



AGILE BY **NATURE**

OUR GOVERNANCE



Corporate Governance Section

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=20>

“Corporate governance is the cornerstone of trust in business, where integrity, transparency, and accountability converge to build a foundation for sustainable growth, prosperity and value creation”

Ranjith Pandithage
Chairman



The corporate governance practices revolve around the requirements set out in the CSE Listing Rules, and The Code of Best Practice on Corporate Governance – 2023 (The Code) issued by The Institute of Chartered Accountants of Sri Lanka and Companies Act No.07 of 2007. This Corporate Governance Report explains the policies, structures and processes that are in place to adopt and execute best governance practices at DIMO during the financial year 2023/2024.

- The Company complied with the CSE Listing Rules and The Code during 2023/2024.
- The Corporate Governance report has been reviewed by the Board of Directors.

The following documents will provide context to the Corporate Governance Report, and are available on the company's website at www.dimolanka.com

- The articles of association
- Integrated annual reports for previous years
- Quarterly financial reports for previous quarters
- Investor relation details
- Information about current market price of the DIMO.N000 share
- Supplementary information about governance
- Supplementary information about sustainability

Legislations and Regulations Governing the Company's Corporate Governance are available on the following websites:

- CSE Listing Rules available on www.cse.lk
- Code of Best Practice on Corporate Governance CA Sri Lanka-2023 available on www.casrilanka.com
- Exchange Control Act of Sri Lanka available on www.cbsl.lk
- Companies act No.07 of 2007 –Sri Lanka available on <https://www.drc.gov.lk/>



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Corporate Governance Philosophy of DIMO

Corporate governance essentially involves balancing the interests of various stakeholders of the Company, such as shareholders, management, customers, suppliers, financiers, regulatory authorities, and the community. It entails managing business with accountability and responsibility towards shareholders by providing accurate, adequate, and timely disclosures of relevant information. Corporate governance also encompasses the processes through which the organization's objectives are established and pursued within the framework of social, regulatory, and market environments.

The Corporate Governance philosophy of DIMO is reflected in the Company's business principles, values, and business practices that guide how we are directed, controlled, and managed. This strong Corporate Governance Philosophy helps build trust among stakeholders, including shareholders, employees, customers, suppliers, regulatory authorities, and the broader community, ultimately contributing to achieving organizational and business stability, profitability, and the desired growth.

The aim of the governance practices is to ensure that the Company operates in a responsible, transparent, and ethical manner while maximizing value for stakeholders. Key aspects of DIMO's Philosophy include integrity, transparency, accountability, responsibility, fairness, compliance, long-term sustenance, board oversight, risk management, sustainability, and continuous improvement.

As a diversified conglomerate engaged in a wide range of businesses both locally and globally, we have strengthened our framework based on the above philosophy, with adherence to the Code of Best Practice on Corporate Governance – 2023 issued by the Institute of Chartered Accountants of Sri Lanka, the requirements of CSE Listing Rules, and the Companies Act No. 07 of 2007. Furthermore, we have cultivated a future-focused, performance-driven culture, integrating an efficient system of internal controls meticulously designed to safeguard the interests of every stakeholder within the Company and the group. Effective leadership, accountability, judicious empowerment,

and prioritizing adherence to the governance framework are integral components of DIMO's corporate governance. By emphasizing these principles, DIMO has strengthened its governance practices, enhanced stakeholder trust, and achieved its strategic objectives in a sustainable manner.

Our Corporate Governance framework has been built on the Company's values.

VALUES OF DIMO



Integrity – Practice of Honesty.

This refers to the consistent adherence to ethical principles, honesty, and transparency in all business dealings and interactions with stakeholders of DIMO.



People Centricity – Being a catalyst in empowering people to deliver results.

This refers to DIMO's strategy or philosophy that prioritizes the needs, experiences, and well-being of individuals within and outside the organization. It emphasizes putting people both employees and customers at the forefront of decision making, operations, and culture.



Excellence – Do what you do to the best of your ability.

This refers to the DIMO's quality of being outstanding or exceptionally good at various aspects of performance, achievement, or behaviour.



Delight Customers – Amaze customers through every interaction with them.

This involves going beyond fulfilling basic needs or requirements and instead creating memorable and positive interactions that leave customers feeling pleasantly surprised, valued, and eager to return.



Accountability – Taking responsibility for your actions.

This refers to the obligation or willingness of DIMO to accept responsibility for its own actions, decisions, and behaviours.

By observing indicators and outcomes related to financial performance, stakeholder trust and confidence, risk management and compliance, innovation and adaptability, ethical conduct and corporate citizenship, and long-term sustenance, stakeholders of the Company can assess how effectively and efficiently DIMO has applied good corporate governance practices.

The Governance Structure and Leadership

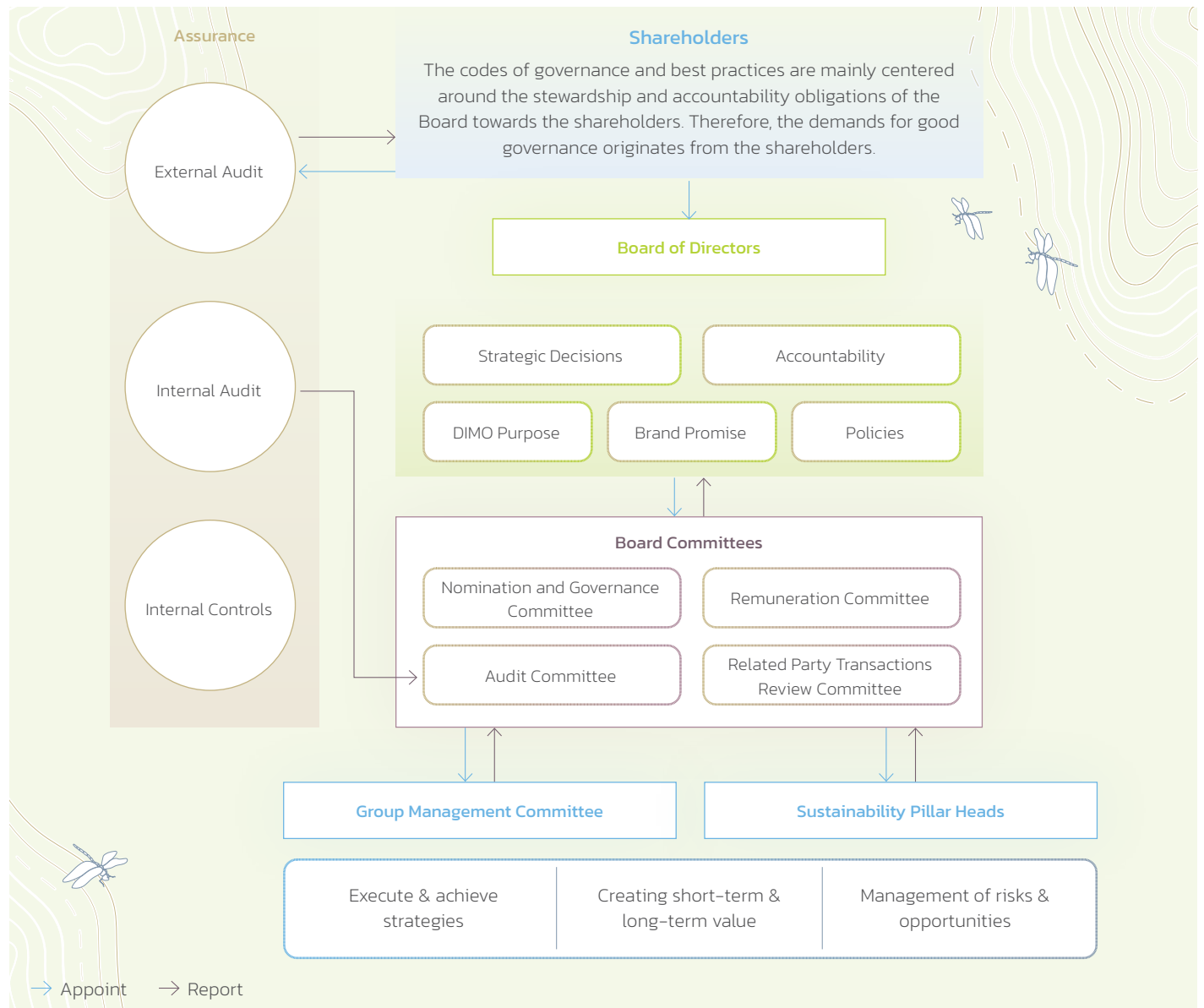
This refers to the organizational framework and the positions responsible for overseeing and guiding corporate governance practices within the Company.

Corporate Governance Framework

The Corporate Governance Framework of DIMO refers to the structures, practices, and processes by which the Company and group are directed and controlled.

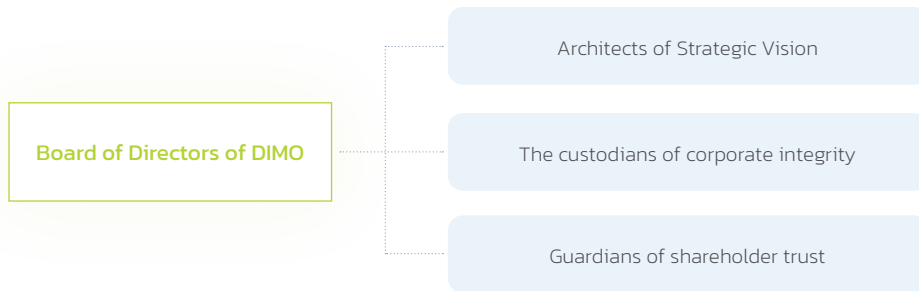
Figure 06: The Governance Structure of DIMO

The Governance Structure provides mechanism through which the best practices in governance are formulated, followed and reviewed.



Board of Directors

Figure 07: Stewardship role of the Board of Directors



The Board of Directors of DIMO plays a central role in the strategic guidance and management of the Company, and the pursuit of its success and sustenance. The Board of Directors manages and supervises the overall business of the company in good faith and in the best interest of the Company. In addition, they perform the following functions in discharging their duties and responsibilities.

- Guides the Company in examining and approving the strategic, industrial, and financial plans of the Company itself and of the DIMO Group to achieve sustainable success, and periodically monitor their implementation.
- Plays a pivotal role in defining sustainability policies and strategies, identifying annual and long-term objectives, and monitoring their implementation and evolution.
- Establishes the nature and level of risk compatible with the Company's strategic objectives.
- Adopts and sets the corporate governance guidelines and rules for the Company and Group of companies.
- Ensures the correct management of corporate information through a structured compendium of rules and procedures for the internal management

and external disclosure of documents and information concerning the Company, particularly regarding inside information.

- Promotes the most appropriate forms of dialogue with shareholders and other stakeholders relevant to the Company.

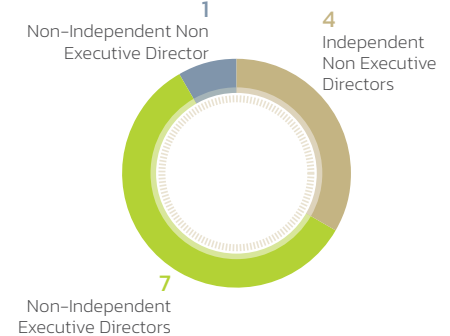
During the year 2023/2024, the Company has established and maintained a formal policy governing matters relating to the Board of Directors as indicated in Listing Rule No.9.5.1.

To ensure compliance with Listing Rule No. 9.7.1, each member of the Board has declared conformity with the fit and proper assessment criteria outlined in Listing Rule No. 9.7.3 by providing signed declarations for the year under review. Individuals who fail to comply with the criteria as per the above rule, will no longer be eligible to serve as directors of the Company.

The Board recognizes the importance of assessing both its own performance and that of its committees to monitor effectiveness, as stipulated in sections A.9.1 and A.9.2 of the Code of Best Practice on Corporate Governance -2023 issued by The Institute of Chartered Accountants of Sri Lanka. During the year, members of the Board, including the Chairman, and members of committees underwent evaluation to ensure the continued efficiency of both the Board and its committees.

Board Composition

Graph 33: Board Composition



The Composition of the Board is governed by the Company's Articles of Association and Listing Rules issued by Colombo Stock Exchange. As per the CSE listing rules, the board should have minimum number of 5 directors, while there is no ceiling on the maximum number.

The Company has complied with Listing Rule No. 9.5.1(a) by maintaining the required balance of Executive and Non-Executive directors in the Board.

Board Diversity

Diversity in the composition of the Board, enriches the Board with unique perspectives, thereby enhancing its dynamics and effectiveness, facilitating a long-term value creation. DIMO seeks diversity in the Board in terms of experience, skills, competencies, age, gender, and industry requirements in line with the rule number 9.5.1(c) of the CSE Listing Rules. Table 02 clearly demonstrates the diversity of the Board of Directors of DIMO PLC.

"Diversity on the board isn't just about ticking boxes; it's about unlocking a treasure of perspectives, fostering innovation, and steering towards a more inclusive and successful future".

Ranjith Pandithage
Chairman

Material Interest in Contracts Involving the Company

In accordance with Listing Rule No. 9.16, the board of directors has made a declaration regarding material interests in contracts involving the company. Please refer to page 160 – 161 of this report for details.

Table 18: Area of Competencies of Each Director of DIMO

Name of the Director	Qualifications	Gender	Area of Skills/Expertise/Competencies									
			Corporate Leadership	Finance	Legal	Information Technology	Engineering	Human Resources & Stakeholder Engagement	Sales, Marketing & Delivery	Board Service & Governance	Automotive Management	Logistics & Transport
A.R. Pandithage	Engineer by profession	M										
A.G. Pandithage	Chartered Management Accountant by profession	M										
B.C.A.S.P. Gooneratne	Chartered Accountant by profession	M										
P.K.W. Mahendra	Mechanical Engineer by profession	M										
C.R.Pandithage	Bachelor of Business and Commerce – Monash University, MBA – RMIT University	M										
D.N.K. Kurukulasuriya	Attorney at Law by profession	F										
S.R.W.M.C. Ranawana	MBA – Wanaborough University, UK	M										
A.M.Pandithage	Fellow of the Chartered Institute of Logistics and Transport (UK).	M										
Dr.H. Cabral	President's Counsel in Sri Lanka, Doctorate in Corporate Law from University of Canberra, Australia	M										
A.D.B. Talwatte	Chartered Accountant by profession	M										
J.M. De Silva	Chartered IT professional	M										
H.M.A. Jayasinghe	Chartered Accountant by profession	M										

 Indicate that the respective director possesses the skills/ expertise and competencies in the specified field.

Appointments to the Board During 2023/24

The provisions contained in the Articles of Association, to which reference is made, regarding the appointments of Directors are summarised below.

- The Directors shall have the power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing directors. Any Director so appointed shall hold the office until the next Annual General Meeting and shall then be eligible for election.
- A Director may be appointed or removed by ordinary resolution passed at a meeting called for that purpose or by a written resolution in accordance with paragraph (3) of Article 23 of AOA.

Appointments

Hector Manil Anthony Jayasinghe was appointed to the Board of Directors of Diesel & Motor Engineering PLC as an Independent Non-Executive Director, with effect from 01st September 2023. Mr. Jayasinghe does not own any shares of the Company.

Resignations

1. S.C Algama, Executive Director resigned from the Board of Directors of Diesel & Motor Engineering PLC with effect from 1st September 2023.
2. Mudiyanseelage Vijitha Bandara, Executive Director resigned from the Board of Directors of Diesel & Motor Engineering PLC with effect from 29th February 2024.

