

Cultivating Compassion



DURDANS
HOSPITAL



<https://www.durdans.com/annual-reports/FY23-24.pdf>

The 2023/24 Annual Report can be accessed online via
<https://www.durdans.com/annual-reports/FY23-24.pdf>

Cultivating Compassion

Our unwavering commitment to empowering well-being has been the cornerstone of the Durdans legacy. Rooted in a philosophy that prioritises the health of our community, we have consistently evolved to meet the ever-changing landscape of healthcare.

Fuelled by passion and compassion, we offer our patients the highest calibre of care and expertise coupled with state-of-the-art facilities and cutting-edge technologies.

We pledge to keep empowering the wellbeing of our communities, to enable a flourishing and thriving tomorrow.

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OUR BUSINESS

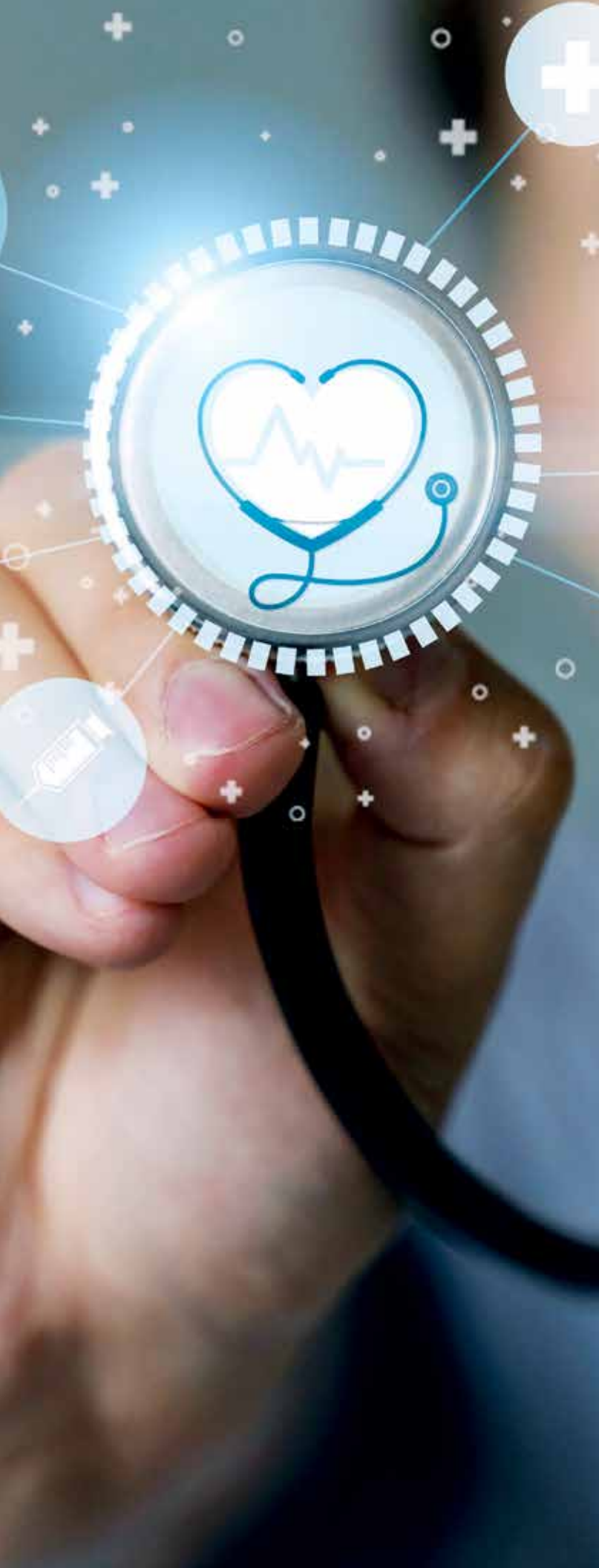
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Vision

Our Vision is to be acclaimed as the most trusted healthcare provider.

Mission

Our Mission is to integrate advanced technology with empowered healthcare teams to deliver exceptional patient-centric care.

Purpose

We strive, with passion, to meet the healthcare needs of people and build healthier communities.

Core Values

Innovation

We search for new and better ways to deliver safe and convenient care.

Compassion

We strive to build a caring environment that's conducive to health and healing.

Good Governance

We enforce transparent and ethical decision making at all levels.

Integrity

We strive to build an environment that fosters accountability and honesty.

Quality

We are committed to maintaining excellent quality standards.

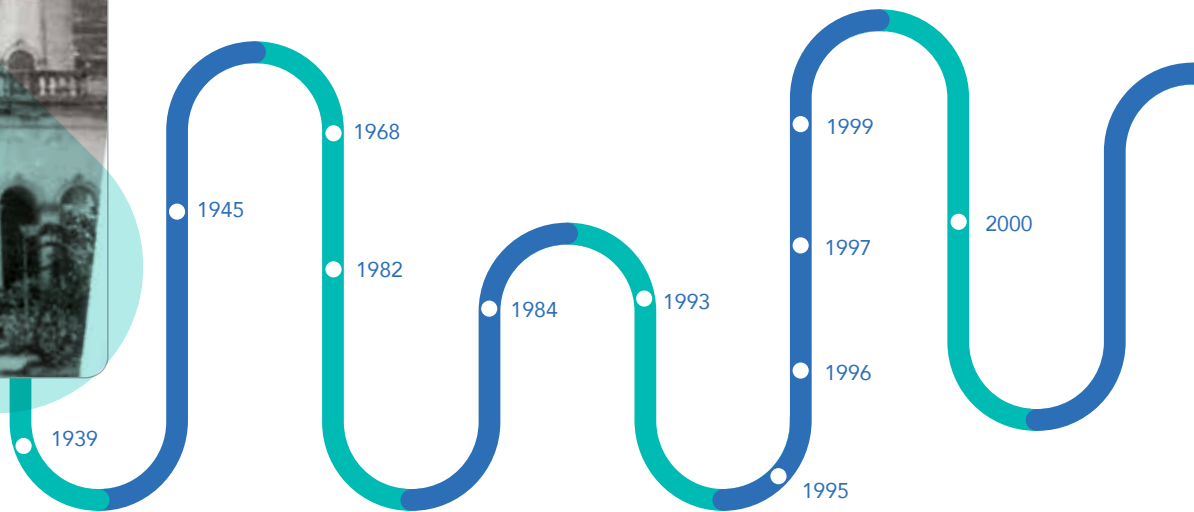
Learning

We believe that continual learning and development is the recipe for long-term success.



