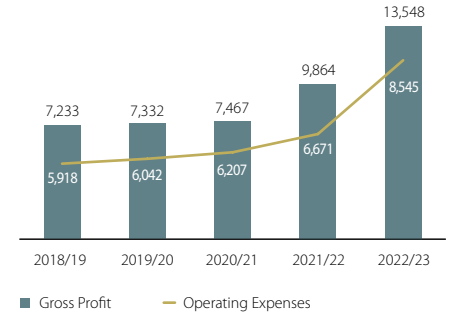
The total Gross Profit for the year increased by 37% (2021/22: 32%) to Rs. 13,548 million (2021/22: Rs. 9,864 million).

Operating Expenses

Group incurred Rs. 8,545 million as operating expenses (2021/22: Rs. 6,671 million) representing 63% of the total Gross Profit of the Group for the year under review.

Group's Gross Profit and Operating Expenses over last five years are shown below.

Graph 8: Gross Profit vs Operating Expenses (Rs. million)



The Management continuously strives to identify ways of reducing operating expenses in order to lessen the pressure on the Gross Profit margins. Optimization of cost structures, improvement of productivity, and reduction of discretionary expenses are some measures taken in this direction. In order to manage cost escalations in the medium and long-term, the Company is on a path to introduce technology, which will also bring the additional benefit of improved customer experience.

Finance Expenses (Net)

The Group's net finance expenses increased by 102% to Rs. 4,566 million (2021/22: Rs.2,263 million) during the year, compared to the previous financial year. The increase in net finance expense was primarily driven by a significant increase of 381% in the interest expenses on short-term borrowings to Rs. 2,917 million (2021/22: Rs. 606 million). The increase in short-term borrowing during the year amounted to Rs. 4,534 million (2021/22: 4,160 million) as it was the main source of funding for the Groups' net current assets which decreased from Rs. 4,619 million to Rs. 3,107 million. One of the reasons for the increase in short-term borrowings is the situation where payments had to be remitted in advance as opposed opening of letters of credit.

CAPITAL REPORTS

FINANCIAL CAPITAL

Further, the Monetary Policy of Central Bank of Sri Lanka caused the AWPLR to rise from 9.71% at the beginning of the year to 21.40% at the end of the year.

The interest cover of the Group, stood at 1.22 times in comparison to 2.37 times in 2021/22.

The Group also incurred a net foreign exchange loss of Rs. 1,322 million (2021/22: 1,470 million) due to the increase in the exchange rate during the first quarter of the year.

The selling rate of the USD published by the Central Bank of Sri Lanka as at the beginning of the year was 298.99 whilst it was 336.01 as at the end of the year.

Limitations in the availability of foreign currency for imports compelled the Group to establish letters of credit on a usance basis, thereby creating a forex exposure on account of trade payables. The higher exposure, together with rapid increases in the exchange rate, led to the substantial foreign exchange loss as noted above. In response, the Group reviewed pricing mechanisms more frequently to recover such forex losses either partially or fully. Price adjustments made to recover forex losses too contributed to the increase in gross profit margins.

Taxation

The tax we pay is important to the economic and social development of the country and therefore we have a responsibility to comply fully with relevant tax laws and regulations. The Group's income tax charge for the year was Rs. 39 million (2021/22: Rs. 311 million). The reason for the reduction in the tax charge was mainly due to decrease in taxable income by 112% to Rs.394 million during the year (2021/22: Rs. 3,146 million). The effective tax rate (including the effect of the deferred tax expense) also decreased to 5%, as against 27% recorded in 2021/22, for the same reasons.

The reconciliation between accounting profit and taxable income is available in Note 4.6.3 to the Financial Statements. A summarised computation of deferred tax is provided in Note 4.24 to the Financial Statements.

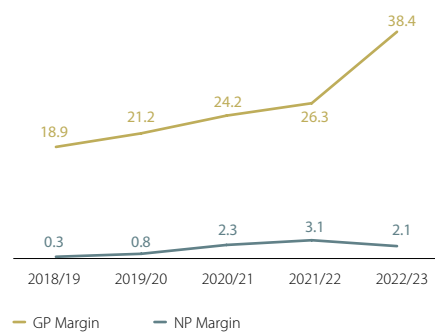
Profitability

The profit before tax stood at Rs.737 million (2021/22: Rs. 1,165 million) for the year under review, a decrease of 37%.