Change of Designation of a Director

Mr. A.G. Pandithage who was the Director/ Group Chief Executive Officer of the Company was appointed by the Board of Directors as Group Managing Director/ Chief Executive Officer of Diesel & Motor Engineering PLC, with effect from 1st September 2023.

Chairman to the Board

Mr. A.R. Pandithage, Chairman of the Board, leads the organization in an Executive Capacity and provides leadership in Corporate Governance. The Chairman encourages active participation in meetings, fostering insightful discussions, and representing the company to external stakeholders. The Chairman together with the Group Managing Director/ Chief Executive Officer provides strategic guidance, ensuring that the corporate strategy is in alignment with the company's vision. His oversight of board composition and succession planning underscores his commitment to maintaining a diverse and competent leadership team. Mr. Pandithage fosters transparency and trust by adhering to the CSE Listing Rules on Corporate Governance and actively engaging with shareholders. Additionally, his adeptness in facilitating conflict resolution ensures a harmonious and effective decision-making process within the Boardroom. Mr. Pandithage's multifaceted contributions significantly contribute to DIMO's continued success and sustainable growth.

Mr. A.R. Pandithage does not hold the chairmanship of any Board Committee, ensuring compliance with Listing Rule No. 9.3.3. The presence of the Senior Independent Director (SID), Mr. A. Talwatte, ensures compliance with Listing Rule 9.6.3, as the Chairman is an Executive Director and holds a close family relationship with Group Managing Director/Chief Executive Officer, Mr. A.G. Pandithage.

Senior Independent Director

Mr. A. D. B. Talwatte served as the Senior Independent Director (SID) of the Company during the financial year. The presence of Mr. A Talwatte as the Senior Independent Director provides an effective mechanism for reviewing the performance of the Board and the Chairman, as well as considering matters related to the company as explained in Listing Rule no.9.6.3 (b).

In addition, the role of Mr. A. D. B. Talwatte as the SID provides valuable oversight for evaluating and improving the effectiveness of the board. By offering an independent perspective and overseeing governance practices, the SID helps reinforce the integrity and credibility of the Company's decision-making processes.



Please refer page 97 to read more about the statement of SID


Group Managing Director/Chief Executive Officer



Mr. A.G. Pandithage, Group Managing Director/Chief Executive Officer of DIMO has earned the unwavering trust of all stakeholders. His commitment to strategy implementation, and his leadership and team management skills allows DIMO to be driven on the correct path. His dedication to fostering strong stakeholder relations and driver for innovation and growth, has positioned DIMO for sustained success. His collaborative approach and harmonious relationship with the board members further underscore his contribution to Company's achievements.

DIMO has ensured compliance with Listing Rule No. 9.7.1 by obtaining written declarations from him regarding the fit and proper assessment criteria as outlined in Listing Rule No. 9.7.3.

Focus Areas of the Board

Table 19: Focus Areas of the Board and Value Creation

 Refer page 53 – 78 to read more about our capitals

Focus Areas		How Board has discharged responsibilities in 2023/24	 Financial	 Manufactured
Strategic Decisions	Strategy formulation	<ul style="list-style-type: none"> Direct, review and approve strategies 	<ul style="list-style-type: none"> Corporate plan for aggressive growth 	<ul style="list-style-type: none"> Plan, review, and monitor investments in infrastructure and PPE
	Budgets and business plans	<ul style="list-style-type: none"> Held budget meetings with management to set strategic priorities of the group and periodically, evaluated desired outcomes against the actual outcomes 	<ul style="list-style-type: none"> Performance of newly acquired companies for the past six years 	<ul style="list-style-type: none"> Review asset utilization via Asset Turnover Ratio and seek continuous improvement
	Business expansions and acquisitions			
	Capital investments and projects			
	Resource allocation			
	Return on Investment	<ul style="list-style-type: none"> Focused on diversified businesses and strategically secure capitals to ensure value creation 		
	Social Investment			
Risk and Compliance	Compliance with rules, regulations, and internal policies	<ul style="list-style-type: none"> Continued review and introduction of new systems, policies and processes 	<ul style="list-style-type: none"> Compliance management systems for quality, environment, health and safety 	<ul style="list-style-type: none"> Plant the investments based on the intensity of the requirement and Group strategic priorities
	Maintenance of accredited management systems	<ul style="list-style-type: none"> Assess strategic, ESG and operational risk and review risk management outcomes 	<ul style="list-style-type: none"> Continuous improvement through internal audit 	<ul style="list-style-type: none"> Review of impairment to ensure any financial losses are accounted for
	Internal & external audit plans		<ul style="list-style-type: none"> Timely statutory payments and declarations 	
	Statutory payments		<ul style="list-style-type: none"> Compliance with statutory and regulatory provisions 	<ul style="list-style-type: none"> Ensure adequate steps such as insurance are taken to cover risk exposure
	Regulatory compliances with CSE, ROC & tax authorities		<ul style="list-style-type: none"> Voluntary adherence to best practices 	
	Determine risk appetite			
	Assess strategic, ESG and operational risks			
	Review risk management outcomes			
Governance	Role of directors	<ul style="list-style-type: none"> Interacted with stakeholders through different communication channels such as events, forums, surveys, assessments, feedbacks, ratings & etc. 	<ul style="list-style-type: none"> Ensure transparency and integrity in financial reporting 	<ul style="list-style-type: none"> Securing of Group assets
	Board appointments & evaluations		<ul style="list-style-type: none"> Balanced and skillful corporate leadership to ensure investor trust and confidence 	<ul style="list-style-type: none"> Review progress of capital work in progress
	Committee appointments and evaluations of performance		<ul style="list-style-type: none"> Board evaluations to assess whether board has fulfilled the financial interests of the investors 	<ul style="list-style-type: none"> Legal compliance relating to acquisition and maintenance of real estate and other PPE
	Directors' skills and trainings	<ul style="list-style-type: none"> Activity related to committee appointments 		<ul style="list-style-type: none"> Review & ensure that manufacturing capital is align with the required standards
	IT governance			
	Governance of subsidiaries			
	Stakeholder relationships and driving the company towards sustainability			

Value Creation



Human

- Recognized as a “Great Place to Work Legend”
- Focus on diversity and inclusion
- 470 employment opportunities (2022/23 – 217)
- Rs. 24 million incurred for employee and leadership trainings conducted locally (2022/23 – Rs. 11 million)



Social and Relationship

- Partner with diversified businesses through acquisition (Collaboration)
- Introduce sustainable products to the market in collaboration with business partners (Collaboration and Diversification)
- Represent best in class business partners to bring innovations and state of the art technology into Sri Lanka. (Collaboration)
- Focus on customer experience management



Intellectual

- Investment in ERP to take the organization to the future
- Embedding digitalization to retain tacit knowledge
- Document systems and procedures through management systems
- Reputation management through corporate branding and management of ESG risks



Natural

- Environmental preservation
- Environmental restoration
- Ecological offense prohibited
- Seizing ESG innovations
- Transparency on environmental factors

- Availability of accredited health and safety management systems
- Adherence to all labour laws
- Institutionalized program for employee retention and succession
- Adherence to internal HR policies

- Quality Management System that addresses customer feedback
- Ethical and compliant business conduct
- Corporate Income Tax payments amounting to Rs. 148 million during the year (2022/23 – Rs. 176 million)



- Reduction in carbon footprint and environmental pollution
- Accredited environmental management system to prevent breaches in environmental preservation

- Independent determination of Directors' remuneration by a Board Committee
- Succession plan for the senior management
- Established Code of Business Ethics for all employees

- Review of related party transactions
- Ethical marketing and communications
- Strict adherence to compliance requirements of business partners

- Emphasis on cyber security
- Governance of corporate identity
- Registration of trademarks
- Code of conduct for employees to manage the reputation risk

- Accredited Environmental Management System.
- Signatory to UN Global Compact
- Commitment to contribute towards achievement of UN Sustainable Development Goals (SDGs)
- Drive towards DIMO Sustainability agenda 2030
- Improve transparency through best practices in sustainability reporting

Focus Areas		How Board has discharged responsibilities in 2023/24	 Financial	 Manufactured
Reporting & Performance	Review Group's & sector performance	<ul style="list-style-type: none"> Reviewed and approved quarterly & annually financial statements for 2023/24 for publication Board evaluations Performance measurements 	<ul style="list-style-type: none"> Identified ways to improve profitability of the new products and businesses Regular meetings with management to review and monitor performance of key businesses Review of ESG performance EPS of Rs. 4.65 (2022/23 – Rs. 62.73) 	<ul style="list-style-type: none"> Healthy return on assets Assets value maximization Acquisition of value adding assets
	ESG performance			
	Approving interim & annual financial statements for publication			
	Reporting to shareholders			
	Accounting policies & changes			
	New business performance			
	New product performance			
	Asset valuation assessments			
	Corporate finance & treasury management			

Board Meetings

Board meetings at DIMO are structured gatherings where key decisions are made, and strategic directions are discussed and reviewed.

The Board meets on a quarterly basis as scheduled in advance, with additional meetings called as needed for specific purposes. These gatherings serve as platforms for deliberating a wide range of subjects relevant to the business, including budgetary matters. A hallmark of these meetings is the open exchange of perspectives among Directors, who contribute their wealth of experience and independent judgment to the discussions and decision-making process. To facilitate focused dialogue, sessions involving non-executive Directors are held separately from those involving Executive Directors, ensuring discussions are tailored to the appropriate forum. Furthermore, senior executives, such as members of the Group Management Committee (GMC), may be invited to participate in Board meetings, when needed. Please refer Table O3 for attendance of members at Board meetings.

Role of the Chairman at Board Meetings	Role of the Group Managing Director/ CEO at Board Meetings	Role of the CFO at Board Meetings
<ul style="list-style-type: none"> Ensure that the Board addresses the matters that are of strategic and material importance to the future growth and success of the Company. Ensure that adequate time is available for discussion of all agenda items. Ensure that each person is given the opportunity and time to express their views. 	<ul style="list-style-type: none"> To provide a review of the business and performance. To answer questions from the members of the Board relating to performance. To advise the Board about developments in the external environment. To inform the Board about the Risks and opportunities prevailing in the market. 	<ul style="list-style-type: none"> To provide an overview of the Group's financial position & performance during the quarter. To evaluate outcomes against the budget, to the Board. To apprise the Board on changes in financial markets, financial risks and mitigation strategies followed by the Company.

Value Creation



Human

- Performance based reward system for employees
- Employee development programs
- Employee engagement score of 4.2 (2022/23 – 4.2)



Social and Relationship

- Making a difference through partnerships and corporate social investment (CSI) activities
- Launches of sustainable products
- Rs. 24 million (2022/23 – Rs. 5.3 million) invested in social projects



Intellectual

- Esteemed Brand Leader
- Investment of Rs. 174 million (2022/23 – Rs. 364 million) on new ERP



Natural

- 1:1 land restoration policy for land used by DIMO for business purposes
- Award winning sustainability reporting
- Execution of many environmental preservation projects as detailed in the sustainability report on page 128 – 136
- Rs. 7.1 million (2022/23 – Rs. 11.7 million) invested in environmental preservation

Role of Company Secretary at Board Meetings

The Company Secretary plays a pivotal role in coordinating Board meetings and deliberations, ensuring that all Directors have complete and timely access to relevant information before each meeting.

Prior to Board Meetings

Collaborate with Directors and management to draft the agenda for the Board Meeting. Distribute the agenda and all related Board papers electronically to Board members prior to each meeting. Additionally, circulate specific report schedules along with the Board papers as needed. Ensure that minutes from previous meetings are also distributed among Board members. Be easily accessible to Board members for any necessary clarifications.

During the Meetings

Minutes of discussions and decisions made during the meeting are accurately recorded in the Board Minutes.

After Board Meeting

The minutes of the board meeting are prepared and distributed to the Board prior to the next meeting.

Adaptive Capacity

Dragonfly larvae can survive in water for up to two years, and have specialised mechanisms in place to ensure their survival, and are able to capture food at lightning speed. Certain species of dragonfly are able to breed in saltwater.

Board Committees

In terms of the CSE Rule 9.3.1, DIMO ensures that the Nomination and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transaction Review Committee are established and function as per applicable regulations, best practices, and their terms of reference. The composition of committees is available in table 21 on page 91.

Table 20: Board committees and their primary focus

Board Committee	Primary Focus
Nomination and Governance Committee	<p>Oversee the composition, structure, and effectiveness of the Board itself.</p> <p>Ensure that the Board of Directors of DIMO, operates effectively, maintains appropriate governance practices, and oversees the selection and nomination of qualified individuals to serve as Directors.</p> <p>Ensure that the Company's Board is composed of qualified individuals who can effectively oversee the organization's activities and uphold its mission and values.</p>
Remuneration Committee	<p>Establish and oversee the compensation and benefits framework for Directors, senior executives, and key employees of the organization.</p> <p>Designing and overseeing executive compensation strategies that align with the Company's objectives, promote performance excellence, and safeguard the interests of shareholders and other stakeholders.</p> <p>Ensure that executive compensation practices are fair, competitive, and aligned with the company's strategic objectives and long-term interests. It helps to attract, retain, and motivate talented executives while balancing the needs of shareholders and other stakeholders.</p>
Audit Committee	<p>Ensure the integrity of the Company's financial reporting process and effectiveness of internal control systems, and compliance with legal and regulatory requirements and provide independent oversight on the same.</p> <p>Oversee external auditors and ensure whistleblower protection.</p> <p>Oversee the financial reporting process, internal controls, and risk management practices.</p> <p>Ensure transparency, accountability, and integrity in financial reporting and disclosure processes. Its role is essential for maintaining investor confidence and protecting the interests of stakeholders.</p>
Related Party Transaction Review Committee	<p>Oversee and review the transactions involving related parties including Key Management Personnel, Directors, their close family members and entities in which DIMO has significant influence and control.</p> <p>Ensure transparency, integrity, and accountability in transactions involving related parties as defined by LKAS 24 and Listing Rules of the CSE. It helps to safeguard the interests of the Company including subsidiaries and its stakeholders while mitigating the risks associated with potential conflicts of interest.</p>

Table 21: Composition of the Board and Board Committees Together with Other Details

