



# AGILE BY NATURE



Annual Report 2023/24







A 15x15 grid of black dots on a white background. The dots are arranged in a sparse, abstract pattern, with some rows having more dots than others. The pattern is roughly rectangular, with a few dots extending slightly beyond the main grid area. The dots are small and black, and the background is white. The pattern is not a standard grid or a simple geometric shape, but a collection of dots that form a larger, irregular shape. The dots are arranged in a way that suggests a larger, more complex pattern, but the details are lost due to the low resolution and the sparse nature of the dots. The overall effect is that of a low-resolution scan of a larger image or a stylized representation of a complex pattern.









# AGILE BY NATURE

Since inception, DIMO has been an inherently agile entity, built to withstand the harshest conditions. Our robust structures and systems have empowered us to evolve and respond to changing dynamics — arming us with the ability to unerringly manoeuvre through change, and steadily advance into the future. Our natural responsiveness and dexterity have served as core strengths, enabling us to maintain our momentum in the face of adversity, and achieve exceptional results year on year.

This report outlines a vibrant, yet constantly evolving journey of value creation that is designed to stand the test of time, and enable us to reach new heights of excellence.

We invite you to read on, and discover just what makes us agile by nature.



Dedicated Microsite  
for the Annual Report

<https://www.dimolanka.com/2023-2024-dimo-annual-report/>

*Dragonflies are the masters of flight, exhibiting remarkable endurance, speed, agility, and vision. With a history dating back millions of years, they possess the ability to fly in every direction, and are equipped with all the necessary systems and frameworks to handle a variety of obstacles and adjust to shifting conditions. Because of their wings' inherent strength and flexibility, dragonflies are able to hover through even the strongest headwinds, and withstand adversity.*



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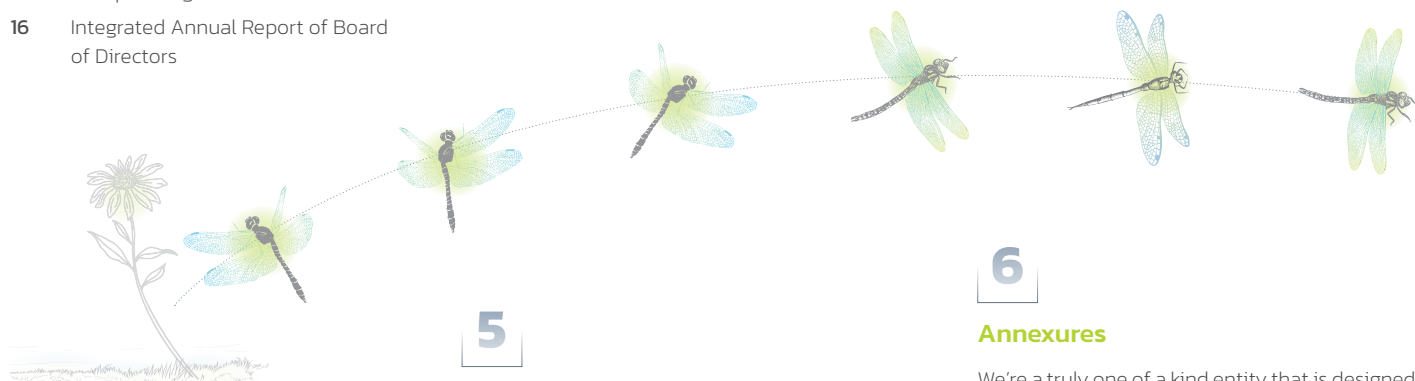
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# Agile by Nature:

## The Dragonfly Metaphor



Dragonfly Metaphor &  
Our Annual Report

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=1>

Imagine a dragonfly – flitting effortlessly through the air, its iridescent wings shimmering as they catch the sunlight. It is the embodiment of agility, adaptability, and grace. It navigates complex environments with precision, just as we do here at DIMO.

Their incredible diversity, visionary capabilities, and adaptive strategies have enabled them to establish a global presence and achieve success across varied territories. It possesses remarkable levels of endurance to traverse vast distances and relies on various mechanisms to protect itself against external threats. Moreover, the dragonfly's speed, responsiveness, and agility have led it to recording the highest success rate in the animal kingdom.

All these qualities and more, enable us at DIMO to soar far above the rest, even as we give wing to your dreams.



### Fuelling Dreams and Aspirations: Our Strategies for Success

Diversification, Differentiation, and Collaboration are the veins of our strategic priorities that pulse through our being:

#### 1. Diversification:

- We constantly diversify our portfolio to seek out new horizons, embrace change and innovation and explore diverse ecosystems, just the way a dragonfly travels across oceans to seek out optimum conditions. We diversify dreams, and invest in ventures that others might overlook, nurturing them until they take flight.

#### 2. Differentiation:

- The distinctive patterns and structures of each dragonfly embody our spirit of differentiation. We ensure our services and products are unique, with an unmatched value proposition that stands out in the market. We don't settle for mediocrity; we strive for excellence.

#### 3. Collaboration:

- The dragonfly's wings work in harmony, propelling it in every direction. Similarly, our teams collaborate seamlessly, combining their strengths to move onward to achieve greatness. Together, we create a symphony of aspirations – a chorus that echoes across industries.

### Soaring Above: Fuelling Dreams and Aspirations

Our corporate purpose is simple yet profound: to fuel dreams and aspirations. We're not merely in the business of success; we're in the business of making dreams take flight. So, the next time you encounter a dragonfly, remember this: it's not just an insect; it is a beacon of agility, dreams, and purpose.

As we embrace agility by nature, let's continue to fuel dreams. Our dragonfly soars, and so do the aspirations of those we touch.





# Welcome to DIMO's

## 14<sup>th</sup> Integrated Annual Report

GRI: 2-3, 2-4, 2-5

This report serves as our primary communication to shareholders and a key resource for all stakeholders. We've designed it to provide a balanced, transparent, and comprehensive overview of DIMO's performance throughout the 12 months from 01 April 2023 to 31 March 2024.

Our Integrated Annual Report strengthens our standing, offers clarity to our long-term investors, improves stakeholder relationships, and will ultimately contribute to long-term business success.



We've also introduced an AI-powered dialogue feature, transforming the way you interact with our report. Ask questions, dive deeper into data, and explore topics that matter to you. This innovative tool empowers every user to tailor their experience and gain the insights most relevant to their needs.

### Context

#### Purpose

##### Holistic View of Performance

Our Integrated Annual Report goes beyond traditional financial reporting. It tells DIMO's whole story, showing how it creates, preserves, or erodes value over time across all dimensions of its business including the financial, social, environmental and governance dimensions.

##### Demonstrates Integrated Thinking

It reflects how DIMO incorporates broader considerations into its strategy and decision-making. The report discusses DIMO's strategic priorities in the short, medium and long-term, and how we strive to create value for our stakeholders in the journey towards achieving the same. It also demonstrates how we interconnect our operations, resources, and impacts to achieve our strategic priorities.

##### Enhanced Transparency and Accountability

By providing a comprehensive picture, our Integrated Annual Report fosters trust and helps stakeholders make informed decisions. We ensure the disclosure of all material aspects discussed at the Group Management Committee sessions, issues identified through stakeholder engagement, and results of the Group Risk Management process.



Dedicated Microsite for the Annual Report

<https://www.dimolanka.com/2023-2024-dimo-annual-report/>



AI Powered Interaction

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=2>

#### Benefits for Stakeholders



**Shareholders:** Better assessment of long-term sustainability and risk management practices. Make more informed investment decisions based on a holistic understanding of the company.



**Employees:** Increased understanding of the company's values, and strategic direction. Stronger sense of purpose and motivation.



**Customers:** Understand the company's commitment to ethical practices, and social responsibility. Increased trust leading to increased brand loyalty.



**Suppliers:** Learn of the company's long-term vision and goals for shared value creation. Align their own practices and collaborate more effectively.



**Communities:** Learn the company's impact on the local environment and society. Evaluate the company's value as a corporate citizen.



**Regulators and Governments:** Ensure companies are operating responsibly and in compliance with regulations. Promotes good corporate governance and sustainable practices.

#### A Powerful Vision

Dragonflies have the largest compound eyes of any insect; each containing up to 30,000 facets. They also possess 360-degree vision, which allows them to witness and process life from different perspectives, thereby enabling unmatched responsiveness and agility.





## Credibility

Laws, Regulatory Frameworks, Standards, Guidelines and Protocols Followed;

- The Companies Act No. 07 of 2007
- The Listing Rules of the Colombo Stock Exchange (CSE)
- Sri Lanka Financial Reporting Standards
- Sri Lanka Accounting Standards (LKASs/ SLFRSs)
- International Integrated Reporting Framework (International <IR> Framework) 2021, of which the Company is a business network member
- Guidelines for the Presentation of Annual Reports issued by CA Sri Lanka
- GRI Standards issued by the Global Sustainability Standards Board (GSSB). (This report has been prepared in accordance with the GRI Standards: comprehensive option)
- The industry standards published by the Sustainability Accounting Standards Board (SASB)
  - Multiline & Specialty Retailers & Distributors
  - Agricultural Products
  - Engineering & Construction Services
- United Nations Sustainability Development goals (SDGs)
- Ten principles of the United Nations Global Compact (UNGC)
- A preparer's Guide to Integrated Corporate Reporting, published by CA Sri Lanka
- The Greenhouse Gas Protocol Corporate Standard published by World Resource Institute (WRI) and World Business Council for Sustainable Development (WBCSD) (used to measure and report on the Group's carbon footprint)
- Code of Best Practice on Corporate Governance jointly issued by The Institute of Chartered Accountant of Sri Lanka and Securities and Exchange Commission of Sri Lanka.
- Early adoption of Qualitative Disclosures for SLFRS S1 and S2

## Reporting Boundaries of Integrated Annual Report

### Non financial reporting boundary

Includes material risks, opportunities, and outcomes attributable to or associated with DIMO Group's

- Strategy & corporate governance
- Value creation models & capitals
- Business reports
- Overview of the operating context
- Risk management
- Sustainability Agenda 2030
- ESG performance statement

### Financial reporting boundary

Aligns with our financial statements reporting boundary and includes:

- Diesel & Motor Engineering PLC referred to as DIMO (Parent)
- Subsidiaries
- Joint ventures

## Independent Assurances

Assurance from the independent auditors on the statement on ESG performance, GRI standards, SASB disclosure as per Sri Lanka standard on Assurance Engagements 3000 (revised).

 Refer Page 149 – 152

Assurance from the independent auditors on the consolidated financial statements as per Sri Lanka Auditing standards.

 Refer Page 165 – 167

Assurance from the independent auditors on the integrated report as per Sri Lanka standard on Assurance engagements 3,000 (revised).

 Refer Page 255 – 256

## Web Disclosures

The sections below form part of this report and are available on the corporate website. Independent Assurances have been obtained for both our financial and non-financial information from Messrs. KPMG on the Financial Statements, Integrated Reporting practices, ESG Performance Statement indicators, and indicators from GRI Standards and relevant SASB Standards.

## Navigating Our 2023/24 Annual Report

### Dedicated Dynamic Microsite

Our commitment to transparency takes a leap forward. This year's DIMO Annual Report is reimagined on a dedicated microsite, designed to elevate the stakeholder experience. Interactive data visualizations, multilingual financial statements, and accessibility features for the visually and hearing impaired provide an unparalleled level of transparency and engagement.

### Immersive Experience

For an even more immersive experience, we've incorporated Augmented Reality (AR) technology into our Annual Report. Simply use your smartphone or tablet to scan designated pages and witness our Chairman and Group CEO come to life, delivering their insights and perspectives on the financial year.

### Customize Information Through AI

By integrating AI-powered dialogue capabilities, we've created an engaging platform for two-way communication. Now, you can not only read our report, but also ask questions, seek clarification, and initiate discussions about DIMO. This represents a new era of transparent and collaborative reporting.

### Inclusivity to Next Level

DIMO is committed to ensuring our reporting is accessible to all stakeholders. As a step towards greater inclusivity and also as a part of our commitment to innovation and social responsibility, we are proud to introduce a first-of-its-kind feature in our annual report: a concise summary in Braille. This initiative demonstrates our dedication to breaking down barriers to information and ensuring that all stakeholders, regardless of their abilities, can fully engage with our company's story.



# Financial and ESG Highlights



Customizable Charts & Report Generator

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=3>

Group Revenue

**Rs. 43,644 million**

(2022/23 – Rs 35,299 million)

Profit Before Tax

**Rs. 183 million**

(2022/23 – Rs. 737 million)

Employee Engagement Score

**4.2**

(2022/23 – 4.2)

Turnover per employee

**Rs. 22.58 million**

(2022/23 – Rs. 18.90 million)

Net Assets Per Share

**Rs. 1,776.76**

(2022/23 – Rs. 1,622.31)

Customer Satisfaction Index

**91%**

(2022/23 – 89%)



## ENVIRONMENT

Carbon emission to generate one million turnover

**0.11 tCO<sub>2</sub>e**

(2022/23 – 0.09 tCO<sub>2</sub>e)

Water consumption to generate one million turnover

**1.60 m<sup>3</sup>**

(2022/23 – 1.44 m<sup>3</sup>)

Non-renewable energy consumption to generate one million turnover

**1.18 GJ**

(2022/23 – 1.21 GJ)



## GOVERNANCE

Anti-harassment Policy and Helpline

**17 reported & resolved**

(2022/23 – 6 Reported & resolved)

Payment of taxes and other tariffs

**Rs. 5,782 million**

(2022/23 – Rs. 2,696 million)

No major non compliances in Environmental & Quality Management System and Occupational Health & Safety.

No whistle-blower cases reported during the year.

(2022/23 – 3 Reported and resolved)



## SOCIAL

DIMO Academy for Technical Skills (DATS) was able to produce.

**51 graduates**

(2022/23 – 41 graduates)

Voluntary investments in social progress

**Rs. 31 million**

(2022/23 – Rs. 17 million)

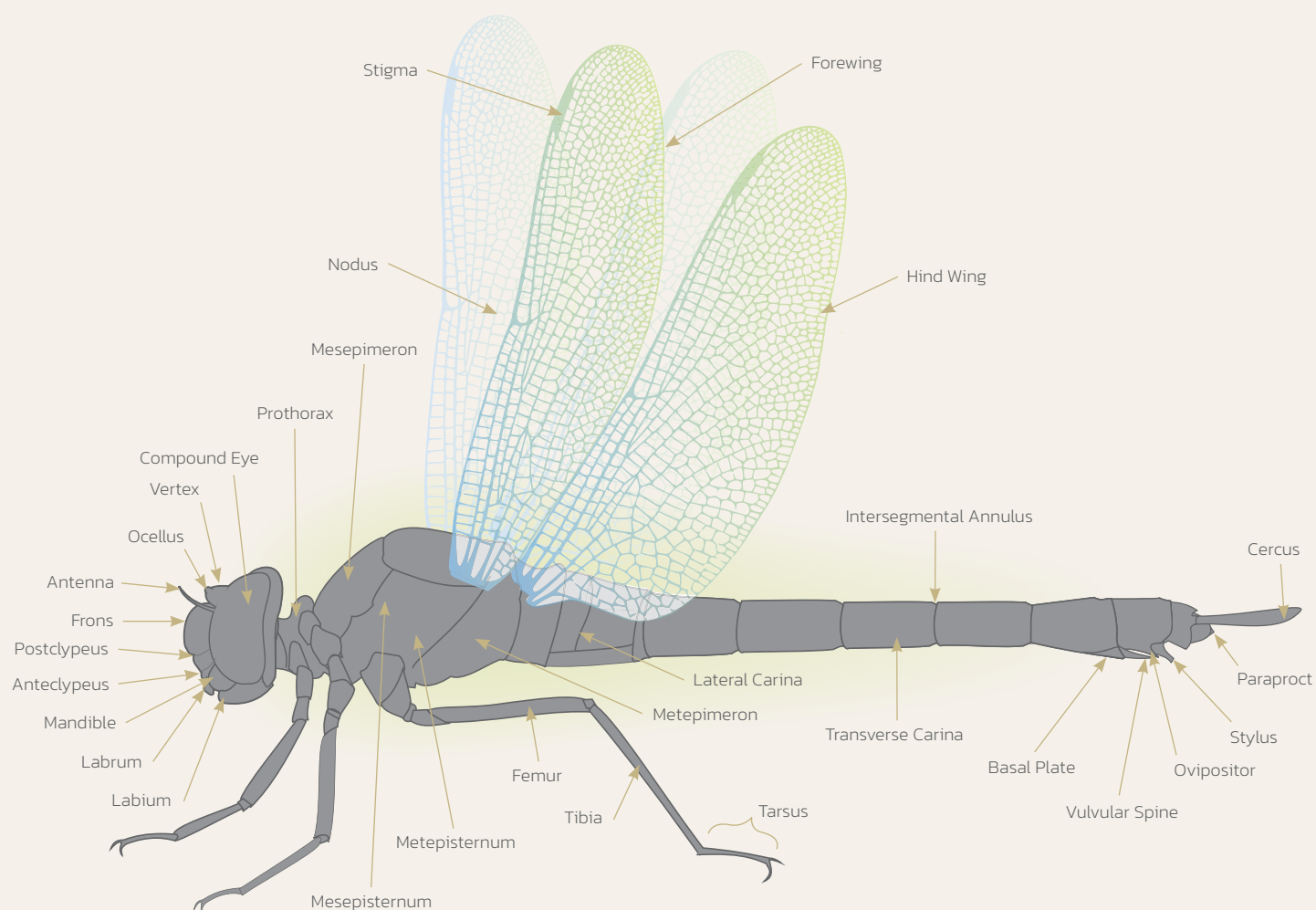
Employee benefits distributed

**Rs. 5,571 million**

(2022/23 – Rs. 4,471 million)



# THE RIGHT STRUCTURES



Our resilient structures are designed to enable incredible speed and responsiveness, with the ability to inspire progress, development and innovation.

*Each of the dragonfly's wings are perfectly designed and meticulously crafted; inspiring modern engineers to develop innovative technologies that could help mankind venture beyond their limits.*

## DIMO at a Glance

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## A Diversified Conglomerate

DIMO is a Diversified Conglomerate engaged in building and sustaining relationships since 1939. DIMO is committed to enhancing the lifestyles of fellow Sri Lankans as their Perfect Partner, multiple times – every day.

While providing world class solutions, the group represents the best engineered brands in the world. Our 'Best in Class' principals add to our own equity. The DIMO culture is built upon the purpose and values, which also drive our value creation philosophy. Our key sustainability initiatives illustrate our vision for the future.

Our values and beliefs system has driven us to be among the most respected and admired companies in Sri Lanka.

### Our Purpose

Our purpose is to fuel dreams and aspirations of the communities we serve.

### Our Brand Promise

We are building sustained relationships with world class principals and stakeholders as their Perfect Partner.

## Our Values

Our core values are the deeply ingrained principles that guide all our decisions and actions; they serve as our cultural cornerstones.

Figure 01: Our values

Integrity	People Centricity	Excellence	Customer Delight	Accountability
Practice of honesty	Being a catalyst to empower people, to deliver results	Do what you do to the best of your ability	Amuse customers through every interaction with them	Taking responsibility for your actions



More About DIMO

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

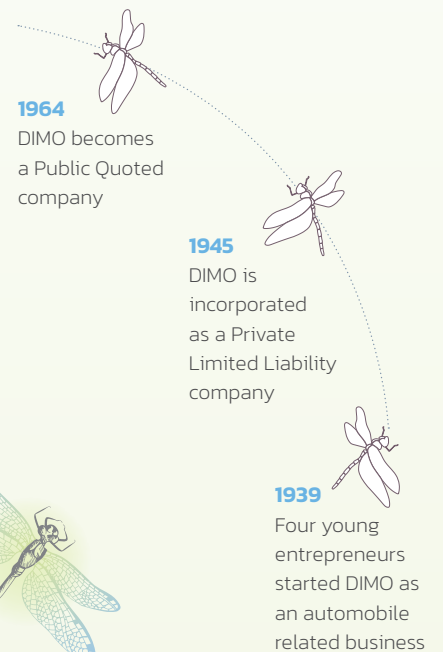
## Our Perfect Partnerships

As the Perfect Partner, how we manage relationships with our stakeholders in Sri Lanka and beyond has proved crucial for our existence, success, and continued operations.

Our relationships with our customers are passionate and committed. Our support has always been prompt and caring, with the backing of appropriate technologies to assist the solutions. Our employees are cared for with dignity, respecting diversity and ensuring that everyone is included in everything we do. Our principals benefit from relationships that are mutually beneficial, allowing limitless possibilities for growth.

## Our Journey

DIMO's origination as a business entity goes way back to 1939.





# Group Structure

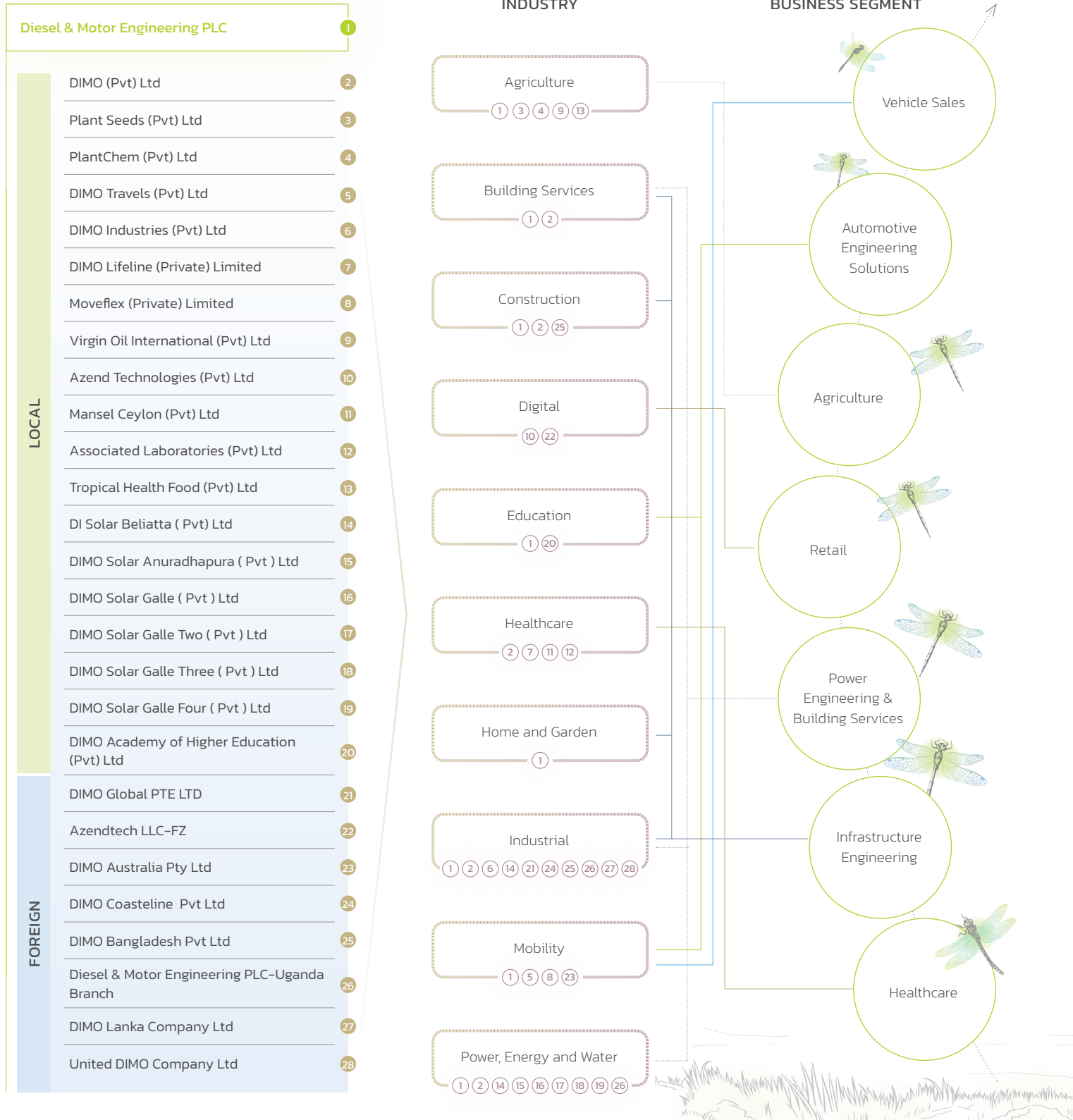
GRI: 2-1, 2-2



Learn more about our  
Subsidiaries

[https://www.dimolanka.com/  
about-us/our-subsidiaries/](https://www.dimolanka.com/about-us/our-subsidiaries/)

Figure 02: Group Structure





# 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



An immersive experience with Augmented Reality (AR) – Scan the QR code & hold the smart phone over the printed report

<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

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

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



An immersive experience with Augmented Reality (AR) – Scan the QR code & hold the smart phone over the printed report

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=8>



# Board of Directors



Appointed in June 1977

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



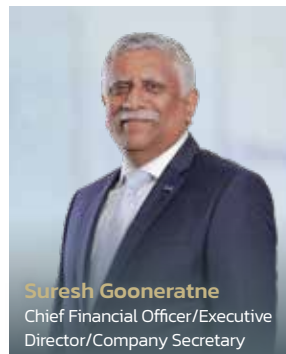
Appointed in December 1995

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.



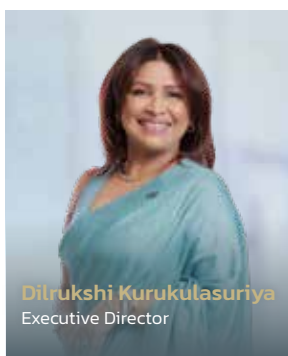
Appointed in June 2016

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





# Integrated Annual Report of Board of Directors

GRI: 2-3

**The Board of Directors of Diesel & Motor Engineering PLC, hereby present DIMO's 14th Integrated Annual Report to its Financial Capital Providers and other stakeholders.**

The Board to the best of its knowledge believe that the content in this report is prepared after carefully assessing all material matters that affect DIMO's ability to create value in short, medium and long term. The Board also agrees that the Integrated Annual Report has been presented in accordance with the International Integrated Reporting Council's Integrated Reporting Framework 2021.

The Board of Directors further acknowledges that reasonable care has been exercised in the preparation and presentation of this Integrated Report and Financial Statements while preserving its integrity.

**Signed by the Board on 20th June 2024**



**Ranjith Pandithage**  
Chairman



**Chaminda Ranawana**  
Executive Director



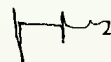
**Gahanath Pandithage**  
Group Managing Director/  
Chief Executive Officer



**Asite Talwatte**  
Independent Non-Executive Director



**Mohan Pandithage**  
Non-Executive Director



**Jayantha De Silva**  
Independent Non-Executive Director



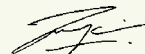
**Suresh Gooneratne**  
Executive Director/  
Chief Financial Officer



**Dilrukshi Kurukulasuriya**  
Executive Director



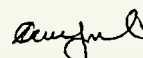
**Dr. Harsha Cabral**  
Independent Non-Executive Director



**Rajeev Pandithage**  
Executive Director



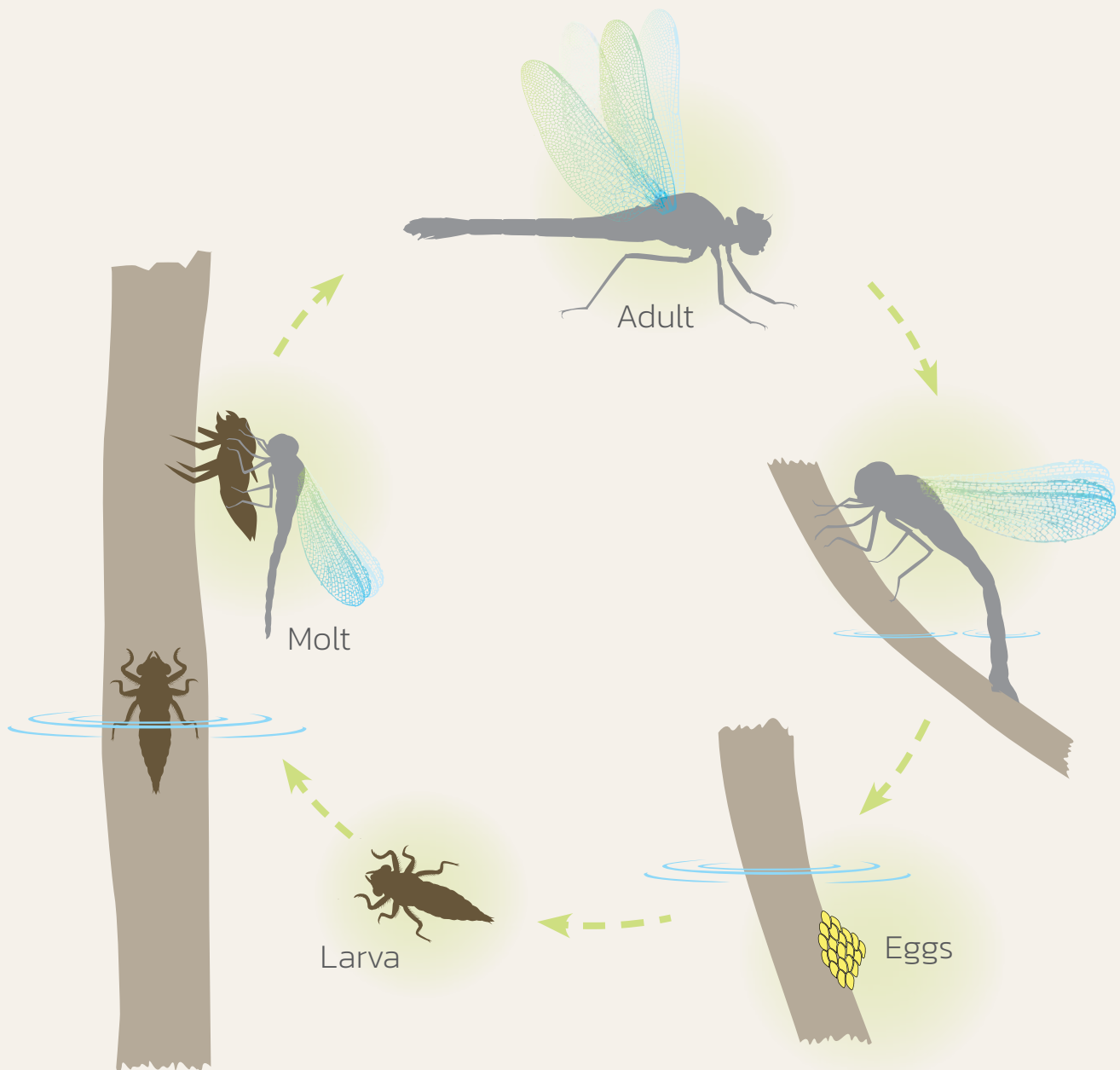
**Wijith Pushpawela**  
Executive Director



**Manil Jayasinghe**  
Independent Non-Executive Director



# THE ABILITY TO TRANSFORM



Our holistic perspective enables us to both create and preserve value, enabling transformation and continuous growth.

*Over time, dragonflies undergo a process of metamorphosis, transforming over a series of stages to reach its true potential.*

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## Management Commentary

18	Value Creation Model
21	Strategy and Resource Allocation
28	Overview of the Operating Context

31	Business Reports
53	Capital Reports

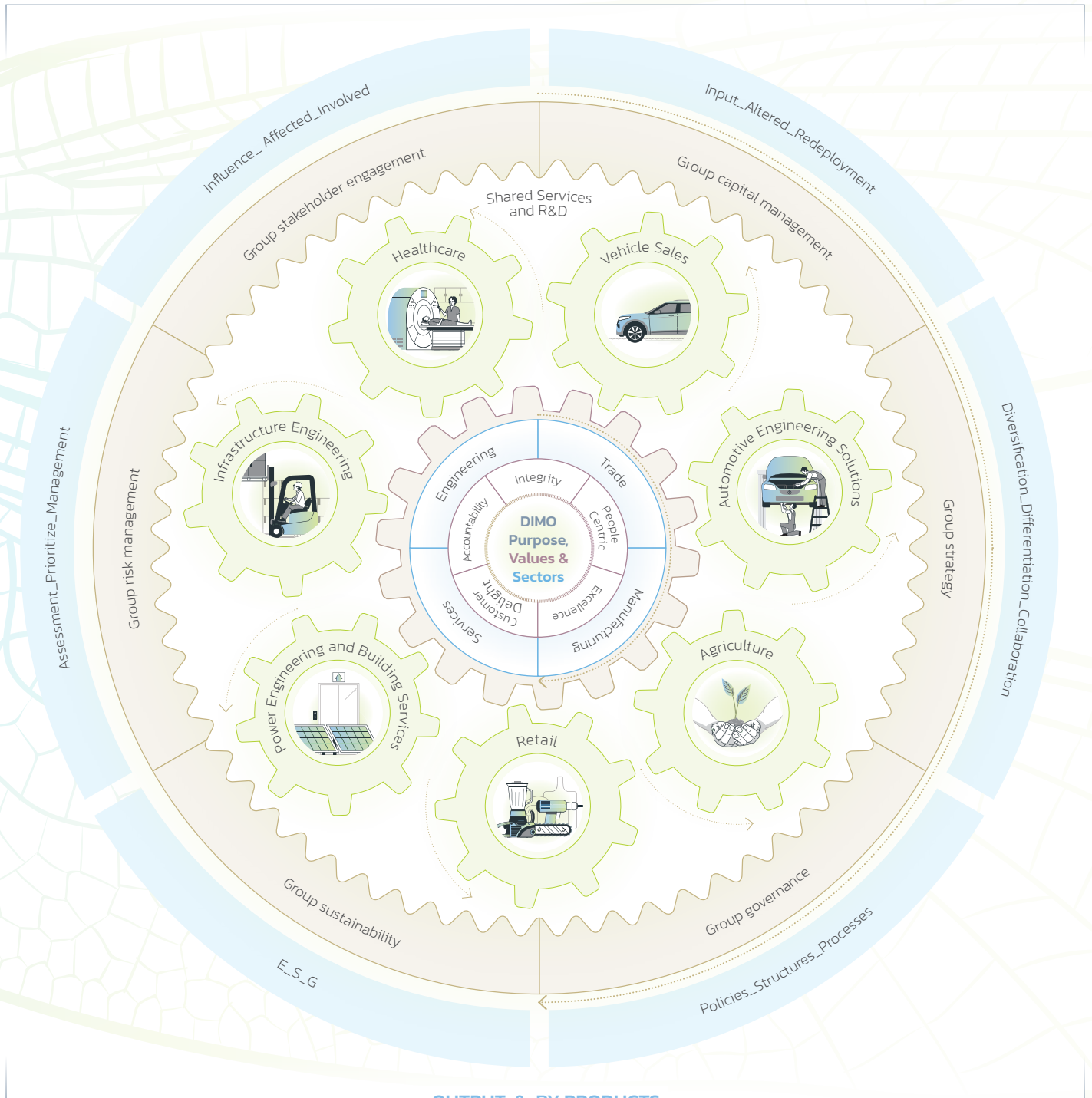


# Value Creation Model

GRI: 2-6

Figure 03: Value Creation Model

Our Local & Overseas Business Domain



Our carefully designed integrated business model gives life to **Our Purpose – Fuelling dreams and aspirations** and five DIMO values, namely; People Centricity, Excellence, Customer delight, Accountability and Integrity via our business segments. The business model delivers optimum returns to all stakeholders in the four sectors that we operate in.



Value Creation Model Section & Animation

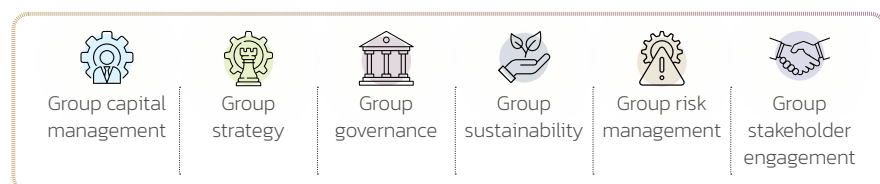
<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=9>



GRI: 2-6, 303-1, 303-2, 303-3, 303-4, 305-4, 305-5, 306-1, 306-5, 403-1, 403-3

## Six Business Navigators

The outer circle comprises of six navigators combined to make one internal gear of our businesses in our journey towards fulfilling our strategic priorities. DIMO looks forward to further enhancing value creation, preserving value when enhancing becomes difficult and minimizing value erosion through the navigators:



Below we describe the nature, importance and how each navigator contributes to value creation in the Short-, medium-, long-term.

## Group Capital Management

Refer pages 53 – 78 to read more on our capitals

### Input\_outcomes\_redeployment

The process begins with the capital invested by our stakeholders at the beginning of the year. The input capital then undergoes the alteration process, thereby activating its peer navigators and efficiently performing business in their respective segments, as depicted in Figure 3 value creation model. The outcome capital which results at the end of the financial year is redeployed in our business to achieve further growth.

Table O1: Input Capital & Outcomes

Capitals	Value creation focus		Value created during the year	
			Input 2022/23	Outcome 2023/24
<b>Financial</b>	Equity	Rs. million	15,354	16,849
	EPS	Rs.	62.73	4.65
	Borrowings	Rs. million	13,730	22,395
<b>Manufactured</b>	PPE excl. land	Rs. million	4,712	5,288
	Own buildings		31	39
<b>Human</b>	Women in decision making roles	No.	54	59
	Employees incld. All subsidiary employees as at 31st March	No.	1,868	1,933
	Employee engagement score	Index	4.20	4.20
<b>Social &amp; Relationship</b>	CSI	%	89	91
	Foreign principals	No.	116	118
	Voluntary investments in community progress	Rs. million	17	31
<b>Intellectual</b>	Excellence in business conduct		SEDEX, ISO 45001:2018	ISO 45001:2018, SMETA, BRCC, HACCP
	(refer page 69 to read more on the new compliances)		KOSHAR, ISO 22000:2018, 9001:2015, 14001:2015, 45001:2018	
<b>Natural</b>	Renewable energy	GJ	11,415	11,588
	Treated and reused wastewater	m <sup>3</sup>	917	1,770
	Carbon emissions	tCo <sub>2</sub> e	2,661	4,888

## Group Business Strategy

Refer page 21 – 24 to read more on strategy & resource allocation, 32 – 52 business specific strategies, 24 – 26 to read more on key strategic enablers

### Diversification\_Differentiation\_Collaboration

The three primary pillars of DIMO strategy serve as the foundation of the group as a whole. To illustrate, when the corporate strategy guides the businesses to embrace diversification, the businesses strive for product diversification as well as geographic diversification, both locally and globally. Under the differentiation pillar, product differentiation via value proposition and process differentiation via customer experience are two roots taken. The continued collaboration pillar embraces collaboration with all stakeholders. This is evident in agribusiness integrations, new business partnership alliances across the group as well as employee collaboration.

Our key strategic enablers – Group HR strategy, Group Technology strategy, Group Marketing strategy and Group Sustainability strategy – Sustainability Agenda 2030 are well in place to support the three primary pillars of strategy at group level as well as segment level.

The DIMO Group has identified its strategic priorities in the short-to medium term which are elaborated on page 23 – 24.

## Group Governance

Refer page 80 – 109 to read more on Corporate Governance

### Policies\_Structures\_Processes

This comprises of robust boundaries established to ensure transparency, consistency and accountability across the group. As a diverse conglomerate that continuously broadens its business domains locally and globally, there is increased necessity for a strong governance structure that includes well defined policies, firm structures and efficient processes. The Code of Conduct for suppliers, Group Management Committee (GMC), Cyber security governance, sustainability governance, policies for health & safety, policies for quality & environment are a few examples of how we are structured to govern the business.



## Group Sustainability

Refer page 128 – 136 to read more on Sustainability agenda 2030, 32 – 52 to read more on segment's contribution to SDG's

## Environment\_Social\_Governance

Creating value for the organisation, shareholders, and stakeholders is the ultimate goal of DIMO's Sustainability Agenda 2030, which is based on managing the environment, social, governance aspects of the business. This is in line with the ultimate objective outlined in our purpose, 'Fuelling Dreams and Aspirations'.

DIMO is currently contributing to 16 out of 17 Sustainable Development Goals (SDGs). The 85 years of DIMO legacy have been formed in the spirit that we believe sustainability is connected to each activity we have performed, are performing and will perform in future. From sustaining the environment to sustaining revenue, customers, employees, shareholders, suppliers, and community have always been our priority.

## Group Risk and Opportunity Management

Refer page 116 – 119 to read more on Risk & opportunity management

## Assess\_Prioritize\_Manage

We are very keen on identifying and assessing the risks that could impact the group, as well as specific risks that could affect the individual business segments. The three lines of defense, which acts as our risk shield mitigates the exposure. Similarly, our dedicated business development team pays great attention to the opportunities that can be capitalised on by the group. The two agri-related businesses "Cococarb & Cocofresh" which were acquired during the year, are a result of opportunity management. Refer page 39 to read more on these acquisitions.

In broader terms, our risks and opportunities can be classified as enterprise related and ESG related.

## Group Stakeholder Engagement

Refer page 116 – 119 to read more on stakeholder engagement

## Influence\_Affected\_Involved

Stakeholders are our providers of capital. DIMO places significant importance on identifying the material matters relevant to stakeholder needs and expectations via stakeholder engagement surveys, reviews and the feedback sessions conducted. We believe that optimization of value created to the stakeholders stems from the effective engagement with parties who influence us, who are affected by us and who are involved with us.

## Output and By-product

DIMO has so far chosen six segments in four sectors; Engineering, Trading, Services, Manufacturing, through which to deliver value by living DIMO values, and thereby achieving our purpose.



## By-products

Non-Hazardous waste

**509,150 kg**

(2022/23 – 156,327 kg)

Hazardous waste

**82,372 kg**

(2022/23 – 66,903 kg)

Carbon emissions

**4,888 tCo<sub>2</sub>e**

(2022/23 – 2,661 tCo<sub>2</sub>e)

Refer Note 2.4 on page 140 – 141 to read more on changes in classifications and basis of measurement.

## Shared Services and R&D

### Group Management Committee, Shared service, Business development, and R&D

This is the internal gear of our business which represents the interconnected framework, ensuring seamless connectivity throughout the group. Our Group Management Committee and shared services play a central role in ensuring that our "six navigators" are effectively aligned to steer our businesses, while Business Development and R&D efforts are directed towards creating future value for our stakeholders.

Shared services include Human Resource Management, Group Financial Management and Control, Central Supply Chain, ICT and Digital Transformation, Legal, Compliance, Facilities Management, Customer Experience Management and Marketing.



# Strategy & Resource Allocation



Strategy & Resource Allocation Section

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=10>

DIMO continued to strengthen its core strategy by focusing on the three main pillars of Diversification, Differentiation, and Collaboration whilst seeking technology as a stimulant to take the Group to the next level

Refer page 68 to read more about our digital transformation under Intellectual Capital

Strategic Pillar	DIVERSIFICATION	DIFFERENTIATION	COLLABORATION
Strategic Ambitions	Resilient product portfolio to combat economic pressures and to seize opportunities	Continuous organic growth	To become the brand partner of choice

The three strategic ambitions pertaining to each strategic pillar are the long-term objectives of the organisation. In pursuit of our **strategic ambitions, determining our strategic priorities for the short, medium and long term was a key priority in 2023/24. As a Group, our primary focus was on managing our business, meeting economic challenges, prioritizing ESG, and delivering stakeholder expectations. A careful assessment of our risks and opportunities enabled the strategic choices to be made in these areas.**

We believe that our key strategic enablers – Group Technology strategy, Group HR strategy, Group Marketing strategy and the Group sustainability strategy driven by the “Sustainability Agenda 2030” – are the four indispensable drivers of the business, as we work towards fulfilling our strategic priorities.

Refer pages 24 – 26 to read more about our key strategic enablers

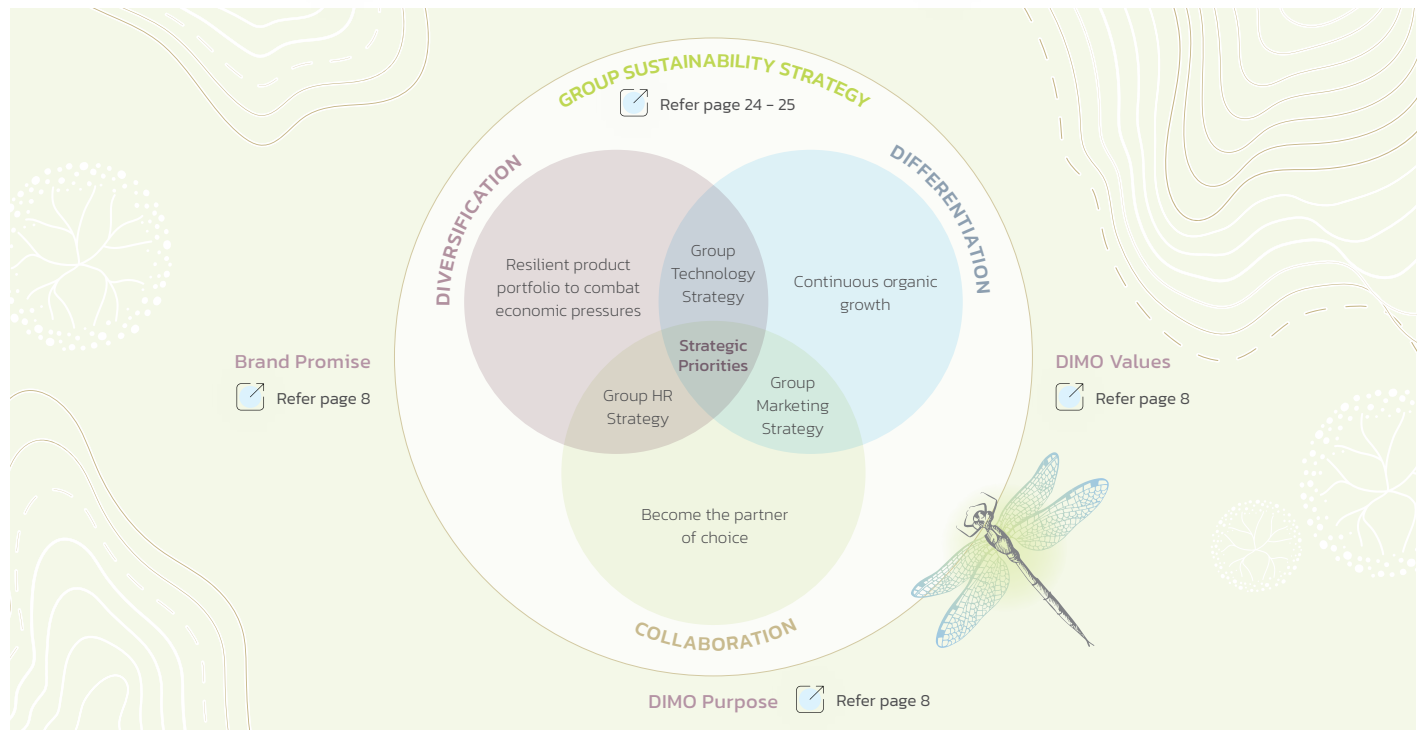
## Corporate Strategy Framework

Figure 04: Corporate Strategy Framework

Refer page 53 – 78

**CAPITALS AND CORPORATE GOVERNANCE**

Refer page 80 – 109





## Seven Strategic Priorities

### DIVERSIFICATION

- 1 Reduce dependencies on individual business domains
- 2 Increase business presence in essential goods & services while focusing on geographical expansion
- 3 Drive for sustainable products, services, and practices





### DIFFERENTIATION

- 4 Enhance brand equity
- 5 Retain critical talent via equitable compensation

### COLLABORATION

- 6 Create a conducive environment for employees to collaborate seamlessly, ensuring a unified brand voice and consistent customer journey(s)
- 7 Address climate risk

Table O2: Strategic Priorities – Execution and the Way Forward

Strategic pillar	Strategic ambition	Strategic priority and time horizon	Why – a strategic priority	Current status or related strategy executions during recent past and 2023/24	Our approach to way forward	Impact on capitals
Diversification	Resilient product portfolio to combat economic pressures and to seize opportunities	Reduce dependencies on individual business domains – short to long term	The continuous volatile import regulations in Sri Lanka, which created a negative impact on vehicle and fertilizer sales of DIMO, further justified our need for diversification	DIMO has extended to seven segments thus far: vehicle sales, automotive engineering solutions, agriculture, power engineering & building services, retail, infrastructure engineering and healthcare  Refer page 32 – 52 to read more on our segments	Continue to expand the education arm as a separate business domain. (Refer page 37 to read more on DIMO Academy)  Further strengthen the healthcare segment by onboarding new businesses	 FC MC HC SC IC NC
Diversification	Resilient product portfolio to combat economic pressures and to seize opportunities	Increase business presence in essential goods & services while focusing on geographical expansions in the short to long term	During the economic downturn, DIMO experienced the downside of depending heavily on capital goods, non-essential goods and services, which led to reduced bargaining power as a diversified conglomerate	Acquisition of assets of a company involved in the production of coconut milk. Establishing the brand name "Cocofresh" for related products.  Acquisitions of Mansel (Pvt) Ltd and Associated Laboratories Pvt Ltd in 2022  Acquisitions of food related businesses – Tropical Health Foods (Pvt) Ltd & Virgin Oil International (Pvt) Ltd in 2022  Refer page 32 – 52 to read more on our businesses	Ventures to export locally assembled recreational vehicles to the Australian market  Two separate blueprints on capitalizing on an essential product business and a service related business	 FC MC HC SC IC NC







 High impact  Moderate impact  Low impact




Strategic pillar	Strategic ambition	Strategic priority and time horizon	Why – a strategic priority	Current status or related strategy executions during recent past and 2023/24	Our approach to way forward	Impact on capitals
<b>Diversification</b>	Resilient product portfolio to combat economic pressures and to seize opportunities	Drive for sustainable products, services, and practices – medium to long term	To ensure the longevity of our existence as a corporate entity committed to social responsibility and environmental stewardship	<p>Acquisition of assets of a company engaged in producing charcoal with prospects of forward and backward integration. Establishing the brand name “Cococarb” for Coconut shell based products</p> <p>Establishment of a scorecard to identify the sustainable products and services in our portfolio.</p> <p>Increase in women in leadership roles – 14.5% for 2023/24 – Target 15%</p>	<p>Drive by 2030; 50% of our revenue to be generated via sustainable products and services as defined in our sustainability agenda</p> <p>Positive impact on one million individuals</p> <p>50% reduction in emissions</p> <p> Refer page 128 – 136 to read more on Sustainability agenda 2030</p>	 FC HC SC NC  IC  MC
<b>Differentiation</b>	Continuous organic growth	Enhance brand equity – short to long term	It is our belief that reputation is the sole factor in the corporate world that, once damaged, cannot be restored.	The corporate reputation tracking initiative, launched in 2022, was concluded within the current financial year. The principle aim of this project was to ascertain our current standing.	Based on the findings of the corporate reputation tracker, a strategic plan will be formulated to enhance our brand equity	 FC IC  IC HC  MC SC NC
<b>Differentiation</b>	Continuous organic growth	Critical talent retention via equitable compensation – short to medium term	The competitive pursuit of talent in the market due to scarcity of skilled labour, resulting from skilled migration	Refer 63 – 66 on Human capital report and 25 – 26 on HR strategy under key strategic enablers.	Refer page 63 – 66 on Human capital report and page 25 – 26 on HR strategy under key strategic enablers.	 FC HC  IC  MC SC NC

High impact    Moderate impact    Low impact



Strategic pillar	Strategic ambition	Strategic priority and time horizon	Why – a strategic priority	Current status or related strategy executions during recent past and 2023/24	Our approach to way forward	Impact on capitals
Collaboration	Become the perfect partner of choice	Creating a conducive environment for employees to collaborate seamlessly, ensuring a unified brand voice and consistent customer journey(s) – short to medium term	Enhancing customer experience is a primary objective of DIMO, which can be achieved mainly through the improvement of employee experience	Sessions focused on change management, brainstorming, product innovation, and process excellence	Additional blueprints for enhancing customer and employee experience are planned for the 2024/25 period	 <div>FC HC</div> <div>SC NC</div>  <div>IC</div>  <div>MC</div>
Collaboration	Become the perfect partner of choice	Address climate risk – Short to long term	Affects our business, community and environment	<p>Increasing our contribution to clean energy production by investing in six solar power projects with a total capacity of 25MW.</p> <p>Investment Rs. 5,800 million</p> <p>ISO 14064-2 : 2019 GHG verification and validation</p> <p>Committed to SBTi – Science based targets initiative</p>	<p>Decarbonization strategy to be in place for emission reduction in the value chain and in our offering</p> <p> Refer page 128 – 136 to read more on Sustainability agenda 2030</p>	 <div>FC NC</div> <div>MC IC</div>  <div>HC SC</div>

 High impact  Moderate impact  Low impact

## Key strategic enablers in achieving seven strategic priorities

### 1. Group Sustainability strategy

Figure 05: Sustainability Agenda 2030





Our Sustainability Agenda 2030 is a long-term approach designed to deliver our due contribution to the Sustainability Development Goals. It has three clearly defined pillars of focus: Being a Resilient Business; Creating a Resilient Community; and Conserving a Living Planet. The DIMO tribe has taken ownership of this agenda and its long-term KPIs and milestones. The Board of Directors retains overall accountability for DIMO's Sustainability Agenda 2030. The management systems in place for quality, environment, social accountability, and health and safety ensure that we follow a framework to identify our risks and opportunities and to take control measures to manage our impact and seize opportunities.

 Please refer page 128 – 136 to read more on Group sustainability strategy – DIMO Sustainability Agenda 2030

With the recent adoption of a new ERP system, Real time visibility of employee data will be available through SAP Success Factors module to directly link employee performance to organisational performance.

Table O3 presents our objectives and a snapshot of the 2023/24 year, detailing the respective strategic enablers and our planned approach to achieving our strategic priorities in the short-, medium-, long-term.

**Table O3: Key Strategic Enablers – HR, Marketing, Technology**

	2. Group HR Strategy	3. Group Marketing Strategy	4. Group Technology Strategy
Objective	To achieve organisational growth in line with corporate plans and to enhance competitiveness through people in the short, medium and long term	To deliver our brand promise to our customers and achieve a sustainable competitive advantage across our diversified businesses to facilitate the achievement of short, medium and long-term targets	Embrace digital technologies to enhance quality, cost, delivery & experience of our product & service offerings
Strategy 2023/24	<p>Continued to reimagine the design through refinements in organisational structures and processes</p> <p>Key focus on employee experience by enhancing the quality of culture, engagement and expanding professional development opportunities</p> <p>Retention of critical talent via diversity &amp; inclusion, recognition and enhancing equity</p>	<p>Innovate within existing segments and explore lucrative opportunities.</p> <p>Prioritise exceptional customer experiences by understanding their needs, preferences, and pain points.</p> <p>Data-driven decision making to identify growth opportunities, optimise marketing efforts and track performance against KPIs</p>	<p>Adopt digital technologies to automate processes, enhance customer experiences, and drive innovation.</p> <p>Strengthen cybersecurity across the group to protect all business systems and data</p> <p>Upgrade IT infrastructure and legacy systems to improve performance, reliability, and agility</p>
Risks & Responses 2023/24	<p>The increased cultural diversity resulting from mergers and acquisitions over the past two years posed significant challenges</p> <p>The implementation of seamless processes and a fully operational change management function were in place in facilitating smooth integration</p>	<p>Economic slowdown leading to consumer affordability and go-slow approach adopted in the overall construction sector, impacting multiple business operations.</p> <p>New value propositions and re-prioritising the offered products and services mix, in order to cater to prevalent market conditions.</p>	<p>Transformation journey could lead to resistance by employees, disruptions in operations and challenges in aligning stakeholders</p> <p>A change management strategy was implemented in collaboration with the Group HR division, accompanied by contingency plans to ensure uninterrupted operations.</p>



	2. Group HR Strategy	3. Group Marketing Strategy	4. Group Technology Strategy
<b>Opportunities 2023/24</b>	<p>Our expertise was used during 2023/24 to bring in synergies and to streamline the new acquisitions made since 2022</p> <p>Career succession plans were offered to fill internal vacancies, achieving short-term synergies more effectively than alternative approaches</p>	<p>Favourable and strategic use of changing economic conditions facilitated the recovery of impacted businesses</p> <p>Brand equity was capitalised to establish niche markets for emerging products</p> <p>Leveraging international opportunities to expand geographically and generate foreign income</p>	<p>The technological platform was an opportunity to redesign the organisation and the way we work.</p> <p>Significantly enhanced data capturing across all value-chains, that would be used to enhance customer experience and to drive KPIs.</p>
<b>Future Outlook</b>	<p>Our primary focus is to further streamline the integration of newly acquired business operations through increased focus on human capital, thereby elevating employee standards to enhance both employee and customer experiences</p> <p>Development of blueprints on critical talent retention</p> <p>Prioritizing and continuing change management and transformation initiatives, concentrating on the issues arising from digital transformation</p> <p>Real time visibility of employee data through SAP Success Factors module to enhance better performance and directly linking employee performance to organisational performance.</p>	<p>Leveraging our diverse portfolio to strategically craft a seamless customer experience across all touchpoints by anticipating evolving needs, fostering data-driven personalisation and prioritising innovative value propositions to further strengthen our brand promise of being the "Perfect Partner".</p>	<p>The technology platforms provide the base for further enhancements including automation and predictive capabilities</p> <p>The integration of all business operations through ERP and the expansion of data analytics capabilities will facilitate improved decision-making.</p>

The achievement of our seven strategic priorities relies on key strategic enablers across the short-, medium-, long-term.























Group Sustainability strategy	Group HR strategy	Group Marketing strategy	Group Technology strategy
<p><b>3</b> Drive for sustainable products, services, and practices</p> <p><b>7</b> Address climate risk</p>	<p><b>1</b> Reduce dependencies on individual business domains – by streamlining integration of employees</p> <p><b>5</b> Critical talent retention via equitable compensation</p> <p><b>6</b> Creating a conducive environment for employees to collaborate seamlessly, ensuring a unified brand voice and consistent customer journey(s)</p>	<p><b>1</b> Reduce dependencies on individual business domains – in terms of innovation and strategic marketing</p> <p><b>2</b> Increase business presence in essential goods and services while focusing on geographical expansion</p> <p><b>3</b> Drive for sustainable products, services, and practices – in terms of innovation and promotion</p> <p><b>4</b> Enhance brand equity</p> <p><b>6</b> Create a conducive environment for employees to collaborate seamlessly, ensuring a unified brand voice and consistent customer journey(s)</p>	<p><b>1</b> Reduce dependencies on individual business domains – using ERP for increased accessibility of group-wide information including newly acquired businesses.</p> <p><b>2</b> Increase business presence in essential goods and services while focusing on geographical expansion – in terms of business integration via ERP</p> <p><b>7</b> Address climate risk – visibility to climate related data and predictive or decision making capabilities through data analytics.</p>






### Basis for resource allocation

The matrix below illustrates the basis for capital allocation for each strategy, highlighting the critical importance of each type of capital in achieving our strategic aspirations.

Table 04: Basis for Resource Allocation

Capital	Diversification	Differentiation	Collaboration
Financial			
Manufactured			
Human			
Social & Relationship			
Intellectual			
Natural			
Group Marketing strategy			
Group Technology strategy			
Group Sustainability strategy			
Group Human resources strategy			

 High dependency
  Moderate dependency
  Low dependency



#### Resource Optimisation

Dragonflies have maintained their distinctive, independently controllable, four-winged form across millennia, which improves aerodynamic efficiency, while optimising the use of power and energy.



# Operating Context

## Opening Remarks for Business Reports

The Political, Economic, Social, Technological, Environmental and Legal aspects that would impact DIMO strategy and value creation are discussed below. This provides the context for the performance of the year as well as the strategies and outlook discussed throughout the report.



### Political

Sri Lanka's political stability vastly improved during the year, and it appeared that the government was in a position to execute its will. The announcement confirming that elections will be held during the year 2024 reduces the chances of political unrest although the economic advancements made post-crisis may slow down. On the other hand, the establishment of a stable government post-election augurs well for the economic reforms necessary in the short term.

#### Impact to DIMO

DIMO's strategic plan envisages further diversification and expansion in Sri Lanka. Therefore, political stability and the resulting economic benefits are imperative to pursue these plans with confidence. Political instability could make decisions harder and risks higher. From an operational point of view DIMO would like to see a stable government carrying out economic reforms to stabilise markets and remove import barriers.

#### Future outlook

The presidential election, which is likely to be held during the year 2024, is a key factor in solidifying investor sentiment. In the event the people of Sri Lanka elect a President and Parliament (at the subsequent General Election) that establish a stable government, the business community may benefit from the government's ability to carry out economic reforms, maintain consistency in monetary and fiscal policy, and instill financial discipline in public sector. Needless to say, an unstable government would not only stifle economic growth but would also result in market volatility, which will become a barrier for the private sector to drive their plans in Sri Lanka.



### Economic

2023 was a transitional year for Sri Lanka as it continued to recover from its worst economic crisis since independence. Compared to the last financial year 2022/23, the current economy is showing tentative signs of stabilization, with stable inflation, significant revenue-based fiscal adjustments, and reserves build-up.

#### Impact to DIMO

##### Fiscal

In terms of GDP, there is a reduction in the rate of contraction in the second half of the financial year 2023/24. It has expanded 4.5% in the fourth quarter over the same quarter of the previous year. This is a prospective sign of recovery for our construction connected businesses.

The revisions in VAT rate and removal of exemptions effective 01 January 2024 impacted the demand and exerted pricing pressures. Increased income tax rates continued to hurt the take home pay of employees.

##### Monetary

The Group's interest expenses benefit from the decreasing Average Weighted Prime Lending Rate (AWPLR). The reduced borrowing costs were an enabling factor for investments in new business and for acquisitions.

During the year 2023 the Sri Lanka Rupee appreciated against the US dollar by 11.20%. (Source – Central Bank of Sri Lanka). With the rupee appreciation, cost of imports came down, which became a considerable benefit for prices against the background of an increase in direct taxes. The appreciation also had a positive impact on domestic consumer spending and even the cost of capital goods imported, which is a substantial part of DIMO's offering.

Headline inflation, as measured by the Y-o-Y change in the Colombo Price Index was 0.9% as at 31st March 2024, whilst it was 50.3% in March 2023 (Source – Central Bank of Sri Lanka). The lower inflation stabilised the purchasing power of the consumer helping predictability of demand. Stable inflation also allowed the Group to predict costs better, enabling the more efficient planning and implementation of pricing and cost management strategies.

#### Future outlook

The World Bank has forecasted a 1.7% growth in GDP during the year 2024 with the improvement of overall economic performance of the country. This will lead to an increase in demand for the entire product range offered by DIMO.

Market interest rates continued to adjust downwards in line with eased monetary policy and administrative measures taken to reduce overall market lending rates. There will be further space for market interest rates, especially the lending rates and yields to decline in the period ahead, in line with the current rate reduction policy (Source – Central Bank of Sri Lanka). This will create more space for the Group to look for new opportunities in investment and business development.

As economic activity picks up and import restrictions are phased out, it is natural to anticipate an increase in demand for foreign currency and this increased demand for USD will put pressure on Sri Lanka Rupee. Hence LKR weakness can be expected in next few quarters of 2024 which will have a direct impact on Group imports.

With the increase in VAT rates and a pick-up in economic activity, inflation may increase in the near term but for a short period of time. Over the medium-term it is expected to stabilize around 5% supported by appropriate policy measures (Source – Central Bank of Sri Lanka). The Board and Management of the Group may revisit the company's strategic plans and make adjustments to capitalize on emerging opportunities or possibilities in mitigating risks.





#### Operating Context Section

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=11>



## Social

Social factors play a critical role in shaping the business environment, and businesses that are attuned to these factors can better anticipate trends, mitigate risks, and capitalize on opportunities for growth and innovation.

### Impact to DIMO

Due to the increase in taxes and prices of the other goods and services, there was increased financial pressure on employees to match their expenses with earnings. Therefore, there were some instances noted of employees changing employment to better positions in other organisations to adjust their earnings.

The loss of key talent due to migration was a significant concern for the Group. The departure of skilled individuals to other countries, purportedly due to the challenging economic environment, resulted in gaps in expertise and experience within the Group.

Human Resource strategies deployed by the Group for talent retention played a major role in mitigating such risks. This proactive approach towards human capital retention can contribute to the company's long-term success and competitiveness in the market.

The challenging economic situation in Sri Lanka as a whole, had a significant impact on the communities where our businesses operate.

### Future outlook

DIMO is always seeking to improve Human Capital management by maintaining transparent communication with employees about their challenges and plans, prioritizing their well-being, and offering employee assistance programs to help employees cope with financial stress, uncertainty and other challenges.

DIMO is also playing its part in mitigating the impact of economic crisis and building stronger, more vibrant communities for the future.



Dragonflies possess the ability to move in six different directions during flight, demonstrating their remarkable flexibility and responsiveness.



## Technology

Technology is a powerful driver of innovation, growth, and transformation for businesses, enabling them to adapt to changing market dynamics, meet evolving customer needs, and seize new opportunities for success.

### Impact to DIMO

During the third quarter of the 2023/24 financial year, DIMO was able to implement SAP (Systems, Applications, and Products in Data processing) as the Group's core ERP (Enterprise Resource Planning) system which will have several significant impacts on DIMO's operations and business processes.

SAP integrates various business functions and processes, such as finance, human resources, supply chain management, sales, and procurement, into a single unified stream. This integration will allow the Group to streamline operations and improve visibility and collaboration across the organisation.

### Future outlook

DIMO will focus on using technology to streamline operations and improve efficiency through automation, digitization, and process optimization. And the Group will look at implementing more SAP modules to make processes even more efficient. Overall, DIMO will use technology as a powerful driver of innovation, growth, and transformation for businesses.



# Operating Context

## Opening Remarks for Business Reports



### Environmental

Environmental factors significantly impact on our businesses in various ways, influencing the operations, strategies, and performance of the Group.

#### Impact to DIMO

Extremely heavy rains prior to and during the Maha season (September 2023 to March 2024) had an impact on cultivation in some areas. This had an impact on the sales of tractors, agri-machinery such as harvesters, and of fertiliser, seeds and other agri inputs, though not at a large scale.

To the contrary, the renewable energy sector seeks sunshine as opposed to rain, as all the investments are in the generation of solar power. This, in a way, becomes the risk mitigation factor in the case of a rainy season failing, although the ideal situation sought is rainfall at the correct time, which will make both segments deliver desired returns.

#### Future outlook

Weather patterns play a significant role in agriculture. Whilst a good season in agriculture presents DIMO with significant short-term opportunities, a season sans rain could be a burden. Diversification is one risk management measure that is adopted to mitigate the impact of such a risk. The Yala season (May 2023 to August 2023) looks promising with inter-monsoon rains already experienced. Several investments made in agriculture inputs and outputs are geared to face the Yala season and the Maha season later this year.



### Legal

As a business, DIMO is subject to many legislations and regulations. The legislations relating to VAT and the new regulations issued by the Colombo Stock Exchange are two aspects that would have an impact on DIMO, though the latter is not likely to have an impact from a business sense as it deals with matters relating to corporate governance. In addition, legal restrictions relating to vehicle imports continue to impact DIMO.

#### Impact to DIMO

The agriculture segment and the vehicle sales segment were the worst affected from the new VAT legislations as it imposed VAT on fertilizer, tractors and vehicle sales among others, which were not previously subject to VAT. The restrictions on vehicle imports limited our business in vehicle sales only to pre-owned vehicles and vehicles assembled locally by DIMO.

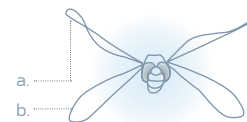
As required, DIMO will comply with all new requirements relating to corporate governance brought about by the Colombo Stock Exchange listing rules by October 2024. This is apart from the requirements the company has already complied with.

#### Future outlook

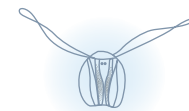
Based on the announcements made so far, the import of vehicles is likely to commence in the year 2025 and any relief from VAT increases do not seem to be forthcoming. Overall, some legislation on the fiscal side providing relief from taxation would be welcome.

#### Responsive Movement:

Dragonfly wings contain hundreds of sensory neurons, which enable them to control their flight even in unpredictable conditions.



The movement and rotation of each wing can be changed independently of each other. This enables it to fly in any direction, hover and perform flexible, acrobatic movements.



a. Elevator muscles pull wings in an upward direction



b. Depressor muscles pull wings in a downward direction





# Business Segments Overview

We are reporting on seven segments this year! Healthcare will be a standalone segment for the first time.



## Vehicle Sales

Mercedes Benz | Jeep | TATA passenger cars | TATA commercial vehicles | Motor vehicle assembly.



## Automotive Engineering Solutions

Mercedes Benz and Jeep premium aftercare | Mercedes Benz & Jeep parts sales | DIMO Autolab | TATA vehicles aftercare | TATA parts sales counter | Engine care | Diesel lab | Marine engineering | Agri machinery aftercare



## Retail

Tyres | Automotive parts | Power tools | Lighting appliances | Auto care products | Lubricants | Home appliances | Construction solutions



## Agriculture

Fertilizer | Agro chemicals | Agri machinery | Paddy, fruit & vegetable seeds | Micro irrigation projects | Agriculture techno farm | Agri experience centre | Coconut charcoal production | Coconut milk | Coconut water | Coconut oil | Flava brand products | Tropical fruit exports.



## Infrastructure Engineering

Fluid & water projects | Storage & material handling solutions | Automated car parking solutions | Construction machinery sales | Construction machinery rentals | Fleet Management | Engineering projects



## Power Engineering and Building Services

Medium voltage & low voltage projects | Renewable energy production | Rooftop solar panel installation projects | Type tested panel manufacturing



## Healthcare

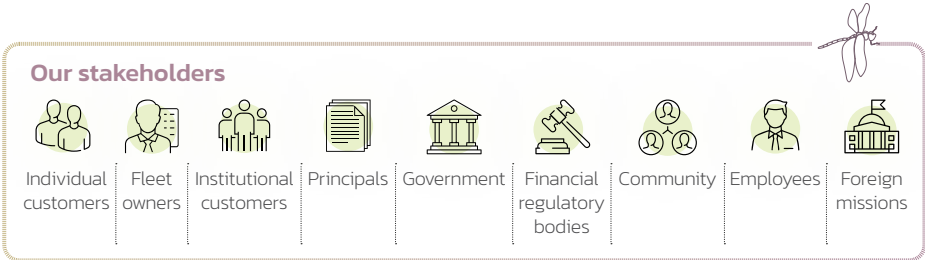
Capital equipment sales | Capital equipment services | Consumables & devices | Pharmaceuticals





Vehicle Sales

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



Segment Activities

Sourcing, modifications and repairs of pre-owned vehicles, delivering, customer engagement, assembly

*"The Vehicle Sales segment will endeavour to deliver value to our stakeholders by providing mobility solutions to our diverse groups of customers. We are focused on delivering the best engineered mobility solutions in a sustainable manner to our customers whilst meeting our stakeholders' expectations in a consistent manner."*

**Rajeev Pandithage**  
Executive Director

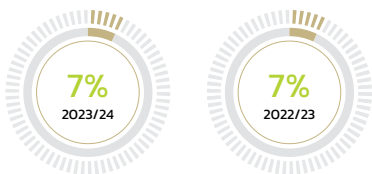
Industry Analysis

Import bans on motor vehicles, which were in place since 2020, have not yet been lifted, affecting the ability of the business to grow in terms of revenue. Presently the opportunities are available only in pre-owned vehicle sales and locally assembled brand-new vehicles.

Segment Strategy

Having operated in a state of survival since the ban of motor vehicle imports in 2020, the segment's strategy was to redefine operations, focusing on the pre-owned vehicle market. Continuously maintaining collaboration with our principals was a key priority to ensure preparedness for the demand that would arise in the event of a change in vehicle import policy. Meanwhile, DIMO continued with the vehicle assembly line of the "TATA Ace", fondly known as the "DIMO Batta".

Graph 01: Vehicle sales segment revenue contribution to the Group



Vehicle Sales Video

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=12>



Modern mobility solutions, particularly those related to electric vehicles (EVs), play a critical role in a country's development. At DIMO, we ensure that every automobile we sell provides a unique and unparalleled customer experience, not just during the handover but throughout its lifetime of use.

*"Throughout the years of my interactions with the DIMO Tribe, from the Pandithages to the sales and service staff, have been many. The consistently outstanding service I have received is truly amazing. A memory that stands out is from about five years ago, when I was driving one of my Mercedes in Nuwara-Eliya. It encountered some trouble at about 6 in the evening. One call to DIMO was all it took, and by 6 the next morning, I had the service staff from Colombo over in Nuwara Eliya repairing my car. Within a few short minutes it was all done. The swift response showcased their unwavering support to their customers. Thank you DIMO for being an integral part of our lives over the years."*

**Mr. Asgi Akbarally**  
Director of Akbar Brothers, Chairman Amana Bank PLC, Chairman Windforce PLC & Honorary Consul for the Kingdom of Jordan



## Value Creation Dashboard

Table 05: Vehicle Sales – Value Creation Dashboard

Capital	KPI's		Availability, Affordability & Quality of capitals		Sustainability pillars
			2023/24	2022/23	
Financial	Revenue	Rs. million	2,943	2,617	
	Contribution to the group's revenue	%	7	7	
	Segment result	Rs. million	84	(38)	
	Contribution to the group's segment result	%	1	(0.50)	
Manufactured	Total investment in Manufactured Capital	Rs. million	4	4	
Human	Engagement score	Index	4	4	
	Employee benefits	Rs. million	119	149	
	Investment on training & development	Rs. million	0.69	0.97	
Social & Relationship	Customer Satisfaction Index	%	93.45	92.33	
	Principal brands	No.	5	5	
Intellectual	IT spending (process & knowledge management, data security)	Rs. million	10	8	
	Accredited management systems	No.	5	3	
Natural	Water consumption to generate one-million-rupee turnover	m <sup>3</sup>	0.62	0.1	
	Energy consumption to generate one-million-rupee turnover	GJ	0.83	0.09	



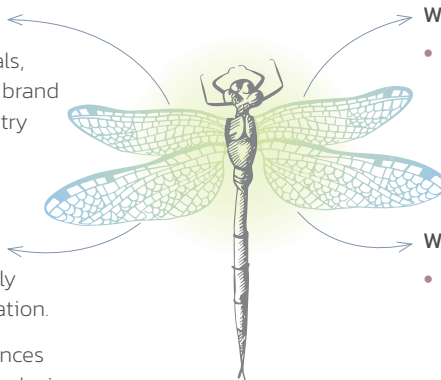
## Where We Are

### How we have grown

- By partnering with world renowned principals, and becoming established as a well-known brand name in the Sri Lankan motor vehicle industry while accumulating a loyal customer base.

### How we can grow

- In the short term, opportunities in the rapidly growing tourism sector for luxury transportation.
- In the medium and long-term, forming alliances with providers of finance to provide an all-inclusive solution to the user.



### We need to focus on

- Increasing the operational efficiency of the vehicle assembly production line as it is still in the introductory phase of operations.

### What could affect us

- Growing unaffordability of vehicles due to government tax regulations and frequent changes in related policies.

### Developments and highlights during the year

- The DIMO assembly line was able to produce 195 units of the TATA Ace model and sell 166 units during the year.
- The segment continued operations under the "DIMO certified" brand focused on dealing in pre-owned luxury vehicles and achieved sales of 110 units.

### What's new?

DIMO established "CARPITAL", a luxury vehicle advisory service offering complimentary expert advice, real market value assessments and reinvestment options for luxury vehicles in order to guide clients on decision making.