HISTORICAL TIMELINE

THE JOURNEY OF DURDANS HOSPITAL BEGAN DURING WORLD WAR II
BETWEEN THE YEARS 1939 AND 1945.



1939

With the outbreak of hostilities during the Second World War, the British Government commandeered the premises now known as 'Durdans Hospital' at its current location to provide medical and surgical care for the sick and injured military personnel in the then British colony of Ceylon.

1945

With the cessation of hostilities, a group of general practitioners in medicine and surgery, realised the need for private healthcare for the people of Ceylon. They took over the former military hospital and incorporated a legal entity known as 'Ceylon Hospitals Limited' on 17th May 1945. The commercial operations of Ceylon Hospitals Limited as a healthcare provider and operator began in January 1946.

1968

Special focus was provided for maternity care when Durdans opened its new maternity ward as well as an outpatient facility.

1982

The new Paediatric Ward, Surgical Ward, and Operating Theatre complex were set up.

1984

Radiology services were introduced to the public for the first time.

1993

The Intensive Care Unit (ICU) was formally established.

1995

Strategic management was introduced together with the establishment of Durdans' 1st Strategic Road Map.

The Endoscopy unit was established.



1996

A strategic alliance was established with the largest free-standing Heart Institute in Asia.

The Pathological Laboratory and Blood Bank commenced operations.

1997

The infrastructural development of the Heart Station and Heart Command Centre commenced.

1999

Durdans Heart Surgical Centre (Pvt) Ltd (known as Durdans Heart Centre) was established and the Heart Station became operational.

Durdans island wide laboratory network commenced operations during the year.

2000

Durdans Heart Centre commenced cardiac surgeries.

The Catheterisation Laboratory was set up to commence invasive and interventional cardiac procedures for the first time at Durdans Heart Centre.

2001

A formal Emergency Unit was set up.

The restructuring of Durdans Hospital commenced.

Formulation of 2nd Strategic Road Map.

2003

Ceylon Hospitals Limited was listed on the Colombo Stock Exchange as Ceylon Hospitals PLC.

2004

The Neonatal and Dialysis units were established.



2001

2004

2005

2007

2009

2010

2005

Commencement of Ocular surgery and Cochlear implant surgery for the first time in Sri Lanka.

2007

Durdans 3rd Strategic Road Map was introduced.

2009

Construction of the Sixth Lane Hospital Wing commenced.

2010

An Orthopaedic Clinic was established with an Orthopaedic OT commencing complex surgeries.

HISTORICAL TIMELINE

2011

The Sixth Lane Wing was unveiled to the public and became fully operational. Operations commenced under Durdans Medical and Surgical Hospital (Pvt) Ltd.

A brand-new Eye Clinic was set up.

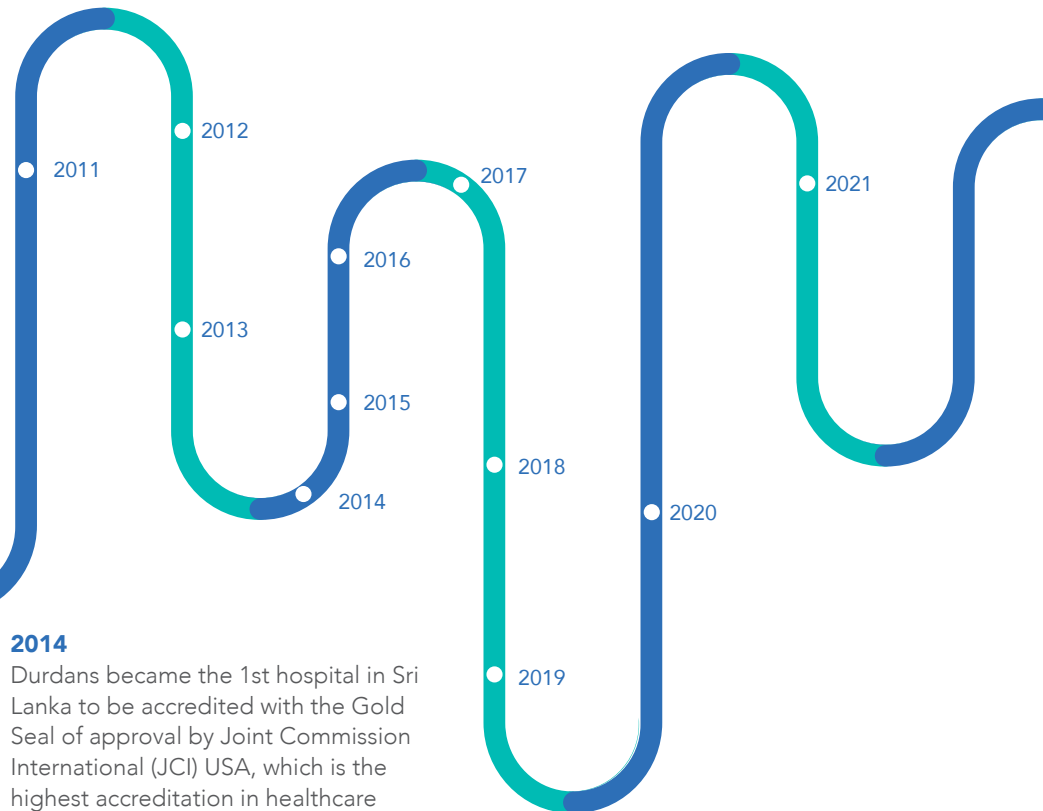
A Genitourinary unit was set up.

2012

Operations relating to the Diabetes and Endocrinology Centre and Durdans Oral Health Centre commenced.

2013

The Neurology Unit was established.



2014

Durdans became the 1st hospital in Sri Lanka to be accredited with the Gold Seal of approval by Joint Commission International (JCI) USA, which is the highest accreditation in healthcare delivery.

2015

The 4th Strategic Road Map was introduced.

'Enhance' Cosmetic Centre was set up.

2016

The Dietetic and Nutritional Care Centre and Sports Medicine under the Physiotherapy Unit were established.

2017

Re-launch of the Durdans brand under the slogan 'Dedicated to You', enhancing the customer experience with the introduction of sophisticated technology, processes and operations.

A new 180-slot multi-storey split-level car park building was opened.

Durdans Hospital received re-accreditation from Joint Commission International (JCI).

2017

2016

2013

2015

2014

2018

2019

2020

2021



2018

Commenced major infrastructural development project on the re-development and remodelling of Durdans (scheduled to be completed by end 2022).

The Biplane Catheterisation Laboratory was set up to commence minimally invasive and interventional head to toe procedures.

2019

A formal ENT (Ear, Nose, Throat) Clinic was set up and an advanced ENT Workstation was installed, ensuring comfort and precision in ENT.