Name of the Director	Type of Directorship	Period Of Directorship	Year of Appointment	Age as at 31st March 2024	Composition & Attendance to Meetings									
					Board Of Directors		Audit Committee		Nomination & Governance Committee		Remuneration Committee		Related Party Transactions Review Committee	
					Membership Status	Attendance	Membership Status	Attendance	Membership Status	Attendance	Membership Status	Attendance	Membership Status	Attendance
A.G. Pandithage	Non-Independent Executive Director	28 Years	1995	61	M	8/8	-	-	-	-	-	-	-	-
B.C.A.S.P. Gooneratne	Non-Independent Executive Director	17 Years	2006	61	M	8/8	-	-	-	-	-	-	-	-
P.K.W. Mahendra	Non-Independent Executive Director	7 Years	2016	57	M	8/8	-	-	-	-	-	-	-	-
C.R.Pandithage	Non-Independent Executive Director	1 Year	2022	40	M	6/8	-	-	-	-	-	-	-	-
D.N.K. Kurukulasuriya	Non-Independent Executive Director	1 Year	2022	52	M	7/8	-	-	-	-	-	-	-	-
S.R.W.M.C. Ranawana	Non-Independent Executive Director	7 Years	2016	61	M	7/8	-	-	-	-	-	-	-	-
A.M.Pandithage	Non-Executive Director	41 Years	1982	72	M	8/8	M	4/4	M	2/2	M	1/1	M	4/4
H.M.A. Jaysinghe	Independent Non-Executive Director	07 Months	2023	61	M	3/8	M	2/4	M	-	M	-	M	-
S.C. Algama	Non-Independent Executive Director	Resigned w.e.f 1.9.2023	1984	75*	M	4/8	-	-	-	-	-	-	-	-
M.V. Bandara	Non-Independent Executive Director	Resigned w.e.f 29.02.2024	2016	58*	M	3/8	-	-	-	-	-	-	-	-
Chairpersons														
A.R. Pandithage	Non-Independent Executive Director	46 Years	1977	76	Chair	8/8	-	-	M	2/2	-	-	-	-
Dr.H. Cabral	Independent Non-Executive Director	17 Years	2006	64	M	5/8	M	4/4	Chair	2/2	Chair	1/1	M	4/4
A.D.B. Talwatte	Independent Non-Executive Director	07 Years	2016	68	M	6/8	Chair	4/4	M	2/2	M	1/1	M	4/4
J.M. De Silva	Independent Non-Executive Director	03 Years	2020	72	M	6/8	M	3/4	M	2/2	M	1/1	Chair	3/4
Total Independent Non-Executive Directors					4		4		4		4		4	
Total Non-Independent Executive Directors					7		-		1		-		-	
Total Non-Independent Non-Executive Directors					1		1		1		1		1	
Total					12		5		6		5		5	

Dr. Harsha Cabral has been declared as 'Nevertheless Independent' by the Board of Directors, as his period of directorship exceeds 9 years and will continue until 31st December 2024

*Age as at date of resignation

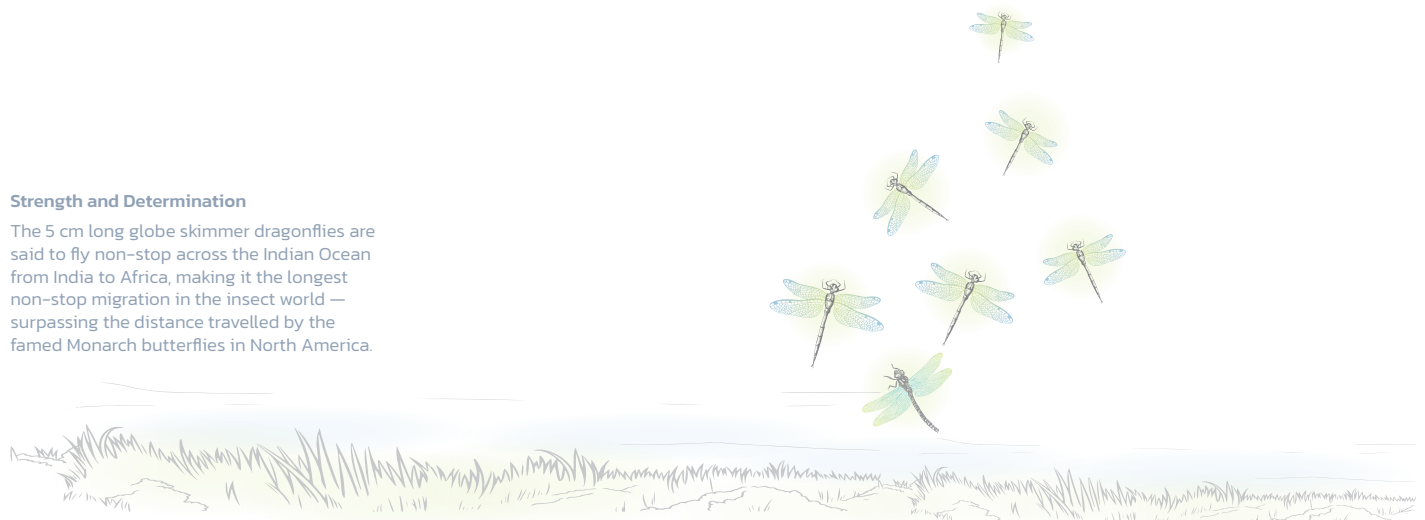
M – Member

Table 22: CSE Listing Rule No. 09 Requirements

Description	Composition & Listing Rule Requirements				
	Board of Directors	Audit Committee	Nomination & Governance Committee	Remuneration Committee	Related Party Transactions Review Committee
Board/ Committee Members	Minimum 05	Minimum 03	Minimum 03	Minimum 03	Minimum 03
	Rule No. 9.8.1	9.13.3.(1). (a)	9.11.4.(1) (a)	9.12.6.(1).(a)	9.14.2. (1)
Total Independent Non-Executive Directors	Min 02 or 1/3 of total whichever is higher	Min 02 or Majority of Members whichever is higher	Minimum 02	Minimum 02	Minimum 02
	Rule No.9.8.2 (a)	9.13.3.(1). (a)	9.11.4.(1) (a)	9.12.6.(1).(a)	9.14.2. (1)
Total Non-Independent Executive Directors	Balance is to be maintained	Not allowed	Not allowed (Applicable w.e.f 1st October 2024)	Not allowed	May include
	Rule No.9.5.1 (a)	9.13.3.(1). (b)	9.11.4.(1) (b)	9.12.6.(1).(b)	9.14.2. (1)
Compliance Status	Complied	Complied	Complied	Complied	Complied
Chairperson	Cannot chair other committees. Should be a Non-Executive Director. If not SID is to be appointed	Chair should be an Independent Director. Chair or a member should be a Member of Recognised Profe. body	Should be an Independent Director	Should be an Independent Director	Should be an Independent Director
	Rule No 9.3.3	9.13.3.(5) & (7)	9.11.4.(2)	9.12.6.(3)	9.14.2. (1)
Compliance Status	Complied	Complied	Complied	Complied	Complied

Strength and Determination

The 5 cm long globe skimmer dragonflies are said to fly non-stop across the Indian Ocean from India to Africa, making it the longest non-stop migration in the insect world — surpassing the distance travelled by the famed Monarch butterflies in North America.



Performance Evaluation of the Board Committees

Performance evaluation of the Board and its sub-committees is essential to ensure that the Board and sub-committees operate efficiently, providing strategic guidance, and upholding high standards of corporate governance.

The Board undergoes performance evaluation annually within the Company. For Board evaluation, each Director completes a separate questionnaire, which is then forwarded to the Chairman. Non-Executive Directors are evaluated similarly, with each Executive Director completing a questionnaire, which is then forwarded to the Chairman of the Board. Committee evaluations involve each committee member completing a questionnaire, which is provided to the chairperson of the respective committee.

The tabulated results are utilized to enhance effectiveness. Additionally, the Chairman discusses necessary improvements with individual Directors and Board Committee Chairs. This year's evaluation results indicated that the Board operated effectively and performed well in overseeing the Group's governance aspects, with members expressing satisfaction regarding the composition and operational effectiveness of the relevant Board Committees

Board Evaluation Measures

- Governance Oversight
- Composition & Diversity
- Decision Making
- Board Dynamics
- Performance of Individual Directors
- Stakeholder Engagement
- Adherence to the Governance Principles

Committee Evaluation Measures

- Purpose and Mandate Fulfillment
- Meeting Effectiveness
- Decision Making and Recommendations
- Governance & Compliance
- Expertise & Independence
- Communication & Reporting
- Effectiveness of chairperson
- Performance of individual Committee Members
- Achievement of Goals and Objectives
- Continuous Improvement.

Management Committees

Group Management Committee (GMC)


GMC consists of Executive Directors and members of the senior management team.

GMC is responsible for the steering of the Group and its business. It assumes overall responsibility for the execution and implementation of strategies set by the Board and the achievement of performance targets.

Sustainability Pillar Heads


The Sustainability Pillar Heads consist of members of the management team including Executive Directors.

It holds primary responsibility to oversee the Group's activities with regard to the identification and management of economic, social and environmental impacts, and the achievement of the Group's Sustainability Agenda 2030.

 Refer page 129 to read more about our sustainability pillars

Directors' Remuneration

The Board always ensures that the level of remuneration is attractive enough to motivate and retain Executive Directors. The Remuneration Committee assists the Board by suggesting and approving remuneration for Executive Directors. Information about DIMO's remuneration policy and the Remuneration Committee, including the work carried out in 2023/2024, is set out in the Remuneration Committee Report in page 100.

 Refer page 193 to read more on total Directors' remuneration

Relations with Shareholders and Investors

In accordance with Listing Rule No. 9.4.2a, the Company has upheld a comprehensive policy regarding effective communication with shareholders and investors. Additionally, as mandated by Rule No. 9.4.2c, this policy encompasses a procedure to ensure

all Directors are apprised of significant shareholder issues and concerns. Further details on this matter have been provided in the 'Investor Relations' section of this report.

Information Flows to the Directors and Statutory Auditors

The Board of Directors of DIMO adopted a process for information flows to the Directors and Statutory Auditors, in order to (i) guarantee the transparent management of the business, (ii) establish conditions for the effective and efficient management and control of the activities of the Company and the operations of the business by the Board of Directors, and (iii) provide the Board and Statutory Auditors with the sources of information needed for the efficient performance of its supervisory role.

The flow of information to the directors and statutory auditors is assured, by the transmission of documents on a timely basis

and in accordance with the timetables set for each board meeting. These documents may be supplemented by explanations provided in the context of the Board meetings, or at specific informal meetings organised to examine topics of interest relating to the management of the Company.

When information flows relate to Inside Information and/or Significant Information, they must take place in accordance and compliance with the procedures indicated in the CSE listing rules.

List of Policies established and maintained by DIMO in compliance with CSE listing rule No. 9.2.1, for 2023/2024

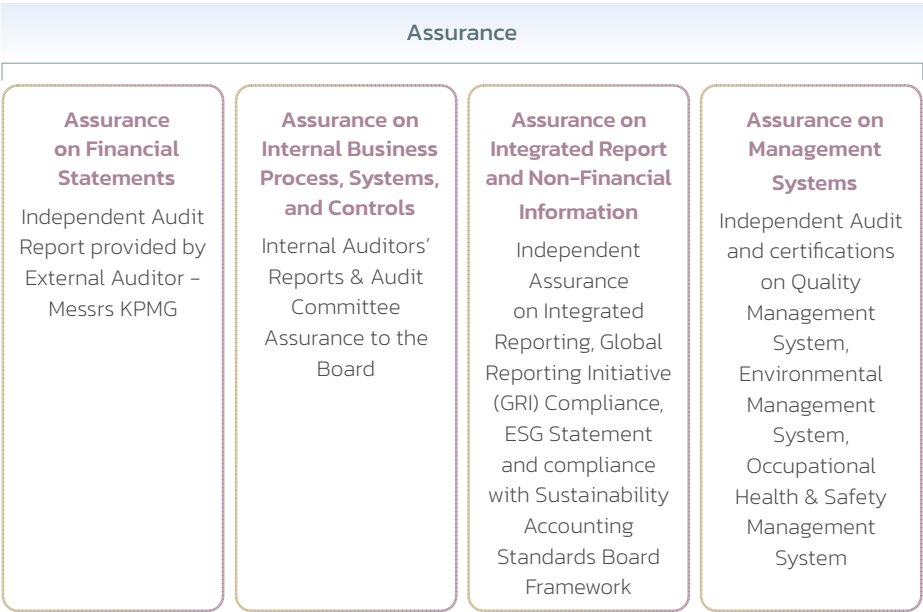
Policy On

- "The matters relating to the Board of Directors".
- "Board Committees "
- "Corporate Governance, Nominations and Re-election"
- "Remuneration"
- "Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities".
- "Risk Management and Internal Controls"
- "Relations with Shareholders and Investors"
- "Environmental, Social and Governance Sustainability"
- "Control and Management of Company Assets and Shareholder Investments"
- "Corporate Disclosures"
- "Whistleblowing"
- "Anti-Bribery and Corruption"

Assurance

Assurance is essential in maintaining organisational integrity, safeguarding assets, and enhancing stakeholder confidence in the organisation's governance, operations, and financial reporting.

Assurances for the integrity of systems, processes, controls, and financial and non-financial information are obtained internally and externally.



Internal Audit

The Company maintains an independent internal audit function that provides the Board, Audit Committee, and Senior Management with reasonable assurance regarding internal controls and the controls governing the preparation of financial statements. The Internal Audit Division, overseen by the Group Chief Internal Auditor appointed by the Board, operates according to a risk-based Internal Audit Plan. Quarterly, Internal Auditors submit their findings and recommendations to both the Audit Committee and the Board. Internal Audit Reports are accessible to External Auditors upon request. Throughout the year, the Audit Committee reviewed the Internal Audit function's activities and is satisfied with its performance.

External Audit

The Company's External Audit function is independent and overseen by the Audit Committee. The Audit Committee received written confirmation of the External Auditor's independence and objectivity. Additionally, the Audit Committee has engaged in discussions with the External Auditors to address any concerns regarding the financial statements. Partner rotation of the auditors occurs at regular intervals; the most recent rotation took place in 2017.

Internal Control

Internal controls are crucial for the Company to prevent, detect, and mitigate potential issues arising from ongoing business operations. The Board receives assistance from the Audit Committee in monitoring and evaluating the effectiveness of the Group's/

Company's internal control environment. This evaluation primarily involves discussions and assessments based on reports submitted by Management Committees, Internal Auditors, and External Auditors

 Refer page 163 for more details on Board of Directors' Statement on Internal Controls.

Risk Management

Effective risk management extends beyond regulatory compliance. To assess, mitigate, and manage risks and opportunities, the Group has implemented processes across various functional levels, detailed in the Risk Management section on page 120 – 125.

Compliance

The compliance and adherence component of the conformance framework establishes the foundation for adherence, outlining the rules to be followed by the Board, Board Committees, Management Committees, and employees. As defined in the governance framework, this component encompasses statutes and regulations categorized as 'mandatory compliance,' as well as codes, best practices, and management control systems categorized as 'voluntary adherence'.

Mandatory Compliance

- Companies Act No. 07 of 2007
- Sri Lanka Accounting and Auditing Standard Act No. 15 of 1995
- Listing Rules of Colombo Stock Exchange
- Articles of Association
- Securities & Exchange Commission regulations
- Other legislative enactments affecting the Company

Voluntary Adherence

- Code of Best Practice on Corporate Governance issued by CA Sri Lanka
- Ten Principles of the UN Global Compact
- Code of Business Conducts and Ethics of DIMO
- GRI Standards
- Quality Management System
- Environmental Management System
- Internal Control System
- Social Accountability Management System
- Occupational Health & Safety Management System

Code of Business Conduct and Ethics


At DIMO, we have implemented a Code of Business Conduct and Ethics that applies to Directors, Management, and all employees. The orientation program for new employees includes training on compliance with the Group's Code, and upon recruitment, each employee signs a declaration committing to comply with the Code in its entirety. Compliance with the Code of Business Conduct and Ethics is monitored by the HR department.

Conflict of Interest

Each Board member is expected to prevent their private interests from conflicting with the interests of the Company. Directors abstain from participating in or voting on board resolutions where they have an interest. Every Director submits a quarterly declaration of their interest in the Company, which is disclosed to the Board through the Related Party Transaction Review Committee. Additionally, all interests are recorded in the company's Interest Register, maintained by the Company Secretary.