Vehicle Sales

Contribution Towards SDGs

	<p><b>Decent work and economic growth</b></p> <p>The TATA Ace, also known as the ‘DIMO batta’ lorry is assembled and sold targeting affordability and utility for small and medium sized businessmen.</p>
	<p><b>Industry innovation and infrastructure</b></p> <p>DIMO’s Mercedes Benz showroom is designed to allow maximum natural light into the building as an initiative for more efficient usage of the organisation’s energy. The showroom building and premises is also certified by the Leed rating system of U.S Green Building Council.</p>
	<p><b>Responsible consumption and production</b></p> <p>DIMO ensures sustainable practices in terms of meeting all emission standards, environmentally friendly practices in assembly lines, and stringent sustainability reporting standards</p>
	<p><b>Climate action</b></p> <p>In an effort to reduce the negative environmental impact of motor vehicle emissions, DIMO has begun focusing on the importation and sale of electric motor vehicles, when permitted.</p>

Alignment with Seven strategic priorities

1	Reduce dependencies on individual business domains
3	Drive for sustainable products, services, and practices
	Refer page 22 – 24 to read more on seven strategic priorities

Future outlook

- Supporting the revival in the tourism sector, DIMO will offer the full range of VITO, EVITO & EVQ Mercedes-Benz luxury vans for maximum traveler satisfaction.
- DIMO will introduce the latest range of TATA electric passenger vehicles, once the the vehicle import restrictions are lifted.
- The newest addition to the assembly line, ‘Xenon Yodha’ will be assembled and sold by DIMO in 2024/25







## Automotive Engineering Solutions

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

### Our stakeholders



### Segment Activities

Solution mapping, sourcing, engineering, customer engagement

*"The focus of the Automotive Engineering Solutions segment is to provide unparalleled aftersales services through advanced technologies and comprehensive training. We ensure efficient, reliable, and seamless delivery of a World Class Customer Experience. Our commitment to delivering excellence drives us to continually innovate and invest in our operations, ensuring that we meet and exceed our customers' evolving needs."*

**Mahesh Karunaratne**

Chief Operating Officer – Automotive Engineering Solutions

### Industry Analysis

Aftersales market for both, goods and passenger transportation sectors, witnessed year-on-year growth, for both land and sea, owing to increased demand for maintenance services. It is our belief that customers, who are now unable to purchase brand new motor vehicles due to continued import restrictions, took greater measures to focus on higher quality maintenance.

At the same time, it was challenging to provide our premium services at attractive price levels owing to high prices of spare parts, lubricants and labour costs, though the company came up with several propositions to provide solutions to our customers, at the best possible price point.

### Segment Strategy

The segment continued to provide a differentiated, premium service to its esteemed customer base ensuring a best-in-class service along with genuine parts that enable the optimum performance of each and every motor vehicle. Additionally, the segment also enhanced its diversification strategy by focusing substantially on marine repairs and maintenance projects in Sri Lanka and the Maldives. The segment pursued new opportunities such as fabrication of recreational vehicles.

The segment also collaborated with the agriculture segment to conduct awareness programs on the proper maintenance and care of agri-machinery, to create more value for customers.

**Graph 02: Automotive Engineering Solutions segment revenue contribution to the Group**



Even the best-engineered vehicles require regular maintenance, repairs, and occasional replacement of parts to ensure optimal performance and safety. A reliable aftersales service ensures your vehicle remains in top condition, preventing breakdowns and potential accidents.

Prioritizing after-sales service is not just about fixing issues; it's about building lasting relationships, ensuring customer safety, and enhancing satisfaction across all areas of operation. As a trusted partner to the Sri Lanka Navy, we offer comprehensive after-sales support for marine vessels, prioritizing the continuous operation of mission-critical engines to safeguard national security.

*"Trusting DIMO engineering capabilities was one of the best decisions I have taken as DGE of Sri Lanka Navy. DIMO exhibited the reputation of being an Industrial Giant in the country with unmatched reliability, efficiency and economy."*

**Rear Admiral Ravi Ranasinghe**  
Director General Engineering SL Navy



## Automotive Engineering Solutions

### Value Creation Dashboard

Table 06: Automotive Engineering Solutions Segment – Value Creation Dashboard

Capital	KPI's		Availability, Affordability & Quality of capitals		Sustainability pillars
			2023/24	2022/23	
<b>Financial</b>	Revenue	Rs. million	6,052	5,607	
	Contribution to the group's revenue	%	14	16	
	Segment result	Rs. million	1,424	1,150	
	Contribution to the group's segment result	%	22	15	
<b>Manufactured</b>	Total investment in Manufactured Capital	Rs. million	25	88	
<b>Human</b>	Engagement score	Index	4.43	4.28	
	Employee benefits	Rs. million	695	563	
	Investment on training & development	Rs. million	4	1	
<b>Social &amp; Relationship</b>	Customer Satisfaction Index	%	89.93	88.43	
	Principal brands	No.	33	33	
<b>Intellectual</b>	IT spending (process & knowledge management, data security)	Rs. million	68	78	
	Accredited management systems	No.	5	3	
<b>Natural</b>	Water consumption to generate one-million-rupee turnover	m <sup>3</sup>	0.57	0.22	
	Energy consumption to generate one-million-rupee turnover	GJ	0.77	0.19	



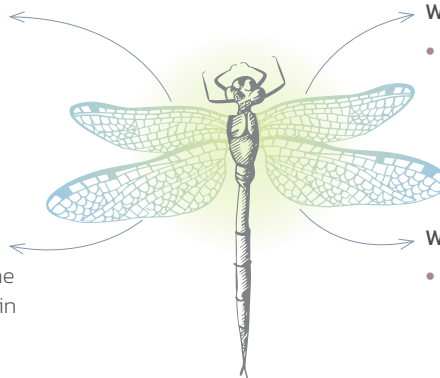
### Where We Are

#### How we have grown

- Island wide presence at 19 locations across the country to serve customers over a vast geographical spread.

#### How we can grow

- Building a skilled and trained labour pipeline through DIMO academy to solve shortages in skilled labour in the medium-term.



#### We need to focus on

- Continuously improving the customer experience that we offer, whilst coming up with more cost effective options to reduce cost to the customer.

#### What could affect us

- Rising temperature and climate change could negatively effect productivity in the labour-intensive workshop environment.

### Developments and highlights during the year






- Total marine solutions business revenue recorded a substantial growth with a Rs. 1,139 million revenue compared to Rs. 353 million in 2022/23.
- Premium vehicle aftersales saw a 13% growth in revenue amounting to Rs. 2,600 million.

### What's New?

Expanding geographically, DIMO established a branch in Balagolla, Kandy, focused on the maintenance of TATA vehicles. This multi-purpose facility is engaged in Sales, Service and Spare parts.



## Contribution Towards SDGs

	<b>Quality education</b> DIMO provides training opportunities free of charge to over 200 trainees from external technical training institutions.
	<b>Gender equality</b> The segment has given priority towards improving female presence in traditionally male-dominated environments such as motor vehicle workshops.
	<b>Affordable and clean energy</b> DIMO's main workshop buildings in the western province has rooftop solar panels that produce 2,700 kWh (2023/24) of clean energy annually, which is released to the national electricity grid.
	<b>Decent work and economic growth</b> DIMO has obtained ISO 9001, 14001, and 45001 in complying to international standards in maintaining a decent workplace to all, while minimizing our environmental impact.
	<b>Responsible consumption and production</b> DIMO continues to educate customers on best practices of vehicle maintenance, while ensuring compliance with ISO standards to vehicle waste generated – to treat and dispose in a sustainable manner.
	<b>Climate action</b> The premium service delivered by DIMO ensures optimum levels of motor vehicle maintenance. This in turn, results in the least amount of emissions released into the environment.

## Future outlook

- DIMO commenced operations to build and export recreational vehicles to Australia in the coming financial year.
- The segment will initiate discussions with relevant principals on the related diversification into micro-mobility.
- DIMO aims to be the authorized sales and aftersales partner for generators for a well-known brand.
- As a result of continuous training and development, the premium workshops are geared to cater to a range of premium and mainstream vehicles, including electric vehicles, which will enhance our revenue streams.



## DIMO Academy

### DIMO Academy Timeline

<p>The DIMO academy was established as the CSR arm of the company offering a free two year diploma in automobile engineering.</p>	<p>The academy opened its second branch in Jaffna, and due to the high demand experienced, a competitive assessment was used for admission to the course.</p>	<p>The academy received accreditation from the German Chamber of Commerce to conduct a three-year diploma in automobile mechatronics.</p>	<p>This year marked the graduation of the 3rd batch of German diploma in automobile mechatronics since becoming a profit-making training institute in 2018. The academy also entered into relationships with several European parties to source the technically skilled talent we produce through our academy.</p>
1990	2010	2018	2024

*The DIMO academy aspires to be recognised as a provider of education, offering an array of programmes including a degree programme, early childhood education, and vocational and technical training which will result in DIMO academy becoming established as a standalone segment of the group in the near future.*

**Dilrukshi Kurukulasooriya**  
Head of cluster – Education

## Alignment with Seven strategic priorities

- 1 Reduce dependencies on individual business domains
- 2 Increase business presence in essential goods and services while focusing on geographical expansions
- 3 Drive for sustainable products, services, and practices
- 6 Creating a conducive environment for employees to collaborate seamlessly, ensuring a unified brand voice and consistent customer journey(s)

 Refer page 22 – 24 to read more on seven strategic priorities





## Agriculture

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

### Our stakeholders



Corporates



Employees



Principals



Government



Farmers



Community

### Segment Activities

Research and development, supply of agriculture inputs, production, processing and value addition to agricultural produce, export, and sales to retail markets.

*"We wish to be an important contributor to the National Agriculture Development efforts, whilst fulfilling our goal of being the leader in "next generation agriculture solutions", improving productivity in the sector and enhancing farmer household income."*

**Priyanga Dematawa**

Chief Operating Officer – Agriculture

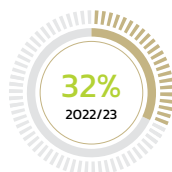
### Industry Analysis

Following a tumultuous period in the country, this year, the agriculture industry saw a revival on its path towards stable production of agri-produce. With the relaxation of restrictions on chemical fertilizer, and availability of foreign currency for import of fertilizer, increased focus on agriculture was observed throughout the country. The increased price of goods resulted in the loss of purchasing power among farmers to purchase basic agricultural products such as tractors, agri-machinery, and pesticides. The industry worked together towards making agricultural inputs more affordable to farmers, which in turn placed pressure on margins from agricultural inputs.

### Segment Strategy

Aligning with the DIMO corporate strategy, and displaying the company's agile nature, the segment adopted a vertical integration strategy from farming its own produce to developing an Agri-products brand to ensure collaboration within the business. Going a step further, the business aimed to geographically diversify its customer base by developing an export market for dried and fresh fruits.

Graph 03: Agriculture segment revenue contribution to the Group



Agriculture Video



<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=14>



As a company deeply entrenched in the entire agricultural value chain, we recognize the paramount importance of agriculture in a country's development. Our commitment lies in equipping farmers with cutting-edge technologies and solutions, thereby enhancing their operational efficiencies, crop development, and overall growth. We remain steadfast in providing continuous technical advice, expert assistance, and unwavering support to ensure our farmers reap maximum benefits.

*"I am the owner of a banana (kolikuttu) cultivation and have grown the latest crops for the last 3½ months. Penergetic from DIMO is a non-chemical, 100% organic product introduced to us. DIMO Agribusinesses staff guided us in the usage and how to get the best results from our crops. Penergetic has a positive influence on soil life and actively helps to strengthen plants. It stimulates root growth and intensifies plant properties. It optimizes root, leaf and flower formation. I urge my fellow farmers to get the guidance of DIMO Agribusinesses experts to develop their crops."*







**Mr Ranjith**

Udarota, Embilipitiya



## Value Creation Dashboard

Table 07: Agriculture – Value creation dashboard

Capital	KPI's		Availability, Affordability & Quality of capitals		Sustainability pillars
			2023/24	2022/23	
Financial	Revenue	Rs. million	16,422	11,330	
	Contribution to the group's revenue	%	38	32	
	Segment result	Rs. million	2,038	3,753	
	Contribution to the group's segment result	%	32	49	
Manufactured	Total investment in Manufactured Capital	Rs. million	922	498	
Human	Engagement score	Index	4.31	4.30	
	Employee benefits	Rs. million	723	599	
	Investment on training & development	Rs. million	6	0.917	
Social & Relationship	Customer Satisfaction Index	%	92	91	
	Principal brands	No.	17	17	
Intellectual	IT spending (process & knowledge management, data security)	Rs. million	19	14	
	Accredited management systems	No.	6	6	
Natural	Water consumption to generate one-million-rupee turnover	m <sup>3</sup>	0.64	0.45	
	Energy consumption to generate one-million-rupee turnover	GJ	0.87	0.38	

 Business  Community  Environment

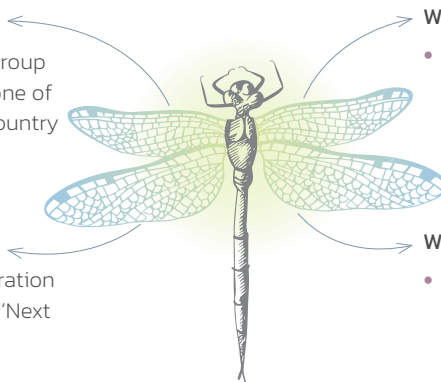
## Where We Are

### How we have grown

- Becoming the largest contributor to DIMO group revenue while positioning the business as one of the largest agriculture input sellers in the country within a seven-year period.

### How we can grow

- Active collaboration with the younger generation on Agri modernization, under the theme of 'Next Generation Agriculture'.



### We need to focus on

- Improving our storage and distribution facilities, supported by technological innovation.

### What could affect us

- Climate change, global warming, and unpredictable weather patterns negatively affecting crop growth, demand for fertilizer and agri equipment.

## Developments and highlights during the year

- Assets were acquired from an existing enterprise to establish DIMO Cococarb. With this acquisition, DIMO frayed into new areas as a producer of charcoal, in the back drop of a CAGR of 9.5% in the global market for activated carbon. This will provide an opportunity to further climb on the value chain as a manufacturer of activated carbon.
- DIMO Cocofresh was established as a producer of coconut milk with a production capacity of 120,000 litres of coconut milk per month.
- These acquisitions were made with an investment of Rs. 325 million.


## What's New?

The DIMO agri experience centre opened its doors to the public on the 5th of April 2024. It offers a total experience including a restaurant, coffee shop, juice bar, retail store, and even a display of the latest agri machinery that DIMO has to offer.




Agriculture

Contribution Towards SDGs

	<b>Zero hunger</b> Improving agricultural productivity, agricultural research conducted in techno parks, and improving income of small-scale producers with DIMO agri advisory services.
	<b>Clean water and sanitation</b> Ensuring that any chemicals or waste products in DIMO farms and experience centers are not released into waterways, reducing the proportion of untreated wastewater.
	<b>Decent work and economic growth</b> DIMO's continuous focus on integrating technology such as drones for chemical and fertilizer application into the agriculture sector contributes to economic productivity and value addition in this labour-intensive industry.
	<b>Responsible consumption and production</b> DIMO is dedicated to following the quality management, safety and environmental standards for all agriculture related chemicals, reducing impact on humans and the environment.

Alignment with Seven strategic priorities

1	Reduce dependencies on individual business domains
2	Increase business presence in essential goods and services while focusing on geographical expansions
3	Drive for sustainable products, services, and practices
	Refer page 22 – 24 to read more on seven strategic priorities

Future outlook

- Launch of our very own agriculture outputs brand.
- By the year 2028, the segment aims to secure 50% of its income from the export of agricultural products.
- Exporting under the Miditer brand name, the group expects a substantial growth in foreign currency revenue in the financial year 2024/25.
- With a small inventory of rooms currently in hand, and a concept that is in design stage, agri- tourism may be added to the existing product portfolio.







## Retail

Automotive, lighting, home and garden products, power tools.

### Our stakeholders



End customer



Dealers



Distributors



Suppliers



Principals



Community



### Segment Activities

Business development, sourcing, distribution, marketing, stakeholder engagement

*"We serve as the retail arm for the mainstream businesses that the company operates in. Within this space, our goal is to establish a dominant market position by leveraging the strengths in relation to the brands we represent, and our human and financial capital"*

**Rakhita Gunasekara**

Chief Operating Officer – Retail

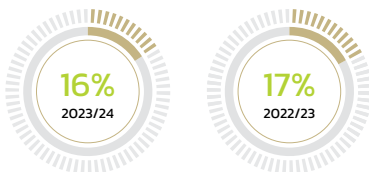
### Industry Analysis

Consecutive years of contraction in the economy resulted in a significant slowdown in capital driven contributors such as the construction and transportation industries, with a resultant adverse impact on the retail business. The loss of purchasing power in the country, exacerbated by restructured tax policies, led to limited demand for an array of products.

### Segment Strategy

The strategy is built based on the key elements of channel and marketing initiatives to win a dominant place in the market. In doing so, a hybrid approach was carried out in terms of resourcing areas of potential and rationalizing the ones which were not delivering the desired outcome.

Graph 04: Retail segment revenue contribution to the Group



Retail Video

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=15>



Retail business plays an important role in any organization. Not only does it allow regular interaction with the public, but it also provides opportunities for diversification. DIMO's retail business encompasses power tools, lighting equipment, tyres, home appliances, and genuine parts. Under the homegrown brand 'DIMO Lumin,' we offer cutting-edge lighting solutions sourced from top principals worldwide. Our extensive network of dealers enables us to expand our brand presence across the country.

*"I have been working with DIMO for 15 years as a leading dealer. I mainly manage their DIMO Lumin range of lighting solutions, Osram lighting and the Siemens range of products. I am very satisfied with their sales staff for the support given to me to grow my business. Therefore, I have developed a lot of trust in DIMO. I plan to continue working with them for many years ahead."*

**Mr Phenomi Pathirana**








(Proprietor), Phenomenal Trading Company, Colombo 11.



## Retail

### Value Creation Dashboard

Table 08: Retail – Value Creation Dashboard

Capital	KPI's		Availability, Affordability & Quality of capitals		Sustainability pillars
			2023/24	2022/23	
Financial	Revenue	Rs. million	6,940	5,973	
	Contribution to the group's revenue	%	16	17	
	Segment result	Rs. million	746	1,313	
	Contribution to the group's segment result	%	12	17	
Manufactured	Total investment in Manufactured Capital	Rs. million	6	31	
Human	Engagement score	Index	4.16	4.01	 
	Employee benefits	Rs. million	661	607	
	Investment on training & development	Rs. million	2	2	
Social & Relationship	Customer Satisfaction Index	%	92.65	88.14	
	Principal brands	No.	6	8	
Intellectual	IT spending (process & knowledge management, data security)	Rs. million	24	27	
	Accredited management systems	No.	3	2	
Natural	Water consumption to generate one-million-rupee turnover	m <sup>3</sup>	0.63	0.26	
	Energy consumption to generate one-million-rupee turnover	GJ	0.85	0.22	

 Business  Community  Environment

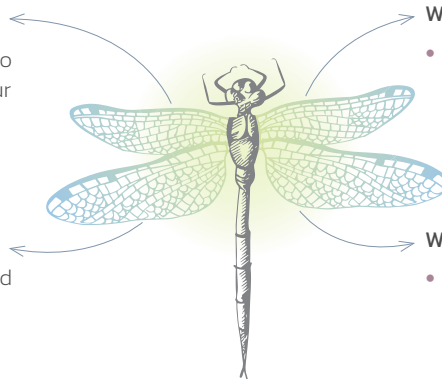
### Where We Are

#### How we have grown

- Through expansion of our business portfolio to include a array of products to cater to our customer needs.

#### How we can grow

- By understanding the areas of potential and our ability to win, targeting and exploiting opportunities in the relevant area.



#### We need to focus on

- Making improvements in terms of our market positioning and channel presence for a better distribution network.

#### What could affect us

- The shift of market from branded to generic products in times of downturn.

### Developments and highlights during the year

- The segment expanded its Lighting product portfolio by partnering with Siemens for the distribution of switchgear products as well as introducing a new LED bulb range under the name "ECO" to meet the needs of a wider population of the market.

### What's New?

With unwavering partnership from our brands, we stepped foot into the previously unexplored area of passenger vehicle related automotive parts.



## Contribution Towards SDGs



### Decent work and economic growth

DIMO power tools are engineered towards a safer and easier working experience for those engaged in highly labour intensive, strenuous working environments.



### Industry, Innovation and Infrastructure

DIMO retail products such as tools, home appliances, lubricants are essential parts of day-to-day life enhancing infrastructure that improve human wellbeing.



### Responsible consumption and production

Partnering with globally accepted brands to ensure ethically produced, high quality products for the consumption of DIMO's customers



### Climate Action

DIMO is focused on reducing energy consumption using Lumin LED bulbs which reduce energy usage

## Alignment with Seven strategic priorities

- 3 Drive for sustainable products, services, and practices
- 6 Creating a conducive environment for employees to collaborate seamlessly, ensuring a unified brand voice and consistent customer journey(s)
- 7 Address climate risk

Refer page 22 – 24 to read more on seven strategic priorities

## Future outlook

- We are hopeful of an upward trend in the market in consideration of a projected economic growth as opposed to the two consecutive years of decline. Thus, we are organising ourselves to capitalize on the probable opportunity with the envisaged growth.







## Power Engineering & Building Services

Power engineering and related solutions, building services

**Our stakeholders**

Private sector institution

Government

Ceylon Electricity Board

Construction companies

Property developers

Consultants & Architects

Water Supplies & Drainage Board of Sri Lanka

### Segment Activities

Solution mapping, sourcing, engineering, installation and testing, aftersales services, customer engagement, project management

*"To be a leading force in the transition to Green Energy through our best-in-class engineering solutions not only in renewable power generation, but also by playing a pivotal role in grid upgrades required for the evacuation of power from renewable plants. There will be special focus on the building services space to offer energy performance solutions for commercial & industrial establishments while maintaining market leadership position in the Extra Low Voltage sphere"*

**Wijith Pushpawela**  
Executive Director – Power Engineering & Building Services

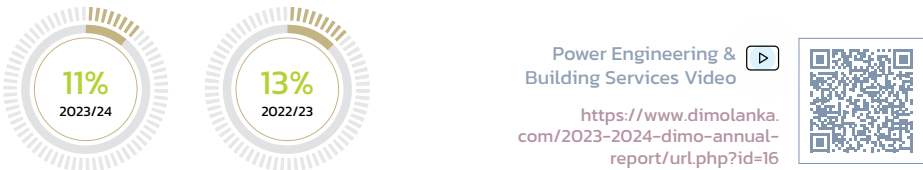
### Industry Analysis

The government aims to diversify energy sources and expand generation capacity through various power projects, with a particular emphasis on renewable energy initiatives. These projects are expected to support the country's commitment to sourcing 70% of its energy from renewable sources by 2030. Power transmission projects which were largely funded by the Asian Development Bank (ADB) and the Japan International Cooperation Agency (JICA) experienced a decline in funding scarcity during the economic crisis, resulting in the market for infrastructure projects shrinking. Meanwhile, development projects at the east and west container terminals of the Port of Colombo continued through the year.

### Segment Strategy

In line with the DIMO corporate strategy, the segment followed a diversification strategy to initiate backward integration by becoming a producer of power distribution panels. The segment continuously collaborates with principals to bring together DIMO's technological expertise and world-renowned brand names. We are able to customize products and services to meet specific requirements of our customers and also to offer value engineered solutions, while moving into foreign markets to expand our customer base geographically.

Graph 05: Power Engineering & Building Services segment revenue contribution to the Group



DIMO collaborates with the most advanced, leading global partners to deliver cutting-edge solutions for building and energy-related challenges. Microgrids are the future of energy distribution in Sri Lanka.

*"ADB and LECO wanted to identify a technology partner who will also be the microgrid implementer for all the distribution utilities in Sri Lanka in future. So we went through our usual selection process and DIMO was selected for this venture. At the outset I insisted that DIMO should not be just another contractor, but should capture this technology and be a technology resource person in the future.*

*This was a very technical and difficult challenge, but I'm very happy to tell you that today DIMO has become everything we expected. DIMO downloaded, captured, and learnt this entire technology and acquired that competency. Today your engineers can independently implement any microgrid project, anywhere - not only in Sri Lanka. So, I'm very proud and happy about your engineers and your competencies."*

**Dr Narendra De Silva**  
General Manager, LECO



## Value Creation Dashboard

Table 09: Power Engineering & Building Services – Value Creation Dashboard

Capital	KPI's		Availability, Affordability & Quality of capitals		Sustainability pillars
			2023/24	2022/23	
Financial	Revenue	Rs. million	4,675	4,588	
	Contribution to the group's revenue	%	11	13	
	Segment result	Rs. million	566	763	
	Contribution to the group's segment result	%	9	10	
Manufactured	Total Investment in Manufactured Capital	Rs. million	5	0.47	
Human	Engagement score	Index	3.96	4.11	
	Employee benefits	Rs. million	301	306	
	Investment on training & development	Rs. million	1	1	
Social & Relationship	Customer Satisfaction Index	%	90	85	
	Principal brands	No.	5	5	
Intellectual	IT spending (process & knowledge management, data security)	Rs. million	12	16	
	Accredited management systems	No.	4	4	
Natural	Water consumption to generate one-million-rupee turnover	m <sup>3</sup>	0.64	0.18	
	Energy consumption to generate one-million-rupee turnover	GJ	0.86	0.15	



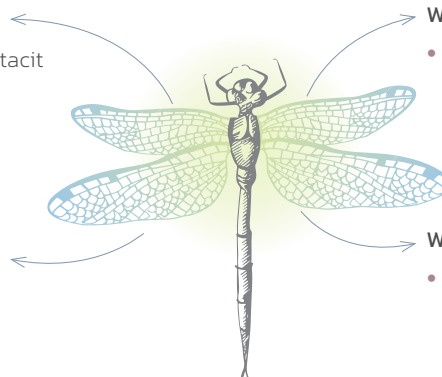
## Where We Are

### How we have grown

- Delivery of value engineered solutions via tacit knowledge and expertise of our staff.

### How we can grow

- By becoming a recognized major clean energy producer in the country.
- Grow the Electrical Distribution Board manufacturing business commenced in January 2024 in collaboration with Siemens.



### We need to focus on

- Minimizing brain drain through the retention of our critical talent, with equitable compensation.

### What could affect us

- We have seen long delivery periods mainly adducing to supply chain issues. Also, lack of funding towards government power projects could affect us in the short term.
- Decline in FDI due to the prevailing credit rating of the country.

### Developments and highlights during the year

- Increased focus on 'Engineering Procurement & Construction' projects with emphasis on rooftop solar panel installations for private institutional customers.
- DIMO entered a partnership with the German electrical component manufacturer, OBO Bettermann as an authorized distributor of OBO products for Sri Lanka & Maldives.

### What's New?

DIMO began production of "Type Tested" power distribution boards under license from Siemens. Currently focused on Sri Lanka and Maldives – this newest addition to the product portfolio has the potential to reach other neighbouring countries as well.



Power Engineering & Building Services

Contribution Towards SDGs



Affordable and clean energy

DIMO's Independent Power Production (IPP) ventures actively contribute to clean energy. This is through our own investments in ground mounted solar plants. We continued providing Engineering Procurement and Construction (EPC) expertise in grid sub-station upgradations required to evacuate power from wind and solar energy plants.




Industry Innovation and Infrastructure

High end building management systems & energy performance services offered by the segment contributes to increased energy efficiency in buildings and industries, thus reducing energy consumption while providing comfort to the occupants.

Alignment with Seven strategic priorities

- 1 Reduce dependencies on individual business domains
- 2 Increase business presence in essential goods and services while focusing on geographical expansions
- 3 Drive for sustainable products, services, and practices
- 5 Critical talent retention via equitable compensation
- 7 Address climate risk

 Refer page 22 - 24 to read more on seven strategic priorities

Future outlook

- Commence activities as an Independent Power Producer (IPP) with a total expected contribution of 30MW to the national grid from solar power plants in Beliatta, Anuradhapura and Galle.
- Favourable market conditions are expected with stabilization of the exchange rates, giving way to opportunities in medium voltage, Extra Low Voltage (ELV), elevators, industrial water pumps and lighting, focused on high-rise buildings and industrial projects.







## Infrastructure Engineering

Construction machinery, storage, material handling and warehouse solutions, car parking solutions, fluid and water related solutions

### Our stakeholders



Government institutions



Corporate customers



Construction companies



Contractors



Water Supplies & Drainage Board of Sri Lanka



### Segment Activities

Designing solution mapping, sourcing, engineering installation & testing, aftersales services, continuous customer engagement.

*"We aspire to be the leader in all areas that we represent in the infrastructure engineering sector, in terms of market share, references and profitability. This will be accomplished through the continuous identification of opportunities, adoption of new technologies, and implementation of innovative solutions by our professional team, who will actively disseminate knowledge. We aim to ensure reliability by meeting the needs of our customers and the general public"*

**Chaminda Ranawana**

Executive Director – Infrastructure Engineering

### Industry Analysis

Recovering from the market stagnation during and after COVID 19 and the economic crisis, the government resumed regional development projects by conducting several projects under the program 'Siyak Nagara', focusing on the development of regional town centres. The National Water Supply and Drainage Board (NWSDB) completed several water supply projects during the year. The material handling equipment market experienced continuous activity as the manufacturing industry, supermarket chains and third-party logistic operations continued uninterrupted operations.

### Segment Strategy

During the period of economic crisis the segment maintained a strategy of survival by focusing on several key projects to complete in the Fluid & Water and Storage & Material Handling sectors. Subsequently, taking on new initiatives, the segment actively worked to exploit opportunities in collaboration with organisations such as the Meteorological Department, Ceylon Petroleum Corporation and the Ministry of Agriculture. The segment is exploring geographical expansion, with potential future operations in the United Arab Emirates under consideration, while concurrently maintaining existing operations in Bangladesh.

Graph 06: Infrastructure Engineering revenue contribution to the Group



Infrastructure Engineering Video

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=17>



Infrastructure engineering solutions play a pivotal role in a country's development. It is crucial to execute such projects in collaboration with proven partners who possess the expertise to deliver round-the-clock, world-class after-sales support. Access to clean water is essential for human health, agriculture, and industry. Fluid management solutions ensure a reliable water supply, reducing scarcity and promoting economic growth. By optimizing water use, countries can minimize waste and enhance water availability for various purposes, including irrigation, sanitation, and industrial processes.

*"At the National Water Supply and Drainage Board, we always encourage contractors to be an integral part of our water and power structure development. We expect the contractors to possess the required technical expertise, financial capacity, as well as strong project management and construction experiences to deliver quality products that meet our expectations. We expect them to choose equipment from globally reputed brands to enhance the energy efficiency and ensure reliability of the end product. We believe that DIMO is one such contractor in the country."*

**Mr. V.G.U. Ranjith**







Deputy General Manager – National Water Supply and Drainage Board



## Infrastructure Engineering

### Value Creation Dashboard

Table 10: Infrastructure Engineering – Value Creation Dashboard

Capital	KPI's		Availability, Affordability & Quality of capitals		Sustainability pillars
			2023/24	2022/23	
<b>Financial</b>	Revenue	Rs. million	4,367	3,506	
	Contribution to the group's revenue	%	10	10	
	Segment result	Rs. million	728	358	
	Contribution to the group's segment result	%	11	5	
<b>Manufactured</b>	Total Investment in Manufactured Capital	Rs. million	75	11	
<b>Human</b>	Engagement score	Index	4.06	4.27	
	Employee benefits	Rs. million	325	292	
	Investment on training & development	Rs. million	0.65	0.71	
<b>Social &amp; Relationship</b>	Customer Satisfaction Index	%	91.36	89.49	
	Principal brands	No.	35	34	
<b>Intellectual</b>	IT spending (process & knowledge management, data security)	Rs. million	11	11	
	Accredited management systems	No.	3	3	
<b>Natural</b>	Water consumption to generate one-million-rupee turnover	m <sup>3</sup>	0.64	0.14	
	Energy consumption to generate one-million-rupee turnover	GJ	0.86	0.12	

 Business    Community    Environment

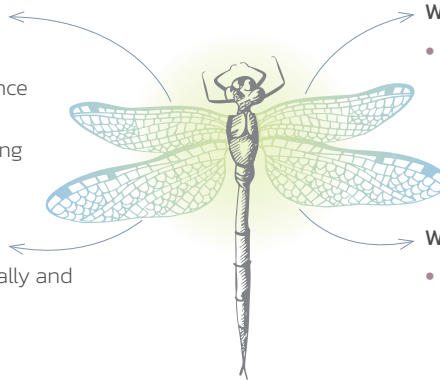
### Where We Are

#### How we have grown

- World renowned principals, partners and suppliers help create the DIMO brand presence in the industry. The scale and the count of projects undertaken also has increased during the recent past.

#### How we can grow

- Expanding geographically into more politically and economically stable markets



#### We need to focus on

- Keeping up with the rapidly changing market conditions and consumer needs through the latest technologies and innovations.

#### What could affect us

- Government taxation and other regulatory changes in the country could directly impact the stability of the business

### Developments and highlights during the year

- Revolutionized car parking with one of the largest automated parking solutions comprising of 300 parking units at 'The Grand' apartment complex, Colombo 7
- DIMO was awarded its largest water project to date – winning a tender for a large scale design and build project, spanning a contract period of 18 months. DIMO will be involved in the civil, mechanical and electrical engineering aspects of this project.
- Undertook a project to replace the deep cycle batteries of Automated Weather Stations and Automated Rain Gauges belonging to the Meteorological Department in 165 locations across the island.

### What's New?

With the latest initiative to support the Agri Modernization Project of the Ministry of Agriculture, the segment is now involved in the supply of post-harvest equipment used for drying chillies, corn and fruit.



## Contribution Towards SDGs



### Clean water and sanitation

DIMO's water projects involve working with the Sri Lankan government to provide clean and safe water for citizens of the country



### Industry innovation and infrastructure

DIMO facilitates modern technologies, contributing to high quality infrastructure in a developing country




### Climate action

DIMO introduced to Sri Lanka the energy efficient "Hybrid Excavator" which consume 40% less fuel than traditional excavators.

## Alignment with Seven strategic priorities

- 1 Reduce dependencies on individual business domains
- 2 Increase business presence in essential goods and services while focusing on geographical expansions
- 3 Drive for sustainable products, services, and practices

 Refer page 22 – 24 to read more on seven strategic priorities

## Future outlook

- Exploring possibilities in the production of renewable energy through 'Green Hydro' with the Ambatale Energy Saving project.
- DIMO will consider opportunities relating to gas and compressed air, and petroleum sector solutions focused on pipelines, valves, fittings, and pumps.
- DIMO will extend its reach to access niche markets with 'special projects' customized to customer requirements.







Healthcare

Capital equipment and services, consumables & devices and pharmaceuticals

Our stakeholders

Private & government hospitals

Individuals

Distributors

Ministry of Health



Segment Activities

Sourcing, distribution, customer engagement

“Our vision is to become a top manufacturer and the best agency house for our principals in the domain of medicine. We aim to lead in innovation, ensuring high-quality, reliable healthcare products while maintaining ethical and sustainable practices. We strive to enhance national healthcare and wellbeing with integrity and excellence, by cultivating strong relationships with partners and customers”.

Priyantha Dissanayake  
Chief Operating Officer – Healthcare

A healthy population is essential for economic development. Advanced healthcare solutions enhance disease prevention, diagnosis, and treatment. By improving disease management, countries can save lives and reduce the burden on healthcare systems. As representatives for leading global healthcare providers, we are committed to delivering state-of-the-art healthcare technologies and solutions to our country. Our unwavering dedication ensures that the best services are always accessible to the public, complemented by exceptional after-sales care.

“DIMO has always been at the frontline of providing therapeutic and diagnostic equipment for Sri Lanka, particularly in eye-care. During the last few years, I have observed that we received the newest diagnostic equipment and therapeutic equipment especially at the National Eye Hospital, the National Hospital and at the Ministry of Health. Their (DIMO’s) services, hardware and software services are up to date, and I should appreciate the services they provide.”

Dr. Kapila Bandutilake  
Consultant Vitreo Retinal Surgeon, President College of Ophthalmologists of Sri Lanka, President Association of Vitreo Retine Specialists of Sri Lanka

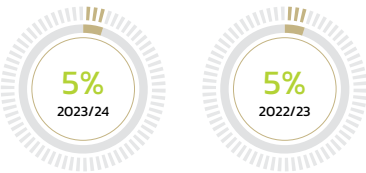
Industry Analysis

The state healthcare sector experienced pressures from budget limitations in the procurement of medicines and healthcare equipment for hospitals. The demand from private sector hospitals for medical equipment too faced a decline. Active encouragement of public private partnerships in the provision of healthcare and production of medicines and medical equipment was noted.

Segment Strategy

By demonstrating its constant growth through agility, DIMO healthcare evolved to become a standalone segment of the group. Previously limited to dealing in capital equipment, the business expanded into the fast-moving market of pharmaceuticals, through acquisitions. The product portfolio was expanded to include lifesaving consumables and devices, which play a pivotal role in improving the wellbeing of our citizens.

Graph 07: Healthcare revenue contribution to the Group



Healthcare Video   
<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=18>





## Introducing the Segment

The latest inclusion in our portfolio now stands as a distinct segment. The report outlines the components encompassed within the segment.

### Capital equipment and consumables under DIMO (Pvt) Ltd

Capital equipment sales and services

- The import and sale of equipment such as CT scanners, MRI scanners, X-ray machines, Therapeutic Equipment, Ophthalmological Equipment and Surgical and Critical Care Equipment, and Operating Theatre Equipment as authorized agents of Siemens, CARL ZEISS and Drager. We also undertake the installation, commissioning, maintenance and repair of the equipment listed above.

Consumables and Medical devices

- This includes devices such as ultrasound printers, ultrasound papers, pace makers, cardiac stents, peripheral stents and perishable consumables.

### Associate Laboratories (Pvt) Ltd

- A subsidiary of Diesel & Motor Engineering PLC – This recent acquisition enables DIMO Healthcare to offer pharmaceutical products that cover Pain Management, Respiratory Disorders, Gastroenterology, Liver Diseases, Antibiotics, Endocrinology, Cardiovascular Antihistamines, Vitamins & Supplements, Neurology, Dermatology, and Psychiatric treatment

### Mansel Ceylon (Pvt) Ltd







- Combining Mansel (Ceylon) (Pvt) Ltd's 50 years of experience in the pharmaceutical industry with DIMO's 85 years of excellence in providing world class medical technology to Sri Lanka, this partnership aims to support and raise the local healthcare industry to new heights.

### DIMO Lifeline Pvt Ltd

- DIMO Lifeline (Pvt) Ltd is a subsidiary of Diesel & Motor Engineering PLC. This company is engaged in the supply of implanting devices, vascular stents, consumables and a similar range of medical products.

## Value Creation Dashboard

Table 11: Healthcare – Value Creation Dashboard

Capital	KPI's		Availability, Affordability & Quality of capitals		Sustainability pillars
			2023/24	2022/23	
<b>Financial</b>	Revenue	Rs. million	2,245	1,678	
	Contribution to the group's revenue	%	5	5	
	Segment result	Rs. million	786	404	
	Contribution to the group's segment result	%	12	5	
<b>Manufactured</b>	Total Investment in Manufactured Capital	Rs. million	24	79	
<b>Human</b>	Engagement score	Index	4.16	4.25	
	Employee benefits	Rs. million	344	202	
	Investment on training & development	Rs. million	0.447	1	
<b>Social &amp; Relationship</b>	Customer Satisfaction Index	%	N/A	N/A	
	Principal brands	No.	29	29	
<b>Intellectual</b>	IT spending (process & knowledge management, data security)	Rs. million	7	5	
	Accredited management systems	No.	5	5	
<b>Natural</b>	Water consumption to generate one-million-rupee turnover	m <sup>3</sup>	0.65	0.07	
	Energy consumption to generate one-million-rupee turnover	GJ	0.87	0.06	





Healthcare

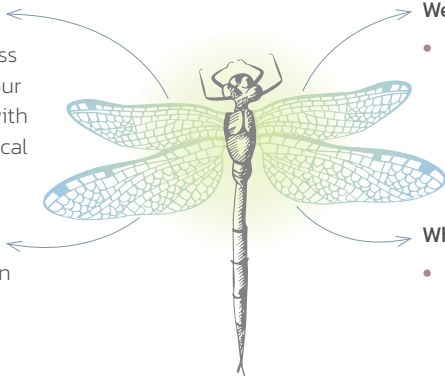
Where We Are

How we have grown

- Forging pivotal partnerships with best in class principals such as Siemens to broadening our offerings and specializing in specific fields with brands such as CARL ZEISS and Dräger Medical

How we can grow

- Leading the change in healthcare innovation nationwide.



We need to focus on

- Mitigating potential risks arising from the highly regulated nature of the healthcare sector.

What could affect us

- Global volatility of Active Pharmaceutical Ingredients affecting supply and prices

Developments and highlights during the year

- DIMO partnered with Varian, as authorized agents for the brand, to focus on cancer related treatment.
- Moving into the eye care sector, DIMO introduced Intra Ocular Lenses under the CARL ZEISS brand



Future outlook

- DIMO healthcare is in a constant process of change and evolution, embracing cutting edge technologies such as AI and robotic-assisted care.
- Taking the next big step, DIMO Healthcare will consider shifting its business model for pharmaceutical products from import-and-sell to manufacture-and-sell .



Contribution Towards SDGs



Good health and wellbeing

Providing high quality equipment and medicines for the early detection, prevention and treatment of diseases.

Alignment with Seven strategic priorities

- 1 Reduce dependencies on individual business domains
- 2 Increase business presence in essential goods and services while focusing on geographical expansions

Refer page 22 – 24 to read more on seven strategic priorities









# Capital Reports



## Capital Reports Section

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=19>

Table 12: Capital Deployment

	Capitals	Unit	2023/24	2022/23	2021/22	2020/21	2019/20
	<b>Financial Capital</b>						
	Equity	Rs. million	16,849	15,354	15,466	14,961	12,349
	Borrowings	Rs. million	22,395	13,730	8,951	4,551	11,287
	Earnings per Share	Rs.	4.65	62.73	76.06	52.72	21.12
	Gross Margin	%	27.16	36.10	26.3	24.23	21.21
	Gearing Ratio	%	57.07	47.21	36.66	23.33	47.75
	<b>Manufactured Capital</b>						
	Freehold Building Sq. feet	Sq. Ft.	857,163	823,359	823,359	823,359	775,321
	<b>Human Capital</b>						
	Total Employees	Number	1,933	1,868	1,875	1,804	1,916
	Turnover per Employee	Rs. million	22.58	18.91	20.00	17.08	18.04
	Employee Engagement Score	Index	4.2	4.2	4.2	4.06	4.11
	Female Employees in Decision Making Roles	Number	59	54	50	43	42
	<b>Social &amp; Relationship Capital</b>						
	Customer Satisfaction Index	%	91	89	90	89	92
	Number of Strategic Relationships with Foreign Principals	Number	118	116	94	86	88
	Investment in Social Progress	Rs. million	31	17	24	22	75
	<b>Intellectual Capital</b>						
	Investments in Intangible Assets (ERP)	Rs. million	174	364	175	N/A	N/A
	Being Recognized as a Great Place to Work	Status	Yes	Yes	Yes	Yes	Yes
	Recognition for Corporate Reporting by External Bodies	Status	Yes	Yes	Yes	Yes	Yes
	Obtaining ISO Accreditation for QMS, EMS, OHS & FSMS*	Status	Yes	Yes	Yes	Yes	Yes
	<b>Natural Capital</b>						
	Total Water Consumption to Generate Rs. 1 million Revenue	m <sup>3</sup>	1.6	1.44	2.62	3.13	2.67
	Total Energy Consumption to Generate Rs. 1 million Revenue	GJ	1.18	1.21	1.52	1.47	1.9
	Renewable Energy Generation	GJ	11,605	11,415	11,739	10,734	N/A

\*obtained in 2022/23



## Management Approach Alignment to Strategy

Table 13: Capital Report – Management Approach

Capital	Diversification	Differentiation	Collaboration
 <b>Financial</b>	Financial capital plays a critical role in executing our diversification strategy. This approach necessitates sustained investment of financial resources to generate significant financial value over the medium to long term	The differentiation strategy is primarily implemented through our marketing efforts. As such, the financial capital requirements become clear only once the marketing strategy is finalized. This approach is anticipated to generate short-term value	The collaboration strategy primarily relies on relationship capital and intellectual capital. The need for financial capital will vary based on the nature of the collaboration. This strategy is expected to generate financial value across short, medium, and long term
 <b>Manufactured</b>	Manufactured capital is essential for diversification efforts. Whether for related or unrelated investments and acquisitions, financial capital is required to enhance manufactured capital	The differentiation strategy is designed through cost, quality and delivery. As such, manufactured capital plays its part when quality products have to be offered at cost effective prices. Benefits from such investments are mostly short and medium term	Manufactured capital mostly become material when our principals require DIMO to comply with their quality and health & safety requirements. In such situations manufactured capital may be important in the short term. It is also important when comfort and health & safety is afforded to anyone who steps into our premises including our employees and customers.
 <b>Human</b>	The increase in human capital is a positive consequence of diversification. To attract expert talent for new ventures, a trade-off with financial capital may be necessary. Enhanced human capital is poised to add value to DIMO in the short, medium, and long term	The differentiation strategy necessitates a blend of fresh and seasoned human capital to develop innovative marketing strategies, processes, and procedures, thereby generating financial value in the short and medium term	The collaboration strategy relies on human capital, as the advantages of collaboration are driven by the people involved
 <b>Social &amp; relationship capital</b>	Diversification relies on relationship capital to form partnerships for new ventures. This capital generates short-term value, while strong relationships can provide long-term benefits.	The dependence on social and relationship capital for differentiation is perceived to be of a nature that is not considered material.	Enhanced social and relationship capital is essential for successful collaboration, as it is the key ingredient for its success
 <b>Intellectual capital</b>	The strategy requires enhanced intellectual capital to optimize synergies through diversification, leading to greater economies of scale and improved financial performance.	The strategy is supported by the intellectual capital of the business. The expertise and know-how of employees transforms the differentiation strategy into action, enhancing both human and financial capital in the short and medium term	Intellectual capital plays a pivotal role in the collaboration strategy as it becomes a key value creator when two parties collaborate. Financial capital, social and relationship capital as well as human capital are the capital enablers for this strategy to create value in the short, medium and long-term.
 <b>Natural</b>	While natural capital might not be the primary driver for initiating diversification, its importance can vary depending on the specific area of diversification. For instance, transitioning into agriculture necessitates substantial natural capital, particularly in terms of land and water resources	Natural capital, such as water and land, is predominantly required for agriculture, while vehicle aftersales businesses require moderate quantities. However, while these resources are essential for agriculture, they do not typically serve as differentiators in these sectors.	Occasionally, DIMO may leverage natural capital, such as land, to establish novel partnerships under a collaboration strategy. However, there are currently no plans to do so.





## Financial Capital

Our financial capital consists of monetary resources strategically utilized to generate value through our business endeavours.

Effective and efficient management of these resources is essential to sustain our ability to create value for shareholders. Throughout the year, one of our primary focus areas was safeguarding our financial strength by securing financial resources to sustain uninterrupted operations, and by ensuring the maintenance of healthy liquidity levels.

This section provides an analysis of the key metrics of financial capital, encompassing both their qualitative and quantitative aspects. A few financial highlights are given below.

### Stated Capital

**Rs. 621 million**

(2022/23: Rs. 621 million)

### General Reserves and Retained Earnings

**Rs. 8,680 million**

(2022/23: Rs. 8,744 million)

### Short-term borrowings

**Rs. 19,529 million**

(2022/23: Rs. 11,757 million)

### Long-term borrowings

**Rs. 2,866 million**

(2022/23: Rs. 1,973 million)

### ROCE

**8%**

(2022/23: 14%)

### Ended the year with a net cash position

**Rs. 3,384 million**

(2022/23: Rs. 2,568 million)

### Earnings before interest, tax, depreciation and amortization

**Rs. 3,655 million**

(2022/23: Rs. 4,538 million)

### Paid as a cash dividend during the year

**Rs. 92 million**

(2022/23: 115 million)



The financial ratios disclosed on page 257 provide more financial ratios

## Identification and Mitigation of Risks of Financial Capital

Risk	Mitigation Strategy
Fluctuations in interest rates	<ul style="list-style-type: none"> <li>All segments consistently follow up on debtors and inventory to minimize the need for working capital funding.</li> <li>Business units are encouraged to prioritize cash-based sales, resorting to credit sales where necessary.</li> <li>Maintain an appropriate combination of fixed and floating rate borrowings.</li> </ul>
Sustaining a surplus liquidity position	<ul style="list-style-type: none"> <li>Enhanced emphasis on improving cash collection and inventory management.</li> <li>Negotiate favourable credit terms with suppliers.</li> </ul>
Non-availability of funds for growth and expansion	<ul style="list-style-type: none"> <li>Credit lines are secured on long-term basis to fund and match investments and their returns.</li> <li>Temporary burden of investments on DIMO cash flows is always evaluated prior to giving the "go" decisions for new investments.</li> </ul>
Changes in taxes and tariff (VAT changes)	<ul style="list-style-type: none"> <li>Strategic adjustments such as pricing adjustments, cost management, operation efficiency and customer communication to manage the impact to the business.</li> </ul>

## Group's Financial Results – Nurturing Financial Capital

The Group demonstrated resilience throughout the financial year under review, achieving a net profit before tax across its diversified businesses, despite restrictions placed on one of Group's key lines of business – automobile sales. This accomplishment underscores the robustness of our operations amidst challenging market conditions.

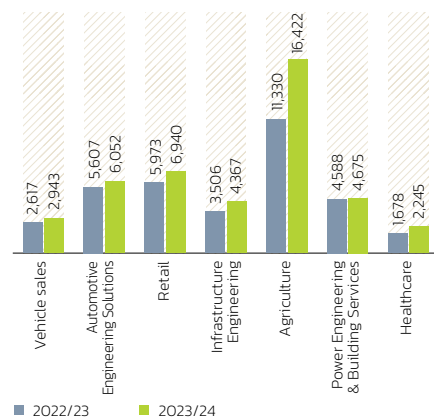
## Revenue

During the year, the Group recorded a net revenue of Rs. 43,644 million (2022/23: Rs. 35,299 million), generated through seven business segments. Revenue generated by each business segment including equity accounted investees is shown in Graph 8.



## Financial Capital

**Graph 08:**  
**Segment Revenue (Rs. million)**



- The Agricultural and Retail segments collectively contributed Rs. 23,362 million (2022/23: Rs. 17,303 million) representing more than 50% of the Group revenue.
- Revenue generated by the Agriculture segment increased by 45% and Healthcare segment increased by 34% in 2023/24.
- Turnover increase of all the seven segments contributed to an overall increase of 24% (2022/23: 6% reduction) in Group turnover for the year.

### Strategies identified for Revenue Growth

The Group's strategies for medium to long-term growth in revenue and profits are presented in the Strategy and Resource Allocation section on page 21 to 27.

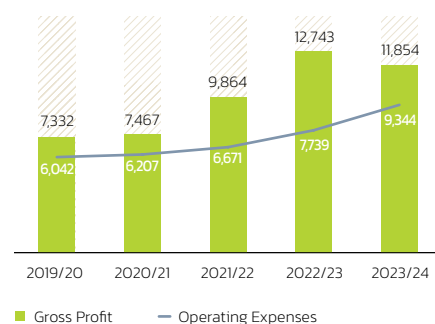
### Gross Profit & Operating Expenses

The Group gross profit margin decreased from 36.10% to 27.16% during the year (In Rs. 2023/24: 11,854 million, 2022/23: 12,743). The higher margins during the previous year were due to the accommodation of sharp increases in exchange rates, in the selling prices, where part of the difference in exchange cost relating to rate increases were included in the prior year. In an environment where business faced challenging circumstance, the efforts were heavily focused on securing requisite gross profit margins.

Group incurred Rs. 9,344 million as operating expenses (2022/23: Rs. 7,739 million) representing 79% of the total gross profit of the Group for the year under review.

Group's gross profit and operating expenses over the last five years are given in Graph 9.

**Graph 09:**  
**Gross Profit vs Operating Expenses (Rs. million)**



The Management continuously strives to identify ways of reducing operating expenses in order to lessen the pressure on the gross profit margins. Strategies pursued include optimizing cost structures, enhancing productivity, and curtailing discretionary spending. To mitigate cost escalations in the medium and long term, the Company will embark on a technological advancement path. This initiative not only promises operational efficiency but also enhances the overall customer experience.

### Finance Expenses (Net)

The Group's net finance expenses decreased by 36% to Rs. 2,934 million (2022/23: Rs. 4,566 million) during the year, compared to the previous financial year.

One of the reasons for the decrease in net finance expense was the 11% decrease of interest expenses on short-term and long-term borrowings to Rs. 2,866 million (2022/23: Rs. 3,218 million). Further, the Monetary Policy of the Central Bank of Sri Lanka caused the AWPLR to fall from 21.40% at the beginning of the year to 10.69% at the end of the year.

The interest cover of the Group, stood at 1.07 times in comparison to 1.69 times in 2022/23.

The net exchange loss incurred by the Group in 2023/24 reduced to Rs. 1.3 million compared to Rs. 1,322 million net exchange loss in 2022/23. The selling rate of the USD published by the Central Bank of Sri Lanka as at the beginning of the year was Rs. 336.01 whilst it was Rs. 305.33 as at the end of the year.

As there was an exchange loss, the Group reviewed pricing mechanisms more frequently in response, to recover such forex losses either partially or fully.

### Taxation

Paying taxes is crucial for the economic and social development of our country, and it is our responsibility to fully comply with all relevant tax laws and regulations. The Group's income tax charge for the year was Rs. 91 million (2022/23: Rs. 39 million). The effective tax rate (including the effect of the deferred tax expense) also increased to 49%, as against 5% recorded in 2022/23.

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

### Profitability

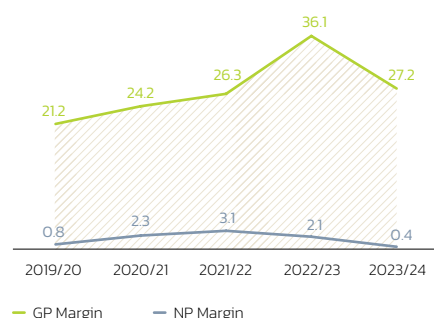
The profit before tax stood at Rs. 183 million (2022/23: Rs. 737 million) for the year under review, a decrease of 75%.

The profit after tax too decreased by 87% to Rs. 93 million from Rs. 698 million in the previous year.

The movement of the Groups' gross profit margin and Net profit (before tax) margin over the last five years is depicted in Graph 10.



**Graph 10:**  
Gross Profit vs Net Profit (%)

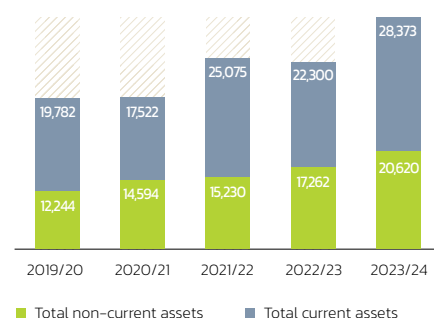


### Group's Financial Position

The Group was able to maintain a desirable financial position with a total asset base of Rs. 48,993 million and total liabilities amounting to Rs. 32,144 million as at 31st March 2024. (Rs. 39,562 million total assets and Rs. 24,209 total liabilities as at 31st March 2023)

The summary of the Group's financial position is illustrated in Graphs 11 and 12.

**Graph 11:**  
Total Assets (Rs. million)

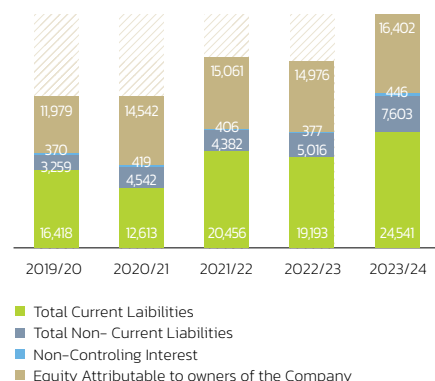


### Strategic Agility

A dragonfly typically takes merely 50 milliseconds to respond to external movements. It also tracks its own movements while in pursuit of its goal, in order to advance accurately and with precision.



**Graph 12:**  
Total Liabilities and Equity (Rs. million)



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

As depicted in Graph 11, the Group's non-current assets increased by 19% to Rs. 20,620 million (as at 31st March 2023: Rs.17,262 million) mainly due to revaluation of land carried out during the year.

The increase in the Group's trade and other receivables, other current assets and cash and cash equivalents drove the 27% increase in Group's total current assets to Rs. 28,373 million (as at 31st March 2023: Rs.22,300 million) and the 24% increase in Group's total assets compared to previous financial year (2022/23: decrease 2%). The Board together with the management closely monitors the Group's cash and cash equivalents to ensure availability of funds for the Group's operations. The Group has a dedicated treasury function to ensure securing and effective use of funds.

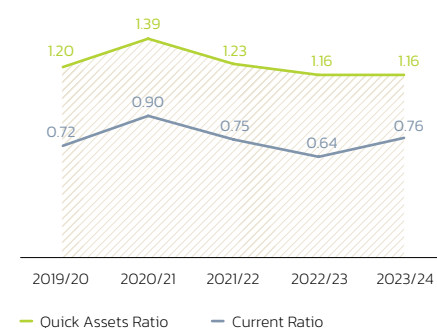
### Liquidity Management and Working Capital

Effective liquidity management is vital for establishing a strong financial footing for the Group. We mitigate liquidity risk by strategically coordinating the maturity profiles of debts, receivables, forecasts, and cash flows. Usually, acquisitions of property, plant, and equipment, as well as new investments, are financed through distinct medium to long-term funding structures.

Diversifying our funding channels, we uphold a substantial level of undrawn committed bank facilities and cash reserves to address any immediate funding requirement and to cater to short to medium-term liquidity requirements.

Sustaining a healthy current ratio and a quick asset ratio remains pivotal in liquidity management. As depicted in Graph 13, the Group has maintained its current ratio at 1.16 times and quick ratio at 0.76 times at the end of the year 2023/24.

**Graph 13:**  
Liquidity Ratios



Group's net current assets increased by 23% to Rs. 3,832 million as at 31st March 2024 from Rs. 3,108 million as at 31st March 2023. The increase in net current assets is primarily due to the 58% increase in trade and other receivables, 57% increase in other current assets, and 32% increase in cash and cash



## Financial Capital

equivalents. It also reflects the 63% decrease in current portion of lease liabilities and 59% decrease in amount due to related parties. The consolidated statement of cash flows on page 172 to 173 provides a total picture of the changes in liquidity.

The average cash conversion cycle for the Group stood at 171 days for the year 2023/24 (2022/23: 162 days). The Group continues to closely monitor inventory management including slow moving inventory and debtor collection while continuously negotiating payment terms with suppliers to improve its cash cycle. The cash conversion cycle is funded through short-term borrowings. The unutilised banking facilities as at 31st March 2024 amounted to Rs. 8,500 million (As at 31st March 2023: Rs. 9,644 million).

### Cash Flow

The group treasury meticulously oversees and implements strategic measures to manage its cash flows. This involves constant monitoring and analysis of financial activities to ensure that funds are allocated and utilized efficiently. By adopting a cautious and well-planned approach, the group treasury aims to optimize liquidity, minimize financial risks, and enhance the overall financial stability of the organisation.

As at 31st March 2024, Group's cash and cash equivalents stood at Rs. 3,384 million (in 2022/23 – Rs. 2,568) which comprised of cash, bank balances and short-term investments with a maturity of 03 months or less, net of outstanding bank overdrafts.

Net cash flow from operating activities reflected an outflow of Rs. 5,968 million, owing to the increase in trade and other receivables during the year. (2022/23: Rs. 3,483 million outflow)

Net cash flow from investing activities reflected an outflow of Rs. 1,428 million due to capital investments. (2022/23: Rs. 1,255 million outflow)

Net cash flow from financing activities reflected an inflow of Rs. 8,194 million mainly due to the increase in short term borrowing. (2022/23: Rs. 3,718 million)

### Capital Structure and Leverage

The Group's capital structure comprises of equity of Rs. 16,849 million and a debt of Rs. 22,395 million, leading to an increase in the gearing ratio to 57% from 47% as at 31st March 2024 (As at 31st March 2023: Rs. 15,354 million equity and Rs. 13,730 million debt). Every effort is made to ensure that the Group maintains a sound capital structure that enables cost-effective funding for new investments and acquisitions.



Shareholder value creation through financial capital is discussed on page 110 to 115 in the "Investor Relation" section of the Annual Report.



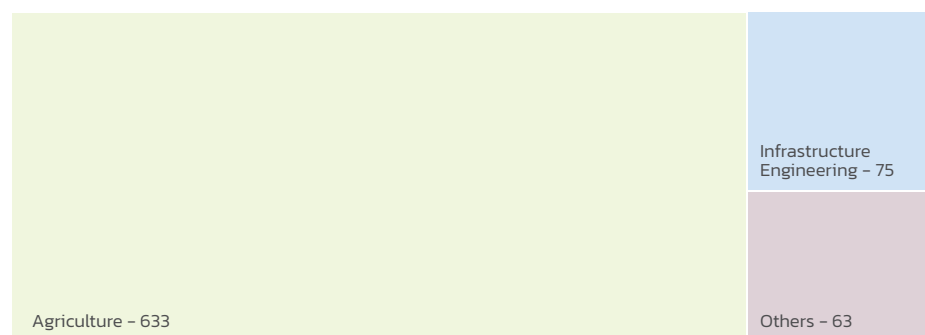


## Manufactured Capital

Property, plant and equipment including rented and leased premises across the island, excluding land.

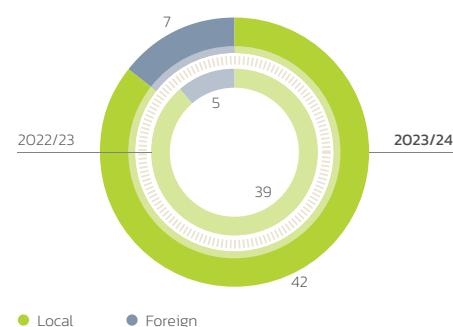
**Graph 14: Investment in capital expenditure during the year (Rs. 771 million)**

(2022/23 – Rs. 639 million ) [Investments excluding Land]

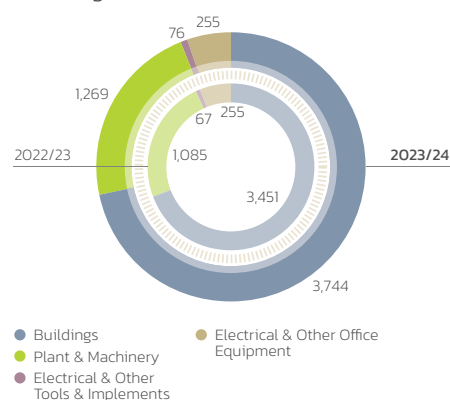


**Graph 15:**

**Our Locations**

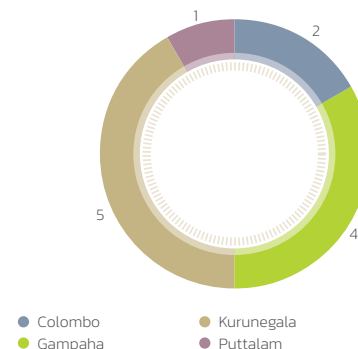


**Graph 16:**  
**PPE by Type of Assets**  
(Excluding Land)



**Graph 17:**

**No. of Manufacturing and Assembly facilities**



### Our Manufactured Capital

The Group's manufactured capital comprises of state-of-the-art vehicle service workshops, manufacturing facilities, and other physical assets across the island, which enable us to manufacture sustainable products, offer quality services, enhance customer centricity and nurture employee-friendly working environments.

### How Manufactured Capital Supports Our Value Creation Goals and Strategic Decision

Bringing DIMO's long-term vision on value creation into action, the group maintained a positive attitude towards investing on manufactured capital in order to strengthen the potential for growth in key business segments.

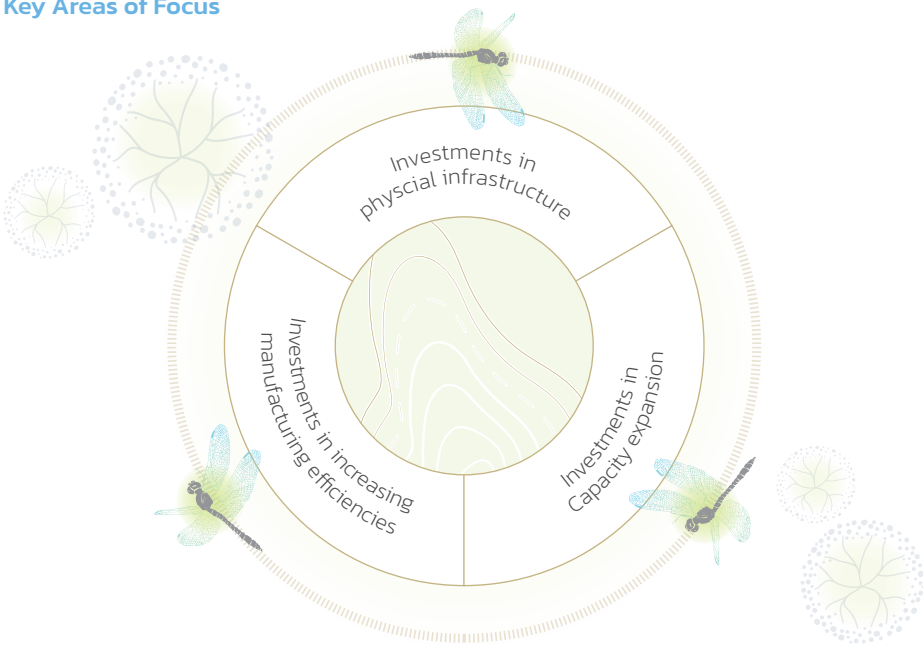
The quality and adequacy of our manufactured capital plays a pivotal role in our strategic direction and value creation. The Group's investments towards enhancing

manufacturing capabilities enable us to diversify ourselves in the market by offering high-quality, sustainable products to customers. We strive to continuously invest in improving our vehicle service workshops and our island-wide branches with the aim of offering an unparalleled customer experience. And through the efficient use of our physical assets, we endeavour to attract new customers and expand our growth potential.



Manufactured Capital

Key Areas of Focus



Investment in Physical Infrastructure

The group continues to invest in expanding and improving the quality and quantity of its physical asset base across the island with the aim of increasing the quality of services offered and maintaining better working environments. In this light, the group continued to invest approximately LKR 335 million in infrastructure additions during the FY 2023/24 (2022/23 – Rs. 220 millions).

Our branch and workshops network across the island contributes to expanding our customer base and improving our brand visibility. They are equipped with the latest machinery and technology to offer superior service to customers, positioning DIMO above the competition. The DIMO 800 state-of-the-art Mercedes-Benz workshop and office premises is a hallmark of the group’s investments which has also made a remarkable contribution to upholding our brand awareness.

The details of additions to physical infrastructure during the year are summarized below.

Table 14: Investments in physical infrastructure

Segment	Details of investments done	Value of investment Rs. millions
Automotive Engineering & Solutions	Investment in DIMO Balagolla Branch	28
	Investment in recreational vehicle manufacturing building and tools	8
Agriculture	Investment in Agri experience centre – Dambulla	68
	Investment in acquisition of new business (Excluding cost of Land)	231

No. of own buildings

**39**

(2022/23 – 31)

Total area of own buildings

**857,163 Sq. Ft**

(2022/23 – 823,359 Sq.Ft.)

PPE held overseas

**Rs. 143 million**

(2022/23 – Rs. 280 million)

**Investment in DIMO Branch at Balagolla – Kandy**

With the aim of upholding DIMO’s brand visibility and customer accessibility, the group invested Rs. 28 million on its latest branch at Balagolla. The branch will cater to all sales and after-sales requirements of TATA vehicles and agri machinery. Additionally, the branch will offer a range of other products such as WD-40, DIMO LUMIN bulbs and Black & Decker home appliances, providing existing and potential customers a one-stop solution.



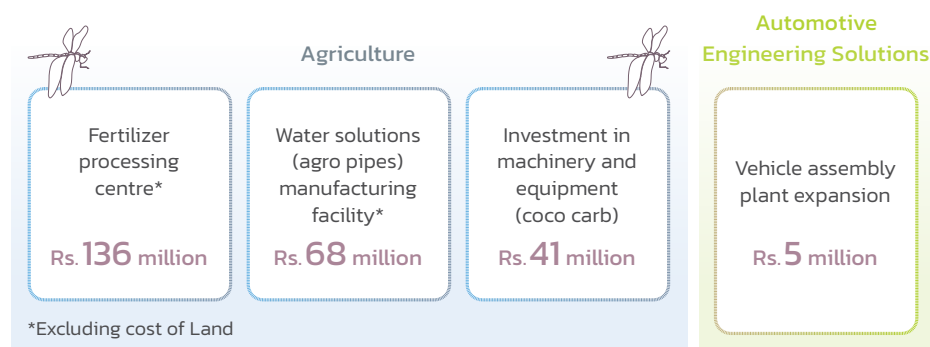


## Investments in Capacity Expansions

The group's dominant position in the market is strengthened by its sophisticated manufacturing capabilities. The 15-acre logistics centre located at Weliweriya houses the central warehousing complex, plants for TATA Ace vehicle assembly, power panel building facility and water pump assembly. The group continuously focuses on improving the manufacturing capabilities of these facilities, in alignment with its long-term vision of prioritizing local value addition.

DIMO Agribusinesses owns an agri fertilizer value addition plant at Sapugaskanda, a coconut oil production plant at Minuwangoda, and a fruit and vegetable-based product processing plant at Kurunegala. In addition, it owns a charcoal production facility, coconut milk manufacturing facility, alkathene pipe manufacturing facility in the Puttalam district. DIMO's increasing focus on manufacturing operations plays a pivotal role in cementing its competitive advantage. Approximately 19% of the group's revenue in FY 2023/24 was derived from manufacturing activities. This represents a 25% increase from the previous year, clearly indicating the vital role it plays in the group's value creation process and the management's reliance on it as a contributor to long-term success.

During the year DIMO invested approximately Rs. 250 million (Rs. 82 million – 2022/23) in capacity expansions at its manufacturing plants. The details of these investments are summarized below.



## Investments in Increasing Manufacturing Efficiencies

Over the past few years, DIMO's profile has undergone a paradigm shift from being an automobile sales and aftersales expert to a dominant player in Agriculture. Throughout its history, the group has maintained a positive attitude towards investments for diversification and in enhancing manufacturing capabilities and continuously improving manufacturing efficiencies, leading to productivity improvements. Aligning with DIMO's commitment for differentiation through a unique product portfolio, the company invested approximately Rs. 21 million (Rs. 17 million – 2022/23) during the year on the latest technologies and equipment aimed at improving the efficiency of our manufacturing operations. These initiatives will contribute to resource optimization, the reduction of waste and an increase in the productivity of the manufacturing operations.



## Digitalization in Manufacturing

With the implementation of SAP, the group had embraced digitalization within its manufacturing operations. The Production planning and Quality Management module implemented for manufacturing and assembly operations enables the integration of end to end production and assembly operations from planning and execution to sales. It also offers invaluable insights into manufacturing KPIs, which are imperative for improving productivity. Furthermore, the Plant Maintenance module will enable the group to track its manufacturing assets and ensure their timely maintenance, in order to upgrade the overall productivity level.





Manufactured Capital

Risks and Responses Relating to Manufactured Capital

During the year, DIMO faced multiple challenges in managing its manufactured capital.

Risks	Impact to business	Mitigation actions
1. Increase in cost of acquisition, maintenance and renting of physical infrastructure	The upward trend in inflation can increase the prices of manufactured assets and maintenance costs, resulting in an additional burden to the group. This could negatively impact the group's profitability as well as its availability of funds for investments.	<ul style="list-style-type: none"><li>Plan the investments based on the intensity of the requirement and group's strategic priorities.</li><li>Direct all vendor inquiries through a centralized team to increase group's bargaining power.</li></ul>
2. Risk of theft of assets or destruction due to man-made or natural calamities.	Safeguarding the company's assets against theft or natural disasters is of utmost importance to ensure flawless operations and to avoid any negative implications to the group's earnings.	<ul style="list-style-type: none"><li>Safeguarding assets through property insurance</li></ul>


Way Forward


Throughout DIMO's journey of value creation, the group will continue to focus on investing in manufacturing operations to enhance its capabilities and efficiencies, enabling the group to offer high quality products to both local and export markets. In this regard, the group has the following action plan set for the future:


Short Term Plans	Medium to Long Term Plans
<ul style="list-style-type: none"><li>Embed digitalization in managing the group's physical asset base with the use of SAP.</li></ul>	<ul style="list-style-type: none"><li>Increase investment to enhance the manufacturing capacities of export-oriented businesses with the focus of improving DIMO's footprint in the global marketplace.</li><li>Invest in sustainable manufacturing practices in alignment with group's sustainability agenda 2030.</li></ul>

Capitals Impacted

  
MC

  
IC

  
NC

  
FC

Alignment of Seven strategic priorities

- 2 Increase business presence in essential goods & services while focusing on geographical expansions
- 3 Drive for sustainable products, services, and practices

Refer page 22 – 24 to read more about Seven strategic priorities

Contribution Towards SDGs





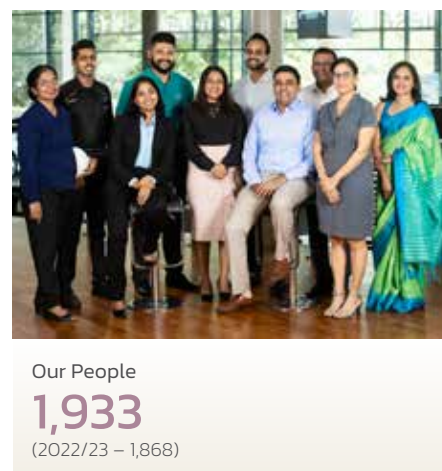
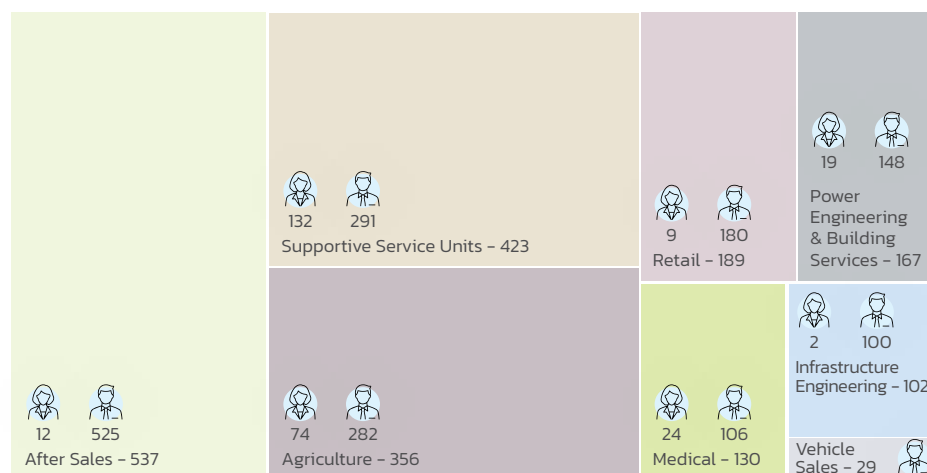




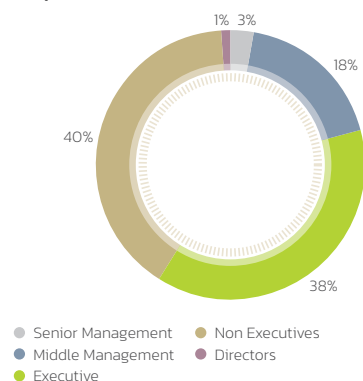
## Human Capital

Our skilled tribe, their expertise, dedication, and commitment that helps to foster a culture of excellence

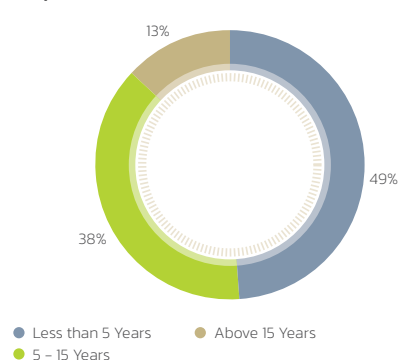
Graph 18: Employees by Segment



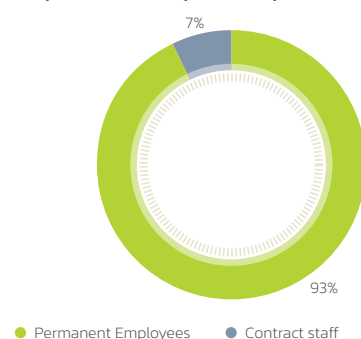
Graph 19: Employees by Category



Graph 20: Employees by Years of Service



Graph 21: Employees by Type of Employment



### Our Human capital

Our highly competent workforce transforms our purpose into value by offering innovative solutions to our customers. Their skills, expertise and commitment differentiate us from the rest and contribute towards our long-term stability.