2020

The 'Amrak Institute of Medical Sciences' was incorporated as a subsidiary of Ceylon Hospitals PLC.

2021

Durdans Hospital embarked on the next phase of its 5th Strategic Road Map in alignment with Durdans Vision 2022.

Durdans commenced the upgrade of its Enterprise Resource Planning platform for better efficiency and to streamline its business processes.

Refurbishment of Durdans Heart Centre and the Sixth Lane Wing (Durdans Medical and Surgical Hospital (Pvt) Ltd) commenced and scheduled to be completed in 2022.

2022

Despite the economic disruptions during the year, Durdans persisted against all odds to complete its landmark Vision 2022 project in the next year with delays.

2023

The refurbishment programme of the Sixth Lane Wing Hospital that commenced in financial year 2021/22, was delayed due to COVID-19 pandemic and economic disruptions, will be completed during financial year 2023/24.

The landmark Vision 2022 project was substantially completed during the latter part of the financial year and as the first phase, opened its doors to our clients in January 2023 with the relocation of the OPD pharmacy and laboratory facilities, the Dental Clinic, Sleep Lab and Sixth Lane Café.

The hospital successfully recommenced its kidney transplant programme under the guidance and expertise of renowned specialists in December 2022.

The hospital's key functions were restructured into key Strategic Business Units in line with 5th Strategic Road Map.

**2024**

The refurbishment programme of the Sixth Lane Wing was substantially completed during financial year 2023/24.

The landmark Vision 2022 redevelopment project was successfully completed during the financial year 2023/24 apart from the Wellness Centre and the expansion of the Eye Clinic.

Two brand new modular operation theatres for Neuro Surgery was opened in the facility with a Neuro Surgery ICU and ward strengthening neurosurgery in Sri Lanka with advanced image guided and navigation surgeries.

2022

2023

KEY FINANCIAL HIGHLIGHTS

DELIVERING FINANCIAL VALUE

Our focus on maintaining shareholder value remains steadfast and unwavering through every eventuality.

FINANCIAL RESULTS

| | |
|-------------------|--------|
| REVENUE | 9.1 Bn |
| OPERATING PROFIT | 0.7 Bn |
| PROFIT BEFORE TAX | 0.7 Bn |

RATIO

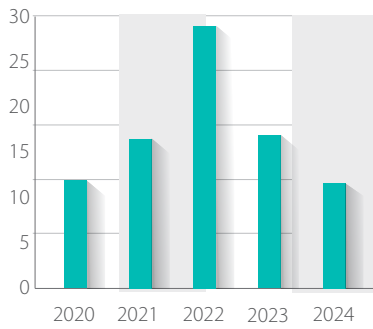
| | |
|----------------------------|----------|
| EARNINGS PER SHARE | Rs. 11.5 |
| NET ASSETS PER SHARE | Rs. 246 |
| RETURN ON ASSET | 3.0% |
| RETURN ON CAPITAL EMPLOYED | 6.3% |
| RETURN ON EQUITY | 5.1% |



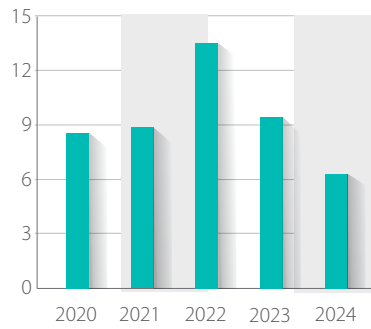
FINANCIAL HIGHLIGHTS

| Group | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------------------------|--------|--------|--------|--------|--------|
| Financial Results | | | | | |
| Turnover (Rs. Mn) | 5,976 | 5,546 | 7,840 | 7,905 | 9,153 |
| Operating Profit (Rs. Mn) | 645 | 640 | 1,361 | 940 | 704 |
| Profit Before Tax (Rs. Mn) | 576 | 696 | 1,389 | 1,060 | 659 |
| Profit After Tax (Rs. Mn) | 467 | 600 | 1,110 | 652 | 454 |
| Statement of Financial Position | | | | | |
| Fixed Assets - NBV (Rs. Mn) | 7,219 | 7,083 | 7,295 | 7,706 | 11,582 |
| Total Assets (Rs. Mn) | 9,814 | 10,896 | 12,802 | 14,110 | 15,043 |
| Capital Employed (Rs. Mn) | 8,329 | 8,929 | 10,869 | 12,145 | 12,721 |
| Net Assets (Rs. Mn) | 6,493 | 7,220 | 8,282 | 8,501 | 8,836 |
| Ratio | | | | | |
| Earnings Per Share (Rs.) | 11.91 | 16.54 | 29.00 | 16.88 | 11.59 |
| Interest Cover (Times) | 6.31 | 7.14 | 18.24 | 13.06 | 5.55 |
| Net Assets Per Share (Rs.) | 174.35 | 213.17 | 244.51 | 236.22 | 245.55 |
| Return On Asset (%) | 4.76 | 5.52 | 8.67 | 4.62 | 3.02 |
| Return On Capital Employed (%) | 8.60 | 8.88 | 13.52 | 9.45 | 6.32 |
| Return On Equity (%) | 7.19 | 8.31 | 13.40 | 7.67 | 5.15 |

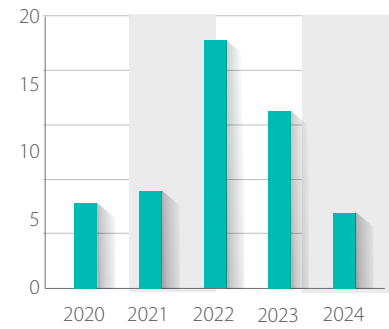
Earnings Per Share
(Rs.)