Whistle-Blowing, Fraud and Non-Compliance with Laws and Regulations

Employees can report any confidential matters related to accounting, internal controls, and non-compliance with laws and regulations (NOCLAR) to the Chief Human Resources Officer, Group Chief Internal Auditor, Managing Director/Chief Executive Officer, or the Chairman. The Senior Independent Director is also available to any board member who wishes to discuss confidential matters concerning the Board.

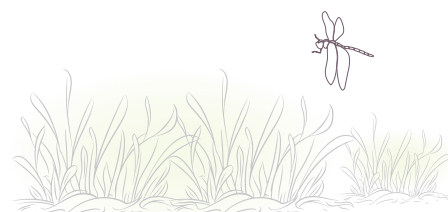
 Disclosures required by the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange can be viewed on page 102 & 105 – 109.

Sustainability Reporting – ESG

Environmental, Social, Governance (ESG) considerations are paramount in DIMO's long-term business strategy and throughout its value creation process. Supported by Sustainability Pillar Heads, the Board continuously identifies and addresses ESG-related risks and opportunities that impact DIMO's value creation in the short, medium and long term. A detailed report on ESG factors and an ESG Performance Statement can be found on page 137 – 148.

"Embracing Environmental, Social, Governance (ESG) considerations isn't just a corporate responsibility; it's a strategic imperative driving sustainable growth and societal impact."

Ranjith Pandithage
Chairman



IT Governance & Cybersecurity


IT Governance

DIMO's IT Governance has been a key element of Corporate Governance due to its heavy reliance on Technology to drive most businesses in the group and also due to significantly large investments in ICT, especially during past few years. The "IT Governance Model" is regularly reviewed, with improvements implemented based on learning, industry best practices, and emerging technologies. However, DIMO went through a complete review of the "IT Governance Framework" during 2023/24 due to the significant changes to its ICT Infrastructure, application systems and other digital technologies. The rollout of SAP was the most significant investment made in ICT during the year.

The new governance framework was built on 7 key principles identified to deliver optimum value to businesses.

- 1. Strategic alignment with group Corporate Governance
- 2. Value delivery
- 3. Innovation & competitiveness
- 4. Risk management & business continuity.
- 5. Performance management
- 6. Resource management
- 7. Compliance & legal obligations

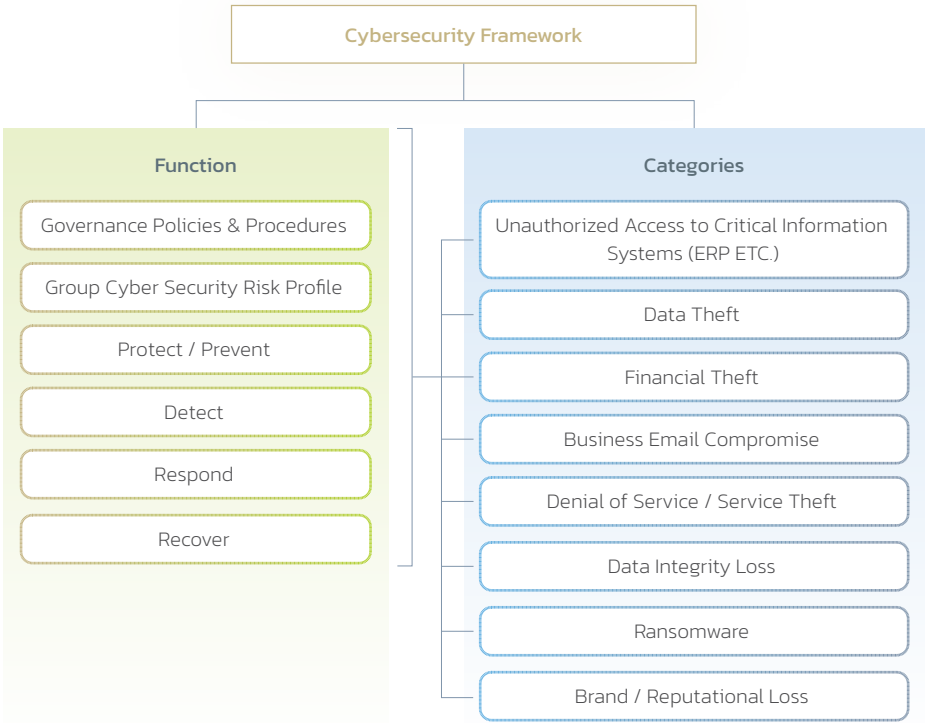
The "Group IT Steering Committee", which is responsible for the administration of the governance framework went through a review during 2023/24 to facilitate optimum value creation of ICT investments. New policies, processes and best practices were also introduced to optimise change management and to mitigate risk group-wide risk arising from changes due to SAP rollout. Furthermore, policies were brought in to govern "Data", and the "Digital Workplace", and to drive industry specific digital technologies.

 Refer page 25 – 26 to read more on our Group Technology Strategy.

Cybersecurity

The Group-wide rollout of Tier-1 ERP system SAP, implementation of Tier-4 Data centres and other new enterprise level Digital Technologies during 2023/24 resulted in a new "Cybersecurity Risk Profile" for DIMO. Along with this new risk profile", DIMO also introduced a new Cybersecurity framework to effectively manage these risks.

Figure 8: Cybersecurity Framework



This framework includes governance policies to manage and administer Cyber security risks including integrated reporting of incidents. The functions of the framework begin with building risk profiles of the Group and its processes and formulating best practices to Protect, Detect, Respond and Recover from any Cybersecurity attacks. Key risk categories that are being addressed are Unauthorized Access to Critical Information Systems (ERP Etc.), Data Theft, Financial Theft, Business Email compromise, Denial of Service or Service Theft, Data Integrity Loss, Ransomware and Branding/Reputational losses.

The "Recover" function was given significant emphasis in 2023/24 resulting in Tier-4 data centre infrastructure implementation at a Disaster Recovery site for all Critical Information Systems, with real-time failover functionality. Incident reporting has also been further enhanced with the implementation of a group-wide support ticketing system that uses a "Managed Engine" application system, which facilitates seamless capturing of all cybersecurity related incidents.

The cybersecurity management reports to the "IT Steering Committee" on monthly and/or need basis. Their report highlights all categories and integrated impacts of incidents or threats, if any during the period of reporting and also any design level changes to functions of the framework.

Senior Independent Directors' Statement

The 'Code of Best Practice on Corporate Governance 2023' (The Code) issued by The Institute of Chartered Accountants of Sri Lanka and CSE listing rule No.9.6.3 recommends that a Senior Independent Director (SID) should be appointed in the event that the same person holds the offices of Chairman and Chief Executive Officer or where the Chairman is not an Independent Non-Executive Director or where the chairperson and CEO are close family members or related parties. At DIMO, the presence of a Senior Independent Director is necessary as per the specified Listing Rule, considering that the Chairman, Mr. A.R. Pandithage, holds an executive position as a Director and is a close family member of the Group Managing Director/CEO Mr. A.G. Pandithage.

The presence of a SID provides a workable mechanism to review the role played by the Chairman. While the role of the Chairman entails providing leadership in observing best practices of Corporate Governance, the role of the SID calls for a review of the Board's effectiveness, the Company, operation, and the performance of the chairperson. The presence of the SID also emphasises transparency on matters relating to governance.

DIMO is committed to the principles of good governance and always strives to live by the best practices of corporate governance. The Board of Directors conformance culture of the Company. The Company follows a policy of strict compliance with mandatory requirements while voluntarily adhering to

additional standards. This approach aims to enhance stakeholder acceptance and positively impact value creation.

As the SID, I am consulted by the Chairman on governance issues, if there are any. Further, I make myself available to any Director to have any confidential discussion on the affairs of the Company, should the need arise.



Asite Talwatte
Senior Independent Director

Colombo
20th June 2024

Report of the Audit Committee

Table 23: Composition of the Audit Committee

Name of the Director	Directorship Status	Membership Status	Date of Appointment to the Committee	Meeting Attendance
A.D.B. Talwatte	Independent Non-Executive Director	Chairperson	11-10-2016	4/4
A.M. Pandithage	Non-Independent Non-Executive Director	Member	02-02-2000	4/4
H.M.A. Jaysinghe	Independent Non-Executive Director	Member	01-09-2023	2/4
Dr.H. Cabral	Independent Non-Executive Director	Member	24-10-2006	4/4
J.M. De Silva	Independent Non-Executive Director	Member	01-08-2020	3/4

Please refer to Table 02 & Table 03 for additional details regarding the committee members and Directors.

The Audit Committee (AC) provides an independent oversight of the Group's financial reporting and internal control

systems, internal and external audits, risk management, compliance with laws and regulations, in line with the approved Audit Committee Terms of Reference. Meetings of the Audit Committee were aligned with the key reporting and regulatory timelines.

Activities & Deliberations During the Year -2023/24

Risk Management & Internal Controls.

Status of the risk management and internal controls of both the Company and the group were reviewed during the year and appropriate mitigation and remedial actions were recommended to the Board.

Committee has received assurances from the Group Managing Director/ CEO and CFO regarding the Company's and Group's finances and operations.

Compliance

The Committee obtained representations from Group Managing Director/ Chief Executive Officer and CFO on the adequacy of provisions made for possible liabilities. The committee also reviewed reports tabled during the Board Meetings with regard to statutory payments and filing of Returns. Having made necessary

Report of the Audit Committee

observations, the Audit Committee is of the view that the company has complied with Companies Act No.07 of 2007, regulations & directions of Securities Exchange Commission, Colombo Stock Exchange and Sri Lanka Accounting Standards.

Internal Audit

Committee reviewed the internal control system operated within the Company & Group and made recommendations wherever necessary to the Board. Committee reviewed the functions of the internal audit program and had periodic discussions on audit findings included in the Reports provided to the committee by the Group Chief Internal Auditor.

External audits

The Committee obtained a written assurance from the current auditor, Messrs. KPMG, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of relevant auditing and accounting standards.

The Committee held meetings with the External Auditors to review the nature, approach, scope of the audit and the Audit Management Letters of Group Companies. The Committee also reviewed actions taken by the management in response to the issues raised by the auditors and effectiveness of the internal controls. Where required, issues and remedial actions taken relating to audit findings were discussed with the relevant members of the group management committee.

The Audit Committee has reviewed the non-audit services provided by the External Auditors to the company to ensure that their independence as Auditors has not been compromised.

Financial Statements

The Committee reviewed Interim Financial Statements of all four quarters and the Annual Financial Statements prior to publication. During the review, AC ensured that Financial Statements are prepared in compliance with Sri Lanka Accounting Standards and applicable regulatory requirements.

The Committee assessed the appropriateness of the Company's whistle blowing policy to ensure the Company's arrangement for confidentiality of information and its sources.

Future Focused Activities

Future focus areas of the committee include, but are not limited to:

- Approval of Internal Audit Plan for 2024/25
- Improvement of Risk Mitigation strategies of the Company

The current Auditors Messrs KPMG were appointed as external auditors in FY 1986/87 and continue to hold that position at present. A partner rotation of the auditors takes place periodically and the last rotation of the audit partner took place in 2018.

The Committee has recommended to the Board that Messrs KPMG be re-appointed as the independent External Auditor and that the re-appointment be included in the agenda of the Annual General Meeting.

The Audit Committee is satisfied that the effectiveness of the organisational structure of the Group and of the implementation of the Group's accounting policies and operational controls provide reasonable assurance that the affairs of the Group are managed in accordance with Group policies and that Group assets are properly accounted for and adequately safeguarded. The Committee is also satisfied that the Company and its subsidiaries remain solvent and are able to continue as a going concern.



Asite Talwatte

Chairman – Audit Committee

20th June 2024

Report of the Nomination & Governance Committee

Table 24: Composition of the Nomination & Governance Committee

Name of the Director	Directorship Status	Membership Status	Date of Appointment to the Committee	Meeting Attendance
Dr.H. Cabral	Independent Non-Executive Director	Chairperson	24-10-2006	2/2
A.D.B. Talwatte	Independent Non-Executive Director	Member	11-10-2016	2/2
A.M. Pandithage	Non-Independent Non-Executive Director	Member	02-02-2000	2/2
H.M.A. Jaysinghe	Independent Non-Executive Director	Member	01-09-2023	-
J.M. De Silva	Independent Non-Executive Director	Member	01-08-2020	2/2

Please refer to Table 02 & Table 03 for additional details regarding the committee members and Directors.

In terms of the Corporate Governance Rules of the Colombo Stock Exchange that came into effect from 1st October 2023, the Nominations Committee of the Company was renamed as the Nominations and Governance Committee.

Activities and Deliberations of the Committee in 2023/24 include:

- Reviewing the structure, size, composition and competencies of the Board.
- Evaluating the independence of the Non-Executive Directors through independence declarations submitted by the Non- Executive Directors. Having considered all relevant aspects, the Board has determined that Dr.H.Cabral who has served on the Board for over 9 years is nevertheless independent.

- Reviewing the process of succession planning for key management personnel to ensure that the Board has the correct balance of individuals to discharge its duties effectively.
- Ensuring that no member of the Nomination & Governance Committee is involved in deciding his own appointment.
- Making any recommendations on any other matter/s referred to the Committee by the Board of Directors.
- The listing rules require that any major issue under the preview of Nomination and Governance Committee should be referred to the independent directors by the chairman of the committee. As the Independent Directors are members of the committee, such a situation did not arisen.
- Newly appointed Directors are given an induction to the Company prior to their first Board meeting. Existing Directors are regularly updated with new corporate governance requirements, amendments to Listing Rules and other applicable laws.

Future Focused Activities

Future focus areas of the committee include, but are not limited to:

- Ensuring the Board and executive management have an adequate mix of skills, experience, and attributes necessary to support Group strategy and future endeavours.

The Committee is pleased to confirm that 04 out of 05 Non-Executive Directors are independent from acting in an executive capacity in the company and that the board succession plan ensures the Board appoints Directors who have the requisite skills and experience.



Dr. Harsha Cabral

Chairman – Nomination & Governance Committee

20th June 2024

Report of the Remuneration Committee

Table 25: Composition of the Remuneration Committee

Name of the Director	Directorship Status	Membership Status	Date of Appointment to the Committee	Meeting Attendance
Dr.H. Cabral	Independent Non-Executive Director	Chairperson	10-08-2015	1/1
A.D.B. Talwatte	Independent Non-Executive Director	Member	11-10-2016	1/1
H.M.A. Jaysinghe	Independent Non-Executive Director	Member	01-09-2023	-
J.M. De Silva	Independent Non-Executive Director	Member	01-08-2020	1/1
A.M. Pandithage	Non-Independent Non-Executive Director	Member	02-02-2000	1/1

Please refer to Table 18 & Table 21 for additional details regarding the committee members and Directors.

The Remuneration Committee considers and recommends the Company's remuneration policy and the remuneration packages of the Chairman, Group Managing Director/ Chief Executive Officer (CEO) and the Executive Directors. The Committee also approves the remuneration of the members of the Group Management Committee on recommendations made by the Chairman and the Group Chief Executive Officer.

Remuneration Policy

The remuneration policy is designed to reward, motivate and retain the Company's Executive Directors and the members of the senior management team to support the continued success of the business and its value creation over the short, medium and long term.

Components of the Executive Directors' Remuneration

Fixed Remuneration
(Basic Salary and Fringe Benefits)

Variable Remuneration

Post-Employment Benefit

The Remuneration package awarded to Executive Directors and members of the Group Management Committee is intended to be competitive and market based and comprises of a mix of fixed and variable returns. The variable remuneration is linked to individual performance and group profitability in order to align individual's interest with Company interest.