### How Human Capital Contributes to Our Value-Creation Goals and Strategic Direction

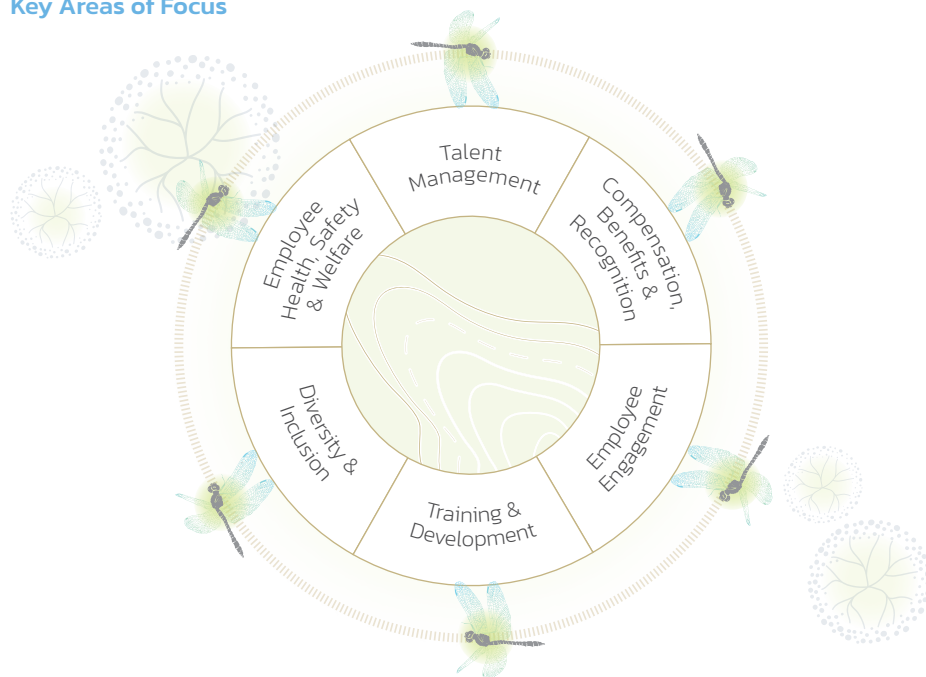
Our people are the driving force behind our success. A highly motivated and engaged workforce can drive the organization towards fulfilling its strategic aspirations and we are committed to ensure a positive and collaborative work environment which offers an enriching employment experience to our team. Our corporate values connect our employees with our strategic direction

and supports the delivery of our long-term business strategy. We empower our tribe members to unleash their full potential to provide innovative solutions to our customers, delivering our brand promise and thus differentiating ourselves from the competition. The 'Carpital' advisory service, and the mini fire truck are few such initiatives taken during the year.



## Human Capital

### Key Areas of Focus



### Milestones 2023/24

- Digitalization in HR – Implementation of SAP SuccessFactors

### HR Governance

DIMO's comprehensive HR policies, which are designed in compliance with both local and international regulatory frameworks, address all key focus areas of our HR strategy. These policies govern our ethical culture and ensure the delivery of our employee value proposition. In addition to complying with the national regulations on human resource management, DIMO has the following policies in place to ensure a secure and respectful working culture:

### HR policies of DIMO

- HR Policy
- Harassment, Bullying & Retaliation Policy
- Whistle Blowing Policy
- Code of Business Ethics
- Parental Leave Policy

### Talent Management

The Group's talent management strategy covers the complete employee life cycle from recruitment to resignation. It focuses on attracting top-tier talent, providing them with opportunities for growth and retaining the best talent within the Group, supported by our employee value proposition. We believe our tribe members are the catalysts in driving our value creation journey; we are committed to create a promising workplace for them. During the year, we have taken a new step forward by embracing digitalization in HR. The new 'SAP SuccessFactors' will integrate HR functionalities, allowing us to cater to all human resource needs efficiently, thereby sequentially boosting the overall productivity of the workforce.

### Composition of new recruitments and additions to the cadre through acquisitions

By Segment	No	By Gender	No.	By Age Group	No.
Automotive Engineering Solutions	82	Female	102	Less than 30 Years	280
Agriculture	141	Male	368	30 - 50 Years	164
Vehicle Sales	3			> 50 Years	26
Healthcare	53				
Infrastructure Engineering	17				
Power Engineering & Building Services	40				
Retail	48				
Support Services Units	86				
<b>Total New recruitments and additions to the cadre during the year (2022/23 – 217)</b>	<b>470</b>	<b>93 Tribe members promoted during the year (2022/23 – 153)</b> <b>25</b> <b>68</b>		<b>163 Vacancies internally filled (2022/23 – 212)</b> <b>27</b> <b>136</b>	

### Compensation, Benefits, and Recognition

At DIMO, we firmly believe that a fair and equitable remuneration policy is key to attracting and retaining the best talent. We are committed towards offering a competitive compensation and benefit package to our tribe members through periodic, industry specific benchmarking. Our performance-based culture minimizes subjectivity and ensures the efforts of the employees are being adequately rewarded whilst maintaining both internal and externally parity. The group also recognizes and appreciates the outstanding commitments of its employees. During DIMO Day held 05th November 2023, 36 extraordinary achievers were recognized as 'DIMO Knights'.



GRI: 2-30, 401-2, 403-4, 404-2, 404-3

#### Total Payments to Employees

**Rs. 4,561 million**  
(2022/23 – Rs. 3,257 million)

40% 



#### Total Employees felicitated

**36**

### Employee Engagement

The DIMO employee engagement scope is focused towards winning the hearts and minds of its tribe members by offering a rewarding employment experience throughout their employee life cycle. It entails ensuring the availability of basic facilities for work, rewarding their commitment, being an ethical employer and delivering our employee value proposition. The group also believes that being connected with its employees is a key factor in creating a conducive work environment. Among many other things, religious and cultural events and sports & entertainment activities are also organized to uplift team spirit and to make work enjoyable. During the year, multiple surveys were conducted to assess the effectiveness of the group's employee engagement efforts.

#### Overall Employee Engagement score

**4.2**

(2022/23 – 4.2)

### Employee voice

DIMO is committed to maintaining an inclusive workplace and employees may offer suggestions, raise their concerns and provide feedback to the Management about their employment experience. This includes Employee Councils held monthly, feedback surveys and HR clinics designed not only to make employees' voices heard, but also to provide resolutions to employee concerns.

#### Employee Council Meetings held

**12**

(2022/23 – 12)

#### No. of surveys conducted

**4**

(2022/23 – 4)

#### HR Clinics

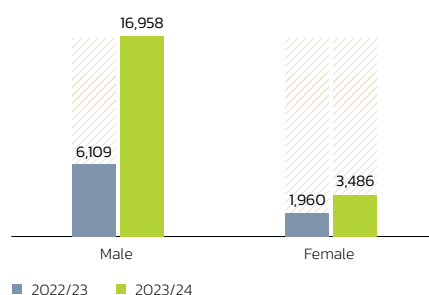
**8**

(2022/23 – 8)

### Training and Development

We believe continuous training and development is required to strengthen the skills and capabilities of our tribe members. Through the yearly training need analysis, gaps are identified, and proactive measures are taken to equip staff with these skills. Our training programs include a mix of skill, knowledge and attitude development programs, sessions on elevating customer experience, giving prominence to leadership development. We adopt a blended approach of class-room trainings, online programs, bite-size trainings, and gamified training.

**Graph 22:**  
Gender Wise Training Participation (Hours)



#### Total investment on training (Trainings conducted locally)

**Rs. 24 million**

(2022/23 – Rs. 11 million)

#### Average training cost per employee

**Rs. 17,030**

(2022/23 – Rs. 14,728)

#### Average training Hours per employee (Gender wise)



**12.63**

(22/23 – 16.75)



**14.63**

(22/23 – 9.5)

### Diversity and Inclusion

We embrace the diversity within our workforce and design our HR strategies to offer an inclusive workplace to all tribe members by providing equal opportunity to all. We believe this dynamism in the workforce is a powerful driver of innovation and thus, much emphasis is given to leveraging these opportunities. At DIMO we warrant no discrimination on race, religious belief, age, nationality, disability, sexual orientation or political opinion and ensure that each individual is respected. Our anti-harassment helpline, managed by an independent external party, showcases our promise of a conducive workplace.

#### Female participation in workforce



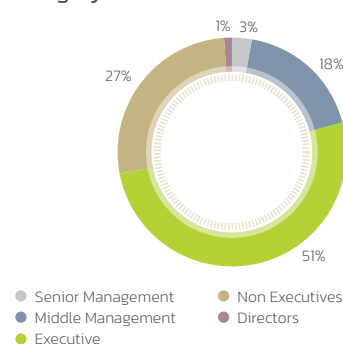
**272**

2023/24

**217**

2022/23

**Graph 23:**  
Female participation by designation category

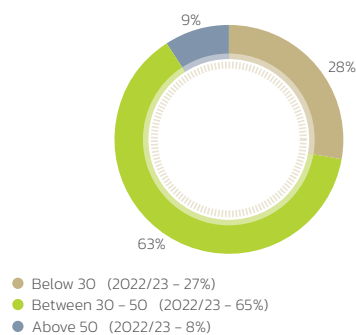




## Human Capital

Due to the inherent nature of our business, most technical jobs are male dominated. However, we are strongly committed towards breaking the glass-ceiling for women by recruiting more females for mechatronics services and by increasing female participation in decision making roles.

**Graph 24:**  
**Employees by Age Group**



### Employee Health, Safety and Welfare

At DIMO the total wellness of an employee – physical, psychological and financial, is taken care of through a meticulously crafted governance framework. We prioritize the safety of our employees above everything, else, and stringent measures have been taken to minimize workplace accidents and injuries. The safety team conducts periodic hazard hunts and immediate solutions are given during monthly safety meetings. To promote a safety conscious culture, training on firefighting, first aid and emergency response is offered to all staff. Among many other measures, the company also has medical centres at certain key locations with a trained representative, while employees also have access to a medical practitioner at no cost.

### Health & Safety records

Cases	2023/24	2022/23
Injuries	12	9
Occupational diseases	NIL	NIL
Lost working days	168	80
Work related fatalities	NIL	NIL

### Risks and Response Relating to Human Capital

During the year under review, the group faced multiple challenges influenced by both the VUCA world and the changes in the internal environment in which it operates.

**Table 15: Risk, Impact and Mitigation Action**

Risks	Impact to business	Mitigation actions
<b>1. Staff Attrition</b>	Influenced by the uncertain economic situation of the country, many skilled professionals left the country for greener pastures. Consequently, DIMO also experienced significant employee attrition during the period. However, the critical talent attrition during the year was only 0.4%.	<ul style="list-style-type: none"> <li>Benchmarking with industry and offering competitive compensation and benefit packages.</li> <li>Offering internal promotion opportunities.</li> </ul>
<b>2. Change Management</b>	During the year, the company implemented its new ERP, 'SAP' with a focus on re-engineering its current business processes. This shift from the previous thinking to the new required significant efforts on change management.	<ul style="list-style-type: none"> <li>Providing continuous training on system functionalities to align the staff to the core objectives of the project.</li> </ul>
<b>3. Employee unrest due to economic crisis</b>	Rising inflation and economic volatility in the country may create frustration among the employees. This could negatively affect employee morale and thereby their productivity.	<ul style="list-style-type: none"> <li>Conducting periodic 'HR clinics' to understand employee grievances and to address their issues.</li> </ul>

### Way Forward

Managing the unprecedented challenges posed by today's ever-changing business world is vital for driving our business towards its strategic direction. In this regard, the agility of our employees plays a significant role. We are committed towards upskilling our workforce, streamlining our HR processes and improving gender parity with the aim of becoming a dynamic and innovative employer.

#### Short Term plans

- Aligning all our subsidiaries to DIMO group's HR practices ensuring uniformity across the group.
- Designing ourselves for greater scalability through digitalization.

#### Medium to Long term plans

- Maintaining gender parity by increasing the number of women in decision making roles to 40% by 2030.
- Striving to brand ourselves as a young, innovative and dynamic organization and be a 'top-of-the-mind employer'.

### Alignment of Seven Strategic Priorities

- Critical talent retention via equitable compensation
- Creating a conducive environment for employees to collaborate seamlessly, ensuring a unified brand voice and consistent customer journey(s)

 Refer page 22 - 24 to read more about Seven strategic priorities

### Contribution Towards SDGs







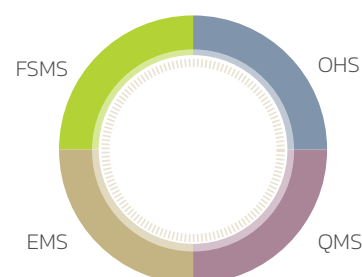
## Intellectual Capital

Our core expertise, skills, and capabilities enrooted in our business.

Graph 25: Total Investment in Digitalization as at 31st March 2024 (Rs. 892 million)



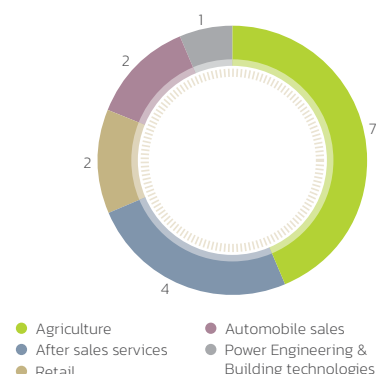
Graph 26: Type of Certifications



Graph 27: Investment for Research & Development (Rs. 27 million)



Graph 28: No. of Own Brands



### What Intellectual Capital Means to DIMO

The group's intellectual capital is the invisible ingredient that distinguishes DIMO from competition and drives sustainable growth. It encompasses the abundance of knowledge and expertise intrinsic to our group as well as our operational procedures, digitalization, brand reputation, capacities for innovation and strategic alliances. It is undoubtedly a significant contributor to the group's value creation journey and equips us to respond adeptly to the ever-changing business challenges.

### How Intellectual Capital Contributes to Our Value-Creation Goals and Strategic Direction

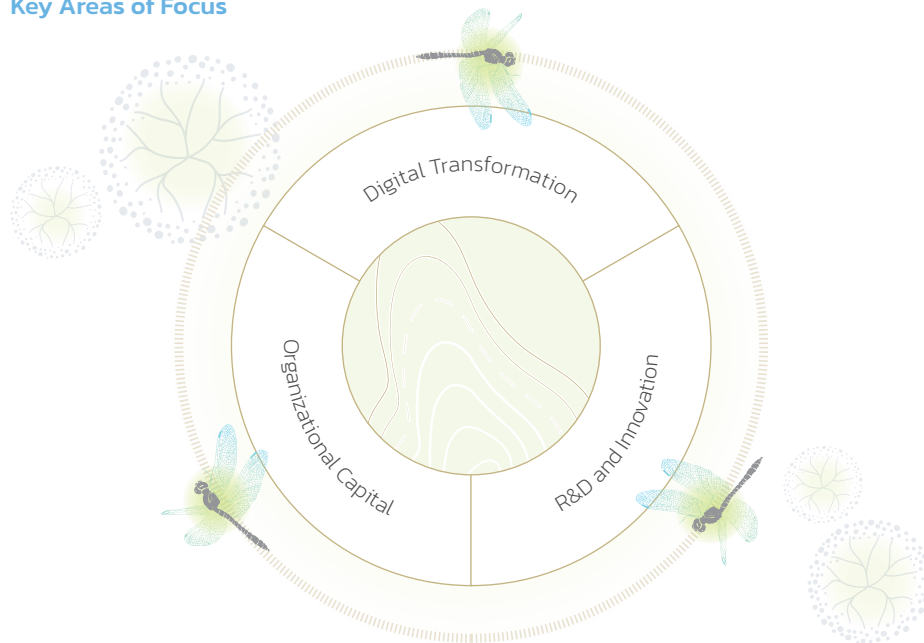
The strength of our intellectual capital plays a pivotal role in our strategic direction and value creation journey. The group's latest investments in a top-notch ERP system [SAP] has paved the way for unlocking its potential in digital transformation and will drive operational efficiencies by streamlining its processes. The use of advanced digital technologies enables the group to innovate its business processes, enhance operational

efficiency and increase its competitive position in the market whilst driving sustainable long-term business growth. The reputation attained by the DIMO brand over a period of 85 years and our commitment to customer centricity have paved the way for creating lasting strategic partnerships with our key customers. Our aptitude for innovation, stemming from our strategic priorities, will steer long-term stability.



## Intellectual Capital

### Key Areas of Focus



### Legal Entities within Scope 13

Modules Implemented in Phase I :

On prem modules : 12


Cloud modules : 9

Modules planned for phase II :

16 modules

### Research & Development and Innovation

We firmly believe that our continuous commitment to research & development and our aptitude for innovation across all business segments is prerequisite to differentiating ourselves in the constantly evolving marketplace. It is undoubtedly a fundamental skill that is critical to ensure long-term stability. The company's largest agriculture research and development facilities are located at Lenadora, Lindula and Nikeweratiya. These Techno Parks are used to carryout research and demonstration activities aimed at transforming the future of agriculture in Sri Lanka. The Company's assembly plant located at the Weliweriya logistics centre is the hub for TATA Ace vehicles assembly, power panels and water pump assembly operations aimed at driving product innovation. At DIMO, we are committed to spearheading both product and process innovation in all our businesses to deliver superior customer value, thereby strengthening our future growth potential.

 Please refer page 61 on Manufactured Capital to read more about our manufacturing capabilities

### Digital Transformation

#### Project Genesis



In order to unlock its potential in digital transformation, DIMO embarked on a revolutionary journey to implement the world class ERP system, SAP for its business. This will integrate the group's business processes and will enhance our value generation by streamlining our operations, optimizing the utilization of resources and leveraging on the synergies created by cross-functional collaboration. By re-engineering our current business processes, DIMO will align its IT strategy with the corporate strategic priorities, and this will strengthen our ability to navigate the challenges posed by a VUCA world and will pave the way for long-term stability. Please refer page 25 – 26 to read more about our IT strategy as a key strategic enabler in achieving strategic priorities.

#### Benefits yielded

- Restructuring our existing business processes to adopt industry best practices focusing on productivity enhancement.
- Creating the maximum value for Customers and Principals in each of the value chains we operate by seamlessly integrating customers, suppliers and employees with business functions through digitalization.
- Real time data analytics enabling data-driven decision making across the organization.
- Insights-driven and integrated strategic planning and budgeting; efficient management of working capital through accurate demand planning; cost optimization along the supply chain.
- Streamlining manufacturing and assembly operations through integration and elevating efficiencies by setting KPIs.
- Centralised shared services through standardization and automation of business processes aimed at improving efficiency and effectiveness.





## Product Innovations



- Introduction of 'Tata Yodha' Diesel Pickup vehicle.
- Conversion of an assembled Tata Ace model to a mini fire truck.
- Assembly of a recreational vehicle aimed at export market.
- Organic fruit and vegetable based product range introduction to local market; 'Flava' brand.
- DIMO Agri water solution – agro pipes made from recyclable & reused plastics.
- Pioneering the introduction of Drone technology for agriculture.
- Vegan Meat alternatives for export market
- Spreads and canned fruits and vegetables for export market.
- New high technology advanced tractor model of Mahindra – YUVO Tech+ 585
- Two wheel tractor model from DIMO (a first for DIMO) – VIKYNO RV 125

## Process Innovations



- Implementation of Extended Warehouse Management system for Weliweriya. [Project Genesis]
- Implementation of production planning and quality management modules of SAP for manufacturing and assembly operations. [Project Genesis]
- Introduction of a new sales stream for passenger vehicle sales.
- Introduction of centralised Shared Services for resource management and process efficiencies.



TAGS Awards 2023



Great Place to Work Awards 2023



View DIMO's owned brands

<https://www.dimolanka.com/our-brands/>

## Highlights 2023/24

**Flava**  
by DIMO

- Launching of 'Flava' – Organic fruits and vegetable based products.

**Miditer**  
NATURALLY PURE

- Launching of new product range aimed at export market by 'Miditer'.

## Organisational Capital

### Reputation and Brand Management

With a longstanding track record of over 85 years, DIMO brand has a strong reputation for quality, best-in-class customer service and trust. We strive to embody our brand promise of becoming the perfect partner by building sustainable relationships with world class principals and stakeholders. We are passionate about living our brand purpose by fuelling dreams and aspirations of the communities we serve. By providing unparalleled customer service, offering quality products, and engaging local manufacturers in our value chains, we are committed to upholding our brand purpose. In addition to the principal brands we represent, DIMO also has 16 owned brands introduced to the market.



At DIMO, managing our reputation is given the utmost importance and careful attention. All communications are screened through a stringent process to ensure that no communications that would indirectly harm our reputation takes place. All public communications are reviewed against compliance with legal and regulatory requirements, corporate guidelines, and ethics and guidelines, prior to publishing.

### Management systems and processes

A meticulously designed management system enables the effective implementation of internal processes and procedures. Such systems will assist the organization to preserve its knowledge base in response to the risk of tacit knowledge loss due to employee turnover. A well-defined management system will facilitate the seamless transition of responsibilities from one employee to another. The implementation of Tier 1 ERP system SAP enabled the company to streamline its



## Intellectual Capital

business processes and integrate business operations with its strategic priorities to create value. All transaction processing now happens in SAP and the Management relies on the insights generated through SAP for performance management and decision making. It is the underlying foundation on which DIMO's business processes are built on and had significantly contributed to converting organizational wide knowledge into explicit knowledge. Thus, the group's risk of tacit knowledge loss is minimized.

The management systems of DIMO, which are regarded as an integral part of our intellectual capital that is fundamental to our value creation efforts, have obtained the following accreditations:

- ISO 9001:2015 Quality Management System valid till 25th Oct 2025 (QMS)
- ISO 14001:2015 Environment Management System valid till 25th Oct 2025 (EMS)
- ISO 45001:2018 Occupational Health and Safety Management System valid till 15th June 2025 (OHS)
- ISO 22000:2018 Food Safety Management System valid till 11th January 2026 (FSMS)

### Workshop Management system



Our state-of-the-art Mercedes Benz workshop is managed as per global standards set out by our principals to ensure a superior service is received by our customers. The 'XENTRY' system offered by Mercedes Benz encompasses a comprehensive guideline on sales and after-sales processes including an extensive stepwise approach on handling customer concerns. It also has a complete product catalogue enabling our service team to identify the required parts for each vehicle's specific requirement. It also lists the KPI's to be assigned to each team for measuring service performance and offers online trainings for users. By using XENTRY, our after-sales team is fully trained and

equipped to offer best-in-class service to our customers, offering us an unparalleled competitive edge over others in the market.

### Social Accountability Management system

DIMO is committed to ensuring compliance with social accountability standards to the best of its abilities and to ensuring that all internal procedures and practices are suitable for that purpose. The company carries out its business in a way that is fair and decent for its' employees, onsite service providers, contractors, and other stakeholders to demonstrate their adherence to the highest social standards. DIMO's social accountability standards focuses on 8 key areas in the workplace, child labour, forced labour, health and safety, freedom of association and collective bargaining, discrimination, disciplinary practices, working hours and compensation. DIMO opposes the use of Child Labour, Forced Labour. The company is committed to work towards a goal of zero accidents and the general wellbeing in the workplace. DIMO upholds the Freedom of Association and Right to Collective Bargaining, ensures there is no Discrimination and is committed to ensure that each employee and potential employee is treated with fairness and dignity.

The social standards practiced at Tropical Health Foods is SEDEX certified, which verifies that the company is meeting the ethical standards established by SEDEX (Supplier Ethical Data Exchange).

### Certifications

Virgin Oil International (Pvt) Limited and Tropical Health Food (Pvt) Limited have obtained the following certifications, further strengthening our processes. All products manufactured by these companies comply with the product certifications required for export businesses.


- SMETA : Social audit
- BRCA : Food safety
- HACCP : Food safety

### Industry Knowhow

With over 85 years of experience in doing business in Sri Lanka, DIMO has enriched itself with unique industry specific knowledge which strengthens its competitive position. This exclusive knowledge and expertise associated with the DIMO brand name form part of our intellectual capital and yields benefits throughout the value creation journey. It could also be considered an enabler for our brand to be recognized at multiple forums.

### Awards and accolades

The DIMO brand is frequently recognized in the industry for the premium quality it had always maintained. The following are a few such awards received by the DIMO Group during year.

 Please refer page 8 to read more about our awards and accolades

- Silver Trophy in the Vehicle Servicing category – Presidential Environment Awards 2021-2022, Central Environment Authority – Min. Of Environment
- BASF Award for Excellence in Business – Best in Crisis Management, BASF Pharma Solutions Asia Pacific
- CMA Excellence in Integrated Reporting Awards – Total 4 awards including Overall Gold winner (shared)
- TAGS Awards 2023 for Corporate Reporting – Total 4 awards including 2 Gold awards for Diversified holdings (Group Turnover up to Rs. 50 billion) Sector and Best Integrated report (Shared).
- Award in Recognition of DIMO 's Automobile Engineering Initiative for Females – AICPA & CIMA Satyn Women Friendly Work Places Awards 2023
- Best Support Services in the Maritime Industry – DIMO Coastline (Pvt) Ltd – South Asian Business Excellence Awards 2023 (SAPS)
- South Asian Federation of Accountants (SAFA) – Gold awards for Best Integrated Report and joint winner of Diversified Holdings sector.



## Risks and Response Relating to Intellectual Capital

The group's intellectual capital is exposed to the following risks; their impacts and the group's risk mitigation responses are also listed below.

Table 16: Risk, Impact, and Mitigation Action

Risks	Impact to business	Mitigation actions
1. <b>Risks of cyber-attacks and loss of information</b>	The increased use of digitalization in the operations has exposed the group to a novel series of threats; potential cyber-attacks and loss of information.	<ul style="list-style-type: none"> <li>Perform regular reviews of IT security systems and upgrade as required.</li> <li>Increase awareness among users to identify potential phishing attacks.</li> </ul>
2. <b>Risk of damage to brand value</b>	The 85-year-old history associated with the DIMO brand symbolises the trust and respect it has earned. Any actions that could negatively impact the brand value could result in loss of confidence among stakeholders and in turn loss of business.	<ul style="list-style-type: none"> <li>Strengthen the brand governance framework and align all marketing and branding activities to the same.</li> <li>Collaborate with third party agencies to assess the sentiments of the general public towards DIMO brand.</li> </ul>
3. <b>Loss of tacit knowledge</b>	The organisational knowledge built over a history of eight decades is a key factor which makes DIMO unique. Any loss of such tacit organizational knowledge could negatively impact the brand name and thereby, the business.	<ul style="list-style-type: none"> <li>Streamline existing business processes and conduct frequent knowledge sharing within departments aimed at nurturing our organizational knowledge. Use technology to manage workflows and to retain data, information and statistics in a data base.</li> </ul>

## Way Forward

DIMO's journey to unlock its potential focuses on the key areas of digital transformation, research & development and Innovation. As we venture forward, it is of utmost importance that we tackle the brand-new challenges posed by the everchanging business landscape. In this regard, the group has the following action plan with a future focus.

### Short Term Plans

- Increase digital competencies by implementing Project Genesis : Phase II, which will enhance our capabilities in analytics and integrated business planning.
- Automate existing manual business processes and improve process efficiency through integration.
- Leverage on research & development capabilities and continuously focus on new product development.

### Medium to Long Term Plans

- Increase investment to enhance the research & development capacities of export-oriented businesses with the focus of marking DIMO's footprint in the global marketplace.
- Implement big data analytics with focus on driving sustainable long-term interactions with stakeholders.

## Capitals Impacted



## Alignment of Seven strategic priorities

- Enhance brand equity

Refer page 22 – 24 to read more about Seven strategic priorities

## Contribution Towards SDGs



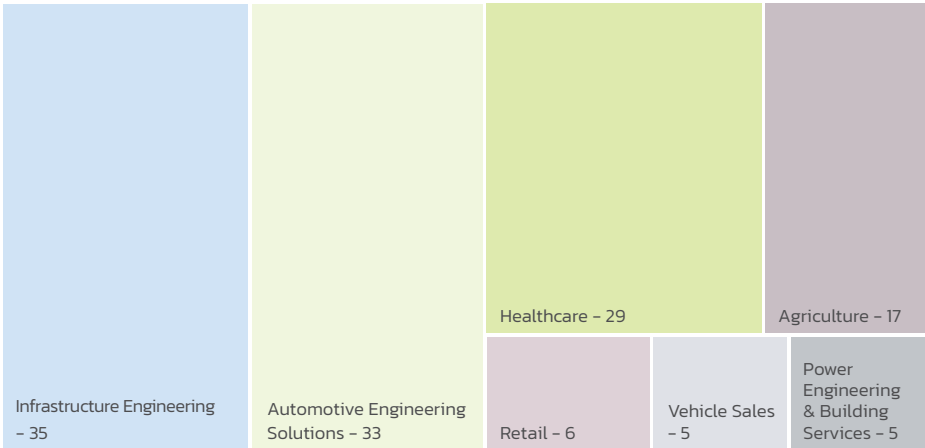




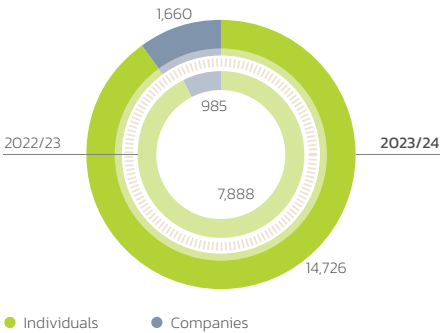
## Social and Relationship Capital

Our strong commitment towards building and maintaining sustainable relationships with our stakeholders

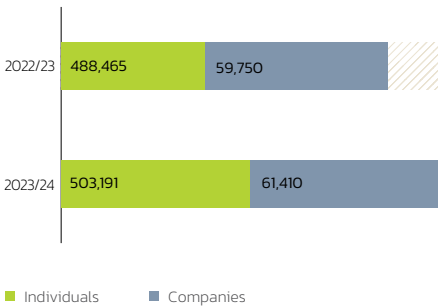
Graph 29: Segment Wise No. of Principal Brands – 130 (2022/23 – 129)



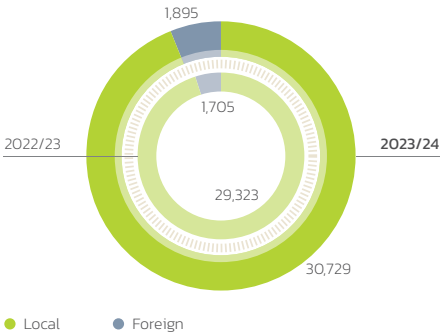
Graph 30: New Customer Additions During the Year



Graph 31: Our Customer Base



Graph 32: No. of Suppliers by Type (including principals)



What Social and Relationship Capital Means to DIMO

Our social and relationship capital represents the fundamental link between our business and our customers, suppliers, regulators and the community at large. It embodies our steadfast commitment towards maintaining sustainable business relationships with these stakeholders, who are also the beneficiaries of our value creation process.

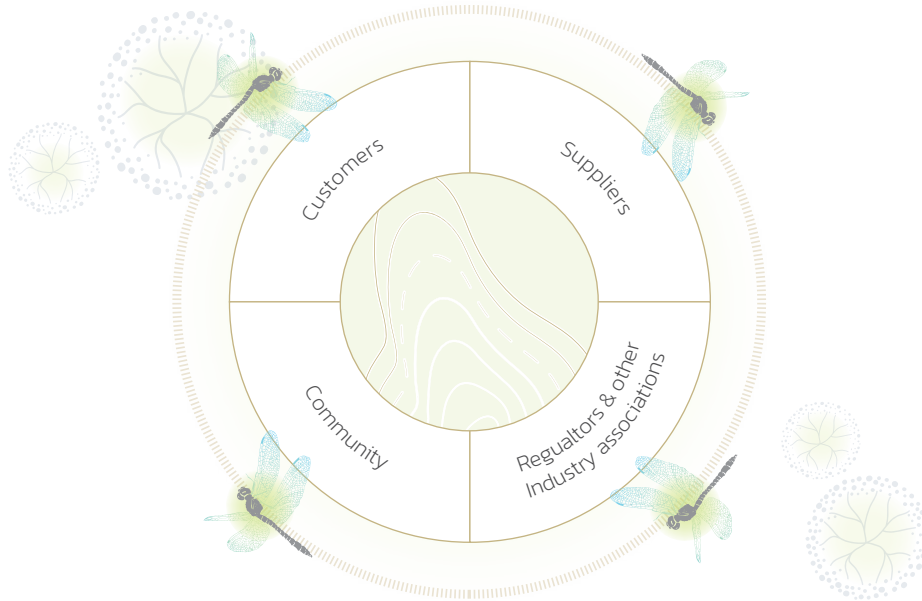
How Social and Relationship Capital Contributes to Our Value-creation Goals and Strategic Direction

As a diversified conglomerate which operates in multiple industries, maintaining meaningful relationships with our stakeholders and aligning the group’s strategic priorities with their expectations is essential for our long-term stability. We have secured lasting customer interactions by maintaining a customer centric approach throughout our businesses, and in our Aftersales services in particular. Our positive relationships with our foreign principals strengthen our supply

chain process. DIMO represents the highest number of German brands in Sri Lanka, which underscores the trust and reputation we have earned through our ethical business operations and strong relationships with principals. Such collaborative efforts enable us to differentiate ourselves by leveraging on these relationships to achieve our long-term strategic priorities.



## Key Areas of Focus



### Customers

The strength of the customer relationships we nurture plays a pivotal role in cementing the long-term stability of our business. The Group sets its strategic priorities with a focus on delivering value to our customers and we believe that fostering a customer-centric approach in all areas of our business will have a significant positive impact on our capacity to realise continuous financial value in future. As an ethical business, DIMO complies with all legal and regulatory requirements, both in local and export markets. All our products undergo a rigorous quality management process to ensure that our customers receive the best. The certifications received by DIMO group, as explained in page 70 under intellectual capital, reflect our commitment in this regard.

DIMO also continuously looks for opportunities to offer innovative products to customers with the aim of delivering enhanced customer value. The new products introduced during the year, as detailed on page 69, clearly demonstrate our efforts to generate shared value.

*"Delivering exceptional Customer Experience (CX) is at the heart of our operations. By continuously listening to our customers and innovating to meet their evolving needs, we strengthen our relationships and build lasting trust. Our commitment to exceptional Customer Experience goes beyond transactions; it fosters trust and loyalty, the foundation of our Social and Relationship Capital"*

**Dinuk Peiris**  
Group Chief Marketing Officer

Total Customers as at 31st March 2024

**564,601**  
(2022/23 – 548,215)

New Customers on boarded in 2023/24

**16,386**  
(New onboarded in 2022/23 – 8,873)

### Digitalization of Customer Relationship Management

Embracing the latest technology, DIMO began digitalization of customer relationship management. Our latest investment on 'Customer Experience – CX Project', aims to induce purchasing and inspire loyalty. Further, the recent implementation of SAP – Sales Cloud will strengthen the sales force by offering easy order capturing capabilities. The two systems are expected to be integrated in future, transforming the history of customer relationship management at DIMO.

### Customer engagement

It is important to invest in customer engagement in order to foster healthy customer relationship by offering an unmatched customer experience. In this respect, DIMO has facilitated the formation of the following clubs, to reward loyalty and to differentiate DIMO customers from the rest.

- Mercedes-Benz Club
- Jeep Club
- TATA Emperor

### Customer voice

At DIMO we believe that continuous customer engagement is key to understanding market dynamics and to be proactive in responding to emerging customer needs. To facilitate engagement, DIMO has a dedicated call centre and customer relationship management team who engage with customers through various channels, and identify and respond to customer concerns. We value customer complaints and consider them an opportunity to improve ourselves to deliver a better customer experience. All complaints received are separately recorded and monitored for timely resolution.

Customer Satisfaction Index Score 2023/ 24

**91**  
(2022/23 – 89)



Social and Relationship Capital

The team also performs periodic surveys to assess the quality of the customer experience received from DIMO. The frequency of the survey is based on the industry, and responses are captured through multiple platforms and analysed in detail to understand the strengths and weaknesses of our processes.

Suppliers

Throughout its history of over eight decades, DIMO had maintained long term associations with some of the world’s best brands. Maintaining long-term relationships with our principals and suppliers is imperative to differentiate ourselves and deliver a superior customer value proposition. Trust, transparency and longevity are the guiding principles that shape our relationships with our suppliers. The fit between DIMO and its principals and suppliers is vital for the delivery of our customer value proposition whilst aligning with our strategic direction, and such goal congruence will support our responsible value creation journey.

DIMO has a diverse supplier base, both geographically and by scale of operations, ranging from small scale suppliers to large B2B traders. Our total supplier base consists of over 32,624 suppliers (including principals). The strong and positive relationships we share with our suppliers have enabled us to manage our supply chains efficiently and effectively.

Total Suppliers

32,624

(2022/23 – 31,028)

% of local suppliers

94%

(2022/23 – 95%)

Strategic relationships with Principals

118

(2022/23 – 116)

Supplier value creation

The group’s total financial value creation to suppliers increased by 62% to Rs. 50,892 million during the year, indicating our unwavering pledge towards our business amidst the challenging economic conditions. From the total supplier payments, about 39% are made to local suppliers. To create a positive impact on the country’s economy, DIMO considers local value creation as an integral part of its long-term strategy. We have maintained enduring relationships with local suppliers, especially in sourcing the raw materials required for our manufacturing operations, and we are committed to continuously enhance our local footprint. While striving to create continuous value for our suppliers, we also endeavour to obtain their commitment to the DIMO Supplier code. This ensures that our goals and strategies are aligned, thus producing a collaborative effort.

Total payments to suppliers

Rs. 50,892 million

(2022/23 – Rs. 31,466 million) 62% ▲

Payments local suppliers

Rs. 19,829 million

(2022/23 – 8,700)

Supplier Engagement

**Mercedes-Benz Flying Doctor service clinic**  
DIMO as the home of Mercedes-Benz in Sri Lanka engages with its principal to offer an exclusive service to its customers through facilitating ‘Mercedes-Benz flying doctor service clinic’ in Sri Lanka. This program is hosted by Mercedes-Benz AG together with its authorized partners to provide an opportunity to its customers to meet their Global Technical Expert for an invaluable knowledge sharing session. Customers will have the opportunity to meet the Mercedes-Benz technical expert in person at DIMO premises and receive first-hand technical insights into the well-being of their prestigious asset. This offers DIMO an unparalleled opportunity to strengthen its relationship with its principals and assure trust with customers.

Regulators and Other Industry Associations

As a diversified conglomerate with a lifespan of over 85 years of doing business in the country, DIMO is recognized for its ethical and lawful conduct and expertise in the industries in which it operates. The group prudently complies with all applicable rules, regulations and guidelines, strengthening its governance framework. Such compliant behaviour enables us to maintain a positive relationship with the regulatory bodies, which allows us to grow our business as we envisage.

DIMO also engages with many industry associations to exchange knowledge. Our employees hold memberships in these respected associations, and are involved in acquiring and sharing knowledge and expertise by serving on various boards and committees. This reflects our unwavering commitment to creating mutual value to DIMO and the society at large.

The DIMO Group has affiliations with the following esteemed associations (among others):

1. Central Environmental Authority
2. Ceylon Motor Traders Association
3. Employer’s Federation of Ceylon
4. German Chamber of Industry and Commerce (AHK)
5. Sri Lanka Food Processors Association
6. The Ceylon Chamber of Commerce
7. The Colombo Stock Exchange
8. The European Chamber of Commerce of Sri Lanka
9. The Export Development Board
10. The Institute of Chartered Accountants of Sri Lanka





## Community

In line with DIMO's overarching vision to fuel the dreams and aspirations of the communities we serve, we strive to make a positive impact on the lives of the people we associate with. As a responsible corporate citizen, we acknowledge our obligation towards the society at large. This desire to integrate our community into our value creation journey will enhance our brand equity, increasing employment and business opportunities, improving the quality of the environment we live in and advancing the lifestyles of the people we associate with.

To transform our visionary thinking to actions, the company had initiated many programs during the period and details of such initiative can be found in the Sustainability Agenda 2030 from page 128 to 136. The details articulate our social sustainability strategy. A few such activities are listed below.

- Leadership, skill development and sustainability education programs
- DIMO Nature Club – Young Explorers Program
- Book Donation Campaign (Lassana Hetak)
- Donations for Community
- DIMO Nature Club – Blood Donation Campaign
- DATS – Free Education
- Agri – Farmer Outgrower Program

### DATS Free Education Program

 Refer 37 to read more about DIMO Academy

The DIMO Academy for Technical skills (DATS) helps uphold the livelihoods of youth by offering world class vocational training opportunities for those who wish to pursue a career in Science, Technology, Engineering and Mathematics (STEM) occupations. The academy also offers free education scholarships for aspiring young learners in need. So far 15 students have been enrolled through the free scholarship program, reflecting DIMO's commitment towards community development.

Total investment

**Rs. 31 million**

(2022/23 – Rs. 17 million )

Total Beneficiaries

**3,491**

(2022/23 – 2,946)

### 'CARPITAL'

While the vehicle market has faced an import ban on brand new vehicles since March 2020, DIMO introduced 'CARPITAL', a complimentary advisory service for luxury vehicles. This complimentary service is available for all luxury vehicle owners and is aimed at making a positive impact on the community by sharing DIMO's unparalleled expertise in luxury automobiles.



## Risks and Responses Relating to Social and Relationship Capital

We are exposed to the following risks when managing our social and relationship capital towards value creation. The potential impact of such risks and the mitigation actions are explained in detail below.

Table 17: Risks, Impact, and Mitigation Action

Risks	Impact to business	Mitigation actions
1. <b>Loss of key suppliers</b>	Losing a key supplier can have a significant negative impact on DIMO as our suppliers play a vital role in our value creation by providing the required materials and services.	<ul style="list-style-type: none"> <li>• Managing our relationships with suppliers effectively and efficiently by agreeing on mutually beneficial terms and conditions.</li> <li>• Maintaining a pool of suppliers, especially for specialized materials where supply is limited, to minimize dependence on one.</li> </ul>





Social and Relationship Capital

Risks	Impact to business	Mitigation actions
2. Loss of loyal customers	Our loyal customers are the backbone of our business and loss of customers could negatively impact the business and reduce our earnings.	<ul style="list-style-type: none"><li>Focusing on increasing customer value proposition by integrating with the latest digital tools implemented with the aim of differentiating ourselves in the market.</li><li>Investments in Customer Experience Management in terms of Human Capital and Technology</li></ul>
3. Negative societal impact on Company	Maintaining a positive relationship with the community is essential to ensuring our social license to operate. Any negative impact to the society from our business operations could severely damage our brand name, leading to a lowering of our earnings.	<ul style="list-style-type: none"><li>Continuous engagement with the community groups we associate with to understand their concerns and provide prompt responses.</li><li>Giving more prominence to social sustainability in our sustainability agenda 2030.</li></ul>

Way Forward

In order to fulfil our strategic priorities and achieve sustainable business growth, it is imperative that we maintain healthy relationships with our customers, suppliers, regulators and other industry associations and our community at large. To this end, DIMO has established the following action plan.


Short Term Plans


- Integrate CX and SAP Sales cloud platforms to improve customer centricity and ensure the efficient delivery of the customer value proposition. This will eventually have a positive impact in the medium and long term too.
- More frequent stakeholder engagement


Medium to Long Term Plans

- Build strategic relationships with reputed local and foreign suppliers who adhere to environmentally responsible practices with a view to supporting sustainable sourcing and procurement.
- Increase investment on social sustainability with the aim of creating a significant positive impact on the society.

Capitals Impacted

  
IC

  
SC

  
FC

Alignment of Seven strategic priorities

3 Drive for sustainable products, services and practices

4 Enhance Brand Equity

6 Create a conducive work environment for employees to collaborate seamlessly, ensuring a unified brand voice and consistent customer journeys

7 Address Climate risk

Refer page 22 – 24 to read more about seven strategic priorities

Contribution Towards SDGs

2 

3 

4 

10 





## Natural Capital

Managing natural capital in our day-to-day operations is regulated through DIMO's Environmental Management System.

Our Owned Land Area

**103 Acres**

(2022/23 – 85 Acres)

Total Water Consumption

**69,914 m<sup>3</sup>**

(2022/23 – 50,964 m<sup>3</sup>)

Total Energy Consumption

**51,503 GJ**

(2022/23 – 42,883 GJ)



Natural resources that we draw out from non-renewable and renewable sources are included within this important capital. Sri Lanka is a country with medium to high water risk/stress and therefore, we need to be more conscious of how we extract water from natural resources.

Managing natural capital is embedded in day-to-day operations through DIMO's Environmental Management System (EMS). A dedicated sustainability team ensures continuous improvements while the compliance team ensures that daily operations adhere to the EMS.

The Environment Pillar of DIMO's Sustainability Agenda 2030 is led by a Pillar Head from the Senior Management team, who provides effective leadership. The four main KPIs of the Pillar to be achieved by 2030, namely, 100% reuse of recycled water, zero landfill, 1:1 biodiversity restoration and 50%

reduction in GHG emissions, clearly vouch for our commitment to make substantial change and reduce our footprint. Since the environment is an important element of DIMO's sustainability strategy, more disclosures about this capital are provided under the section named 'Statement of ESG performance' presented from page 137 – 148.



Please refer page 137 to read more on the ESG statement



### Renewable

With the intention of reducing the use of fossil fuel in electricity generation, DIMO has invested in solar energy at several of our premises. Currently operational in 5 locations – Weliveriya, Siyambalape, DIMO 800 and MTU Building and Embilipitiya as a 1MW ground mount location – these solar installations have a combined capacity of 2,765.09 kW and contribute directly to the national grid. More capacity will be added to this portfolio during the year.



### Non-renewable

We source our energy mostly from the main grid and have utilized building design to capture more natural light for lighting and use efficient lighting fittings for saving more. Other non-renewable energy is sourced to run generators and to fuel DIMO-owned vehicles and vehicles being serviced in DIMO workstations.



### Recoverable

As a measure to reduce ground water consumption, DIMO has invested in water recycling by filtering through a carbon and sand process before being reused for operational activities such as vehicle undercarriage washing. Rainwater harvesting plants have also been initiated to collect rainwater.

Irresponsible waste disposal, among other issues, causes pollution and landfill, reducing the availability of clean ground water and land, which are inputs for many businesses. Therefore, we play our part responsibly when it comes to waste disposal. At DIMO, disposing waste sustainably is a priority and is mandated by the EMS. We are currently experimenting with the best methods of disposing sludge, which is an output of our effluent treatment plants.





Natural Capital



This topic covers all areas of our agricultural land and the restoration efforts taken to achieve 1:1 restoration by 2030. We provide local farmers with necessary technical knowledge and access to equipment that will boost crop yield and productivity. DIMO Agri offers an all-in-one experience centre, the first of its kind in Sri Lanka, where visitors can observe our product range and processes to understand the workings of this sector and what we do for its enhancement. We provide guidance on crop nutrition and crop protection as well as soil nutrition and maintaining healthy soil, while supplying a range of seeds to local farming communities.

Our own land area extends to 103 acres (2023/24), keeping our baseline at 82 acres (33.18 hectares) while we have been to restore 10.83 hectares through our Turtle Conservation project at Panama, 'Life' Project at Kanneliya, 'Life to Reef' – Coral Restoration project at Rumassala and Mangrove Restoration project at Galle.

Alignment of Seven strategic priorities

- 3 Drive for sustainable products, services and practices
- 7 Address climate risk

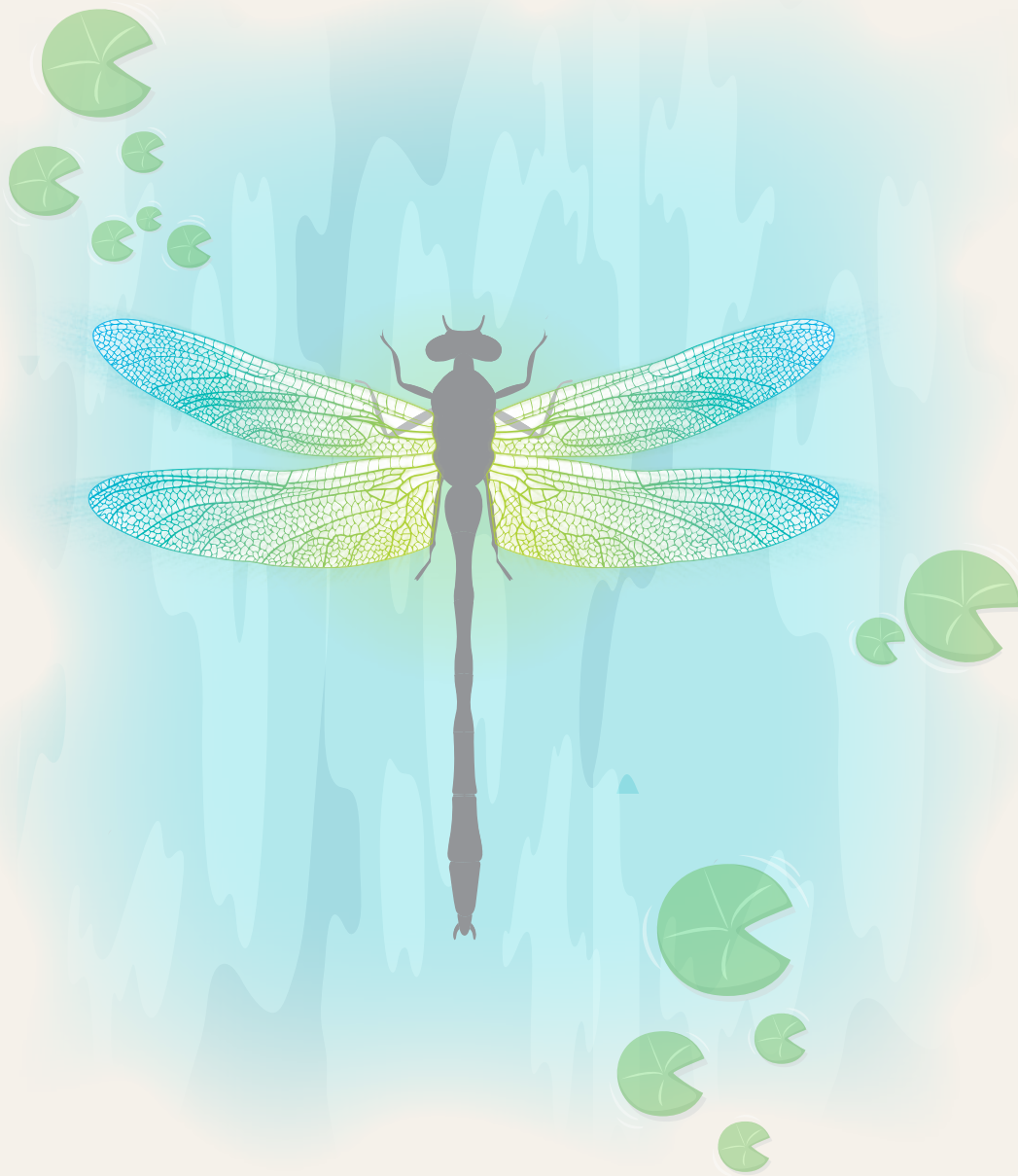
Refer page 22 – 24 to read more about seven strategic priorities

Contribution Towards SDGs





# AN ADAPTIVE CAPABILITY



Our unique configuration and form protect and insulate us against external threats, while simultaneously helping us to stand out from our peers.

*Dragonflies display the phenomenon of iridescence which serves the dual purposes of facilitating their protection as they move against shimmering water and enabling them to outshine their competition.*

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## Enterprise Governance

80 Corporate Governance  
110 Investor Relations

116 Stakeholder Engagement  
120 Risk Management





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



## Contents of this Report

- Corporate Governance Philosophy of DIMO
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- Sustainability Reporting – ESG
- IT Governance & Cybersecurity
- Senior Independent Directors' Statement
- Report of the Audit Committee
- Report of the Nomination and Governance Committee
- Report of the Remuneration Committee
- Report of the Related Party Transactions Review Committee
- Level of Compliance with Mandatory Regulations
- Compliance checklist with CSE Listing Rule No.09
- Compliance status with the Annual Report Disclosure Requirements as per Listing Rule No.09



## 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

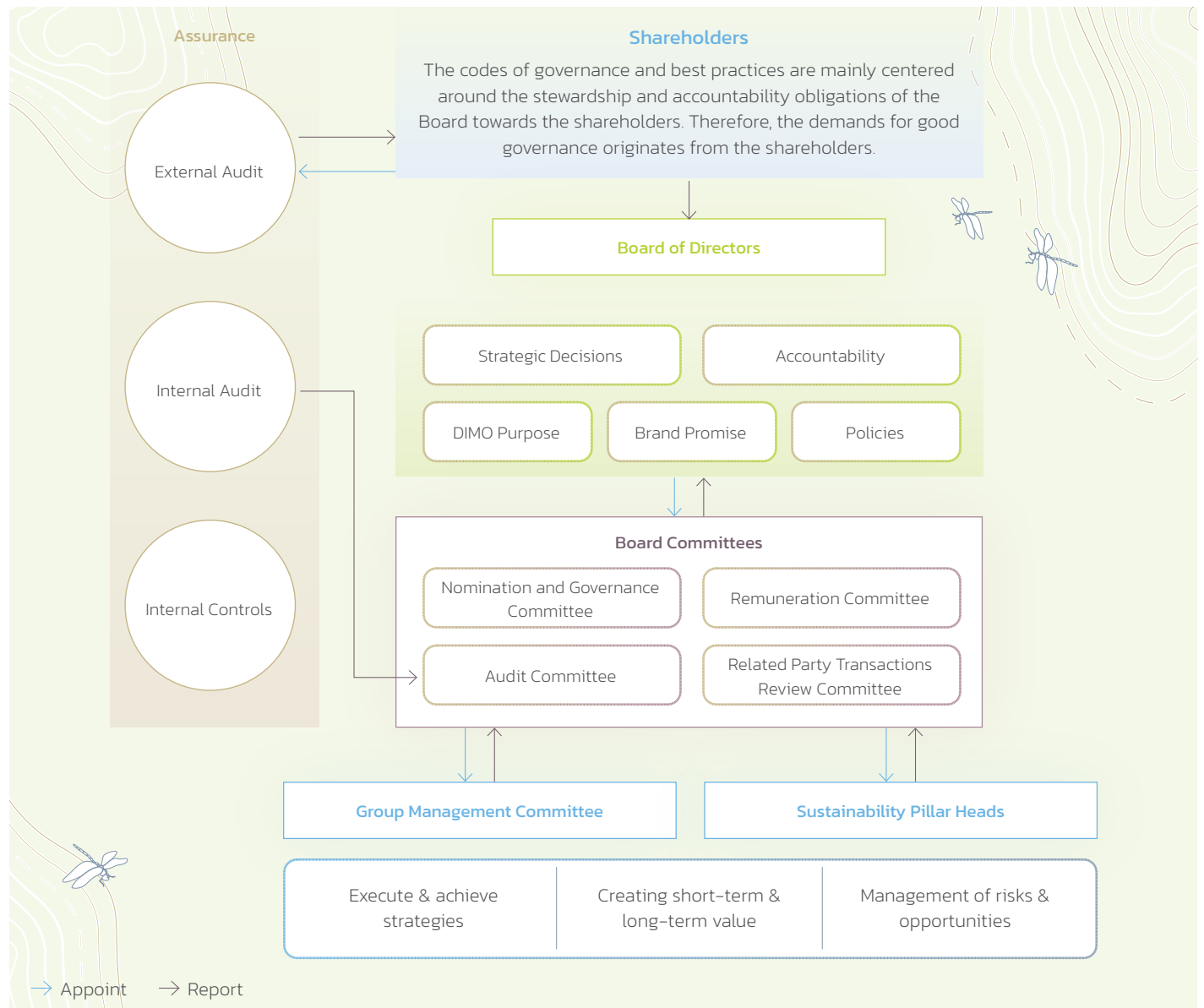
This refers to the organizational framework and the positions responsible for overseeing and guiding corporate governance practices within the company.

## 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**

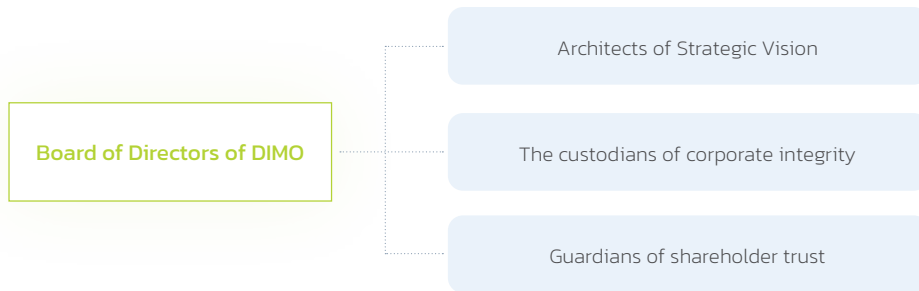
The Governance Structure provides mechanism through which the best practices in governance are formulated, followed and reviewed.





## 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.

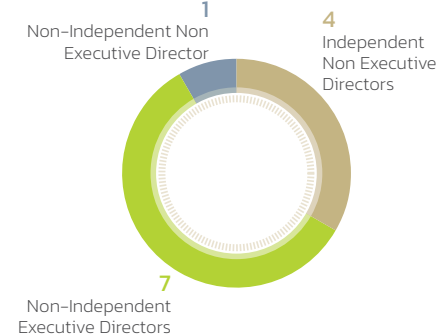
During the year 2023/2024, the company has established and maintained a formal policy governing matters relating to the Board of Directors as indicated in Listing Rule No.9.5.1.

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"> <li>Direct, review and approve strategies</li> </ul>	<ul style="list-style-type: none"> <li>Corporate plan for aggressive growth</li> </ul>	<ul style="list-style-type: none"> <li>Plan, review, and monitor investments in infrastructure and PPE</li> </ul>
	Budgets and business plans	<ul style="list-style-type: none"> <li>Held budget meetings with management to set strategic priorities of the group and periodically, evaluated desired outcomes against the actual outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Performance of newly acquired companies for the past six years</li> </ul>	<ul style="list-style-type: none"> <li>Review asset utilization via Asset Turnover Ratio and seek continuous improvement</li> </ul>
	Business expansions and acquisitions			
	Capital investments and projects			
	Resource allocation			
	Return on Investment	<ul style="list-style-type: none"> <li>Focused on diversified businesses and strategically secure capitals to ensure value creation</li> </ul>		
	Social Investment			
Risk and Compliance	Compliance with rules, regulations, and internal policies	<ul style="list-style-type: none"> <li>Continued review and introduction of new systems, policies and processes</li> </ul>	<ul style="list-style-type: none"> <li>Compliance management systems for quality, environment, health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Plant the investments based on the intensity of the requirement and Group strategic priorities</li> </ul>
	Maintenance of accredited management systems	<ul style="list-style-type: none"> <li>Assess strategic, ESG and operational risk and review risk management outcomes</li> </ul>	<ul style="list-style-type: none"> <li>Continuous improvement through internal audit</li> </ul>	<ul style="list-style-type: none"> <li>Review of impairment to ensure any financial losses are accounted for</li> </ul>
	Internal & external audit plans		<ul style="list-style-type: none"> <li>Timely statutory payments and declarations</li> </ul>	
	Statutory payments		<ul style="list-style-type: none"> <li>Compliance with statutory and regulatory provisions</li> </ul>	<ul style="list-style-type: none"> <li>Ensure adequate steps such as insurance are taken to cover risk exposure</li> </ul>
	Regulatory compliances with CSE, ROC & tax authorities		<ul style="list-style-type: none"> <li>Voluntary adherence to best practices</li> </ul>	
	Determine risk appetite			
	Assess strategic, ESG and operational risks			
	Review risk management outcomes			
Governance	Role of directors	<ul style="list-style-type: none"> <li>Interacted with stakeholders through different communication channels such as events, forums, surveys, assessments, feedbacks, ratings &amp; etc.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure transparency and integrity in financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>Securing of Group assets</li> </ul>
	Board appointments & evaluations		<ul style="list-style-type: none"> <li>Balanced and skillful corporate leadership to ensure investor trust and confidence</li> </ul>	<ul style="list-style-type: none"> <li>Review progress of capital work in progress</li> </ul>
	Committee appointments and evaluations of performance		<ul style="list-style-type: none"> <li>Board evaluations to assess whether board has fulfilled the financial interests of the investors</li> </ul>	<ul style="list-style-type: none"> <li>Legal compliance relating to acquisition and maintenance of real estate and other PPE</li> </ul>
	Directors' skills and trainings	<ul style="list-style-type: none"> <li>Activity related to committee appointments</li> </ul>		<ul style="list-style-type: none"> <li>Review &amp; ensure that manufacturing capital is align with the required standards</li> </ul>
	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"> <li>Reviewed and approved quarterly &amp; annually financial statements for 2023/24 for publication</li> <li>Board evaluations</li> <li>Performance measurements</li> </ul>	<ul style="list-style-type: none"> <li>Identified ways to improve profitability of the new products and businesses</li> <li>Regular meetings with management to review and monitor performance of key businesses</li> <li>Review of ESG performance</li> <li>EPS of Rs. 4.65 (2022/23 – Rs. 62.73)</li> </ul>	<ul style="list-style-type: none"> <li>Healthy return on assets</li> <li>Assets value maximization</li> <li>Acquisition of value adding assets</li> </ul>
	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"> <li>Ensure that the Board addresses the matters that are of strategic and material importance to the future growth and success of the Company.</li> <li>Ensure that adequate time is available for discussion of all agenda items.</li> <li>Ensure that each person is given the opportunity and time to express their views.</li> </ul>	<ul style="list-style-type: none"> <li>To provide a review of the business and performance.</li> <li>To answer questions from the members of the Board relating to performance.</li> <li>To advise the Board about developments in the external environment.</li> <li>To inform the Board about the Risks and opportunities prevailing in the market.</li> </ul>	<ul style="list-style-type: none"> <li>To provide an overview of the Group's financial position &amp; performance during the quarter.</li> <li>To evaluate outcomes against the budget, to the Board.</li> <li>To apprise Board on changes in financial markets, financial risks and mitigation strategies followed by the company.</li> </ul>



## 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
<b>Nomination and Governance Committee</b>	<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>
<b>Remuneration Committee</b>	<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>
<b>Audit Committee</b>	<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>
<b>Related Party Transaction Review Committee</b>	<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	-	-	-	-	-	-	-	-
<b>Chairpersons</b>														
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	
<b>Total</b>					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

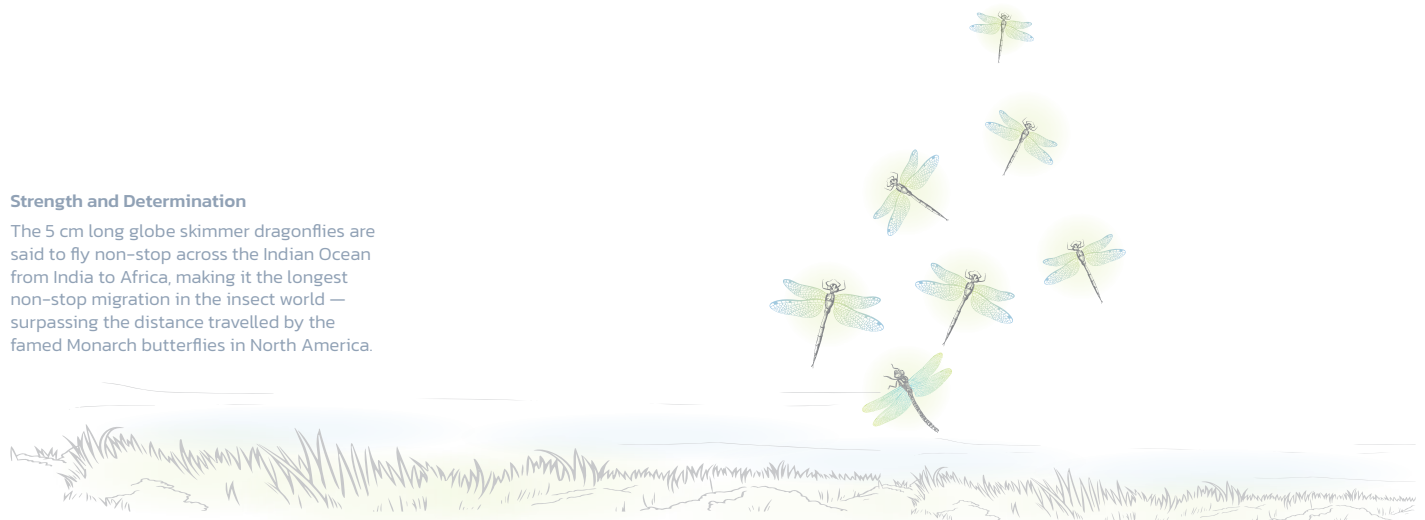


Table 22: CSE Listing Rule No. 09 Requirements

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

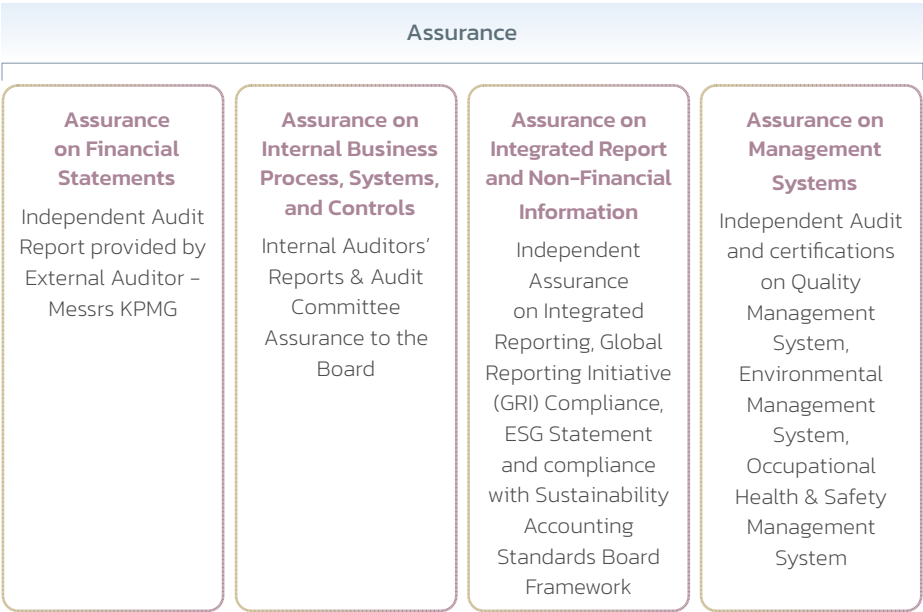
**Policy On**

- "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	Voluntary Adherence
<ul style="list-style-type: none"> <li>Companies Act No. 07 of 2007</li> <li>Sri Lanka Accounting and Auditing Standard Act No. 15 of 1995</li> <li>Listing Rules of Colombo Stock Exchange</li> <li>Articles of Association</li> <li>Securities &amp; Exchange Commission regulations</li> <li>Other legislative enactments affecting the Company</li> </ul>	<ul style="list-style-type: none"> <li>Code of Best Practice on Corporate Governance issued by CA Sri Lanka</li> <li>Ten Principles of the UN Global Compact</li> <li>Code of Business Conducts and Ethics of DIMO</li> <li>GRI Standards</li> <li>Quality Management System</li> <li>Environmental Management System</li> <li>Internal Control System</li> <li>Social Accountability Management System</li> <li>Occupational Health &amp; Safety Management System</li> </ul>

## 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

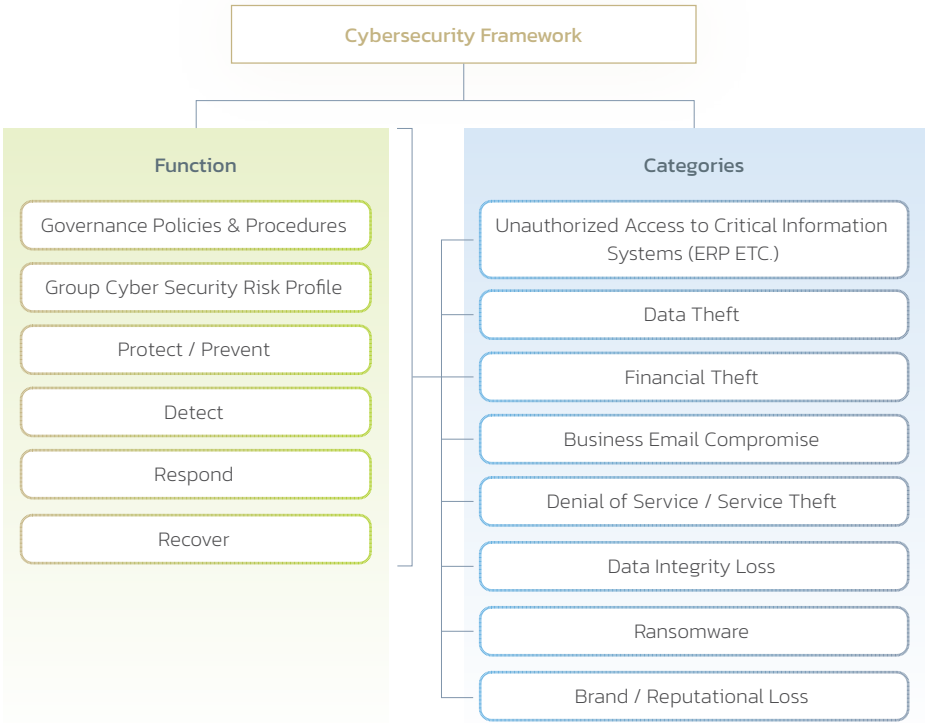
The "Group IT Steering Committee", which is responsible for the administration of the governance framework went through a review during 2023/24 to facilitate optimum value creation of ICT investments. New policies, processes and best practices were also introduced to optimise change management and to 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' sh, names of the companies where they hold office, transactions with the company during the quarter.

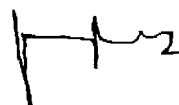
### Activities and Deliberations of the Committee in 2023/24

- 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 members 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	Applicable	Compliant	94
	ii) Details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2	N/A		
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	Applicable	Compliant	83,85
	(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	N/A		
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	Applicable	Compliant	14
	(b) The nature of his/her expertise in relevant functional areas	Applicable	Compliant	84
	(c) Whether either the Director or close family members has any material business relationships with other directors of the listed entity.	Applicable	Compliant	101
	(d) Whether Executive, Non-Executive and/or Independent Director	Applicable	Compliant	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 in 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"> <li>Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities; and,</li> </ul>	Applicable	Compliant	99
	<ul style="list-style-type: none"> <li>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.</li> </ul>	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.

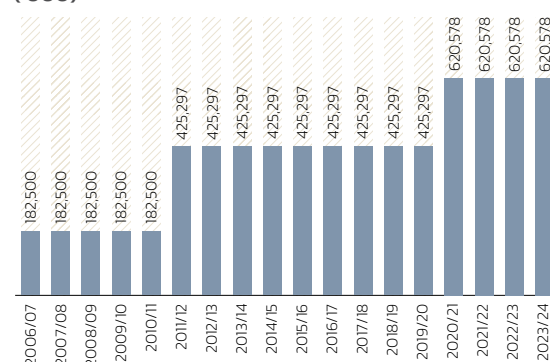
## Structure of the Share Capital

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.

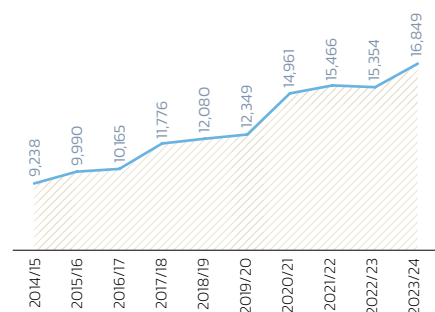
**Table 37: Last Ten Years' Highlights**

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.

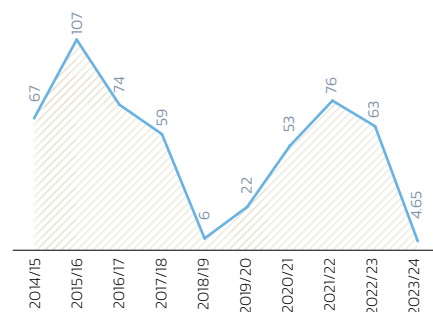
The graph given below depicts the total equity of the Group for the past ten years.

**Graph 35: Total Equity (Rs. '000)**



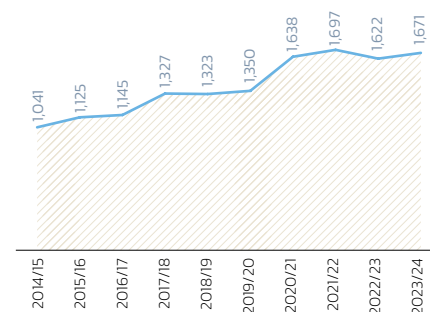
The Group's Earnings per share (EPS) for the last ten years is given on table 37 depicted below.

**Graph 36: EPS (Rs.)**



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

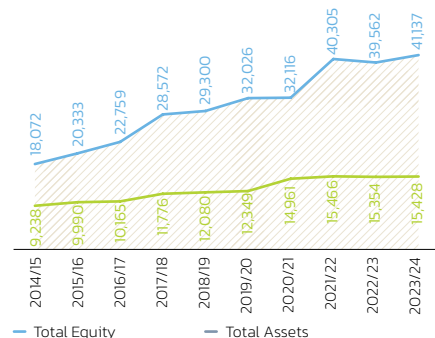
**Graph 37: NAV per Share (Rs.)**



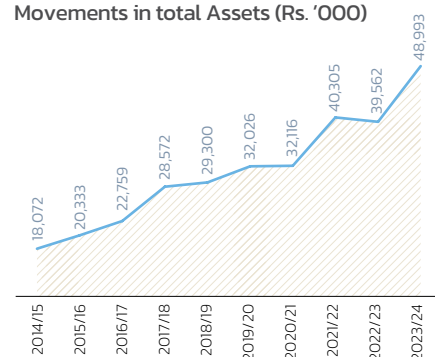


The following graph depicts the relationship between Total Equity and Total Assets over last 10 years.