The profit after tax too decreased by 18% to Rs. 698 million from Rs. 854 million in the previous year.

Groups' Gross profit margin and Net profit (before tax) margin over the last five years are depicted below.

Graph 9: Gross Profit vs Net Profit (%)

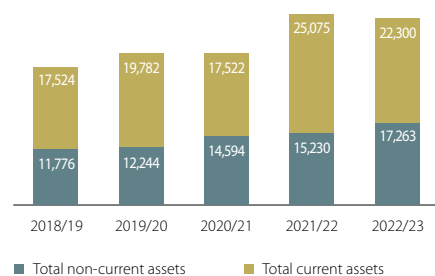


Group's Financial Position

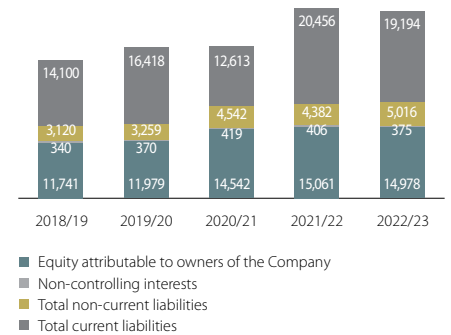
The Group was able to maintain a desirable financial position with a total asset base of Rs. 39,562 million and total liabilities amounting to Rs. 24,209 million as at 31st March 2023. (Rs. 40,305 million total assets and Rs.24,839 total liabilities as at 31st March 2022)

The summary of the Group's financial position is illustrated below.

Graph 10: Total Assets (Rs. million)



Graph 11: Total Liabilities and Equity (Rs. million)



Group Assets

The efficient and prudent management of monetised assets such as property, plant and equipment, inventory, receivables and cash and cash equivalent, is imperative to maximising profitability and liquidity.

As depicted in Graph 10, the Group's Non-Current Assets increased by 13% to Rs. 17,262 million (as at 31st March 2022: Rs.15,230 million) mainly due to the increase in intangible assets and goodwill and investments in property, plant and equipment. Group's intangible assets and goodwill represents Rs.798 million of goodwill arising from business acquisitions during the year (2021/22: Nil) and Rs. 286 million of intangible assets spent on the ERP system (2021/22: Rs. 175 million). During the year, the Group incurred Rs. 820 million for capital investments with the aim of generating long-term value to stakeholders (2021/22: Rs. 515 million).

The decrease in the Group's Trade and other receivables, other current assets and cash and cash equivalents resulted in a decrease in Group's total current assets by 11% to Rs. 22,300 million (2021/22: Rs.25,075 million) and a reduction in Group's total assets by 2% compared to previous financial year (2021/22: 25% increase). The Board together with the management closely monitors the Group's Cash and Cash equivalents to ensure availability of funds for the Group's operation. The Group has a dedicated treasury function to ensure securing and effective use of funds.

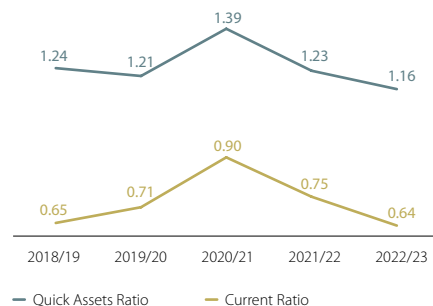
Liquidity Management and Working Capital

Liquidity management is vital to creating a strong financial foundation for the Group. We manage liquidity risk by proactively planning the maturities of debts, receivables, forecasts and cash flows. Acquisitions of Property, Plant and Equipment and new investment are usually funded through separate medium to long-term funding arrangements.

We broaden our funding sources and maintain a healthy level of undrawn committed bank facilities and cash in hand to meet immediate funding requirements and to cover short to medium-term liquidity needs.

Maintaining a healthy current ratio and a quick asset ratio is vital for managing liquidity. As depicted in Graph 12, the Group has maintained its current ratio at 1.16 times and quick ratio at 0.64 times at the end of the year 2022/23. However, reductions in total current assets and total current liabilities of the Group caused both ratios to decrease compared to previous financial year. The decrease is mainly due to a slight increase in inventory holding in the backdrop of reduced current assets.