All Non-Executive Directors receive a fee for serving based on their time commitment and contribution to the Board and Board Committees. They do not receive any performance related incentive payments. The Company does not have an employee share option scheme for members of the Board, who are considered as Key Management Personnel (KMP). The Articles of Association does not contain a shareholding guideline for a KMP.

Activities and Deliberations of the Committee in 2023/24

The Committee covered the following key areas during the meetings;

- Revisited the Remuneration Policy of the Company to align it with industry levels and its application to the Chairman, Group CEO, other Executive Directors and members of the Group Management Committee.

- Considered and recommended remuneration including annual salary increases and performance incentives for the personnel stated above.
- Ensured that none of the Directors are involved in deciding his/her own salary.

Directors' Emoluments

The Directors' emoluments and compensations during the year 2023/24 are disclosed in Note 4.5 on page 193.

Future Focused Activities

- Improve the link between performance and rewards through remuneration policy.

The Committee is of the view that the Directors and Senior Management are remunerated fairly and receive performance-based compensation that promotes effective execution of the Company's strategy and long-term value creation.



Dr. Harsha Cabral

Chairman – Remuneration Committee

20th June 2024

Report of the Related Party Transactions Review Committee

Table 26: Composition of the Related Party Transactions Review Committee

Name of the Director	Directorship Status	Membership Status	Date of Appointment to the Committee	Meeting Attendance
J.M. De Silva	Independent Non-Executive Director	Chairperson	01-08-2020	3/4
A.D.B. Talwatte	Independent Non-Executive Director	Member	11-10-2016	4/4
A.M. Pandithage	Non-Independent Non-Executive Director	Member	02-02-2000	4/4
H.M.A. Jaysinghe	Independent Non-Executive Director	Member	01-09-2023	4/4
Dr.H. Cabral	Independent Non-Executive Director	Member	24-10-2006	4/4

Please refer to Table 18 & Table 21 for additional details regarding the committee members and Directors.

Related Party Transactions Review Committee (RPTRC) is tasked with providing advice to the Board in relation to transactions with the related parties as defined by LKAS 24 and Listing Rules of the Colombo Stock Exchange. The Committee has also adopted best practices as recommended by the Institute of Chartered Accountants of Sri Lanka.

Proceedings of the Committee Meetings

An agenda checklist is prepared and circulated prior to each Committee meeting, which assists and enables Committee members to identify all related parties and to review all related party transactions. A summary of related party transactions that occurred during the period under review is provided to the Committee ahead of the Committee meetings. A summary of the

quarterly declarations provided by Directors identifies the shareholding of Directors and their close family members, names of the companies where they hold office and transactions with the company during the quarter.

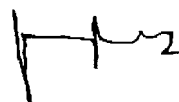
Activities and Deliberations of the Committee in 2023/24

- Identified related parties as defined by LKAS 24 and Listing Rules of the Colombo Stock Exchange
- Reviewed all related party transactions carried out during the year and communicated observations to the Board of Directors.

During the year, there were no non-recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules requiring disclosure in the Annual Report. Details of other related party transactions entered into by the Company during the year are disclosed in Note 4.31 to the Financial Statements.

Declaration by the Committee

A declaration is given by the Board in the Annual Report of the Board of Directors on pages 155 – 159 to the effect that no related party transaction falling within the ambit of the rule 9.14.8 of Listing Rules of the Colombo Stock Exchange was entered by the Company during the financial year.



Jayantha De Silva

Chairman – Related Party Transactions Review Committee

20th June 2024

Corporate Governance

Level of Compliance with Mandatory Regulations

This section provides a navigation on the level of compliance to the Companies Act No. 07 of 2007 and the regulations provided by the Colombo Stock Exchange.

Table 27: Disclosures Required by the Companies Act No. 07 of 2007

Section Reference	Disclosure Requirement	Compliance Status	Annual Report Reference (Page)
168 (l) (a)	The nature of the business of the Company or any of its subsidiaries	Compliant	174 – 176
168 (l) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Compliant	168 – 142
168 (l) (c)	Auditors' Report on Financial Statements of the Group and the Company	Compliant	165 – 167
168 (l) (d)	Changes in Accounting Policies made during the accounting period	Compliant	202 – 204
168 (l) (e)	Particulars of the entries in the Interests Register made during the accounting period	Compliant	160 – 161
168 (l) (f)	Remuneration and other benefits paid to Directors of the Company and its Subsidiaries during the accounting period	Compliant	242 – 243
168 (l) (g)	Total amount of donations made by the Company during the accounting period	Compliant	193
168 (l) (h)	Information on Directorate of the Company and its Subsidiaries during and at the end of the accounting period	Compliant	14, 258 – 259
168 (l) (i)	Amounts paid/payable to the Auditor as audit fees and fees for other services rendered during the accounting period	Compliant	193
168 (l) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Compliant	157
168 (l) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board (Annual Report of the Board of Directors)	Compliant	155 – 159

Compliance Status With the Listing Rule No 09 "Corporate Governance " Published by the Colombo Stock Exchange

Table 28: Compliance Status with the Listing Rule 09 "Corporate Governance"

Applicable Rule Number	Description	Current Status (Number of Directors)	Compliance status
9.8	Minimum number of Directors in the Board	As per the rule, minimum number of directors in the board is 5 The Board consists of 12 Directors	Compliant
9.3.3	Chairperson of the Board of Director	Chairperson of the Board of Directors cannot be the chairperson of 1) Nominations and Governance Committee, 2) Remuneration Committee, 3) Audit Committee, 4) Related Party Transaction Review Committee	Mr.A.R.Pandithage, Chairman does not hold chairmanship in any committee Compliant
9.5.1 (a)	Composition of Non-Executive Directors in the Board	Recognise the need for a balance representation between executive and Non-Executive Directors Board comprise of 7 Non-Independent Executive Directors, one Non-Independent Non-Executive Director and four Independent Non-Executive Directors. Proportion. 5 :7	Compliant

Applicable Rule Number	Description		Current Status (Number of Directors)	Compliance status
9.6.1		Chairperson of every listed Entity shall be a Non-Executive Director and position of chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3.	Mr. A.R. Pandithage holds the position of Chairman in an Executive capacity. Mr. A.G. Pandithage who is a close family member holds the position of Managing Director/ Chief Executive Officer of the company	Compliant. To comply with the rule, a SID has been appointed due to the fact that chairperson is an Executive Director and a close family member to CEO.
9.6.3 (a)	Requirement for a Senior Independent Director (SID)	A listed entity shall appoint an Independent Director as the SID if 1) The Chairperson and CEO are the same person, 2). The Chairperson is an Executive Director, 3) The Chairperson and CEO are close family members or Related Parties	Mr. A.D.B. Talwatte functions as the SID of the Company	Compliant
9.6.3 (b)		Independent Directors shall meet at least once a year or as often as deemed necessary at a meeting chaired by the SID without the presence by other Directors	A meeting was held by the Independent Non- Executive Directors during the year	Compliant
9.6.3 (c)		SID shall chair a meeting of Non-Executive Directors without the presence of the Chairperson at least annually to appraise the Chairperson's performance and on such other occasions as are deemed appropriate	A meeting was held between the Non- Executive Directors to discuss the performance of the Executive Chairman	Compliant
9.7.1	Fitness of Directors and CEO	Needs to take necessary steps to ensure that their Directors and the CEO are at all times, fit and proper persons as required in terms of these Rules	Declaration as per the listing rules related to fit and proper assessment criteria has been obtained and ensured that the said criteria are met by all the Directors	Compliant
9.8.2 (a)	Composition of Independent Directors in the Board	2 Independent Directors or 1/3 of the total no. at given time whichever is higher	Dr. H.Cabral, Mr.J.M.De Silva, Mr. A.D.B.Talwatte and Mr. H.M.A. Jayasinghe are Independent Non-Executive Directors. 4.	Compliant
9.12.6.1(a)	Composition of Remuneration Committee	Minimum 3 Directors and out of that, minimum of 2 shall be Independent Directors	The Remuneration Committee consists of five Non- Executive Director out of which four are Independent Non- Executive Directors.	Compliant
9.12.6.1(b)		Not comprise of Executive Directors for Remuneration Committee	The Remuneration Committee does not include any Executive Directors	Compliant
9.12.6(3)	Chairperson of the Remuneration Committee is an Independent Director		Dr.H.Cabral, Chairperson of the Committee is an Independent Non-Executive Director	Compliant

Corporate Governance

Applicable Rule Number	Description		Current Status (Number of Directors)	Compliance status
9.11.4.(1) (a)	Composition of the Nominations and Governance Committee	Minimum 3 Directors and out of that, minimum 2 Independent Directors needs to be there.	6 directors are members, 4 are Independent Non Executive Directors, one is Non-Executive Director.	Compliant
9.11.4.(1) (b)		Not comprise of Executive Directors w.e.f 1st October 2024	Mr.A.R. Pandithage, the Chairman of the company hold the membership in the committee. He is expected to cease to be a member of the Nominations & Governance Committee w.e.f. 01.10.24	Compliant up to 30/9/2024
9.11.4 (2)	Chairperson of the Nominations & Governance Committee is an independent director	Independent director to be appoint as chairperson	Dr.H. Cabral, Chairperson of the Committee is an Independent Non-Executive Director as per the company's articles. The company, having considered all relevant aspects, has passed a resolution that he continues to be an Independent Director despite his tenure as a Director exceeding 9 years.	Compliant
9.13.3.(1).(a)	Composition of the Audit Committee	Minimum 3 directors out of which minimum of two or majority of members whichever is higher shall be Independent Directors	The Audit Committee consists of 5 Non- Executive Directors out which 4 are Independent Directors	Compliant
9.13.3.(1).(b)		Not comprise of Executive Directors		Compliant
9.13.3 .(5)	Chairperson of the Audit Committee is an Independent Director		Mr.A.D.B.Talwatte, Independent Non- Executive Director is the Chairperson	Compliant
9.13.3 .(7)	Chairperson or one member of the Audit Committee is a member of a recognized professional accounting body		Mr.A.D.B.Talwatte is a Fellow member of The Institute of Chartered Accountants of Sri Lanka.	Compliant
9.14.2.1	Composition of the Related Party Transactions Review Committee (RPTRC)	Minimum 3 Directors out of 2 members shall be Independent Directors. It may include Executive Directors, at the option of the Listed Entity	The RPTRC consists of 5 Non- Executive Directors out of which 4 are Independent Directors	Compliant
9.14.2.1	Chairperson of the Related Party Transaction Review Committee is an Independent Director		Mr.J.M.De Silva, Chairperson is an Independent Non-Executive Director	Compliant

Compliance Status With the Listing Rule 09 "Corporate Governance" Published by the Colombo Stock Exchange

Table 29: Compliance Status with the Listing Rule 09 "Corporate Governance"

Listing Rule Number	Description	Applicable or not	Compliance Status	Reference
Rule No.9.2.3	Listed Entities shall disclose in the Annual Report i) the list of policies that are in place in conformity Rule 9.2.1 , with reference to its website ii) Details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2	Applicable N/A	Compliant	94
Rule No.9.4.2.a	Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity.	Applicable	Compliant	93, 112
Rule No.9.4.2. c	The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholder, and such process shall be disclosed by the Entity in the Annual Report and website of the Entity.	Applicable	Compliant	112-113
Rule No.9.5.2	Listed entities shall confirm compliance with the requirement of the policy referred to in Rule 9.5.1of the listing rule in the Annual Report and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	N/A		
Rule No.9.6.3. e	The SID shall make a signed explanatory disclosure in the Annual Report demonstrating the effectiveness of duties of the SID(9.6.3(e))	Applicable	Compliant	97
Rule No. 9.6.4	Where a Listed Entity has appointed a SID as required in terms of Rule 9.6.1 above, such entity shall set out the rationale for such appointment in the Annual Report of the Entity.	Applicable	Compliant	85
Rule No. 9.7.5	Listed entities shall include the following disclosures/reports in the Annual Report. (a) A statement that the Directors and CEO of the listed Entity satisfy the fit and proper Assessment Criteria stipulated in the listed Rules of the Colombo Stock Exchange (b) Any non-compliance/s by a Director and or the CEO of the listed Entity with the fit and Proper Assessment Criteria set out in these rules during the financial year and the remedial action taken by the listed entity to rectify such non-compliance/s	Applicable N/A	Compliant	83,85
Rule No. 9.10.4	Listed Entities shall also disclose the following in relation to the Directors in the Annual Report (a) Name, qualifications and brief profile (b) The nature of his/her expertise in relevant functional areas (c) Whether either the Director or close family members has any material business relationships with other directors of the listed entity. (d) Whether Executive, Non-Executive and/or Independent Director	Applicable Applicable Applicable Applicable	Compliant Compliant Compliant	14 84 101 91

Listing Rule Number	Description	Applicable or not	Compliance Status	Reference
	(e) The total number of names of companies in Sri Lanka in which the Director concerned serves as a Director and or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions as an Executive or Non-Executive capacity, provided that where he /she holds directorships in companies within a Group of which the listed entity is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies;	Applicable	Compliant	160 – 161
	(f) Number of Board meetings of the Listed Entity attended during the year.	Applicable	Compliant	91
	(g) Names of Board committees in which the Director serves as chairperson or a member;	Applicable	Compliant	91
	(h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration committees. Such details shall include the number of meetings held and the number attended by each member; and	Applicable	Compliant	91
	(i) The terms of reference and powers of the SID (Where applicable)	Applicable	Compliant	97
Rule No. 9.11.6	The Annual Report of Listed Entities shall contain a report of the Nominations and Governance Committee signed by its Chairperson.	Applicable	Compliant	91
	The said report shall include the following;			
	(a) the names of the Chairperson and members of the Committee and the nature of directorships held by such members);	Applicable	Compliant	99
	(b) the date of appointment to the Committee;	Applicable	Compliant	99
	(c) whether a documented policy and processes are in place when nominating Directors;	Applicable	Compliant	99
	(d) whether all Directors should be required to submit themselves for re-election at regular intervals and at least once, every three (3) years;		Compliant	99
	(e) a disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance;	Applicable	Compliant	99
	(f) Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors.	Applicable	Compliant	99
	(g) The following information regarding directors who are re-elected or being proposed for re-election during the year:			
	• Board Committees served on (as a member or Chairperson),	Applicable	Compliant	99
	• Date of first appointment as a Director,	Applicable	Compliant	99
	• Date of last re-appointment as a Director,	Applicable	Compliant	99

Listing Rule Number	Description	Applicable or not	Compliance Status	Reference
	<ul style="list-style-type: none"> Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities; and, 	Applicable	Compliant	99
	<ul style="list-style-type: none"> Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity. 	Applicable	Compliant	99
	(h) Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO of the Entity as specified in Rule 9.11.5 above	Applicable	Compliant	99
	(i) Processes adopted by the Listed Entity to inform the Independent Directors of major issues relating to the Entity;	Applicable	Compliant	99
	(j) Induction programs/orientation programs conducted for newly appointed Directors on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations, or an appropriate negative statement;	Applicable	Compliant	99
	(k) Annual update given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations, or an appropriate negative statement.	Applicable	Compliant	99
	(l) A statement that the Directors of the Listed Entity meet the criteria for determining independence.	Applicable	Compliant	99
	(m) A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met and where the Listed Entity's fail to comply with any provisions of such Rules, a statement explaining the reason for such non- compliance and the proposed remedial action taken for the rectification of such non-compliance.	Applicable	Compliant	99
Rule No.9.12.8	The Annual Report should set out the following:			
	(a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent company's Remuneration Committee in the case of a group company);	Applicable	Compliant	100
	(b) A statement regarding the remuneration policy; and,	Applicable	Compliant	100
	(c) The aggregate remuneration of the Executive and Non-Executive Directors.	Applicable	Compliant	100
Rule No. 9.13.5	(1) The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of the Listed Entity. The Audit Committee Report shall set out the manner in which the Entity has complied with the requirements applicable to the Audit Committee during the period for which the Annual Report relates.	Applicable	Compliant	98
	(2) The Audit Committee Report shall contain the following disclosures:	Applicable		98