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

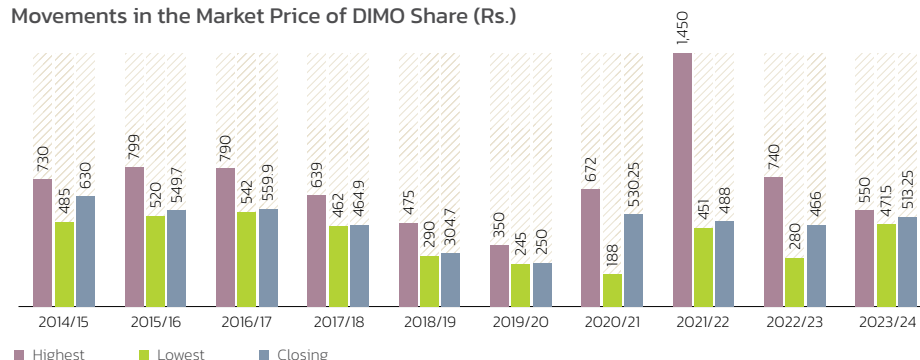


**Graph 39:**  
Movements in total Assets (Rs. '000)



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.

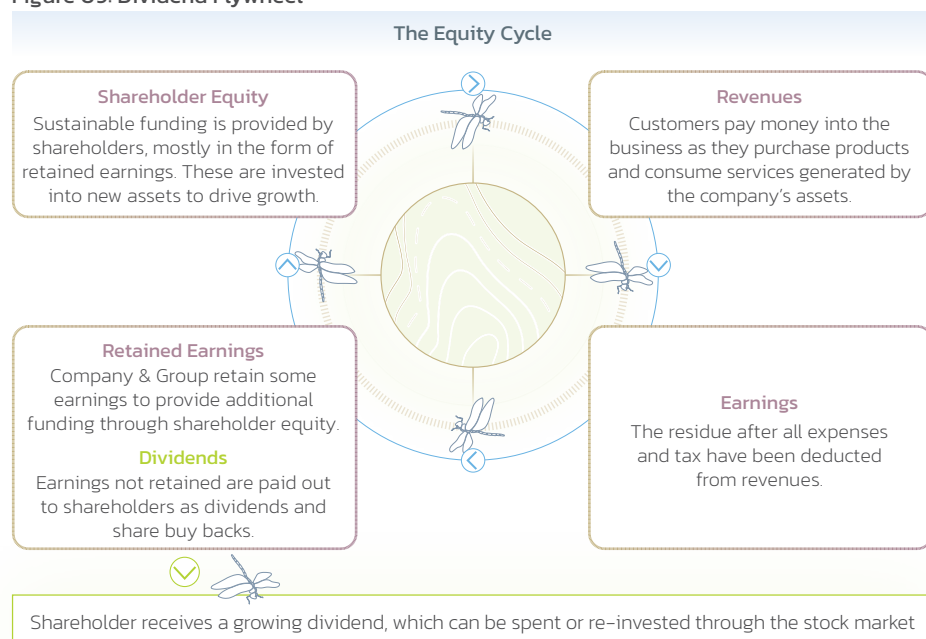
**Table 38: Dividends Paid to Shareholders**

FY	2022/23	2021/22	2020/21	2019/20	2018/19
DPS	10	12.5	12.5	-	2.5
Total Cash Dividend Paid (Rs. Mn)	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**

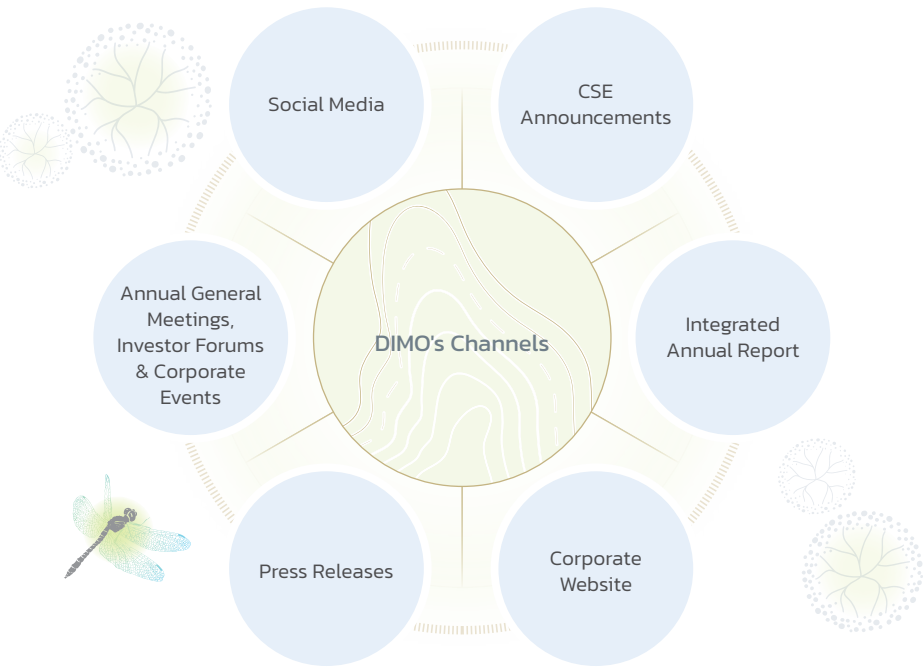




Mode of Communication with Shareholders and Investors

The Board makes efforts to keep the shareholder and investor connected with the company and be informed of 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.

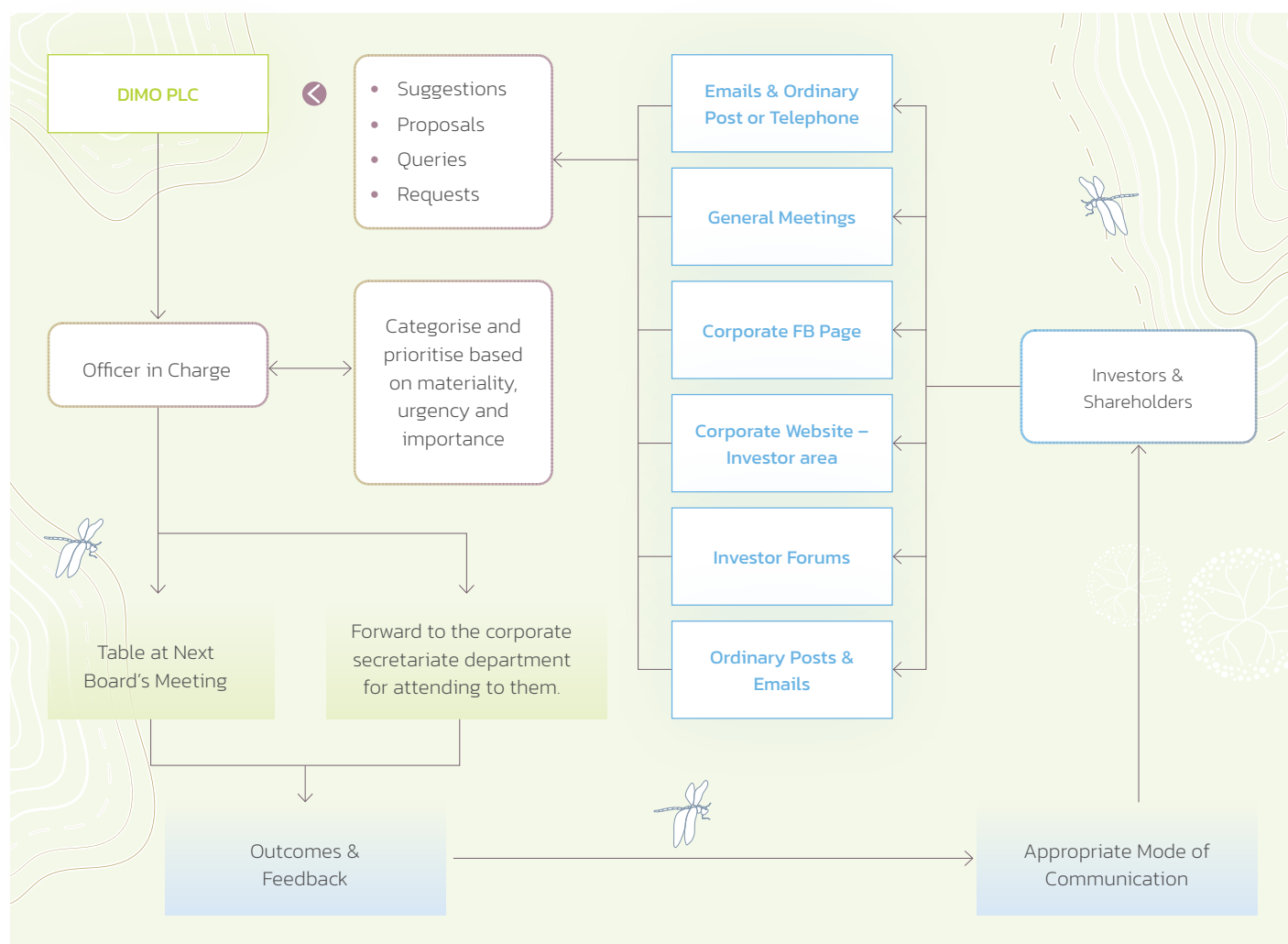




Investors and shareholders are encouraged to submit any queries or requests through the corporate website using the following URL path: <https://www.dimolanka.com/contact-us>. On this page, they can fill in their details and submit messages. Additionally, for investor queries, direct communication is possible with the Manager – Subsidiary Finance Operations, Ms. Sriyani Warnage, via email at [sriyani.warnage@dimolanka.com](mailto: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>

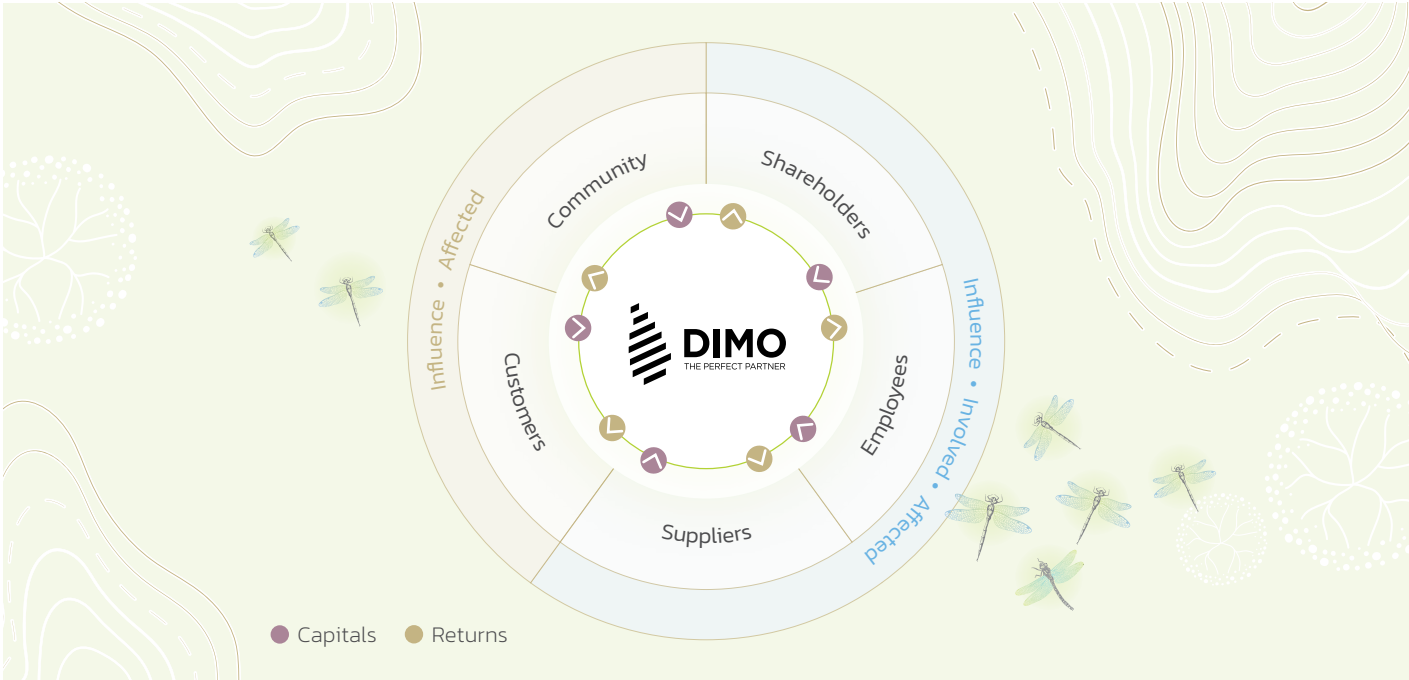
Our value transformation process revolves around creating value for a wide range of stakeholders, who provide capital inputs for value creation. We strive to understand what matters most to stakeholders whilst making every endeavour to deliver their expectations, perhaps by exceeding them, within the 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"><li>• Share price appreciation and attractive dividends</li><li>• A sustainable growth strategy</li></ul>	<ul style="list-style-type: none"><li>• Maintaining a consistent and sustainable return on investment.</li><li>• Greater transparency in operations and reporting</li></ul>

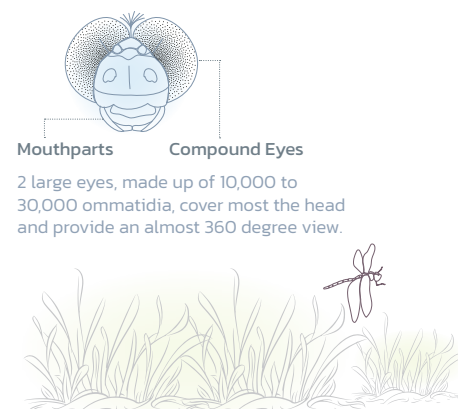


Stakeholder	What they give	What they expect	Responses and results
 <b>Employees</b>	Employees are our living force and their happiness, wellbeing, and dedication shapes how we perform as a business. They provide inputs and insights to enhance the company's performance. Happy and healthy employees will help accelerate our success, across the business.	<ul style="list-style-type: none"> <li>Safe and healthy work environment, supported by flexible work practices.</li> <li>Fair remuneration, effective performance management and recognition.</li> <li>Challenging work, with opportunities to make a difference.</li> </ul>	<ul style="list-style-type: none"> <li>Promoting greater diversity and inclusion.</li> <li>Competitive rewards and benefits in line with the market</li> <li>Maintaining high standards in occupational health and safety</li> </ul>
 <b>Suppliers</b>	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"> <li>Prompt payments, and business operations in accordance with agreed terms.</li> <li>Establish a reliable relationship for a long-term sustainable partnership.</li> </ul>	<ul style="list-style-type: none"> <li>Practicing fair and equitable procurement</li> <li>Promoting sustainable procurement through contractual agreements .</li> </ul>
 <b>Customers</b>	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"> <li>Innovative product solutions, and excellent client service.</li> <li>Safe and convenient access to products and services.</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining service excellence</li> <li>Introduction of innovative products and services to promote customer convenience.</li> </ul>
 <b>Community</b>	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"> <li>Be socially responsible by creating opportunities for the community.</li> <li>Encouraging community-led initiatives and partnerships for the further growth of agriculture sector.</li> </ul>	<ul style="list-style-type: none"> <li>Being socially responsive in all our operations</li> <li>Transparency and governance</li> </ul>

## Channels of Engagement with Stakeholders

Table 40: Channels of Engagement with Stakeholders

Stakeholder	Channel	Frequency
<b>Employees</b>	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





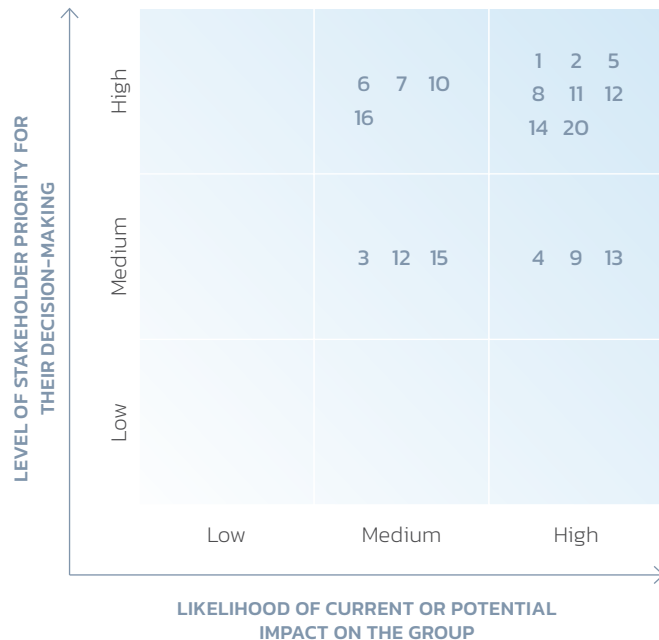
# Stakeholder Engagement

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.			
<b>Reduction in disposable income</b>	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.
<b>Inflation and high cost of living</b>	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
<b>Technical education for youth</b>	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
<b>Import restrictions imposed by Sri Lankan government</b>	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
<b>Increase in prices of products and services</b>	Customers	Introduced more affordable choices for price-conscious customers	Differentiation	Not linked to a specific strategic priority	Constant value engineering
<b>High interest rates and adverse economic conditions</b>	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
<b>Climate change &amp; other environmental concerns</b>	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.

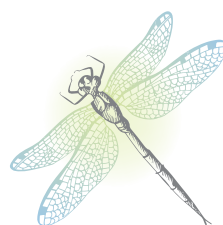
The Group adopts the three lines of defence model with clear segregation of duties. It is a proactive approach to risk management and internal control.

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.





At Group level, several functions typically collaborate to identify, mitigate, and manage risks and opportunities effectively. These functions collaborate closely to ensure that identified risks and opportunities are assessed, prioritized, and managed effectively, in alignment with the Group's strategic objectives and its long-term sustainability and resilience.

**Figure 15: Organisation Hierarchy and Responsibilities**



While the Board of Directors and the Group Management Committee play a vital role in overseeing the risk management process, they ensure that both strategic risks, which can have long-term implications for the organization's goals and sustainability, and operational risks, which affect daily operations and have more immediate consequences, are appropriately addressed. This helps them to identify the risks related to our short to medium term plans as well as the strategic risks which reduce our ability to achieve our corporate strategy over the long term. The risks within the risk appetite of the Group are addressed and managed by the Group Management Committee, based on the management activity to which they are related. Risks falling outside the risk appetite are communicated to the Board of Directors to ensure that proper mechanisms are in place to address those risks.

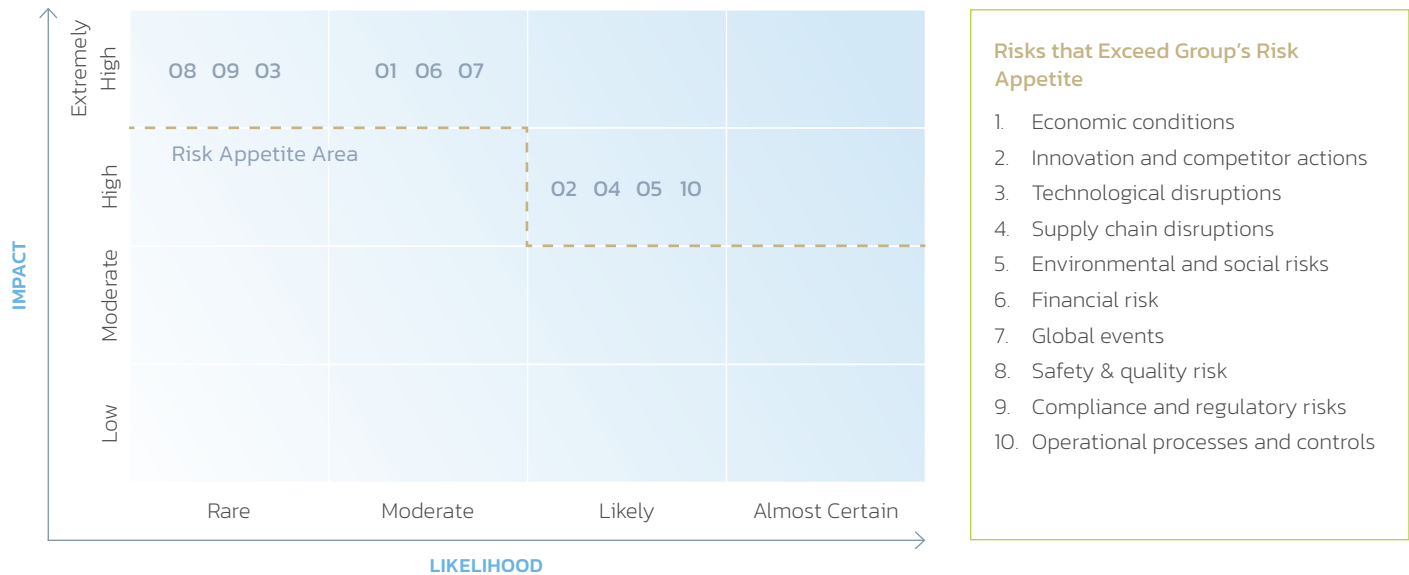
A risk map is developed following an assessment of the likelihood of occurrence and the potential impact of risks. The likelihood of occurrence is assessed based on experience and the preventative measures currently in place. Based on its probability of occurrence, each risk is assigned a ranking of 'almost certain', 'likely', 'moderate' or 'rare'. The impact of each event is assessed by determining the extent of the impact and the loss it would cause. After consideration of these two factors, the impact is then categorised as 'low', 'moderate', 'high' or 'extremely high'.

The position of a particular risk on the risk map indicates whether the risk falls within or beyond DIMO's risk appetite. The extent to which risk mitigation actions are required is then determined.





Figure 16: Risk Heat Map



Strategic Risk Management

Strategic risks can have a more profound impact on the organization's long-term viability and its ability to achieve the corporate objectives. These risks are typically associated with factors such as changes in market dynamics, shifts in consumer preferences, technological advancements, geopolitical instability, and competitive pressures. Our strategic risk management encompasses the comprehensive understanding of the organisation's internal and external environment, effective risk assessment and analysis, and the development of robust risk management strategies. Annually, the Corporate Planning team presents their business plan including the strategic risk profile to the Group Management Committee and the Board of Directors to further analyse the strategic risks to the company. The main strategic risks to the Group are,

Table 42: Strategic risks, impacts, and mitigation

Risk area	Description	Impact to DIMO	Mitigating actions
1. Economic conditions	The adverse economic conditions will lead to economic downturns.	<ul style="list-style-type: none"><li>• Reduced customer spending impacting demand for our products and services.</li><li>• Cost pressures for the Group and limited access to capital.</li><li>• New regulations and fiscal policies aimed at stimulating economic growth may increase costs or restrict market access.</li></ul>	<ul style="list-style-type: none"><li>• Diversify revenue streams.</li><li>• FOREX hedging.</li><li>• Cashflow management.</li><li>• Build agility into our business models to adapt quickly to changing market conditions.</li></ul>
2. Innovation and competitor actions	Competitor actions can pose various risks to the Group, influencing our market position, profitability, and long-term sustainability.	<ul style="list-style-type: none"><li>• Aggressive marketing strategies of competitors will lead to loss of our market share.</li><li>• Price competition creates a challenging operating environment for the Group.</li><li>• Loss of relevance and market competitiveness due to failure to anticipate and respond to competitive innovation.</li><li>• Competitors may poach key employees or talent, affecting the company's ability to innovate, execute strategies, and maintain a competitive edge.</li><li>• Talent competition can drive up the Group's labour costs and lead to workforce instability.</li></ul>	<ul style="list-style-type: none"><li>• Offering unique products, services and experiences.</li><li>• Products and services will be tailored to meet the needs of specific market segments.</li><li>• Innovation and strong relationship with customers.</li><li>• Invest in building a strong brand for DIMO.</li></ul>



Risk area	Description	Impact to DIMO	Mitigating actions
<b>3. Technological disruptions</b>	Rapid advancement in technologies can render existing business models obsolete, making it essential for us to adapt quickly or face declining relevance and competitiveness.	<ul style="list-style-type: none"> <li>• Losing market share to more innovative competitors who leverage these technologies to offer better products or services.</li> <li>• Increased reliance on digital technologies exposes the Group to cybersecurity risks such as data breaches, phishing scams, and other forms of cybercrime.</li> <li>• Advances in technology raise concerns about privacy and data protection, leading to regulatory scrutiny and consumer backlash.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct scenario planning exercises to anticipate potential technological disruptions and their impacts on our business.</li> <li>• Develop contingency plans and risk mitigation strategies.</li> <li>• Ensure compliance with relevant laws and regulations governing data privacy, cybersecurity, intellectual property, and other areas impacted by technological advancements.</li> </ul> <p> <b>Refer page 96 to read more about our cyber-security governance under Corporate Governance.</b></p> <ul style="list-style-type: none"> <li>• Develop internal talent related to emerging technologies through training programs, mentorship, and cross functional collaboration.</li> <li>• Conduct company-wide information security awareness activities.</li> </ul>
<b>4. Supply chain disruptions</b>	Supply chain disruptions can have significant impact on the Group, as most business units rely heavily on the smooth functioning of global supply chains to source materials, components, and finished goods from suppliers located in different countries.	<ul style="list-style-type: none"> <li>• Challenges in maintaining optimal level of inventory levels and meet customer demand.</li> <li>• Market volatility, impacting Group's ability to forecast demand, manage pricing strategies, and make strategic decisions.</li> <li>• Changes in trade regulations, tariffs, or customs procedures require us to adapt quickly to ensure compliance and minimize disruptions.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce the dependency on a single supplier or sourcing region by diversifying the supplier base.</li> <li>• Work closely with suppliers to understand their capabilities, assess risk exposure, and develop contingency plans.</li> <li>• Conduct risk assessments and develop contingency plans and alternative sourcing strategies such as dual sourcing and safety stocks.</li> <li>• Embrace technology solutions such as advanced analytics into the supply chain process.</li> <li>• Utilize supply chain risk management methodologies such as risk mapping, scenario analysis and business continuity planning.</li> </ul>
<b>5. Environmental and Social risks</b>	Since DIMO has a large volume of imports, environmental and social risks can stem from suppliers' practices, including poor working conditions, child labor, environmental degradation, or violations of human rights. Importing goods often involves transportation, which contributes to carbon emissions and climate change.	<ul style="list-style-type: none"> <li>• Sourcing from suppliers engaged in unethical practices, if done, will have an adverse impact on our reputation and supply chain sustainability.</li> <li>• Regulatory pressure, carbon taxes, or reputational damage arising from failure to address our carbon footprint and adopt sustainable transportation practices.</li> <li>• Reputational damages due to local communities impacted by our operations and sourcing activities.</li> <li>• Extreme weather conditions such as floods and drought can disrupt business operations leading to supply chain disruptions and revenue losses.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that our suppliers adhere to ethical and sustainable practices throughout the supply chain.</li> <li>• Conduct due diligence on suppliers and adhere to ethical sourcing standards.</li> <li>• Engage with local communities, respect indigenous rights and implement community development initiatives.</li> <li>• Take action to consolidate shipments, utilize more fuel-efficient transportation modes and leverage advanced logistics technologies.</li> <li>• Conduct climate risk assessments and develop comprehensive risk management plans for extreme weather conditions.</li> </ul> <p> <b>Refer page 128 – 136 to read more about our sustainability practices.</b></p>



Risk area	Description	Impact to DIMO	Mitigating actions
<b>6. Financial risk</b>	These are risks associated with financial management and liquidity, including cash flow deficits, credit risk, market volatility, currency fluctuations, and inadequate capitalization.	<ul style="list-style-type: none"> <li>Higher interest rates will restrict our opportunities to invest in new business activities and will increase our finance cost.</li> <li>Exchange rate fluctuations can have a significant impact on the cost of imported goods and profit margins.</li> <li>Extending credit to customers can result in bad debts, write-offs, and impaired assets.</li> </ul>	<ul style="list-style-type: none"> <li>Implement Asset-Liability Management strategies (ALM) to match the maturity and interest rate sensitivity of assets and liabilities.</li> <li>Monitor the trends of market interest rates and decide on fixed-rate financing or variable-rate financing options to reduce the vulnerability to increasing interest rates.</li> <li>Use currency hedging techniques such as forward contracts.</li> <li>Monitor exchange rate movements, economic indicators, and geopolitical developments that may impact currency markets.</li> <li>Set appropriate credit limits and payment terms for customers and counterparties, based on their creditworthiness and risk profile.</li> <li>Implement credit policies and procedures to monitor credit exposures and enforce timely payments.</li> </ul>
<b>7. Global events</b>	Geopolitical instability, trade disputes, natural disasters, or pandemics can have far-reaching impacts on our export business, international trade and supply chains.	<ul style="list-style-type: none"> <li>Geopolitical tensions between countries and regions may result in us encountering import/export restrictions, tariffs, sanctions, or political risks that affect market access, profitability, and strategic investments.</li> </ul>	<ul style="list-style-type: none"> <li>Diversify export markets and supply chains.</li> <li>Stay informed about local laws, regulations, and political developments in each market where we operate.</li> <li>Develop contingency plans and response strategies to anticipate and prepare for potential geopolitical risks.</li> </ul>

Addressing these strategic risks requires proactive risk management, scenario planning, and the agility to adapt to changing circumstances effectively. We continuously assess our risk exposure and implement mitigation strategies to safeguard our long-term success. Our Group Management Committee and Board of Directors are balanced in skills, knowledge and experience to effectively carry out this process.

## Operational Risk Management

Operational risk refers to the potential for losses arising from inadequate or failed internal processes, people, systems, or external events. Operational risk arises from the day-to-day operations of the Group, and are short to medium term risks to which we are exposed throughout the value chain. The Group Management, the Board of Directors and Operational Compliance Team review the key operational risks on a quarterly basis. These risks are based on insights from management teams across the organisation and include all types of risks that could cause significant disruptions to the business. Below is an overview of our key operational risks.

Risk area	Description	Impact to DIMO	Mitigating actions
<b>8. Safety &amp; quality risk</b>	Our primary concern regarding health and safety risks is the well-being of employees, consumers, and customers. Workplace accidents or incidents can result in injuries, illnesses, or even fatalities, causing physical and emotional harm to employees and their families.	<ul style="list-style-type: none"> <li>Absenteeism, reduced work hours, and decreased efficiency can result from health and safety issues, impacting overall business operations.</li> <li>The disruption of product supplies due to quality issues may compromise product availability.</li> <li>As we operate in the healthcare sector, shortages or quality issues in medical equipment could have potential impact on patients.</li> </ul>	<ul style="list-style-type: none"> <li>Stay up to date with relevant safety and quality regulations, standards, and industry best practices. (ISO 9001:2015 certified quality management system and ISO 45001:2018 certified health and safety management system)</li> <li>Comprehensive training and education programs.</li> <li>DIMO fosters a culture of continuous improvement by regularly reviewing safety and quality performance, soliciting feedback from employees, customers, and stakeholders, and implementing corrective actions to address any issues or deficiencies identified.</li> </ul>



Risk area	Description	Impact to DIMO	Mitigating actions
<b>9. Technology and information systems related risks</b>	Risks related to the malfunction, failure, or security breaches of technology systems, including hardware, software, networks, and data storage can result in data loss, cyberattacks, system downtime, and financial losses.	<ul style="list-style-type: none"> <li>Limit our ability to maintain operations and future business opportunities if proprietary information is lost.</li> <li>Failure to protect sensitive data will damage the company's reputation, brand, and public perception.</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive backup and disaster recovery plan to ensure the timely recovery of data and IT systems in the event of a cyberattack, natural disaster, or system failure.</li> <li>Take action to regularly back up critical data, test backup systems, and maintain off-site backups for redundancy.</li> <li>Regular training and awareness programs about IT security.</li> <li>Conduct company-wide internal audit of IT security controls.</li> <li>Implement robust data security measures to protect sensitive information from unauthorized access, theft, or disclosure.</li> <li>Security software and patches are regularly updated.</li> </ul>
<b>10. Compliance and regulatory risks</b>	Compliance and regulatory risks refer to the potential violations of laws, regulations, industry standards, and contractual obligations that could result in legal and financial consequences for the Group.	<ul style="list-style-type: none"> <li>Non-compliance with regulations and laws expose us to investigations, sanctions, and other penalties.</li> <li>Failure to fulfill contractual obligations with internal and external stakeholders can lead to legal disputes, financial liabilities, and damage to business relationships.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct regular risk assessments to identify potential compliance and regulatory risks associated with the company's business activities, processes, products, and services.</li> <li>Internal controls in place to ensure compliance with applicable laws, regulations, and industry standards.</li> <li>Conduct regular internal audits and reviews to assess the effectiveness of the company's compliance program, policies, and controls.</li> <li>Having a code of conduct integrated into our business which empowers us to conduct our operations responsibly.</li> </ul>
<b>11. Operational Processes and Controls</b>	Weaknesses or failures in operational processes, procedures, and internal controls can result in errors, inefficiencies, fraud, non-compliance with regulations, and operational losses.	<ul style="list-style-type: none"> <li>Poorly designed or outdated operational processes can lead to inefficiencies and can result in wasted time, resources, and increased costs.</li> <li>Mistakes can lead to inaccuracies in data, financial discrepancies, or product defects, ultimately affecting customer satisfaction and DIMO's reputation.</li> <li>Cybersecurity threats and supply chain disruptions associated with our operational processes will have an adverse impact to the Group.</li> </ul>	<ul style="list-style-type: none"> <li>Regularly assess our operational processes, identify potential vulnerabilities, and implement appropriate controls and safeguards.</li> <li>Investing in technology, training employees, establishing contingency plans, and continuously monitoring and improving processes to adapt to changing circumstances.</li> </ul>



## Opportunities

In the midst of acknowledging the risks inherent in our industry, it's equally important to recognize the abundance of opportunities that surround us. Despite challenges, our company stands on the verge of numerous possibilities waiting to be seized, promising growth, innovation, and success.

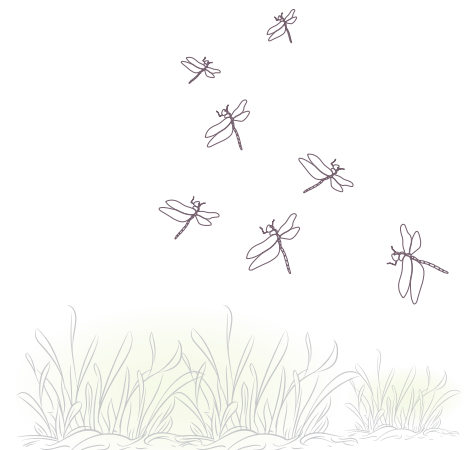
**Table 43: Opportunity Identification, Categorisation, and Action**

Opportunity	Description	Siezing the opportunity
<b>Corporate Brand equity</b>	DIMO brand equity is important in attracting stakeholders. By managing the corporate brand and further enhancing it by managing ESG risks effectively and responsibly, DIMO can create brand equity as a company that respects and embraces sustainability.	The management systems available drive standards of quality, environment and health and safety. The Corporate Communication Division is entrusted with communicating DIMO's sustainability efforts in an appropriate manner.
<b>Employer Brand equity</b>	Employees like being employed by a company that behaves responsibly. This affords an employee a congruence between his or her conscience and that of the corporate. This increases the likelihood of prospective employees wanting to be part of the DIMO tribe by increasing the employer brand of DIMO.	The human resources development function together with the Corporate Communications Division ensure that the sustainability- friendly values of DIMO are communicated to current and prospective employees.
<b>Electric vehicle</b>	Changes in the environmental landscape demand that combustion engines are replaced by electrically powered vehicles.	Key principals of DIMO associated with the automobile industry have developed electric vehicles that are attractive to the market. DIMO will be engaged in importing these vehicles once the country's regulations permit import of Electric Vehicles.
<b>Renewable energy</b>	The energy plan of the government requires a significant increase in generation of renewable energy, partly to keep up with its sustainability targets.	DIMO is in the process of consolidating and strengthening its portfolio of renewable energy mainly through solar power.
<b>Products and Services driven by sustainability</b>	Future generations will value products and services that embed principles of sustainability and have positive impacts on the society and environment. They are also likely to assess the commitment of the seller towards sustainability prior to making the "buy" decision.	The Sustainability Agenda 2030 of DIMO is dedicated to enhancing the percentage of "Sustainability Friendly" products and services in the portfolio. Further as a company, DIMO is committed to responsible behaviour respecting all principles relating to Sustainability.

## Alignment with Seven strategic priorities

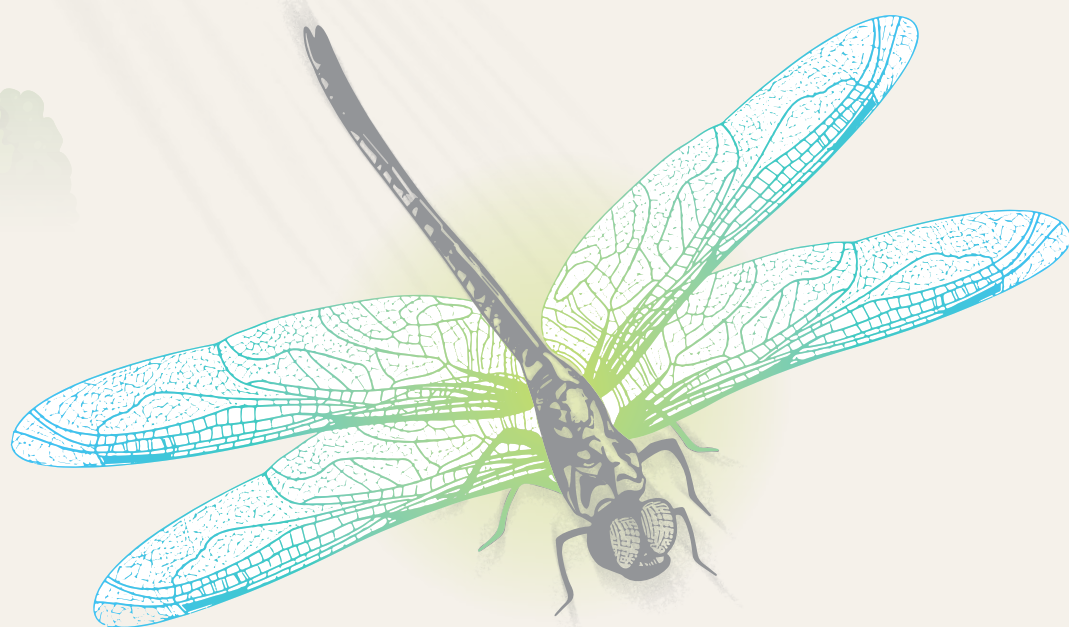
- 1 Reduce dependencies on individual business domains
- 2 Increase business presence in essential goods and services while focusing on geographical expansions
- 3 Drive for sustainable products, services, and practices
- 4 Enhance brand equity
- 5 Critical talent retention via equitable compensation
- 6 Create a conducive environment for employees to collaborate seamlessly, ensuring a unified brand voice and consistent customer journey(s)
- 7 Address climate risk

 Refer page 22 – 24 to read more on Seven strategic priorities





# AN INNATE EFFICIENCY



Our ever-evolving processes support powerful resource efficiencies, while sustaining our performance, and ensuring consistent, longstanding success.

*Dragonflies rely on efficient strategies and the ability to rapidly collect and process information to conserve valuable resources. These capabilities have led to the species recording an incredible 90–95% success rate.*

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## Sustainability

**128** DIMO Sustainability Agenda 2030  
**137** Consolidated Statement of ESG Performance

**138** Notes to the Consolidated ESG Statement  
**149** GRI, ESG and SASB Assurance





Sustainability Section  
<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=24>

Our appetite for growth, change and perseverance are centered upon being a resilient business through ethical business conduct and embracing a much-needed circular economy.

Responsible Leadership

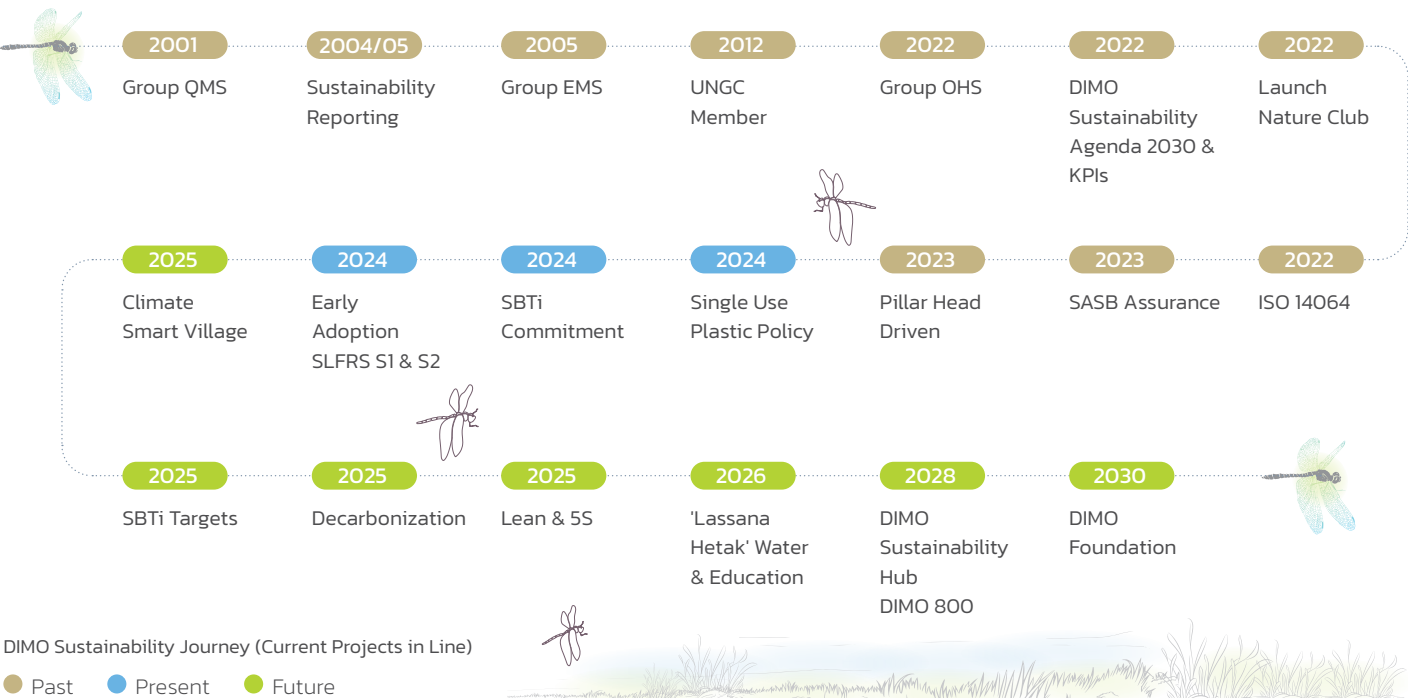
Our philosophy is based on managing our ESG Risks and capitalising on the opportunities that sustainability brings, whether it is from a brand equity point of view or as a sustainability embedded value proposition. Our leadership in sustainability is inspired by our purpose and guided by our values. We have set our sights on elevating the sustainability quotient of DIMO's brand equity to the next level. This is where we have directed the sustainability strategy of DIMO.

Our Purpose & Strategy

DIMO exists to 'Fuel Dreams and Aspirations'. This purpose necessitates that we create value for our stakeholders while delivering value to our shareholders. The purpose encapsulates DIMO's pursuit of inclusive growth, where all material stakeholders thrive in the long run.

The Milestones

Figure 17: DIMO's Sustainability Journey



*"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."*

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

The role of sustainability in corporate strategy, as detailed on pages 24 – 25, is to provide a management framework to mitigate and manage risks and opportunities arising from ESG factors. As a diversified conglomerate, DIMO's activities can have both positive and negative impacts on environment and community. It is essential that we proactively manage the impacts in line with the changing expectations of stakeholders and upcoming legislation. Our ability to do this will ultimately determine our license to operate and DIMO's Sustainability Agenda 2030.

The value creation model on page 18 – 20 presents the role of ESG at corporate level.

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>



## DIMO Sustainability Agenda 2030

The DIMO Sustainability Agenda 2030 defines the roadmap towards our desired status by 2030 and demonstrates DIMO's commitment to the Sustainable Development Goals. The Agenda is a rigorous plan that has arisen out of our determination to drive our business differently.

Our appetite for growth, change and perseverance are centred upon being a resilient business through ethical business conduct and embracing a much-needed circular economy. Creating a resilient community beyond our current employees, thereby prioritizing long-term human sustainability is a key component of our sustainability journey. We recognise that our impact to the environment will never be zero, and therefore consider it a priority to conserve our living planet through being more conscious of our footprint and focusing on enhancing biodiversity.



Sustainability Agenda 2030 Video

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=25>



The Ultimate Outcome



Sustainability Glossary

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=26>

## How We Work

Figure 18: DIMO Sustainability Management Structure



## DIMO Sustainability Management Structure

*"Our primary objective is to align our business offerings with the needs of an evolving 'new customer'. Under the Business Pillar, our 2030 target is to deliver a portfolio where 50% of products and services are sustainable. Achieving this ambitious goal requires a holistic approach, engaging diverse teams across our businesses.*

*We have developed a comprehensive plan – a robust review process, involving regular evaluations and strategic adjustments to ensure we remain on track. DIMO has always been at the forefront of the sustainability agenda in our country, I am confident that we will continue to lead the way in the coming years."*

~ Rajeev Pandithage ~

*"Promoting diversity and inclusion, alongside cultivating a respectful workplace will empower individuals and enhance the organisation's collective potential to drive long term value".*

~ Dilrukshi Kurukulasuriya ~

*"Our aim is to uplift one million individuals by 2030. We place our social responsibility focus on education and health, embedding it to our businesses to leverage on our strengths".*

~ Rakhita Gunasekera ~


*"At DIMO we are conscious towards our environmental footprint. We drive vigorously to make sure we take necessary action and put our processes in place. Our aim is not just to reduce our impact, but also to improve and be more efficient. We work through our management systems to give better results, adding value through continuous improvement and innovative-sustainable solutions".*

~ Mahesh Karunaratne ~



The board of directors is responsible for directing the organisation to achieve broader sustainability targets. They do so by managing DIMO's business operations responsibly and ensuring that the material issues of the key stakeholders are managed in a timely manner.

The Agenda 2030 is driven by the Group Managing Director/ Chief Executive Officer along with the leadership team. Four pillar heads are charged with leading the execution of our plans to achieve a resilient business and community, while enhancing our planet. Each pillar includes representatives from relevant departments and teams, capturing the diversity and essence of businesses across the organisation.

 The Corporate Governance Structure incorporated the Sustainability Pillar Head structure, aligning it with the Corporate Strategic Organisation Structure, as detailed on page 80 – 109.

## Engaging & Commitment

DIMO's license to operate is dependent on developing and maintaining trusted relationships with local and global stakeholders, including employees. We maintained a strong focus on stakeholder management – the central focus in our sustainability journey – as our teams are fully engaged in activities encompassing all aspects of the agenda. This is critical for an organisation, and our adherence to best practices in this respect is to DIMO's success.

Ensuring broad engagement and commitment towards sustainability KPIs demonstrates leadership commitment. At DIMO, leaders actively champion sustainability initiatives, setting a powerful example. DIMO's dedicated sustainability team has a clear mandate to cascade each goal that aligns with the Agenda 2030, in alignment with accountability across all levels.

Sustainability engagement is carried out both at individual level and within the organisation and communities. Educating and raising the right awareness among DIMO employees is critical. Activities carried out through DIMO Nature Club, Sports Club, Toast Masters, and Cycling Clubs aim to actively engage employees by enhancing collaboration and commitment and empowering them to take leadership.

### A Case Study

#### Cycling to Office

General Manager – Corporate Planning and New Business Development Amila Rangika's preferred mode of transport to office is his cycle. His original intention was to save on transport costs and to avoid using public transport while also getting his daily exercise. He acknowledges that cycling to work makes his day more pleasant and productive, while sticking to a routine is a better way to organise his day in the office.

The challenge is to get the recipe right to be able to cycle to work regularly, especially when jobs are changed, and the rains set in. He offers advice to those interested in cycling to work.

Amila believes that putting in a little effort to create facilities that are conducive to specific requirements will generate more interest and inspire more employees to cycle to office. This will inspire others to take the challenge as well, creating a positive environment and more positive social impacts.

*"Together, we continue to build an environment that not only enhances professional growth but also ensures that our people find joy, satisfaction and purpose in their daily work. Our commitment in making work enjoyable and rewarding, reinforce our core value of people centricity."*

~ Ajmal Hussain ~

Deputy General Manager – Employee Engagement & Transformation



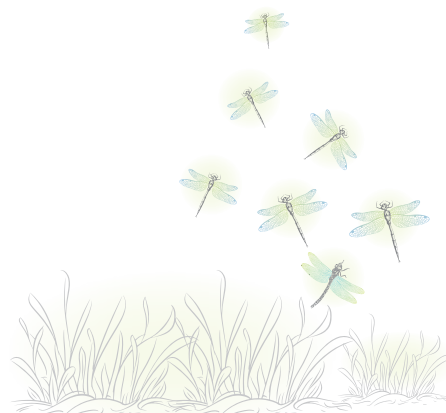
## Risks & Opportunities

The scope of sustainability is derived from the purpose, strategy and ESG risks and opportunities of the DIMO Group.

The concept of sustainability in business has undergone immense change over the last few decades. Organisations are now expected to take more strategic action towards embracing a circular economy – addressing a spectrum of issues from innovation, technology, and data driven decision making to sustainable packaging and greening supply chains. Whilst these address risks associated with sustainability, they also bring opportunities through innovations and brand enhancement.

Risks related to environmental and social aspects could harm and impair DIMO's value creation. The Company must therefore manage these risks whether DIMO is exposed due to its own actions or due to events occurring outside of its boundaries. Looking ahead, ESG priorities will transform supply chains while sustainable technologies will be leveraged to verify end-to-end ESG credentials.

Reporting on sustainability is governed by the laws, regulatory frameworks, standards, guidelines, and protocols specified on page 5. Risks and opportunities relating to sustainability are also discussed on page 24 and 120 – 126.





GRI: 2-16, 2-23, 2-24

Table 44: Our Performance

DIMO Sustainability Agenda 2030	Being a Resilient Business	Conserving a Living Planet					Creating a Resilient Community
	Business	Emission	Water	Waste	Biodiversity	Diversity & Inclusion	Impact to Community
<b>Long Term 2030</b>	Achieve 50% revenue generated through Sustainable Products & Services	Reducing carbon emission by 50% from a 2019 baseline	100% Reuse of treated water	Zero Landfill	1:1 Restoration	40% Women in decision making roles	Creating a positive impact in 1 million individuals
<b>Metrics</b>	A percentage of Sustainable Products & Services from the Total Revenue	A Reduction of 50% Compared to 2019	Reusing of 100% Treated/ Recycled Water	No Waste Ends Up in Landfill	DIMO Owns 33.18 hectares of Land and Restoring 33.18 by 2030	A Percentage of Women in Leadership Roles from the Total Employee Number	The Number of Individuals Impacted
<b>Key Milestones</b>	Ethical Business Conduct through onboarding New Business Ventures & a Greening Supply Chain 2028	Decarbonization Strategy 2025	DIMO 800 Water Efficient Journey 2029	Sustainable Use of Sludge 2027	National Coral Initiative 2025	Reduced Inequalities 2026	DIMO Foundation 2030
<b>Short Term 2023/2024</b>	Achieve 32% revenue generated through Sustainable Products & Services	Reducing carbon emission by 10% from a 2019 baseline	60% Reuse of treated water	Zero Landfill	1:1 Restoration	15% Women in decision making roles	Creating a positive impact in 5000 individuals
<b>Our Progress 2023/2024</b>	24%	26%	20%	Reused 41% Recycled 51% Energy Recovery 8.6%	10.83 hectares	14%	4,132
<b>Our Progress 2022/2023</b>	29%	23.3%	30%	Reused 57% Recycled 22% Energy Recovery 21%	7.6 hectares	12%	2,946
<b>Our Progress 2021/2022</b>	27%	14.4%	38%	Reused 43% Recycled 33% Energy Recovery 24%	4.5 hectares	10%	2,330

DIMO Sustainability Long Term &amp; Short-Term Goals &amp; Achievements





## Being a Resilient Business

### DIMO Plant Nutrition Solutions – DIMO Fertilizer



DIMO Agribusinesses supplies a unique and innovative product range, with all plant nutrient solutions aimed at minimizing the harmful environmental impacts caused by over application and improper soil management practices. This will ultimately uplift the living standards of farmers while increasing national food security.

DIMO Fertilizer is the third largest plant nutrition solution provider in the country. These high-quality fertilizers are produced in our own manufacturing facility. The company provides soil testing laboratory services for site-specific fertilizer recommendations based on soil pH and EC levels, ensuring soil and environmental protection.

We are the leading private sector supplier of Organo-Minerals/ Organic Fertilizer and have introduced innovative next generation fertilizers, such as compound fertiliser, slow-release fertiliser, control release fertiliser, biological fertiliser, and fertigation mixtures.

#### Impact

**20%** Crop yield growth



### Conceptualized Agriculture Outgrower Scheme



DIMO has the one of largest farmer Out Grower Networks in Sri Lanka. DIMO agribusinesses has provided value to Sri Lanka's small and medium level agropreneurs through our supply chain pipeline and the DIMO out grower network by engaging them with our agribusiness operations.

DIMO is Sri Lanka's No.1 supplier of melon seeds, with 80% of market share, and the leading supplier of local seed paddy. DIMO's current network of over 1000 outgrowers and primary producers' partner with us for seed paddy, vegetable seeds, soya, fodder maize and fruits including pineapple, papaya, passion fruit, mango. We plan to expand this out grower network to 10,000 farmers/primary producers over the next five years.

#### Impact

**1,000+** Farmers



### The Score Card – Sustainability Products & Service



It is our target that 50% of DIMO's total revenue by 2030 will be drawn from sustainable products and services. With this target in mind, the priority was to identify our current portfolio of sustainable products and services.

The Business Pillar team has devised a score card for this purpose, with a product or service needing to score 80% or more across parameters to be defined as sustainable. Once the analysis of the present portfolio is complete, there is provision for improving and extending our portfolio to include more sustainable products and services.

#### Impact

**50%** revenue from sustainable products & services by 2030

### DIMO Care Camp



DIMO Care Camp is a free service campaign for any tractor brand in Sri Lanka, providing a world-class service for tractors in readiness for the 'Maha' season in paddy cultivation.

The service campaign was conducted for two days each at six locations within agricultural districts.

#### Impact

**300+** Tractors



## Design Supply Installation and Commissioning of Rooftop Solar PV System



As a company that continuously strives to reshape the clean energy landscape of Sri Lanka, DIMO provides advanced solutions for renewable energy.

The DIMO Power Solutions Team has designed, installed, commissioned, and connected to the grid a 688-kW rooftop solar PV system at Milfort Exports Ceylon (Pvt) Limited. The project is expected to generate 908,106 kWh – annually.

### Impact

Saving **635,712kg CO<sub>2</sub>**

## Kilinochchi Treatment Plant



DIMO was contracted for the the Kilinochchi Water Supply Scheme project funded by the World Bank, with the National Water Supply and Drainage Board (NWSDB) as end-use. This national project is implemented by the Water Supply & Sanitation Improvement Project (WASIM).

DIMO was able to construct a fully-fledged water treatment plant in Kilinochchi with a total capacity of 4,500 m3 a day. It comprises of an underground sump and sand filtration, with axillary equipment, yard pumping and generator house. The plant uses a newer technology – Dissolved Air Flocculation. Catering to about 1000-1500 households, this is the largest treatment plant constructed by DIMO thus far.

### Impact

**1,000-1,500** Households

## Ambathale Energy Conserving Project

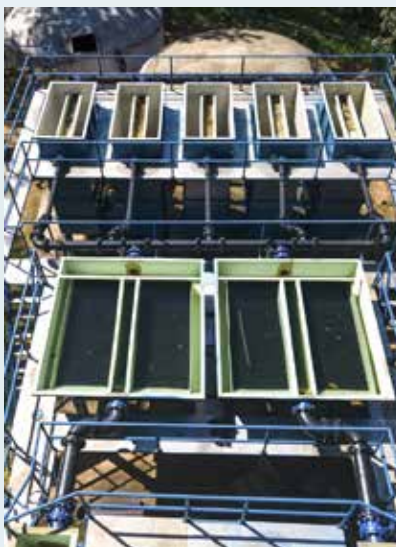


DIMO was engaged to carry out a massive energy saving project at the Ambathale water treatment plant, which caters to the entire municipal water requirement of Colombo city. Built during colonial times, the plant used older technology and was therefore consuming a heavy load of electricity for water treatment.

As part of a rehabilitation project at the plant, DIMO was contracted to supply energy efficient pumps, in order to reduce the high electricity costs involved. Working with pump supplier KSB, DIMO delivered a solution that assured positive variance of 80% or more. DIMO was able to contribute to the National Energy Saving Policy through this project.

### Impact

Reducing **60%** of energy



## Being a Resilient Community

### Skill Development – Engaging Schools Students



Skills are an important component of advanced educational programs. Leadership and teamwork are essential for any work to that involves achieving common goals. Collaborative projects and group activities foster a sense of camaraderie and collective achievement.

Our focus is on educating students within the vicinity of DIMO's business locations; in 2023-24, the focal areas were Grandpass, Kotahena, and Peliyagoda. The uniqueness of the program is that almost all sessions were trilingual, and conducted by DIMO Nature Club volunteers, who are DIMO employees. During the year, the programme conducts sessions at 6 schools, impacting 745 students.

### Impact

**745** Students **6** Schools

## Sustainability & You



Raising awareness among employees is critical to achieving our strategy, as we need our people to absorb the concept of sustainability. It is not something that can be done overnight.

'Sustainability & You' is an awareness program to introduce new subjects to the workplace. It involves conversations with experts on subjects as varied as cyber harassment, snakes and myths, and communication. Our employees moderate the program themselves, thereby increasing the engagement among employees. 7 programs in this series were conducted during the year, with the participation of over 342 employees.

### Impact

**7** Programs  
**342** Employees engaged



'Lassana Hetak' – A Book Donation Campaign



Education is the key to unlocking a brighter future, and at DIMO, we believe every child deserves access to quality learning resources. Through our 'Lassana Hetak' (A Beautiful Tomorrow) book distribution campaign, we made a significant impact on the community by reaching over 800 students across the country. The campaign was expanded to to 5 locations this year: DIMO 800, Weliweriya, Dikkowita, Siyambalape and Jaffna. Lassana Hetak not only provides books but also instills a passion for learning in young minds.

Impact  
801 Children



'Lassana Hetak' Video  
<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=27>



Support for Entrepreneurship



DIMO Avurudu Pola this year embraced diversity and inclusion and invited visually impaired individuals from the Sri Lanka Welfare Society of the Blind, Seeduwa to sell their products, thus creating a direct marketplace. Moving forward, DIMO is dedicated to supporting their work and helping to build a sustainable marketplace for their products. This initiative supported 10 visually impaired persons to enhance their cottage industry.

Impact  
10 Visually impaired members from society

Employee Engagement – DIMO Nature Club



DIMO Nature Club was established in 2022 to create a platform for DIMO employees to engage in conservation and social welfare. Any employee can become a member if they are passionate about driving the tasks undertaken by the club. DIMO Nature Club focuses on educating members and the community in conservation and on working together to create change makers.

The club operates through a code of conduct that governs members and aligns them with DIMO values, promoting volunteerism, and currently has a membership of over 420.

Impact  
420+ Membership



Nature Club Video  
<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=28>

Employee Resource Group (ERG)



The ERG framework at DIMO is designed to foster an inclusive workplace by supporting and empowering diverse groups within the organisation. It acts as a platform for employees to connect, share experiences, and collaborate on initiatives that enhance the company's culture and drive business success.

ERG initially was launched as DIMO Women's Network in November 2018 to bridge the gender gap, but soon evolved to include male allies, leading to its rebranding as 'DIMO's Employee Resource Group' in October 2019.

The group currently has 57 active members and aims to promote meritocracy and foster a respectful workplace culture for all employees. This is achieved through mentorship, addressing workplace issues, developing gender-smart business solutions, and building a dedicated team.

Impact  
57 Active volunteers



Conserving a Living Planet

Partners for Conservation – Mangrove Restoration



The project site is situated in 'Kepu Ela' and 'Nugaduwa' in Galle District and its primary objective is to promote sustainability and wildlife conservation.

As an organisation, DIMO recognizes the importance of planting mangroves to conserve biodiversity, combat climate change, and sustain local communities. This project was initiated in collaboration with MAS Holdings, and the implementation was carried out by the Wildlife Conservation Society of Galle. The project is an 18-hectare area of conservation and we have been able to conserve and plant around 6 hectares, with 200 saplings of 5 different species planted.

The planting is carried out by the community with support from the organisation and each member is supported financially for providing seedlings.

Impact  
200 Saplings 5 Species





## Multiple Partners – Marine Turtle Conservation



The Panama Project was initiated in 2012 with Wildlife Ocean Resource Conservation (WORC) organisation. As the first step, we educated and trained the community engaged in stealing turtle eggs and converted them to the patrol that protects the nests during breeding season. To protect the eggs from natural predators, we covered the nests by burrowing cages 1½ feet into the ground, a harmless in-situ conservation method that allows turtle hatchlings to emerge through the gaps of the cages.

The project today is a multiple partner case study. The project has 3 funding partners: DIMO (3 km), MAS Intimates (3 km) and Commercial Bank (11 km). Its key objective is to declare the site a protected area with data collection and support from the Department of Wildlife Conservation (DWC).

The ongoing project, a labour of love spanning over 12 years, has yielded remarkable results in safeguarding turtle populations and their nesting habitats. DIMO's individual efforts have led to the protection of 1314 nests and 153,815 eggs, with an impressive 75%-89% hatchling survival rate. From Loggerhead to Green Turtle and Olive Ridley, the project has seen the successful nesting of various turtle species, contributing significantly to conservation of marine biodiversity along Sri Lanka's coastal belt.

### Impact

Protecting **1,314** Nests  
**153,815** Eggs  
**127,488** Hatch-lings released



[Turtle Conservation Video](https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=29)

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=29>



## 'Life to Reef' – An End of a Project



DIMO's 'Life to Reef' project embodies the company's dedication to environmental stewardship. By collaborating with Wildlife and Ocean Resource Conservation (WORC) organisation and engaging local communities, DIMO has not only restored a vital coral reef but fuelled dreams and aspirations of communities for a sustainable future. This initiative demonstrates the transformative power of collective action in preserving our planet's precious ecosystems.

The project was underway for more than 5 years and solely funded by DIMO. It has restored 30 coral species belonging to 4 families, a considerable portion of the 184 identified in Sri Lanka by WORC. Today, some coral colonies reach heights between 10cm and 15cm, providing a vital natural habitat for many species. The returning presence of turtle species, including Green Turtles, Loggerhead Sea Turtles, and Hawksbill Sea Turtles, to the Bonavista reef is another immense achievement of this restoration effort.

The revitalized reef has re-emerged as a popular tourist destination, generating income streams for local communities through snorkel kit rentals and food stalls. This economic revival and heightened awareness of coral reef conservation have fostered a sense of community ownership and a commitment to protecting this vital marine ecosystem.

### Impact

**3.5** Hectares restored



[Life to Reef Video](https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=30)

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=30>

## Committed Towards SBTis



The Science Based Targets initiative (SBTi) is a global body enabling businesses to set ambitious emissions reduction targets in line with the latest climate science. SBTi's goal is to accelerate companies across the world to support the global economy to halve emissions before 2030 and achieve net-zero before 2050.

The initiative is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) and one of the We Mean Business Coalition commitments. The SBTi defines and promotes best practice in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets.

DIMO's Sustainability Agenda focuses on a reduction of 50% in emissions from a 2019 baseline. In continuing this journey, DIMO has signed a commitment letter towards adoption of SBTi. This indicates that the organisation will work to set a science-based emission reduction target aligned with the SBTi's target-setting criteria. This is the first step in DIMO's journey towards decarbonisation.

### Impact

**Science-based targets for reducing carbon emissions.**



## 'Life' Project – The Fertilizer Partner



The five-year forest reserve project 'Life' at Kanneliya, is a collaboration among 15 stakeholders – including corporate, community and public entities. In partnership, we have been able to restore a degraded land of 12 hectares within just 5 years. This restoration project has been deemed a resounding success and published as a case study for the successful science-based methodologies used.

DIMO participated in the restoration programme as a funding partner, along with Biodiversity Sri Lanka (BSL) and 11 other corporates; technical support was provided by the International Union Conservation Network (IUCN) while the Forest Department of Sri Lanka provided guidance. The community is the key stakeholder for planting and taking care of the site. 5 years after entering the project, DIMO is now the official fertilizer partner, providing the annual fertilizer requirement.

### Impact

**15** Project partners  
**12** Hectares restored



## The EHS Watch



EHS stands for Environment, Health & Safety. The EHS Watch is an initiative to document and create a mechanism to report environmental and health and safety observations at DIMO.

The EHS Watch is open for any employee to share a photograph or a video of a situation that is not in compliance with the management systems. After being reported, it is shared with the relevant departments and teams to resolve the concern. The initiative engages employees and keeps them alert to reducing the number of non-compliances that can occur in premises.

### Impact

**27** Cases reported and resolved

## Implementing Single-Use Plastic



DIMO's Single-use Plastic policy is to eliminate all single-use plastics in 3 phases – at our premises, at events we organize and then, moving towards the process and supply chain.

As the first step, we have eliminated items such as plastic straws, plastic cutlery, polystyrene & styrofoam containers, single-use polythene bags, PET, and back drops at events.

### Impact

**Group-wide elimination of single-use plastic at DIMO.**

## GHG Solar Project Validation



DIMO has received verification confirmation for ISO 14064-2:2019 for the 'DIMO Lanka Solar Power Project'. This verification confirms the reduction or removal of greenhouse gas emissions. The scope of this verification covers the emission reductions or removal enhancements of the project from November 1, 2019, to July 31, 2023. The total net greenhouse gas emission reduction or removal enhancements amount to 5,712.18 metric tons of carbon dioxide equivalent over a period of three years and nine months. DIMO is committed to sustainable practices and environmental responsibility. This verification underscores our dedication to reducing greenhouse gas emissions and contributing to a greener future for generations to come.

### Impact

**5,712.18** Tons CO<sub>2</sub>e reduced & removed

*"Our mission is to be unique. We create a brand that distinguishes a business that meets sustainability; a tribe that creates a space for diversity, change agents and partnerships. Ours is a journey that is defined by our agenda 2030, connecting to create a brand that is an outstanding business case".*

~ Mega Ganeshan ~  
Senior Manager – Sustainability



# Consolidated Statement of ESG Performance

GRI: 2-7, 2-8, 2-16, 2-26, 2-27, 201-2, 301-1, 303-2, 303-3, 303-4, 304-3, 305-1, 305-4, 305-5, 305-6, 305-7, 306-1, 306-5, 307-1, 401-1, 401-2, 403-1, 403-3, 403-5, 403-9, 404-1, 404-2, 404-3, 406-1, 412-2, 416-1, 416-2, 419-1

Table 45: Consolidated ESG Statement

For the year ended on 31st March	Note	2023/24	2022/23	2021/22
<b>Environmental Performance</b>				
<b>Resources</b>				
Non-renewable energy consumption for operations (GJ)	2.1	51,503	42,883	42,813
Generation of Renewable Energy (GJ)	2.2	11,605	11,415	11,739
Water consumption for operations (m <sup>3</sup> )	2.3	69,915	50,964	97,911
Total treated wastewater (m <sup>3</sup> )	2.3	2,524	3,012	-
Total treated wastewater reused (m <sup>3</sup> )	2.3	1,770	917	10,316
<b>Waste</b>				
Non-hazardous waste (kg)	2.4	428,088	156,327	246,996
Hazardous waste (kg)	2.4	81,000	66,903	108,321
Non-hazardous waste (Units)	2.4	650,899	314,498	29,140
Hazardous waste (Units)	2.4	624	758	934
<b>Emission</b>				
Carbon emitted for operations (tons CO <sub>2</sub> e)	2.5	4,888	3,604	5,088
<b>Biodiversity</b>				
Land restoration (hectares)	2.6	10.83	7.63	4.5
<b>Social Performance</b>				
<b>People &amp; Employees</b>				
Total employees as at 31st March	3.1	1,933	1,737	1,875
Employee turnover (%)	3.1	18.64	22.05	15.90
Female employees as a percentage of total employees (%)	3.2	14	12	10
Total number of female employees in decision making roles	3.2	59	54	50
Employee engagement score (out of 5)	3.3	4.20	4.20	4.20
Employee Trust Index (out of 100)	3.4	81	84	80
Total number of injuries	3.5	12	9	6
Average training hours per employee	3.6	20.1	10.87	23
Investment in training (Rs. 000)	3.6	24,438	1,149	-
Total employee benefits distributed (Rs. 000)	3.8	5,570,827	4,470,904	4,088,882
<b>Customers and Society</b>				
Customer Satisfaction Index (%)	3.7	91	89	92
Duty and tariff paid (Rs. 000)	3.8	5,756,450	2,696,486	4,427,108
Investment in Sustainability Initiatives (Rs. 000)	3.8	31,174	16,965	24,068
Number of apprenticeships provided for technical education	3.9	814	794	582
<b>Governance Performance</b>				
<b>Values and ethics</b>				
Employees trained on DIMO's code of conduct	4.1	455	182	361
Number of whistle-blowers cases reported and solved	4.2	-	3	3
Anti-harassment helpline cases reported and solved	4.3	17	6	-
<b>Management Systems</b>				
Number of total audits conducted on management systems	4.4	2	2	1
Number of major non-compliances reported in Management Systems	4.4	-	-	-
<b>Data privacy and security</b>				
Employee trained on data privacy	4.5	455	182	361



Supplementary Information

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=31>



# Notes to the Consolidated ESG Statement

GRI: 2-7, 2-8, 2-26, 2-27, 201-2, 301-2, 303-2, 303-3, 303-4, 306-1, 306-5

## Section 01 – Basis of Preparation

### General Reporting Standards and Principles

This ESG statement is prepared for Diesel & Motor Engineering PLC (DIMO) and for the subsidiaries over which DIMO exercises management control. Information pertaining to joint ventures is included where relevant. More information about Group entities can be viewed on page 9.

The Sustainability KPIs that were launched in 2022/23 with the DIMO Sustainability Agenda 2030 – state our long term strategic KPIs.

- GRI Standards issued by the Global Sustainability Standards Board (GSSB)
- International Integrated Reporting Framework (International <IR> Framework) 2021. The company is a Sustainability Alliance Member of the International Sustainability Standards Board (ISSB).
- Sustainability Accounting Standards Board (SASB) Standards that play an important role in the IFRS Foundation's Climate-related Disclosures and General Requirements for Sustainability-related Disclosures.
- The Greenhouse Gas Protocol Corporate Standard published by World Resource Institute (WRI) and World Business Council for Sustainable Development (WBCSD) is used to measure and report on the Group's carbon footprint.
- The Code of Best Practices in Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and The Securities and Exchange Commission of Sri Lanka in 2017.
- Early adoption of SLFRS S1 for disclosure of all information pertaining to sustainability-related risks and opportunities while SLFRS S2 captures climate-specific requirements.

DIMO applies reporting principles highlighted in the GRI standards, SASB and <IR> Framework to ensure the quality of information presented. DIMO has opted for early adoption of SLFRS S1 and S2.

### Materiality

When determining the materiality of information to be reported in this statement, DIMO considers information that is material to financial capital providers in gauging DIMO's value creation ability in the short, medium, and long term. The sources of inputs for this determination are the material issues identified through key stakeholders, key aspects arising out of management discussions. The operating context and outlook on pages 28 – 30, evaluates the external environmental context in which DIMO operates, the key risks and opportunities arising and what is anticipated.

### Stakeholder Inclusiveness

An independent stakeholder engagement is carried out every three years; the latest engagement was conducted in year 2022. Refer page 116 – 119 for more information about stakeholder engagement.

### Accuracy, Completeness and Verifiability of Data

Accuracy, completeness, and the verifiability information is ensured by the management systems that are audited annually by an independent external party.

They are:

- ISO 14001:2015 (Environment Management System)
- ISO 9001:2015 (Quality Management System)
- ISO 45001: 2018 (Occupational Health and Safety Management System)

### Comparability

Indicators presented in this statement are calculated based on guidelines presented in GRI and SASB sustainability standards. There have been no changes to these guidelines from last year, unless otherwise specifically stated.

An additional new upgrade is the early adoption of qualitative data on SLFRS S1 and S2.



GRI: 2-7, 2-26, 2-27, 201-2, 203-1, 302-1, 302-2, 302-3, 302-4, 302-5, 303-2, 303-3, 303-4, 306-1, 306-5

## Section 02 – Environmental Performance

### 2.1 Non-renewable Energy and Electricity Consumption

Table 46: Non-renewable Energy Consumption in Operations at DIMO

Description	Units	Consumption			
		2023/24	Change (%)	2022/23	2021/22
Generators	GJ	959	(85)	6,396	781
Petrol for Vehicles	GJ	39,636	22	32,452	30,826
Diesel for Vehicles	GJ	1,786	-	-	-
Grid Electricity	GJ	9,123	126	4,035	11,206
<b>Total</b>	<b>GJ</b>	<b>51,503</b>	<b>20</b>	<b>42,883</b>	<b>42,813</b>

Energy consumption increased during the 2023/24 financial year due to the considerable amount of data captured this year, including diesel and petrol for operations.

#### Basis for Measurement

The energy consumption of DIMO consists of the consumption of power and fuel for its operations. Other than the renewable energy generated internally, and the hydro power and coal generated power obtained through public electricity lines (grid electricity), all other energy sources were non-renewable sources such as petrol and diesel. The measurement is calculated based on meter readings and invoices.

### 2.2 Renewable Energy Generation

Table 47: Renewable Energy Generation at DIMO

Location		Capacity (kW)	Energy Generation (GJ)		
			2023/24	2022/23	2021/22
DIMO Embilipitiya Solar PV Plant	Ground Mounted	1,000	5,019	5,070	5,258
DIMO 800, Mercedes Benz Showroom	Rooftop Mounted	700	2,722	2,753	2,718
DIMO Weliweriya	Rooftop Mounted	807	2,864	2,894	2,947
DIMO Siyambalape	Rooftop Mounted	237	947	698	816
DIMO Engineering Solutions, Jethawana Road	Rooftop Mounted	21.09	53	-	-
<b>Total</b>		<b>2,765</b>	<b>11,605</b>	<b>11,415</b>	<b>11,739</b>

#### Basis for Measurement

Renewable energy is generated mainly through solar power systems installed on the roof tops of three of our key locations in the Western Province, in additionally a ground mounted system is installed at Embilipitiya under a power purchasing agreement. Recently, installed a system at engineering solutions in Colombo 14 with a capacity of 21.09 kW. The measurement is based on meter readings of the system installed to facilitate solar generation.

As a responsible corporate that takes part in the country's sustainable development, DIMO has initiated in implementing a GHG emission inventory and verification through ISO 14064:2018 certification, covering all its key operations.