Graph 12:
Liquidity Ratios



Group's net current assets decreased by 33% to Rs. 3,108 million as at 31st March 2023 from Rs. 4,619 million as at 31st March 2022. The decrease in net current assets is primarily due to

a 63% increase in short-term borrowings, which accounts for 61% of the total current liabilities. The consolidated statement of cash flows on page 130 provides a total picture of the changes in liquidity.

The average cash conversion cycle for the Group stood at 165 days for the year 2022/23 (2021/22: 103 days). The increase in cash cycle is mainly due to settlement of trade payables during the year. The Group continues to closely monitor inventory management including slow moving inventory, debtors collection and to continuously negotiate payment terms with suppliers to improve its cash cycle. The cash conversion cycle is funded through short-term borrowings. The unutilised banking facilities as at 31st March 2023 amounted to Rs. 9,844 million. (As at 31st March 2022 : Rs. 6,190 million)

Cash Flow

The group treasury closely monitors and adopts prudent measures to manage its cash flows ensuring the effective use of available funds.

As at 31st March 2023, Group's cash and cash equivalents stood at Rs. 2,568 million (in 2021/22 – Rs. 3,653) which comprised of cash, bank balances and short-term investments with a maturity of 03 months or less, net of outstanding bank overdrafts.


Net cash flow from operating activities reflected an outflow of Rs.3,795 million, owing to decrease in trade and other payables during the year. (2021/22: Rs. 340 million)

Net cash flow from investing activities reflected an outflow of Rs. 1,756 million due to investments made in subsidiary acquisitions, capital investments and software developments. (2021/22: Rs. 1,237 million)

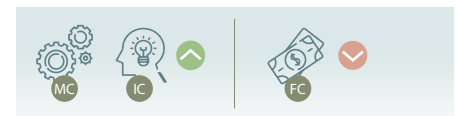
Net cash flow from financing activities reflected an inflow of Rs. 3,839 million mainly due to the increase in short term borrowing. (2021/22: Rs. 4,114 million)

Capital Structure and Leverage

The Group's capital structure comprises of equity of Rs. 15,353 million and a total debt of Rs. 13,730 million, leading to an increase in the gearing ratio from 58% to 89% as at 31st March 2023. (As at 31st March 2022: Rs. 15,466 million equity and Rs. 8,952 million debt) Every effort is made to ensure that the Group maintains a sound capital structure that enables cost-effective funding for new investments and acquisitions.

 Shareholder value creation through financial capital is discussed on page 72 to 76 in the 'Investor Relation' section of the Annual Report.

Capitals impacted



CAPITAL REPORTS

MANUFACTURED CAPITAL

Inventory and the Property, Plant and Equipment including rented and leased premises across the island, excluding land.

Quantity & quality of capitals

31
Total number of DIMO owned buildings
(2021/22 – 31)

Rs. **349** million
Total investment on solar power generation internally

Rs. **70** million
Assets disposal during the year
(2021/22 – Rs. 114 million)

Rs. **280** million
Overseas Asset Base
(2021/22 – Rs. 124 million)

Rs. **820** million
Increase in Total Assets
(2021/22 – Rs. 515 million)

823,359 Sq.ft.
Total area of our own buildings
(2021/22 – 823,359 Sq.ft.)

Our presence in 39 locations



Scan this QR Code to view our network across Sri Lanka

Availability of capital in the short, medium, and long-term

Rationalization of manufactured assets deployed in vehicle sales business

DIMO customer touch points across the island are owned mainly by the vehicle sales and aftersales services segments. In light of the business and industry information given under Business Reports (page 30 - 41), it may be required to rationalize manufactured assets deployed in the vehicle sales business in the short term, until vehicle imports are permitted. However, the medium to long-term strategy governing asset deployment in vehicle sales will depend on Government policy with regard to the type of vehicles that will be allowed or encouraged.