Corporate Governance

Listing Rule Number	Description	Applicable or not	Compliance Status	Reference
	(a) the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent company's committee in the case of a group company);	Applicable	Compliant	98
	(b) The status of risk management and internal control of the Listed Entity and as a Group (where applicable).	Applicable	Compliant	98
	(c) A statement that it has received assurance from the CEO and the CFO of the Entity's operations and finances.	Applicable	Compliant	98
	(d) An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements.	Applicable	Compliant	98
	(e) whether the Listed Entity has a formal Audit Charter;	Applicable	Compliant	98
	(f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function;	Applicable	Compliant	98
	(g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Listed Entity;	Applicable	Compliant	98
	(h) a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and	Applicable	Compliant	98
	(i) a statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination. It shall also contain details on the number of years that the external auditor and the audit partner were engaged. If the external auditor provides non audit services, explanations must be made of how auditor objectivity and independence are safeguarded taking into consideration fees paid for non-audit services provided by the external auditor and affiliated parties.	Applicable	Compliant	98
Rule No.9.14.8	(l) In the case of Non-recurrent Related Party Transactions: if the aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the Equity or 5% of the Total Assets of the Listed Entity, whichever is lower, as per the latest Audited Financial Statements the following information must be presented in the Annual Report in the tabular format as set out below:	N/A		

Listing Rule Number	Description	Applicable or not	Compliance Status	Reference
	(2) In the case of Recurrent Related Party Transactions: if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the gross revenue/income (or equivalent term in the Income Statement and in the case of group entity consolidated revenue) as per the latest Audited Financial Statements, the Listed Entity must disclose the aggregate value of recurrent Related Party Transactions entered into during the financial year in its Annual Report. The name of the Related Party and the corresponding aggregate value of the Related Party Transactions entered into with the same Related Party must be presented in the following tabular format:	N/A		
	(3) The Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following:			
	• The names of the Directors comprising the Committee;	Applicable	Compliant	101
	• A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated its comments/ observations to the Board of Directors.	Applicable	Compliant	101
	• The policies and procedures adopted by the Committee for reviewing the Related Party Transactions.	Applicable	Compliant	101
	(4) An affirmative declaration by the Board of Directors in the Annual Report that these Rules pertaining to Related Party Transactions have been complied with or if the Entity has not entered into any Related Party Transaction/s a negative statement to that effect.	Applicable	Compliant	101
Rule No. 9.16	The following declarations by the Board of Directors to be included in the Annual Report:			
	(i) They have declared all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested;	Applicable	Compliant	155 – 159
	(ii) They have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith, and, if unable to make any of these declarations an explanation on why it is unable to do so;	Applicable	Compliant	155 – 159
	(iii) They made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;	Applicable	Compliant	155 – 159
	(iv) Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	Applicable	Compliant	155 – 159



Our investment community consists of present and prospective shareholders, including individuals and institutions. Out of the various stakeholder groups, shareholders are considered a key stakeholder group of the Company as they provide financial resources to the Company and have their rights and obligations defined in the Companies Act No.07 of 2007, further reinforced by SEC regulations and CSE listing rules.

The shareholders anticipate a sustainable return for their investment, delivery of which is encumbered upon the stewardship role of the Board of Directors. The return is expected by way of a Dividend or a Capital Gain.

Structure of the Share Capital

The stated capital of Diesel & Motor Engineering PLC as at 31st March 2024 amounts to Rs. 620,578,310 (Rs.620,578,310 –2022/23) and is represented by 9,231,494 ordinary shares (9,231,494–2022/2023). Each share grants the right to one vote for the resolutions that require their approval. There are no other categories of shares.

Table 30: Features of DIMO'S Ordinary Shares

Security Type	Ordinary Shares
Listed Exchange	Colombo Stock Exchange (CSE) – Main Board
Featured stock indices	All Share Price Index (ASPI) Standard & Poor's Sri Lanka 20 (S&P SL20)
CSE Stock Symbol	DIMO.N0000
GICS Industry Group	Retailing
International Securities Identification Number (ISIN)	LK0056N00008

Graph 34:
Movement in Stated/Paid Up Capital since 2006/2007 ('000)

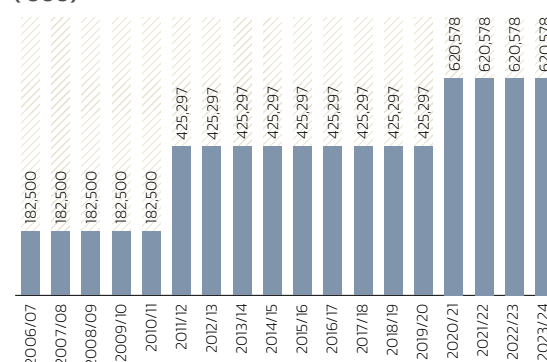


Table 31: The Names and the Number of Shares held by the Twenty Largest Shareholders of the Company

Name	As at 31st March 2024		As at 31st March 2023		Movement	
	Shares	%	Shares	%	Shares	%
Employee's Provident Fund	1,835,870	19.89	1,835,870	19.89	-	-
A.R. Pandithage	1,030,882	11.17	1,030,882	11.17	-	-
J.C. Pandithage	976,042	10.57	976,042	10.57	-	-
A & G Investments Pvt Limited	667,395	7.23	667,395	7.23	-	-
S.C. Algama	590,497	6.40	590,497	6.40	-	-
A.G. Pandithage	546,846	5.92	546,846	5.92	-	-
C.R. Pandithage	228,144	2.47	222,644	2.41	5,500	2.47
A.N. Algama	222,288	2.41	222,288	2.41	-	-
Almar Trading Co (Pvt) Ltd	198,900	2.15	198,900	2.15	-	-
A.M. Pandithage	189,611	2.05	189,611	2.05	-	-
T.G.H. Peries	189,407	2.05	189,407	2.05	-	-
D. Jayanththa	166,400	1.80	166,400	1.80	-	-
T.R.N.C. Peries	153,929	1.67	153,929	1.67	-	-
L.P. Algama	-	-	139,951	1.52	(139,951)	-100
N.U. Algama	123,598	1.34	123,598	1.34	-	-
Ideal Automobile (Pvt) Ltd	87,938	0.95	87,938	0.95	-	-
M.I. Algama	69,976	0.76	69,976	0.76	-	-
L.S. Algama	69,975	0.76	69,975	0.76	-	-
Bank of Ceylon No. 1 Account	61,054	0.66	61,054	0.66	-	-
H.S. Pandithage	-	-	46,849	0.51	(46,849)	-100
Rubber Investment Trust Ltd A/C No 01	52,761	0.57	-	-	52,761	100
I.S. Salgado	47,840	0.52	-	-	47,840	100
	7,509,353	81.34	7,590,052	82.22	(80,699)	-1

Table 32: Directors' Shareholdings

Name	As at 31st March 2024		As at 31st March 2023	
	Shares	%	Shares	%
Mr A R Pandithage	2,006,924	21.74%	2,006,924	21.74%
Mr.S.C.Algama	-	-	597,769	6.48%
Mr A G Pandithage	593,695	6.43%	593,695	6.43%
Mr A M Pandithage	233,138	2.53%	233,138	2.53%
Mr. C.R. Pandithage	228,144	2.47%	222,644	2.41%
Mr.M.V.Bandara	-	-	1,749	0.02%
	3,061,901	33.17%	3,655,919	39.60%

Mr. A. D. B. Talwatte, Dr.H. Cabral, Mr. B.C.S.A.P Gooneratne, Mr. H.M.A. Jayasinghe, Mr. P.K.W. Mahendra, Mr. S.R.W.M. C. Ranawana, D.N.K Kurukulasuriya and Mr. J.M. De Silva who are Directors of the Company did not hold any shares of the Company as at 31st March 2024.

Shareholders of DIMO

The Company's stated capital represents 2,205 ordinary shareholders as at 31st March 2024 (2022/23: 2,210).

The shareholder composition as required by CSE listing Rule 2.12 A.1 (C) and their corresponding shares details are provided below.

Table 33: Shareholder Composition

Share Slab	As at 31st March 2024			As at 31st March 2023		
	No of Shareholders	Total No.of shares	Shareholding %	No of Shareholders	Total No.of shares	Shareholding %
1 – 1,000	1951	201,272	2%	1,951	200,364	2%
1,001-10,000	195	578,382	6%	198	581,131	6%
10,001-100,000	45	1,332,031	14%	47	1,335,690	14%
100,001-1,00,000,000	14	7,119,809	77%	14	7,114,309	77%
Total	2205	9,231,494	100%	2,210	9,231,494	100%

Table 34: Individual/ Institutional Shareholdings

Description	As at 31st March 2024			As at 31st March 2023		
	No of Shareholders	Total No.of shares	Shareholding %	No of Shareholders	Total No.of shares	Shareholding %
Individuals	2,089	6,038,370	65.41%	2,070	6,034,813	65.37
Institutions	116	3,193,124	34.59%	140	3,196,681	34.63
Total	2,205	9,231,494	100%	2,210	9,231,494	100

Table 35: Resident/ Non-Resident Shareholdings

Description	As at 31st March 2024			As at 31st March 2023		
	No of Shareholders	Total No.of shares	Shareholding %	No of Shareholders	Total No.of shares	Shareholding %
Resident	2176	8,974,447	97.22	2,181	8,985,315	97.34
Non-Resident	29	257,047	2.78	29	246,179	2.66
Total	2205	9,231,494	100	2,210	9,231,494	100

Investor Relations

Market Capitalization

Market capitalization of the Company has increased by 10% to Rs.4,738 million as at 31st March 2024. (Rs.4,302 million as at 31st March 2023).

Table 36: Public Shareholding & Float Adjusted Market Capitalization

Description	As at 31st March 2024	As at 31st March 2023
Public Holding %	59.6	53.17
No of Public Shareholders	2,189	2,198
Float Adjusted Market Capitalisation (Rs. million)	2,824	2,287

The Company complies with option 03 of the Listing Rules 2.1.2.A(i).(c) – Less than Rs. 5 billion Float Adjusted Market Capitalization which requires 7.5% minimum public holding.

Analysis of Last Ten Years Investor Related Data

The table mentioned below shows some relevant ratios including net assets value per share, EPS, assets turnover ratio and market price of the shares over last ten years.

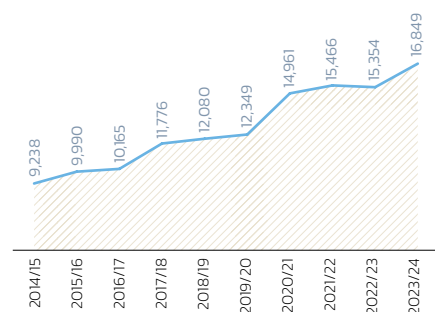
Table 37: Last Ten Years' Highlights

Financial Year	Paid up/ Stated Capital	Reserves	Total Equity	Growth Rate	EPS (Rs.)	Total Assets	Total Turnover	Total Assets to Net Turnover Ratio	Net Assets Value Per Share	Market Price of Share		
										Highest	Lowest	Closing
2014/15	425,297	8,812,641	9,237,938	-	67.15	18,072,289	28,037,376	1.551	1,040.73	730	485	630
2015/16	425,297	9,564,382	9,989,679	8.53%	106.64	20,332,644	37,749,750	1.857	1,125.42	799	520.1	549.7
2016/17	425,297	9,739,645	10,164,942	183%	73.99	22,759,418	44,492,990	1.955	1,145.16	790	542	559.9
2017/18	425,297	11,655,064	12,080,361	19.67%	58.50	28,572,362	43,686,158	1.529	1,326.68	639	462	464.9
2018/19	425,297	11,655,154	12,080,451	0.00%	5.78	29,300,192	38,300,350	1.307	1,322.70	475	290	304.7
2019/20	425,297	11,923,634	12,348,931	2.30%	21.97	32,025,571	34,557,871	1.079	1,349.53	350	245	250
2020/21	425,297	14,535,955	14,961,252	21.91%	52.72	32,116,151	30,819,014	0.960	1,638.27	672	188	530.25
2021/22	620,578	14,845,909	15,466,487	2.13%	76.06	40,304,990	37,507,480	0.931	1,696.73	1,450	451	488
2022/23	620,578	14,733,053	15,353,631	-0.76%	62.73	39,562,387	35,299,201	0.892	1,622.31	740	280	466
2023/24	620,578	16,228,057	16,848,635	10.15%	4.65	48,992,998	44,217,038	0.903	1,671.23	550	4715	513.25

The main reason for the increase of paid up/ stated capital is capitalisation of reserves.

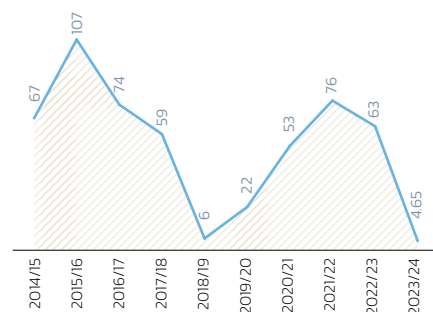
The graph given below depicts the total equity of the Group for the past ten years.

Graph 35: Total Equity (Rs. '000)



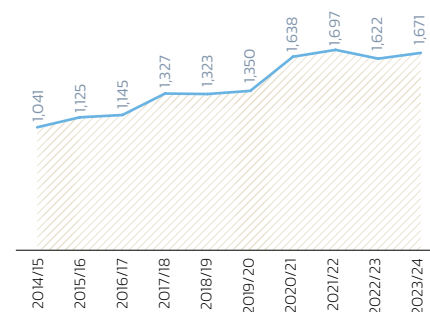
The Group's Earnings per share (EPS) for the last ten years is given on table 37 depicted below.

Graph 36: EPS (Rs.)



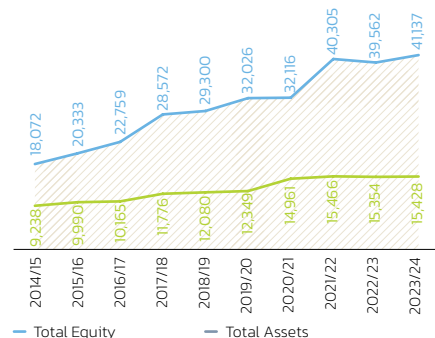
The graph below shows the net assets value (NAV) per share for the past ten years.

Graph 37: NAV per Share (Rs.)

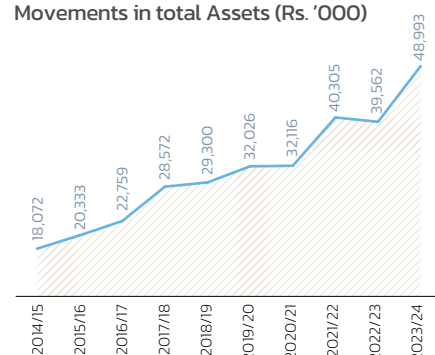


The following graph depicts the relationship between Total Equity and Total Assets over last 10 years.