### 1.18 GJ

Non-renewable energy consumption to generate one million turnover  
(2022/23 – 1.21 GJ)

### 0.11 tons CO<sub>2</sub>e

Emission consumption to generate one million turnover  
(2022/23 – 0.09 tons CO<sub>2</sub>e)

### 1.60 m<sup>3</sup>

Water consumption to generate one million turnover  
(2022/23 – 1.44 m<sup>3</sup>)



# Notes to the Consolidated ESG Statement

GRI: 2-7, 2-8, 2-26, 2-27, 201-2, 301-2, 301-3, 303-1, 303-2, 303-3, 303-4, 303-2, 303-3, 303-4, 306-1, 306-2, 306-3, 306-4, 306-5

## Section 02 – Environmental Performance

### 2.3 Water Consumption

Table 48: Water Consumption for Operations

Description	Units	Consumption			
		2023/24	Change (%)	2022/23	2021/22
Municipal Water	m3	49,501	42	34,854	61,715
Ground Water	m3	17,675	16	15,193	25,994
Total Treated Wastewater Reused	m3	2,524	175	917	10,202
Rainwater Harvesting	m3	214	-	-	81
<b>Total Water Consumption</b>	<b>m3</b>	<b>69,914</b>	<b>37</b>	<b>50,964</b>	<b>97,992</b>

There is an increase in the percentage of reused treated water. This year we are reporting rainwater harvesting as to the previous years. The increase in water consumption is due to the additional locations.

#### Basis for Measurement

DIMO's main water source is municipal water. Water used at the Colombo Head Office, Siyambalape, Anuradhapura, Kurunegala, THF-Kurunegala and DIMO 800 MB centre uses and Effluent Treatment Plant (ETP) for treating wastewater as per local environmental regulations. Reused at Siyambalape and Kurunegala.

### 2.4 Waste and Effluents

Table 49: Waste Generated from Operations

Description	Hazardous/ Non-Hazardous	Disposal Method	Units	Generation			
				2023/24	Change (%)	2022/23	2021/22
Cotton waste	Hazardous	Incinerate	kg	11,471	-20%	14,298	21,061
Paint tins	Hazardous	Incinerate	Units	624	-18%	758	934
Sludge	Hazardous	Incinerate	kg	31,360	-25%	41,640	76,640
Waste oil	Hazardous	Reuse	m <sup>3</sup>	35	-39%	57	67
Contaminated paper	Hazardous	Incinerate	kg	8,032	-18%	9,760	5,677
Batteries	Hazardous	Recycle	Units	-	-100%	8	199
Saw dust	Hazardous	Incinerate	kg	-	-	*6,700	4,009
Saw dust	Non-Hazardous**	Reuse	kg	29,142	-	-	-
Cardboard boxes	Non-Hazardous	Recycle	kg	31,234	110%	14,873	50,141
Metal scrap	Non-Hazardous	Recycle	kg	55,871	511%	9,142	40,957
Food / Organic waste	Non-Hazardous	Reuse	kg	35,840	56%	22,982	12,896
Pallets	Non-Hazardous	Reuse	kg	63,243	22%	51,900	90,285
Plastic	Non-Hazardous	Recycle	kg	4,905	95%	2,514	3,063
Polythene	Non-Hazardous	Recycle	kg	36,552	89%	19,296	39,377
Filters	Non-Hazardous	Recycle	Units	10,581	-17%	12,751	28,077
Metal Dust	Non-Hazardous	Reuse	kg	1,812	-83%	10,497	5,056
Tyres	Non-Hazardous	Recycle	Units	394	-28%	544	864
A4 Paper	Non-Hazardous	Recycle	kg	21,089	78%	11,828	5,222



GRI: 2-7, 2-8, 2-26, 2-27, 201-2, 301-2, 301-3, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-2, 306-3, 306-4

Description	Hazardous/ Non-Hazardous	Disposal Method	Units	Generation			
				2023/24	Change (%)	2022/23	2021/22
Gunny Bags	Non-Hazardous	Reuse	Units	638,735	112%	301,195	-
Glass Bottles	Non-Hazardous	Recycle	kg	28	-	-	-
Fruit Waste	Non-Hazardous	Recycle	kg	148,400	-	-	-
Plastic Cans	Non-Hazardous	Recycle	kg	1,189	-	-	-

\*2022/23 figure for saw dust has been restated.

\*\*In the financial year 2023/24, sawdust has been reclassified as non-hazardous waste. This reclassification is based on the fact that the majority of sawdust waste is generated by the Agriculture Division from fertilizer sweepings. Furthermore, this waste is subsequently reused by third-party buyers in agricultural applications.

In the financial year 2023/24, the majority of waste was classified in the non-hazardous category, which is 86% of total waste generation. Notably, this year marks the first year where fruit waste data was included, as this category of waste originated from a recently acquired new business – Tropical Health Food (THF), and is being managed through composting initiatives.

### Basis for Measurement

Waste is collected and segregated using colour coded bins placed at DIMO's premises. Waste is measured as the sum of all the waste disposed at different locations based on the weight logs and invoices received for paid waste disposal and collectors. Waste is disposed for reusing, recycling, or for energy recovery by incineration – through suppliers approved by the Central Environmental Authority (CEA).

## 2.5 Emission

Table 50: Carbon Emission from Operations

Description	Units	2023/24		2022/23		2021/22	
		Consumption	Emission (tCO <sub>2</sub> e)	Consumption	Emission (tCO <sub>2</sub> e)	Consumption	Emission (tCO <sub>2</sub> e)
<b>Scope 1</b>			55		117		1,765
Diesel For Generators	Ltr	6,542	18	43,656	117	774,516	1,765
Diesel for Vehicles	Ltr	12,186	33	-	-	-	-
Petrol for Vehicles	Ltr	1,873	4	-	-	-	-
<b>Scope 2</b>			1,799		*796		2,095
Electricity	kWh	2,534,307	1,799	1,120,846	796	3,112,685	2,095
<b>Scope 3</b>			3,034.4		2,690.6		1,228
Diesel for Vehicles – Delivery	Ltr	67,047	180	15,209	407	116,015	266
Petrol for Vehicles – Delivery	Ltr	165	0.4	287	0.6	256,027	670
Petrol for Vehicles – Employees	Ltr	1,157,062	2,673	948,896	2,192	163,015	278
Business Travel			181		91		14
<b>Total Emission</b>			4,888		3,604		5,088

The increase in electricity consumption during the 2023/24 financial year compared to the 2022/23 financial year is due to the inclusion of a larger number of DIMO premises in the emission calculations. There is a significant increase in our Scope 2 emissions as rarely power outages were occurred during the year compared to 2022/23.

\*2022/23 figure for scope 2 emission has been restated.



## Section 02 – Environmental Performance

### Basis for Measurement

Emissions are limited to CO<sub>2</sub> emissions from energy and do not include other greenhouse gases. The methodology of measurement of the emissions follows the WBCSD/ WRI Greenhouse Gas Protocol's Corporate Standard (Revised Edition). Reporting is primarily under Scopes 1 and 2. According to data availability some elements of Scope 3 has been reported.

Emissions from petrol or diesel provided to employees is calculated based on the actual usage of the fuel cards (A card that can be used to pump fuel from fuel stations) issued to employees. Assumptions based on the prevailing fuel prices are used to identify the litres of usage each month.

Emissions from business travel is estimated based on standard mileage between airports along with the passenger travelling class.

### 2.6 Biodiversity

#### Number of Hectares Restored

During the 2023/2024 financial year DIMO has restored 10.83 hectares through the following 4 major conservation projects.

**Table 51: Breakdown of Environment Restoration**

Project	Number of hectares restored			
	2023/24	Change (%)	2022/23	2021/22
'Life to Reef' at Rumassala	3.5	-	3.5	3.5
'Life' at Kanneliya	1	-	1	1
Mangrove Restoration at Galle	6.2	-	3	-
Marine Turtle Conservation at Panama	0.13	-	0.13	-
<b>Total</b>	<b>10.83</b>	41.94	7.63	4.5

Efforts in restoration has increased from the mangrove project with the mangrove saplings planted for this year comparatively.

### Basis for Measurement

In DIMO Sustainability Agenda 2030 – the Biodiversity KPI is 1:1 restoration. This is measured from the increased number of hectares restored during the year marking up to the 33.18 hectares owned land area by DIMO.



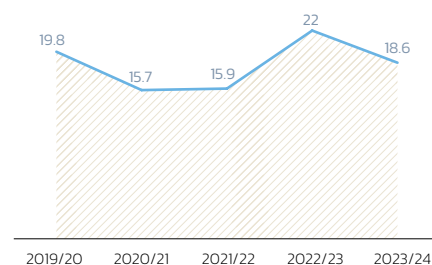
## Section 03 – Social Performance

### 3.1 Number of Employees and Employee Turnover

Table 52: Employee Composition as at 31st March

Status	Gender	2023/24	2022/23
Contract	Female	20	11
	Male	119	109
Permanent	Female	252	206
	Male	1,542	1,411
Grand Total		1,933	1,737

Graph 41:  
Employee Turnover



Compared to the previous financial year, the employee turnover rate for 2023/24 has decreased to 18.6%. This reduction reflects DIMO's commitment to addressing the high turnover experienced in 2022/23, which was caused by the country's unstable political and economic conditions and this year the rate has scaled-down.

#### Basis of Measurement

The number of employees is recorded as all employees except those undergoing internships and apprenticeships as at the year-end.

The rate of employee turnover is measured as the number of employees who left the Group during the financial year including those whose contracts were terminated, divided by the average number of employees for the financial year.

### 3.2 Employee Diversity

Table 53: Employee Diversity as at 31st March 2024 for the whole group

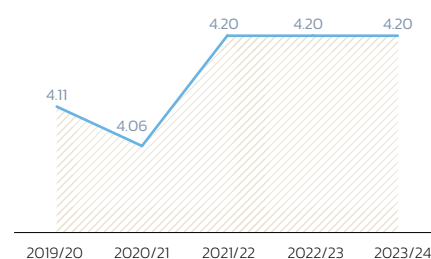
Age Group	Directors		Senior Mgt		Middle Mgt		Executive		Clerical/ Supervisory		Manual		Non-Ex-Contract		Total Employees	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
<20							1		7		2		3		13	
21-30			1		21	8	155	80	125	30	168		26	3	496	121
31-40			5	3	166	23	259	44	71	9	104		10	1	616	80
41-50	1		27	4	89	15	145	6	45	13	75		7	1	388	39
51<	8	2	12	2	30	2	46	8	13	12	16		23	6	148	32
<b>Total</b>	<b>9</b>	<b>2</b>	<b>45</b>	<b>9</b>	<b>306</b>	<b>48</b>	<b>606</b>	<b>138</b>	<b>261</b>	<b>64</b>	<b>365</b>	<b>0</b>	<b>69</b>	<b>11</b>	<b>1661</b>	<b>272</b>

#### Basis of Measurement

Employee diversity is a measure of total female employees as a percentage of total male employees. Senior management includes all employees of the senior manager designation and above, while middle management consists of employees above the assistant manager designation but below senior manager. Both middle management and senior management employees are considered employees in decision-making capacities.

### 3.3 Employee Engagement Score

Graph 42:  
Employee Engagement Score in Last Five Years



In the financial year 2021/22, DIMO achieved its highest ever employee engagement score – which has been successfully maintained for three consecutive years. This is a result of increased employee engagement activities.

#### Basis of Measurement

The employee engagement survey is conducted internally and is open to all employees. The survey includes 12 questions based on the internationally recognised Gallup Q12 Employee Engagement Questionnaire. The survey is carried out by the HR division, with proper mechanisms in place to ensure the integrity and independence of the results.

**In 2021/22, DIMO has achieved its highest ever employee engagement score – which has been successfully maintained for three consecutive years.**



## Section 03 – Social Performance

### 3.4 Employee Trust Index

Table 54: Employee trust index – Comparison with the averages of Sri Lanka's Best Workplaces (Large)

Statement	DIMO	2023 Sri Lanka's Best Workplaces (Large)
I would strongly endorse my organisation to friends and family as a great place to work	85	93
Management is honest and ethical in its business practices	85	92
Taking everything into account, I would say this is a great place to work	85	94
I'm proud to tell others that I work here	92	96
This is a psychologically and emotionally healthy place to work	79	90

Trust Index demonstrate the effectiveness of DIMO's employment practices in the eyes of employees. DIMO was able to achieve an average score of 81 this year.

#### Basis of Measurement

The Employee Trust Index is an independent survey carried out by Sri Lanka's Great Place to Work Institute. The survey is open to all employees and this year DIMO recorded a response rate of 90% of all employees. The trust model consists of five aspects, namely credibility, respect, fairness, pride, and camaraderie.

### 3.5 Employee Health and Safety

Table 55: Employee Injuries and Lost Working Days

Injuries/Diseases/ Fatalities/Lost working days /Absenteeism	2023/24		2022/23		2021/22	
	Rate	Total No	Rate	Total No	Rate	Total No.
Injuries	0.65%	12	0.52%	9	0.0002%	6
Occupational diseases	-	-	-	-	-	-
Lost working days	0.04%	168	0.02%	82	0.0013%	46
Work related fatalities	-	-	-	-	-	-

There is a higher number of injuries reported than last year reflecting the efficiency in collecting data and reporting to health and safety. DIMO was certified in April, 2022 for Occupational Health and Safety Management System – ISO 45001: 2018.

#### Basis of Measurement

An injury is defined as a non-fatal or fatal injury arising out of, or during, work. Injury rate is calculated based on the frequency of injuries, relative to the total time worked by all workers during the reporting period.

An occupational disease is defined as disease arising from a work situation or activity, or from a work-related injury (Example – stress or regular exposure to harmful chemicals).

Lost working days are the number of days that work cannot take place (and are thus 'lost') because of a worker or workers being unable to perform their usual work due to an occupational disease or accident.

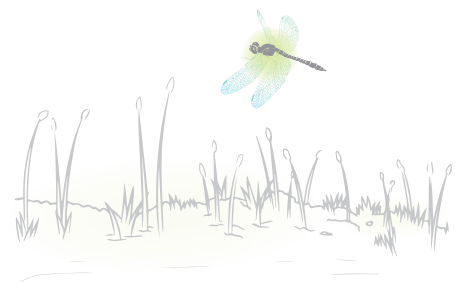
Injuries and occupational diseases are recorded based on the logs maintained by the medical officer of each respective location.

59

# Females in Leadership Roles  
(2022/23 – 54)

4.20

Employee Engagement Score  
(three consecutive years)



#### Enabling People's Progress

Dragonflies support high degrees of pest control, and have long inspired engineers and scientists to create new technologies such as drones and artificial visual systems that break the boundaries of innovation.



GRI: 2-7, 2-8, 2-26, 2-27, 201-1, 201-2, 401-2, 404-1, 404-2, 404-3, 417-1, 417-2, 417-3, 418-1

### 3.6 Employee Training and Development

Table 56: Average Training Hours per Employee

Category		No. of Employees	No. of Training hours	Per Employee Training hours per Year
Board of Directors	M	11	141	12.8
	F	1	50.5	50.5
Senior Management	M	24	411	17.1
	F	5	120	24
Middle Management	M	43	931	21.7
	F	8	158	19.7
Junior Management	M	163	3,749	23
	F	32	749	23.4
Executive	M	336	7,580	22.6
	F	83	1,891	22.8
Clerical/ Supervisory	M	156	2,409	15.4
	F	28	432	15.4
Sales	M	8	114	14.3
	F	1	32	32
Manual	M	112	1,652	14.8
	F	9	61	6.8
Total	M	853	16,987	19.9
	F	167	3,492	20.9
		1,020	20,479	20.1

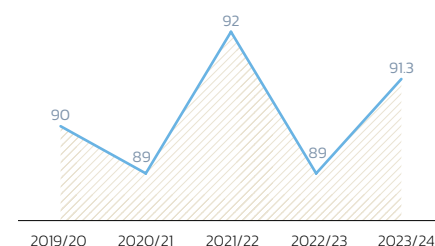
The focus of the year was to increase the number of employees been trained and the training hours with new training programs.

#### Basis of Measurement

Training hours per employee is calculated based on total hours of training provided to each employee category and the total number of employees trained. Employee training hours are measured based on training logs maintained by the HR Division.

### 3.7 Customer Satisfaction Index

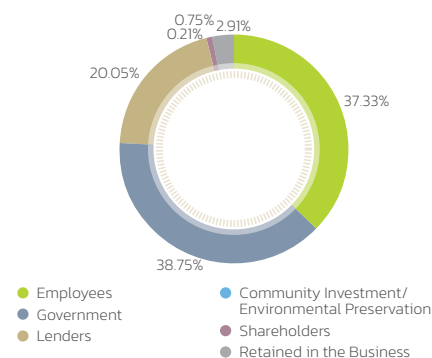
Graph 43:  
Customer Satisfaction Index



#### Basis of Measurement

Customer satisfaction is measured using a questionnaire filled out by customers at each business unit level, which is then consolidated at segment level. For each product and service type, the questionnaire addresses areas such as delivery time, employee interaction levels, and quality, covering all types of customers. The dedicated CRM division of the Group conducts the survey via telephone, email, and where relevant, one to one interviews.

Graph 44:  
Monetised Value Distributed





# Notes to the Consolidated ESG Statement

GRI: 2-7, 2-8, 2-26, 2-27, 201-1, 201-2, 203-2, 401-2, 412-3, 413-1

## Section 03 – Social Performance

### 3.8 Statement of Monetised Value Added and Distributed

Table 57: Statement of Monetised Value Created and Distributed

For the period of (‘000)	Group			
	2023/24		2022/23	
Gross turnover	43,644,295		35,299,201	
Other income	575,243		295,694	
Less: cost of material and services bought in	(29,296,138)		(24,172,531)	
<b>Monetised Value Created</b>	<b>14,923,400</b>		<b>11,422,364</b>	
<b>Distribution of Value Added</b>				
Employees	37.33%	5,570,827	39.14%	4,470,904
Government	38.75%	5,782,299	23.61%	2,696,486
Lenders	20.05%	2,992,174	27.43%	3,336,911
Investment in social and environmental progress	0.21%	31,174	0.15%	16,966
Shareholders	0.75%	112,119	1.01%	115,000
Retained in the business	2.91%	434,807	8.63%	985,236
Depreciation set aside	3.04%	454,321	3.53%	402,872
Profit retained	-0.13%	(19,514)	5.10%	582,364
	<b>14,923,400</b>		<b>11,422,364</b>	

#### Basis of Measurement

The statement of monetised value created and distributed measures the financial value created by the Group and how the financial value thus created is distributed amongst different stakeholders, thereby facilitating economic and social progress. Financial transactions recorded in the accounting system are the basis for this calculation.

Table 58: Duty and Tariffs Breakdown

(Rs. 000)	2023/24	2022/23	2021/22
Duty on imports	4,300,000	2,002,326	3,577,813
Corporate Income tax	148,073	175,974	417,628
Other taxes including value added tax	1,876,442	518,186	431,667
<b>Group Total</b>	<b>6,324,515</b>	<b>2,696,486</b>	<b>4,427,108</b>

#### Basis of Measurement

Duty on imports is the custom tariff the Group pays when clearing goods imported into Sri Lanka. Corporate income tax is the direct tax paid to the government on the taxable income for the financial year. The basis on which these taxes are calculated is disclosed from page 194 – 196 in financial statements. The amounts are extracted from the financial accounting system and recorded based on invoices.

Table 59: Investments for Sustainability Initiatives

(Rs. 000)	2023/24
Investment for environmental initiatives	7,177
Investment for social initiatives	23,507
Other donations	490
<b>Group Total</b>	<b>31,174</b>

#### Basis of Measurement

Investments for sustainability initiatives include investments made by DIMO for both environmental initiatives and social initiatives as well as for other donations. Additionally, investments in the free automobile course which is conducted by DIMO Academy of Technical Skills (DATS) has been included in the cost of social initiatives.

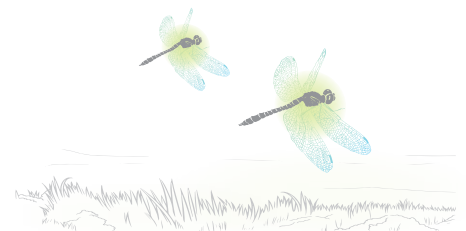
**Our commitment towards social and environmental contribution has been mainly focused on enhancing biodiversity, wildlife conservation, social impact and community engagement and training for youth.**

**116**

# DATS Enrolled Students  
(2022/23 – 41)

**599**

# Internships  
(2022/23 – 678)





### 3.9 Apprenticeships Provided for Technical Education

**Table 59: Number of Trainees Enrolled during the Year**

	2023/24		2022/23		2021/22	
	F	M	F	M	F	M
DATS (Graduates)	2	49	4	37	2	47
DATS (Certificate course completed students)	0	65	-	-	-	-
Universities/Technical Institute	154	445	118	560	97	399
Other (DATS Trainings)	0	99	4	71	9	28
<b>Total</b>	<b>156</b>	<b>658</b>	<b>126</b>	<b>668</b>	<b>108</b>	<b>474</b>

Enrolment of female trainees was increased due to enhanced focus on diversity and inclusion as well as the promotion of women in unconventional job roles. This year, the percentage of females undergoing training has increased by 30% compared to the last year.

#### Basis of Measurement

Apprenticeships for technical education include paid and unpaid internships for youth who have completed, or are following, vocational or technical education courses. Many of these enrolments are for apprenticeships at DIMO's vehicle service workshops. The basis of measurement are logs maintained by HR division.

## Section 04 – Governance Performance

### 4.1 Training on Values and Ethics

#### Basis of Measurement

Demonstration of values and ethics by employees is defined by standards of leadership and DIMO's code of conduct. Every recruit undergoes training on the code of conduct and the standards of leadership. The measurement is based on logs maintained by the HR division.

### 4.2 Whistle-blower Cases Reported and Solved

#### Basis of Measurement

DIMO's Whistle-blower policy encourages employees to raise their concerns related to, but not limited to, unlawful acts, illegal acts, acts that are below DIMO's standards and any harassment related act, directly to the Group Chief Executive Officer, Chairman or the Head of Internal Audit. Such cases reported and solved are the basis for this measurement.

### 4.3 Anti-harassment Helpline Cases Reported and Solved

#### Basis of Measurement

As part of DIMO's Respectful Workplaces Program, we have established an Anti-Harassment Helpline. It is managed by an IFC-trained independent consultant who receives complaints and conducts inquiries in a confidential, impartial, and credible manner, in accordance with the IFC Survivor-Centered approach. Following inquiries, the Consultant advises and recommends innovative and creative initiatives inspired by international standards and best practices and tailored to the organization's needs, geared at both individual relief and systemic change.

### 4.4 Management Systems

Management systems are the processes, procedures and methodology in place with defined KPIs to ensure that the desired results are delivered in each area managed by the system.

**Table 60: Management Systems**

Management System	Areas governed	Accredited
Environmental Management System	Consistent with the organization's environmental policy, the intended outcomes of an environmental management system include the enhancement of environmental performance, fulfilment of compliance obligations, and achievement of environmental objectives.	ISO 14001:2015



## Section 04 – Governance Performance

Management System	Areas governed	Accredited
<b>Quality Management System</b>	Needs to demonstrate the ability to consistently provide products and services that meet customer needs within applicable statutory and regulatory requirements. Aims to enhance customer satisfaction through the effective application of the system, including processes for improvement of the system and the assurance of conformity to applicable statutory and regulatory requirements.	ISO 9001:2015
<b>Occupational Health and Safety Management System</b>	Consistent with the organization's OH&S policy, the intended outcomes of an OH&S management system include continual improvement of OH&S performance, fulfilment of legal requirements and other requirements, achievement of OH&S objectives.	ISO 45001: 2018
<b>GHG Emission Inventory and Verification</b>	Greenhouse gas and climate change management and related activities.	ISO 14064: 1 (2018) ISO 14064: 2 (2019)

### Basis of Measurement

Environmental and social factors are integrated into daily business operations and decision making through the management systems. To ensure the proper operation of the management systems, one internal and one independent external audit are carried out every year. A dedicated team – the DIMO Compliance team – is employed to ensure this mandate.

Non-compliances reported in these management systems during independent audits are extracted from audit reports.

### 4.5 Data Privacy and Security

#### Basis of Measurement

Governance of Information Security rests with a separate Information Security unit attached to the Internal Audit division. The division consists of information security experts and works with the intention of safeguarding information assets of the company.

Data privacy of customers is ensured by controlling the access to customer databases in the ERP system.

Periodic audits are conducted to ensure that data security mechanisms are working properly. These include general control audits, internal and external vulnerability assessments, audits of firewalls, audits of access points and end point security audits.

Each employee that joins DIMO is educated on the data privacy policy during their orientation.



# Independent Limited Assurance Report

## to the Directors of Diesel & Motor Engineering PLC

### on ESG Statement



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We have been engaged by the Directors of Diesel & Motor Engineering PLC ("the Company") to provide limited assurance in respect of the Environment, Social & Governance indicators ("ESG indicators") in the ESG Statement for the year ended 31 March 2024 ("ESG Statement"). The ESG indicators are included in the Company's Integrated Annual Report for the year ended 31 March 2024 ("The Report").

The Limited Assurance ESG indicators covered by our engagement are

Limited Assurance ESG indicators	Integrated annual report page
Environmental indicators	139 to 142
Social indicators	143 to 147
Governance indicators	147 to 148

#### Basis for Conclusion

We conducted our work in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the Institute of Chartered Accountants of Sri Lanka. In accordance with standard, we have;

Ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Used our professional judgement to plan and perform the engagement to provide limited assurance that we are not aware of any material misstatements in the Company's ESG Statement, whether due to fraud or error;

Considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

#### Conclusion

Based on the procedures performed and evidence obtained, as described below, nothing has come to our attention that causes us to believe that the Environment, Social & Governance indicators included in the ESG Statement, as defined above, for the year ended 31 March 2024, is not presented, in all material respects, in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

#### Board of Directors and Management's responsibility

The Board of Directors and Management are responsible for:

- The preparation and presentation of the Limited Assurance ESG Indicators in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.
- Determining that the criteria is appropriate to meet the needs of intended users, being the Company's members and any other intended users. This includes disclosing the criteria, including any significant inherent limitations.
- Establishing such internal controls as management determines are necessary to enable the preparation of the Limited Assurance ESG Indicators that are free from material misstatement whether due to fraud or error.
- Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.
- Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are

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# Independent Limited Assurance Report

## to the Directors of Diesel & Motor Engineering PLC

### on ESG Statement

properly updated and that any changes in reporting encompass all significant business units. This responsibility also includes informing us of any changes in the Company's operations.

- Informing us of any known and/or contentious issues relating to the ESG Statement.

#### Our responsibility

Our responsibility is to carry out a limited assurance engagement in relation to the ESG statement and to express a conclusion based on the work performed.

We have complied with the independence and other ethical requirements of the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics).

The firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding professional compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement also included assessing the appropriateness of the ESG Indicators, the suitability of the criteria, being the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines, used by the Company in preparing and presenting the ESG Indicators within the ESG Statement, obtaining an understanding of the compilation of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by the Company, and re-computation of the calculations of the ESG Indicators.

#### Limited assurance on the ESG indicators in the ESG statements

Our limited assurance engagement on the ESG Statement consisted of making enquiries, primarily of persons responsible for the preparation of the ESG Statement, and

applying analytical and other procedures, as appropriate. These procedures included:

- 1 Interviews with senior management and relevant staff at corporate and selected site level concerning ESG strategy, framework and policies for material issues, and the implementation of these across the business;
- 2 Enquiries of management to gain an understanding of the Company's process for determining material ESG issues for the Company's key stakeholder groups;
- 3 Enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance ESG Indicators, including the aggregation of the reported information;
- 4 Interviews with relevant staff responsible for developing the content (text and data) within the Company's ESG Statement to understand the approach for management, monitoring, collation and reporting of such information and the accuracy, completeness and existence of reported text and data within the Company's ESG Statement;
- 5 Comparing the ESG Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- 6 Reading the Limited Assurance ESG Indicators presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the ESG indicator performance of the Company;
- 7 Reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.
- 8 Reviewing Board minutes to ensure consistency with the content of the ESG statement.

- 9 Obtaining a letter of representation from management dated 20th June 2024 on the content of the Company's ESG statement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the ESG Statement.

#### Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's ESG Statement is prepared in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and for no other purpose or in any other context.

#### Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent limited assurance report, or for the conclusions we have reached.



**Chartered Accountants**  
Colombo

20th June 2024



# Independent Limited Assurance Report

## to the Directors of Diesel & Motor Engineering PLC



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### Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the specified Sustainability Indicators in the DIMO PLC 2024 integrated report, which has been prepared by the management in accordance with the criteria for the year ended 31st March 2024.

### Information Subject to Assurance

We have been engaged by the Directors of DIMO PLC ("the Company") to provide limited assurance in respect of the Sustainability Indicators in the Company's Annual Report for the year ended 31 March 2024. The Scope of work comprised limited assurance over the content on material aspects and data underlying the indicators as specified in the table below.

The Sustainability Indicators covered by our limited assurance engagement are:

Limited Assurance Sustainability Indicators	Integrated annual report page
ESG Highlights	6
<b>Social indicators</b>	
Financial Capital	55 to 58
Manufactured Capital	59 to 62
Human Capital	63 to 66
Intellectual Capital	67 to 71
Social & Relationship Capital	72 to 76
Natural Capital	77 to 78

### Criteria

The Company's 2024 Sustainability Indicators has been prepared and presented by the management in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and the Sustainability Accounting Standards Board (SASB) Framework Standards for ('Multiline and Specialty Retailers & Distributors', 'Agricultural Products', and 'Engineering & Construction Services').

### Basis of our Conclusion

We conducted our work in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the Institute of Chartered Accountants of Sri Lanka. In accordance with standard, we have;

Ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Used our professional judgement to plan and performed the engagement to provide limited assurance that we are not aware of any material misstatements in the Sustainability Indicators, whether due to fraud or error.

Considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

### Summary of Limited assurance procedures performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

### Summary of Limited assurance procedures performed

Our limited assurance conclusion is based on the evidence obtained by performing the following procedures:

- Interviews with senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- Enquiries of management to gain an understanding of Company's processes for determining material issues for Company's key stakeholder groups;

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# Independent Limited Assurance Report

## to the Directors of Diesel & Motor Engineering PLC

- Enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Sustainability Indicators;
- Enquiries about the design and implementation of the systems and methods used to collect and report the Sustainability Parameters, including the aggregation of the reported information
- Comparing the Limited Assurance Sustainability Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- Assess whether the financial indicators reflected in the Report have been extracted from the audited financial statements of the Company.
- Comparing the Limited Assurance Sustainability Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report
- Comparing the Sustainability Indicators presented in the Report to determine whether they are in line with our overall knowledge of, and experience with the sustainability performance of the Company;
- Reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

### How the Standards Defines Limited Assurance and Material Misstatement

A limited assurance engagement is restricted primarily to inquiries and analytical procedures. The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Misstatements, including omissions are considered material if, individually or in

the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of DIMO PLC.

### Management's Responsibility

Management is responsible for determining that the criteria is appropriate to meet their need and the preparation and presentation of the Sustainability Indicators in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and the Sustainability Accounting Standards Board (SASB) Framework, for the sectors denoted as 'Multiline and Specialty Retailers & Distributors', 'Agricultural Products', and 'Engineering & Construction Services'.

These responsibilities include establishing internal controls as management determines are necessary to enable the preparation and presentation of the Sustainability Indicators that are free from material misstatement whether due to fraud or error.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

### Our responsibility

Our responsibility is to express a limited assurance engagement in relation to the Sustainability Indicators included in the Annual Report for the year ended 31st March 2024, and to issue an assurance report that includes our conclusion.

### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics).

The firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding professional compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Sustainability Indicators are prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and the Sustainability Accounting Standards Board (SASB) Framework, for the sectors denoted as 'Multiline and Specialty Retailers & Distributors', 'Agricultural Products', and 'Engineering & Construction Services' Guidelines. and for no other purpose or in any other context.

### Restriction on use of this assurance report

This report has been prepared for the Directors of the Company for the purpose of providing an assurance conclusion on the Sustainability Indicators included in the Annual Report for the year ended 31st March 2024 and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of the Company, or for any other purpose than that for which it was prepared. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent limited assurance report, or for the conclusions we have reached.

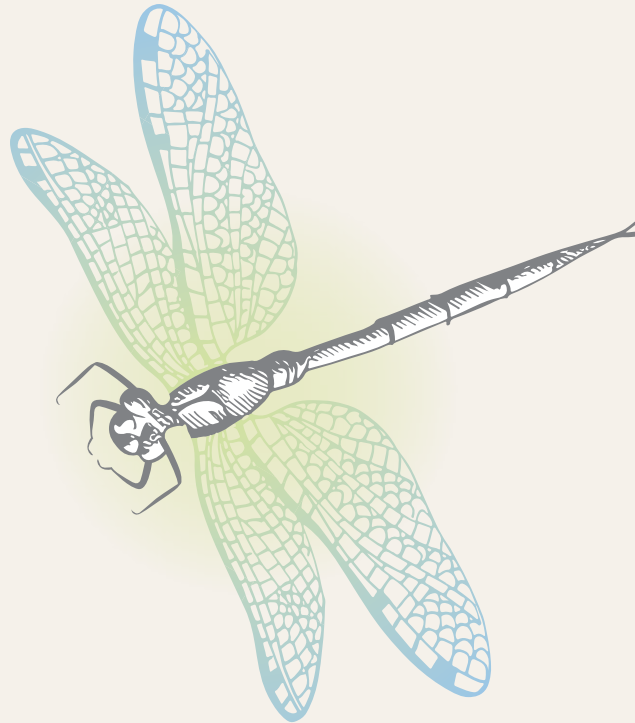


Chartered Accountants  
Colombo

20th June 2024



# A STRONG MOMENTUM



We are committed towards maintaining our trajectory, exploring beyond our boundaries to reach new territories and expand our range of influence.

*Dragonflies are known for their ability to traverse long distances, with certain species said to migrate thousands of miles over three generations to reach their destination.*

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## Financial Statements

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# Financial Calendar – 2023/24

## Interim Financial Statements – Submission to the Colombo Stock Exchange (CSE)

Three months ended 30th June 2023	14th August 2023
Six months ended 30th September 2023	13th November 2023
Nine months ended 31st December 2023	15th February 2024
Twelve months ended 31st March 2024	31st May 2024
Authorization for Issue of Audited Financial Statements for 2023/24	20th June 2024
Publication of Annual Report for the financial year ended 31st March 2024	20th June 2024
79th Annual General Meeting to be held on	16th July 2024

## Dividends

First and final dividend for 2022/23 paid on	4th July 2023
First and final dividend for 2023/24 proposed to be paid on	19th July 2024



# Annual Report of the Board of Directors

## GENERAL

The Board of Directors takes pleasure in presenting to the shareholders the Integrated Annual Report of the Group and the Company for the financial year ended 31st March 2024 comprising the Chairman's Message, Statements of Responsibility, Auditors' Report, Audited Financial Statements, Independent Assurance on the Integrated Report and other relevant information covered in Introductory sections and Management commentary.

The information table on "Disclosures required by the Companies Act No. 07 of 2007" given on page 102 forms part of this Annual Report of the Board of Directors.

The Annual Report of the Company including the Annual Report of the Board of Directors' was adopted by the Board of Directors' on 20th June 2024. The Company's Annual Report 2023/24 will be made available to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board within the stipulated time.

## GROUP STRUCTURE AND PRINCIPAL BUSINESS ACTIVITIES

The Group Structure is available on page 9.

A brief description of the nature of the principal business activities of the Group and the Company is given in Note 2.2 to the Financial Statements on page 174 – 176.

## STATEMENTS OF ASPIRATION, PURPOSE AND VALUES

The Company's purpose and values are available on page 8. The Directors and all the employees conduct their activities with the highest level of ethical standards and integrity in executing Group's strategies. All employees are given a copy of the Code of Business Ethics of the Company and employees are required to adhere to it.

## THE BOARD OF DIRECTORS

The Board of Directors of the Company consisted of twelve members as at 31st March 2024. Information relating to the Directors of the Company is available at <https://www.dimolanka.com/investor-relations/> and on page 14 in this report.

The names of the Directors of Subsidiary Companies are given on page 258–259.

## New Appointments and Resignations of Directors

The following Director was appointed to the Board with effect from the date indicated;

**Table 61: Director Appointments**

Name of the Director	Nature of Directorship	Date of Appointment
H.M.A. Jayasinghe	Independent Non-Executive Director	1st September 2023

The following directors resigned from the Board on the dates indicated;

**Table 62: Director Resignation**

Name of the Director	Nature of Directorship	Date of Resignation
S.C. Algama	Executive– Non Independent Director	1st September 2023
M.V. Bandara	Executive– Non Independent Director	29th February 2024

## SENIOR INDEPENDENT DIRECTOR

Mr. A.D.B. Talwatte functioned as the Senior Independent Director of the Company during the financial year.

## RETIREMENT OF DIRECTORS IN TERMS OF ARTICLES OF ASSOCIATION AND THEIR ELECTION

Mr. H.M.A. Jayasinghe shall hold the office of director until the next Annual General Meeting of the Company to be held on 2024 and retire thereafter in accordance with Article 26(2) of the Articles of Association of the Company and shall be eligible for election.

## DIRECTORS OVER 70 YEARS OF AGE AND THEIR RE-ELECTION

The agenda for the Annual General Meeting include three separate ordinary resolutions to be taken up in terms of Section 210 of the Companies Act No.07 of 2007 to re-appoint Mr. A.R. Pandithage, Mr. A.M. Pandithage and Mr. J.M. De Silva who are over 70 years of age.

## REVIEW OF PERFORMANCE

A review of the performance and future outlook of the Group is available in the Chairman's Message, Strategic review by the Group Managing Director/ CEO's Message and Management commentary on page 10 – 11 and page 12 – 13.

## INCORPORATIONS OF SUBSIDIARIES DURING THE YEAR

**Table 63: Incorporations of Subsidiaries**

Company Name	Date of Incorporation	Principle Business Activities
DI-Solar Beliatta (Private) Limited	22nd August 2023	
DIMO Solar Anuradhapura (Private) Limited		
DIMO Solar Galle (Private) Limited		Supply of solar power and handling of solar power projects
DIMO Solar Galle Two (Private) Limited	28th December 2023	
DIMO Solar Galle Three (Private) Limited		
DIMO Solar Galle Four (Private) Limited		



# Annual Report of the Board of Directors

Company Name	Date of Incorporation	Principle Business Activities
DIMO Academy of Higher Education (Private) Limited	11th March 2024	Providing higher education services

## ACQUISITIONS OF SUBSIDIARIES DURING THE YEAR

No company was acquired during the year under consideration.

## FINANCIAL STATEMENTS

The Financial Statements of the Group and the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs) and comply with requirements of the Companies Act No. 07 of 2007 and fulfills all disclosure requirements stipulated by the said act and the Listing Rules of the Colombo Stock Exchange. The Financial Statements for the year ended 31st March 2024 signed on behalf of the Board by the Group Managing Director/Chief Executive Officer and Director/Chief Financial Officer, are given on page 170.

## FINANCIAL RESULTS AND APPROPRIATIONS

### Turnover

The Group's turnover was Rs. 43,644 million (2022/23 – Rs. 35,299 million), while the turnover of the Company was Rs. 32,558 million (2022/23 – Rs. 26,668 million). A segment wise analysis is given in Note 4.2 appearing on page 187 – 191.

### Profit and Appropriations

The Group's profit after tax and profit attributable to equity holders of the parent for the year was Rs. 93 million (2022/23 – Rs. 698 million) and Rs. 43 million (2022/23 – Rs. 579 million) respectively, whilst the profit after tax of the Company was Rs. 358 million (2022/23 – Rs. 644 million).

The Group's total comprehensive income attributable to parent was Rs. 1,477 million (2022/23 – Rs. 33 million) and the Company's total comprehensive income for the year was Rs. 1,821 million (2022/23 – Rs. 132 million).

### Dividend and Reserves

The Company paid a first and final dividend of Rs. 10.00 per share for the year ended 31st March 2023 on 4th July 2023.

A first and final dividend of Rs. 5.00 per share for the year ended 31st March 2024 was approved by the Board on 20th June 2024 and be payable on 19th July 2024. The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act No.07 of 2007 immediately after the said distribution is made.

The Reserves of the Group as at 31st March 2024 amount to Rs. 15,782 million (2022/23 – Rs.14,356 million). The composition of the reserves is shown in the Statement of Changes in Equity in the Financial Statements.

## INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

Sections 9.8.3(V) of the Listing Rules of the Colombo Stock Exchange specify that a Non-Executive Director shall not be considered independent if he/she has served on the Board for a period of nine years from the date of the first appointment, unless the Board taking into account all the circumstances, is of the opinion that the Director is "nevertheless independent" and specify the criteria not met and the basis of its determination in the Annual Report.

Dr. H. Cabral completed nine years in office as a Non-Executive Director on 30th September 2015.

The Board recognizes that Dr. H. Cabral has acted in an independent manner over the years, bringing his independent judgement upon matters relating to the Board Committees and the Board. The Board is of the opinion that there is no reason to believe that his status as an Independent Director has been impaired in any other manner other than period of directorship in terms of section 9.8.3(V). Having taken into account all relevant aspects, the Board declared that Dr. H. Cabral continue to be an 'Independent Non- Executive Director' of the Company until 31st December 2024, when the 'Independent' status ceases as per the listing rules.

## BOARD COMMITTEES

The Board of Directors has appointed four Committees to assist the Board namely Nomination & Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee. In terms of Colombo Stock Exchange's Listing Rule No. 9.3.1. The terms of reference of each committee are set by the Board.

## BOARD AND BOARD COMMITTEE MEETINGS

The number of Board meetings held, and the number of meetings attended by the Directors are given on page 91. The number of Board Committee meetings held and the number of meetings attended by the members are given on page 91.

## REVIEW OF PERFORMANCE OF THE BOARD AND BOARD COMMITTEES

The performance of the Board and that of its committees were reviewed during the year by circulating a questionnaire among the Directors. Outcomes of the questionnaire were discussed during the Board Meeting, and it was concluded that performance of the Board and all four Committees were satisfactory.



## DIRECTORS' REMUNERATION

Directors' remuneration is given in Note 4.5 to the Financial Statements.

## DIRECTORS' SHAREHOLDINGS

Shareholdings of Directors and their spouses, as required by Listing Rules of the Colombo Stock Exchange, are disclosed under "Investor Relations" section on page 111.

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

## INTEREST REGISTER AND DIRECTORS' INTERESTS IN CONTRACTS/ PROPOSED CONTRACTS

An Interest Register is maintained by the Company as per the requirements of the Companies Act No. 07 of 2007. All Directors have made necessary declarations as provided in Section 192 (2) of the aforesaid Companies Act.

During the year, entries made in the Interest Register consisted of Directors' interests in contracts, remuneration paid to the Directors and renewal of Directors' and officers' liability insurance. The Interest Register is available at the registered office of the Company, in keeping with the requirements of Section 119 (1) (d) of the Companies Act No. 07 of 2007. The particulars of the Directors' Interests in Contracts are given on page 160 – 161 of the Annual Report and form an integral part of the Annual Report of the Board of Directors. The Directors have no direct or indirect interest in a contract or a proposed contract with the Company other than those disclosed.

## EMPLOYEE SHARE OWNERSHIP PLANS

The Group does not operate any share option schemes.

## RELATED PARTY TRANSACTIONS

The Company identifies related parties as defined by LKAS 24. The members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related Party Transaction Policy, declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them in any company where they hold office or ownership. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the database of the Company.

The related party transactions of the Company made during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with Section 09 of the Colombo Stock Exchange Listing rules.

## Non- Recurrent Related Party Transactions

There were no non-recurrent related party transactions where aggregate value exceeded 10% of the equity or 5% of the total assets of the Company whichever is lower, during the year ended 31st March 2024, which would have required specific disclosures in the 2023/24 Annual Report as required by Listing Rule 9.14.8(1) of the Colombo Stock Exchange.

## Recurrent Related Party Transactions

There were no recurrent related party transactions, of which aggregate value exceeded 10% of the consolidated revenue of the Group during the year ended 31st March 2024 as per the audited accounts, which would have required additional disclosures in the 2023/24 Annual Report, as required by Listing Rule 9.14.8 (2) of the Colombo Stock Exchange.

## ACCOUNTING POLICIES

The Material Accounting Policies adopted by the Group and the Company are given on page 184 – 242.

The Financial Statements and Notes thereto give a true and fair view of the Company's and the Group's financial position as at 31st March 2024, and of its financial performance and its cash flows for the year ended.

## INDEPENDENT AUDITORS' APPOINTMENT AND REMUNERATION

The Company's Independent External Auditors, Messrs KPMG, Chartered Accountants, who were re-appointed by a resolution passed at the last Annual General Meeting, have expressed their opinion which appears on page 165 – 167 of this Annual Report.

The details of their remuneration are given in Note 4.5 to the Financial Statements. The Auditors do not have any interest in contracts with the Company, or any of its subsidiaries.

Messrs KPMG, Chartered Accountants, have made themselves available for re-appointment and having determined their suitability for re-appointment, the Board proposes that they be appointed as the Independent Auditor until the conclusion of the next Annual General Meeting.

## INDEPENDENT LIMITED ASSURANCE ON NON-FINANCIAL INFORMATION

Messrs KPMG, Chartered Accountants, has also provided an independent limited assurance on the Integrated Reporting, Global Reporting Initiative (GRI) Compliance, ESG Statement and compliance with Sustainability Accounting Standards Board Framework and their opinion therein appears on page 149 – 152.



# Annual Report of the Board of Directors

## INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

The Board considers that strong internal controls are integral to sound management of the Company and is committed to maintain financial, operational and risk management controls over all its activities. Further details of these aspects are discussed in Board of Directors' Statement on Internal Controls on page 163.

## MATERIAL FORESEEABLE RISK FACTORS

Information pertaining to material foreseeable risk factors are discussed on page 120 to 126 of this Annual Report.

## GOING CONCERN

The Board of Directors, after reviewing the Company's Business Plans, is satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared considering the Company and its subsidiaries ability to continue to operate as a going concern, details of which are available in Note 3.3 to the Financial Statements.

## CORPORATE GOVERNANCE

Page 80 – 109 show the governance structure of the Group and the manner in which the Board plays its stewardship role to safeguard the interests of stakeholders.

## RESPONSIBLE CORPORATE BEHAVIOUR

The Board is committed to and considers it a key priority to act responsibly towards its stakeholders and to manage economic, environmental, and social impacts during value creation activities, efficiently and effectively. The Board considers that Environmental and Social Governance is a strategically important aspect for the growth of the Company and its subsidiaries.

## HUMAN CAPITAL

Page 63 – 66 cover in detail the Group's practices and policies relating to selection, training, development, promotion and employee relations.

There were no material issues pertaining to employees or industrial relations during the year.

## SHARE INFORMATION

Information relating to shareholding, market value of shares, public shareholding and top twenty shareholders are disclosed under "Investor Relations" section on page 110 – 115.

## EQUITABLE TREATMENT OF SHAREHOLDERS

The Company has made all endeavors to ensure that all shareholders are treated equitably.

## RATIOS AND MARKET PRICE INFORMATION

The ratios relating to equity and debt as required by the listing requirements of the Colombo Stock Exchange are given on page 257 of this Report.

## DONATIONS

The Group and the Company made donations during the year amounting to Rs. 16 million and Rs. 1 million respectively (2022/23 – Group: Rs. 2.7 million, Company – Rs. 1.4 million).

## PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group and the Company incurred Rs. 1,406 million and Rs. 956 million respectively (2022/23 – Group: Rs. 834 million, Company: Rs. 271 million) on the acquisition of property, plant and equipment, details of which are available in Note 4.9 to the Financial Statements.

During the year, capital expenditure includes the acquisition cost of assets related to coconut shell charcoal and coconut milk operation, agri pipes, cost of land and building to carry out fertilizer processing operations.

Specific information on extent, locations, valuations, and number of buildings on the Company's land holdings are given in Note 4.9.1 to the Financial Statements.

The investment in intangible assets including capital work-in progress by the Group during the year was Rs. 174 million (2022/23 – Group: Rs. 1,163 million, Company: Rs. 364 million).

## MARKET VALUE OF FREEHOLD LAND

The details of the market value of freehold land are given in Note 4.9.1 to the Financial Statements. There is no evidence of the book value of land being substantially different from the market value of land of the Company and/or its subsidiaries as at 31st March 2024.

## STATED CAPITAL

The stated capital of the Company as at 31st March 2024 amounted to Rs. 621 million (2022/23 – Rs. 621 million), details of which are available in Note 4.19 to the Financial Statements.

## STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments to the government, other regulatory bodies and relating to the employees have been made on time.

## COMPLIANCE WITH LAWS AND REGULATIONS

To the best of knowledge and belief of the Board of Directors, the Group/ Company has not engaged in any activity which contravenes laws and regulations of the country.



## ENVIRONMENTAL PROTECTION

Policies and endeavors made on environmental preservation by the Group and the Company are given on page 128 – 148.

## EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no material events that occurred after the reporting date that require adjustment to or disclosure in the Financial Statements, other than those disclosed in Note 4.33 to the Financial Statements on page 242.

## ANNUAL GENERAL MEETING

The 79th Annual General Meeting (AGM) of the Company will be held at DIMO 800, Sirimavo Bandaranaike Mawatha, Colombo 14 on 16th July 2024 at 03.00 p.m. A Notice of Meeting of the 79th Annual General Meeting is available on page 262.

## ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by Section 168 (1) (k) of the Companies Act No. 07 of 2007, the Board of Directors does hereby acknowledge the contents of this Annual Report.

By order of the Board of Directors,



**A. R. Pandithage**  
Chairman



**A.G. Pandithage**  
Group Managing Director/Chief Executive Officer



**B.C.S.A.P. Gooneratne**  
Director/Chief Financial Officer/Company Secretary

Colombo  
20th June 2024



# Directors' Interests in Contracts with the Company

Related party disclosures, as required by Sri Lanka Accounting Standard – LKAS 24 'Related Party Disclosures,' are provided in Note 4.31 of the Financial Statements on page 240 – 241. In addition, the Company carries out transactions in the ordinary course of business with entities where the Director of the Company is a Director of such entities as detailed below.

**Table 64: Directors' Interests in Contracts**

Director /Company	Relationship to Company	Nature of the transaction	Outstanding as at 31st March 2024 – Receivable/ (*Advance Received/ Payable) Rs.'000	Outstanding as at 31st March 2023 – Receivable/ (*Advance Received/ Payable) Rs.'000
<b>A.M. Pandithage</b>				
Advantis Freight (Private) Limited	Director	Rendering of services	–	(5,962)
Advantis Projects & Engineering (Private) Limited	Director	Sale of goods and rendering of services	1,248	2,023
		Sale of goods	–	(700)*
Alumex PLC**	Director	Sale of goods and rendering of services	632	1,054
D P L Premier Gloves Limited	Director	Sale of goods and rendering of services	34	–
D P L Universal Gloves Limited	Director	Sale of goods and rendering of services	27	–
Dipped Products PLC	Director	Rendering of services	2,006	–
Fentons Limited	Director	Sale of goods and rendering of services	279	46
Haycarb PLC	Director	Sale of goods and rendering of services	39,031	2,930
Hayleys Advantis Limited	Director	Rendering of services	792	921
Hayleys Agro Fertilizers (Private) Limited	Director	Purchase of goods	–	(26,921)
Hayleys Fabric PLC	Director	Sale of goods and rendering of services	(716)*	322
Hayleys Free Zone Limited	Director	Sale of goods and rendering of services	138	–
Hayleys PLC**	Director	Sale of goods and rendering of services	750	794
Hayleys Leisure PLC	Director	Sale of goods and rendering of services	214	–
Horana Plantations PLC	Director	Sale of goods and rendering of services	7,069	–
Kelani Valley Plantations PLC	Director	Sale of goods and rendering of services	4,341	729
Logistics International Limited	Director	Sale of goods and rendering of services	162	873
Logiwiz Limited	Director	Sale of goods and rendering of services	24,252	5,723
Mabroc Teas (Private) Limited	Director	Sale of goods and rendering of services	26	–
Martin Bauer Hayleys (Private) Limited	Director	Sale of goods and rendering of services	227	–
Ravi Industries Limited	Director	Sale of goods and rendering of services	92	187
Rileys (Private) Limited	Director	Sale of goods and rendering of services	7,828	–
S And T Interiors (Private) Limited	Director	Sale of goods and rendering of services	332	–
Sharaf Shipping Agency (Private) Limited	Director	Sale of goods and rendering of services	333	–
Singer Srilanka PLC	Director	Sale of goods	3,166	17
South Asia Textiles Limited	Director	Sale of goods and rendering of services	318	56
Sri Lanka Shipping Company Limited	Director	Sale of goods and rendering of services	336	–
Tokyo Supermix (Pvt) Ltd	Director	Rendering of services	–	62
Toyo Cushion Lanka (Private) Limited	Director	Sale of goods	–	430
Thalawakelle Tea Estates PLC	Director	Sale of goods and rendering of services	21,820	–



Director /Company	Relationship to Company	Nature of the transaction	Outstanding as at 31st March 2024 – Receivable/ (*Advance Received/ Payable) Rs.'000	Outstanding as at 31st March 2023 – Receivable/ (*Advance Received/ Payable) Rs.'000
<b>A.D.B. Talwatte</b>				
Central Finance PLC	Director	Sale of goods and rendering of services	2,616	–
Ceylon Hospitals PLC	Director	Sale of goods and rendering of services	–	852
Sunshine Holding PLC	Director	Sale of goods and rendering of services	749	–
Tokyo Cement Company (Lanka) PLC**	Director	Sale of goods and rendering of services	170	22
Cargills Ceylon PLC	Director	Sale of goods and rendering of services	6	–
Chevron Lubricants Lanka PLC	Director	Purchase of goods	–	(596)
<b>Dr. Harsha Cabral</b>				
Tokyo Cement Power Lanka (Private) Limited	Director	Sale of goods and rendering of services	938	–
Tokyo Eastern Cement Company (Private) Limited	Director	Sale of goods and rendering of services	135	–

\*\* The Following companies have more than one director in common with the Company, as specified below.

**Company**

Alumex PLC, Hayleys PLC

Tokyo Cement Company (Lanka) PLC

**Directors**

A.M. Pandithage, Dr. Harsha Cabral

A.D.B. Talwatte, Dr. Harsha Cabral



# Statement of Directors' Responsibilities for Financial Statements

Section D.15 of the 'Code of Best Practice on Corporate Governance 2023' (The Code) issued by the Institute of Chartered Accountants of Sri Lanka recommends that the Board of Directors presents a Responsibility Statement on the preparation and presentation of Financial Statements in the Annual Report together with a statement by the Auditors about their reporting responsibilities.

The responsibilities of the Directors in relation to the Financial Statements of the Company and the Group are set out in this statement. The responsibility of the Auditors in relation to the Financial Statements is set out in the Report of the Auditors on page from 165 – 167.

As per the provision of sections 150 (1), 151, 152 and 153 (1) & (2) of the Companies Act No 07 of 2007, the Directors are responsible to prepare and present Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Group and the profit or loss of the Company and the Group for the financial year.

The Financial Statements comprise of:

- Statement of Profit or Loss and Other Comprehensive Income of the Group and the Company
- Statement of Financial Position of the Group and the Company
- Statement of Changes in Equity of the Group and the Company
- Statement of Cash Flows of the Group and the Company
- Notes to the Financial Statements comprising of Basis of Accounting, (Section 03), Specific Accounting Policies (Section 04)

The Directors are also required to place these Financial Statements before the Annual General Meeting of the shareholders.

The Directors are also responsible, under section 148 of the Companies Act, to ensure that proper accounting records are kept to enable the determination of financial position with reasonable accuracy, the preparation of Financial Statements and the audit of such statements to be carried out readily and properly.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented.

The Directors are also responsible for taking reasonable measures to safeguard the assets of the Group and the Company, and in this regard to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Directors are required to provide the Auditors with every opportunity to take whatever steps necessary to enable them to form their audit opinion.

The Directors, having reviewed the financial budget and cash flows for the year to 31st March 2024 and bank facilities, consider that the Group/ Company has adequate resources to continue in operation, and have continued to adopt the going concern basis in preparing these Financial Statements.

Directors confirm that;

- Appropriate Accounting Policies have been selected and used in a consistent manner, and material departures, if any, have been disclosed and explained and,
- The Financial Statements of the Group and the Company are prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs); and that reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected; and
- Listing rules of the Colombo Stock Exchange are complied with.
- To the best of their knowledge, are satisfied that all statutory payments in relation to all relevant regulatory authorities which were due and payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant, provided for.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board of Directors,



**B.C.S.A.P. Gooneratne**  
Director/Chief Financial Officer

Colombo  
20th June 2024



# Board Of Directors' Statement on Internal Controls

Section D1.4 of the 'Code of Best Practice on Corporate Governance 2023 (The Code)' issued by the Institute of Chartered Accountants of Sri Lanka recommends that the Board of Directors presents a Statement on Internal Controls, in the Annual Report.

## RESPONSIBILITY

It is the responsibility of the Board of Directors to maintain a sound system of internal controls to safeguard shareholders' investments and the Company's assets.

Currently, the Board has established a process for identifying, evaluating and managing the significant risks faced by the Company. This process includes enhancing the system of internal controls of the Company as and when there are changes to the business environment and regulatory guidelines.

However, this internal control system is designed to manage the Company's key areas of risk. Accordingly, the system of internal controls can only provide a reasonable but not absolute assurance against material misstatements or losses.

## KEY INTERNAL CONTROL PROCESSES

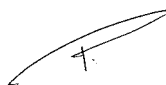
The key processes that have been established by the Board in reviewing the adequacy and integrity of the system of internal controls include the following:

- The Board Committees and Group Management Committee are established to assist the Board in ensuring the effectiveness of the Group's operations and that the Group's operations are directed towards corporate strategy, objectives, annual budget and policies, taking into consideration the business environment and internal operating conditions.
- The Group Internal Audit function provides comfort on the efficiency and effectiveness of the Internal Control System of the Group and the Company. The Group Internal Audit function operates according to the annual audit plan which is reviewed and approved by the Audit Committee. The findings of the audits are submitted to the Audit Committee for review at their periodic meetings.
- The Audit Committee approves the annual audit plan, reviews internal control issues identified by the Group Internal Auditors, the Independent External Auditors, Regulatory Authorities and the Management, and evaluates the adequacy and effectiveness of the internal control system. Activities undertaken by the Audit Committee are set out in the Audit Committee Report from page 97 – 98.

## CONFIRMATION

The Board of Directors of Diesel & Motor Engineering PLC ('Group') confirms that the financial reporting system has been designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs), requirements of the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and any other regulatory requirements. The Consolidated Financial Statements for the year ended 31st March 2024 have been audited by Messrs. KPMG, Chartered Accountants.

By order of the Board,



**A.R. Pandithage**  
Chairman



**B.C.S.A.P Gooneratne**  
Director/ Chief Financial Officer



**A.D.B. Talwatte**  
Chairman – Audit Committee

Colombo  
20th June 2024



# Statement of Responsibility of the Chairman, Group Managing Director/ Chief Executive Officer and Chief Financial Officer

Section D.1.4 of the 'Code of Best Practice on Corporate Governance 2023' (The Code) issued by the Institute of Chartered Accountants of Sri Lanka recommends that the Board should, before it approves the Financial Statements for a financial period, obtain a declaration, in their opinion, on Financial Statements and system of risk management and internal control from its Chief Executive Officer and Chief Financial Officer.

Accordingly, we confirm that the Financial Statements of Diesel and Motor Engineering PLC and Consolidated Financial Statements of the Group as at 31st March 2024 are prepared and presented in accordance with the requirements of the following:

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (SLFRSs/LKASs),
- Companies Act No. 07 of 2007,
- Listing Rules of the Colombo Stock Exchange, and
- Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

We also confirm that the accounting policies used in the preparation of the Consolidated Financial Statements are appropriate and consistently applied, unless otherwise stated in the Notes accompanying the Financial Statements. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation. The Material Accounting Policies and estimates that involve a high degree of judgement and complexity were discussed with the Audit Committee.

The Board of Directors and the Management of the Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs. To ensure this, the Company has taken reasonable and sufficient care to install a system of internal control and accounting records to safeguard assets and to prevent and detect fraud as well as other irregularities, which are reviewed, evaluated and updated on an ongoing basis.


The Group Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company are consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Financial Statements were audited by Messrs KPMG, Chartered Accountants, Independent External Auditors. Their report is given on page from 165 – 167 of the Annual Report. The Auditors' Reports on the Integrated Reporting, Global Reporting Initiative (GRI) Compliance, ESG Statement and compliance with Sustainability Accounting Standards Board Framework are available on page 149 – 152.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent External Auditors to review the manner in which these Auditors perform their responsibilities, and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the Independent External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

## Conclusion

We confirm that we have discharged our responsibilities in maintaining proper financial records and preparing financial statements in accordance with SLFRSs and LKASs. To the best of our knowledge, we also confirm that procedures for managing risks and internal control were operating effectively during the financial year.



**A.R. Pandithage**  
Chairman



**A.G. Pandithage**  
Group Managing Director/Chief Executive Officer



**B.C.S.A.P. Gooneratne**  
Director/Chief Financial Officer

Colombo  
20th June 2024



# Independent Auditors' Report



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
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## To the Shareholders of Diesel and Motor Engineering PLC Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of Diesel and Motor Engineering PLC (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at March 31, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including material accounting policies and other explanatory information.

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

## Revenue Recognition

See note 3.7 for Summary of significant Accounting, Judgments, Estimates and Assumptions and note 4.1 for accounting policy and information

Risk Description	Our Response
<p>The Group carry out its business operations in different sectors which result in high volume of revenue transactions in different revenue streams which requires judgment in some of the revenue transactions in order to determine the timing and the amount of revenue recognition. Further, in accordance with Sri Lanka Auditing Standards (SLAuS), there is a presumed fraud risk relating to revenue recognition.</p> <p>Revenue recognition of certain items of the Group and the Company require judgement which will increase the risk of material misstatement of revenue, contract liabilities and other related balances.</p> <p>We consider this as a key audit matter because of the significant judgment associated with the appropriate recognition of revenue in the correct accounting period.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management key internal controls involved in the revenue recognition including the key IT controls relating to revenue recognition.</li> <li>Performing detailed analysis of revenue, testing the timing of its recognition and accuracy of the amounts recognized for significant revenue streams.</li> <li>Reviewing the adequacy, relevance and accuracy of the accounting policies and disclosures in the financial statements.</li> </ul>

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C. P. Jayatilake FCA  
Ms. S. Joseph FCA  
G. A. U. Karunaratne FCA  
R. H. Rajan FCA  
A.M.R.P. Alahakoon ACA

T. J. S. Rajakarier FCA  
W. K. D. C. Abeyratne FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA

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

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



# Independent Auditors' Report



## Revaluation of freehold lands

See note 3.7 for Summary of significant Accounting, Judgments, Estimates and Assumptions and note 4.9 for accounting policy and information

Risk Description	Our Response
<p>The Group and the Company have recorded a revaluation gain of Rs. 2,208 million and Rs. 2,179 million respectively by revaluing the freehold land during the year. These properties, which are stated at revalued amounts, are significant to the Group and the Company in terms of their values.</p> <p>The Group and the Company have engaged a professional valuer to determine the revalued amounts of the freehold lands in accordance with accepted valuation principles.</p> <p>Estimating the fair value is a complex process which involves a significant degree of judgment and estimates in respect of price per perch of the land, diversity of locations and nature of the lands.</p> <p>We identified assessing the valuation of lands owned by the Group and the Company as a key audit matter because of the complexity of the valuation, significant judgment and estimation.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"><li>Assessing the objectivity, independence, competence and qualifications of the external valuer.</li><li>Comparison of the key assumptions used against externally published market comparable or industry data available and challenging the reasonableness of key assumptions based on our knowledge of the business and industry.</li><li>Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates.</li></ul>

## Impairment assessment of goodwill and investments in subsidiaries

See note 3.7 for Summary of significant Accounting, Judgments, Estimates and Assumptions and note 4.11 and 4.12 for accounting policy and information

Risk Description	Our Response
<p>The Company has recorded a gross investment of Rs. 1.798 Bn and recorded an impairment Rs. 141.5Mn effecting to a net balance of Rs. 1.656 Bn for the investments in subsidiaries and the Group has recorded Goodwill amounting to Rs. 916 Mn as at 31st March 2024. The carrying amount of each investment in subsidiaries and related goodwill have been tested for impairment as individual Cash Generating Units. The carrying amount of these investments and goodwill could be materially misstated if inappropriate judgments and estimates were used by the management in calculating the recoverable amount for each cash generating unit ('CGU') as part of their impairment assessment.</p> <p>We identified assessment of impairment of investment in subsidiaries and Goodwill as a key audit matter due to significant degree of management judgment involved in making this assessment and in forecasting the future cash flows of the companies which could have significant impact on the financial statements. Further, impact prevailing volatile macro-economic environment on the business operations resulted in increased estimates and judgements involved in the assessment of impairment of investment in subsidiaries and Goodwill.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"><li>Obtaining an understanding of management's impairment assessment process.</li><li>Evaluating the indications of possible impairment of investments in subsidiaries and Goodwill.</li><li>Obtaining the forecasted cash flow projections of the subsidiaries, equity accounted investees and assessing the reasonableness of the forecasts and challenging the assumptions used in the valuation.</li><li>Reviewing the effectiveness of management's process in developing these forecasts by comparing the actual financial results against previous projections.</li><li>Assessing the adequacy of disclosures made in the financial statements with the relevant accounting standards.</li></ul>

## Other Information

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

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

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





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

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

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

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

## Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditors' report is 3272.

## Chartered Accountants

Colombo, Sri Lanka  
20th June 2024



# Section 1 – Financial Statements

This section identifies the Financial Statements of the Company and the Group, and presents the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows. The Responsibility for the Financial Statements and its authorisation is also identified in this section.

## Consolidated Financial Statements

The financial statements for the year ended 31st March 2024 comprise "Company" referring to Diesel and Motor Engineering PLC as the holding company, and the "Group" referring to the companies that have been consolidated therein together with the Group's Interests in Equity Accounted Investees.

## Composition of Financial Statements

The Financial Statements comprise of the following;

- Statement of Profit or Loss and Other Comprehensive Income (Page 169)
- Statement of Financial Position (Page 170)
- Statement of Changes in Equity (Page 171)
- Statement of Cash Flows (Page 172)
- Notes to the Financial Statements comprising of Corporate Information (Section 2), Basis of Accounting (Section 3), Specific Accounting Policies and Notes (Section 4). (page 174 – 242)

## Responsibilities for the Financial Statements

The Board of Directors acknowledges their responsibility for Financial Statements, as set out in the Annual Report of the Board of Directors, Statement of Directors' Responsibilities for Financial Statements and in the certification on the Statement of Financial Position on page 155 to 159, 162 and 170 respectively, of this Annual Report.

## Authorisation of Financial Statements by the Board of Directors

The Financial Statements for the year ended 31st March 2024, were authorised for issue by the Board of Directors on 20th June 2024.



Financial Statements in  
Sinhala

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=32>



Financial Statements in  
Tamil

<https://www.dimolanka.com/2023-2024-dimo-annual-report/url.php?id=33>



# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March		Group			Company		
		2024 Rs.'000	2023 Rs.'000	Change %	2024 Rs.'000	2023 Rs.'000	Change %
Note							
<b>Revenue</b>	4.1	<b>43,644,295</b>	35,299,201	24	<b>32,557,940</b>	26,668,117	22
Cost of sales		<b>(31,790,151)</b>	(22,556,267)	41	<b>(23,364,689)</b>	(16,256,088)	44
<b>Gross profit</b>		<b>11,854,144</b>	12,742,934	(7)	<b>9,193,251</b>	10,412,029	(12)
Other operating income	4.3	<b>575,243</b>	295,694	95	<b>771,686</b>	511,783	51
Selling and distribution expenses		<b>(884,002)</b>	(536,020)	65	<b>(804,412)</b>	(496,629)	62
Impairment loss on trade receivables	4.16.1.1	<b>(105,241)</b>	(79,680)	32	<b>(50,790)</b>	(124,838)	(59)
Administrative expenses		<b>(8,354,442)</b>	(7,123,775)	17	<b>(6,773,205)</b>	(5,768,198)	17
<b>Operating profit</b>		<b>3,085,702</b>	5,299,153	(42)	<b>2,336,530</b>	4,534,147	(48)
Finance income		<b>58,173</b>	141,859	(59)	<b>669,087</b>	491,979	36
Finance costs		<b>(2,992,174)</b>	(4,708,351)	(36)	<b>(2,519,671)</b>	(4,232,256)	(40)
<b>Net finance costs</b>	4.4	<b>(2,934,001)</b>	(4,566,492)	(36)	<b>(1,850,584)</b>	(3,740,277)	(51)
Share of results of equity-accounted investees, net of tax	4.12.5	<b>31,410</b>	4,595	584	<b>31,410</b>	4,595	584
<b>Profit before tax</b>	4.5	<b>183,111</b>	737,256	(75)	<b>517,356</b>	798,465	(35)
Income tax expense	4.6.2	<b>(90,506)</b>	(39,112)	131	<b>(159,332)</b>	(154,649)	3
<b>Profit for the year</b>		<b>92,605</b>	698,144	(87)	<b>358,024</b>	643,816	(44)
<b>Other Comprehensive Income</b>							
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>							
Remeasurement (loss)/gain on defined benefit obligation	4.23.1	<b>(83,285)</b>	49,315	(269)	<b>(63,026)</b>	42,712	(248)
Deferred tax reversal/(charge) on actuarial (loss)/gain	4.24.1	<b>24,986</b>	(13,660)	283	<b>18,908</b>	(12,814)	248
Revaluation of freehold land	4.9	<b>2,208,774</b>	-	100	<b>2,179,200</b>	-	100
Deferred tax charge on land revaluation	4.24.3	<b>(665,654)</b>	-	100	<b>(653,760)</b>	-	100
Income tax rate change impact on revaluation of freehold land	4.21.1	<b>-</b>	(493,462)	(100)	<b>-</b>	(480,800)	(100)
Net change in fair value of equity investments at FVOCI		<b>2,687</b>	(1,604)	(267)	<b>2,687</b>	(2,529)	(206)
		<b>1,487,508</b>	(459,411)	(424)	<b>1,484,009</b>	(453,431)	(427)
<b>Items that are or may be reclassified to profit or loss in subsequent periods</b>							
Foreign currency translation differences of foreign operations	4.21.2	<b>(53,543)</b>	(87,509)	(39)	<b>(21,040)</b>	(58,313)	(64)
		<b>(53,543)</b>	(87,509)	(39)	<b>(21,040)</b>	(58,313)	(64)
<b>Total other comprehensive income, net of tax</b>		<b>1,433,965</b>	(546,920)	(362)	<b>1,462,969</b>	(511,744)	(386)
<b>Total comprehensive income for the year</b>		<b>1,526,570</b>	151,224	909	<b>1,820,993</b>	132,072	1,279
<b>Profit attributable to:</b>							
Equity holders of the parent		<b>42,962</b>	579,060	(93)	<b>358,024</b>	643,816	(44)
Non-controlling interest		<b>49,643</b>	119,084	(58)	<b>-</b>	-	-
		<b>92,605</b>	698,144	(87)	<b>358,024</b>	643,816	(44)
<b>Total comprehensive income attributable to:</b>							
Equity holders of the parent		<b>1,477,282</b>	33,403	4,323	<b>1,820,993</b>	132,072	1,279
Non-controlling interest		<b>49,288</b>	117,821	(58)	<b>-</b>	-	-
		<b>1,526,570</b>	151,224	909	<b>1,820,993</b>	132,072	1,279
Basic and diluted earnings per share (Rs.)	4.7	<b>4.65</b>	62.73		<b>38.78</b>	69.74	
Dividend per share (Rs.)	4.8	<b>-</b>	-		<b>10.00</b>	12.50	

Figures in brackets indicate deductions.

The Notes appearing on page 174 to 242 form an integral part of these Financial Statements.

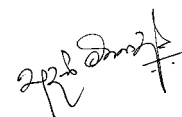


# Statement of Financial Position

As at 31st March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Assets					
Property, plant and equipment	4.9	17,492,521	14,429,034	16,270,067	13,536,452
Right-of-use assets	4.10	558,976	678,523	381,666	464,367
Intangible assets and goodwill	4.11	1,616,535	1,467,922	700,147	551,306
Investments in subsidiaries	4.12.1.1	-	-	1,656,292	1,669,224
Investments in equity accounted investees	4.12.5	148,877	101,933	148,877	101,933
Equity securities	4.14	136	864	136	864
Other financial assets	4.17.1	12,225	18,461	-	-
Deferred tax assets	4.24	791,155	565,422	-	-
Total non-current assets		20,620,425	17,262,159	19,157,185	16,324,146
Inventories	4.15	9,717,071	9,978,466	7,209,835	6,103,387
Trade and other receivables	4.16	11,630,934	7,360,070	6,963,984	4,095,221
Other current assets	4.17	3,029,589	1,933,247	1,614,169	1,142,192
Income tax receivable	4.29	116,705	111,453	16,632	16,632
Amounts due from related parties	4.30.1	32,696	53,206	4,023,211	2,823,242
Other financial assets	4.17.1	4,306	4,816	-	-
Cash and cash equivalents	4.18	3,841,272	2,858,970	2,152,229	1,552,370
Total current assets		28,372,573	22,300,228	21,980,060	15,733,044
Total assets		48,992,998	39,562,387	41,137,245	32,057,190
Equity and Liabilities					
Equity					
Stated capital	4.19	620,578	620,578	620,578	620,578
Other components of equity	4.21	7,102,059	5,611,961	7,107,697	5,601,495
Revenue reserves	4.20	8,679,535	8,743,765	7,699,680	7,477,206
Equity attributable to equity holders of the parent		16,402,172	14,976,304	15,427,955	13,699,279
Non-controlling interests		446,463	377,327	-	-
Total equity		16,848,635	15,353,631	15,427,955	13,699,279
Interest-bearing borrowing	4.22.1.1	2,114,973	1,258,065	1,899,630	1,094,703
Lease liabilities	4.22.3.1	517,967	348,696	373,096	135,685
Employee benefits	4.23.1	1,241,371	990,362	1,085,397	869,903
Deferred tax liabilities	4.24	2,860,303	2,131,667	2,860,303	2,066,118
Contract liabilities	4.25.1	868,681	287,355	95,090	7,736
Total non-current liabilities		7,603,295	5,016,145	6,313,516	4,174,145
Trade payables	4.27	1,155,556	1,506,933	589,211	944,545
Other current liabilities	4.28	1,840,166	2,952,500	1,322,926	1,781,028
Current portion of long-term interest-bearing borrowings	4.22.1.1	750,758	714,746	642,253	524,846
Lease liabilities	4.22.3.1	158,872	424,984	93,047	397,727
Contract liabilities	4.25.1	854,855	1,302,993	691,577	470,970
Income tax payable	4.29	67,636	87,372	-	-
Short-term interest – bearing borrowings	4.22.2	19,529,060	11,757,223	16,008,047	9,977,541
Amounts due to related parties	4.30.1.3	184,165	445,860	48,713	87,109
Total current liabilities		24,541,068	19,192,611	19,395,774	14,183,766
Total liabilities		32,144,363	24,208,756	25,709,290	18,357,911
Total equity and liabilities		48,992,998	39,562,387	41,137,245	32,057,190
Net assets per share		1,776.76	1,622.31	1,671.23	1,483.97

## Certification

These Financial Statements as set out on page 168 and 242 have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



**M.H.B.U.S.B. Mahagedara**  
General Manager – Group Finance

The Board of Directors is responsible for these Financial Statements.