Table 20: Risks & response relating to Manufactured Capital

Risks	Response
Risks of excess building space and other manufactured assets deployed in vehicle sales business.	Sharing of space to meet requirements arising from business and product diversification. i.e. vehicles assembly, water pumps and healthcare solutions
Risk of theft and destruction via man-made or natural disasters such as burglary, fire or floods	Safeguarding through property insurance.

The Mercedes-Benz Centre of Excellence – DIMO 800

DIMO 800, our technologically advanced automobile workshop facility located at No: 800, Sirimavo Bandaranaike Mawatha, Colombo 14, was established in 2014. The facility operates a state-of-the-art Mercedes-Benz workshop with a 100 work-bay capacity including seven vehicle paint preparation booths. Adding value to the complex are a fully-fledged auditorium with acoustic walls, a car park with a capacity for 123 vehicles. The premises with an extent of 3 acres was dedicated to Mercedes-Benz vehicles and aftersales business at the inception. However, as economic conditions turned unfavourable, a strategic decision was made to share office space with other businesses.

Manufacturing & warehousing facilities

DIMO's diversified operations currently own manufacturing facilities for DIMO intium construction chemical manufacturing, an Agri fertiliser value adding plant in Sapugaskanda, a Coconut oil production plant in Minuwangoda and the Tropical Health Food manufacturing plant in Kurunegala.

The DIMO Weliveriya logistics centre houses a centralized warehouse and storage facility spanning 170,000 square feet and 20,000 square feet of office space. The centre also houses the assembly plants for TATA Ace vehicles, power panel building and water pumps. The DATS (DIMO Academy of Technical Skills) training school for automobile engineering as well as plant engineering for sanitary, heating and air conditioning also operate from these premises. This 15-acre property also houses a workshop for Agri machinery.

This premises was awarded the silver award at the Presidential Environment Award for 2022, which was the topmost award in the automobile sector in 2022.



R&D facilities

The company’s largest research and development facilities are located in Lenadora, Lindula and Nikeweratiya. The premises are utilized as Techno Parks carrying out research and demonstrations. The three premises are maintained by the Agriculture Segment and collectively hold 54 acres of land.



Investments in solar power generation

The group invested Rs. 348 million on roof-top solar power with an installation capacity of 1,744kW. The individual roof top solar power installations at DIMO 800, Weliveriya Logistics Centre and Siyambalape Workshop have capacities of 700kW, 807kW and 237kW respectively. The solar power plant at the Weliveriya premises is the Group’s largest renewable energy facility. DIMO800, the power generating rooftop solar plant and the photovoltaic diesel generator were critical to the continued operations of the Group during the interruptions to the Ceylon Electricity Board supply. The ground mounted solar power generation site at Embilipitiya has an installation capacity of 1000kW.

Capitals impacted



CAPITAL REPORTS

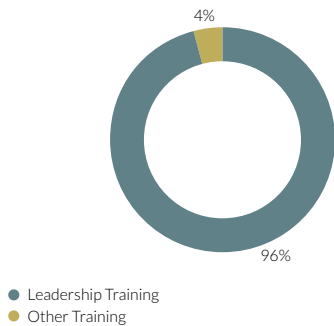
HUMAN CAPITAL

Our people, culture, values, and abilities form the foundation of who we are.

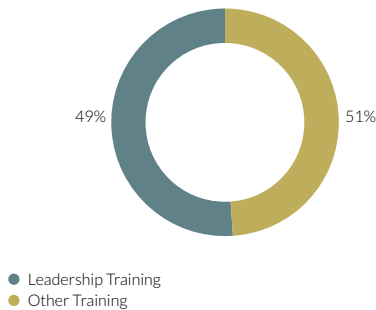
Please read more on HR strategy on page 21-22 and Stakeholder Engagement on page 77-80

Quantity & quality of capitals

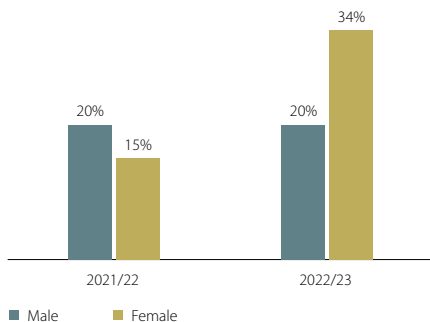
Graph 13: Leadership Training vs Total Training Cost 2022/2023



