



# AGILE BY **NATURE**

OUR LEADERSHIP

# Chairman's Message



Chairman's Video about the financial year + Audio statements in Sinhala and Tamil.

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=5>

**Despite such adversity, the members of the Group Management Committee rose to the task and delivered their best. The driving force of DIMO is undoubtedly my tribe. The extra mile they drove to make us a better company is very much appreciated.**

The year under review has been one of the most challenging years during my tenure as chairman. Nevertheless, I remain positive about the better times ahead, considering the strong foundation the Company has laid out, to be on a path of growth. My optimism is well founded considering the opportunities envisaged and our adaptability to bag them. The segments such as vehicle sales and those connected to the construction industry, which comprise a significant portion of Group's revenue, were at the bottom of their current business cycle. The indications are that a new cycle is about to be launched.

The vehicle import restrictions continued for the fourth year, with the construction industry in hibernation, while the appetite for spending on capital equipment and projects by both the private and public sectors was subdued. The financial year demanded that we be at the peak of our agility to overcome these setbacks. On a positive note, the agriculture segment continued its upward trajectory to become the highest revenue earner for the DIMO Group.

## Silver Lining

Since 2019, we have been through consecutive years of external shocks; thus, the recent assertions with regard to economic stability and growth, and expectations for the resumption of vehicle imports is the silver lining in our dark cloud. As a group, we are ready to embrace the opportunities around the corner, with confidence.

## Opportunity to Re-visit Vehicle Import Regulations

The vehicle sales segment is expected to become active once again paving the way for the commencement of another cycle. From a national point of view, it is very important that the country regulates the import of vehicles well; while revenue must

be protected, there should be strict controls on allowing old vehicles into the market, which will become a burden on the country in terms of subsequent demand for spare part imports and emissions. This is a great opportunity to bring healthy new regulations for vehicle imports.

The vehicle leasing industry too needs to consider reducing the initial contribution required by the lessor, provided it is consistent with the country's monetary regulations.

## Focus on Scalability

Many investments made in the recent past in Agriculture, Healthcare, Infrastructure Engineering and now in renewable energy demand scalability, thus requiring technological interventions. During the year under review, our key focus was deployment of the Enterprise Platform and technologies that work on this platform. This placed a significant demand on our resources, and we had no hesitation in allocating them, considering the opportunities that come with it. My tribe members too rose to the occasion, understanding its importance to DIMO. During the implementation of SAP, we also re-structured the way we were organised in order to deliver better value, to create the capacity required for new business propositions, facilitate data driven decision making and improve the cost: benefit ratio when scaling up businesses.

## The Transforming Journey

Since its establishment, DIMO has been synonymous with vehicle sales, given our association with leading automobile brands in the world. That may have to change. They may have to change with the prevailing high tariff structures and the import ban, the revenue from the vehicle sales segment is unlikely to reach previous levels. What may be expected is an initial surge in demand



immediately after the resumption of vehicle imports, which will thereafter settle at moderate levels. However, we eagerly await this opportunity.

The agriculture segments have, meanwhile, made steady progress to become the largest contributor to the Group Turnover. Together with other investments, the non-auto revenues are growing rapidly in proportion to the auto-related businesses. Such transformation is by design in order to have offerings with different risk profiles and to spread our risk over a larger portfolio.

### Commitment to Sustainability

We committed ourselves to sustainability, contributing to the Sustainable Development Goals (SDGs) set by the United Nations. We have experienced many opportunities that come with sustainability; similarly, we also know the risks associated with not being sustainable. We have established our own Sustainability Agenda 2030 to drive our efforts in support of the SDGs and to manage risks and opportunities. The agenda includes yearly milestones to guide our efforts. DIMO has adopted many best practices in sustainability reporting to ensure transparency in our efforts. We have also gone the extra mile to obtain independent auditors' assurance on our non-financial data, which includes sustainability related disclosures.

### Reducing Risks Arising from Dependencies

DIMO has traditionally been associated with best-in-class brands and has for years, built relationships of value with our principals, the custodians of the brands. Over the years, these relationships have tremendously helped DIMO to become what we are today. At the same time, we must acknowledge that most of DIMO's businesses are heavily dependent on external factors such as government policy, tariffs, regulations, interest rates and even the weather. Such dependencies are perhaps common to many businesses. With a view to managing the risks posed by such dependencies, we have now set our sights on further diversification whereby the new dependencies will differ from the existing ones. Our entry into agriculture is a case in point. We will pursue

our interests in new business domains and in different value chains such as manufacturing and exports. Renewable Energy, Education and Food Industry are the current domains of interest and attention.

### Returns from Investments

We classify the new ventures undertaken in the recent past into stages such as formation, scale up, mature and market dominant, it becomes apparent that only a few have reached the maturity or 'market dominant' status. The PlantChem and Plantseeds businesses, acquired six years ago, have now become market dominant. The rest will stress the resources and profitability until they reach at least maturity stage. We are now diligently focussed on advancing our new ventures in healthcare, exports and in agriculture to maturity stage.