Signed for and on behalf of the Board,



**A.G. Pandithage**  
Group Managing Director/  
Chief Executive Officer



**B.C.S.A.P. Gooneratne**  
Director/Chief Financial Officer

20th June 2024  
Colombo

The Notes appearing on page 174 to 242 form an integral part of these Financial Statements.



# Statement of Changes in Equity

For the year ended 31st March	Note	Stated Capital	Other Components of Equity			Revenue Reserves		Non-Controlling Interests	Total
		Rs.'000	Revaluation Reserve Rs.'000	Fair value Reserve Rs.'000	Foreign Currency Translation Reserve Rs.'000	General Reserve Rs.'000	Retained Earnings Rs.'000	Rs.'000	Rs.'000
<b>Group</b>									
As at 01st April 2022		620,578	6,112,161	6,371	84,165	5,392,290	2,845,318	405,604	15,466,487
<b>Total comprehensive income</b>									
Profit for the year		-	-	-	-	-	579,060	119,084	698,144
Derecognition of financial assets due to disposal -FVOCI	4.14	-	-	(6,837)	-	-	6,837	-	-
Other comprehensive income, net of tax		-	(493,462)	(1,604)	(88,834)	-	35,655	(1,263)	(549,506)
		-	(493,462)	(8,441)	(88,834)	-	621,551	117,821	148,636
Acquisition of non-controlling interests		-	-	-	-	-	-	(146,098)	(146,098)
<b>Dividends to equity holders</b>									
2021/22 final dividend	4.8	-	-	-	-	-	(115,394)	-	(115,394)
		-	-	-	-	-	(115,394)	(146,098)	(261,492)
<b>As at 31st March 2023</b>		620,578	5,618,699	(2,070)	(4,668)	5,392,290	3,351,475	377,327	15,353,631
As at 01st April 2023		620,578	5,618,699	(2,070)	(4,668)	5,392,290	3,351,475	377,327	15,353,631
Adjustments	4.243	-	-	-	-	-	40,901	39,297	80,198
<b>Total comprehensive income</b>									
Profit for the year		-	-	-	-	-	42,962	49,643	92,605
Derecognition of financial assets due to disposal -FVOCI	4.14	-	-	(885)	-	-	885	-	-
Other comprehensive income, net of tax		-	1,539,001	2,687	(50,705)	-	(56,663)	(355)	1,433,964
		-	1,539,001	1,802	(50,705)	-	(12,816)	49,288	1,526,570
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-
<b>Dividends to equity holders</b>									
2022/23 final dividend	4.8	-	-	-	-	-	(92,315)	-	(92,315)
Subsidiary dividend to Non Controlling Interest		-	-	-	-	-	-	(19,449)	(19,449)
		-	-	-	-	-	(92,315)	(19,449)	(111,764)
<b>As at 31st March 2024</b>		620,578	7,157,700	(268)	(55,373)	5,392,290	3,287,245	446,463	16,848,635
<b>Company</b>									
As at 01st April 2022		620,578	6,090,133	5,502	53,462	4,929,464	1,983,462	-	13,682,601
<b>Total comprehensive income</b>									
Profit for the year		-	-	-	-	-	643,816	-	643,816
Derecognition of financial assets due to disposal -FVOCI	4.14	-	-	(5,960)	-	-	5,960	-	-
Other comprehensive income, net of tax		-	(480,800)	(2,529)	(58,313)	-	29,898	-	(511,744)
		-	(480,800)	(8,489)	(58,313)	-	679,674	-	132,072
<b>Dividends to equity holders</b>									
2021/22 final dividend	4.8	-	-	-	-	-	(115,394)	-	(115,394)
		-	-	-	-	-	(115,394)	-	(115,394)
<b>As at 31st March 2023</b>		620,578	5,609,333	(2,987)	(4,851)	4,929,464	2,547,742	-	13,699,279
As at 01st April 2023		620,578	5,609,333	(2,987)	(4,851)	4,929,464	2,547,742	-	13,699,279
<b>Total comprehensive income</b>									
Profit for the year		-	-	-	-	-	358,022	-	358,022
Derecognition of financial assets due to disposal - FVOCI	4.14	-	-	(885)	-	-	885	-	-
Other comprehensive income, net of tax		-	1,525,440	2,687	(21,040)	-	(44,118)	-	1,462,969
		-	1,525,440	1,802	(21,040)	-	314,789	-	1,820,991
<b>Dividends to equity holders</b>									
2022/23 final dividend	4.8	-	-	-	-	-	(92,315)	-	(92,315)
		-	-	-	-	-	(92,315)	-	(92,315)
<b>As at 31st March 2024</b>		620,578	7,134,773	(1,185)	(25,891)	4,929,464	2,770,216	-	15,427,955

The General Reserve and Retained Earnings represent reserves available for distribution

Revaluation reserve relates to the revaluation of land

Fair value reserve consists of net unrealised gains/(losses) arising from fair valuation of equity securities designated at FVOCI, excluding the impact arising from impairment of assets.

Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Figures in brackets indicate deductions.

The Notes appearing on page 174 to 242 form an integral part of these Financial Statements.



# Statement of Cash Flows

For the year ended 31st March	Note	Group	Company		
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Cash Flows from Operating Activities</b>					
Profit before taxation		183,110	737,256	517,356	798,465
<b>Adjustments for;</b>					
Depreciation on property, plant and equipment	4.9	454,321	402,872	346,304	337,891
Amortisation of intangible assets	4.11	25,128	11,145	24,900	7,454
Depreciation and derecognition of right-of-use assets	4.10	155,680	146,015	107,498	113,020
Provision for impairment of investments in subsidiaries	4.12.1.2	–	–	12,932	–
Exchange rates impact on term loan revaluation	4.22.1.1	(9,376)	12,553	(9,376)	32,642
Gain on sale of property, plant and equipment	4.3	(6,201)	(281)	(198)	(3,116)
Derecognition of capital work-in-progress	4.9	1,938	5,696	1,938	5,696
Interest expenses	4.4	2,993,510	3,386,283	2,519,671	2,862,266
Finance income	4.4	(59,509)	(141,859)	(669,087)	(491,979)
Dividend income	4.3	–	(320)	(38,578)	(320)
Share of gain of equity-accounted investees, net of tax	4.12.5	(31,410)	(4,595)	(31,410)	(4,595)
Impairment loss on trade receivables	4.16.1	105,241	79,680	50,790	124,838
Provision/(reversal) on inventories	4.15.1	(249,642)	783,327	(265,979)	669,140
Provision for employee benefits obligation excluding actuarial gain	4.23.1	255,270	193,117	222,276	164,583
		3,818,060	5,610,889	2,789,037	4,615,985
<b>Changes in working capital</b>					
Decrease/(increase) in inventories		511,036	(921,206)	(840,469)	756,673
(Increase)/decrease in trade and other receivables		(4,376,105)	1,935,955	(2,919,553)	2,724,925
(Increase)/decrease in other current assets		(1,096,342)	470,193	(471,977)	6,783
Decrease/(increase) in amounts due from related parties		20,510	36,468	(1,199,969)	(1,752,257)
Decrease in trade payables		(351,377)	(6,460,673)	(355,334)	(6,347,650)
Decrease in other current liabilities		(1,112,334)	(240,466)	(458,102)	(398,194)
Increase/(decrease) in contract liabilities		133,189	(93,690)	307,961	65,779
(Decrease)/increase in amounts due to related parties		(261,695)	–	(38,396)	10,841
<b>Cash (used in)/generated from operating activities</b>		<b>(2,715,058)</b>	337,470	<b>(3,186,802)</b>	(317,115)
Interest paid		(2,992,174)	(3,136,991)	(2,467,051)	(2,709,148)
Employee benefits paid	4.23.1	(87,546)	(62,972)	(69,808)	(33,859)
Income tax paid	4.29	(173,060)	(620,315)	–	(457,883)
<b>Net cash used in operating activities</b>		<b>(5,967,838)</b>	(3,482,808)	<b>(5,723,661)</b>	(3,518,005)
<b>Cash Flows from Investing Activities</b>					
Net proceeds from sale of property, plant and equipment		97,039	45,888	53,628	45,018
Dividends received		–	320	38,578	320
Interest received		59,509	141,859	669,087	491,979
Investments in other financial assets		(6,236)	(23,277)	–	–
Net proceed from sale of equity securities		885	6,989	885	3,568
Investment in Equity instruments		(38)	–	(38)	–
Investment in subsidiaries and equity accounted investees		–	(51,250)	–	(917,194)
Acquisition of subsidiaries, net of cash acquired		–	(512,465)	–	–
Acquisition and construction of property, plant and equipment and capital work-in-progress	4.9	(1,405,679)	(497,395)	(956,189)	(271,251)
Acquisition of intangible assets and capital work-in-progress	4.11	(173,741)	(365,546)	(173,741)	(365,303)
<b>Net cash used in investing activities</b>		<b>(1,428,261)</b>	(1,254,877)	<b>(367,790)</b>	(1,012,863)



For the year ended 31st March	Note	Group	2023	Company	2023
		2024 Rs.'000	Rs.'000	2024 Rs.'000	Rs.'000
Cash Flows from Financing Activities					
Proceeds from long-term borrowings	4.22.1.1	1,583,819	–	1,500,000	–
Repayment of long-term borrowings	4.22.1.1	(670,584)	440,000	(558,624)	440,000
Net movement of short-term borrowings		7,605,021	(654,151)	6,085,420	(580,921)
Repayment of lease liabilities		(212,162)	4,212,568	(144,972)	4,048,665
Dividend paid to equity holders of the parent	4.20	(92,315)	(165,222)	(92,315)	(135,942)
Dividend paid to non-controlling interests		(19,449)	(115,394)	–	(115,394)
Net cash from financing activities		8,194,330	–	6,789,509	–
Net increase/ (decrease) in cash and cash equivalents		798,231	3,717,801	698,058	3,656,408
Cash and cash equivalents as at 1st April		2,568,154	3,653,478	1,364,785	2,299,207
Effect of exchange rate changes on cash and cash equivalents		17,255	(65,442)	(43,287)	(59,961)
Cash and cash equivalents as at 31st March (Note-A)		3,383,640	2,568,153	2,019,556	1,364,783
Note – A					
Analysis of cash and cash equivalents as at 31st March					
Cash and bank balances	4.18	3,841,272	2,858,970	2,152,229	1,552,370
Bank overdrafts	4.22.2	(457,632)	(290,817)	(132,673)	(187,587)
Cash and cash equivalents		3,383,640	2,568,153	2,019,556	1,364,783

Figures in brackets indicate deductions.

The Notes appearing on page 174 to 242 form an integral part of these Financial Statements.



## Section 2 – Corporate Information

This section gives a description of the reporting entity, its subsidiaries and the equity accounted investees.

### 2.1 Reporting Entity

The Reporting Entity is Diesel & Motor Engineering PLC (the 'Company') which is a public limited liability Company, incorporated and domiciled in Sri Lanka. The registered office and principal place of business of the Company is located at No. 65, Jetawana Road, Colombo 14. The ordinary shares of the Company are listed at the Colombo Stock Exchange.

Diesel & Motor Engineering PLC does not have an identifiable parent of its own. The Company is the ultimate parent of the Group.

### 2.2 The principal place of business and business activities of the Company, Subsidiaries and the Equity accounted investees

Descriptions of the nature of operations and principal activities of the Company, its subsidiaries and equity accounted investees are given on page 205 – 210 to the Financial Statements.

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

**Table 65: Principle place of business and its activities**

Entity	Principal place of business	Principal business activities
<b>The Company</b>		
Diesel & Motor Engineering PLC	Sri Lanka	Import, sale and repair of passenger vehicles, commercial vehicles, material handling equipments, construction machineries, agri machineries, earth moving machineries, car parking solutions, storage systems and power tools. Import and sale of vehicle spares, components, consumer products, accessories, lamps, home appliances, paint, industrial chemicals, water pumps. Provide solutions in lighting, power engineering including solar power generation, water & waste water systems and fluid management systems. Sale and after sales in the business domains of industrial refrigeration systems, marine & rail propulsion. Import, repack and distribution of inorganic fertilizer, sale of agriculture produced greenhouse and Irrigation processing & sale of coconut shell charcoal for local and export market.
	Uganda – Branch	Provide power engineering solutions.
<b>Subsidiaries</b>		
DIMO (Private) Limited	Sri Lanka	Incorporated on 05th September 1972 as a Private Limited Company ,Sale and after sales in the business domains of bio-medical engineering, power engineering, building technologies, civil engineering, elevators and escalators, industrial refrigeration systems, marine and rail propulsion and water & wastewater systems and fluid management systems.
DIMO Travels (Private) Limited	Sri Lanka	Incorporated on 19th June 1975 as a Private Limited Company for the provision of transportation facilities.
DIMO Industries (Private) Limited	Sri Lanka	Incorporated on 14th September 1979 as a Private Limited Company in order to import and sale of tyres.
PlantChem (Private) Limited	Sri Lanka	On 23rd February 2018, the Company acquired 51% ordinary shares in PlantChem (Private) Limited. Subsequently on 1st July 2021, an additional shareholding of 19% of PlantChem (Private) Limited was acquired to bring the total shareholding of the subsidiary to 70%. PlantChem (Private) Limited was incorporated on 16th February 2005 as a Private Limited Company to import, re-packing and sales of pesticides, fungicides, insecticides, herbicides, weedicides, plant growth regulators, compound fertilizers and liquid fertilizers, and manufacture and processing of organic fertilizer & inorganic fertilizer.
Plant Seeds (Private) Limited	Sri Lanka	On 23rd February 2018, the Company acquired 51% ordinary shares in Plant Seed (Private) Limited. Subsequently on 1st July 2021, an additional shareholding of 19% of Plant Seed (Private) Limited was acquired to bring the total shareholding of the subsidiary to 70%. Plant Seeds (Private) Limited was incorporated on 24th March 2015 as a Private Limited Company to import and sale of hybrid seeds and production, processing and distribution of seed paddy, hybrid seeds and vegetable seeds, and import, re-packing, sales of compound fertilizer, manufacturing and sale of agriculture pipes,using recyclable materials.



Entity	Principal place of business	Principal business activities
DIMO Lifeline (Private) Limited	Sri Lanka	Incorporated on 13th July 2020 as a Private Limited Company for providing solutions for cardiac rhythm management, interventional cardiac operations and related therapy line.
Moveflex (Private) Limited	Sri Lanka	Incorporated on 10th February 2021 as a Private Limited Company. The business of provision of transport facilities previously carried out by Diesel and Motor Engineering PLC was transferred to Moveflex (Private) Limited with effect from the date of incorporation to provide transport solutions.
DIMO Lanka Company Limited	Myanmar	Incorporated on 20th June 2017 as a Limited Company under the Myanmar Companies Act, Investee Company of Diesel and Motor Engineering PLC for operations in Myanmar.
United DIMO Company Limited	Myanmar	Incorporated on 24th October 2017 as a Private Company Limited by Shares under the Myanmar Companies Act to sale of automobiles, automobile repair and servicing. This is a subsidiary of DIMO Lanka Company Limited.
DIMO Bangladesh (Pvt) Ltd	Bangladesh	On 10th May 2022, Diesel & Motor Engineering PLC incorporated DIMO Bangladesh (Private) Limited with 99.99% equity interest. The principal business activities of the Company include sale and after sales services of heavy machinery & equipment.
Tropical Health Food (Private) Limited	Sri Lanka	On 25th May 2022, the Company acquired 94.50% of ordinary shares of Tropical Health Food (Private) Limited. The Company was incorporated on 06th April 1994 as a Private Limited Company. The principal business activities of the Company include the processing and preparing fruits and vegetables for export & local market.
Virgin Oil International (Private) Limited	Sri Lanka	On 02nd August 2022, Diesel & Motor Engineering PLC acquired 51% of ordinary shares of Virgin Oil International (Private) Limited by investing Rs. 40 million. Virgin Oil International (Private) Limited was incorporated on 14th May 2013 as a Private Limited. The principal business activities of the Company includes processing and exporting pure virgin coconut oil and trading of coconut based products.
Mansel (Ceylon) (Private) Limited	Sri Lanka	On 28th September 2022, the Company acquired 75% of ordinary shares of Mansel (Ceylon) (Private) Limited. Mansel (Ceylon) (Private) Limited was incorporated on 05th February 1964 as a Private Limited Company. The principal business activities include the importation, sale, and distribution of pharmaceutical products.
Associated Laboratories (Private) Limited	Sri Lanka	On 28th September 2022, Diesel & Motor Engineering PLC acquired 75% of ordinary shares of Associated Laboratories (Private) Limited by investing Rs. 45 million. Associated Laboratories (Private) Limited was incorporated on 29th April 1967 as a Private Limited Company. The principal business activities of Associated Laboratories (Private) Limited include is importation, sale, and distribution of pharmaceutical products.
DIMO Australia Pty Ltd*	Australia	On 04th October 2022, the Company incorporated DIMO Australia Pty Ltd under the Corporations Act 2001 in Australia. No shares have been issued during the period. The principal business activities include manufacturing and sale of off-road camper trailer caravans.
DIMO Global Pte. Ltd	Singapore	On 31st August 2022, DIMO (Private) Limited incorporated DIMO Global Pte. Ltd. as a Private Limited Company in Singapore. No shares have been issued during the period. The principal business activities include Engineering design and consultancy services in energy management and clean energy systems.
DI Solar Beliatta (Private) Limited*	Sri Lanka	On 22nd August 2023, the Company incorporated DI-Solar Beliatta (Private) Limited as a private limited company. The principal business activity includes the generation of solar power and handling of solar power projects.
DIMO Solar Anuradhapura (Private) Limited*	Sri Lanka	On 28th December 2023, the Company incorporated DIMO Solar Anuradhapura (Private) Limited as a private limited company. The principal business activity includes the generation of solar power and handling of solar power projects.
DIMO Solar Galle (Private) Limited*	Sri Lanka	On 20th December 2023, Diesel & Motor Engineering PLC incorporated DIMO Solar Galle (Private) Limited as a private company limited by shares. The principal business activity includes the generation of solar power and handling of solar power projects.



## Section 2 – Corporate Information

Entity	Principal place of business	Principal business activities
DIMO Solar Galle Two (Private) Limited*	Sri Lanka	On 2nd February 2024, the Company incorporated DIMO Solar Galle Two (Private) Limited as a private company limited by shares. The principal business activity includes the generation of solar power and handling of solar power projects.
DIMO Solar Galle Three (Private) Limited*	Sri Lanka	On 2nd February 2024, Diesel & Motor Engineering PLC incorporated DIMO Solar Galle Three (Private) Limited as a private company limited by shares. The principal business activity includes the generation of solar power and handling of solar power projects.
DIMO Solar Galle Four (Private) Limited*	Sri Lanka	On 2nd February 2024, Diesel & Motor Engineering PLC incorporated DIMO Solar Galle Four (Private) Limited as a private company limited by shares. The principal business activity includes the generation of solar power and handling of solar power projects.
DIMO Academy of Higher Education (Private) Limited*	Sri Lanka	On 11th March 2024, Diesel & Motor Engineering PLC incorporated DIMO Academy of Higher Education (Private) Limited as a private company limited by shares. The principal business activity of the Company is the provision of higher educational services.
<b>Equity accounted investee</b>		
DIMO Coastline (Private) Limited	Maldives	On 22nd February 2018, the Company acquired 40% equity interest of DIMO Coastline (Private) Limited. DIMO Coastline (Private) Limited is a company incorporated in Republic of Maldives and whose financial year ends on 31st December. The Company has invested in DIMO Coastline (Private) Limited as part of expansion into marine and general engineering business overseas.
Azend Technologies (Private) Limited	Sri Lanka	On 09th November 2021, the Company invested in Azend Technologies (Private) Limited acquiring a 49% equity interest. Azend Technologies (Private) Limited is in the business of providing information technology solutions.
Azendtech LLC-FZ*	Dubai	On 08th July 2023, Azend Technologies (Private) Limited (Joint venture of Diesel & Motor Engineering PLC & Azend Technologies (Private) Limited) incorporated Azendtech LLC-FZ as wholly owned subsidiary in Dubai, United Arab Emirates. The Company owns 49% of Azendtech LLC-FZ through Azend Technologies (Private) Limited. The principal business activity of Azendtech LLC-FZ includes the customizing of softwares. It's under discussion to liquidate company during 2024/25.

The country of incorporation of the above companies is the same country where the principal place of business is domiciled.

More details of the Group is available in the Group structure on page 9.

\* During the year, there were no financial transactions involving the specified companies above, hence they were not included in the consolidated financial statements 2023/24.



## Section 3 – Basis of Accounting

This section covers the basis of preparation of Financial Statements including policies, assumptions, judgements, estimates, and adoption of Sri Lanka Accounting Standards (SLFRSs/LKASs). Accounting policies and basis for judgements and estimates that are specific to notes in section 4, is given in the relevant note.

### 3.1 Statement of Compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Company have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 07 of 2007.

### 3.2 Basis of Measurement

The Financial Statements of the Group and the Company have been prepared on historical cost basis, except for following:

**Table 66: Basis of Measurement**

Item	Basis of measurement	Note	Page No
Freehold land	Initially measured at cost and subsequently carried at revalued amounts which are the fair values at the date of revaluation.	4.9	197
Equity instruments designated at fair value through other comprehensive income (FVOCI)	Fair value	4.13	210
Defined benefit obligation	Actuarially valued and recognised at present value	4.23	229

The Financial Statements, except for information on Statement of Cash Flows have been prepared following the accrual basis of accounting.

### 3.3 Going concern

Management has assessed the ability of the Group to continue as a going concern. In making this assessment, the Management has considered the potential negative impact that the current economic conditions could bring to the business operation of the Group. In doing so, Management has prepared estimates of performance and the forecasted liquidity based on the likely, worst, and best-case scenarios by considering available information and economic forecasts and the available resources and assets at the Group's disposal.

The Board believes that the Group has adequate financial strength, resources, and business plans to continue to operate the business as a going concern for the foreseeable future by mitigating the risks arising from the current economic conditions.

Therefore, the Board is of the view that the Financial Statements for the year ended 31 March 2024 should be prepared and presented as a going concern.

### 3.4 Functional and Presentation Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees (LKR), which is the currency of the primary economic environment in which the reporting entity operates. Each entity of the Group uses the currency of the primary economic environment in which it operates as its functional currency.

The subsidiaries and equity-accounted investees whose functional currency is different from the presentation currency is given below.

**Table 67: Functional Currencies**

Name of the Entity	Country of Domicile	Functional Currency
DIMO Lanka Company Limited	Myanmar	Burmese Kyat
United DIMO Company Limited	Myanmar	Burmese Kyat
DIMO Coastline (Private) Limited	Maldives	US Dollar
Diesel & Motor Engineering PLC – Uganda Branch	Uganda	Uganda Shilling
DIMO Bangladesh (Pvt) Ltd	Bangladesh	Bangladeshi Taka
DIMO Global Pte. Ltd.	Singapore	Singapore Dollar
DIMO Australia Pty Ltd	Australia	Australian Dollar
Azendtech LLC-FZ	Dubai	UAE Dirham

### 3.5 Materiality, Aggregation, Offsetting, Rounding and Current Versus Non-Current Classification

#### Materiality and Aggregation

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

Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.



## Section 3 – Basis of Accounting

Notes to the Financial Statements are presented in a systematic manner that ensures the understandability and comparability of Financial Statements.

### Offsetting

Assets and liabilities or income and expenses are not set off unless required or permitted by Sri Lanka Accounting Standards.

### Rounding

Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand, unless indicated otherwise.

### Current Versus Non-Current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

### 3.6.3 Reclassification of Stock Provision

Reclassification of stock provision from administrative expense to cost of sales as follows in accordance with Sri Lanka Accounting Standards –LKAS 01" Presentation of Financial Statements". This adjustment has been made to provide a more accurate representation of the costs directly associated with the production and sale of goods. It ensures that the financial statements are consistent with the principle of presenting expenses based on their function within the entity.

**Table 68: Stock Provision Reclassification**

	Reclassified		As Reported		Difference	
	Group Rs'000	Company Rs'000	Group Rs'000	Company Rs'000	Group Rs'000	Company Rs'000
Cost of sales	22,556,267	16,256,088	21,750,718	15,591,191	805,549	664,897
Administrative expenses	7,123,775	5,768,198	7,929,324	6,433,095	(805,549)	(664,897)

### 3.6.4 Current Assets : Separation of Other Financial Assets

In the current year, we have separately disclosed "Other Financial Assets," which were previously included under "Other Current Assets."

**Table 69: Current Assets Separation of Other Financial Assets**

Group Rs'000	Reclassified	As Reported
Other current assets (Note 4.17)	1,933,247	1,938,063
Other financial assets (Note 4.17.1)	4,816	-
	1,938,063	1,938,063

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 3.6 Comparative Information

The presentation and classification of the financial statements of the previous years have been amended, where relevant, for better presentation and to be comparable with those of the current year.

In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in Financial Statements.

Following comparative changes have been made during the year for the Company & Group,

#### 3.6.1 Reclassification of Revenue by Nature

Amounts reported in the Note 4.1.1.1 – Revenue by nature have been reclassified as a result of the change in the operating segment. Sales of goods relating to construction related contracts have been reclassified to sales of goods.

#### 3.6.2 Changes in Operating Segments Comparatives

The Company has revised the comparatives for both the Company and the Group. These changes have been made to better reflect the current operational and management structure.

Details of these changes are disclosed in Note 4.2



### 3.7 Summary of Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Financial Statements of the Group requires the Management to make judgements, estimates and assumptions that may affect the reported amounts of assets, liabilities, income, expenses and accompanying disclosures as well as the disclosure of contingent liabilities, at the end of the reporting period. The management makes estimates and judgements based on current knowledge, historical experience and various other assumptions that are held to be reasonable under the circumstances. However, actual results may differ from these judgements and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised prospectively.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the Financial Statements. The Group based its assumptions and estimates on parameters available when the Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Judgements, estimates and assumptions made by management which have the most significant effect on the amounts recognised in these Consolidated Financial Statements are described in the following Notes.

**Table 70: Accounting Policies**

Accounting Policy	Note
Revenue Recognition	4.1
Impairment of non financial assets	3.9.3
Income tax and deferred tax assets and liabilities	4.24/4.29
Useful life time of property, plant and equipment	4.9
Revaluation of property, plant and equipment	4.9
Provision for impairment of trade receivables	4.16
Employee benefits	4.23
Warranty provisions	4.27
Provision on inventories	4.15
Right-of-use assets and lease liabilities	4.10
Commitments and Contingencies	5.2
Consolidation	3.9.1
Equity accounted investees	3.9.1
Acquisition of subsidiaries	3.9.1
Impairment test on goodwill	3.9.1

### 3.8 Material Accounting Policies

Summary of material accounting policies are presented along with the relevant individual notes to the Consolidated Financial Statements.

#### 3.8.1 Changes in material accounting policies during the year

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

The Group and the Company adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 1 April 2023. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under LKAS 12. There was also no impact on the opening retained earnings as at 1 April 2023 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised.

Those accounting policies presented with each note, have been applied consistently by the Group to the all periods presented in this report.

Set out below is an index of the material accounting policies, the details of which are available on the page indicated.

**Table 71: Mateiral Accounting Policies**

Note	Accounting Policy	Page No.
4.1	Revenue	184
4.2	Operating Segments	187
4.3	Other Operating Income	192
4.4	Net Finance Cost	192
4.5	Profit Before Tax	193
4.6	Taxation	194
4.7	Earnings Per Share-Basic and Diluted	196
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4.13	Financial Assets and Liabilities	210
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4.15	Inventories	219
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4.17	Other Current Assets	222
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4.19	Stated Capital	223
4.20	Revenue Reserve	224
4.21	Other Components of Equity	224



## Section 3 – Basis of Accounting

Note	Accounting Policy	Page No.
4.22	Interest-Bearing Borrowings	225
4.23	Employee Benefits	229
4.24	Deferred Tax	231
4.25	Contract Liabilities	235
4.26	Provisions	235
4.27	Trade Payables	236
4.28	Other Current Liabilities	237
4.29	Income Tax Assets and Liabilities	237
4.30	Amounts due (to)/from Subsidiaries and Equity-Accounted Investees	238
4.31	Related Party Disclosures	240

### 3.9 Other Material Accounting Policies Not Covered with Individual Notes

Following accounting policies, which have been applied consistently by the Group, are considered to be significant, and are not covered under individual Notes in section 4.

**Table 72: Other Material Accounting Policies**

Accounting Policy	Note
Basis of consolidation	3.9.1
Foreign currency	3.9.2
Impairment of Non-financial assets	3.9.3
Statement of Cash Flows	3.9.4

#### 3.9.1 Basis of Consolidation

The Group's Financial Statements comprise Consolidated Financial Statements of the Company and its subsidiaries prepared as per the Sri Lanka Accounting Standard-SLFRS 10 on 'Consolidated Financial Statements'.

Subsidiaries are disclosed in Note 4.12 to the Financial Statements.

##### a) Business Combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in Statement of Profit or Loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in Profit or Loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument within the scope of SLFRS 9 is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in Profit or Loss.

##### b) Subsidiaries

Subsidiaries are investees that are controlled by the Company. The Company 'Controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. At each reporting date the Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control mentioned above. The Financial Statements of all the subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

##### Consolidation of subsidiaries with different accounting periods

The Financial Statements of the parent Company and subsidiaries are prepared to a common financial year ending 31st March, except for DIMO Lanka Company Limited and United DIMO Company Limited whose financial year ends on 30th September. These subsidiaries prepared financial information as at 31st March 2024 for consolidation purpose. The reason for using different reporting periods by the above two subsidiaries located in Myanmar is due to the requirement imposed by the Government of Myanmar. The Financial Statements of the parent and subsidiaries are prepared using uniform accounting policies.

There are no significant restrictions (other than obtaining approval from the Central Bank of the relevant country) on the ability of subsidiaries to transfer funds to the Company (the "Parent") in the form of cash dividend or repayment of loans and advances except for the subsidiaries incorporated in Myanmar. The current regulations in Myanmar are unclear about remittance of cash dividends or repayment of loans and advances being remitted out of the country.



### c) Non-Controlling Interests

Non-controlling interests are measured initially at their proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in Equity.

A list of material non-controlling interest is set out in Note 4.12.4 to the Financial Statements

### d) Measurement of goodwill and impairment

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Statement of Profit or Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

### e) Equity-Accounted Investees

Interests in the Joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs, in terms of Sri Lanka Accounting Standards – LKAS 28 on "Investments in Associates and Joint Ventures". Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees,

until the date on which significant influence or joint control ceases.

A Joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Financial Statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'Share of profit or loss of equity accounted investees' in the Statement of Profit or Loss.

Upon loss of significant influence over the joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Statement of Profit or Loss

Except DIMO Coastline (Private) Limited Financial Statements of the joint ventures are prepared for the same reporting period as the Group.

Equity accounted investees are disclosed in Note 4.12.5 to the Financial Statements.

### f) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

## 3.9.2 Foreign Currency

### Transactions and Balances

Transactions in foreign currencies are translated into functional currency at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date.



## Section 3 – Basis of Accounting

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are recognised in the Statement of Profit or Loss. However, foreign currency differences arising from equity securities designated as FVOCI (except foreign currency differences relating to impairment) are recognised in Other Comprehensive Income (OCI).

Share capital denominated in a currency other than the functional currency is initially converted using the exchange rate as at date of issue but is not re-translated.

### Foreign operations

The results and financial position of entities whose functional currency is not Sri Lankan Rupee has been translated into Sri Lankan Rupees as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses for each statement presenting profit or loss and other comprehensive income are translated at the average exchange rates for the period.
- (iii) Foreign currency differences are recognised in Other Comprehensive Income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

On disposal of a foreign entity, the deferred cumulative amount recognised in Other Comprehensive Income relating to that particular foreign operation is recognised in the income statement.

### 3.9.3 Impairment of non-financial assets

The carrying amount of all non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. Refer note 3.9.1 (d) for goodwill impairment.

The 'recoverable amount' of an asset is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value

of money and the risks specific to the asset. The fair value less costs to sell calculation is based on available data from an active market, in an arm's length transaction, of similar assets or observable market prices less incremental costs for disposing of the asset. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in Profit or Loss except for properties previously revalued with the revaluation taken to Other Comprehensive Income. For such properties, the impairment is recognised in Other Comprehensive Income up to the amount of any previous revaluation. Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss recognised in prior years.

The parent, subsidiaries and joint ventures have access to adequate funding to continue their business operations. Based on the assessments made to the recoverable amounts of non-financial assets, including investments in subsidiaries, there were no indications that require an adjustment in the financial statements other than disclosure made in 4.12.2.

### 3.9.3.1 Right to Use of Assets

The Group does not foresee any impairment of the right to use assets due to the prevailing and anticipate effects of the current economic conditions and does not anticipate discontinuation of any asset before the previously expected date, for which the Group possesses the right to use. Lease liabilities are not reassessed as there are no known moratoriums received for the lease payments so far.

### 3.9.4 Statement of Cash Flows

The Statement of Cash Flows has been prepared by using the 'Indirect Method' of preparing cash flows in accordance with Sri Lanka Accounting Standard-LKAS 7 on 'Statement of Cash Flows'. Cash and cash equivalents as referred to in the Statement of Cash Flows comprised of those items as explained in Note 4.18 and 4.22.2



### 3.10 Standards Issued but not yet Effective

Following amendments Sri Lanka Accounting Standards issued not yet effective as at the reporting date have not been applied in preparing the Consolidated Financial Statements. The Group plans to apply these amendments to the standards from their effective dates:

A summary of the requirements stipulated by the amendments and their possible impact on financial statements, when implemented, is presented in the table below;

**Table 73: Summary of standards issued but not yet effective**

New or amended Standards	Summary of requirements	Possible impact on Financial Statements
Amendments to LKAS 1 – Classification of Liabilities as Current or Non-current and Non current liabilities with Covenants	The amendments, aim to clarify the requirements on determining whether the liability is current or Non-current, and require new disclosures for non- current liabilities that are subject to future covenants. The Standard will become effective for the Group from 1 April 2024.	
Amendments to LKAS 7 and SLFRS 7 – Supplier Finance Arrangements	The amendments introduced new disclosures relating to supplier finance arrangement that assist users of the financial statements to assess the effect of these arrangements on an entity's liabilities and cash flow and on an entity's exposure to liquidity risk. The Standard will become effective for the Group from 1 April 2024.	The Group is assessing the potential impact on its Financial Statements resulting from the application of these amendments.
Amendments to SLFRS 16 – Lease liability in a Sale and Leaseback	The amendments specifically affect seller-lessee accounting in sale and leaseback transactions that qualify as a sale under SLFRS 16, especially those involving variable lease payments not based on an index or rate. They modify how a seller-lessee accounts for these leasebacks, preventing recognition of gains on retained rights of use due to lease term modifications or changes which previously could occur when variable payments not defined as 'lease payments' were excluded. The Standard will become effective for the Group from 1 April 2024.	No material impact is expected on adoption.
SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information	The standard requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	These standards will become effective for the Group from 1 April 2025. No financial impact is expected on the Group except for additional disclosures reported in non financial section in this report.
SLFRS S2 Climate-related Disclosures	This standard requires an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	

#### 3.10.1. Other Standards

The following amendments and improvements are not expected to have a significant impact on the Group's Financial Statements.

- Amendments to LKAS 21 – Lack of exchangeability.



## Section 4 – Specific Accounting Policies and Notes

This section provides specific accounting policies and basis of accounting estimates in relation to the reported values in the Financial Statements with additional Notes and explanations thereon.

### 4.1 Revenue Accounting Policy

The Group recognises revenue from contracts with customers when control of the goods or services is transferred to the customer at an amount that reflects the consideration that the Group is to be entitled in exchange for those goods or services. Determining the timing of the transfer of control of goods or services, at a point in time or over time, requires judgments taking into consideration the nature of goods or services that Group offers.

Some contracts include multiple deliverables. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

The Group disaggregate its revenue into following categories based on the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

#### Sale of Goods

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, usually on delivery of the goods. Sales are measured at the fair value of the consideration received or receivable excluding amounts collected on behalf of third parties (e.g. Sales taxes) and variable consideration (e.g. discounts and rebates). The Group estimates an amount of variable consideration by using the expected value method which is the sum of probability weighted amounts in a range of possible considerations.

#### Rendering of Services

Revenue from rendering of services is recognised when the Group satisfies all performance obligations by transferring a promised service to a customer.

#### Construction Related Contracts

Revenue from construction related contracts is recognised upon satisfaction of a performance obligation agreed in the contract. At contract inception, the Group determines whether it satisfies the performance obligation over time or at a point in time. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer. For each performance obligation satisfied over time, the Group recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

The progress is assessed based on surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

#### Service Support Income

Service support income which is included in revenue represents income received from foreign principals on indent sales. Such income is recognised on an accrual basis at the time of satisfying performance obligation relating to the service support provided by the Group.

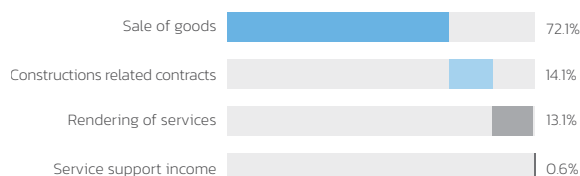
### 4.1.1 Disaggregation of Revenue from Contracts with Customers

In the following tables, revenue from contract with customers is disaggregated by nature of the product and timing of revenue recognition.

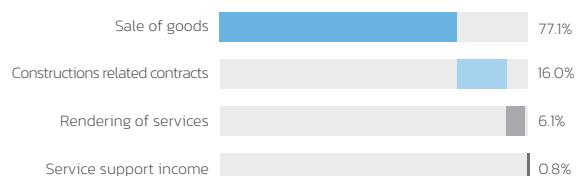
#### 4.1.1.1 Revenue by Nature

For the year ended 31st March	Group			Company		
	2024 Rs.'000	Current Presentation 2023 Rs.'000	As Reported 2023 Rs.'000	2024 Rs.'000	Current Presentation 2023 Rs.'000	As Reported 2023 Rs.'000
<b>Revenue sources</b>						
Sale of goods	31,483,852	25,730,009	23,799,330	25,097,065	21,176,398	21,161,868
Constructions related contracts	6,167,672	5,578,858	7,524,386	1,993,004	1,726,206	1,740,636
Rendering of services	5,722,345	3,895,066	3,880,217	5,223,112	3,676,672	3,676,772
Service support income	270,426	95,268	95,268	244,759	88,841	88,841
<b>Total revenue</b>	<b>43,644,295</b>	<b>35,299,201</b>	<b>35,299,201</b>	<b>32,557,940</b>	<b>26,668,117</b>	<b>26,668,117</b>

Graph 45:  
Revenue by Nature – Group



Graph 46:  
Revenue by Nature – Company





#### 4.1.1.2. Timing of Revenue Recognition

	Group			Company		
	2024 Rs.'000	Current Presentation 2023 Rs.'000	As Reported 2023 Rs.'000	2024 Rs.'000	Current Presentation 2023 Rs.'000	As Reported 2023 Rs.'000
<b>For the year ended 31st March</b>						
Revenue recognised at a point in time	37,476,623	29,720,343	27,774,815	30,564,936	24,941,962	24,927,483
Revenue recognised over time	6,167,672	5,578,858	7,524,386	1,993,004	1,726,205	1,740,634
	43,644,295	35,299,201	35,299,201	32,557,940	26,668,117	26,668,117

#### 4.1.2 Reconciliation of Revenue

Reconciliation between disaggregated revenue from contracts with customers and revenue information that is disclosed for each reportable segment is set out below;

<b>For the year ended 31st March</b>	Group - 2024				
	Sale of goods Rs.'000	Rendering of services Rs.'000	Constructions related contracts Rs.'000	Service support income Rs.'000	Total Rs.'000
Vehicle Sales	2,846,035	-	-	97,299	2,943,334
Automotive Engineering Solutions	2,089,618	3,951,966	-	10,722	6,052,306
Retail	6,617,509	268,457	-	54,210	6,940,176
Infrastructure Engineering	1,163,527	541,965	2,564,343	97,529	4,367,364
Agriculture	16,325,780	85,425	-	9,608	16,420,813
Power Engineering & Building Services	195,987	874,532	3,603,329	1,058	4,674,906
Healthcare	2,245,396	-	-	-	2,245,396
	31,483,852	5,722,345	6,167,672	270,426	43,644,295

<b>For the year ended 31st March</b>	Company - 2024				
	Sale of goods Rs.'000	Rendering of services Rs.'000	Constructions related contracts Rs.'000	Service support income Rs.'000	Total Rs.'000
Vehicle Sales	2,846,035	-	-	97,299	2,943,334
Automotive Engineering Solutions	2,089,620	3,954,186	-	10,722	6,054,528
Retail	6,617,727	116,406	-	54,207	6,788,340
Infrastructure Engineering	1,014,147	541,966	89,545	72,922	1,718,580
Agriculture	12,501,295	84,093	-	9,609	12,594,997
Power Engineering & Building Services	28,241	526,461	1,903,459	-	2,458,161
	25,097,065	5,223,112	1,993,004	244,759	32,557,940



## Section 4 – Specific Accounting Policies and Notes

For the year ended 31st March	Group – 2023				
	Sale of goods	Rendering of services	Constructions related contracts	Service support income	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Current Presentation</b>					
Vehicle Sales	2,615,764	–	–	1,118	2,616,882
Automotive Engineering Solutions	2,244,535	3,362,109	–	–	5,606,644
Retail	5,731,504	241,039	–	–	5,972,543
Infrastructure Engineering	1,065,380	278,286	2,074,615	87,723	3,506,004
Agriculture	11,317,161	13,632	–	–	11,330,793
Power Engineering & Building Services	1,083,698	–	3,504,243	–	4,587,941
Healthcare	1,671,967	–	–	6,427	1,678,394
	25,730,009	3,895,066	5,578,858	95,268	35,299,201

<b>As Reported</b>					
Vehicle sales	2,320,680	387,788	–	1,118	2,709,586
Aftersales services & auto-engineering	3,157,294	2,828,779	–	–	5,986,073
Retail	4,723,989	322,639	1,217,590	10,235	6,274,453
Construction and logistical solutions	530,130	290,342	533,430	77,488	1,431,390
Agriculture	11,317,160	13,632	–	–	11,330,792
Engineering solutions	1,750,077	37,037	5,773,366	6,427	7,566,907
	23,799,330	3,880,217	7,524,386	95,268	35,299,201

For the year ended 31st March	Company – 2023				
	Sale of goods	Rendering of services	Constructions related contracts	Service support income	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Current Presentation</b>					
Vehicle Sales	2,615,758	–	–	1,118	2,616,876
Automotive Engineering Solutions	2,244,571	3,212,842	–	–	5,457,413
Retail	5,718,165	254,829	–	–	5,972,994
Infrastructure Engineering	1,148,199	195,468	–	87,723	1,431,390
Agriculture	8,856,902	13,632	–	–	8,870,534
Power Engineering & Building Services	592,754	–	1,726,205	–	2,318,959
	21,176,349	3,676,771	1,726,205	88,841	26,668,166

<b>As Reported</b>					
Vehicle sales	2,320,476	387,991	–	1,118	2,709,585
Aftersales services & auto-engineering	3,207,803	2,628,639	–	–	5,836,442
Retail	4,723,232	313,537	1,226,772	10,235	6,273,776
Construction and logistical solutions	507,158	332,880	513,864	77,488	1,431,390
Agriculture	8,856,809	13,725	–	–	8,870,534
Engineering solutions	1,546,390	–	–	–	1,546,390
	21,161,868	3,676,772	1,740,635	88,841	26,668,117



## 4.2 Operating Segments

### Accounting Policy

The operating business segments are organised and managed separately according to the nature, risks and returns.

The Board of Directors regularly reviews the operating results of all operating business segments for the purpose of making decisions about

resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, is measured differently from operating profit or loss in the Consolidated Financial Statements.

The Group has the following seven strategic business segments which are reportable segments, namely:

**Table 74 : Segment details**

Reportable segments	Operations
Vehicle Sales	Sale of brand new vehicles, special purpose vehicles and pre-owned vehicles.
Automotive Engineering Solutions	Premium vehicles aftersales, mainstream vehicles aftersales, marine and general engineering, assembly of vehicles and pumps, recreation of vehicles (camper trailer) and education in engineering and automotive solutions
Retail	Sale of automotive parts, tyres, auto-care solutions, lighting products, power tools, home appliances, gardening and construction solutions
Infrastructure Engineering	Sales and services of construction machinery, storage & material handling solutions, car parking solutions, projects in water & fluid management
Agriculture	Import, processing, distribution of fertilizer, seeds, agrochemical & plant nutrients, agri machinery, value-added organic food (fruits, vegetables, virgin coconut oil) products for export and local markets, trading of coconut based products, R&D techno-parks, agri advisory services, agriculture pipes, advance agri technologies including micro-irrigation & greenhouse projects, processing & sales of coconut shell charcoal for local & export markets and operates customer experience centre.
Power Engineering & Building Services	Engineering and related solutions in power & energy, generation of solar power, building technologies, elevator and escalator solutions
Healthcare	Medical equipments, consumables, pharmaceuticals, cardiology devices and contrast mediums

### 4.2.1 Segment Mapping

Current year, we have restructured business segments to better align with the evolving nature of our operations due to recent acquisitions aimed at diversification. Furthermore, certain business units have been realigned based on their specific business characteristics, resulting in adjustments to the reported financial figures for each segment. We now operate under seven distinct segments as follows,

**Table 75: Segment Mapping**

New Segment	Previous Segment
Vehicle Sales	Vehicle Sales
Automotive Engineering Solutions	Aftersales Services & Auto-Engineering Engineering Solutions (marine solutions)**
Retail	Retail*
Infrastructure Engineering	Construction & Logistical Solutions
Agriculture	Agriculture
Power Engineering & Building Services	Engineering Solutions** Retail (lighting solution)*
Healthcare	Engineering Solutions** Retail (pharmaceutical)*

\* Two business units which was included in retail segment in previous year were reclassified as specified above.

\*\* Marine Solutions which was included in Engineering Solutions was reclassified as above.

To enhance transparency and clarity for stakeholders, we have restructured our segment structure and revised comparative data. The identification of reportable segments has been conducted based on quantitative thresholds and management's assessment of the importance of this information to users of our financial statements.

Inter-segment transactions are carried in the ordinary course of business. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated assets and liabilities comprise mainly of assets and liabilities that cannot be attributed to a particular segment.

Finance income and finance expenses and income taxes are managed on a Group basis and are not allocated to operating business segments.

Sales to any single customer does not represent more than 10% of the total sales and no segments are determined based on the geographical area.

Segment capital expenditure is the total cost incurred during the period to acquire Property, Plant and Equipment and intangible assets other than goodwill.

### 4.2.2 Import Restriction on Vehicles

The temporary suspension of imports of vehicles was scheduled to be in effect till 30th December 2020. This restriction has now been extended by the government until further notice. Until the import restrictions are removed, there are no prospects of new stocks being received by the Company except for any vehicles assembled in Sri Lanka. The import restrictions will lead to an adverse impact on vehicle sales revenue.

The management believes that the diversity of other sources of income and initiatives embarked upon will minimise the impact caused by the above.



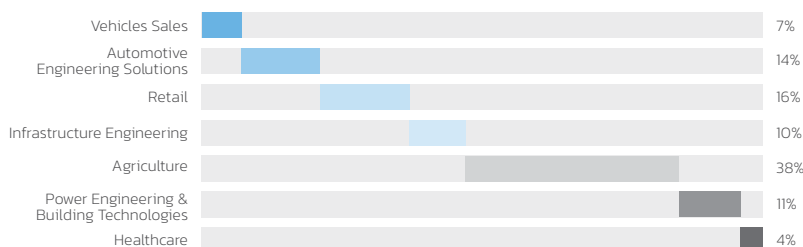
## Section 4 – Specific Accounting Policies and Notes

### Segmental Results, Assets and Liabilities

#### Group

	Vehicle Sales		Automotive Engineering Solutions		Retail	
For the year ended 31st March	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Business Segment Turnover and Results</b>						
Total segment revenue	3,067,274	2,710,628	6,766,678	6,115,615	7,105,817	6,127,135
Inter-segment revenue	(123,940)	(93,746)	(714,372)	(508,971)	(165,641)	(154,592)
<b>Total external revenue</b>	<b>2,943,334</b>	<b>2,616,882</b>	<b>6,052,306</b>	<b>5,606,644</b>	<b>6,940,176</b>	<b>5,972,543</b>
<b>Segment results</b>	<b>84,303</b>	<b>(37,981)</b>	<b>1,423,587</b>	<b>1,150,293</b>	<b>745,973</b>	<b>1,313,410</b>
Unallocated other income	-	-	-	-	-	-
Unallocated expenses	-	-	-	-	-	-
Unallocated Finance income	-	-	-	-	-	-
Unallocated Finance expenses	-	-	-	-	-	-
Share of results of equity-accounted investees	-	-	21,136	4,115	-	-
Income tax expense	-	-	-	-	-	-
<b>Profit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Business Segment Assets and Liabilities</b>						
Segment assets	813,387	828,287	2,917,271	2,074,424	4,226,584	3,734,470
Unallocated assets	-	-	-	-	-	-
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Segment liabilities	299,022	371,798	1,324,186	2,754,936	1,527,590	1,019,758
Unallocated liabilities	-	-	-	-	-	-
Equity	-	-	-	-	-	-
<b>Total equity and liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Information</b>						
Capital expenditure	3,686	3,870	24,913	87,869	6,213	31,254
Capital expenditure – new business initiatives	-	-	-	-	-	-
Unallocated capital expenditure	-	-	-	-	-	-
Depreciation and amortisation	13,052	14,216	81,721	83,339	31,117	30,992
Unallocated depreciation and amortisation	-	-	-	-	-	-

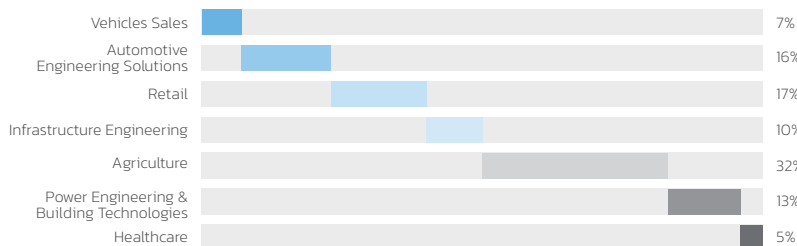
**Graph 47:**  
**Group Segmental Results 2024**





Infrastructure Engineering		Agriculture		Power Engineering & Building Services		Healthcare		Total	
2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
4,404,784 (37,420)	3,559,481 (53,477)	16,524,285 (103,472)	11,419,324 (88,531)	4,717,227 (42,321)	4,616,517 (28,576)	2,245,396 -	1,678,394 -	44,831,461 (1,187,166)	36,227,094 (927,893)
4,367,364	3,506,004	16,420,813	11,330,793	4,674,906	4,587,941	2,245,396	1,678,394	43,644,295	35,299,201
728,469	357,921	2,037,781	3,753,114	566,236	762,798	786,091	404,261	6,372,440	7,703,815
-	-	-	-	-	-	-	-	575,243	295,694
-	-	-	-	-	-	-	-	(3,861,981)	(2,700,356)
-	-	-	-	-	-	-	-	58,173	141,859
-	-	-	-	-	-	-	-	(2,992,174)	(4,708,351)
-	-	-	-	10,274	480	-	-	31,410	4,595
-	-	-	-	-	-	-	-	(90,506)	(39,112)
-	-	-	-	-	-	-	-	92,605	698,144
3,301,028	5,002,650	12,453,456	7,096,948	3,296,318	5,317,140	2,323,444	2,535,359	29,331,488	26,589,279
-	-	-	-	-	-	-	-	19,661,510	12,973,108
-	-	-	-	-	-	-	-	48,992,998	39,562,387
1,697,183	1,994,687	8,389,656	6,312,374	2,644,960	2,183,946	1,670,659	1,761,052	17,553,256	16,398,550
-	-	-	-	-	-	-	-	14,591,107	7,810,206
-	-	-	-	-	-	-	-	16,848,635	15,353,631
-	-	-	-	-	-	-	-	48,992,998	39,562,387
74,519	11,091	174,993	240,342	4,969	474	23,555	-	312,848	374,899
-	-	746,902	258,045	-	-	-	78,512	746,902	336,557
-	-	-	-	-	-	-	-	345,929	588,050
37,256	43,096	96,729	49,978	30,426	29,405	14,665	5,246	304,965	256,271
-	-	-	-	-	-	-	-	174,492	157,746

**Graph 48:**  
**Group Segmental Results 2023**





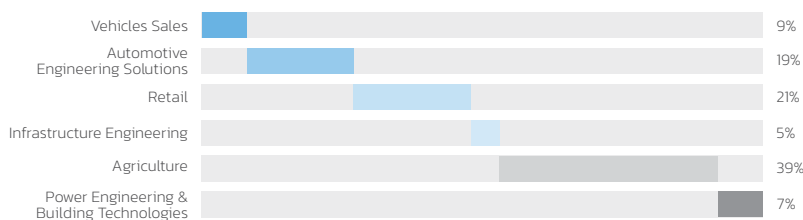
## Section 4 – Specific Accounting Policies and Notes

### Segmental Results, Assets and Liabilities

#### Company

	Vehicle Sales		Automotive Engineering Solutions		Retail	
For the year ended 31st March	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Business Segment Turnover and Results</b>						
Total segment revenue	3,067,274	2,710,628	6,768,900	5,966,384	6,953,981	6,127,530
Inter-segment revenue	(123,940)	(93,752)	(714,372)	(508,971)	(165,641)	(154,586)
<b>Total external revenue</b>	<b>2,943,334</b>	<b>2,616,876</b>	<b>6,054,528</b>	<b>5,457,413</b>	<b>6,788,340</b>	<b>5,972,944</b>
<b>Segment results</b>	<b>84,303</b>	<b>(37,981)</b>	<b>1,423,587</b>	<b>1,150,293</b>	<b>745,781</b>	<b>1,345,790</b>
Unallocated other income	-	-	-	-	-	-
Unallocated expenses	-	-	-	-	-	-
Unallocated Finance income	-	-	-	-	-	-
Unallocated Finance expenses	-	-	-	-	-	-
Share of results of equity accounted investees	-	-	21,136	4,115	-	-
Income tax expense	-	-	-	-	-	-
<b>Profit for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Business Segment Assets and Liabilities</b>						
Segment assets	813,387	828,287	2,813,469	1,855,212	4,126,847	3,689,517
Unallocated assets	-	-	-	-	-	-
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Segment liabilities	299,022	371,798	1,144,463	2,572,744	1,465,736	518,362
Unallocated liabilities	-	-	-	-	-	-
Equity	-	-	-	-	-	-
<b>Total equity and liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Information</b>						
Capital expenditure	3,686	3,870	24,913	87,869	6,213	31,253
Capital expenditure- new business initiatives	-	-	-	-	-	-
Unallocated capital expenditure	-	-	-	-	-	-
Depreciation and amortisation	13,052	14,216	80,737	83,339	30,907	33,035
Unallocated depreciation and amortisation	-	-	-	-	-	-

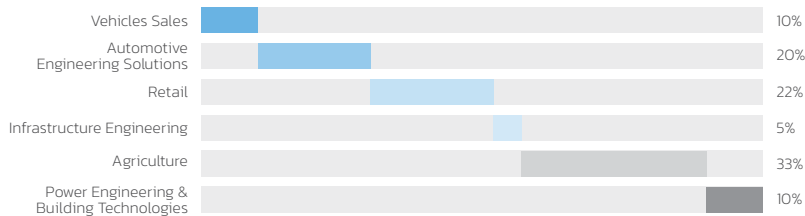
Graph 49:  
Company Segmental Results 2024





Infrastructure Engineering		Agriculture		Power Engineering & Building Services		Total	
2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
1,756,000 (37,420)	1,484,867 (53,477)	12,698,469 (103,472)	8,959,065 (88,531)	2,500,482 (42,321)	2,347,535 (28,576)	33,745,106 (1,187,166)	27,596,010 (927,893)
1,718,580	1,431,390	12,594,997	8,870,534	2,458,161	2,318,959	32,557,940	26,668,117
482,217	398,799	1,728,852	3,232,768	328,575	316,483	4,793,314	6,406,152
-	-	-	-	-	-	771,686	511,783
-	-	-	-	-	-	(3,228,470)	(2,383,788)
-	-	-	-	-	-	669,087	491,979
-	-	-	-	-	-	(2,519,671)	(4,232,256)
-	-	-	-	10,274	480	31,410	4,595
-	-	-	-	-	-	(159,332)	(154,649)
-	-	-	-	-	-	358,024	643,816
2,785,596	1,306,118	8,167,487	4,266,851	2,887,691	1,346,432	21,594,478	13,292,417
-	-	-	-	-	-	19,542,767	18,764,773
-	-	-	-	-	-	41,137,245	32,057,190
896,173	750,057	5,610,195	3,482,277	1,648,830	1,122,932	11,064,419	8,818,170
-	-	-	-	-	-	14,644,871	9,539,741
-	-	-	-	-	-	15,427,955	13,699,279
-	-	-	-	-	-	41,137,245	32,057,190
63,079	8,692	22,459	45,609	648	337	120,998	177,630
-	-	433,912	-	-	-	433,912	-
-	-	-	-	-	-	401,276	559,176
17,799	19,445	40,201	20,920	25,188	3,084	207,884	174,039
-	-	-	-	-	-	163,321	171,306

Graph 50:  
Company Segmental Results 2023





## Section 4 – Specific Accounting Policies and Notes

### 4.3 Other Operating Income

#### Accounting Policy

Other operating income and expenses are recognised on an accrual basis. Other operating income and expenses comprise disposal gains/losses on sale of property, plant and equipment, dividend income, incentives from principals, management service income and sundry income.

Expenses are recognised in the Profit or Loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditures incurred in the running of the business has been charged to income in arriving at the profit for the year. For the purpose of presentation of the Statement of Profit or Loss, the function of expenses method is adopted.

#### Other Operating Income

For the year ended 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Dividend income	-	320	38,578	320
Gains on sale of property, plant and equipment	6,201	281	198	3,116
Incentives from principals	28,682	27,166	28,682	27,166
Management service income	-	-	505,395	277,385
Sundry income*	540,360	267,927	198,833	203,796
	575,243	295,694	771,686	511,783

\*Sundry income includes Rs. 237.0 million which is generated from director loan write back in Mansel (Ceylon) (Private) Limited and Associated Laboratories (Pvt) Limited.

### 4.4 Net Finance Costs

#### Accounting Policies

Finance income comprises of interest income and is recognised as it accrues, using the effective interest method.

#### Finance Income and Costs

For the year ended 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Interest income	59,509	141,859	574,477	491,979
Net foreign exchange gain	-	-	94,610	-
<b>Finance income</b>	<b>59,509</b>	<b>141,859</b>	<b>669,087</b>	<b>491,979</b>
Interest on long-term Interest-bearing borrowings	(255,205)	(300,630)	(251,109)	(273,954)
Interest on short-term Interest-bearing borrowings	(2,611,103)	(2,917,154)	(2,191,630)	(2,506,838)
Finance charges under leases (Note 4.22.3.1)	(77,145)	(67,558)	(52,620)	(56,569)
Unwinding of significant financing component (Note 4.25.1)	(48,722)	(100,941)	(24,312)	(24,906)
Net foreign exchange loss	(1,335)	(1,322,068)	-	(1,369,989)
<b>Finance costs</b>	<b>(2,993,510)</b>	<b>(4,708,351)</b>	<b>(2,519,671)</b>	<b>(4,232,256)</b>
<b>Net finance costs recognised in Profit or Loss</b>	<b>(2,934,001)</b>	<b>(4,566,492)</b>	<b>(1,850,584)</b>	<b>(3,740,277)</b>

#### Gains and Losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment are accounted in the income statement, after deducting the carrying amount from proceeds on disposal of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

#### Dividend Income

Dividend income is recognised when the Group's right to receive payment is established which in the case of quoted securities is the ex-dividend date.

Finance costs comprise of interest expense on borrowings, leases and significant financing element of contract liabilities that are recognised in the income statement. Interest expense is recognised as it accrues using the effective interest rate (EIR).

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs, depending on whether foreign currency movements are in a net gain or net loss position.



## 4.5 Profit Before Tax

Profit before tax is stated after charging the following:

For the year ended 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Directors' emoluments</b>				
– Short-term employment benefits	557,231	582,214	543,198	553,600
– Post-employment benefits	108,716	119,215	108,716	117,409
<b>Auditors' Remuneration</b>				
– Audit and audit-related services	10,960	10,662	7,101	6,114
– Non-audit services	8,772	10,003	5,845	5,921
Depreciation on property, plant and equipment (Note 4.9)	454,321	402,872	346,304	337,891
Depreciation on right-of-use assets (Note 4.10)	155,680	146,015	107,498	113,020
Amortisation of intangible assets (Note 4.11)	25,128	11,145	24,900	7,454
Impairment loss on trade receivables (Note 4.16.1.1)	105,241	79,680	50,790	124,838
(Reversal)/Provision on Inventories (Notes 4.15.1)	(249,642)	783,327	(265,979)	669,140
Donations	1,644	2,749	1,026	1,384
Legal fees	14,709	15,678	12,700	15,665
Staff expenses (Note 4.5.1)	4,400,483	3,464,386	3,361,940	2,521,960
Trade receivable write off (Note 4.16.1)	181,920	9,414	164,056	6,627

### 4.5.1 Staff Expenses

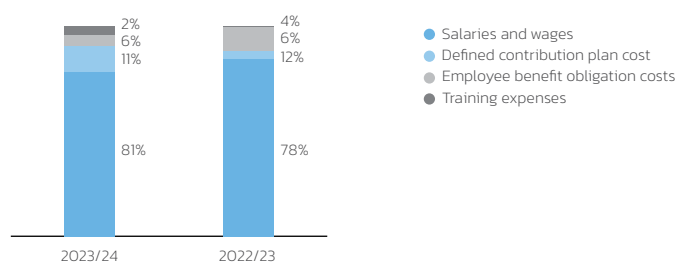
#### Accounting Policy

Salaries and wages, contribution to EPF and ETF, training expenses and cost of defined benefit plans are recognised as an expense in the year in which the related services are provided.

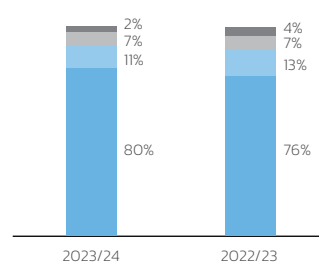
For the year ended 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Salaries and wages	3,582,619	2,718,967	2,695,440	1,922,015
Defined contribution plan cost	467,820	416,632	363,931	324,049
Employee benefit obligation costs (Note 4.23.1)	255,270	193,117	222,277	164,583
Training expenses	94,774	135,670	80,292	111,313
	4,400,483	3,464,386	3,361,940	2,521,960
<b>Average number of employees for the year</b>	<b>1,791</b>	<b>1,854</b>	<b>1,341</b>	<b>1,393</b>

The average number of employees is calculated by averaging the number of employees as at the year end in the current and previous year.

**Graph 51:**  
Staff Expenses – Group



**Graph 52:**  
Staff Expenses – Company





## Section 4 – Specific Accounting Policies and Notes

### 4.6 Taxation

#### Accounting Policy

As per Sri Lanka Accounting Standard – LKAS 12 (Income Taxes), tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation. Income tax expense is recognised in the Statement of Profit or Loss, except to the extent it relates to items recognised directly in equity or other comprehensive income in which case it is recognised in equity or in other comprehensive income.

The Group applied IFRIC Interpretation 23 “Uncertainty over Income Tax Treatment” in the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over the income tax treatment.

#### Current tax

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the taxation authorities in respect of the current as well as prior years. The amount of current tax receivable or payable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Accordingly, provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto, at the rates specified in Note 4.6.1 to the Financial Statements.

#### Accounting Estimate

The Group recognises liabilities for anticipated tax, based on an estimate of taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. Where the final tax outcome of such matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

#### 4.6.1 Tax Rate

**Table 76: Income tax rates of Group and Company**

Name of the Entity	Country of Domicile	Tax Rates		
		2024	2023	
			First Six months	Second Six months
Diesel & Motor Engineering PLC	Sri Lanka	30%	14% / 18% / 24%	30%
DIMO (Private) Limited, DIMO Lifeline (Private) Limited, DIMO Industries (Private) Limited, DIMO Travels (Private) Limited and MoveFlex (Private) Limited, Mansel Ceylon (Private) Limited and Associated Laboratories (Private) Limited	Sri Lanka	30%	24%	30%
Virgin Oil International (Private) Limited and Tropical Health Foods (Private) Limited	Sri Lanka	30%	14% / 24%	30%
PlantChem (Private) Limited and Plant Seeds (Private) Limited	Sri Lanka	30%	24% / 18%	30%
DIMO Lanka Company Limited and United DIMO Company Limited	Myanmar	22%	22%	22%
DIMO Bangladesh (Pvt) Ltd	Bangladesh	27.5%	27.5%	27.5%
DIMO Global Pte. Ltd	Singapore	17%	17%	17%
DIMO Australia Pty Ltd	Australia	30%	30%	30%
Diesel & Motor Engineering PLC – Uganda Branch	Uganda	30%	30%	30%

#### Deferred Tax

A detail disclosure of accounting policies and estimate of deferred tax are available in Note 4.24.

#### Sales Tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on the purchase of an asset or service is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Where receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Value Added Tax (VAT) rate on applicable goods and services increased from 15% to 18% starting 01st January 2024. During the previous year and prior to aforesaid period, 12% applied up to 31st August 2023 and 15% applied from 01st September 2023. The VAT threshold for businesses was also reduced to an annual turnover of LKR 60 million (from LKR 80 million) and LKR 15 million per taxable period (from LKR 20 million) w.e.f. 01st January 2024.

Social Security Contribution Levy (SSCL) shall be paid by any person carrying on the business of manufacturing, supply of services or whole/ retail sales, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No. 25 of 2022, at the rate of 25%, with effect from 1st October 2022 and subsequent amendments thereto.



Name of the Entity	Country of Domicile	Tax Rates	
		2024	2023
			First Six months    Second Six months
DI Solar Beliatta (Private) Limited, DIMO Solar Anuradhapura (Private) Limited, DIMO Solar Galle (Private) Limited, DIMO Solar Galle Two (Private) Limited, DIMO Solar Galle Three (Private) Limited and DIMO Solar Galle Four (Private) Limited*	Sri Lanka	30%	N/A                      N/A

Corporate taxes of non-resident companies in the Group have been computed in keeping with the domestic statutes in their respective countries.

#### 4.6.2 Tax Expense

For the year ended 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Current Tax Expense</b>				
Current tax on profit for the year	(130,372)	(175,974)	-	-
Advanced Income Tax on Intercompany Dividend	(6,808)	-	-	-
(Under)/over provision in respect of previous years	(10,893)	29	-	-
	(148,073)	(175,945)	-	-
<b>Deferred Tax Expense</b>				
Reversal/(charge) of temporary differences (Note 4.6.4)	57,567	136,833	(159,332)	(154,649)
<b>Total income tax expense</b>	(90,506)	(39,112)	(159,332)	(154,649)
Effective tax rate (%)–including deferred tax	49%	5%	31%	19%
Effective tax rate (%)–excluding deferred tax	81%	24%	0%	0%

#### 4.6.3 Reconciliation of Accounting Profit to Income Tax Expense

For the year ended 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Profit before taxation	183,111	737,256	517,356	798,465
Disallowable expenses	10,405,648	3,366,890	2,934,847	2,702,855
Allowable expenses	(10,727,004)	(4,522,758)	(3,008,501)	(3,858,713)
Income not liable for tax	(153,625)	(8,553)	(74,145)	(23,766)
Tax losses utilised	(371,815)	33,106	(369,557)	-
Taxable loss	(663,685)	(394,059)	-	(381,159)
Income tax				
Tax at 30%	130,372	92,207	-	-
Tax at 28%	-	2,354	-	-
Tax at 24%	-	80,215	-	-
Tax at 18%	-	1,183	-	-
Tax at 14%	-	15	-	-
Current tax on profit for the year	130,372	175,974	-	-

Current tax has been computed in accordance with the provisions of Inland Revenue Act No 24 of 2017 and the amendments thereon.



## Section 4 – Specific Accounting Policies and Notes

### 4.6.4 Recognition of Deferred Tax Expenses in the Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Statement of Profit or Loss (Note 4.24.1)	57,567	136,833	(159,332)	(154,649)
Other Comprehensive Income (Note 4.24.1)	(560,470)	(507,000)	(634,852)	(493,614)
	(502,903)	(370,167)	(794,184)	(648,263)

### 4.7 Earnings Per Share–Basic and Diluted

#### Accounting Policy–Measurement Basis

The earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding during the year.

There were no potentially dilutive ordinary shares outstanding at any time during the year /previous year.

For the year ended 31st March	Group		Company	
	2024	2023	2024	2023
Profit attributable to ordinary shareholders (Rs.'000)	42,962	579,060	358,024	643,816
Weighted average number of ordinary shares	9,231,494	9,231,494	9,231,494	9,231,494
Earnings per ordinary share–basic and diluted (Rs.)	4.65	62.73	38.78	69.74

As per the LKAS 33 – Earnings per share, If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue or a share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes

occur after the reporting period but before the Financial Statements are authorised for issue, the per share calculations for those and any prior period Financial Statements presented shall be based on the new number of shares.

### 4.8 Dividends

For the year ended 31st March	Company	
	2024	2023
Dividend paid (Previous years' First and final dividend paid in the current year) (Rs'000)	92,315	115,394
Dividend per share 2021/22 (Rs.)	–	12.50
Dividend per share 2022/23 (Rs.)	10.00	–

A first and final dividend of Rs. 5.00 per share was declared by the Board of Directors on 20th June 2024 for the Financial Year 2023/24 and which is to be paid on or before 19th July 2024.(A first and final dividend of Rs. 10.00 per share was declared by the Board of directors on 29th May 2023 for the financial year 2022/23 and was paid on 4th July 2023).

#### First and Final Dividends for the Financial Year 2023/24

A statement of solvency completed and duly signed by the Board of Directors on 20th June 2024. The certificate of solvency audited by Messrs KPMG, Chartered Accountants will be obtained prior to payment of the dividends

#### 4.8.1 Compliance with Section 56 and 57 of Companies Act No. 07 of 2007

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57, prior to recommending the dividends.

#### First and Final Dividends for the Financial Year 2022/23

A statement of solvency completed and duly signed by the Board of Directors on 29th May 2023 was audited by Messrs KPMG, Chartered Accountants.



## 4.9 Property, Plant and Equipment

### Accounting Policy

#### Basis of Recognition

Property, plant and equipment (PPE) are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably, in accordance with the Sri Lanka Accounting Standard – LKAS 16 on “Property Plant and Equipment”.

#### Basis of Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (as explained under subsequent cost). The cost of self-constructed assets include the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs that are directly attributable to the asset under construction.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Purchased software which is integral to the functionality of the related equipment is capitalised as part of that equipment.

#### Cost Model

All property, plant and equipment except freehold land, are recorded at cost, less accumulated depreciation and accumulated impairment losses, if any.

When an asset's carrying value is higher than its recoverable amount, the carrying value is written down to its recoverable amount (Please refer Note 3.9.3 – Impairment of non-financial assets).

#### Revaluation Model

The Group applies the revaluation model for the entire class of freehold land for measurement after initial recognition. The Group policy is to revalue all freehold land by an independent professional valuer every three years or when there is a substantial difference between the fair value and the carrying amount.

On revaluation of an asset, any increase in the carrying amount is recognised in revaluation reserve in equity through Other Comprehensive Income or used to reverse a previous loss on revaluation of the same asset, which was charged to Profit or Loss. In this circumstance, the increase is recognised as income only to the extent of the previous write down in value. Any decrease in the carrying amount is recognised as an expense in Profit or Loss or charged to revaluation reserve in equity through Other Comprehensive Income, only to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Any balance remaining in the revaluation reserve in respect of an asset, is transferred directly to retained earnings upon disposal of the asset.

The freehold lands were valued by reference to transactions involving properties of a similar nature.

#### Subsequent Costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group and its cost can be measured reliably. The costs of day to day servicing of property, plant and equipment are expensed as incurred.

#### Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is recognised in Profit or Loss in the year the asset is derecognised.

#### Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the qualifying asset. A qualifying asset is an asset which takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed. Other borrowing costs are recognised in Profit or Loss in the period in which they are incurred.

#### Capital work-in-progress

Capital work-in-progress is stated in the Statement of Financial Position at cost, including borrowing costs, less any accumulated impairment losses. Capital work-in-progress would be transferred to the relevant asset when it is in the location and condition necessary for it to be capable of operating in the manner intended by management (i.e. available for use).

#### Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in Profit or Loss. Freehold land is not depreciated.

Depreciation of an asset begins from the date it is available for use or in respect of self constructed assets from the date that the asset is completed and ready for use. Depreciation ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised.

The estimated useful lives of PPE are as follows:

**Table 77: Useful Lives of Property Plant and Equipment**

Class of Asset	Year
Buildings and Premises	36 – 40
Buildings on leasehold land and improvements	Over the remanning lease period
Plant and machinery	04–20
Tools and implements	03–04
Motor vehicles	03–04
Furniture and fittings	04–13
Electrical fixtures and office equipment	04–10
Computer hardware and accessories	02–04

Residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted if appropriate.



## Section 4 – Specific Accounting Policies and Notes

### Carrying Value of Property, Plant and Equipment

#### Group

	Freehold lands and Land improvements	Buildings and Premises	Buildings on Leasehold Land and Improvements	Plant and Machinery	Tools and Implements	Motor Vehicles	Computer Hardware and Accessories	Electrical Fixtures, Furniture and Fittings and Office Equipment	Total	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Cost or Revalued Amount</b>										
At the beginning of the year	9,799,979	3,081,851	709,179	1,852,686	390,060	884,309	426,339	804,789	17,949,192	17,205,139
On acquisition of subsidiary	–	–	–	–	–	–	–	–	–	336,557
Additions	195,802	316,749	12,512	274,423	10,322	32,639	81,679	28,944	953,070	382,384
Transferred from capital work-in-progress	–	11,193	–	12,965	–	–	8,947	–	33,105	101,520
Disposals	–	–	(59,670)	(109,284)	(6,765)	(9,694)	(9,788)	(14,370)	(209,570)	(69,828)
Revaluations	2,208,774	–	–	–	–	–	–	–	2,208,774	–
Effect of movements in exchange rates	–	–	(1,319)	(8)	(175)	–	(41)	(291)	(1,833)	(6,581)
<b>At the end of the year</b>	12,204,555	3,409,793	660,702	2,030,783	393,442	907,254	507,136	819,073	20,932,738	17,949,191
<b>Accumulated Depreciation</b>										
At the beginning of the year	–	753,664	332,309	777,492	344,637	760,451	313,124	559,301	3,840,978	3,446,454
Charge for the year	–	109,419	41,131	158,031	18,359	30,164	52,899	44,318	454,321	402,872
On disposals	–	–	(42,420)	(38,064)	(6,303)	(9,655)	(9,610)	(11,399)	(117,450)	(24,223)
Effect of movements in exchange rates	–	–	279	6	56	–	284	130	755	15,876
<b>At the end of the year</b>	–	863,083	331,299	897,465	356,750	780,960	356,697	592,350	4,178,604	3,840,979
<b>Carrying amount before capital work-in-progress</b>	12,204,555	2,546,710	329,403	1,133,318	36,692	126,294	150,439	226,723	16,754,134	14,108,212
<b>Capital Work-in-Progress at Cost</b>										
At the beginning of the year	969	78,605	4,157	10,047	22,333	22,922	171,760	10,028	320,822	313,027
Additions	–	225,907	20,089	140,216	16,848	–	31,089	18,460	452,608	115,011
Transferred to PPE	–	(11,193)	–	(12,965)	–	–	(8,947)	–	(33,105)	(101,520)
Reclassification	(969)	969	–	–	–	–	–	–	–	–
Derecognitions	–	–	–	(1,938)	–	–	–	–	(1,938)	(5,696)
<b>At the end of the year</b>	–	294,288	24,246	135,360	39,181	22,922	193,902	28,488	738,387	320,822
<b>Carrying amount as at 31st March 2024</b>	12,204,555	2,840,998	353,649	1,268,678	75,873	149,215	344,341	255,211	17,492,521	14,429,035

Group property plant and equipment with a carrying value of Rs. 13 million have been written off during the year (2022/23–Nil)

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2023/24 (2022/23 – Nil).