Graph 38:
Total Equity Vs Total Assets Rs.'000

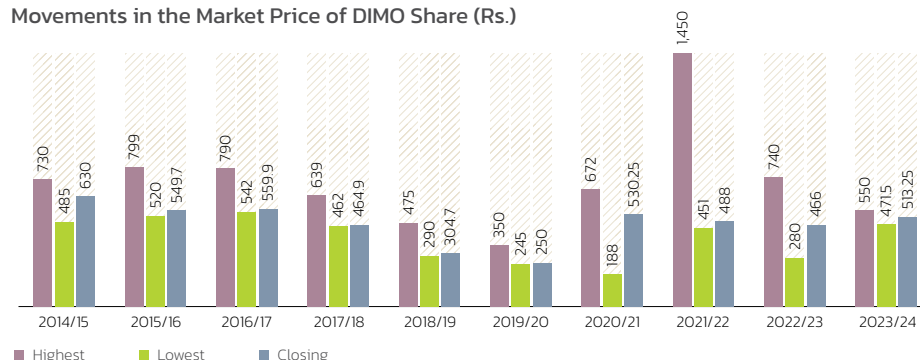


Graph 39:
Movements in total Assets (Rs. '000)



The following graph shows the movements in the market price of a DIMO share during the past ten years.

Graph 40:
Movements in the Market Price of DIMO Share (Rs.)



Distribution to shareholders & key Indicators

Dividends

The Board maintains a fair and equitable dividend distribution policy for all shareholders. Over the years, DIMO has paid cash dividend to its shareholders and the amounts paid over the past six years are shown below.

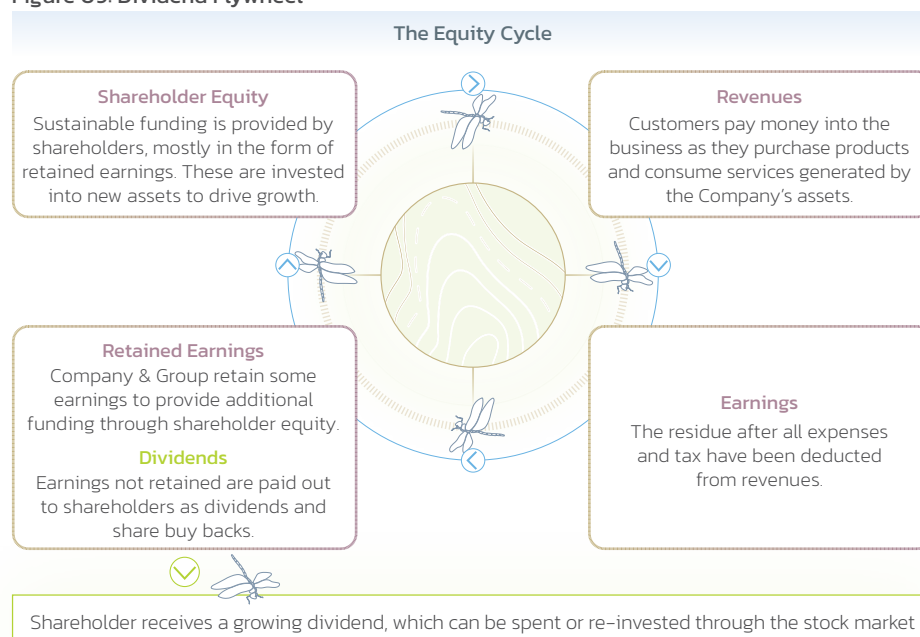
Table 38: Dividends Paid to Shareholders

FY	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19
DPS	5	10	12.5	12.5	-	2.5
Total Cash Dividends (Rs. Mn)	46.2	92.3	115.3	115.3	-	22

On 20th June 2024, a first and final dividend of Rs. 5.00 per share was declared by the Board of Directors for the financial year 2023/24 which is to be paid on or before 19th July 2024.

The four factors that drive sustainable equity growth within the company function much like a flywheel illustrated in the diagram below

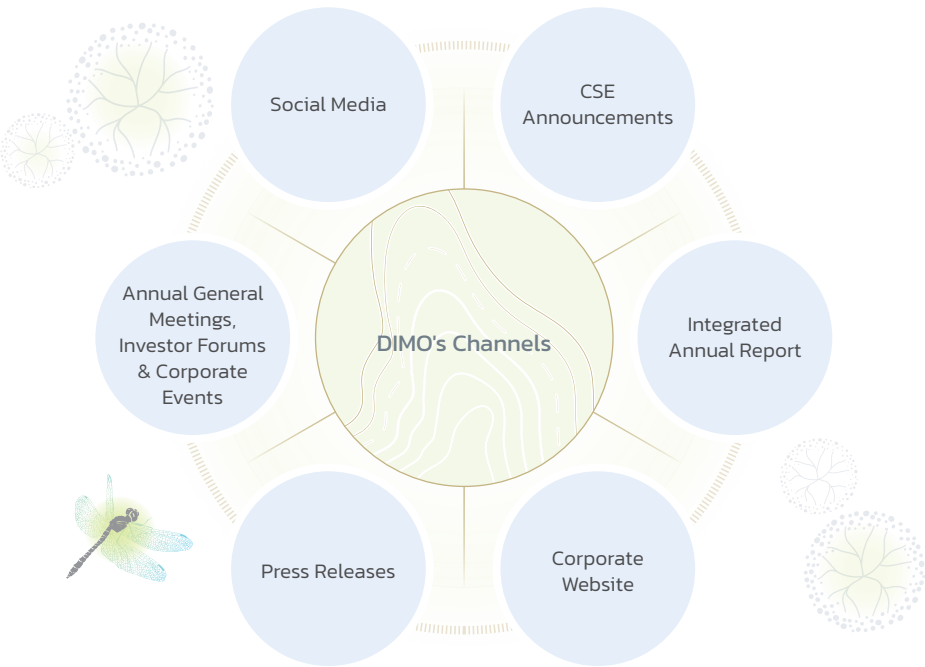
Figure 09: Dividend Flywheel



Mode of Communication with Shareholders and Investors

The Board makes efforts to keep the shareholder and investor connected with the Company and be informed of the Company's performance and key activities. As a result of these effective engagements, the company has maintained a strong relationship with the shareholders and investors over the years.

Figure 10: DIMO's Channels for Relationship with Shareholders & Prospective Investors



Shareholders' Meetings	Shareholder meetings of DIMO serve as a platform for fostering communication, accountability, and trust between the company and its shareholders, which are essential elements of good corporate governance. In addition, it plays a crucial role in ensuring effective communication, democratic decision-making, and good corporate governance within the company.
CSE Announcements	Announcements are made to the CSE in accordance with the requirements outlined in the Listing Rules. These announcements pertain to dividends, changes in directorships, rights issues, material business transactions, and share dealings by directors etc.
Investor's Forums	Investor forums are conducted to inform investors about the Company's business matters and financial information and status. Responses to queries are provided to enhance transparency and clarity.
Social Media & Press Release	Posts on the Company's Facebook page are published periodically on events and matters related to the company and its business. Additionally, press releases are issued in newspapers and magazines, such as LMD, daily mirror etc.

A policy on effective communication and relations with shareholders and investors as indicated in Listing Rule no. 9.4.2 has been established and maintained by the Company.

In line with code of Best Practice of Corporate Governance – 2023 issued by CA Sri Lanka and CSE listing rules, the “Investors” section of the website is updated with content of interest to the investors and prospective investors.

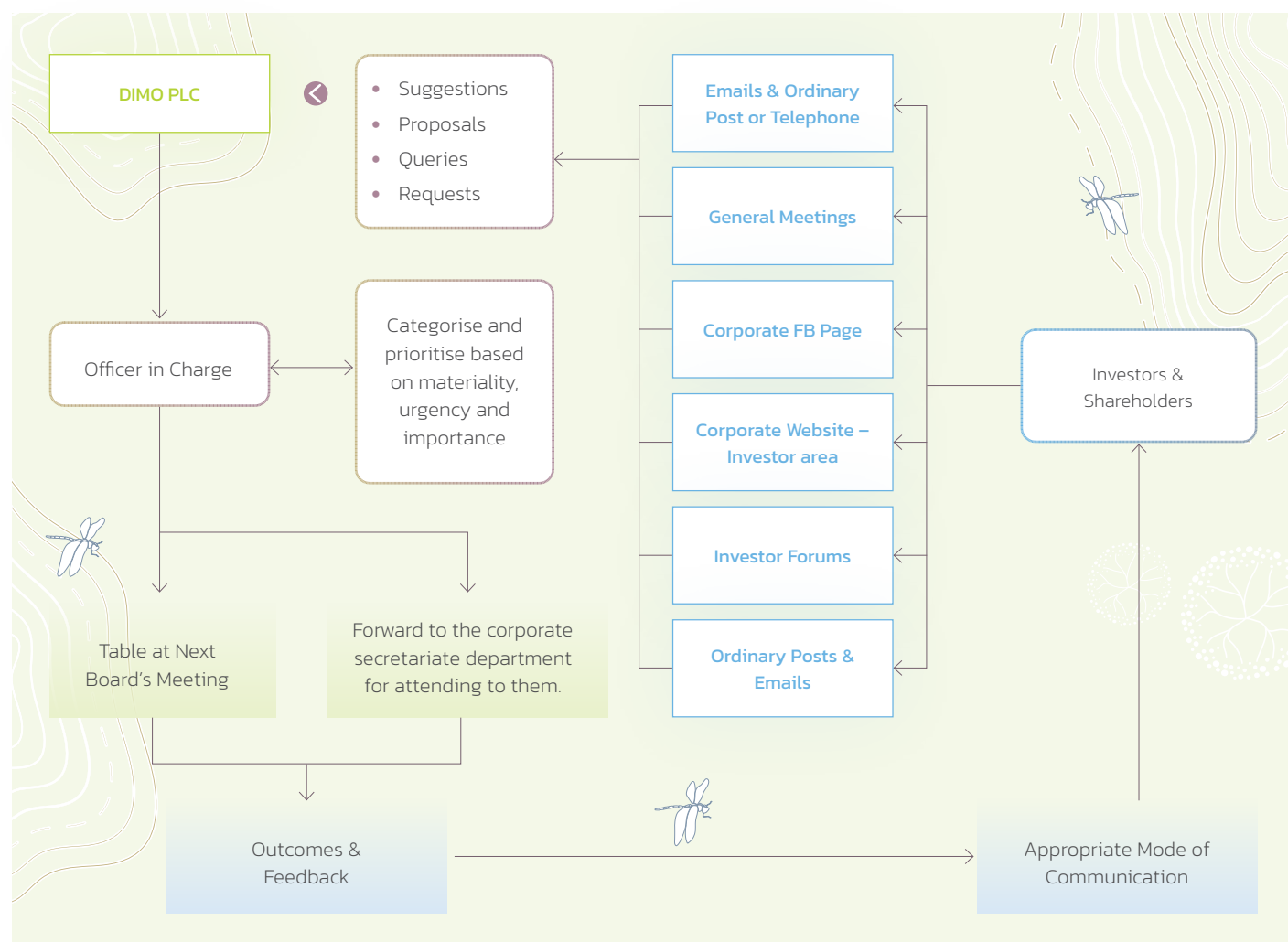
We seek to protect the shareholders' rights by providing timely and sufficient information to the shareholders, allowing effective participation in key shareholder decisions and by providing an adequate mechanism to address their grievances, if any. This ensures equitable treatment of all shareholders including minority and foreign shareholders. We ensure timely and accurate disclosure of significant matters including financial performance; and aspects related to governance of the Company as required by the CSE Listing Rules. We implement the prescribed accounting standards in letter and spirit while preparing the financial statements, taking into account the interest of all the stakeholders. Quarterly financial statements are uploaded to the Company's website on a quarterly basis and submitted to the Colombo Stock Exchange in compliance with Listing Rule No. 7.4.a(i) 1 for the benefit of our stakeholders. Annual Reports are uploaded to the Company's website annually and submitted to the Colombo Stock Exchange within five months from the close of the financial year, in accordance with Listing Rule No. 7.5.a(i). Further, additional updates are provided to the shareholders on any matter that concerns them, as and when such circumstances arise.



Investors and shareholders are encouraged to submit any queries or requests through the corporate website using the following URL path: <https://www.dimolanka.com/contact-us>. On this page, they can fill in their details and submit messages. Additionally, for investor queries, direct communication is possible with the Manager – Subsidiary Finance Operations, Ms. Sriyani Warnage, via email at sriyani.warnage@dimolanka.com, as indicated on the aforementioned webpage. Furthermore, inquiries can also be made via ordinary mail or any other preferred mode of communication. Queries received will be reviewed, and if necessary, forwarded to the directors. They will be addressed at the subsequent Board meeting, or sooner, if the matter is deemed urgent.

Overall, the processes that are needed to execute the Company's commitment to transparency, accountability, and responsiveness to the needs and concerns of its investors and shareholders are in place. Providing multiple communication channels and a structured process for handling inquiries and requests, helps the company to foster trust and confidence among shareholders. Additionally, the involvement of designated officers and the board of directors ensures that inquiries and requests are addressed effectively and in accordance with established procedures.

Figure 11: DIMO's Process of Communication with Shareholders & Investors





Stakeholder Engagement Section
<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=22>

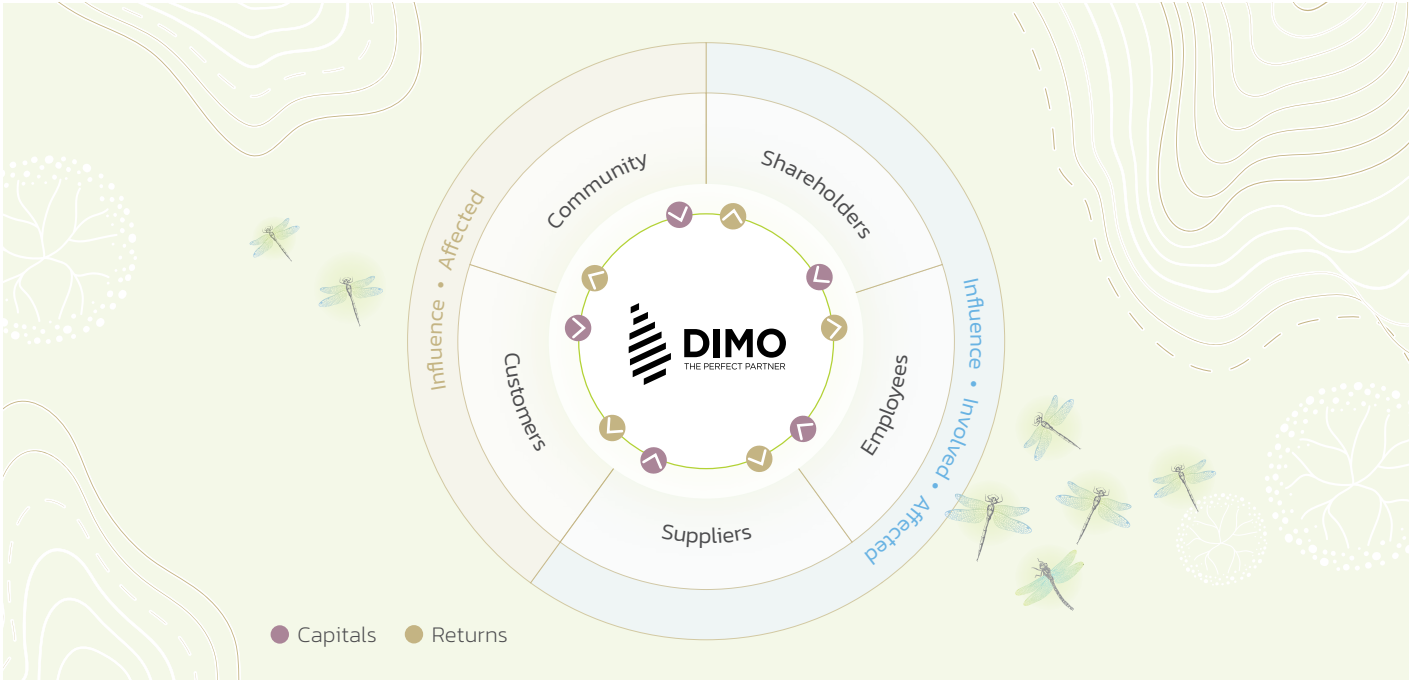
Our value transformation process revolves around creating value for a wide range of stakeholders, who provide capital inputs for value creation. We strive to understand what matters most to stakeholders whilst making every endeavour to deliver their expectations, perhaps by exceeding them, within the bounds of commercial reality.