### Shareholder Returns

As I explained, DIMO has been able to lay a strong foundation for growth through diversification and in readiness for scalability. This demanded a fair amount of investment, especially during a period of adversity. This has curtailed the returns in terms of dividends during the recent past. I thank the shareholders for their understanding and remain confident that these investments will deliver more value in the medium and long term.

### The Board of Directors

I have been fortunate to have the good counsel of a Board of Directors with expertise in multiple disciplines. I thank them for their continued commitment towards governing the Company and driving it in the right direction, notwithstanding the external shocks that we have had to face as a company in the recent past.

The listing rules issued last year requires a change in the composition of the Board before later this year, and the Board together with the Nomination Committee are on course to meet this requirement on time.

One key change that occurred during the financial year is the appointment of Mr. Gahanath Pandithage to the position of Group Managing Director with effect from 01st September 2023, a position that was previously held by me. He is now designated Group Managing Director/Chief Executive

Officer. Mr. Gahanath Pandithage has 38 years of experience with DIMO and has held several key positions in different disciplines.

### Looking Ahead

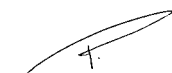
I would like to identify three areas that will receive special attention in the year ahead. Firstly, we will scale up the business activities in acquisitions and investments made to date so that they will reach maturity stage, if not market dominant stage, during this year. Secondly, we aim to achieve a high turnover growth rate. Thirdly, we plan to further expand the technological capability of the back-end by deploying add-ons to the Enterprise Resource Management platform.

### Appreciation

It was not by any means an easy task to navigate through times with this magnitude of external shocks, and more so with a multi-year ban on vehicle imports directly impacting a segment where we have made significant investments over the years. Despite such adversity, the members of the Group Management Committee rose to the task and delivered their best. The driving force of DIMO is undoubtedly my tribe. The extra mile they drove to make us a better company is very much appreciated.

We have always enjoyed the acceptance and respect of many foreign principals, whose best in class brands have immensely helped DIMO to build our own brand equity. Indeed, they have been a major source of strength during DIMO's journey.

Finally, I thank all stakeholders of DIMO – our customers, bankers and many more who have contributed over the years to build what DIMO is today.



**Ranjith Pandithage**  
Chairman

20th June 2024  
Colombo



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<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=6>

# Group Managing Director / CEO's Message



Group MD & CEO's Video about the financial year + Audio statements in Sinhala and Tamil.

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=7>

**We vigorously pursued our three strategic pillars – Diversification, Differentiation, and Collaboration – to address current challenges more effectively. As a result, we identified seven strategic priorities during 2023/24, which will serve as the central focus of our medium-to long-term planning.**



I am delighted to address our shareholders and stakeholders as we conclude another financial year. This year presented both challenges and opportunities. Despite various headwinds impacting business sentiment and profitability, we successfully advanced our core strategy across our portfolio, geographical presence, organic growth, and being the 'partner of choice'.

## A Remarkable Year of Transformation

The year 2023/24 marked a significant milestone in DIMO's history with the adoption of the Tier-1 Enterprise Resource Planning system, SAP. As a diversified conglomerate operating in seven business segments, planning and executing this digital transformation blueprint was a complex task that spanned nearly three years. In December 2023, we successfully launched the new technology into operation. We have now integrated 45 modules, including eight technical modules, enhancing our operational capabilities. This achievement would not have been possible without the dedicated efforts of the committees that worked on "Project Genesis". The second phase of the project is scheduled to commence in 2024/25, with the aim of introducing advanced predictive capabilities.

## Navigating the Storm

The fiscal year 2023/24 presented significant financial challenges for DIMO. The vehicle import ban, now in its fourth consecutive year, severely impacted our revenue stream as vehicles have historically been our cash-cow. The downturn in the construction industry had a substantial negative effect on our civil construction and building services sectors, as well as on our construction machinery

business. The retail sector also struggled due to decreased purchasing power among consumers.

There were positive contributions from our Agriculture and Automotive Engineering Solutions segments, which provided some respite from the difficulties in other segments and thereby mitigating the overall impact of the year's challenges.

The profit before tax reduced to Rs. 183 million (Rs. 737 million – 2022/23) partially having taken the burden in the interest cost relating to borrowings for recent investments, some of which did not provide returns as anticipated. The retail segment too performed below expectations whilst we await a gradual opening of vehicle imports.

## Strategic Reflections

We vigorously pursued our three strategic pillars – Diversification, Differentiation, and Collaboration – to address current challenges more effectively. As a result, we identified seven strategic priorities during 2023/24, which will serve as the central focus of our medium-to long-term planning.

Throughout the year, we remained committed to our three strategic ambitions: building a resilient product portfolio, achieving organic growth, and becoming the partner of choice. This focus ensured that we maintained our competitive edge even during challenging times.