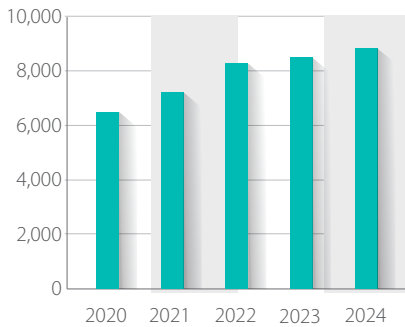
Return On Capital Employed
(%)



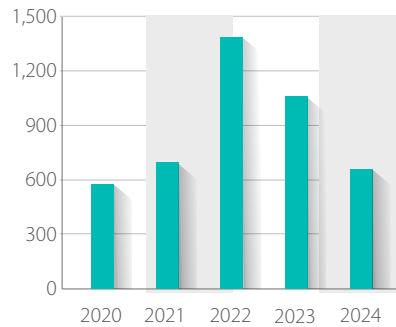
Interest Cover
(Times)



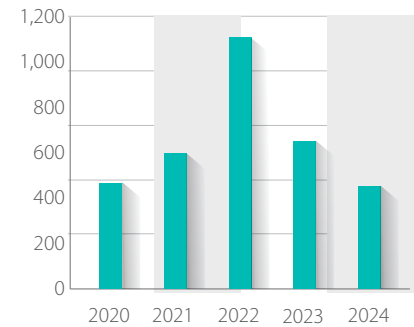
Net Assets
(Rs. Mn)



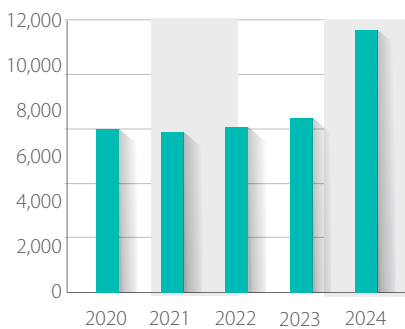
Profit Before Tax
(Rs. Mn)



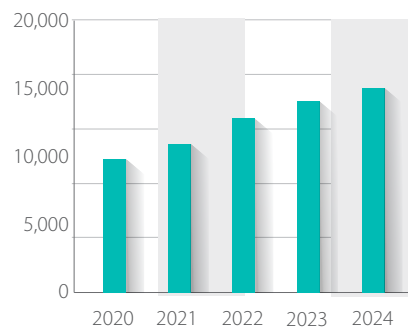
Profit After Tax
(Rs. Mn)



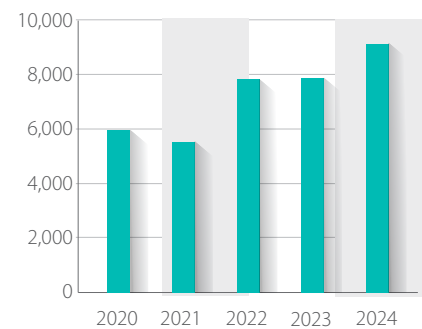
Fixed Assets - NBV
(Rs. Mn)



Total Assets
(Rs. Mn)



Turnover
(Rs. Mn)



FY 2023-24 REVIEW





CHAIRMAN'S REVIEW

DURDANS HOSPITAL IS NOW IDEALLY POSITIONED TO FACILITATE ADVANCED AND COMPLEX NEUROSURGERY PROCEDURES AND NEURO-CARE, STRENGTHENED BY STATE-OF-THE-ART INFRASTRUCTURE, TECHNOLOGY, AND THE EXPERTISE OF LEADING PROFESSIONALS IN THE FIELD.



Dear Stakeholder,

As we look back on the financial year ending 31st March 2024, it gives me great pleasure to present to you the annual report for Ceylon Hospitals PLC, which reflects on the strategies and capabilities that supported the organisation amid a particularly challenging year. Despite the setbacks that ensued, we anticipate that our far-sighted investments and vision for the future will hold us in good stead, while building unmatched stakeholder value creation in the years to come.

OPERATING ENVIRONMENT

The continued impacts of the economic crisis resulted in the healthcare sector facing considerable constraints, primarily owing to the sharp depreciation of the rupee, increased taxation and rising energy and food costs. These forces remained largely beyond our control and restricted the hospital's ability to provide high quality, affordable healthcare.

Even amid the adverse conditions that prevailed during the year, we remained true to our purpose. The hospital undertook a strategic decision to bear a portion of the increased cost of medical facilities and consumables in order to reduce the burden on Sri Lankans across the island, thereby ensuring continued access to healthcare. This led to a notable impact on bottom-line performance; however, we firmly believed that supporting the needs of the people throughout this challenging period took precedence over short-term profitability.

FINANCIAL PERFORMANCE

During the year under review, Durdans Hospital recorded a revenue growth of 15.78% against the previous year, in order to reach a total revenue of Rs. 9.15 Bn. These results demonstrate our staunch focus on shareholder value creation despite the constrained operating environment that remained in effect during the year.

Gross profit stood at Rs. 5.13 Bn, representing a year-on-year growth of 6.82% in comparison to the previous year; however, owing to the unprecedented increase in the cost of operations and overall expenses, the hospital's profit before tax recorded a 37.86% decline against the preceding year to reach a performance of Rs. 659 Mn. Profit after tax was recorded at Rs. 453 Mn, corresponding to a 30.54% decline against the previous year's performance.

INVESTING FOR THE FUTURE

Despite the tumultuous events faced in the preceding years, I am heartened to note that the Vision 2022 project has now been completed, and we are now poised to reap the results of our investments in this regard.

Through this project, the hospital has engaged in capacity building through the construction of 60 new rooms in the Alfred Place Wing, while the entire 6th Lane Wing has been refurbished, with the aim of providing improved facilities to our customers. Additionally, the Wellness Centre is nearing completion, and we anticipate that this will position us to facilitate holistic well-being and higher standards of patient after-care.

I am pleased to share that in marking the completion of our ambitious Vision 2022 project, Durdans Hospital is now ideally positioned to facilitate advanced and complex neurosurgery procedures and neuro-care, strengthened by state-of-the-art infrastructure, technology, and the expertise of leading professionals in the field. The hospital's neurosurgery team is supported by the industry's most technologically advanced Zeiss Kinevo 900 microscope. This one-of-a-kind visualisation system in Sri Lanka provides vital assistance with respect to image guided surgery, by offering optical and digital visualisation that drives highly enhanced levels of surgical precision and improved surgical outcomes. The Durdans Neuro Centre is also equipped with the Medtronic StealthStation S8, which is the latest neuro navigator designed to support increased accuracy and precision.

I would like to extend my gratitude to all those who contributed towards the successful completion of this project, and look forward to extending enhanced healthcare outcomes, exceptional facilities, and specialised care to our customers in the years ahead.

INVESTING IN DIGITAL TRANSFORMATION

At Durdans Hospital, we believe digital transformation is a strategic imperative that drives our ability to face the future and remain resilient in the face of overwhelming odds. The organisation therefore continued to strengthen its digital capabilities during the year by initiating the process of upgrading its core software system, with the aim of streamlining operations, improving efficiency, and enhancing overall patient care. During the year under review, we made tangible steps to commence the procurement process, and established clear milestones to ensure the seamless implementation of this new system into the organisation's processes.

Offering a comprehensive suite of features and functionalities that are tailored to the healthcare industry, the newly integrated cutting-edge software system will result in robust capabilities that support the effective management of all vertices at the back-end. The software will leverage on real-time data analytics and reporting capabilities to

support informed decision-making based on accurate and up-to-date information. We believe that the software's functionalities will enable us to achieve improvements in overall performance, optimise resource allocation, and drive growth in the years ahead.