Graph 14: Leadership Training vs Total Training Cost 2021/2022



Graph 15: Gender Wise Training Participation (%)



20
No of employees internally promoted to senior vacancies (2021/22 – 7)

Rs. 19 million
Revenue per employee (2021/22 – Rs. 20 million)

'Race for talent' - Availability of capital in the short, medium, and long-term

The 'Race for talent' was intensified with a sharp increase in migration of talent. The high skilled talent pool in the economy and critical talent within DIMO were and are at risk, making corporates to 'think out of the box' in each case as the decision power of candidates increased. It can be anticipated that DIMO is challenged by on-boarding right talent at the right time in the short term.

Table 21: Risks & response relating to Human Capital

Risks	Response
Operational risk due to health & safety matters	Establishment of Health and safety policy certification for occupational health and safety standards
Attrition of trained & skilled staff	Create a backup pool and identify high potential employees within the next layer with short term readiness plans
Reputational risk due to employee harassment and gender inequality	Intensify 'future talent career development program' for the country's newly graduated community Implementing an anti-harassment policy and promoting diversity and inclusion

Please read more on challenges faced and our approach in page 21 - 22 under HR strategy.

Nurturing human capital

The DIMO HR philosophy places a strong emphasis on continuously reinventing and re-engineering every facet of human resource management. We drive a three-pillar centric human resource management strategy – 'ACE'.

Alignment (part of onboarding) – A psychological phenomena. We align people and processes to function seamlessly within DIMO. Orientation programs and the HR Business partners appointed under selected businesses ensure fast-track integration between people and processes.

Capability building (Part of employee retention) – We strive towards filling 58% of the vacancies with internal candidates and filling 42% of vacancies from outside the organisation to build capability and specific demands for expertise. This requires proper employer brand building activities, including diversity and inclusion.

Engagement (Part of transformation and engagement) – Focuses on physical and mental well-being of employees via activities that encourage them to participate. Allowing flexitime also plays a major role by supporting the staff to strike a healthy balance between work and life. Such thinking on the part of the company makes employees believe and trust that DIMO is actively supports their personal lives. Group HR also facilitates an anti-harassment helpline which is managed by an independent consultant, who receives complaints and conduct inquiries.

Employee Boarding-in

We strive to ensure alignment between our culture and the mindsets of new recruit, from the point they accept the offer of recruitment. Group HR shares all newsletters, event updates and communications on knowledge sharing with new talent even ahead of their physical presence at DIMO. The comprehensive orientation program concludes with a memorable event that includes a warm welcome to the new recruits from the Chairman. All new employees are paired with a 'DIMO buddy' from their respective department to ensure support until they are physically and emotionally ready to start their journey at DIMO. Continuous coordination of facilitates by the Group HR team during the first month ensures smooth transition in order to create the right environment for the employee to create value to DIMO from the inception. This process was predominantly followed by all new subsidiaries incorporated to the organisation in 22/23 financial year.

Employee transformation & engagement

We invest in our employee base to upgrade their abilities and expertise while facilitating a better experience for our customer base. The 'Elevate' leadership upliftment programme, 'Powerfully you' women empowerment training programme, and 'unconscious bias' awareness and transformation programme were a few of the transformation highlights during the year. Please read more about the programs in the Sustainability Agenda 2030 from page 88-95.

Employee engagement activities organized by group HR keeps the 'DIMO Tribe' standing strong, together always. From religious activities to cultural events and celebrations, we engage with employees equally even at their critical personal milestones such as weddings and births of children as well as during unfortunate events such as losing loved ones.

Table 22: Highlights of the employee engagement survey 2022/23

	Score out of 100
I know what is expected of me at work and my work objectives	92
In the last seven days, I have received recognition/praise for doing good work	78
My Supervisor, or someone at work, seems to care about me as a person	82
My superior and others encourage me to give my opinion and it seems to count	84
There is someone at work who encourages my development	82
The mission or purpose of my company makes me feel my job is important & that I contribute to the big picture	90
During the last six months, someone at work has talked to me about my progress and my opportunities to grow in the company	76
My associates or fellow employees are committed to doing quality work	86

Financial support during tough times

The high level of inflation that prevailed and the recent increase in taxation placed a heavy burden on the employee by way of increased cost of living and reduced net income. This impaired the real disposable income of the employee in a significant way. As a responsible company that recognizes our tribe members as the value creators, the company responded by helping them financially to mitigate the impact. As a means of giving our employees financial security, we developed an immediate trade-off between our financial capital and human capital.