We identify stakeholders as persons or a body of persons who:

- Bear Influence or power on aspects that can affect DIMO’s operations or value creation – Influence.
- Have legal, financial, operational responsibilities towards DIMO – Involved.
- Are impacted by DIMO’s operations – Affected.


Material matters affecting stakeholders are identified and reported, using the above criteria. Stakeholders who meet at least two of the aforementioned criteria are considered to be material to be prioritised and reported on.





Figure 12: Stakeholder Value Creation



We strive to engage with our stakeholders, by fulfilling their needs and meeting their expectations while managing relevant risks.

Table 39: Stakeholder Inputs, Expectations, and Responses

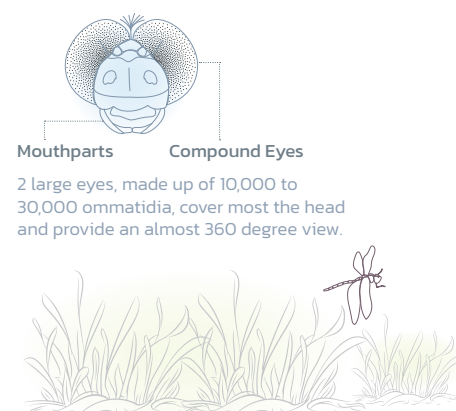
Stakeholder	What they give	What they expect	Responses and results
 Shareholders	Investors play a pivotal role in the success and growth of our businesses – providing the requisite capital.	<ul style="list-style-type: none">• Share price appreciation and attractive dividends• A sustainable growth strategy	<ul style="list-style-type: none">• Maintaining a consistent and sustainable return on investment.• Greater transparency in operations and reporting

Stakeholder	What they give	What they expect	Responses and results
 Employees	Employees are our living force and their happiness, wellbeing, and dedication shapes how we perform as a business. They provide inputs and insights to enhance the Company's performance. Happy and healthy employees will help accelerate our success, across the business.	<ul style="list-style-type: none"> Safe and healthy work environment, supported by flexible work practices. Fair remuneration, effective performance management and recognition. Challenging work, with opportunities to make a difference. 	<ul style="list-style-type: none"> Promoting greater diversity and inclusion. Competitive rewards and benefits in line with the market Maintaining high standards in occupational health and safety
 Suppliers	Working with reliable, efficient, and trustworthy suppliers ensures that our entire value chain operates as smoothly as possible, towards the achievement of our goals. Furthermore, the consistency in supply and diversity of suppliers will balance value chain activities and reduce risks.	<ul style="list-style-type: none"> Prompt payments, and business operations in accordance with agreed terms. Establish a reliable relationship for a long-term sustainable partnership. 	<ul style="list-style-type: none"> Practicing fair and equitable procurement Promoting sustainable procurement through contractual agreements .
 Customers	Building a loyal consumer audience is crucial to growing and developing our business. They help provide invaluable resources, insights and inspiration that allow us to improve, innovate and sustain in a competitive market. Reliable customers always contribute to building our brand image, which helps us to grow and expand the business in the long term.	<ul style="list-style-type: none"> Innovative product solutions, and excellent client service. Safe and convenient access to products and services. 	<ul style="list-style-type: none"> Maintaining service excellence Introduction of innovative products and services to promote customer convenience.
 Community	Building strong relationships with our communities allows us to work together to make a positive difference in people's lives, the economy, and their environment. Valuable feedback and word-of-mouth referrals from the community will expand our brand reach.	<ul style="list-style-type: none"> Be socially responsible by creating opportunities for the community. Encouraging community-led initiatives and partnerships for the further growth of agriculture sector. 	<ul style="list-style-type: none"> Being socially responsive in all our operations Transparency and governance

Channels of Engagement with Stakeholders

Table 40: Channels of Engagement with Stakeholders

Stakeholder	Channel	Frequency
Employees	Employee Council Meetings	Once a month
	Employee Engagement Survey	Once a year
	Annual Strategic Planning Meeting	Once a year
	Company's 'Open Door' Policy	Ongoing
	Individual Performance Review	Annual
	Employee Facebook Group	Online
	Anti-Harassment Help-line	Ongoing



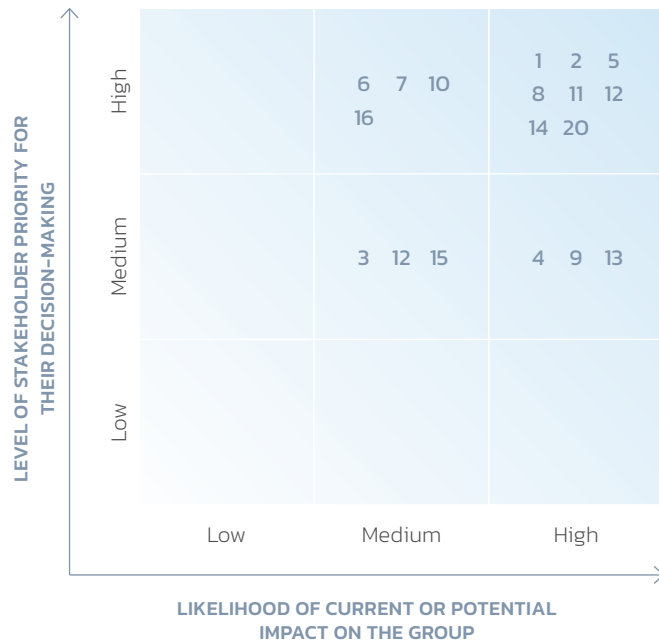
Stakeholder Engagement

GRI: 2-29, 3-1, 3-2, 3-3, 413-2

Stakeholder	Channel	Frequency
Business partners	One-to-one interview	Once in every 3 years*
	Dedicated managers for foreign business partner relation-ships	ongoing
	On-site visits from principals and vice-versa to facilitate engagement	ongoing
Customer	One-to-one interviews	Once in every 3 years*
	Customer Satisfaction Survey	Once a month/ Quarter
	Loyalty customer clubs (TATA Emperor, Mercedes-Benz Club, Jeep club)	On going
Community	One-to-one interviews (by independent parties)	Once in every 3 years*
	Dialogue with Religious Dignitaries	On going
	Written and oral communications initiated by stakeholders	On going
	Company website and social media platforms	Online
Shareholders	One-to-one interviews	Once in every 3 years*
	Annual General Meeting	Once a year
	Other annual and quarterly publications	Periodically
	Company website and social media platforms	Online

*Base year : 2021/22

Figure 13: Prioritization of Material Stakeholder Issues



Material Stakeholder Issues Identified

1. Reduction in disposable income
2. Inflation & high cost of living
3. COVID-19 pandemic
4. Foreign job opportunities and Job insecurities in Sri Lanka
5. Technical education for youth
6. Global recession
7. Data security & customer privacy
8. Import restrictions imposed by Sri Lanka Government
9. Unavailability of stock
10. Employee training & education
11. Increase in prices of products and services
12. Climate change and other environmental concerns
13. Regulatory impact on businesses
14. Extremely high Interest rates and adverse economic conditions
15. Product and service labelling
16. Occupational health and safety
17. Energy shortage
18. Mutually beneficial relationships with business partners
19. Emissions, effluents and waste
20. Compliance

Material Stakeholder Issues and Our Response and Outlook

The material issues identified through our stakeholder engagement process have been effectively addressed by the management, with strategic plans and actions formulated in response.

Table 41: Material stakeholder issues and our response and outlook

Material Issue	Relevant stakeholder groups	Our response	Reflection on Corporate Strategy	Strategic priority	Outlook
Compliance	Customers, Suppliers, Shareholders, Employees, Community	Please refer page 5 to read more about the Laws, Regulatory Frameworks, Standards,	Differentiation	Not linked to a specific strategic priority	To consistently adhere to all applicable mandatory regulations and, whenever feasible, to voluntary standards.

Material Issue	Relevant stakeholder groups	Our response	Reflection on Corporate Strategy	Strategic priority	Outlook
		Guidelines and Protocols Followed, Intellectual Capital on page 70 to read more about our ISO compliances and Corporate Governance compliances on page 80 – 109.			
Reduction in disposable income	Customers	Enhanced customer experience by providing bundled packages, thereby offering a value proposition to our customers.	Differentiation	Not linked to a specific strategic priority	We aim to enhance value for our customers by improving customer experience management.
Inflation and high cost of living	Employees	Extended financial support during periods of economic difficulty.	Differentiation	5 Critical talent retention via equitable compensation	The group is dedicated to employee wellbeing and, within the limits of economic feasibility, providing support to employees during times of crisis
Technical education for youth	Customers, Society and Suppliers	Persisted with our investments in technical education and broadening the scope of opportunities available to apprentices	Diversification	3 Drive for sustainable products, services, and practices	We continue to acquire licenses to offer new technical courses that can strengthen our contribution to society and customers, while also fostering new partnerships
Import restrictions imposed by Sri Lankan government	Customers & Suppliers	Enhanced competencies in alternative solutions compliant with Sri Lankan regulations, such as locally assembled vehicles, and sustaining operations of the semi-knocked-down assembly line	Diversification	1 Reduce dependencies on individual business domains	Enhancing preparedness to adapt to change and capitalize on opportunities. Increase the monthly production output of units in assembly lines
Increase in prices of products and services	Customers	Introduced more affordable choices for price-conscious customers	Differentiation	Not linked to a specific strategic priority	Constant value engineering
High interest rates and adverse economic conditions	Customers	Partnered with several financial institutions to provide better payment conditions for customers	Collaboration	Not linked to a specific strategic priority	Constantly seek alternatives to support customers
Climate change & other environmental concerns	Community	Execution of Sustainability Agenda 2030	Collaboration	7 Climate risk	Sustainability Agenda 2030 (Please refer page 124, 128 – 136 to read more about our climate actions)

Risk and opportunity Management

GRI: 2-25



Risks and Opportunity Management Section

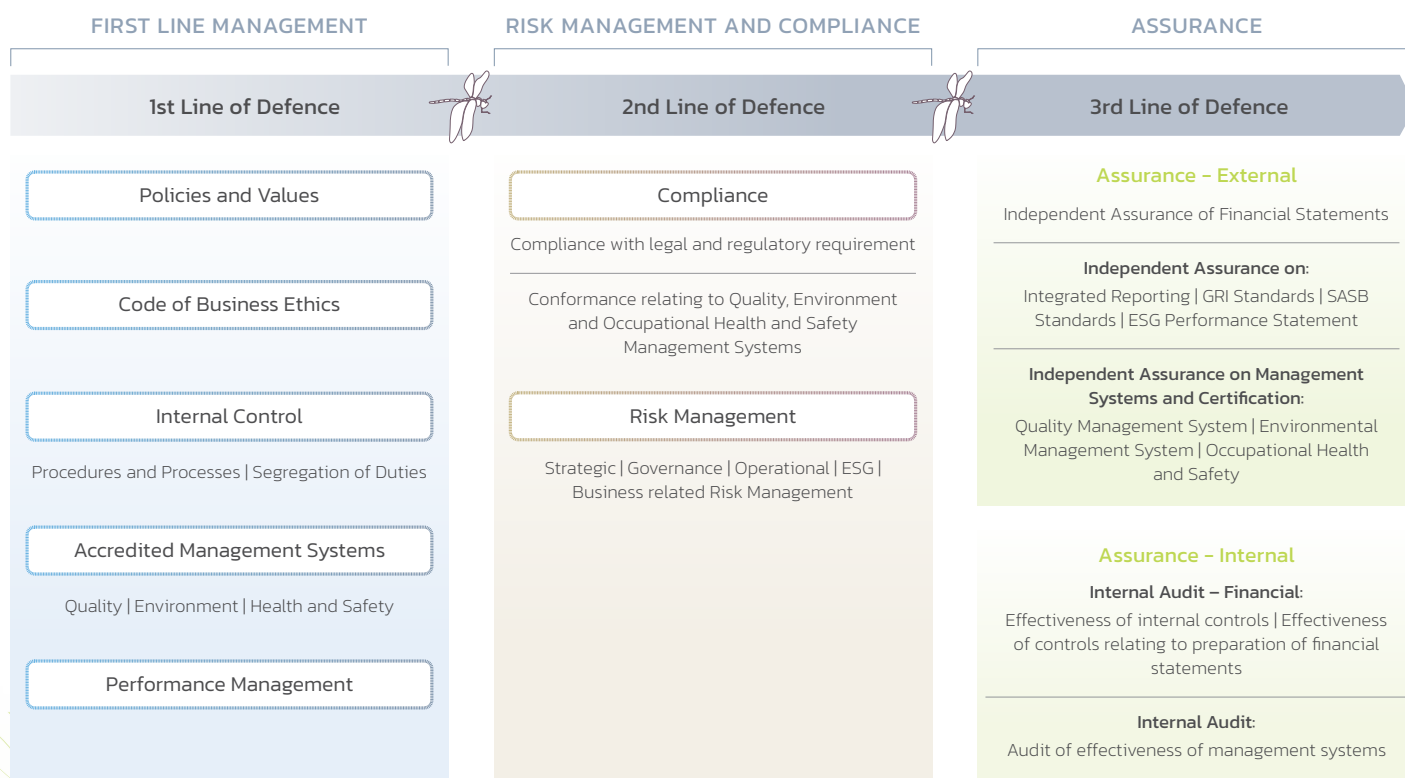
<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=23>

The key objective of risk and opportunity management is to support business success and safeguard the company as a going concern through an opportunity-focused but risk-aware decision-making framework.

The Executive Board has overall responsibility for setting up a robust risk and opportunity management system that ensures all material risks and opportunities across the organization are effectively managed and addressed. At DIMO, risk and opportunity management is a collaborative effort that involves contributions from all the business units and functions across the Group, with valuable insights from the Board.

The Group adopts the three lines of defence model with clear segregation of duties. It is a proactive approach to risk management and internal control.

Figure 14: The Three Lines of Defence



Diversity and Reach

There are over 7,000 species of dragonflies alive today, with a presence across every continent but Antarctica. Sri Lanka is home to 130 known species of dragonflies and damselflies, 58 of which are endemic. Their vast presence demonstrates their ability to adapt to diverse conditions.