INVESTING IN OUR PEOPLE

We place deep value on the well-being and skill development of our human resources, as they serve on the front-line and are the key personnel that enable the delivery of exceptional patient-centric care.

The economic crisis and a quest for improved living standards led to significant levels of talent migration, with many employees seeking opportunities overseas. Despite these conditions, the hospital remained committed towards maintaining the requisite knowledge and skills by investing in sourcing the right talent and conducting comprehensive training and development programmes across the organisation. These measures ensured that our employees were well-equipped to maintain high standards of quality and care, even amid the disruptive events that prevailed during the year.

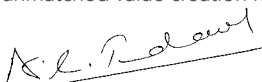
ACKNOWLEDGEMENTS

In conclusion, I wish to express my sincere appreciation to my fellow directors for their collective efforts towards helping us achieve our true purpose as a trusted tertiary healthcare provider with an unwavering commitment towards quality and care.

We would like to acknowledge the retirement of our long-standing Independent Non-Executive Director, Mr. Asoka Abeywardene, who has been with Durdans since its listing on the CSE. His retirement took place in November 2023. During his tenure, he made significant contributions to the Enterprise Governance Framework of the Healthcare Group. His commitment to excellence has greatly impacted our team and stakeholders. We express our heartfelt gratitude for his service and wish him great contentment in his retirement.

I would also like to express my heartfelt gratitude to the diverse stakeholders associated with Durdans Hospital, including our patients, staff, consultants, management team, and shareholders. It is your steadfast loyalty that has enabled us to serve as a consistent source of strength throughout these trying times.

I look forward to sharing many more years of fruitful partnership, as we pursue a future of unmatched value creation for all.


Ajith Tudawe
Chairman

01st July 2024

MESSAGE FROM THE DIRECTOR MEDICAL SERVICES

AT DURDANS HOSPITALS, WE HAVE LONG BEEN RENOWNED FOR OUR COMMITMENT TOWARDS MAINTAINING THE PINNACLE OF QUALITY AND SAFETY STANDARDS, AS EVIDENCED BY THE HOSPITAL MAINTAINING ITS JOINT COMMISSION INTERNATIONAL (JCI) ACCREDITATION FOR 10 CONSECUTIVE YEARS.



Dear stakeholder,

The year under review continued to pose considerable challenges to the healthcare sector in Sri Lanka, primarily arising from the economic constraints that prevailed during the year. The rapidly escalating cost of goods and energy placed pressures on healthcare providers to revise their pricing structures; however, the ensuing decrease in patients' disposable income impacted their ability to bear the brunt of this unprecedented increase in the cost of healthcare.

As a tertiary hospital with an unwavering commitment towards the welfare of its patients, Durdans Hospital continued to prioritise the health needs of Sri Lankans by shouldering a notable portion of the cost of care, without compromising on quality.

The economic crisis also had a ripple effect on the retention of employees during the year. The migration of many nurses, doctors, and health professionals resulted in the decline of essential skills, which further impacted the quality of care within the sector. In the face of these challenges, Durdans Hospital took tangible steps to maintain employee motivation and satisfaction through continuous discussions while making necessary adjustments to rewards and remuneration to address concerns of inflation and the higher cost of living.

Furthermore, the hospital engaged in the recruitment of both new and experienced talent to ensure business continuity and resilience in the wake of the crisis.

A CENTRE FOR SPECIALISED CARE

At Durdans Hospital, our primary focus lies in enhancing our value proposition through the development of specialised units to cater to the diverse needs pertaining to the health and well-being of Sri Lankans today. Therefore, despite the constraints that were in effect during the year, we continued to pursue our overarching vision by aligning our capabilities and expertise with identified current and emerging societal health concerns.

The newly completed Vision 2022 project and the refurbishment of the Sixth Lane Wing has enabled the hospital to cater to present and future demand, while elevating the level of care in alignment with international standards. Resultantly, while continuing to operate as a centre of excellence for cardiac care, Durdans Hospitals is now positioned to facilitate neurosurgery and neuro-care, supported by state-of-the-art infrastructure, technology, and the expertise of leading professionals in the field. The fully functional neurosurgical unit is now equipped with the nation's most advanced neurosurgical navigator and neuro-microscope to deliver the highest degrees of surgical accuracy and precision.

A COMMITMENT TO QUALITY AND EXCELLENCE

At Durdans Hospitals, we have long been renowned for our commitment towards maintaining the pinnacle of quality and safety standards, as evidenced by the hospital maintaining its Joint Commission International (JCI) accreditation for 10 consecutive years. JCI is a global leader renowned for providing a comprehensive and objective assessment of quality achievement and patient care and safety, and we remain committed towards adhering to these standards for the foreseeable future.

In testament to Durdans Hospital's track record and reputation for quality, the hospital has successfully continued to serve the international community with exceptional standards of healthcare. To date, the hospital has served patients hailing from nations across the globe, including the United Kingdom, Australia, and Germany to name a few.

Furthermore, the hospital has in place a dedicated Quality and Patient Safety Committee, reinforced by a Quality Assurance Department with specialised professionals spanning the entirety of the hospital's operations including patient safety, risk management, data management, facilities, processes, clinical pharmacists, and infection prevention and control. Various audits are conducted throughout the year to ensure continuous improvement and maintain compliance

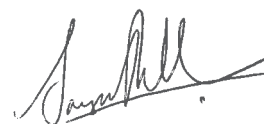
with applicable standards of care. Further information regarding the hospital's quality management frameworks and strategies are detailed from pages 38 to 39 of this report.

As in the past, Durdans Hospital remained dedicated towards driving technological development and process improvements with the objective of improving the patient experience. The hospital successfully delivered improved customer convenience and accessibility via streamlined processes and greater degrees of efficiency, while minimising costs. Further information can be found from page 42.

OUTLOOK AND STRATEGY

While the operating landscape remains uncertain, we are confident that Durdans Hospital's investments in the preceding years will bear fruit, while positioning the hospital to address the healthcare needs of the future. We will continue to pursue continuous improvement of our capabilities and infrastructure in order to better serve the people of our nation, while expanding our focus to new avenues such as medical tourism in order to improve performance and business resilience in the years ahead.

In closing, I would like to express my gratitude to the Chairman and the Board of Directors for their unwavering leadership, clear vision, and the generosity and care that was extended to both patients and employees during the year. I would further like to extend my thanks to the management and the staff for their steadfast dedication and hard work towards maintaining the high standards of care for which the Durdans brand is renowned. We thank our patients and stakeholders for their continued loyalty, and look forward to serving our patients with the promise of unmatched excellence in healthcare through every eventuality.