### Carrying Value of Property, Plant and Equipment Company

	Freehold lands and Land improvements	Buildings and Premises	Buildings on Leasehold Land and Improvements	Plant and Machinery	Tools and Implements	Motor Vehicles	Computer Hardware and Accessories	Electrical Fixtures, Furniture and Fittings and Office Equipment	Total 2024	2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cost or Revalued Amount</b>										
At the beginning of the year	9,666,239	2,995,885	351,301	1,586,583	348,153	712,800	359,296	743,926	16,764,182	16,547,354
Additions	77,865	151,660	-	216,801	6,848	20,659	61,441	21,513	556,787	179,162
Transferred from capital work-in-progress	-	-	-	-	-	-	8,947	-	8,947	101,520
Disposals	-	-	-	(61,343)	(1,030)	(4,876)	(5,850)	(576)	(73,675)	(65,712)
Revaluations	2,179,200	-	-	-	-	-	-	-	2,179,200	-
Transfers to intangible asset	-	-	-	-	-	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	(8)	-	-	(7)	(185)	(200)	1,858
<b>At the end of the year</b>	11,923,304	3,147,545	351,301	1,742,033	353,971	728,583	423,827	764,678	19,435,242	16,764,182
<b>Accumulated Depreciation</b>										
At the beginning of the year	-	747,997	258,626	714,792	314,350	681,099	266,776	516,794	3,500,434	3,186,521
Charge for the year	-	86,562	20,631	126,043	12,598	19,346	41,387	39,737	346,304	337,891
On disposals	-	-	-	(8,825)	(490)	(4,875)	(5,824)	(230)	(20,244)	(23,811)
Effect of movements in exchange rates	-	-	-	(2)	-	-	(7)	(92)	(101)	(167)
<b>At the end of the year</b>	-	834,559	279,257	832,008	326,458	695,570	302,332	556,209	3,826,393	3,500,434
<b>Carrying amount before capital work-in-progress</b>	11,923,304	2,312,986	72,044	910,026	27,513	33,013	121,495	208,469	15,608,849	13,263,748
<b>Capital Work-in-Progress at Cost</b>										
At the beginning of the year	969	69,331	4,156	9,955	6,695	-	171,697	9,899	272,702	287,832
Additions	-	178,891	20,089	137,230	16,849	-	27,883	18,460	399,402	92,088
Transferred to PPE	-	-	-	-	-	-	(8,947)	-	(8,947)	(101,520)
Reclasifications	(969)	969	-	-	-	-	-	-	-	-
Derecognitions	-	-	-	(1,939)	-	-	-	-	(1,939)	(5,698)
<b>At the end of the year</b>	-	249,191	24,245	145,246	23,544	-	190,634	28,359	661,218	272,702
<b>Carrying amount as at 31st March 2024</b>	11,923,304	2,562,177	96,289	1,055,272	51,057	33,013	312,128	236,828	16,270,067	13,536,452

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2023/24 (2022/23 – Nil).



## Section 4 – Specific Accounting Policies and Notes

### 4.9.1 Revaluation of Freehold Land

Freehold land was revalued as at 31st March 2024 by Prathap Chartered Valuation and Consultancy (Private) Limited who is a professionally qualified independent valuer. The valuation method adopted was the Market Comparable Method.

The value of freehold land has been written up to correspond with the market value and the details are as follows:

Group	Estimates for unobservable inputs (level 3)	Extent	Original cost	Revalued amount	Revalued amount as number of times of cost	Freehold building square feet	No of buildings	Pledged	Mortgaged to financial institution
Location	Rs.		Rs.'000	Rs.'000					
01. No. 65, Jetawana Road, Colombo 14* No. 56, K. Cyril C. Perera Mawatha, Colombo 14 Sanctioned Street Line	11,000,000 p.p	2A-OR-33.29P	414	3,850,000	9,300	98,271	3	No	No
02. No. 61, Jetawana Road, Colombo 14	13,000,000 p.p	0A-IR-04.00P	18,014	572,000	31.75	13,239	1	No	No
03. No. 74, Jetawana Road, Colombo 14	10,000,000 p.p	0A-IR-19.22P	113,808	592,200	5	5,926	1	No	No
04. No. 800, Sirimawo Bandaranaike Mawatha, Colombo 14	4,250,000 p.p	3A-3R-20.60P	641,519	2,637,000	4	202,349	1	No	No
05. No. 135, Mahena Road, Siyambalape and No. 274/A, Kakunagaha Watta, Siyambalape**	406,250 p.p	8A-3R-19.90P	37,606	573,200	15	116,079	6	No	No
06. Kirindiwela Road, Weliveriya	218,750 p.p	15A-3R-30.00P	89,958	557,800	6	240,928	6	No	No
07. No. 360, Madampitiya Road, Mahawatta, Colombo 14 ***	5,000,000 p.p	1A-2R-26.80P	301,599	1,334,000	4	-	-	-	-
08. No. 09, Kandy Road, Aathikadu Valavu, Ariyalai, Jaffna	225,000 p.p	1A-2R-26.72P	32,487	60,000	2	40,357	1	No	No
09. No. 88, Dambulla Road, Yaggapitiya, Kurunegala	Front portion (320p) at 1,200,000 p.p and rear (480p) at 450,000 p.p	5A-OR-00.00P	54,599	600,000	11	30,747	1	-	-
10. No. 23, Kaldemulla Road, Ratmalana	1,700,000 p.p	0A-3R-27.04P	92,102	250,000	3	21,295	3	No	No
11. No. 63 & 63 A, Jetawana Road, Colombo 14	13,000,000 p.p	0A-IR-08.75P	176,539	633,000	4	13,797	2	No	No
12. No. 30, Kurihena, Lenadora, Dambulla	34,375 p.p	29A-OR-27.85P	68,107	160,000	2	45,439	8	No	No
13. Kahatakulama Waththa, Galkulama, Andigama	25,000 p.p	13A-3R-28.80P	7,575	55,700	7	28,077	5	No	No
14. Kumbukgaha Mula, Nabadewa, Nikaweratiya	Commercial portion (10p) at 175,000 p.p and balance (30p) at 50,000 p.p	0A-IR-00.00P	1,100	3,100	3	-	-	No	No
15. Katuwelandahena, Panliyadda, Ibbagamuwa, Kurunegala ***	200,000 p.p	0A-IR-38.7P	11,470	15,700	1	659	1	No	No
16. Kentune Galeyaya, Kachchigala, Embilipitiya, Ratnapura ****	20,000 p.p	4A-IR-4P	4,445	13,600	3	-	-	No	No
17. Kentune Galeyaya, Kachchigala, Embilipitiya, Ratnapura ****	20,000 p.p	01A-2R-08.65P	2,343	4,900	2	-	-	No	No
18. Biyagama Road, Pethiyagoda, Kelaniya *****	2,400,000 p.p	0A-IR-36.45P	73,827	87,400				No	No
			1,727,511	11,999,600		857,163	39		

p.p-per perch

\*Land original extent is 2A-OR-33.29P, but valuation has been given only for 2A-OR-30.15P.

\*\*Land original extent is 8A-3R-19.90P, but valuation has been given only for 8A-3R-11P.

\*\*\* Represents freehold land without building as at reporting date. - However, this land is used as a vehicle yard where necessary.

\*\*\*\* Represents freehold land with the installation of solar power panel.

\*\*\*\*\* Represents freehold land that going to be utilized for business.



Description of the valuation technique used together with a narrative description on sensitivity of the fair value measurement to changes in significant unobservable inputs are as follows:

The fair value measurement for all properties has been categorised as level 3 fair value based on the input to the valuation technique used.

**Table 78: Valuation Methods**

Valuation Technique	Significant Unobservable Inputs	Sensitivity of Fair Value Measurement to Inputs
<b>Market Comparable Method</b>		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for any differences in the nature, size, location or condition of the specific property.	Market value of land (Price per perch). Valuer has used range of prices for respective lands based on their recently transacted cost	Estimated fair value would increase/ (decrease) if the price per perch would increase/ (decrease).

#### 4.9.1.1 Sensitivity Analysis

Five percentage change at the reporting date to the Fair value per perch would have the following effects to the overall Fair value of the lands.

Assumption	Change in Land Fair Value			
	Group		Company	
	5% Increase Rs.'000	5% Decrease Rs.'000	5% Increase Rs.'000	5% Decrease Rs.'000
Fair value per perch	600,166	(600,166)	594,704	(594,704)

#### 4.9.1.2 Land Addition During the year

The group has acquired three lands during the year 2023/24 and these lands have not been revaluated during the year assuming that the acquisition values reflect the current market values. The details of these acquisitions are given follows:

Land Location	Acquisition Date	Extent	Acquisition Value Rs.'000
Samurdhi Mawatha, Heiyantuduwa, Biyagama	30th September 2023	00A 02R 30.70P	103,218
Kokkichchankulama, Andigama, Anamaduwa	7th September 2023	14A 03R 13.03P	77,865
Andigama Road, Halmillewa, Nikaweratiya	7th August 2023	04A 00R 00P	14,718

#### 4.9.2 Fully Depreciated Assets but still in Use

The cost of fully depreciated property, plant and equipment of the Group and the Company which are still in use amounted to Rs. 2,149.1 million (2022/23 - Rs. 1,857.4 million) and Rs.1,821.7 million (2022/23 - Rs. 1577.7 million) respectively.

#### 4.9.3 Property, Plant and Equipment pledged as security against short term and long-term bank borrowing

Buildings of PlantChem (Private) Limited with a carrying value of Rs. 6.3 million (2022/23 - Rs. 8 million) have been pledged as security against short-term and long-term borrowing obtained.

#### 4.9.4 Permanent Fall in Value of Property, Plant and Equipment

There is no permanent fall in the value of property, plant and equipment which require a provision for impairment.

#### 4.9.5 Title Restriction on Property, Plant and Equipment

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



## Section 4 – Specific Accounting Policies and Notes

### 4.9.6 Depreciation charge for the year is included in following line items in statement of profit or loss

For the year ended 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Cost of sales	27,193	13,639	8,693	2,949
Administrative expenses	427,128	389,233	337,611	334,942
	454,321	402,872	346,304	337,891

**4.9.7** During the Financial Year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 1,405.7 million and Rs. 956.2 million respectively (2022/23 – Group Rs. 497.3 million and company Rs. 271.3 million) on cash basis.

### 4.10 Right-of-Use Assets

#### Accounting Policy

##### Basis of Recognition

The Group applies Sri Lanka Accounting Standard SLFRS 16 “Leases” in accounting for all leasehold rights except for leases due to expire during the financial year and leases on which implications to the financial statements are not considered to be material.

The Group uses its judgment to determine whether an operating lease contract qualifies for recognition of right-of-use assets. The Group applies judgements in evaluating the level of certainty whether the option of renewing the lease exists or otherwise. That is, it considers all relevant factors that create an economic benefits for it to exercise either the renewal or termination options. The Group has leased land and buildings with an option to renew after the original lease period. Lease terms are modified on an individual basis and contain a wide range of different terms and conditions.

##### Basis of Measurement

The Group recognises right-of-use assets at the date of commencement of the lease, which is the present value of lease payments to be made over the lease term. Right-of-Use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right of use assets are depreciated on the straight-line basis over the lease term and are in the range of 2 to 60 years.

##### Short-term Leases and Leases of Low-Value Assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### Carrying value of Right-of-Use Assets

	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Land and Buildings</b>				
<b>Cost</b>				
At the beginning of the year	1,192,148	991,955	878,839	849,706
Additions during the year	66,601	205,094	37,995	34,542
Derecognition of right-of-use assets	(11,981)	(5,644)	(11,981)	(5,644)
Effect of movements in exchange rates	(19,007)	703	(1,217)	235
<b>At the end of the year</b>	<b>1,227,761</b>	<b>1,192,148</b>	<b>903,636</b>	<b>878,839</b>
<b>Accumulated Depreciation</b>				
At the beginning of the year	513,625	367,610	414,472	301,452
Depreciation for the year (Note 4.5)	155,680	146,015	107,498	113,020
Effect of movements in exchange rates	(520)	-	-	-
<b>At the end of the year</b>	<b>668,785</b>	<b>513,625</b>	<b>521,970</b>	<b>414,472</b>
<b>Carrying amount at the end of the year</b>	<b>558,976</b>	<b>678,523</b>	<b>381,666</b>	<b>464,367</b>
<b>Right-of-use assets are presented in financial position as follows;</b>				
Classified as non-current assets	558,976	678,523	381,666	464,367
	558,976	678,523	381,666	464,367

Expenses relating to short term leases and leases amounting to Rs. 52.7 million (2022/23– Rs.25.8 million) has recognized in Profit or Loss.



## 4.11 Intangible Assets and goodwill

### Accounting Policy

#### Basis of recognition

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard – LKAS 38 on “Intangible Assets”.

#### Basis of Measurement

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are recognised at their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

#### Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in Profit or Loss as an when incurred.

#### Useful Economic Lives, Amortisation and Impairment

Intangible assets with finite lives are amortised using the straight-line method to write down the cost over its estimated useful economic lives and are generally recognised in Profit or Loss. Goodwill and intangible assets with indefinite useful lives are not amortised. These assets are assessed for impairment annually and whenever there is an indication that the intangible asset may be impaired.

#### Carrying Value of Intangible Assets

Group	Software	Goodwill	Total	
As at 31st March	Rs.'000	Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Cost</b>				
At the beginning of the year	150,111	916,291	1,066,402	266,222
Additions during the year	-	-	-	798,911
Transferred from capital work in progress	685,894	-	685,894	1,269
<b>At the end of the year</b>	836,005	916,291	1,752,296	1,066,402
<b>Accumulated Impairment/ amortisation</b>				
At the beginning of the year	136,694	-	136,694	125,549
Amortisation for the year (Note 4.5)	25,128	-	25,128	11,145
<b>At the end of the year</b>	161,822	-	161,822	136,694
<b>Carrying amount before capital work-in-progress</b>	674,183	916,291	1,590,474	929,708
<b>Capital work-in-progress at cost</b>				
At the beginning of the year	538,214	-	538,214	175,449
Additions during the year	173,741	-	173,741	364,034
Transferred to Intangible assets	(685,894)	-	(685,894)	(1,269)
<b>At the end of the year</b>	26,061	-	26,061	538,214
<b>Carrying amount as at end of the year</b>	700,244	916,291	1,616,535	1,467,922

The period over which intangible assets are amortised is as follows;

**Table 79: Useful Lives of Intangible Assets**

Class of Asset	Years
Computer software	04 – 10

The above rate is consistent with the rate used in the previous years. The amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### Goodwill Arisen through Business Combination

The Group recognised an intangible asset by way of goodwill in respect of the registered and established product portfolio, customer lists, technical expertise and distribution network acquired from acquisition of the stake in each subsidiary which mentions in Note 4.11.1 below. The management is of the opinion that the brand names of the subsidiaries acquired together with its duly registered product portfolio will bring synergies to the current product offering of the Company in each sector which it operates and bring future economic benefits to the group.

#### Impairment of Goodwill

Based on the impairment assessment carried out by the management at the reporting date, management assumed that no impairment is required as there is no significant change in the fair value of such acquired assets and liabilities, subsequent to the acquisition.

#### Derecognition

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset, is recognised in Profit or Loss in the year the asset is derecognised.



## Section 4 – Specific Accounting Policies and Notes

Company As at 31st March	Software	Total	
	Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Cost</b>			
At the beginning of the year	135,739	135,739	134,470
Transferred from capital work in progress	685,894	685,894	1,269
<b>At the end of the year</b>	821,633	821,633	135,739
<b>Accumulated Impairment /amortisation</b>			
At the beginning of the year	122,647	122,647	115,193
Amortisation for the year (Note 4.5)	24,900	24,900	7,454
<b>At the end of the year</b>	147,547	147,547	122,647
<b>Carrying amount before capital work-in-progress</b>	674,086	674,086	13,092
<b>Capital work-in-progress at cost</b>			
At the beginning of the year	538,214	538,214	175,449
Additions during the year	173,741	173,741	364,034
Transferred to Intangible assets	(685,894)	(685,894)	(1,269)
<b>At the end of the year</b>	26,061	26,061	538,214
<b>Carrying amount as at end of the year</b>	700,147	700,147	551,306

### Fully amortised but still in Use

The cost of fully amortised Intangible Assets of the Group and the Company which are still in use amounted to Rs. 128.4 million (2022/23 – Rs.120.8 million) and Rs. 112.2 million (2022/23 – Rs. 106.8 million) respectively.

#### 4.11.1 Net Carrying value of goodwill

Goodwill acquired through business combinations have been allocated to each cash generating units (CGUs) for impairment testing as follows;

As at 31st March	2024 Rs.'000	2023 Rs.'000
Plant Seeds (Private) Limited	117,623	117,623
Tropical Health Food (Private) Limited	270,526	270,526
Virgin Oil International (Private) Limited	150,026	150,026
Mansel (Ceylon) (Private) Limited	205,074	205,074
Associated Laboratories (Private) Limited	173,042	173,042
	916,291	916,291

CGUs in which the carrying amount of goodwill is 'significant' in comparison with the entity's total carrying amount.

The recoverable amount of goodwill is determined based on value in use calculations. The value in use was determined by discounting the future cashflows generated from the continuing use of the unit and key assumptions used are given below.



**4.11.1.1 Key Assumptions**

Assumption	2024	2023
Rate of discount	12.5%	25.0%
Terminal value Growth Rate	3.0%	5.0%–20.0%

**Business Growth** – Based on historical growth rate and business plan of next five years

**Inflation** – Based on the projected economic conditions

**Discount rate** – Average market borrowing rate

**Terminal growth rate** – For the purposes of the Group's value in use calculations, a long-term growth rate into perpetuity is applied immediately at the end of the five year forecast period and is based on the lower of

- the nominal GDP growth rate forecasts for the country of operations; and
- the long-term compound annual growth rate in adjusted EBITDA as estimated by management

There has been no permanent impairment of intangible assets that requires provision during the year. (2022/23 – Nil)

## **4.12 Investments in Subsidiaries and Equity-Accounted Investees**

### **4.12.1 Investments in Subsidiaries**

#### **Accounting Policy**

Investments in subsidiaries are initially recognised at cost in the Financial Statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries are immediately recognised in Profit or Loss. Following initial recognition, investments in subsidiaries are carried at cost less any accumulated impairment losses. The net assets of each

subsidiary are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the investment is estimated and the impairment loss is recognised to the extent of its net assets loss.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions– that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

Please refer the Note 2.2 to the financial statements for Nature and the Business operations of the subsidiary companies.

#### **Accounting Estimate – Provision for Impairment**

The carrying amount of investments made in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. However goodwill arising from the business combination is tested annually for impairment as given in the Note 4.12.1.

Based on impairment assessment carried out as at 31st March 2024, it was concluded that the net realisable value of all the investments included under unquoted investments exceeds its carrying value except for investment made in Tropical Health Food (Private) Limited, DIMO Company Limited and DIMO Travels (Private) Limited. Therefore, based on an assessment made for impairment, the provision given in the Note 4.12.1.3 was considered to be adequate as at the reporting date.



## Section 4 – Specific Accounting Policies and Notes

### 4.12.1.1 Carrying Value of Investments in Subsidiaries made by the Company

As at 31st March	2024			2023		
	Holding (%)	No. of shares	Cost Rs.'000	Holding (%)	No. of shares	Cost Rs.'000
<b>Unquoted Investment – Ordinary Shares</b>						
DIMO (Private) Limited	99.99	25,000	250	99.99	25,000	250
DIMO Industries (Private) Limited	99.99	2,305,000	23,050	99.99	2,305,000	23,050
DIMO Travels (Private) Limited	99.80	9,981	998	99.80	9,981	998
DIMO Lanka Company Limited	99.90	78,000	128,593	99.90	78,000	128,593
PlantChem (Private) Limited	70	19,483,949	346,258	70	19,483,949	346,258
Plant Seeds (Private) Limited	70	9,027,509	357,772	70	9,027,509	357,772
Moveflex (Private) Limited	100	120,000	12,000	100	120,000	12,000
DIMO Bangladesh (Pvt) Ltd	99.99	618,049	213,864	99.99	618,049	213,864
Tropical Health Food (Private) Limited	94.45	12,670,420	450,080	94.45	12,670,420	450,080
Virgin Oil International (Private) Limited	51	7,007,991	40,000	51	7,007,991	40,000
Mansel (Ceylon) (Private) Limited	75	2,380,848	179,992	75	2,380,848	179,992
Associated Laboratories (Private) Limited	75	2,075,145	45,010	75	2,075,145	45,010
			1,797,867			1,797,867
Impairment provision (Note 4.12.1.2)			(141,575)			(128,643)
			1,656,292			1,669,224

Please refer 2.2 for more details of the companies in the Group.

### 4.12.1.2 Movement in Provision for Impairment of Investments in Subsidiaries

As at 31st March	2024 Rs.'000	2023 Rs.'000
At the beginning of the year	128,643	128,643
Impairment made during the year	12,932	–
At the end of the year	141,575	128,643

Impairment in investment in subsidiary is pertaining to DIMO Travels (Private) Limited, DIMO Lanka Company Limited and Tropical Health Food (Private) Limited amounting to Rs.0.05 million, Rs. 128.6 million and 12.9 million respectively.



#### 4.12.2 Goodwill or Bargaining Purchase Arising from Acquisition of Subsidiaries

The following represents the fair values of the identifiable assets and liabilities of the newly acquired subsidiaries, as at the date of acquisition.

	PlantChem (Private) Limited Rs.'000	Plant Seeds (Private) Limited Rs.'000	Tropical Health Food (Private) Limited Rs.'000	Virgin Oil International (Private) Limited Rs.'000	Mansel (Ceylon) (Private) Limited Rs.'000	Associated Laboratories (Private) Limited Rs.'000
<b>Assets</b>						
Property, plant and equipment	197,337	99,362	127,834	133,883	78,312	200
Intangible Assets	-	-	-	-	243	-
Fixed Deposits	119,839	10,980	-	1,259	357,461	40,693
Deferred tax Asset	16,359	-	-	-	91,053	29,551
Inventories	140,924	85,743	9,002	-	22,370	9,266
Trade and other receivables	199,857	80,709	12,528	12,404	47,663	22,583
Other Current Assets	50,810	43,296	-	-	-	-
Amount Due from Related Parties	20,059	76,372	-	32,500	59,992	63,759
Cash and Cash Equivalents	16,082	14,384	78,971	2,465	76,755	28,839
<b>Total Assets</b>	<b>761,267</b>	<b>410,846</b>	<b>228,335</b>	<b>182,511</b>	<b>733,849</b>	<b>194,891</b>
<b>Liabilities</b>						
Lease Liability	10,543	7,832	-	-	-	-
Interest-bearing borrowings	-	-	-	300,333	195,667	106,998
Trade Creditors	68,081	39,903	8,489	4,557	30,649	130,670
Other current liabilities	218,255	77,665	-	4,955	-	-
Amount Due to Related Parties	76,372	20,059	-	44,143	478,623	101,165
Retirement Gratuity	9,567	1,723	6,434	4,503	23,745	11,040
Tax liability	1,914	-	-	7	-	-
Deferred tax liability	-	3,103	23,307	22,587	12,086	-
Accrued expenses	11,940	7,226	-	-	-	-
Bank overdrafts	22,534	1,552	-	17,166	26,521	15,728
<b>Total Liabilities</b>	<b>419,206</b>	<b>159,063</b>	<b>38,230</b>	<b>398,251</b>	<b>767,291</b>	<b>365,601</b>
<b>Total identifiable net assets at fair value</b>	<b>342,061</b>	<b>251,783</b>	<b>190,105</b>	<b>(215,740)</b>	<b>(33,442)</b>	<b>(170,710)</b>
Non-controlling interest measured at fair value	167,610	123,374	10,551	(105,712)	(8,361)	(42,677)
Goodwill arising on acquisition	-	117,624	270,526	150,026	205,074	173,042
Bargain purchase arising on acquisition	38,623	-	-	-	-	-
Purchased consideration	183,595	250,989	450,080	40,000	179,992	45,010
<b>Net cash outflow on acquisition</b>	<b>391,534</b>	<b>310,864</b>	<b>371,109</b>	<b>54,701</b>	<b>54,758</b>	<b>31,889</b>

#### Acquisition-related costs

The Group had no acquisition-related costs as at 31 March 2024 (2022/23 -Rs. 16.9 million on legal fees and due diligence costs. These costs have been included in 'Administrative expenses'.)



## Section 4 – Specific Accounting Policies and Notes

### 4.12.4 Subsidiaries with Material Non-Controlling Interests

#### Accounting Policy

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the Statement of Profit or Loss and Other Comprehensive and as a component of equity in the Statement of Financial Position, separately from equity attributable to owners of the Company.

	United DIMO Company Limited		PlantChem (Private) Limited		Plant Seeds (Private) Limited		Virgin Oil International (Private) Limited		Mansel (Ceylon) (Private) Limited		Associated Laboratories (Private) Limited	
As at 31st March	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Non-controlling interest percentage	30%	30%	30%	30%	30%	30%	49%	49%	25%	25%	25%	25%
<b>Summarised Statement of Financial Position</b>												
Current assets	54,101	178,051	2,081,602	1,532,992	1,024,785	683,556	26,649	16,929	208,410	618,139	345,106	317,100
Non-current assets	-	44,849	421,226	152,229	259,267	174,908	192,021	75,767	235,528	182,578	21,961	43,369
<b>Total assets</b>	<b>54,101</b>	<b>222,900</b>	<b>2,502,828</b>	<b>1,685,221</b>	<b>1,284,052</b>	<b>858,464</b>	<b>218,670</b>	<b>92,696</b>	<b>443,938</b>	<b>800,717</b>	<b>367,066</b>	<b>360,469</b>
Current liabilities	130,245	260,010	1,457,222	613,908	345,399	148,747	347,136	304,719	89,713	770,194	277,155	448,639
Non-current liabilities	-	-	32,118	17,395	3,516	2,775	202,741	111,920	247,070	37,926	207,102	52,321
<b>Total liabilities</b>	<b>130,245</b>	<b>260,010</b>	<b>1,489,340</b>	<b>631,303</b>	<b>348,914</b>	<b>151,522</b>	<b>549,877</b>	<b>416,639</b>	<b>336,783</b>	<b>808,120</b>	<b>484,256</b>	<b>500,960</b>
<b>Net assets</b>	<b>(76,144)</b>	<b>(37,110)</b>	<b>1,013,488</b>	<b>1,053,918</b>	<b>935,137</b>	<b>706,942</b>	<b>(331,207)</b>	<b>(323,943)</b>	<b>107,155</b>	<b>(7,403)</b>	<b>(117,190)</b>	<b>(140,491)</b>
<b>Net assets attributable to non-controlling interest</b>	<b>(22,843)</b>	<b>(11,133)</b>	<b>304,046</b>	<b>316,175</b>	<b>280,541</b>	<b>212,083</b>	<b>(162,291)</b>	<b>(158,732)</b>	<b>26,789</b>	<b>(1,851)</b>	<b>(29,298)</b>	<b>(35,123)</b>
<b>Summarised Statement of Profit or Loss and Other Comprehensive Income</b>												
Revenue	-	149,631	2,425,074	1,437,988	1,308,045	895,212	131,498	62,344	160,835	92,490	379,628	197,040
Profit / (Loss) after tax	(29,574)	(34,983)	11,954	275,641	237,730	182,844	(87,438)	(43,909)	108,078	26,040	23,301	30,218
Other comprehensive income	-	-	(3,675)	1,797	(1,254)	919	-	-	(7,094)	-	-	-
<b>Total comprehensive income</b>	<b>(29,574)</b>	<b>(34,983)</b>	<b>8,279</b>	<b>277,438</b>	<b>236,476</b>	<b>183,763</b>	<b>(87,438)</b>	<b>(43,909)</b>	<b>100,984</b>	<b>26,040</b>	<b>23,301</b>	<b>30,218</b>
<b>Profit / (Loss) attributable to non-controlling interest</b>	<b>(8,872)</b>	<b>(10,495)</b>	<b>3,586</b>	<b>82,692</b>	<b>71,319</b>	<b>54,853</b>	<b>(42,845)</b>	<b>(21,515)</b>	<b>27,019</b>	<b>6,510</b>	<b>5,825</b>	<b>7,555</b>
<b>Other comprehensive income attributable to non-controlling interest</b>	<b>-</b>	<b>-</b>	<b>(1,103)</b>	<b>539</b>	<b>(376)</b>	<b>276</b>	<b>-</b>	<b>-</b>	<b>(1,773)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to non-controlling interest</b>	<b>(8,872)</b>	<b>(10,495)</b>	<b>2,484</b>	<b>83,231</b>	<b>70,943</b>	<b>55,129</b>	<b>(42,845)</b>	<b>(21,515)</b>	<b>25,246</b>	<b>6,510</b>	<b>5,825</b>	<b>7,555</b>
<b>Summarised statement of cash flow</b>												
Cash flows from (used in) operating activities	(123,755)	59,089	(542,791)	(972,723)	196,431	(44,249)	(95,833)	(73,146)	(242,259)	(125)	(236,909)	117,661
Cash flows from (used in) investing activities	44,849	2,586	(246,607)	28,052	(249,331)	(165,331)	(33,031)	(30,491)	302,437	(1,217)	122,450	4,570
Cash flows from (used in) financing activities	-	-	797,343	415,385	20,591	7,231	122,500	106,102	(78,450)	48,253	54,432	(101,837)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(78,906)</b>	<b>61,675</b>	<b>7,945</b>	<b>(529,286)</b>	<b>(32,309)</b>	<b>(202,349)</b>	<b>(6,363)</b>	<b>2,465</b>	<b>(18,272)</b>	<b>46,911</b>	<b>(60,028)</b>	<b>20,394</b>



#### 4.12.5 Equity-Accounted Investees

##### Accounting Policy

The Equity-accounted investees shown in the financial statements are Joint ventures.

##### Investment in DIMO Coastline (Private) Limited

On 22 February 2018, the Group acquired 40% equity interest of DIMO Coastline (Private) Limited for an aggregate consideration of Rs. 58.2 million. DIMO Coastline (Private) Limited is a company incorporated in Republic of Maldives and whose financial year ends on 31st December. The Group has acquired the Company as part of expansion into marine and general engineering business overseas.

##### Investment in Azend Technologies (Private) Limited

On 9th November 2021, the Company invested Rs. 25.0 million in Azend Technologies (Private) Limited acquiring a 49% equity interest. During the year Company further invested Rs. 51.3 million without changing its stake of holding. Azend Technologies (Private) Limited is in the business of providing information technology solutions.

The following table summarises the financial information relating to DIMO Coastline (Private) Limited and Azend Technologies (Private) Limited as included in these own Financial Statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in DIMO Coastline (Private) Limited and Azend Technologies (Private) Limited.

As at 31st March	DIMO Coastline (Private) Limited		Azend Technologies (Private) Limited		Total	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Ownership interest	40%	40%	49%	49%		
Non-current assets	218,521	284,060	24,121	41,769	242,642	325,829
Current assets	289,023	265,901	407,750	214,781	696,773	480,682
<b>Total assets</b>	<b>507,544</b>	<b>549,961</b>	<b>431,870</b>	<b>256,550</b>	<b>939,415</b>	<b>806,511</b>
Current liabilities	364,426	395,043	204,899	83,041	569,325	478,084
Non Current liabilities	-	103,469	39,972	7,476	39,972	110,945
<b>Total liabilities</b>	<b>364,426</b>	<b>498,512</b>	<b>244,871</b>	<b>90,517</b>	<b>609,297</b>	<b>589,029</b>
<b>Net assets (100%)</b>	<b>143,119</b>	<b>51,449</b>	<b>186,999</b>	<b>166,033</b>	<b>330,117</b>	<b>217,482</b>
Carrying amount of interest in equity accounted investees - Group share of net asset	57,247	20,580	91,629	81,356	148,877	101,933
<b>Statement of Profit or Loss and Other Comprehensive Income</b>						
Revenue	490,879	468,607	442,616	282,583	933,495	751,190
Depreciation	(32,846)	(57,387)	(7,061)	(4,066)	(39,906)	(61,453)
interest expense	(11,923)	(26,568)	(22,922)	(3,622)	(34,846)	(30,190)
Profit/(loss) after tax	52,841	10,287	20,967	980	73,807	11,267
<b>Total comprehensive income (100%)</b>	<b>52,841</b>	<b>10,287</b>	<b>20,967</b>	<b>980</b>	<b>73,807</b>	<b>11,267</b>
<b>Group's Share of results of equity accounted investee, net of tax</b>	<b>21,136</b>	<b>4,115</b>	<b>10,274</b>	<b>480</b>	<b>31,410</b>	<b>4,595</b>

The joint ventures had no contingent liabilities or capital commitments as at 31 March 2024 (2022/23 - Nil).



## Section 4 – Specific Accounting Policies and Notes

### Reconciliations of Summarised Financial Information

Reconciliation of the above summarised financial information to the carrying amount of the interest in equity accounted investees recognised in the Financial Statements is as follows;

	DIMO Coastline (Private) Limited		Azend Technologies (Private) Limited		Total	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
At the beginning of the year	20,581	15,808	81,352	29,622	101,933	45,430
Investment made during the year	-	-	-	51,250	-	51,250
Group's Share of profit/(loss) recognised in Statement of Profit or Loss and Other Comprehensive Income	21,136	4,115	10,274	480	31,410	4,595
Effect of movements in exchange rates	15,534	658	-	-	15,534	658
<b>Carrying amount of interest in equity-accounted investees</b>	<b>57,251</b>	<b>20,581</b>	<b>91,626</b>	<b>81,352</b>	<b>148,877</b>	<b>101,933</b>

### 4.13 Financial Assets and Financial Liabilities

#### Accounting Policies

##### Financial Assets

##### Recognition and Initial Measurement

The Group classifies financial assets at initial recognition as investment designated at FVOCI and amortised cost based on the purpose, characteristics and Management's intention in acquiring them. At the end of each reporting period all classifications are re-evaluated to the extent that such classification is required and permitted.

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition.

##### Classification and Measurement

##### Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because it reflects the way the business is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Company's Management;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

#### Assessment whether Contractual Cash Flows are Solely Payments of Principal and Interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

#### Equity Securities measured at FVOCI

The Company's investment in equity securities are classified as Fair Value through Other Comprehensive Income (FVOCI).

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

#### Financial Asset at Amortised Cost

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

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

The Group's financial assets classified and measured at amortised cost are limited to its trade and other receivables, amounts due from related parties and cash & cash equivalents.



## Subsequent Measurement and Gains and Losses

Subsequent measurement of Group's financial assets are as follows;

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

## Derecognition of Financial Assets

The Group derecognises a financial asset (or where applicable a part of thereof) when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in Other Comprehensive Income is recognised in Profit or Loss.

## Financial liabilities

### Initial Recognition and Measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held – for – trading at the initial recognition. Financial liabilities at FVTPL are measured at fair value and any resulting gains and losses, including any interest expense, are recognised in Profit or Loss.

The Group classifies financial liabilities at initial recognition as other financial liabilities. At the end of each reporting period all classifications are re-evaluated to the extent that such classification is permitted and required.

All the financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Other financial liabilities mainly consist of trade payables and bank borrowings.

## Subsequent Measurement

Other financial liabilities are subsequently measured at amortised cost. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in Profit or Loss.

The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method minus any reduction for impairment.

Details of financial liabilities recognised in the Statement of Financial Position are given in Notes 4.22 and 4.27 on page 225 and 236.

## Derecognition

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

## Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.



## Section 4 – Specific Accounting Policies and Notes

### 4.13.1 Financial Assets and Liabilities by Category

#### Financial Assets

As at 31st March	Note	Group	Company		
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
i. Financial assets at amortized cost					
– Trade and other receivables	4.16	11,630,934	7,360,070	6,963,984	4,095,221
– Cash and cash equivalents	4.18	3,841,272	2,858,970	2,152,229	1,552,370
– Amounts due from subsidiaries	4.30.1	–	–	3,990,515	2,770,036
– Amount due from equity accounted investees	4.30.1	32,696	53,206	32,696	53,206
– Other financial assets	4.17.1	16,531	23,277	–	–
ii. Financial assets designated at fair value through Other Comprehensive Income					
– Equity securities	4.14	136	864	136	864
Total financial assets		15,521,569	10,296,387	13,172,257	8,471,697

#### Financial Liabilities

As at 31st March	Note	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
i. Financial liabilities at fair value through profit or loss					
ii. Financial liabilities: interest-bearing loans and borrowings					
– Current portion of long-term interest-bearing borrowings	4.22.1.1	750,758	714,746	642,253	524,846
– Long-term interest-bearing borrowings	4.22.1.1	2,114,973	1,258,065	1,899,630	1,094,703
– Current portion of lease liabilities	4.22.3.1	158,872	424,984	93,047	397,727
– Non current portion of lease liabilities	4.22.3.1	517,967	348,696	373,096	135,685
– Short-term interest- bearing borrowings	4.22.2	19,529,060	11,757,223	16,008,047	9,977,541
iii. Other financial liabilities at amortized cost					
– Trade payables	4.27	1,155,556	1,506,933	589,211	944,545
– Amounts due to related parties	4.30.1.3	184,165	445,860	48,713	87,109
Total financial liabilities		24,411,350	16,456,507	19,653,997	13,162,156

### 4.13.2 Fair Value of Assets and Liabilities

#### Accounting Policies

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



The Group measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement.

#### Fair value hierarchy

**Level 1:** Inputs that are quoted market prices (unadjusted) in an active market for identical instruments;

**Level 2:** Inputs other than quoted prices included within level that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices);

**Level 3:** Valuation techniques that use inputs that have a significant effect on the recorded fair values that are not based on observable market data.

For assets and liabilities that are recognised in the Financial Statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

The Group held the following financial and non-financial assets carried at fair value in the Statement of Financial Position.

			Group		Company	
			2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Financial Assets</b>						
FVOCI – Equity instruments	Level 1	Quoted prices in active markets	136	864	136	864
<b>Non-Financial Assets</b>						
Freehold land	Level 3	Significant unobservable inputs	12,204,555	9,799,979	11,923,304	9,666,239

There were not transfer between level 1 and level 2 fair value measurements during the Financial Year 2023/24.

#### Fair Values

The following method and assumptions were used to measure the fair value.

- The fair value of equity instruments at FVOCI was determined based on the active market price as at the reporting date.
- The fair value of financial assets and financial liabilities at amortized cost does not materially deviate from carrying value based on amortised cost methodology as at the reporting date.
- The fair values of the following financial instruments are assumed as approximate their carrying amounts largely due to the short-term maturities of these instruments.
  - Trade and other receivables
  - Amounts due from related parties
  - Cash and cash equivalents
  - Trade payables

The valuation technique and inputs used in measuring the fair value of freehold land are given in Note 4.9.1.

#### 4.13.3 Financial Risk Management

The Group has exposure mainly to the following risks from financial instruments:

- Market risk
- Credit risk
- Liquidity risk

#### Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management process. The Group's risk management process identifies and analyses the risks it faces, establishes appropriate risk limits and controls, and monitors and manages events that could have a substantial impact on capital and earnings.

The overall objectives and policies for the Group's financial risk management are as per the internal treasury practices. It will cover foreign exchange policy, investment policy, financing policy and policies on credit risk and risk limits.

The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee. Further details of management of risk is available from page 120 to 126.

#### (a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group's profit or loss or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.



# Section 4 – Specific Accounting Policies and Notes

## (i) Foreign Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to foreign currency risk from the cash flows of overseas operations and foreign currency transactions and balances which are affected by foreign exchange movements.

Being imports oriented, fluctuations in foreign currency exchange rates have a significant impact on the cost of materials and the stocks purchased by the Group Companies. The Group's Financial Statements which are presented in LKR, are affected by foreign exchange fluctuations through both translation risk and transaction risk.

As at 31st March 2024, rupee appreciated by 9% against the US dollar compared to its closing rate on 31st March 2023. Apart from the currency appreciation there were some improvements in foreign currency market due to the improved market liquidity. Most of the import restrictions were lifted and margin requirements for certain imports were withdrawn. However the volatility of the rupee can be expected once the foreign debt repayment commences and import restrictions are fully lifted. There is no formal guidance by Central Bank of Sri Lanka (CBSL) on exchange rate.

Group Treasury closely monitors the behaviour of exchange rates and the market conditions to provide continuous market updates to Group

Management Committee (GMC) and Cluster Heads to make timely decisions. Group Treasury also proactively adopted prudent measures to mitigate the adverse impacts arising from such constraints and currency fluctuations by matching foreign currency liabilities with foreign currency assets wherever possible and by leveraging on the strong relationships the Group maintains with the Financial Institutions. With the conscious strategy of the Group to preserve foreign currency cash balances and the decision to invoice certain customers in foreign currency, Group managed to create natural hedges to the extent possible mitigating the foreign currency risk.

The overall objective of currency risk management is to reduce the short-term negative impact of exchange rate fluctuations on earnings and cash flow, thereby increasing the predictability of the financial results.

The following table demonstrates Group exposure to currency risk as at the reporting date.

## Sensitivity Analysis – Based on Exchange Rate Fluctuation

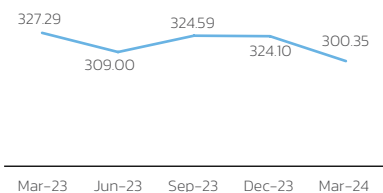
The main foreign currencies that the Group transacts in are the US dollar and the Euro. The following tables demonstrate the sensitivity to a possible change in the US dollar and Euro exchange rate, with all other variables held constant. The analysis relates only to assets and liabilities shown in Financial Statements as at 31st March 2024.

## Impact to the Profitability

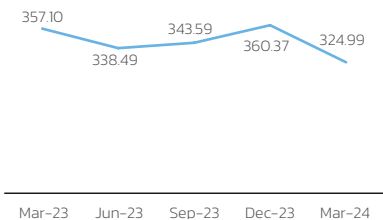
	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>US Dollar (USD)</b>				
Appreciation 10%(2023/24 – 10%)	83,965	190,520	53,623	78,435
Depreciation 10%(2022/23 – 10%)	(83,965)	(190,520)	(53,623)	(78,435)
<b>Euro (EUR)</b>				
Appreciation 10% (2023/24 – 10%)	(622)	40,287	(9,834)	18,323
Depreciation 10% (2022/23 – 10%)	629	(40,287)	9,954	(18,323)

The Group's exposure to foreign currency changes for all other currencies is not material.

Graph 53:  
Movement in Exchange Rate –USD



Graph 54:  
Movement in Exchange Rate – EUR





## (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group mainly borrows in the short term to fund its working capital requirements which are mostly linked to floating interest rates based on AWPLR. For Long Term funding needs the Group maintains an appropriate mix of fixed and floating interest rates. Cap & floor arrangements are also

negotiated wherever appropriate for Long Term Borrowings on floating rates. Group Treasury closely monitors the interest rate fluctuations in the market and negotiates favourable rates on borrowing to manage interest rate risk.

The interest rate profile of the Group's long-term borrowings are disclosed in the Note 4.22.12

## Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of term loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows:

### Impact to the Profitability

	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>LKR borrowings</b>				
Increase in 300 Basis Points *	(78,940)	(46,590)	(69,224)	(36,776)
Decrease in 300 Basis Points *	78,940	46,590	69,224	36,776

\*The spread of basis points for the interest rate sensitivity analysis is assumed based on movement of base floating interest rates in the market during financial year 2023/24.

## (iii) Equity Price Risk

The Group is exposed to equity price risk because of investments in quoted shares held by the Group classified as Equity instruments at FVOCI.

The value of these investments is subjected to the performance of investee company and the factors that affects the status of the stock market. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Board of Directors reviews and approves all equity investment decisions. Sensitivity analysis on the value of the investments is not provided as it is deemed to be not material.

## Credit Risk Exposure

The maximum risk exposure of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions.

		Group		Company	
	Note	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>As at 31st March</b>					
Trade and other receivables	4.16	11,630,934	7,360,070	6,963,984	4,095,221
Amounts due from related parties	4.30.11	32,696	53,206	4,023,211	2,823,242
Cash and cash equivalent	4.18	3,841,272	2,858,970	2,152,229	1,552,370
<b>Total credit risk exposure</b>		<b>15,504,902</b>	<b>10,272,246</b>	<b>13,139,424</b>	<b>8,470,833</b>

## (b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Group's trade receivables.

The Group has taken several measures to manage and mitigate the credit risk including carrying out a credit evaluation as per the Group credit policy, prior to extending credit. A review of age analysis of trade receivables and follow-up meetings are carried out by the business unit managers at least once a month and by the Group Management Committee (GMC) at least once a quarter. In the event of a debt becoming doubtful, legal action is initiated by the Manager-Legal.

The Group has taken necessary steps to monitor creditors more closely and frequently to ensure that the payables are settled on time.



## Section 4 – Specific Accounting Policies and Notes

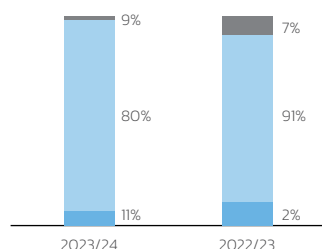
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Age analysis of trade and other receivables after provision for impairment is disclosed in Note 4.16.2.

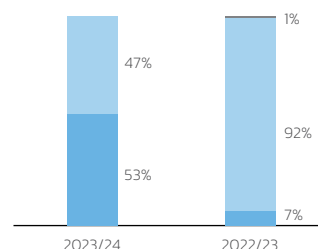
### Balances with Banks

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Fitch Rating</b>				
A+	403,463	187,988	155,908	1,309,754
A	3,011,581	2,540,236	1,876,707	1,146,693
A-	316,428	69,170	14,174	3,117
Total bank balances (Note 4.18)	3,731,742	2,797,395	2,046,789	2,459,564

**Graph 55:**  
Balances with Banks – Group



**Graph 56:**  
Balances with Banks – Company



### (c) Liquidity Risk

This is the risk that the Group will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

In managing the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to meet any unforeseen obligations and opportunities without incurring unacceptable losses or risking damage to the Group's reputation. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. Access to sources of funding is sufficiently available under both normal and stressed conditions.

The Group considered that Cash flow scrutiny is paramount in the days and months ahead and has adopted a disciplined approach across the Group including setting up of Group-wide spend control, reducing operating costs and deferring capital expenditure to secure the financial position of the Group. If required Group had unutilised bank facilities as at 31st March 2024 amounting to Rs. 6,340 million.

Given below is the summary of the maturity profile of the Group's and Company's financial liabilities based on contractual payments as at the reporting date.



As at 31 March 2024	Note	Group			
		Within 1 year Rs.'000	Between 1-5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Long-term interest-bearing borrowings	4.22.1.1	750,758	2,114,973	-	2,865,731
Short-term interest-bearing borrowings	4.22.2	19,529,060	-	-	19,529,060
Lease liabilities	4.22.3.1	158,872	370,487	147,480	676,839
Trade payables	4.27	1,155,556	-	-	1,155,556
Amounts due to related parties	4.30.1.3	184,165	-	-	184,165
		21,778,411	2,485,460	147,480	24,411,351

As at 31 March 2024	Note	Company			
		Within 1 year Rs.'000	Between 1-5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Long-term interest-bearing borrowings	4.22.1.1	642,253	1,899,630	-	2,541,883
Short-term interest-bearing borrowings	4.22.2	16,008,047	-	-	16,008,047
Lease liabilities	4.22.3.1	93,047	250,486	122,610	466,143
Trade payables	4.27	589,211	-	-	589,211
Amounts due to related parties	4.30.1	48,713	-	-	48,713
		17,381,271	2,150,116	122,610	19,653,997

As at 31 March 2023	Note	Group			
		Within 1 year Rs.'000	Between 1-5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Long-term interest-bearing borrowings	4.22.1.1	714,746	1,258,065	-	1,972,811
Short-term interest-bearing borrowings	4.22.2	11,757,223	-	-	11,757,223
Lease liabilities	4.22.3.1	424,984	189,296	159,399	773,679
Trade payables	4.27	1,506,933	-	-	1,506,933
Amounts due to related parties	4.30.1	445,860	-	-	445,860
		14,849,746	1,447,361	159,399	16,456,506

As at 31 March 2023	Note	Company			
		Within 1 year Rs.'000	Between 1-5 years Rs.'000	More than 5 years Rs.'000	Total Rs.'000
Long-term interest-bearing borrowings	4.22.1.1	524,846	1,094,703	-	1,619,549
Short-term interest-bearing borrowings	4.22.2	9,977,541	-	-	9,977,541
Lease liabilities	4.22.3.1	397,727	135,685	-	533,412
Trade payables	4.27	944,545	-	-	944,545
Amounts due to related parties	4.30.1	87,109	-	-	87,109
		11,931,768	1,230,388	-	13,162,156



## Section 4 – Specific Accounting Policies and Notes

### 4.13.4 Capital Risk Management

The objectives of the capital management can be summarised as follows:

- Appropriately allocate capital to meet strategic objectives
- Enable the Group to face any economic downturn/ crisis situation

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence in order to sustain future development of the business. The impact of the shareholders' return is

also recognised and the Group recognises the need to maintain a balance between higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Company manages its capital structure and adjusts it accordingly in line with changes in global and local economic and market conditions and its overall risk appetite.

Given below is a summary of the capital structure of the Group and the Company as follows:

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Interest-bearing borrowings	22,394,791	13,730,034	18,549,930	11,597,090
Equity	16,403,471	14,976,304	15,427,954	13,699,279
<b>Total equity and long-term borrowings</b>	<b>38,798,262</b>	<b>28,706,338</b>	<b>33,977,884</b>	<b>25,296,369</b>
Gearing ratio (%)	57.7%	47.8%	54.6%	45.8%

### 4.14 Equity Securities

#### Accounting Policy

After initial measurement, Equity Securities are subsequently measured at fair value. Dividends are recognized as income in Profit or Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains or losses are recognized in Other Comprehensive Income and are never reclassified to Profit or Loss.

Dividends earned whilst holding Equity Securities are recognised in Profit or Loss as 'Other Operating Income' when the right to receive the payment has been established.

The Company designated the investments shown below as equity investments at FVOCI because these equity investments represent investments that the Company intends to hold for strategic purposes.

The fair values of quoted shares are based on bid prices at the end of the reporting period. (Fair Value hierarchy – level 1)

#### Carrying Value of Equity instruments

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Carrying Value as at beginning of the year	864	7,829	864	6,952
Additions	38	–	38	–
Disposals	(885)	(6,837)	(885)	(5,960)
Fair Value (loss)	119	(128)	119	(128)
<b>Carrying Value as at the end of the year</b>	<b>136</b>	<b>864</b>	<b>136</b>	<b>864</b>

The Group and the Company has disposed Rs. 884,790 of its invested shares respectively and has gained a disposal cumulative loss of Rs. 20,504 during the year.

Above has disclosed as a transfer within the equity in the financial statements.



As at 31st March	Group					Company				
	No. of shares	Market value per share	Total cost	Fair value		No. of shares	Market value per share	Total cost	Fair value	
		2024 Rs.	Rs.'000	2024 Rs.'000	2023 Rs.'000		2024 Rs.	Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Quoted Investments</b>										
<b>Ordinary Shares</b>										
Hatton National Bank PLC (non-voting)	435	150	–	65	–	435	150	–	65	–
Ceylinco Insurance PLC (non-voting)	83	850	782	71	864	83	850	782	71	864
			782	136	864			782	136	864

## 4.15 Inventories

### Accounting Policy

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated cost of completion and the estimated costs necessary to make the sale.

The costs incurred in bringing inventories to its present location and condition, are accounted for as follows:

- Raw materials – At actual cost on a weighted average basis

- Finished goods – At the cost of direct materials, direct labour and an appropriate proportion of fixed production overheads based on normal operating capacity but excluding borrowing costs.
- work-in-progress – Remaining incomplete work-in-progress are stated at cost.
- Stock-in-trade – Inventories that are not interchangeable are valued by identifying their specific individual costs, and inventories that are interchangeable are valued using weighted average cost.
- Other inventories – At actual cost
- Goods-in-transit are recognised at actual cost as at reporting date.

### Carrying Value of Inventories

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Raw material	2,502,337	1,035,320	1,962,454	722,592
Stock-in-trade and finish goods	6,768,941	7,036,305	5,358,578	5,695,924
Work-in-progress	1,234,059	2,959,511	712,838	716,377
Provision on inventories (Note 4.15.1)	(1,047,555)	(1,297,195)	(835,983)	(1,101,961)
	9,457,782	9,733,941	7,197,887	6,032,932
Goods-in-transit	259,289	244,525	11,948	70,455
<b>Total inventories at the lower of cost and net realisable value</b>	<b>9,717,071</b>	<b>9,978,466</b>	<b>7,209,835</b>	<b>6,103,387</b>

### 4.15.1 Provision on inventories

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
At the beginning of the year	1,297,195	513,868	1,101,961	432,821
(Reversal)/Provision on inventories	(249,642)	783,327	(265,979)	669,140
<b>At the end of the year</b>	<b>1,047,555</b>	<b>1,297,195</b>	<b>835,983</b>	<b>1,101,961</b>

Details of inventories jointly with trade receivables have been pledged as security for short-term borrowings are given in Note 4.16.3.

Inventory written off of the Group was Rs.86.9 million (2022/23 – Rs. 5.3 million) and the Company was Rs. 85.8 million (2022/23 – Rs. 5.3 million).

The Group and the Company has recognised in income statement as an expense for inventories carried at net realisable value amounting Rs. 108.3 million and Rs. 64.9 million in 2023/2024 (2022/2023 – Rs. 64.0 million and Rs. 14.8 million) respectively.



## Section 4 – Specific Accounting Policies and Notes

### 4.16 Trade and Other Receivables

#### Accounting Policy

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other financial nature receivables are recognised as other receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### Accounting Estimate – Provision for Impairment

Group makes impairment for receivables based on the simplified approach to provide for Expected Credit Losses (ECLs) as per SLFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

#### Measurement of ECLs

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

#### Carrying Value of Trade and Other Receivables

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Trade receivables	12,307,083	7,498,737	7,474,668	4,896,675
Provision for impairment (Note 4.16.1)	(1,132,245)	(1,208,924)	(900,381)	(1,013,647)
	11,174,838	6,289,813	6,574,287	3,883,028
Other receivables	10,973	13,114	8,592	9,135
Deposits	445,122	1,057,143	381,105	203,058
	11,630,934	7,360,070	6,963,984	4,095,221

#### 4.16.1 Movement in Provision for Impairment of Trade Receivables

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
At the beginning of the year	1,208,924	1,135,298	1,013,647	895,436
Additions through subsidiaries	–	3,360	–	–
Provision made during the year (Note 4.16.1.1)	105,241	79,680	50,790	124,838
Write-off during the year	(181,920)	(9,414)	(164,056)	(6,627)
At the end of the year	1,132,245	1,208,924	900,381	1,013,647

Trade receivables which were written off during the year are not subject to any of enforcement activity.



#### 4.16.1.1 Impairment loss on Trade Receivables

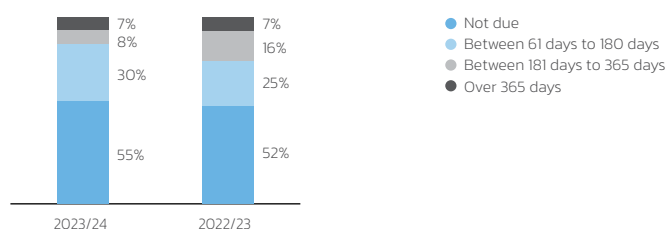
For the year ended 31 st March	Group	2023	Company	2023
	2024 Rs.'000	Rs.'000	2024 Rs.'000	Rs.'000
Impairment loss on Trade Receivables	105,241	79,680	50,790	124,838

#### 4.16.2 Age Analysis of Trade Receivables after Provision for Impairment

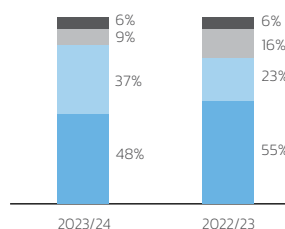
Group	2024			2023		
	Gross debtor Rs.'000	Impairment Rs.'000	Net debtor Rs.'000	Gross debtor Rs.'000	Impairment Rs.'000	Net debtor Rs.'000
Between 0 days to 60 days	6,217,017	45,627	6,171,390	3,323,994	32,622	3,291,372
Between 61 days to 180 days	3,520,553	139,993	3,380,560	1,575,325	35,913	1,539,412
Between 181 days to 365 days	1,037,221	149,843	887,378	1,098,013	102,109	995,904
Over 365 days	1,532,291	796,782	735,509	1,501,405	1,038,280	463,125
<b>Total</b>	<b>12,307,083</b>	<b>1,132,245</b>	<b>11,174,838</b>	<b>7,498,737</b>	<b>1,208,924</b>	<b>6,289,813</b>

Company	2024			2023		
	Gross debtor Rs.'000	Impairment Rs.'000	Net debtor Rs.'000	Gross debtor Rs.'000	Impairment Rs.'000	Net debtor Rs.'000
Between 0 days to 60 days	3,191,293	25,329	3,165,964	2,158,576	22,313	2,136,263
Between 61 days to 180 days	2,552,410	116,610	2,435,800	930,120	24,014	906,106
Between 181 days to 365 days	704,869	119,620	585,249	676,179	56,634	619,545
Over 365 days	1,026,096	638,822	387,274	1,131,800	910,686	221,114
<b>Total</b>	<b>7,474,668</b>	<b>900,381</b>	<b>6,574,287</b>	<b>4,896,675</b>	<b>1,013,647</b>	<b>3,883,028</b>

**Graph 57:**  
Trade Receivables Age Analysis – Group



**Graph 58:**  
Trade Receivables Age Analysis – Company





## Section 4 – Specific Accounting Policies and Notes

### 4.16.3 Carrying Amount of Trade Receivables, Net of Impairment, are Denominated in the following Currencies

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Currency</b>				
Sri Lankan Rupees	10,196,005	5,371,607	6,224,535	3,246,432
US Dollar	455,442	442,340	116,383	230,560
Euro	295,930	62,662	29,462	15,790
Other	227,462	413,204	203,908	390,246
	11,174,838	6,289,813	6,674,287	3,883,028

Banking facilities for subsidiaries, PlantChem (Private) Limited and Plantseeds (Private) Limited have been obtained by providing a concurrent mortgage on book debts and inventories.

### 4.16.4 Terms of Trade and Other Receivables

Trade and other receivables are non-interest-bearing and are expected to be received within 60 days.

### 4.17 Other Current assets

#### Accounting Policy

The Group classifies all non-financial current assets under other current assets. Other current assets mainly comprise of advances, prepayments, statutory receivables and other miscellaneous receivables.

Advances and prepayments are carried at historical value less provision for impairment. Prepayments are amortised over the period during which it is utilised and carried at historical value less amortisation charge and any impairment.

#### Carrying value of other current assets

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Advances and prepayments	2,460,340	1,697,363	1,209,258	1,096,300
Other receivables	569,249	235,884	404,911	45,892
	3,029,589	1,933,247	1,614,169	1,142,192

### 4.17.1 Other financial assets

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
At the beginning of the year	23,277	-	-	-
Advance given	-	24,080	-	-
Repayments	(6,746)	(803)	-	-
<b>At the end of the year</b>	<b>16,531</b>	<b>23,277</b>	<b>-</b>	<b>-</b>
Current	4,306	4,816	-	-
Non Current	12,225	18,461	-	-
	16,531	23,277	-	-

DIMO Bangladesh (Pvt) Ltd has provided an advance to landlord in Bangladesh to construct a workshop and give back to the Company on lease terms. Total advance amount is Rs. 8.0 million Bangladesh Taka "BDT" (Rs. 29.5 million) and expected to be recovered in 60 monthly instalments (5 years) starting from 1st February 2023 onwards. Monthly instalment of 133,333 BDT (Rs. 380,087 approx.) will be deducted from lease rental which is payable by the Company to landlord.



## 4.18 Cash and Cash Equivalents

### Accounting Policy

Cash and cash equivalents comprise of cash at bank and in hand and deposits with short-term maturity (i.e. three months or less from date of investment). Cash and bank balances are stated at recoverable values. There were no cash and cash equivalents held by the Group companies that were not available for use.

Bank overdrafts form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of preparing the Statement of Cash Flows.

### Carrying Value of Cash and Cash Equivalents

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Bank balances	3,562,246	2,511,273	1,882,616	1,337,798
Cash in hand	109,531	61,575	105,440	51,511
Short-term deposits	169,496	286,122	164,173	163,061
	3,841,272	2,858,970	2,152,229	1,552,370

### Review of Credit Risk

The credit risk relating to Group bank balances are analysed according to credit ratings of each bank which is available on page 215.

### 4.18.1 Carrying Amount of Cash and Cash Equivalents are Denominated in the Following Currencies

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Currency</b>				
Sri Lankan Rupees	1,056,380	1,153,141	395,969	587,162
US Dollar	2,161,455	1,409,121	1,455,109	822,014
Euro	393,207	294,380	175,921	140,866
Other	230,230	2,328	125,232	2,328
	3,841,272	2,858,970	2,152,229	1,552,370

## 4.19 Stated Capital

As at 31st March	Company			
	No. of Shares	2024 Rs.'000	No. of Shares	2023 Rs.'000
<b>Ordinary Shares</b>				
<b>Issued and fully-paid ordinary shares</b>				
At the beginning of the year	9,231,494	620,578	9,231,494	620,578
<b>At the end of the year</b>	9,231,494	620,578	9,231,494	620,578



## Section 4 – Specific Accounting Policies and Notes

### 4.20 Revenue Reserve

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
At the beginning of the year	8,743,765	8,237,608	7,477,206	6,912,926
Adjustment	40,901	-	-	-
<b>Statement of Profit or Loss and Other Comprehensive Income</b>				
Profit for the year	42,962	579,060	358,022	643,816
Derecognition of financial assets due to disposal –FVOCI	885	6,837	885	5,960
Final dividend paid in 2021/22	-	(115,394)	-	(115,394)
Final dividend paid in 2022/23	(92,315)	-	(92,315)	-
<b>Other Comprehensive Income</b>				
Actuarial (loss)/ gain arising from employees benefits (net of tax)	(56,663)	35,654	(44,118)	29,898
<b>At the end of the year</b>	<b>8,679,535</b>	<b>8,743,764</b>	<b>7,699,680</b>	<b>7,477,206</b>

Revenue reserves includes general reserves and retained earnings.

General reserve represents the amounts set aside by the Directors to meet any contingencies and potential future unknown liabilities. The Group transfers the surplus profit, after retaining sufficient profits to pay final dividends declared from retained earnings account to the general reserve account.

### 4.21 Other Components of Equity

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
At the beginning of the year	5,611,961	6,202,697	5,601,495	6,149,097
<b>Other Comprehensive Income</b>				
Revaluation of freehold land, net of tax (Note 4.21.1)	1,539,001	-	1,525,440	-
Income tax rate change impact on revaluation of freehold land	-	(493,562)	-	(480,800)
Net fair value gain/(loss) on remeasuring equity securities	2,687	(1,604)	2,687	(2,529)
Derecognition of financial assets due to disposal –FVOCI	(885)	(6,837)	(885)	(5,960)
Foreign currency translation reserve (Note 4.21.2)	(50,705)	(88,833)	(21,040)	(58,313)
<b>At the end of the year</b>	<b>7,102,059</b>	<b>5,611,961</b>	<b>7,107,697</b>	<b>5,601,495</b>

#### 4.21.1 Revaluation Reserve

The Revaluation reserve comprises the net surplus resulting from the revaluation of land as described in the Note 4.9.1.

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
At the beginning of the year	5,618,699	6,112,161	5,609,333	6,090,133
Revaluation of freehold land	2,208,774	-	2,179,200	-
Deferred tax charge on land revaluation	(665,654)	-	(653,760)	-
Income tax rate change impact on revaluation of freehold land	-	(493,462)	-	(480,800)
Revaluation reserve attributable to Non-controlling Interest	(4,120)	-	-	-
	1,539,001	(493,462)	1,525,440	(480,800)
<b>At the end of the year</b>	<b>7,157,700</b>	<b>5,618,699</b>	<b>7,134,773</b>	<b>5,609,333</b>



#### 4.21.2 Foreign Currency Translation Reserve

The Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the Financial Statements of foreign operations.

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
At the beginning of the year	(4,668)	84,165	(4,851)	53,462
Net gains arising from translating the Financial Statements of foreign operations	(53,543)	(88,833)	(21,040)	(58,313)
Foreign currency translation reserve attributable to non-controlling Interest	2,838	-	-	-
	(50,705)	(88,833)	(21,040)	(58,313)
<b>At the end of the year</b>	<b>(55,373)</b>	<b>(4,668)</b>	<b>(25,891)</b>	<b>(4,851)</b>

#### 4.22 Interest-Bearing Borrowings

Borrowings are initially recognised at fair value less any directly attributable transaction costs. Subsequently, they are stated at amortised cost, any difference between the proceeds (net of transaction cost) and the repayable amount (including interest) is recognised in Profit or Loss over the period of the loan using the effective interest method

##### 4.22.1 Long-Term Interest-Bearing Borrowings

###### 4.22.1.1 Movement of Long-term Interest-Bearing Borrowings

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
At the beginning of the year	1,961,872	1,723,062	1,609,883	1,718,162
Acquisition through business combination	-	440,408	-	-
Loans obtained during the year	1,583,819	440,000	1,500,000	440,000
Repayments during the year	(670,584)	(654,151)	(558,624)	(580,921)
Effect of movements in exchange rates	(9,376)	12,553	(9,376)	32,642
<b>At the end of the year (before adjusting interest payable)</b>	<b>2,865,731</b>	<b>1,961,872</b>	<b>2,541,883</b>	<b>1,609,883</b>
Interest payable	-	10,939	-	9,666
<b>At the end of the year</b>	<b>2,865,731</b>	<b>1,972,811</b>	<b>2,541,883</b>	<b>1,619,549</b>
Classified as current liabilities (repayable within one year)	750,758	714,746	642,253	524,846
Classified as non current liabilities (repayable after one year)	2,114,973	1,258,065	1,899,630	1,094,703
	2,865,731	1,972,811	2,541,883	1,619,549



## Section 4 – Specific Accounting Policies and Notes

### 4.22.1.2 Security and Repayment Terms of Long-Term Interest-Bearing Borrowings

Group As at 31st March	Interest rate	Principal amount '000	Repayment term	Security	Outstanding Value	
					2024 Rs.'000	2023 Rs.'000
Diesel & Motor Engineering PLC (LKR)						
Commercial Bank of Ceylon PLC	Variable	500,000	Monthly	Clean basis	109,900	209,500
Commercial Bank of Ceylon PLC	Fixed	500,000	Monthly	Clean basis	234,400	334,000
Commercial Bank of Ceylon PLC	Variable	572,000	Monthly	Clean basis	572,000	-
Commercial Bank of Ceylon PLC	Variable	696,000	Monthly	Clean basis	696,000	-
Commercial Bank of Ceylon PLC	Variable	232,000	Monthly	Clean basis	220,390	-
Hong Kong & Shanghai Banking Corporation Ltd	Variable	600,000	Monthly	Clean basis	-	50,000
Hatton National Bank PLC	Variable	800,000	Monthly	Clean basis	279,740	439,820
Sampath Bank PLC	Variable	440,000	Monthly	Clean basis	372,500	430,000
Diesel & Motor Engineering PLC (USD)						
Hong Kong & Shanghai Banking Corporation Ltd	Variable	750	Monthly	Clean basis	56,953	146,563
Associated Laboratories (Private) Limited (LKR)						
Commercial Bank of Ceylon PLC	Variable	25,000	Monthly	Fixed deposit	2,760	11,100
Commercial Bank of Ceylon PLC	Variable	83,592	Monthly	Fixed deposit	39,455	67,331
National Development Bank	Fixed	17,900	Monthly	Fixed deposits/inventory	-	4,882
Mansel (Ceylon) (Private) Limited (LKR)						
Commercial Bank of Ceylon PLC	Variable	120,000	Monthly	Fixed deposit	-	21,420
Commercial Bank of Ceylon PLC	Variable	33,000	Monthly	Fixed deposit	7,077	18,150
Commercial Bank of Ceylon PLC	Variable	15,000	Monthly	Fixed deposit	11,550	12,081
National Development Bank	Fixed	71,095	Monthly	Fixed deposits/inventory	-	19,997
Virgin Oil International (Private) Limited (LKR)						
Sampath Bank PLC	Variable	138,193	Monthly	Registered primary mortgage bond	136,067	148,900
Sampath Bank PLC	Variable	43,740	Monthly	Personal Guarantee	42,616	47,129
Sampath Bank PLC	Variable	1,987	Quarterly	Personal Guarantee	504	998
Sampath Bank PLC	Variable	23,383	Monthly	Mortgage	18,419	-
Sampath Bank PLC	Variable	66,708	Monthly	Corporate Guarantee	65,400	-
					2,865,731	1,961,872

Company As at 31st March	Interest rate	Principal amount '000	Repayment term	Security	Outstanding Value	
					2024 Rs.'000	2023 Rs.'000
(LKR)						
Commercial Bank of Ceylon PLC	Variable	500,000	Monthly	Clean basis	109,900	209,500
Commercial Bank of Ceylon PLC	Fixed	500,000	Monthly	Clean basis	234,400	334,000
Commercial Bank of Ceylon PLC	Variable	572,000	Monthly	Clean basis	572,000	-
Commercial Bank of Ceylon PLC	Variable	696,000	Monthly	Clean basis	696,000	-
Commercial Bank of Ceylon PLC	Variable	696,000	Monthly	Clean basis	220,390	-
Hong Kong & Shanghai Banking Corporation Ltd	Variable	232,000	Monthly	Clean basis	-	50,000
Hatton National Bank PLC	Variable	600,000	Monthly	Clean basis	279,740	439,820
Sampath Bank PLC	Variable	800,000	Monthly	Clean basis	372,500	430,000
(USD)						
Hong Kong & Shanghai Banking Corporation Ltd	Variable	750	Monthly	Clean basis	56,953	146,563
					2,541,883	1,609,883

Details of assets pledged against long-term loan facilities are disclosed in the Note 4.9.3.



#### 4.22.1.3 Analysis of Long-term Interest-Bearing Borrowings by the year of Repayment

Group	Commercial Bank of Ceylon PLC	Hong Kong & Shanghai Banking Corporation Ltd	Hatton National Bank PLC	Sampath Bank PLC	National Development Bank	Total	2023
						2024	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Movement of Loans</b>							
At the beginning of the year	673,582	196,563	439,820	627,028	24,879	1,961,872	1,723,062
Acquisition through business combination	-	-	-	-	-	-	440,409
Loans obtained during the year	1,500,000	-	-	83,819	-	1,583,819	440,000
Repayments during the year	(280,050)	(130,234)	(160,080)	(75,341)	(24,879)	(670,584)	(654,151)
Effect of movements in exchange rates	-	(9,376)	-	-	-	(9,376)	12,552
<b>At the end of the year</b>	<b>1,893,532</b>	<b>56,953</b>	<b>279,740</b>	<b>635,506</b>	<b>-</b>	<b>2,865,731</b>	<b>1,961,872</b>
Interest payable	-	-	-	-	-	-	10,939
<b>At the end of the year</b>	<b>1,893,532</b>	<b>56,953</b>	<b>279,740</b>	<b>635,506</b>	<b>-</b>	<b>2,865,731</b>	<b>1,972,811</b>
<b>Analysis of long-term Interest-Bearing borrowings by period of repayment</b>							
- Less than 1 year	368,640	56,953	160,080	165,085	-	750,758	714,746
- 1 to 5 year	1,524,892	-	119,660	470,421	-	2,114,973	1,258,065
	1,893,532	56,953	279,740	635,506	-	2,865,731	1,972,811

Company	Sampath Bank PLC	Commercial Bank of Ceylon PLC	Hong Kong & Shanghai Banking Corporation Ltd	Hatton National Bank PLC	Total	2023
					2024	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Movement of Loans</b>						
At the beginning of the year	430,000	543,500	196,563	439,820	1,609,883	1,718,162
Loans obtained during the year	-	1,500,000	-	-	1,500,000	440,000
Repayments during the year	(57,500)	(210,810)	(130,234)	(160,080)	(558,624)	(580,921)
Effect of movements in exchange rates	-	-	(9,376)	-	(9,376)	32,642
<b>At the end of the year</b>	<b>372,500</b>	<b>1,832,690</b>	<b>56,953</b>	<b>279,740</b>	<b>2,541,883</b>	<b>1,609,883</b>
Interest payable	-	-	-	-	-	9,666
<b>At the end of the year</b>	<b>372,500</b>	<b>1,832,690</b>	<b>56,953</b>	<b>279,740</b>	<b>2,541,883</b>	<b>1,619,549</b>
<b>Analysis of long-term borrowings by period of repayment</b>						
- Less than 1 year	104,400	320,820	56,953	160,080	642,253	524,846
- 1 to 5 year	268,100	1,511,870	-	119,660	1,899,630	1,094,703
	372,500	1,832,690	56,953	279,740	2,541,883	1,619,549



## Section 4 – Specific Accounting Policies and Notes

### 4.22.2 Short-term Interest-Bearing Borrowings

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Short-term bank loans	19,071,428	11,466,406	15,875,374	9,789,954
Bank overdrafts	457,632	290,817	132,673	187,587
	19,529,060	11,757,223	16,008,047	9,977,541

Short-term bank loans are repayable within a period of six months. Details of inventories and trade receivables which have been pledged against the above short-term loan facilities are disclosed in Note 4.16.3.

Unutilised bank facilities as at 31st March 2024 amounted to Rs. 8,499.6 million (2022/23 – Rs.9,644.3 million).

### 4.22.3 Lease Liabilities

#### Accounting Policy

At the inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate.

#### 4.22.3.1 Movement of Lease Liabilities

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Cost</b>				
At the beginning of the year	773,680	679,583	533,412	583,888
Additions during the year	74,340	197,402	37,995	34,541
Accretion of interest (Note 4.4)	77,145	67,558	52,620	56,569
Derecognition of lease agreements during the year	(16,524)	(165,222)	(12,910)	(135,942)
Payments to lease creditors	(212,162)	(5,644)	(144,972)	(5,644)
Effect of movements in exchange rates	(19,639)	3	-	-
At the end of the year	676,839	773,680	466,143	533,412
Lease liabilities presented in Statement of Financial Position as follows;				
Classified as non current liabilities	517,967	348,696	373,096	135,685
Classified as current liabilities	158,872	424,984	93,047	397,727
	676,839	773,680	466,143	533,412
<b>Maturity Analysis of lease payments</b>				
- Less than 1 year	158,872	424,984	93,047	397,727
- 1 to 5 year	370,488	189,297	250,486	135,685
- More than 5 years	147,479	159,399	122,610	-
	676,839	773,680	466,143	533,412
Interest recognised in net finance cost (Note 4.4)	77,145	67,558	52,620	56,569
Depreciation of right-of-use assets recognised in administrative expenses (Note 4.5)	155,680	146,015	107,498	113,020

The Group and the Company had total cash outflows for leases of Rs. 212.7 million and Rs. 145 million in 2023/24. (2022/23 – Rs. 165.2 million and Rs. 135.9 million) respectively.