Diversity & Inclusion

We embrace diversity and inclusion as a strategy to uplift our performance through inspiring confidence among employees. Also, by letting prospective employees know that the company respects diversity and inclusion, DIMO enlarges the pool of prospective employees. Breaking unconscious bias is the key to adopting the concept while it is nurtured through actions such as increasing the number of female participants in senior management and encouraging female profiles for mechatronics services.

Mechatronics is an interdisciplinary branch of engineering that focuses on the integration of mechanical, electrical, and electronic engineering systems. This has been a typically male-dominated area of study. DIMO's automobile training students - both male and female - are given equal opportunity to excel and explore their talents without any discrimination. DIMO now employs females in many technical job roles, including at its Mercedes Benz workshop

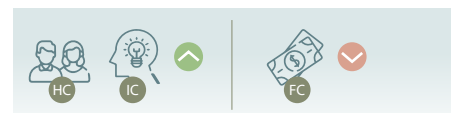
"I am a skilled technician working in an industry that is stereotyped as a male-dominated one. DIMO has given me an inclusive and welcoming environment to make my dreams a reality."

Ms. Thilini Gunasekera
Technician - Mercedes-Benz Workshop



Scan this QR Code to view the employee's testimonial in the How We Create Value section

Capitals impacted



CAPITAL REPORTS

INTELLECTUAL CAPITAL

Our intangible assets are one of our key invisible ingredients necessary to thrive in whatever we do.

Quantity & quality of capitals

Rs. **1,534** million
Total investment in our Tier 1 ERP

12th
LMD most awarded entities ranking (2021/22 – 30th)

31
New principals boarded-in (2021/22 – 12)

Rs. **447** million
Total investment in Agri R&D techno parks

Rs. **4** million
Total investment on new website launch



Awards from The Institute of Certified Management Accountants of Sri Lanka, The Institute of Chartered Accountants of Sri Lanka, and The Association of Chartered Certified Accountants in Integrated Reporting.

'Continuous elevation' - Availability of capital in the short, medium and long-term

We strive to keep our standards high in terms of performance as well as reputation. Everyday improvements in our processes, management systems, technology & innovation, and investment capacity enhance organisational strength and value creation ability, resulting in the improvement of DIMO brand equity. Management initiatives on tacit knowledge help to pass on knowledge to new employees.

Table 23: Risks & response relating to Intellectual Capital

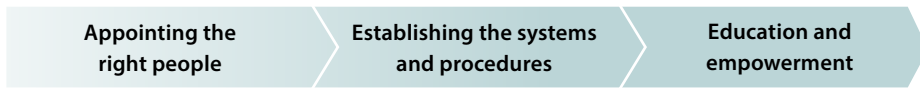
Risks	Response
Exposure to brand equity damage	Collaboration with a 3rd party to ascertain societal sentiments towards the DIMO brand and their views about DIMO
Risk of losing tacit knowledge	Frequent occurrence of knowledge sharing sessions at department level
Risk of cyber-attacks on websites and other digital platforms	Establishment of up-to-date cyber security system with stringent evaluation procedures and ongoing audits conducted by internal information & cyber security experts

Protection & Value Addition to Intellectual Capital

Reputation Management and Brand Governance

Corporate Brand Governance ensures that our branding is consistent and compliant, and that best practices are followed to build stakeholder trust and to enhance their overall experiences. The ability to respond immediately to client feedback adds a protective layer to the security of our brand.

Our Reputation Management framework involves 3 key steps:



At DIMO, we manage reputation and brand governance using a four-tiered architecture. Every communication, irrespective of type or medium, ultimately flows through the Corporate Communications Division, which is the single window for all group communications approvals.

Figure 12: Approvals matrix for Group communications



This process allows us a stringent screening process to ensure that communications that may indirectly harm our reputation do not take place. The systems are in place to ensure that all 4-tiers have a smooth functionality and compatibility so that even the highest-level communications are approved within six hours.