Dr. S. Rathnayake
Director Medical Services

10th June 2024

BOARD OF DIRECTORS



CEYLON HOSPITALS PLC

AJITH TUDAWE

Executive Chairman

Ajith Tudawe is the Chairman of Ceylon Hospitals PLC (Durdans Healthcare Group) and a Senior Director at Tudawe Holdings (Pvt) Ltd. His knowledge and skill in Business, Finance, and Strategic Management have been instrumental in leading Durdans Hospital to the forefront of Sri Lanka's healthcare landscape. Ajith Tudawe holds a BA degree in Accounting from the UK. He is a Fellow Member of the following professional institutions namely, The Institute of Chartered Accountants in England and Wales, The Institute of Chartered Accountants in Australia, The Institute of Chartered Accountants of Sri Lanka and lifetime fellow of the Association of Chartered Certified Accountants in the UK. He has participated in executive education and professional development programmes from the Business Schools of universities in Australia, Singapore and the UK.

UPUL TUDAWE

Director/ Executive Vice President

Upul Tudawe, the Director/Executive Vice President of Ceylon Hospitals PLC also serves as Group Director of Tudawe Holdings (Pvt) Ltd, its subsidiary companies and is the Chairman of Commercial Marketing Distributors (Pvt) Ltd. Upul Tudawe holds a Bachelor of Science degree in Microbiology from Texas Tech University and a degree in Medical Technology from the University of Texas Health Science Centre in Houston, USA. Among his many affiliations, he is a Member of the

American Society of Clinical Pathology (ASCP) and the Australian Institute of Medical Scientists (AIMS). He also functions as the Director Laboratory Services for over 25 years.

RAVINDRA JAYATILLEKE

Deputy Chairman/Senior-Independent, Non-Executive Director

Ravindra Jayatilleke is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Chartered Institute of Management Accountants, UK and possesses over 35 years of experience in the fields of Accounting, Auditing and Finance. As an Independent, Non-Executive Director on the Board of Ceylon Hospitals PLC, he provides guidance in finance related matters pertaining to the Company. At present, Ravindra Jayatilleke functions as the Group Finance Director of Lalan Rubber Group and is a Director of Lalan Rubber Holdings (Pvt) Ltd, Lalan Rubbers (Pvt) Ltd and connected subsidiary companies.

DR. PREETHIRAJ WIJEGOONWARDENE

Director/ Senior Vice President - Medical

Dr. Preethiraj Wijegoonewardene holds an MBBS from India along with a Postgraduate Diploma in Family Medicine from the Postgraduate Institute of Medicine (PGIM) in Colombo. He is a Fellow of the College of General Practitioners of Sri Lanka and was awarded an Honorary Fellowship from the Royal College of General Practitioners, UK in November 2008.

He was elected as Chairman of the South Asia Board of the Royal College of General Practitioners International. Dr. Wijegoonewardene was the first Sri Lankan to receive a WONCA Fellowship in recognition of his contribution to family medicine in South Asia and World WONCA and was awarded an Honorary Fellowship from the Bangladesh Academy of Family Physicians.

NIMAL PIYASENA

Non-Executive Director

As the Managing Partner of Y. R. Piyasena & Company and Vice-Chairman of Hotel Star Dust in Pottuvil, Nimal Piyasena brings over 40 years of diversified experience to the Board in the fields of Finance, Healthcare and Trade Operations.

ASOKA ABEYWARDENE

Independent, Non-Executive Director Retired on 16th November 2023

Asoka Abeyewardene is an Independent Director of Ceylon Hospitals PLC and serves as Chairman of the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee. He is an Executive Director of Continental Insurance Lanka Ltd, Fellow of The Institute of Chartered Accountants of Sri Lanka, Fellow of the Certified Management Accountants of Sri Lanka, Fellow of the Institute of Directors UK and a former partner of Messrs. KPMG Ford, Rhodes, Thornton & Co. Chartered Accountants.

BOARD OF DIRECTORS

CEYLON HOSPITALS PLC CONTD.

ASITE TALWATTE

Independent, Non-Executive Director

Asite Talwatte is the Chairman of Management Systems (Pvt) Ltd, the Chairperson of the Integrated Reporting Council of Sri Lanka and serves as a Non-Executive Director on the boards of several listed and private companies. With over 37 years of experience in the fields of Assurance, Business Risk and Advisory Services, he served as the Country Managing Partner of Ernst & Young for over 10 years prior to his retirement in March 2016. Asite Talwatte holds a Post-Graduate Diploma in Business and Financial Administration from the Chartered Accountants of Sri Lanka and the University of Wageningen, Holland as well as an MBA from the University of Sri Jayewardenepura, Sri Lanka. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants, UK.

AMINDA TUDAWE

Executive Director

Aminda Tudawe directs the supply chain of the group and the coordination of the corporate strategy of Durdans Hospital. He is also a Director of Durdans Medical and Surgical Hospital (Pvt) Ltd and Durdans Heart Centre (Pvt) Ltd. He is presently involved in the Durdans Vision 2022 project in collaboration with the project consortium. He was also involved in the implementation of JCI accreditation at Durdans Hospital and played a role in completing several key development projects over the years. He holds a Bachelor of Science (Hons) degree in Business Management from the University of Wales, UK as well as a Master of Business Administration degree from the School of Business, University of Leicester, UK.

SIVAKRISHNARAJAH RENGANATHAN

Independent, Non-Executive Director

Mr. Renganathan was the former Managing Director/ Chief Executive Officer of Commercial Bank of Ceylon PLC and had held several key positions in the Bank. He is a senior banker counting over 41 years and has led Commercial Bank's acquisition of the banking operations of Credit Agricole Indosuez in Bangladesh as the first Country Manager.

In addition, Mr. Renganathan served as the Managing Director and a Board Member of the Commercial Development Company PLC, and Commercial Bank of Maldives Private Limited as the Deputy Chairman. He was also a Director of the Lanka Financial Services Bureau Limited and the Sri Lanka Banks' Association (Guarantee) Limited. Further, he also served as a Council Member of the Employers Federation of Ceylon and Executive member of the Council for Business with Britain. He was also appointed by the President of the country to a 16-member Advisory Committee to National Economic Council.

Mr. Renganathan has served among others, as a Member of the General Council of the Institute of Bankers of Bangladesh, Founder President of the Sri Lanka Bangladesh Chamber of Commerce and Industry, Executive Member of the Foreign Investors Chamber of Commerce and Industry in Bangladesh.