## Unlocking Global Potential

As part of our expansion strategy and to mitigate the impact of local economic fluctuations, we have pursued business growth beyond Sri Lanka. Consequently,



we have laid the groundwork to launch a business to export locally assembled recreational vehicles to Australia. Moreover, since July 2023, we have actively promoted our own export brand, "Miditer" which specializes in organic, plant-based foods and coconut products, focussing on the European market. Our ongoing efforts are focused on establishing long-term customer relationships worldwide.

### Strategic Stewardship: Safeguarding and Seizing Opportunities

Our commitment to 'Fuelling Dreams and Aspirations' is anchored in robust governance, risk, and opportunity management practices. These frameworks, encompassing corporate governance, IT & cybersecurity governance, and sustainability governance, define the parameters within which we operate. Furthermore, we ensure managerial consistency through the establishment of policies, structures, and processes aligned with DIMO values. Our risk identification mechanisms, which cascade from the Board of Directors to operational levels, empower us to address challenges proactively. Meanwhile, our proficient handling of opportunities has been pivotal in strengthening DIMO's resilience during challenging times.

### Elevating Employee Experience to Enrich Customer Journeys

Nurturing a devoted clientele that advocates for our brand through their unparalleled experiences is as one of our primary objectives in the short to medium term. We recognise that this goal centres on the empowerment and contentment of our workforce, and have therefore intensified our efforts to retain employees. Alongside, we have begun scrutinizing customer journeys to identify pain points, with a view to enhancing operational efficiencies.

### Assurances

At DIMO, we prioritize transparency towards all stakeholders in our operations, while being committed to upholding ethical

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standards and maintaining robust processes without any loopholes. This commitment extends to the accuracy and reliability of the information we disclose through corporate reporting. In this integrated Annual Report, alongside the statutory independent auditors' report, we have secured assurances for our GRI and SASB standard related non-financial information, our ESG performance Statement, and integrated reporting practices.

### ESG

As part of our commitment to sustainability, we have intensified our focus on environmental, social, and governance (ESG) factors in alignment with our core strategy. This resulted in the formulation of our 'Sustainability Agenda 2030', reflecting our enduring dedication to ESG principles. A detailed elaboration of our key performance indicators and our progress towards fostering a positive impact on society, the environment, and our financial outcomes can be found on page 131.

### Outlook

Our future direction entails a heightened emphasis on group performance management, innovation, process excellence, and diligent cost optimization. We aim to mitigate the effects of economic pressures and concentrate on expanding our global footprint.

### Discover Our Interactive Annual Report Micro-site

As part of our commitment to transparency and innovation, we're pleased to introduce a new microsite dedicated to our 2023/24 Annual Report. This interactive platform offers a modern, intuitive way to engage with our company's story. Through this, you may explore data visualizations, download customized reports, and gain a comprehensive understanding of our progress.



**Gahanath Pandithage**  
Group Managing Director/  
Chief Executive Officer

20th June 2024  
Colombo



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# Board of Directors



Appointed in June 1977

Dip. Eng. – Germany. Member of the Institute of Engineers, Germany (VDI).



Appointed in December 1995

Fellow Member of CIMA (UK), Alumni of Harvard Business School Advance Management Programme (AMP).



Appointed in September 1982

Fellow of the Chartered Institute of Logistics and Transport (UK).



Appointed in April 2006

FCA –ICASL, FCMA– CMA Sri Lanka, MBA (USJ).



Our Leadership

<https://www.dimolanka.com/about-us/our-team/>



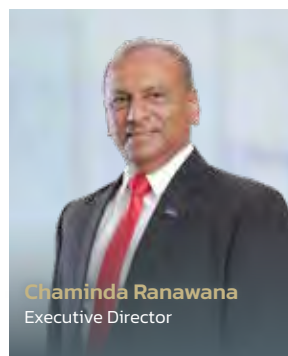
Appointed in October 2006

President's Counsel in Sri Lanka, Doctorate in Corporate Law from University of Canberra, Australia.



Appointed in June 2016

Bachelor's in Mechanical Engineering – University of Greenwich, UK.



Appointed in June 2016

MBA – Wanaborough University, UK.



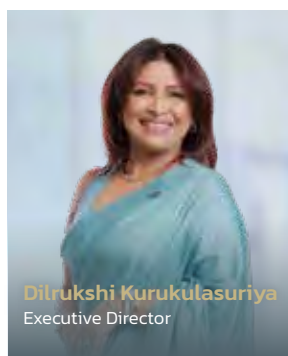
Appointed in June 2016

FCA – ICASL, Fellow member of CIMA (UK), MBA (USJ).



Appointed in August 2020

Fellow (FBCS) of the BCS, Fellow of the Chartered Institute for IT and a Chartered IT Professional (CITP).



Appointed in May 2022

Attorney at law, EMBA–The University of West London.



Appointed in May 2022

Bachelor of Business and Commerce – Monash University, MBA – RMIT University.



Appointed in September 2023

FCA (ICASL), FCMA, CPFA



Refer page 84 under Corporate Governance to read more about the competencies of the Board of Directors

# Group Management Committee