All communications meant for the public are checked against

- Compliance with legal directives & regulations
- Corporate Guidelines and Ethics
- Foreign Principal Guidelines if any

ICT transformation at DIMO – Project Genesis

To strengthen its competitiveness, DIMO is in the process of embarking on an essential digital transformation in line with its corporate strategy. This intends to increase DIMO's potential to create value by streamlining procedures, optimizing the utilization of resources, and leveraging synergies across different business verticals in the future.

The anticipated outcomes of the project

- Real time cash management, in-depth business planning, efficient and effective working capital management, tracking maintenance of manufactured assets
- Real time performance evaluations allowing efficient and effective resource allocation
- Customer 360 degree view, enhanced customer connectivity, data analytics leading to better customer insights and customisation, customer loyalty management
- Centralised shared services improving efficiency and effectiveness of processes, automation of processes, standardisation of processes, adopting world class best practices
- Real time data analytics
- Enhanced procurement and optimised inventory levels through demand planning, cost optimisation along the supply chain

Accredited Management Systems

Management systems provide the mechanism to implement processes, procedures and systems and run them in an effective manner. Such systems, when effectively run, provide the organisation with a knowledge base irrespective of turnover of employees. Management systems will enable the seamless transition of work from one employee to another. Therefore, our management systems, which have the following accreditations, are part of the intellectual capital of the DIMO group.

- ISO 9001:2015 Quality Management System valid till 25th Oct 2025
- ISO 14001:2015 Environment Management System valid till 25th Oct 2025
- ISO 45001:2018 Occupational Health and Safety System valid till 15th June 2025

Certifications

The following certifications obtained also strengthen our processes, as robust documented processes have to be placed in order to meet these standards.

Tropical Health Food (Private) Limited Certifications

- ISO 22000:2018 Food Safety Management System valid till 11th January 2026
- Sedex (Supplier ethical data exchange) certification
- Kosher certification
- Organic certification

Capitals impacted



CAPITAL REPORTS

SOCIAL & RELATIONSHIP CAPITAL

Customers, Suppliers and Community are the exclusive parties covered under this capital, who are also beneficiaries of our value creation process.

Quantity & quality of capitals

545,959

Our customer base

(2021/22 – 537,271)

116

Total no of principals we are engaged with

(2021/22 – 94)

24/7

Roadside assistance

Rs. **70** million

Total investment in Customer Experience – CX project

Rs. **17** million

Voluntary investments in social progress

(2021/22 – Rs. 24 million)

'The Perfect Partner' - Availability of capital in the short, medium and long-term

Relationship capital is one the key capitals that should be actively preserved and enhanced as its involves the human side of a business; its weakening will in turn weaken the prospects of DIMO. Managing relationships during ups and downs in a business is, therefore, important and any cost incurred for this is treated as an investment. A case in point is that we continued our relationship management more intensively than short term business needs dictate at a time when vehicle imports are not allowed, as DIMO understands the value of this capital. This thinking is applicable to relationships on both the supplier and customer sides. On the other hand, preserving this capital in the medium and long-term is part of the Collaboration strategy and DIMO is well on track to take this capital from strength to strength. Please read more on our interactions with our customers and suppliers in the Business Reports from page 30 – 41 and the Sustainability Agenda 2030 from page 88 to 95.

Table 24: Risks & response relating to Social & relationship Capital

Risks	Response
Risk of affecting the relationship with certain established suppliers	Relationship management with existing partners from strategic to operational levels, making sure that value is delivered to them.
Risk of losing loyal customers	We will also seek to establish relationships with best in class business partners through our diversification strategy. To further improve customer experience management and customer relationship management to a level that this risk will be further reduced.
Risk of negative relationships with the community	Improve customer value proposition through the differentiation strategy. Continuous engagement with the societal stakeholders to identify their issues and address them promptly. Include them in strategy and plans so that these concerns will not arise and perhaps make it an opportunity and increase the societal goodwill and reputation by providing them assurances regarding their concerns

Nurturing our Social & relationship capital

Customers

The DIMO value chain pivots on the ultimate delivery of value to our customers, and we recognize that the calibre and quality of our customer relationships will have a major impact on our capacity to continue generating financial value in the future. Our investments in forming lasting relationships that are enjoyable, transformative, and mutually beneficial are key to our attempts to increase customer value.