He is currently a Vice Chairman of the International Chamber of Commerce Sri Lanka, Executive Member of the Ceylon Chamber of Commerce, Member of the Sri Lanka Institute of Directors and the Vice President of the Sri Lanka India Society.

Mr. Renganathan currently serves as an Independent Non-Executive Director at Sunshine Holdings PLC, Sunshine Healthcare Ltd., Sunshine Consumer Lanka Ltd., Agility Innovations (PVT) Ltd, Janashakthi Insurance PLC and Damro Holdings Ltd.

He is a Fellow of the Chartered Institute of Management Accountants, UK (FCMA), Chartered Global Management Accountant (CGMA), Fellow of the London Institute of Banking & Finance, UK (FLIBF) and a Fellow of the Institute of Bankers Sri Lanka (FIB), had received extensive Leadership, Management and Banking training locally and in overseas countries.

MANIL JAYESINGHE

Independent, Non-Executive Director

Appointed on 1st November 2023
Mr. Manil Jayesinghe is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, a Fellow Member of the Chartered Institute of Management Accountants (UK), Fellow Member of CMA Sri Lanka and a Member of the Chartered Institute of Public Finance & Accountancy.

He served as the Country Managing Partner of Ernst & Young Sri Lanka & Maldives, Head of Assurance and was in charge of Banking and Financial Services practice and counts over 41 years of extensive experience.

He was the past President of the Institute of Chartered Accountants of Sri Lanka, Board of Sri Lanka Accounting & Auditing Standards Monitoring Board and a Council Member of CMA Sri Lanka.

He also currently serves on the Securities and Exchange Commission as a Commissioner, Director of the Board of Investment of Sri Lanka and Independent Director of DIMO, C W Mackie and Sahasiya Investments Ltd.

DURDANS MEDICAL AND SURGICAL HOSPITAL (PRIVATE) LIMITED

AJITH TUDAWE

Executive Chairman

Refer page 19 for the profile.

UPUL TUDAWE

Director/ Executive Vice President

Refer page 19 for the profile.

DR. PREETHIRAJ WIJEGOONWARDENE

**Director/ Senior Vice President -
Medical**

Refer page 19 for the profile.

NIMAL PIYASENA

Non-Executive Director

Refer page 19 for the profile.

ASOKA ABEYWARDENE

Independent, Non-Executive Director

Refer page 19 for the profile.

Retired on 16th November 2023

MERRILL FERNANDO

Non-Executive Director

Merrill Fernando is the Chairman of MJF Holdings Limited and one of Sri Lanka's first tea tasters in the then British-dominated trade. He is the founder of 'Dilmah Tea' brand name which re-launched, redefined and re-established the quality of Ceylon tea. 'Dilmah' is now, a much-respected global name, renowned for its quality and the philosophy of caring and sharing behind the brand. Having established the brand on the unique philosophy of making business a matter of human service, Merrill Fernando's 'MJF Charitable Foundation' and 'Dilmah Conservation' fulfil this pledge by diverting a minimum of 15% of pre-tax profits from the sale of Dilmah Tea towards direct humanitarian and environmental interventions (Deceased on 20th July 2023).

PROF. JANAKA DE SILVA

Independent, Non-Executive Director

Prof. Janaka De Silva is a Senior Professor and the Chair of Medicine at the University of Kelaniya. He is also a Consultant Physician at the Colombo North Teaching Hospital. Professor De Silva was educated at Royal College, obtained his MBBS and MD degrees from the University of Colombo and D.Phil. from the University of Oxford. He was awarded Fellowships from the Royal College of Physicians of London, Ceylon College of Physicians, National Academy of Sciences of Sri Lanka, Honorary Fellowships from the Royal Australasian College of Physicians, the Royal College of Physicians of Thailand and the Royal College of Physicians and Surgeons of Glasgow. He is a recipient of the titular national honour 'Vidyajyothi', the highest award for scientific achievement in Sri Lanka.

DILHAN FERNANDO

Non-Executive Director

Dilhan Fernando is the CEO of Dilmah Tea. His efforts have focused on bringing tea to a new generation with innovations such as tea gastronomy, tea lounges (branded as t-Lounges) and by enhancing peoples' knowledge in tea through the Dilmah School of Tea. Dilhan also nurtures his father's pledge to make business a matter of human service through the work of the MJF Charitable Foundation and Dilmah Conservation. Dilhan currently chairs the Biodiversity Sri Lanka Platform which was pioneered by Dilmah Conservation together with the Ceylon Chamber of Commerce and IUCN (International Union for Conservation of Nature). Dilhan is the Chairman of the United Nations Global Compact in Sri Lanka, a corporate sustainability initiative by the UN.

ARJUN FERNANDO

Independent, Non-Executive Director

Arjun Fernando is currently a Director of Central Finance PLC and Nations Trust Bank PLC. He also serves on the Boards of NDB Capital Holdings, NDB Securities (Pvt) Ltd and NDB Zephyr Partners Ltd for and on behalf of the NDB Capital Group of Companies. He has functioned as the CEO/ Director of DFCC Bank and as Director of several of DFCC Bank's subsidiaries, joint ventures and associates. Prior to joining DFCC Bank, Mr. Fernando had a long and illustrious career overseas and at HSBC Sri Lanka. He holds an M.Sc. (Management) from Clemson University, USA and a B.Sc. (Engineering) from Southern Illinois University, USA. He is also an Associate of the Chartered Institute of Bankers (ACIB), UK.

AMINDA TUDAWE

Executive Director

Refer page 20 for the profile.

BOARD OF DIRECTORS

DURDANS MEDICAL AND SURGICAL HOSPITAL (PRIVATE) LIMITED CONTD.

RAKSHITHA TUDAWE

Executive Director

Rakshitha Tudawe oversees the development and execution of strategic initiatives for the Group. He is also the co-founder of the Amrak Institute of Medical Sciences (Pvt) Ltd. which was incorporated in February 2019. He spearheaded the repositioning of the Durdans Hospital Brand in August 2017, revitalising the long-standing brand and is currently overseeing the hospital's digital evolution. He is also involved in the establishment of two key strategic business units for the Durdans Vision 2022 Project. He holds a Bachelor of Science (Hons) degree in Business Economics from the University of East Anglia, UK and a Master of Science degree in Management from Loughborough University, UK. He has also participated in executive programmes at the INSEAD Business School in Fontainebleau, France and the Ernst and Young head office in La Défense, Paris.