## 4.23 Employee Benefits

### Accounting Policy

#### Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of the past service provided by the employee and the obligation can be estimated reliably.

#### Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed determinable contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Employees are eligible to Employees' Provident Fund (EPF) contributions and Employees' Trust Fund (ETF) contributions as per the respective statutes. These obligations come within the scope of a defined contribution plan as per LKAS -19 on 'Employee Benefits'. Obligations for contributions to defined contribution plans are recognised in Profit or Loss as the related service is provided.

#### Defined benefit obligation

In accordance with the Gratuity Act No. 12 of 1983, a liability arises for a defined benefit obligation to employees.

Such defined benefit obligation is a post-employment benefit obligation falling within the scope of Sri Lanka Accounting Standard LKAS -19 on 'Employee Benefits'.

The liability recognised in the Statement of Financial Position is the present value of the defined benefit obligation at the reporting date. The calculation is performed annually by Mr. Poopalanathan Messer, Actuarial & Management Consultants (Private) Limited, firm of professionally qualified actuary using the Projected Unit Credit method (PUC). Remeasurement of the defined benefit liability, which comprises actuarial gains and losses are recognised immediately in Other Comprehensive Income. The Group recognises the increase in defined benefit liability attributable to the services provided by employees during the year (current service cost) in Profit or Loss together with the interest expenses. In the absence of a deep market in long term corporate bonds in Sri Lanka, the discount rate has been derived, and approximation of a long term interest rate of 13% (2022/23 - 19%) has been used to discount future liabilities.

The liability is not externally funded.

#### Accounting Estimate

The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. The complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### 4.23.1 Movement in Defined Benefit Obligation

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
At the beginning of the year	990,362	864,286	869,903	781,892
Acquisition through business combinations	-	45,246	-	-
<b>Included in Profit or Loss</b>				
Current service cost	71,490	73,918	56,995	55,118
Interest cost	183,780	119,199	165,282	109,465
	255,270	193,117	222,277	164,583
<b>Included in Other Comprehensive Income</b>				
Net actuarial loss/(gain)	83,285	(49,315)	63,026	(42,712)
<b>Total charge for the year</b>	338,555	143,802	285,303	121,871
<b>Included in Statement of Cash Flows</b>				
Benefits paid during the year	(87,546)	(62,972)	(69,808)	(33,859)
<b>At the end of the year</b>	1,241,372	990,362	1,085,399	869,903
<b>The expenses are recognised in the Statement of Profit or Loss and other comprehensive income in the following line item;</b>				
Administrative expenses	255,270	193,117	222,277	164,583
Other Comprehensive Income	83,285	(49,315)	63,026	(42,712)
	338,555	143,802	285,303	121,871



## Section 4 – Specific Accounting Policies and Notes

### 4.23.2 Principal Actuarial Assumptions

Assumption	2024	2023
<b>Financial</b>		
Rate of discount	13% p.a.	19% p.a.
Salary escalation rate	14 % in 2024 , 12% in 2025 and thereafter 10% p.a.	14.5% in 2023 , 12% in 2024 and thereafter 10% p.a.
<b>Demographic</b>		
Mortality-in service	A 1967/70 mortality table, issued by the Institute of Actuaries, London	
Retirement Age	60 years	60 years
<b>Staff turnover</b>		
Up to age 54	0-39%	0%-27%
Above age 54	0%	0%
<b>Weighted average duration of the defined benefit obligation</b>		
Diesel & Motor Engineering PLC	2.99	1.92
DIMO (Private) Limited	4.22	3.10
PlantChem (Private) Limited	5.49	6.26
Plant Seeds (Private) Limited	6.31	5.42
Tropical Health Foods (Private) Limited	6.46	2.85
Virgin Oil International (Private) Limited	10.00	-
Mansel (Ceylon) (Private) Limited	2.04	-
Associated Laboratories (Private) Limited	4.03	-

The demographic assumptions underlying the valuation are with respect to retirement age early withdrawals from service and retirement on medical grounds.

However, According to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity to an employee arises only on completion of five years of continuous service. The liability as required by the Payment of Gratuity Act for the Group and the Company as at 31st March 2024 amounted to Rs. 1,241.4 million (2022/23- Rs.937.6 million) and Rs. 1,085.4 million (2022/23- Rs.852.7 million) respectively.

### 4.23.3 Sensitivity Analysis

A one percentage change at the reporting date to one of the actuarial assumptions would have the following effects to defined benefit obligation.

2024 Assumption	Change in defined benefit obligation				Defined benefit obligation			
	Group		Company		Group		Company	
	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rate of discount	(33,818)	36,760	(28,053)	30,489	1,206,483	1,277,061	1,057,345	1,115,887
Salary escalation rate	42,007	(39,307)	34,996	(32,764)	1,282,308	1,200,994	1,120,394	1,052,634



2023 Assumption	Change in defined benefit obligation				Defined benefit obligation			
	Group		Company		Group		Company	
	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Rate of discount	(16,634)	17,514	(14,037)	14,744	945,552	979,701	855,866	884,647
Salary escalation rate	22,297	(21,479)	18,941	(18,294)	984,483	940,708	888,844	851,609

#### 4.23.4 Maturity Analysis of the Payments

The table below summarises the maturity profile of the Group's/ Company's defined benefit obligation.

As at 31st March 2024	Group Rs.'000	Company Rs.'000
Within the next 12 months	620,154	592,564
Between 1-2 years	214,992	159,049
Between 2-5 years	177,395	144,322
Between 5-10 years	151,546	125,816
Beyond 10 years	77,283	63,648
	1,241,372	1,085,399

## 4.24 Deferred Tax

### Accounting Policy

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they arise, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

### Accounting Estimate

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profits will be available and can be utilised against such tax losses. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies.

### Recoverability of Temporary Difference Arising from Tax Losses

As at 31st March 2024, the Group has recognised Rs. 2,010.4 million (2022/23- Rs. 1,719.4 million) as a deferred tax assets on the deductible temporary differences arising from tax losses, defined benefit obligations, obsolete stocks, debtor impairment, free service provision, Customer Incentives, SLFRS adjustments on Leases and warranty provision.

According to the Group policy, deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which they can be used. In the back ground of the Business Continuity Plans in place, the Board of Directors has assessed the current economic implications on the Group and is of the view that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.



## Section 4 – Specific Accounting Policies and Notes

### 4.24.1 Carrying Value of Deferred Tax Assets/(Liabilities)

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Summary of net deferred tax assets/(liabilities)</b>				
At the beginning of the year	(1,566,245)	(1,253,420)	(2,066,118)	(1,417,856)
Reversal/(origination) of temporary differences to Profit or Loss due to during the year transactions	57,567	10,497	(159,332)	(280,984)
Reversal/(origination) of temporary differences to Profit or Loss due to income tax rate change	-	126,336	-	126,336
	57,567	136,833	(159,332)	(154,649)
<b>Amount recorded in Other comprehensive Income</b>				
Deferred tax recognition due to prior year adjustment	80,198	-	-	-
Deferred tax recognition on business acquisition effect	-	57,342	-	-
<b>Amounts recorded in Changes in Equity Statement</b>				
Reversal/(origination) of temporary differences to Other Comprehensive Income due to during the year transactions (Note 2.24.3)	24,986	(13,660)	18,908	(12,814)
(Reversal) of temporary differences to Other Comprehensive Income due to revaluation	(665,654)	-	(653,760)	-
(Reversal) of temporary differences to Other Comprehensive Income due to rate change*	-	(493,462)	-	(480,800)
	(560,470)	(507,000)	(634,852)	(493,614)
<b>At the end of the year</b>	<b>(2,069,148)</b>	<b>(1,566,245)</b>	<b>(2,860,303)</b>	<b>(2,066,118)</b>
<b>Made up as follows:</b>				
Deferred tax assets	791,155	565,422	-	-
Deferred tax liabilities	(2,860,303)	(2,131,667)	(2,860,303)	(2,066,118)
	(2,069,148)	(1,566,245)	(2,860,303)	(2,066,118)

\*During the year ended 31st March 2023, the income tax rates applicable to the Group have been revised based on the amendments to the Inland Revenue Act No. 24 of 2017. Accordingly, deferred tax impact due to the change in the income tax rates was recognised in Profit or Loss and Other Comprehensive Income as detailed above.



#### 4.24.2 Reconciliation of Deferred Tax Assets and Liabilities

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
<b>Deferred Tax Liability</b>				
Temporary difference arising from;				
Property, plant and equipment	(13,277,047)	(10,869,671)	(12,847,327)	(10,492,451)
SLFRS 16 adjustments on ROU Assets	(473,427)	(499,592)	(369,911)	(451,158)
Long term contracts	151,787	(82,547)	5,253	5,253
<b>Total temporary difference of deferred tax liability</b>	<b>(13,598,687)</b>	<b>(11,451,810)</b>	<b>(13,211,985)</b>	<b>(10,938,356)</b>
Closing deferred tax liability @ 30%	<b>(4,079,606)</b>	<b>(3,285,665)</b>	<b>(3,963,596)</b>	<b>(3,146,159)</b>
<b>Temporary difference arising from;</b>				
Defined benefit obligation	1,246,323	1,000,961	1,085,397	874,557
Provision for inventories	1,045,520	1,293,101	835,982	1,101,961
Provision for impairment of trade receivables	855,050	931,473	626,655	739,920
Provision for free services	26,327	49,015	26,328	49,015
SLFRS 15 adjustments on rebates	209,117	322,215	143,074	183,486
SLFRS 16 adjustments on lease	528,008	617,100	480,918	550,929
Provision for warranty	138,840	78,076	123,332	62,936
Tax losses	2,374,913	1,913,090	409,917	381,150
Provision for other receivables	37,290	31,673	37,290	31,673
Unrealised exchange gain/(loss)	175,893	(51,014)	(104,184)	39,014
Provision for staff bonus and incentives	-	45,303	-	36,654
Provision for customer incentive	50,077	-	-	-
Provision for Thin Capitalization	1,237	-	-	-
Provision for Investment impairment	12,933	-	12,933	-
<b>Total temporary difference of deferred tax assets</b>	<b>6,701,528</b>	<b>6,230,993</b>	<b>3,677,642</b>	<b>4,051,296</b>
Closing deferred tax assets @ 30%	<b>2,010,458</b>	<b>1,719,420</b>	<b>1,103,293</b>	<b>1,080,040</b>
<b>Net temporary differences</b>	<b>(6,897,159)</b>	<b>(5,220,817)</b>	<b>(9,534,343)</b>	<b>(6,887,060)</b>
<b>Net deferred tax liability</b>	<b>(2,069,148)</b>	<b>(1,566,245)</b>	<b>(2,860,303)</b>	<b>(2,066,118)</b>



## Section 4 – Specific Accounting Policies and Notes

### 4.24.3 Movement in Deferred Tax Assets and Liabilities during the Year

Assumption	Group					Company				
	As at 01.04.2023	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	Adjustments*	As at 31.03.2024	As at 01.04.2023	Recognised in Profit or Loss	Recognised in Other Comprehensive Income	As at 31.03.2024	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Deferred Tax Asset										
Retirement benefit obligation	300,288	48,623	24,986	-	373,897	262,367	44,344	18,908	325,619	
Provision for inventories	387,930	(74,274)	-	-	313,656	330,588	(79,794)	-	250,794	
Provision for impairment of trade receivables	279,442	(22,927)	-	-	256,515	222,009	(34,013)	-	187,996	
Provision for warranty	23,423	18,229	-	-	41,652	18,879	18,120	-	36,999	
Provision for free service	14,704	(6,806)	-	-	7,898	14,704	(6,806)	-	7,898	
SLFRS 15 adjustments on rebates	96,664	(33,929)	-	-	62,735	55,046	(12,124)	-	42,922	
SLFRS 16 adjustments on leases	185,130	(26,728)	-	-	158,402	165,278	(21,003)	-	144,275	
Provision for other receivables	9,502	1,685	-	-	11,187	9,502	1,685	-	11,187	
Provision for staff bonus and incentives	13,591	(13,591)	-	-	-	10,997	(10,997)	-	-	
Provision for customer incentive	-	15,023	-	-	15,023	-	-	-	-	
Unrealised exchange gain/(loss)	(15,304)	68,072	-	-	52,768	12,190	(43,444)	-	(31,254)	
Tax losses	573,927	58,349	-	80,198	712,474	114,345	8,630	-	122,975	
Thin Capitalization	-	371	-	-	371	-	-	-	-	
Provision for Investment Impairment	-	3,880	-	-	3,880	-	3,880	-	3,880	
Total Deferred Tax Asset	1,869,297	35,977	24,986	80,198	2,010,458	1,215,905	(131,522)	18,908	1,103,291	
Deferred tax liability										
Property Plant and Equipments	(777,195)	(56,560)	-	-	(833,755)	(744,253)	(52,185)	-	(796,438)	
Revaluation of lands	(2,483,705)	-	(665,654)	-	(3,149,359)	(2,403,999)	-	(653,760)	(3,057,759)	
SLFRS 16 adjustments on ROU										
Assets	(149,878)	7,850	-	-	(142,028)	(135,348)	24,374	-	(110,974)	
Long-term contracts	(24,764)	70,300	-	-	45,536	1,577	-	-	1,577	
Total Deferred Tax Liability	(3,435,542)	21,590	(665,654)	-	(4,079,606)	(3,282,023)	(27,811)	(653,760)	(3,963,594)	
	(1,566,245)	57,567	(640,668)	80,198	(2,069,148)	(2,066,118)	(159,333)	(634,852)	(2,860,303)	

\*During the year, Virgin Oil International (Private) Limited recognised a deferred tax asset of Rs. 80.2 million by restating their individual accounts' comparative figures due to brought forward tax losses.

### 4.24.4 Tax Loss Movement

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Tax losses brought forward	(1,913,090)	(337,236)	(381,150)	–
Tax losses arising during the year	(1,032,637)	(1,124,814)	(0)	(381,150)
Adjustment arising on business acquisition	–	(606,700)	–	–
Under / (Over) statement of Losses in previous year	157,037	114,622	(398,323)	–
Tax Losses Utilized	413,777	41,038	369,557	–
<b>Tax losses carried forward</b>	<b>(2,374,913)</b>	<b>(1,913,090)</b>	<b>(409,917)</b>	<b>(381,150)</b>



## 4.25 Contract Liabilities

### Accounting Policy

Contract liabilities are the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or the amount of consideration is due) from the customer. Contract liabilities include long-term advances received to deliver goods and services, short-term advances received to render certain services as well as transaction price allocated to unprovided free services relating to vehicle sales.

Upon transferring the promised goods or services related to the liability, amount will be recognised as revenue in Statement of Profit or Loss and Other Comprehensive income.

#### 4.25.1 Carrying Value of Contract Liabilities

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance beginning of the year	1,590,348	1,583,096	478,706	388,021
During the year addition	4,646,363	5,828,953	3,142,190	3,241,924
Recognised as revenue during the year	(4,466,836)	(5,884,138)	(2,836,732)	(3,158,061)
Interest income during the year	(95,062)	(38,504)	(21,810)	(18,084)
Interest expense during the year	48,722	100,941	24,312	24,906
<b>At the end of the year</b>	<b>1,723,536</b>	<b>1,590,348</b>	<b>786,667</b>	<b>478,706</b>
Classified as current liabilities	854,855	1,302,993	691,577	470,970
Classified as non current liabilities	868,681	287,355	95,090	7,736
	<b>1,723,536</b>	<b>1,590,348</b>	<b>786,667</b>	<b>478,706</b>

## 4.26 Provisions

### Accounting Policy

#### 4.26.1 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in Profit or Loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## Unprovided Free Services Relating to Vehicle Sales

### Accounting Policy

The Company sells vehicles bundled with free services to the customers with limitations on mileage or usage period. The unprovided free services are recognised as contract liability at the time of selling the vehicles at its relative fair value and recognised as revenue when the performance obligation relating to liability is satisfied. i.e. upon provision of the service or expiration of entitled period or/and criteria, whichever occurs first.

### Accounting Estimate – Relative Fair Value of Free Services

The amount charged by the Company in respect of each service is recognised at the relative fair value of free services. These amounts are estimated using the combination of historical experience in service and price changes.

Provisions are calculated based on the historical experience and the specific terms in the individual cases. The Group arrives at an estimate on the basis of an evaluation of the most likely outcome.

All known provisions have been accounted for in preparing these Financial Statements.

#### 4.26.2 Warranty Provisions

The provision for warranty relates mainly to vehicles sold for which the Company gives warranty commencing from the date of sale. The warranty received by manufacturer is effective from date of shipment. This causes a time window during which the Company is exposed to warranty liability. A provision for warranty is recognised to cover such exposure to a liability. The provision is based on the historical warranty data and a weighting of possible outcomes against their associated probabilities. The said warranty provision will be reversed upon expiration of the warranty period.



## Section 4 – Specific Accounting Policies and Notes

### 4.26.3 Provision for Litigation and Claims

The Management considers likelihood of any claim succeeding, in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. The timing and cost ultimately depend on the due process in the respective legal jurisdictions.

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Provision for litigation and claims	11,000	11,000	11,000	11,000
Provisions for warranty (Note 4.26.3.1)	138,841	78,076	123,332	62,931
	149,841	89,076	134,332	73,931

#### 4.26.3.1 Carrying value of warranty provision

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Balance Beginning of the year	78,076	46,944	62,931	32,018
Provision made during the year	97,559	49,186	89,449	43,564
Amount reversed during the year	(36,794)	(18,054)	(29,048)	(12,651)
Carrying value at the end of the year	138,841	78,076	123,332	62,931

### 4.27 Trade Payables

#### Accounting Policy

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less (or in the

normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### Carrying Value of Trade Payables

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Trade payables	1,155,556	1,506,933	589,211	944,545
	1,155,556	1,506,933	589,211	944,545

#### 4.27.1 Carrying Amount of Trade Payables are Denominated in the following Currencies

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Currency				
Sri Lankan Rupees	283,135	999,919	198,518	477,610
US Dollar	468,720	458,294	248,358	418,215
Euro	342,906	48,720	135,303	48,720
Other	60,795	–	7,033	–
	1,155,556	1,506,933	589,211	944,545



#### 4.27.2 Review of Liquidity Risk

Trade payables are non-interest-bearing and have settlement periods less than 90 days. The quick assets ratio of the Group and the Company as at the year-end was 0.76:1 and 0.77:1 respectively (2022/23 – Group 0.64:1, Company 0.68:1). As a liquidity risk management measure, the Group continuously compare trade payables with receivables, cash and cash equivalents and unutilised banking facilities.

Unutilised banking facilities are given in Note 4.22.2.

#### Carrying Value of Other Current Liabilities

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Advanced received	-	829,667	-	546,530
Unclaimed dividend	13,796	11,895	13,730	11,828
Value Added Tax (VAT)	31,013	24,018	-	-
Provisions for litigation and claims (Note 4.26.3)	11,000	11,000	11,000	11,000
Provision for warranty (Note 4.26.3)	138,841	78,076	123,332	62,931
Other payables and accrued expenses	1,645,516	1,997,844	1,174,864	1,148,739
	1,840,166	2,952,500	1,322,926	1,781,028

Details of provisions are disclosed in Note 4.26

#### 4.28.1 Terms of Settlement of Other Current Liabilities

Other current liabilities are non-interest-bearing and payable within three months excluding advances and unclaimed dividends. Advances received are expected to be set-off within three months.

#### 4.29 Income tax asset and liability

Current tax assets are recognised at historical value less impairment. Current tax liabilities are recorded at the amounts expected to be paid.

#### Carrying Value of Current Tax Asset/(Liability)

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Opening balance	24,082	(420,289)	16,632	(441,451)
Current tax for the year (Note 4.6.2)	(148,073)	(175,945)	-	-
	(123,991)	(596,234)	16,632	(441,451)
Income tax paid during the year	173,060	620,316	-	457,883
<b>Income tax (liability)/asset</b>	<b>49,069</b>	<b>24,082</b>	<b>16,632</b>	<b>16,432</b>
Income tax receivable	116,705	111,453	16,632	16,632
Income tax payable	(67,636)	(87,372)	-	-
	49,069	24,082	16,632	16,632



## Section 4 – Specific Accounting Policies and Notes

### 4.30 Amounts due (to)/from Subsidiaries and Equity-Accounted Investees

Name of the Company	DIMO (Private) Limited	DIMO Industries (Private) Limited	DIMO Travels (Private) Limited	Moveflex (Private) Limited	DIMO Lifeline (Private) Limited	PlantChem (Private) Limited	Plant Seeds (Private) Limited	DIMO Coastline (Private) Limited*	Azend Technologies (Private) Limited*	Virgin Oil International (Private) Limited	Tropical Health Foods (Private) Limited	Mansel (Ceylon) (Private) Limited	Associated Laboratories (Private) Limited	As at 31/03/2024	As at 31/03/2023
Shareholding	99.99% Rs.'000	99.99% Rs.'000	99.80% Rs.'000	100% Rs.'000	75% Rs.'000	70% Rs.'000	70% Rs.'000	40% Rs.'000	49% Rs.'000	51% Rs.'000	94.45% Rs.'000	75% Rs.'000	75% Rs.'000	Rs.'000	Rs.'000
At the beginning of the year	2,125,660	(6,119)	825	13,297	65,013	(11,273)	3,764	22,828	30,378	116,591	185,477	204,702	(15,010)	2,736,133	1,069,719
Sale of goods and services	14,456	-	-	905	-	253	5,608	1,161	-	-	1,314	179	81	23,956	247,551
Purchase of goods and services	(9,930)	-	-	(122,934)	-	(12,282)	(28,955)	-	-	-	-	-	-	(174,100)	(512,027)
Rendering of management services	366,448	-	-	13,176	-	11,057	8,737	-	-	26,989	24,750	19,523	31,021	501,701	314,439
Expenses incurred on behalf of subsidiaries/ equity accounted investees	6,658	-	-	20,188	-	1,249	3,019	1,629	3,094	14,186	311	1,141	-	51,475	156,593
Fund transfers – net	1,311,122	3,571	-	23,000	-	-	-	-	-	-	-	-	-	1,337,693	504,220
Net Cash Inflow / (Outflow)	(1,049,076)	2	-	70,733	24,515	29,798	28,112	4,378	(31,497)	(72,592)	(134,681)	(276,778)	(8,335)	(1,415,420)	-
Interest on fund transfers – net	436,629	-	-	5,440	-	-	-	-	-	-	-	-	-	442,070	429,472
Short Term Loans granted/ (Obtained)	-	-	-	-	-	-	-	-	-	149,851	270,000	-	-	419,851	489,000
Interest income on loan granted	-	-	-	-	-	-	-	-	1,663	15,916	29,434	5,066	-	52,078	34,731
Exchange rate translation difference	-	-	-	-	-	-	-	(938)	-	-	-	-	-	(938)	2,434
<b>Closing balance due (to)/from related parties</b>	<b>3,201,967</b>	<b>(2,546)</b>	<b>825</b>	<b>23,805</b>	<b>89,528</b>	<b>18,802</b>	<b>20,285</b>	<b>29,058</b>	<b>3,638</b>	<b>250,941</b>	<b>376,605</b>	<b>(46,167)</b>	<b>7,757</b>	<b>3,974,498</b>	<b>2,736,133</b>

\*DIMO Coastline (Private) Limited and Azend Technologies (Private) Limited are equity-accounted investees.

\*\*During the year, there were no related party transaction made with Dimo Lanka Company Limited, United DIMO Company Limited, DIMO Bangladesh (Private) Limited, DIMO Australia Pty Ltd, DIMO Global Pte. Ltd, DI Solar Beliatta (Private) Limited, DIMO Solar Anuradhapura (Private) Limited, DIMO Solar Galle (Private) Limited, DIMO Solar Galle Two (Private) Limited, DIMO Solar Galle Three (Private) Limited, DIMO Solar Galle Four (Private) Limited, DIMO Academy of Higher Education (Pvt) Ltd & Azendtech LLC-FZ.



#### 4.30.1 Summary of Amounts due (to)/from Subsidiaries and Equity-Accounted Investees Comprise:

##### 4.30.1.1 Amounts due from Subsidiaries and Equity-Accounted Investees

As at 31st March	Relationship	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
DIMO (Private) Limited	Subsidiary	-	-	3,201,967	2,126,070
DIMO Travels (Private) Limited	Subsidiary	-	-	825	825
Moveflex (Private) Limited	Subsidiary	-	-	23,805	13,295
DIMO Lifeline (Private) Limited	Subsidiary	-	-	89,528	65,013
PlantChem (Private) Limited	Subsidiary	-	-	18,803	-
Plant Seeds (Private) Limited	Subsidiary	-	-	20,286	3,764
Virgin Oil International (Private) Limited	Subsidiary	-	-	250,941	116,591
Tropical Health Foods (Private) Limited	Subsidiary	-	-	376,605	185,478
Mansel (Ceylon) (Private) Limited	Subsidiary	-	-	-	259,000
Associated Laboratories (Private) Limited	Subsidiary	-	-	7,757	-
				3,990,515	2,770,036
DIMO Coastline (Private) Limited	Joint Venture	29,057	22,828	29,057	22,828
Azend Technologies (Private) Limited	Joint Venture	3,639	30,378	3,639	30,378
		32,696	53,206	32,696	53,206
<b>Total</b>		<b>32,696</b>	<b>53,206</b>	<b>4,023,211</b>	<b>2,823,242</b>

##### 4.30.1.2 Amounts due (to) Subsidiaries and Equity-Accounted Investees

As at 31st March	Relationship	Group		Company	
		2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
DIMO (Private) Limited	Subsidiary	-	-	-	(410)
DIMO Industries (Private) Limited	Subsidiary	-	-	(2,546)	(6,118)
PlantChem (Private) Limited	Subsidiary	-	-	-	(11,273)
Mansel (Ceylon) (Private) Limited	Subsidiary	-	-	(46,168)	(54,298)
Associated Laboratories (Private) Limited	Subsidiary	-	-	-	(15,010)
<b>Total</b>		<b>-</b>	<b>-</b>	<b>(48,713)</b>	<b>(87,109)</b>

##### 4.30.1.3 Amounts due (to) Related Parties

As at 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Amounts due (to) related parties	(184,165)	(445,860)	-	-
<b>Total</b>	<b>(184,165)</b>	<b>(445,860)</b>	<b>(48,713)</b>	<b>(87,109)</b>

Amounts due to related parties include an amount due to Ms. L.W.B. De Silva, from Mansel (Ceylon) (Private) Limited and Associated Laboratories (Private) Limited of Rs. 141.6 million and Rs. 42.5 million respectively.

Ms. L.W.B. De Silva is a shareholder and a director of Mansel (Ceylon) (Private) Limited and Associated Laboratories (Private) Limited.



# Section 4 – Specific Accounting Policies and Notes

## 4.31 Related Party Disclosures

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties as per Sri Lanka Accounting Standard – LKAS 24 on ‘Related Party Disclosures’.

Diesel & Motor Engineering PLC does not have an identifiable parent of its own. The Company is the ultimate parent of the Group.

### 4.31.1. (a) Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard – LKAS 24 on ‘Related Party Disclosures’, Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. Accordingly, the members of the Board of Directors of the Company (Executive and Non-Executive Directors) have been classified as KMP. As the Company is the ultimate parent of the subsidiaries (listed in Note 4.12.1), the Board of Directors of the Company has the authority and responsibility for planning or controlling the activities of the Group directly or indirectly. Accordingly, the Board of Directors of the Company (Executive and Non Executive) are KMP of the Group.

Key Management Personnel (KMP) are entitled to discount schemes which are uniformly applicable to all employees of the Group.

Officers who are employees of Diesel & Motor Engineering PLC and Directors of the subsidiaries and not of the Company have been classified as KMP of the respective subsidiary only.

The Group revenue includes sales made to Key Management Personnel amounting to Rs. 0.8 million (2022/23– Rs. 15.9 million).

### 4.31.1. (b) The Compensation Paid to Key Management Personnel (KMP)

The Executive Directors are entitled to a structured incentive scheme which is linked to performance.

The Company contributes towards a post-employment contribution plan for the Executive Directors. In addition to their salaries, the Company provides non-cash benefits to KMPs.

There are no share-based payments made to the Directors during the year.

No loans were granted to KMPs of the Company.

Compensation to Key Management Personnel of the Company are as follows:

For the year ended 31st March	Group		Company	
	2024 Rs.’000	2023 Rs.’000	2024 Rs.’000	2023 Rs.’000
Short-term employment benefits	557,231	582,214	543,198	553,600
Post-employment benefits	108,716	119,215	108,716	117,409
Total compensation applicable to Key Management Personnel	665,947	701,429	651,914	671,009

The Company also has an obligation towards a post-employment benefit plan for the Executive Directors. The liability arising from the post-employment obligation has been provided for, based on an actuarial valuation and is disclosed under Employee Benefits in Note 4.23 to the Financial Statements.

### 4.31.1. (c) Transactions with Close Family Members of Key Management Personnel (KMP)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include;

- (a) that person's children and spouse or domestic partner
- (b) children of that person's spouse or domestic partner and
- (c) dependents of that person or that person's spouse or domestic partner

There were no transactions with the close family members during the year.



#### 4.31.2 Transactions with Companies in which Key Management Personnel (KMP) have Control or Significant Influence

There were no transactions with companies on which KMP have control.

The transactions with companies in which KMP is a Director of such entities are disclosed in 'Directors' Interests in Contracts' on page 160.

#### 4.31.3 Terms and Conditions of Transactions with the Companies on which Key Management Personnel (KMP) have Control or Significant Influence

Outstanding balances at the year-end relating to the companies on which KMP have control or significant influence over these companies are unsecured, interest free, and all related-party dues are on demand. There have been no guarantees provided or received for any related party receivables or payables for the year ended 31st March 2024.

#### 4.31.4 Transactions with Group Entities

The Group and the Company carried out transactions in the ordinary course of business with its related parties as arms length transactions. The list of Directors at each of the subsidiary / equity accounted invitees have been disclosed in Corporate Information section of the Annual Report. The details are set out in Corporate Information section.

The Group has not recorded any impairment for receivables relating to amount owed by Group entities.

There are no related parties or related party transactions other than those disclosed in Note 4.30 to the Financial Statements.

##### 4.31.4. (a) Non-Recurrent Related Party Transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the Group as per 31st March 2024 audited Financial Statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

##### 4.31.4. (b) Recurrent Related Party Transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2024 audited Financial Statements, which required additional disclosures in the 2022/23 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

## 4.32 Commitments and Contingencies

### Capital Expenditure Commitments

Capital expenditure committed by the Board of Directors for which a provision has not been made in the Financial Statements amounted to approximately Rs. 1,039.4 million (2022/23 – Rs. 1,593.7 million).

### Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard – LKAS 37 on "Provisions, Contingent Liabilities and Contingent Assets". Further, contingent liabilities are not recognised in Statement of Financial Position but are disclosed unless its occurrence is remote.

A contingent liability recognised in a business combination is initially measured at its fair value.

Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

Currently the Group/Company is involved in legal actions arising out of the normal course of the business. The Group/Company does not expect the pending litigations and claims, individually and in aggregate, to have a material impact on the reported financial results of the Group.

### Litigation Against the Company

The claims for lawsuits filed against the Company as at 31st March 2024 amounted to Rs.75.9 million (2021/22 – Rs. 67.9 million). Although, there can be no assurance, the Directors believe, based on the information currently available that the ultimate resolution of such lawsuits are not likely to have a material effect on the results of operations, financial position or liquidity.

### Guarantees

The contingent liabilities as at 31st March 2024 on guarantees given by Diesel & Motor Engineering PLC and its subsidiaries, in respect of bank guarantees, bid bonds and performance bonds amounted to Rs. 5,491.4 million (2022/23 – Rs. 5,094.9 million).



## Section 4 – Specific Accounting Policies and Notes

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### 4.33 Events Occurring After the Reporting Period

There were no material events that occurred after the reporting date that require adjustments or disclosure to the Financial Statements except for the following,

#### 4.33.1 First and Final Dividend

Subsequent to the reporting date, the Board of directors of the Company approved a first and final dividend of Rs. 5.00 per share for the year ended 31st March 2024, which will be paid on or before 19th July 2024. Details of the above dividend are disclosed in Note 4.8 to the Financial Statements.

In accordance with LKAS 10, Events after the reporting period, the final dividend has not been recognised as a liability in the financial statements as at 31 March 2024.



# AN ENDURING STRENGTH



Over the years, we have been reinforced by inherent strengths and a powerful endurance that have empowered us to navigate through changing times.

*Dragonflies roamed the earth over 200 million years ago, thereby demonstrating their incredible resilience, adaptability, and evolutionary capabilities that have ensured their continuity amid overwhelming odds.*

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## Annexures

244	GRI Content Index	257	Ten Year Summary
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253	SLFRS S1 & S2 Index – Early Adoption	262	Notice of Meeting
256	Independent Report Assurance	263	Form of Proxy



# GRI Content Index

GRI Standard / Other Source	Disclosure	Omission			GRI Sector Standard Ref. No.
		Requirement(s) Omitted	Reason	Explanation	Page(s) or URL(s)
Statement of use :		DIMO has reported in accordance with the GRI Standards for the period [2022/23]			
GRI 1 used	GRI 1: Foundation 2021				
Applicable GRI Sector Standard(s)		[Titles of the applicable GRI Sector Standards]			
GRI 2	General disclosures				
	1. The organization and its reporting practices				
2-1	Organisational details				8-9
2-2	Entities included in the organisation’s sustainability reporting				8-9
2-3	Reporting period, frequency and contact point				4-5,16
2-4	Restatements of information				4-5
2-5	External assurance				4-5
	2. Activities and workers				
2-6	Activities, value chain and other business relationships				18-20,32-52
2-7	Employees				137-148
2-8	Workers who are not employees				137-148
	3. Governance				
2-9	Governance structure and composition				80-109
2-10	Nomination and selection of the highest governance body				80-109
2-11	Chair of the highest governance body				80-109
2-12	Role of the highest governance body in overseeing the management of impacts				80-109
2-13	Delegation of responsibility for managing impacts				121, 129
2-14	Role of the highest governance body in sustainability reporting				129
2-15	Conflicts of interest				95
2-16	Communication of critical concerns				95-137
2-17	Collective knowledge of the highest governance body				84
2-18	Evaluation of the performance of the highest governance body				93
2-19	Remuneration policies				100
2-20	Process to determine remuneration				100
2-21	Annual total compensation ratio				Not Reported
	4. Strategy, policies and practices				
2-22	Statement on sustainable development strategy				24-25
2-23	Policy commitments				131
2-24	Embedding policy commitments				131
2-25	Processes to remediate negative impacts				22, 120-126
2-26	Mechanisms for seeking advice and raising concerns				121, 137-148
2-27	Compliance with laws and regulations				5, 70, 137-148
2-28	Membership associations				74
	5. Stakeholder engagement				
2-29	Approach to stakeholder engagement				116-119
2-30	Collective bargaining agreements				63-66



GRI Standard / Other Source	Disclosure	Omission			GRI Sector Standard Ref. No.
		Requirement(s) Omitted	Reason	Explanation	Page(s) or URL(s)
<b>GRI 3</b>	<b>Material Topics</b>				
	<b>1. The organization and its reporting practices</b>				
3-1	Process to determine material topics	Meeting with CFO to understand materiality			117-118
3-2	List of material topics	List of Material topics and board approval for the same.			22, 118
3-3	Management of material topics	Stakeholder engagement details such as surveys, interviews etc.			22-26, 118-119

GRI Standard	Disclosure	Page number(s) and/ or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Material Topics					
GRI 200 Economic Standard Series					
Economic Performance					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	145–146			
	201-2 Financial implications and other risks and opportunities due to climate change	24, 77, 123, 137–148			
	201-3 Defined benefit plan obligations and other retirement plans	229 – 231			
	201-4 Financial assistance received from government	Not received			
Indirect Economic Impacts					
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	44–49, 139			
	203-2 Significant indirect economic impacts	146			
Procurement Practices					
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	74			
GRI 300 Environmental Standards Series					
Materials					
GRI 301: Materials 2016	301-1 Materials used by weight or volume	137			
	301-2 Recycled input materials used	140–141			
	301-3 Reclaimed products and their packaging materials	140–141			
Energy					
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	139			
	302-2 Energy consumption outside of the organisation	139			
	302-3 Energy intensity	139			
	302-4 Reduction of energy consumption	139			
	302-5 Reductions in energy requirements of products and services	33, 36, 39, 42, 45, 48, 51, 139			



# GRI Content Index

GRI Standard	Disclosure	Page number(s) and/ or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Water					
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	19, 33, 36, 39, 42, 45, 48, 49, 51, 77, 140			
	303-2 Management of water discharge-related impacts	19, 137-140			
	303-3 Water withdrawal	19, 33, 36, 39, 42, 45, 48, 51, 77, 137-140			
	303-4 Water discharge	19, 137-140			
Biodiversity					
GRI: 304: Biodiversity 2016	304-3 Habitats protected or restored	78, 137, 142			
Emissions					
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	137, 141			
	305-2 Energy indirect (Scope 2) GHG emissions	141			
	305-3 Other indirect (Scope 3) GHG emissions	141			
	305-4 GHG emissions intensity	19, 137, 141			
	305-5 Reduction of GHG emissions	19, 137, 141			
	305-6 Emissions of ozone-depleting substances (ODS)	137,141			
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	137,141			
Effluents and Waste					
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	19, 137-140			
	306-2 Waste by type and disposal method	140-141			
	306-3 Significant spills	140-141			
	306-4 Transport of hazardous waste	140-141			
	306-5 Water bodies affected by water discharges and/or runoff	19, 137-140			
Environmental Compliance					
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	137			
GRI 400 Social Standards Series					
Employment					
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	64, 137, 143			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	64, 65, 137, 145, 146			
	401-3 Parental leave	64			
Labour/Management Relations					
GRI 402: Labour/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	80 (Articles of Association)			
Occupational Health and Safety					
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	19, 137, 148			
	403-2 Hazard identification, risk assessment, and incident investigation	66, 122, 124-125			
	403-3 Occupational health services	19, 137, 148			
	403-4 Worker participation, consultation, and communication on occupational health and safety	65-66			
	403-5 Worker training on occupational health and safety	137			
	403-6 Promotion of worker health	66			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	66			
	403-9 Work-related injuries	66, 137, 144			



GRI Standard	Disclosure	Page number(s) and/ or URL(s)	Omission		
			Part Omitted	Reason	Explanation
Training and Education					
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	137, 145			
	404-2 Programs for upgrading employee skills and transition assistance programs	65, 137, 145			
	404-3 Percentage of employees receiving regular performance and career development reviews	65, 137, 145			
Diversity & Equal Opportunity					
GRI 405: Diversity & Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	64, 143			
Non-discrimination					
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	137			
Human Rights Assessment					
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	124			
	412-2 Employee training on human rights policies or procedures	137			
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	146			
Local Communities					
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	146–147			
	413-2 Operations with significant actual and potential negative impacts on local communities	118			
Customer Health and Safety					
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	137			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	137			
Marketing and Labelling					
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	145			
	417-2 Incidents of non-compliance concerning product and service information and labelling	145			
	417-3 Incidents of non-compliance concerning marketing communications	145			
Customer Privacy					
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	145			
Socioeconomic Compliance					
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	137			



# SASB Indicators

Sector as per SASB Standard	Industry as per SASB Standard	Topic	Accounting Metric	Code	Page number(s) and/or URL(s)	Omission		
						Part	Full	Reason
Food & Beverages	Agricultural Products	Greenhouse Gas Emissions	Gross global Scope 1 emissions	FB-AG-110a.1	Reference			
		Greenhouse Gas Emissions	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	FB-AG-110a.2	131			
		Greenhouse Gas Emissions	Fleet fuel consumed, percentage renewable	FB-AG-110a.3	137			
		Energy Management	Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable	FB-AG-130a.1	137			
		Water Management	Total water withdrawn, (2) total water consumed	FB-AG-140a.1	137			
		Water Management	Description of water management risks and discussion of strategies and practices to mitigate those risks	FB-AG-140a.2	123			
		Water Management	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	FB-AG-140a.3	137			No incidents of non-compliance associated with water quality permits, standards and regulations
		Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	FB-AG-250a.1	69-70			
		Food Safety	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognized food safety certification program	FB-AG-250a.2	69-70			
		Food Safety	(1) Number of recalls issued and (2) total amount of food product recalled	FB-AG-250a.3				No recalls during the year.
		Workforce Health & Safety	(1) Total recordable incident rate	FB-AG-320a.1	137			
		Environmental & Social Impacts of Ingredient Supply Chain	Percentage of agricultural products sourced that are certified to a third-party environmental and/or social standard, and percentages by standard	FB-AG-430a.1	69-70			
		Environmental & Social Impacts of Ingredient Supply Chain	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	FB-AG-430a.2	69-70			
		Environmental & Social Impacts of Ingredient Supply Chain	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing	FB-AG-430a.3	122-123			



Sector as per SASB Standard	Industry as per SASB Standard	Topic	Accounting Metric	Code	Page number(s) and/or URL(s)	Omission		
						Part	Full	Reason
Food & Beverages	Agricultural Products	GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)	FB-AG-430b.1		x		Not applicable as GMOs are not part of DIMOs product range
		Ingredient	Identification of principal crops and description of risks and opportunities presented by climate change	FB-AG-440a.1	122-123			
		Ingredient	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	FB-AG-440a.2			x	Regional stress level will be evaluated and reported going forward
		Activity metrics	Production by principal crop	FB-AG-000.A	38-40			
		Activity metrics	Number of processing facilities	FB-AG-000.B	59-62			
		Activity metrics	Total land area under active production	FB-AG-000.C	59-62			
		Activity metrics	Cost of agricultural products sourced externally	FB-AG-000.D	38-40			
Consumer Goods	Multiline and Specialty Retailers & Distributors	Energy Management	"(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable"	CG-MR-130a.1	137			Sectorwise breakdown of energy consumption is not reported.
		Data Security	Description of approach to identifying and addressing data security risks	CG-MR-230a.1	124-125			
		Data Security	"(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of customers affected"	CG-MR-230a.2	137			No data breaches during the year
		Labour Practices	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	CG-MR-310a.1			X	Data unavailable as the classifications are not defined for the diverse sectors.
		Labour Practices	(1) Voluntary and (2) involuntary turnover rate for in-store employees	CG-MR-310a.2			X	
		Labour Practices	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	CG-MR-310a.2				No monetary losses as a result of legal proceedings during the year.
		Workforce Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	CG-MR-330a.1	137, 42			
		Workforce Diversity & Inclusion	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	CG-MR-330a.1				No monetary losses as a result of legal proceedings during the year.



## SASB Indicators

Sector as per SASB Standard	Industry as per SASB Standard	Topic	Accounting Metric	Code	Page number(s) and/or URL(s)	Omission		
						Part	Full	Reason
		Product Sourcing, Packaging & Marketing	Revenue from products third-party certified to environmental and/or social sustainability standards	CG-MR-410a.1	131			
		Product Sourcing, Packaging & Marketing	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-MR-410a.2	123-125			
		Product Sourcing, Packaging & Marketing	Discussion of strategies to reduce the environmental impact of packaging	CG-MR-410a.2	41-43			
		Activity metrics	Number of: (1) retail locations and (2) distribution centers	CG-MR-000.A	59-62			
		Activity metrics	Total area of: (1) retail space and (2) distribution centers	CG-MR-000.A			X	Partially covered.
Infrastructure	Engineering & Construction Services	Environmental Impacts of Project Development	Number of incidents of non-compliance with environmental permits, standards, and regulations	IF-EN-160a.1	137			No incidents of non-compliance with environmental permits, standards and regulations.
		Environmental Impacts of Project Development	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	IF-EN-160a.2	123-125			
		Structural Integrity & Safety	Amount of defect- and safety-related rework costs	IF-EN-250a.1			X	While individual project rework costs exist, quantification for overall cost and definition of rework costs were not incorporated. Data is being collated for future reporting
		Structural Integrity & Safety	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	IF-EN-250a.2				No monetary losses as a result of legal proceedings associated with defect- and safety-related incidents



Sector as per SASB Standard	Industry as per SASB Standard	Topic	Accounting Metric	Code	Page number(s) and/or URL(s)	Omission		
						Part	Full	Reason
		Workforce health & Safety	Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	IF-EN-320a.1	137			Fatality rate is not applicable as it is nil. (Fatality Rate – measures the severity of an injury by defining the total number of deaths as a proportion of reported cases at a specific time) – No Deaths during the year
		Lifecycle Impacts of Buildings & Infrastructures	Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification	IF-EN-410a.1				No commissioned projects reporting during the year.
			Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	IF-EN-410a.2	44, 47– 48			
		Climate Impacts of Business Mix	Amount of backlog for (1) hydrocarbon-related projects and (2) renewable energy projects	IF-EN-410b.1		x		No backlogs for renewable energy projects. DIMO does not have hydrocarbon-related projects
		Climate Impacts of Business Mix	Amount of backlog cancellations associated with hydrocarbon-related projects	IF-EN-410b.2		x		Not Applicable due to No Backlogs
		Climate Impacts of Business Mix	Amount of backlog for non-energy projects associated with climate change mitigation	IF-EN-410b.3		x		Not Applicable due to No Backlogs
		Business Ethics	(1) Number of active projects and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	IF-EN-510a.1		x		Not Applicable – No business in the 20 lowest rankings in Transparency International's Corruption Perception Index. Operations in Myanmar suspended. (20 Ranking)



Sector as per SASB Standard	Industry as per SASB Standard	Topic	Accounting Metric	Code	Page number(s) and/or URL(s)	Omission		
						Part	Full	Reason
		Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices	IF-EN-510a.2				No monetary losses as a result of legal proceedings associated with charges of bribery or corruption and anti-competitive practices
		Business Ethics	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behavior in the project bidding processes	IF-EN-510a.3	63-66			
		Activity metrics	Number of active projects	IF-EN-000A	44, 47-48			
		Activity metrics	Number of commissioned projects	IF-EN-000B				No commissioned projects reporting during the year.
		Activity metrics	Total backlog	IF-EN-000C				No backlogs



# SLFRS S1 & S2 Index –

## Early Adoption

### SLFRS S1 Table

Core Elements	Recommended Disclosures	Page Reference
Governance	(a) The governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of sustainability-related risks and opportunities.	82, 129
Governance	(b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability-related risks and opportunities	82, 129
Strategy	(a) the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects	123
Strategy	Sustainability related risks and opportunities	22–26
Strategy	Business model and value chain	18–20
Strategy	(b) the current and anticipated effects of those sustainability-related risks and opportunities on the entity's business model and value chain	22–26, 36, 77–78
Strategy	(c) the effects of those sustainability-related risks and opportunities on the entity's strategy and decision-making	22–26
Strategy	(d) an entity shall disclose quantitative and qualitative information about the effects of those sustainability-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those sustainability-related risks and opportunities have been factored into the entity's financial planning	22–24, 36, 39
Strategy	Financial position, financial performance and cash flows	22–24
Strategy	(e) the resilience of the entity's strategy and its business model to those sustainability-related risks	22–24, 36, 39
Risk Management	(a) the processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks, including information about:	120–122
Risk Management	(b) the processes the entity uses to identify, assess, prioritise and monitor sustainability-related opportunities	121
Risk Management	(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring sustainability-related risks and opportunities are integrated into and inform the entity's overall risk management process.	121
Metrics and Targets	(a) An entity shall disclose, for each sustainability-related risk and opportunity that could reasonably be expected to affect the entity's prospects:	121
Metrics and Targets	(b) the specific quantitative or qualitative target the entity has set or is required to meet;	131
Metrics and Targets	(c) the period over which the target applies;	131
Metrics and Targets	(d) the base period from which progress is measured;	131
Metrics and Targets	(e) any milestones and interim targets;	131
Metrics and Targets	(f) performance against each target and an analysis of trends or changes in the entity's performance; and	131
Metrics and Targets	(g) any revisions to the target and an explanation for those revisions.	131



# IFRS S1 & S2 Index – Early Adoption

## IFRS S2 Table

Core Elements	Recommended Disclosures	Page Reference
Governance	(a) the governance body(s) or individual(s) responsible for oversight of climate-related risks and opportunities.	82, 129
Governance	(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	82, 129
Strategy	(a) the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects	123
Strategy	(b) the current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain	22–26, 36, 77–78
Strategy	(c) the effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan	24
Strategy	(d) the effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning	22–24, 36, 39
Strategy	(e) the climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities	24
Risk Management	(a) the processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks, including information about:	120–122
Risk Management	(b) the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities	121
Risk Management	(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	121
Metrics and Targets	(a) information relevant to the cross-industry metric categories (see paragraphs 29–31)	131
Metrics and Targets	(b) industry-based metrics that are associated with particular business models, activities or other common features that characterise participation in an industry (see paragraph 32)	131
Metrics and Targets	(c) targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets (see paragraphs 33–37)	131



# Independent Limited Assurance Report

## to the Directors of Diesel & Motor Engineering PLC



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We have been engaged by the Directors of Diesel & Motor Engineering PLC ("the Company") to provide limited assurance in respect of the Integrated Report for the year ended 31st March 2024 (the "Integrated Report"). The criteria used as a basis of reporting is the content elements of the International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework (<IR> Framework) as disclosed in this Integrated Report.

### Basis for Conclusion

We conducted our work in accordance with the Sri Lankan Standard on Assurance Engagements SLSAE 3000 (Standard). In accordance with the Standard we have:

- Ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.
- Used our professional judgement to plan and perform the engagement to provide limited assurance that we are not aware of any material misstatements in the Company's Integrated Report, whether due to fraud or error;
- Considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and

### Our Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

We have not been engaged to provide an assurance conclusion on the fitness for purpose or the operating effectiveness of the Company's strategy or how the Company creates value, including the governance, strategic management and other key business processes. The procedures we have performed in relation to the Company's strategy and how the Company creates value are outlined below.

### Limited Assurance Integrated Report

Based on the evidence we obtained from the assurance procedures performed, as described below, we are not aware of any material misstatements that causes us to believe that the Integrated Report, as

defined above, for the year ended 31st March 2024, has not in all material respects, been prepared in accordance with the Content Elements of the IIRC's International Integrated <IR> Framework.

### Board of Directors and Management's responsibility

The Board of Directors and Management are responsible for:

- Determining that the criteria is appropriate to meet the needs of intended users, being the company's members and any other intended users.
- Preparing and presenting of the Report in accordance with the criteria set out in the IIRC's <IR> Framework. This includes disclosing the criteria, including any significant inherent limitations.
- Ensuring the Company's strategy is wellpresented in the Company's Integrated Report and reflects how the Company creates value as they operate in practice
- Identifying stakeholders and stakeholder requirements;
- Identifying material issues and reflecting those in the Company's Integrated Report; and
- Preparation and fair presentation of the Integrated reporting information;
- Design and implementation of internal controls that the company determines necessary to enable the preparation and presentation of the Integrated Report that is free from material misstatement, whether due to fraud or error.
- Informing us of any known and/or contentious issues relating to the Integrated Report.
- Preventing and detecting of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities;
- Process to ensure that the Company personnel involved with the preparation and presentation of the integrated reporting information are properly trained, systems are properly updated and that any changes in reporting is relevant to the integrated report information encompass all significant business units. This responsibility also includes informing us of any changes in the Company's operations.

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C. P. Jayatilake FCA  
Ms. S. Joseph FCA  
R.M.D.B. Rajapakse FCA  
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Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
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A.M.R.P. Alahakoon ACA

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



# Independent Limited Assurance Report

## to the Directors of Diesel & Motor Engineering PLC

- The responsibility also includes informing changes in the Company's Operations since the date of our most recent assurance report on the Integrated reporting information.

### Our responsibility

Our responsibility is to perform an external assurance engagement in relation to the Integrated Report and to issue an assurance report that includes our conclusions.

We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

We have complied with the independence and other ethical requirements of the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics).

SLSAE 3000 requires that we plan and perform the engagement to obtain limited assurance about whether the Integrated Report is free from material misstatement.

The firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding professional compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Limited assurance on the Integrated Report

Our limited assurance engagement on the Integrated Report consisted of making enquiries, primarily of persons responsible for the preparation of the Integrated Report, and applying analytical and other procedures, as appropriate. These procedures included:

1. Interviews with executives, senior management and relevant staff to understand the internal controls, governance structure and reporting process relevant to the Report;
2. Reviewing of the relevant internal policies and procedures developed by the Company, including those relevant to determining what matters most to the Company's stakeholders, how the Company creates value, the Company's external environment, strategy, approaches to putting members first, governance and reporting.
3. Reviewing the description of the Company's strategy and how the Company creates value in the Report and enquiring of management as to whether the description accurately reflects their understanding;
4. Assessing of the suitability and application of the Content Elements of the <IR> Framework in the Report;
5. Assessing of the alignment between the Company's strategy, the disclosures on how the Company creates value and what matters most to the Company's stakeholders.
6. Reviewing Board minutes to ensure consistency with the content of the Report.

7. Reviewing the Report in its entirety to ensure it is consistent with our overall knowledge obtained during the assurance engagement.
8. Obtaining a letter of representation from management dated 20th June 2024 on the content of the Company's Integrated Report.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Integrated Report.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Company.

### Limitations of our review

The Integrated Report includes prospective information. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Integrated Report.

### Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Integrated Report is prepared in accordance with the IIRC's International <IR> Framework and for no other purpose or in any other context.

### Restriction of use of our report

This report has been prepared for the Company for the purpose of providing an assurance conclusion on the Integrated Report and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Company, or for any other purpose than that for which it was prepared.

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusions we have reached.

Chartered Accountants  
Colombo

20th June 2024



# Ten Year Summary

Year Ended 31st March	2023/24 Rs.'000	2022/23 Rs.'000	2021/22 Rs.'000	2020/21 Rs.'000	2019/20 Rs.'000	2018/19 Rs.'000	2017/18 Rs.'000	2016/17 Rs.'000	2015/16 Rs.'000	2014/15 Rs.'000
<b>Group</b>										
<b>Operating Results</b>										
Revenue	43,644,295	35,299,201	37,507,480	30,819,014	34,557,871	38,300,350	43,686,158	44,492,990	37,749,750	28,037,376
Profit before taxation	183,111	737,256	1,165,345	720,111	279,527	104,119	716,607	1,043,392	1,380,059	847,033
Income tax	(90,506)	(39,112)	(310,975)	(183,845)	(78,383)	(27,436)	(193,391)	(386,601)	(433,453)	(250,950)
Profit for the year	92,605	698,144	854,370	536,266	201,144	76,683	523,216	656,791	946,606	596,083
Profit attributable to Owners of the Company	42,962	579,060	702,119	486,713	195,011	51,307	519,309	656,791	946,606	596,083
<b>Capital Employed</b>										
Stated capital	620,578	620,578	620,578	425,297	425,297	425,297	425,297	425,297	425,297	425,297
Other components of equity	7,102,059	5,611,961	6,202,697	6,140,005	4,077,499	4,055,979	4,050,962	2,839,898	2,839,356	2,838,894
Revenue reserves	8,679,535	8,743,765	8,237,608	7,976,680	7,476,214	7,259,568	7,268,900	6,899,747	6,725,026	5,973,747
Non-controlling interests	446,463	377,327	405,604	419,270	369,921	339,607	304,203	-	-	-
Total equity	16,848,635	15,353,631	15,466,487	14,961,252	12,348,931	12,080,451	12,049,362	10,164,942	9,989,679	9,237,938
Total borrowings	22,394,791	13,730,034	8,951,541	4,551,348	11,286,683	10,134,164	9,188,923	8,382,217	6,484,996	5,253,838
Total capital employed	39,243,426	29,083,665	24,418,028	19,512,600	23,635,614	22,214,615	21,238,285	18,547,159	16,474,675	14,491,776
<b>Assets Employed</b>										
Non-current assets	20,620,425	17,262,159	15,229,915	14,594,455	12,243,971	11,776,291	11,695,795	8,357,266	7,982,821	8,039,357
Current assets	28,372,573	22,300,228	25,075,075	17,521,696	19,469,319	17,523,901	16,891,197	14,402,152	12,349,823	9,910,853
Total liabilities (excluding borrowings)	9,749,572	10,478,722	15,279,430	(12,603,551)	(8,077,676)	(7,085,577)	(7,348,707)	(4,212,259)	(3,857,969)	(3,458,434)
Total assets employed	58,742,570	50,041,109	21,503,681	19,512,600	23,635,614	22,214,615	21,238,285	18,547,159	16,474,675	14,491,776
<b>Cash Flow</b>										
Net cash from/(used in) operating activities	(5,967,838)	(3,482,808)	(339,989)	7,557,627	(88,575)	(626,464)	463,058	(654,758)	(836,816)	648,049
Net cash from/(used in) investing activities	(1,428,261)	(1,254,876)	(1,237,046)	(342,893)	(377,995)	(360,050)	(1,113,776)	(684,812)	(223,129)	(677,408)
Net cash from/(used in) financing activities	8,194,330	3,717,801	4,113,887	(6,870,307)	1,244,309	1,245,649	155,879	(847,598)	(495,191)	(340,735)
Net increase/(decrease) in cash and cash equivalents	798,231	(1,019,883)	2,536,852	344,427	777,739	259,135	(494,839)	(2,187,168)	(1,555,136)	(370,094)
<b>Key Indicators</b>										
Earnings per share (Rs.)	4.65	62.73	76.06	52.72	2112	5.78	58.50	73.99	106.64	67.15
Net assets per share (Rs.)	1,776.76	1,622.31	1,631.47	1,638.27	1,349.53	1,322.70	1,323.18	1,145.16	1,125.42	1,040.73
Market value per share (Rs.)	513.25	466.00	488.00	530.25	250.00	304.70	464.90	559.90	549.70	630.00
Dividend per share (Rs.)	10.00	12.50	12.50	2.50	2.50	-	20.00	24.00	27.00	20.00
Dividends approved/ Paid (Rs.'000)	111,764	115,394	110,955	22,191	22,191	-	177,529	213,034	239,664	177,529
Annual sales growth (%)	23.64	(5.89)	21.70	(10.82)	(9.77)	(12.33)	(18.1)	17.86	34.64	34.25
Equity to total assets ratio (%)	33.48	37.85	37.37	45.28	37.77	40.07	41.09	44.66	49.13	51.46
Gearing ratio (%)	57	47	36.66	23.33	47.75	45.62	43.27	45.19	39.36	36.25
Dividend pay out (%)	120.69	16.53	16.44	4.74	11.83	-	33.93	32.44	25.32	29.78
Dividends cover (No. of times)	1.21	6.05	6.08	21.09	8.45	-	2.95	3.08	3.95	3.36
Price earnings ratio (No. of times)	110.29	7.43	6.42	10.06	11.84	52.71	7.95	7.57	5.15	9.38
Current ratio (No. of times)	1.16	1.16	1.23	1.39	1.21	1.24	1.24	1.30	1.47	1.45
Quick asset ratio	0.76	0.64	0.75	0.90	0.71	0.65	0.54	0.49	0.56	0.75
Turnover to capital employed (No. of times)	1.11	1.21	1.54	1.58	1.46	1.72	2.06	2.4	2.29	1.93
Interest Cover (No. of times)	1.07	1.22	2.37	1.98	1.20	1.07	1.68	2.22	3.93	3.00
Average no. of employees	1791	1781	1840	1860	1939	1906	1788	1,649	1,554	1,524



# Corporate Information

## Name of the Company

Diesel & Motor Engineering PLC

## Registered Office

P.O. Box 339,  
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Fax: +94-11-2449080

## Legal Form

A limited Company incorporated in 1945 under the Laws of the Democratic Socialist Republic of Sri Lanka. The Company was re-registered as per the requirements of the Companies Act No. 07 of 2007 on 09th May 2008.

## Company Registration Number

PQ 146

## Founded

1939

## Accounting Year End

31st March 2024

## Tax Payer Identification Number (TIN)

104002498

## Stock Exchange Listing

The ordinary shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka

## Auditors

KPMG,  
Chartered Accountants,  
32A, Sir Mohamed Macan Markar Mawatha,  
P.O. Box 186,  
Colombo 03, Sri Lanka.

## Lawyers

Julius & Creasy,  
Attorneys-at-law & Notaries Public, Julius & Creasy Building,  
No. 371, R.A. de Mel Mawatha, Colombo 03, Sri Lanka

## Company Secretary

B.C.S.A.P. Gooneratne, F.C.A., MBA (USJ)

## Company Registrars

Jacey and Company, No.9/5, Thambiah Avenue,  
(Off Independence Avenue), Colombo 07, Sri Lanka

## Bankers

Bank of Ceylon  
Commercial Bank of Ceylon PLC  
DFCC Bank PLC  
Hatton National Bank PLC  
Hong Kong & Shanghai Banking Corporation Ltd  
Nations Trust Bank PLC  
People's Bank  
Sampath Bank PLC  
Seylan Bank  
Standard Chartered Bank Sri Lanka

## Directors of Subsidiaries & Joint Ventures in Sri Lanka

### DIMO (Private) Limited

Subsidiary incorporated in 1972  
A.R. Pandithage (Chairman)  
A.G. Pandithage  
S.C. Algama (Managing Director)  
B.C.S.A.P. Gooneratne  
P.K.W. Mahendra  
S.R.W.M.C. Ranawana

### DIMO Travels (Private) Limited

Subsidiary incorporated in 1975  
A.R. Pandithage (Chairman)  
A.G. Pandithage  
B.C.S.A.P. Gooneratne  
R. K. J. Gunasekara  
D. N. K. Kurukulasuriya

### DIMO Industries (Private) Limited

Subsidiary incorporated in 1979  
A.R. Pandithage (Chairman)  
A.G. Pandithage  
B.C.S.A.P. Gooneratne  
H.M.P. D.B. Dematawa  
D. N. K. Kurukulasuriya  
C. R. Pandithage

### PlantChem (Private) Limited

Subsidiary acquired in 2018  
A.R. Pandithage (Chairman)  
A.G. Pandithage  
H.M.P.D.B. Dematawa (Managing Director)  
B.C.S.A.P. Gooneratne  
A.G.J. Gunathilaka  
U. Wanigasinghe  
W.P.S.A. Weerawardhana

### Plant Seeds (Private) Limited

Subsidiary acquired in 2018  
A.R. Pandithage (Chairman)  
A.G. Pandithage  
H.M.P.D.B. Dematawa (Managing Director)  
B.C.S.A.P. Gooneratne  
A.G.J. Gunathilaka  
U. Wanigasinghe  
W.P.S.A. Weerawardhana

### DIMO Lifeline (Private) Limited

Subsidiary incorporated in 2020  
A.R. Pandithage  
A.G. Pandithage  
P.K.W. Mahendra  
D.M.A.P. Dissanayake  
C.F. De. Silva

### Moveflex (Private) Limited

Subsidiary incorporated in 2021  
A.R. Pandithage  
A.G. Pandithage  
B.C.S.A.P. Gooneratne  
R.D.M.P. Wickramasinghe

### Azend Technologies (Private) Limited

Joint Venture incorporated in 2021  
A. R. Pandithage  
A. G. Pandithage  
K.M.C.J.R.Silva  
M.K.D.K. Senaratne  
R.D.M.P. Wickramasinghe  
O.V.W. Samaranyake  
C.R. Pandithage  
R.M. Serasinghe

### Tropical Health Food (Private) Limited

Subsidiary acquired in 2022  
A.R. Pandithage (Chairman)  
A.G. Pandithage  
B.C.S.A.P. Gooneratne  
H. M. P. D. B. Dematawa  
C. R. Pandithage

### Virgin Oil International (Private) Limited

Subsidiary acquired in 2022  
A.R. Pandithage (Chairman)  
A.G. Pandithage  
H.M.P.D.B. Dematawa  
C.R. Pandithage  
S.C. Samarasinghe  
M.S. Gonawela  
G.D.R.Candappa

### Mansel (Ceylon) (Private) Limited

Subsidiary acquired in 2022  
A.R. Pandithage  
A.G. Pandithage  
B.C.S.A.P. Gooneratne  
P.K.W. Mahendra  
D. M. A. P. Dissanayake  
L.W.B.De Silva  
Y.V.R.Balasuriya

### Associated Laboratories (Private) Limited

Subsidiary acquired in 2022  
A.R. Pandithage  
A.G. Pandithage  
B.C.S.A.P. Gooneratne  
P.K.W. Mahendra  
D. M. A. P. Dissanayake  
L.W.B.De Silva  
Y.V.R.Balasuriya

### DI Solar Beliatta (Private) Limited

Subsidiary incorporated in 2023  
A. R. Pandithage  
A. G. Pandithage  
B. C. S. A. P. Gooneratne  
P. K. W. Mahendra  
J. S Nanayakkara (Resigned w.e.f. 1st May 2024)

### DIMO Solar Anuradhapura (Private) Limited

Subsidiary incorporated in 2023  
A. R. Pandithage  
A. G. Pandithage  
B. C. S. A. P. Gooneratne  
P. K. W. Mahendra  
J. S Nanayakkara (Resigned w.e.f. 1st May 2024)



#### **DIMO Solar Galle (Private) Limited**

Subsidiary incorporated in 2023

A. R. Pandithage  
A. G. Pandithage  
B. C. S. A. P. Gooneratne  
P. K. W. Mahendra  
J. S. Nanayakkara (Resigned w.e.f. 1st May 2024)

#### **DIMO Solar Galle Two (Private) Limited**

Subsidiary incorporated in 2024

A. R. Pandithage  
A. G. Pandithage  
B. C. S. A. P. Gooneratne  
P. K. W. Mahendra

#### **DIMO Solar Galle Three (Private) Limited**

Subsidiary incorporated in 2024

A. R. Pandithage  
A. G. Pandithage  
B. C. S. A. P. Gooneratne  
P. K. W. Mahendra

#### **DIMO Solar Galle Four (Private) Limited**

Subsidiary incorporated in 2024

A. R. Pandithage  
A. G. Pandithage  
B. C. S. A. P. Gooneratne  
P. K. W. Mahendra

#### **DIMO Academy of Higher Education (Private) Limited**

Subsidiary incorporated in 2024

A. R. Pandithage  
A. G. Pandithage  
B. C. S. A. P. Gooneratne  
DN.K.Kurukulasuriya

#### **Directors of Foreign Subsidiaries & Joint Ventures**

##### **DIMO Lanka Company Limited**

Subsidiary incorporated in 2017

A.R. Pandithage (Chairman)  
A.G. Pandithage  
B.C.S.A.P. Gooneratne

##### **United DIMO Company Limited**

Subsidiary of DIMO Lanka Company Limited (Private) incorporated in 2017

A.R. Pandithage (Chairman)  
A.G. Pandithage  
B.C.S.A.P. Gooneratne  
U.T. Zin (Managing Director)  
U.M.Z. Aug  
H.S. Amaratunga

##### **DIMO Coastline (Private) Ltd**

Joint venture invested in 2017

A.R. Pandithage  
A.G. Pandithage  
A.U. Maniku (Managing Director)  
M. V. Bandara (Resigned w.e.f. 2nd April 2024)  
B.C.S.A.P. Gooneratne  
H.M. Fulhu (Resigned w.e.f. 2nd April 2024)  
I.G.M. Haleem  
S.A. Maniku

#### **DIMO Bangladesh (Pvt) Ltd**

Subsidiary incorporated in 2022

A.R. Pandithage (Chairman)  
A.G. Pandithage  
B.C.S.A.P. Gooneratne  
S.R.W.M.C. Ranawana

#### **DIMO Australia Pty Ltd**

Subsidiary incorporated in 2022

C. R. Pandithage  
A.G.Pandithage

#### **DIMO Global Pte Ltd**

Subsidiary of DIMO (Private) Limited incorporated in 2022

A.R. Pandithage (Chairman)  
A.G. Pandithage  
B.C.S.A.P. Gooneratne  
P.K.W. Mahendra  
Lee Siew Mei (Li Xiumin )

#### **Azendtech LLC-FZ**

Subsidiary of Azend Technologies (Private) Limited (JV of DIMO PLC)

Incorporated in 2023

A.G. Pandithage  
C.R. Pandithage  
K.M.C.J.Rajive Silva  
O.V.W.Samaranayake



## Notes







# Notice of the Annual General Meeting

**NOTICE** is hereby given that the 79th Annual General Meeting of **DIESEL & MOTOR ENGINEERING PLC** will be held at DIMO 800, No.800, Sirimavo Bandaranaike Mawatha, Colombo 14 on 16th July 2024 at 3.00 p.m. for the following purposes:

## Agenda

1. To receive and consider the Annual Report of the Board of Directors and Audited Financial Statements for the Year Ended 31st March 2024 with the Report of the Auditors thereon.

## 2. Directors

- I. To elect Mr. Hector Manil Anthony Jayasinghe, who retires in terms of Article 26(2) of the Articles of Association and being eligible has offered himself for election.
- II. To re-appoint as a Director Mr. Asoka Ranjith Pandithage, who is over the age of 70 years and who vacates his office in terms of Section 210 of the Companies Act No.07 of 2007 (the Act).

Notice is hereby given to propose the undernoted Ordinary Resolution in compliance with Section 211 of the Act, in relation to his re-appointment.

**"RESOLVED THAT** Mr. Asoka Ranjith Pandithage, who is over the age of 70 years be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to the said Mr. Asoka Ranjith Pandithage".

- III. To re-appoint as a Director Mr. Abeykumar Mohan Pandithage, who is over the age of 70 years and who vacates his office in terms of Section 210 of the Companies Act No. 07 of 2007 (the Act).

Notice is hereby given to propose the undernoted Ordinary Resolution in compliance with Section 211 of the Act, in relation to his re-appointment.

**"RESOLVED THAT** Mr. Abeykumar Mohan Pandithage, who is over the age of 70 years be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Mr. Abeykumar Mohan Pandithage."

- IV. To re-appoint as a Director Mr. Jayantha Michael De Silva, who is over the age of 70 years and who vacates his office in terms of Section 210 of the Companies Act No. 07 of 2007 (the Act).

Notice is hereby given to propose the undernoted Ordinary Resolution in compliance with Section 211 of the Act, in relation to his re-appointment.

**"RESOLVED THAT** Mr. Jayantha Michael De Silva, who is over the age of 70 years be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the said Mr. Jayantha Michael De Silva".

3. To re-appoint the retiring Auditors Messrs KPMG, Chartered Accountants, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.

4. To authorise the Directors to determine contributions to charities.

By Order of the Board,

**Diesel & Motor Engineering PLC**  
**Company Registration No. PQ-146**



**B.C.S.A.P. Gooneratne**  
Company Secretary

Colombo  
20th June 2024

## Notes:

1. The Annual Report of the Company for 2023/24 is available on the corporate website <https://www.dimolanka.com/2023-2024-dimo-annual-report/> and on the Colombo Stock Exchange website - <https://www.cse.lk>
2. A shareholder is entitled to appoint a Proxy to attend and vote instead of himself and a Proxy need not be a shareholder of the Company.
3. A Form of Proxy is enclosed. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No.65, Jetawana Road, Colombo 14 or forwarded by email to [agm@dimolanka.com](mailto:agm@dimolanka.com) not less than forty-eight (48) hours before the time appointed for the holding of AGM.



# Form of Proxy

I/We\* .....(Full name of shareholder)

NIC No./Reg. No. of Shareholder\*.....of.....

being Shareholder/Shareholders\* of Diesel & Motor Engineering PLC, hereby appoint.....

.....(Full name of proxyholder)

NIC No. Proxyholder.....of.....whom failing:

Mr. Asoka Ranjith Pandithage	whom failing
Mr. Aruna Gahanath Pandithage	whom failing
Mr. Abeykumar Mohan Pandithage	whom failing
Mr. Asite Drupath Bandara Talwatte	whom failing
Mr. Bodiabaduge Charindra Suresh Alexius Perera Gooneratne	whom failing
Mr. Charithe Rajeev Pandithage	whom failing
Ms. Dilrukshi Neelika Kumari Kurukulasuriya	whom failing
Dr. Harsha Cabral	whom failing
Mr. Hector Manil Anthony Jayasinghe	whom failing
Mr. Jayantha Michael De Silva	whom failing
Mr. Pushpawela Kankanamge Wijith Mahendra	whom failing
Mr. Sri Rama Waidayasekera Mudiyansele Chaminda Ranawana	

as my/our\* proxy to represent me/us\*and to vote and \*\*..... as indicated hereunder for me/us and on my/our behalf at the **79<sup>th</sup> Annual General Meeting** of the Company to be held on Tuesday, 16th July 2024 and at any adjournment thereof, and at every poll which may be taken in consequence thereof. I/We\* the undersigned hereby authorise my/our\* proxy to vote on my/our\* behalf in accordance with the preference indicated below:-

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and Audited Financial Statements for the Year Ended 31st March 2024 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2.(i). To elect Mr. Hector Manil Anthony Jayasinghe, who retires in terms of Article 26(2) of the Articles of Association and being eligible has offered himself for election.	<input type="checkbox"/>	<input type="checkbox"/>
2.(ii). To re-appoint as a Director Mr. Asoka Ranjith Pandithage, who is over the age of 70 years and who vacates his office in terms of Section 210 of the Companies Act No.07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
2.(iii). To re-appoint as a Director Mr. Abeykumar Mohan Pandithage, who is over the age of 70 years and who vacates his office in terms of Section 210 of the Companies Act No. 07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
2.(iv). To re-appoint as a Director Mr. Jayantha Michael De Silva, who is over the age of 70 years and who vacates his office in terms of Section 210 of the Companies Act No. 07 of 2007.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint the retiring Auditors Messrs KPMG, Chartered Accountants, to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
4. To authorise the Directors to determine contributions to charities.	<input type="checkbox"/>	<input type="checkbox"/>

As witness my/our hand this ..... day of ..... 2024.

.....  
Signature of Shareholder

\*Please delete as appropriate.



# Form of **Proxy**

---

## Notes:

- a) \*Please delete the inappropriate words.
- b) If you wish your Proxy to speak at the Meeting you should insert the words "to speak and" in the place indicated with two asterisks (\*\*) and initial such insertion.**
- c) Please indicate with an "x" in the space provided how your Proxy is to vote. If there is in the view of the Proxy holder a doubt (by reason of the way in which the instructions contained in the Proxy have been completed) as to the way in which the Proxy holder should vote, the Proxy holder shall vote as he thinks fit.
- d) A Proxy holder need not be a member of the Company.
- e) Shareholders who are unable to participate at the meeting are encouraged to duly complete the Form of Proxy clearly setting out their preference of vote under each matter set out therein and to appoint a director of the Company to act on their behalf.

Instructions as to completion appear below.

## Instruction as to Completion

- 1. To be valid this Form of Proxy must be deposited at the Registered Office of the Company at No.65, Jethawana Road, Colombo 14 or forwarded by email to [agm@dimolanka.com](mailto:agm@dimolanka.com) not less than forty-eight (48) hours before the time appointed for the holding of AGM.
- 2. The full name and address of the Proxy holder and of the Shareholder appointing the Proxy holder should be entered legibly in the Form of Proxy.
- 3. If you wish to appoint a person other than the Chairman or a Director as your Proxy, please insert the relevant details and initial against this entry.
- 4. In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
- 5. If the Proxy Form is signed by an Attorney, the relevant Power of Attorney or a notarially certified copy thereof, should also accompany the completed Form of Proxy, if it had not been already registered with the Company.