Customer Experience – CX project

Our biggest investment towards raising customer capital is the CX execution. The two main objectives of adopting the customer

experience culture is inducing the customer to purchase (Buy) and instigating loyalty (Own). The infinity model depicted below is being designed for DIMO to enable blueprints on HR processes such as cultural change management and streamlining processes. The project is currently in the first phase and is expected to conclude with the completion of ERP revamp project.

Phases of the project are as follows;

1. CX journey optimization
2. Customization & personalization
3. Convenience
4. Predictive analysis and segmentation

Foreign Principal Expectations

The expectations of foreign principals are ascertained at the beginning of a relationship and then periodically reviewed as the relationship grows. Performance reviews take place regularly and the fit between expectations and performance are constantly assessed.

Local Suppliers

Local value addition is something that we uphold, as it makes a positive impact on the country's economy. Similar to our partnerships with foreign principals, we seek enduring long-term relationships with local business partners too. Here too we seek partners who share our commitment to doing business responsibly. We also endeavour to obtain their commitment to our Supplier Code.

Figure 13: Infinity model



Suppliers

Relationships of Lasting Value

For over 84 years, DIMO has built relationships with some of the world's best brands. In order to provide a distinctive value proposition to our customers, we look for solid and long-lasting connections with our business partners. Our relationships with our business partners have been shaped by three important aspects:



Supplier Evaluation

It is essential that we find the strategic fit when we commence a relationship with a supplier. In addition to a mutual financial benefit, it is necessary that there is congruence in our business philosophy. The relationship has to pass the test of responsible value creation. We seek partners who are leaders in their business domain; who are able to provide the ingredients that enable us to deliver value at least up to the expectations of our customers; and who share the same views as us when it comes to sustainable development.

Rs. 8,700 million

Payments to local suppliers

(2021/22 – Rs. 13,000 million)

Community

Investments in community capital in return enhance our brand equity, the quality of prospective employment candidates, the number of prospective customers and local business partners. Accordingly, nurturing community capital in the short-term will provide us with long-term benefits in the form of the above-mentioned other capitals. Under this concept, we do not draw any borders to define our community; rather, society at large is our community capital as we operate across the island. Please read more on what we give in return to the community in the Business Reports from page 30 - 41 and Sustainability Agenda 2030 from page 88 - 95.

Capitals impacted



CAPITAL REPORTS

NATURAL CAPITAL

Our direct use of and impact on natural resources, including energy, water, and climate, as well as our influence through our commercial endeavours.

Quantity & quality of capitals

85 Acres

Our owned land area

(2021/22 – 85 Acres)

50,964 m³

Total water consumption

(2021/22 – 98,106 m³)

42,883 GJ

Total non-renewable energy consumption

(2021/22 – 57,109 GJ)

Water and land, which are drawn directly from the environment, are natural capital inputs into our activities. Sources of inputs for electricity, diesel and petrol, however, are non-renewable natural resources. Due to the limited availability of these resources, we must be responsible in ensuring their effective and efficient use as well as their preservation for future use. DIMO's Environmental Management System ingrains the good management of natural capital in daily operations.

Water – Recycle & Reuse

As a measure of reducing ground water consumption, DIMO has invested in treating waste water, filter it through a carbon and sand process and make it available for reuse in operational activities.

Substitutes for electricity sourcing

With the intention of reducing the usage of coal and fuel in generating electricity, DIMO has invested in Solar power plants carrying a capacity of 2,744kW, which contribute to generating electricity.

Land restoration

DIMO mainly utilizes land for agricultural purposes. As a responsible corporate citizen, DIMO introduced limus treated urea to minimize the negative impact of fertiliser on soil. Further, we strive towards one-to-one land restoration through sustainability projects. Examples of our effort towards this are the participation in the reforestation of Kannelliya and the Mangrove project.

Since the environment is an important element of DIMO's sustainability strategy, more disclosures about this capital are provided under the section of 'Statement of ESG performance' presented from page 96.

Capitals impacted