NAVEEN SOORIYARACHCHI

Independent, Non-Executive Director

Naveen Sooriyarachchi is an Independent Non-Executive Director of Durdans Medical and Surgical Hospital (Pvt) Ltd. A renowned banking professional, he holds a Humphrey Fellowship in Investment Banking from the Boston University, USA, a Master's degree in Business Administration from the University of Colombo and is an Associate of the Institute of Bankers, Sri Lanka. His extensive experience of 40 years includes key corporate management positions at Commercial Bank of Ceylon PLC. He was also a consultant to the International Finance Corporation (World Bank Group),

Washington. His business acumen and expertise has been reflected in Commercial Bank being awarded 'Best Trade Finance Bank in Sri Lanka' for 2019 and 2020 by the 'Asian Banker' as well as the Best Corporate Bank in Sri Lanka in 2019 by International Finance of the UK under his leadership.

ARJUNA HERATH

Independent, Non-Executive Director

Appointed on 1st November 2023

Arjuna recently retired from Ernst & Young (EY) where he was a Senior Partner and Head of Consulting for Sri Lanka and Maldives. In his career preceding Ernst & Young, he was Director Corporate Finance at Merchant Bank of Sri Lanka.

Arjuna served as a Board Member of the Sri Lanka Accounting and Auditing Standards Monitoring Board and as a Commissioner of the Securities and Exchange Commission of Sri Lanka. He also Served as a Member of the Company Law Advisory Commission. At present he is the Chairman of the Data Protection Authority of Sri Lanka, Chairman of Synapsys Limited, Director of Colombo Stock Exchange, Senkadagala Finance PLC, Cargills Bank, and Watawala Plantations PLC.

Arjuna is a distinguished Senior Chartered Accountant and is a past President of the Institute of Chartered Accountants of Sri Lanka.

He is the first Sri Lankan to Chair a Committee of the International Federation of Accountants (IFAC), the apex body of the accounting profession, and was the Chair of the Professional Accountancy Organisation Development Committee of the IFAC.

He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and is a Chartered Global Management Accountant with a Bachelor of Science degree from the University of Colombo, MBA from the University of Strathclyde in the United Kingdom and a Master of Arts in Financial Economics from the University of Colombo.

MALIK J. FERNANDO

Non-Executive Director

Appointed on 1st November 2023

Malik is the Founder of Resplendent Ceylon and is a graduate from Babson College, Boston, in 1989.

Reflecting his goal to make Sri Lanka a luxury destination, Ceylon Tea Trails is also the first Relais & Chateaux resort in Sri Lanka and the first Sri Lankan resort on the covert Conde Nast Gold List.

An advocate of incorporating sustainability, Malik spearheaded an initiative to conserve Peak Ridge Forest Corridor in 2021, where Resplendent Ceylon, the Wilderness and Wildlife Conservation Trust (WWCT), Dilmah Tea and other tea estates, sought to protect leopards in the Sri Lankan tea highlands.

DURDANS HEART CENTRE (PRIVATE) LIMITED

AJITH TUDAWE

Executive Chairman

Refer page 19 for the profile.

UPUL TUDAWE

Director/ Executive Vice President

Refer page 19 for the profile.

DR. PREETHIRAJ WIJEGOONEWARDENE

Director/ Senior Vice President - Medical

Refer page 19 for the profile.

NIMAL PIYASENA

Non-Executive Director

Refer page 19 for the profile.

AMINDA TUDAWE

Executive Director

Refer page 20 for the profile.

RAKSHITHA TUDAWE

Executive Director

Refer page 22 for the profile.

ANJALI PIYASENA

Non-Executive Director

Dr. Anjali Piyasena holds an MBBS from Tianjin Medical Institute, China, and is currently attached to the Cardiothoracic ICU at Sri Jayawardanapura General Hospital with 08 years of experience.

INDIKA WIJEGOONEWARDENE

Non-Executive Director

Dr. Indika Wijegoonewardene is an alumnus of the prestigious Manipal University, where he obtained his MBBS degree in 2007. Following internship training in India, he went on to work in the maxillofacial unit at the Colombo Military Hospital where he was involved in facial reconstruction surgery.

He has had extensive training in WA as a Senior Registrar in General Surgery, and has trained with the Royal Australian College of Surgeons.

Mixing his general and trauma surgical skills with rural and remote medicine, he is now undergoing fellowship training in general practice and rural surgery with the Royal Australian College of General Practitioners.

His interest in surgery, dermatology, and aesthetics strengthen his cosmetic practice. He is a member of the Australian College of Aesthetic Medicine and is working towards a fellowship with ACAM in collaboration with one of Perth's leading cosmetic medical clinics.

GIREESHA NIKHILA TUDAWE

Non-Executive Director

Gireesha Nikhila Tudawe is a Medical Doctor at the Glan Clwyd Hospital in North Wales, UK. He graduated with an MBChB from the University of Leeds UK Medical School and has research experience, in addition to possessing teaching experience as an examiner in Diana, Princess of Wales Hospital. Gireesha Tudawe has accepted a Training Position in the Thames Valley/ Oxford Deanery for ACCS-IM and is working towards ITU/ Anaesthetics and General Internal Medicine with a specialisation in Cardiology/ Respiratory treatment.

NETHMI THAVISHA TUDAWE

Non-Executive Director

Nethmi was appointed as a Board Director of the Company with effect from 31st March 2022. Nethmi completed her primary education at

Bishops College Colombo followed by her secondary education at Colombo International School. She holds a Bachelor of Science, Chemical and Biomolecular Engineering Degree from Rice University in Houston, Texas (2013-2017) and Master's Degree in Healthcare Administration from Columbia University in the City of New York (2017-2019). She began her career at Mount Sinai Hospital in New York initially as Performance Improvement Analysts and later by holding a position as the Project Manager Nursing and Cardiac Services from March 2019 to September 2021. Currently she is working for Oscar Health, Inc. an American Health Insurance Company, headquartered in New York City in the capacity of an Associate.

SENIOR MANAGEMENT TEAM

MAHANIL PERERA

Chief Operating Officer

Mahanil Perera joined Durdans in 2011 and is the most long-standing member of the Senior Management Team. With almost three decades of experience in growth and sales, 22 years has been in Senior Management. He is responsible for the overall development and expansion of the laboratory network to over 100 branches island wide. During the period under review, he was able to contribute significant value by making available the COVID-19 RT-PCR testing via the laboratory network. Mahanil was promoted to the position of Chief Operating Officer in February 2021. He holds a Post Graduate Diploma in Marketing from the Sri Lanka Institute of Marketing and has obtained a Master's degree in Business Administration from Cardiff Metropolitan University (UK). He is also a life member of the Sri Lanka Institute of Marketing. He represents Durdans Hospital at the Private Health Services Regulatory Council (PHSRC), Private Hospitals Association (PHA), Tertiary and Vocational Education Commission (TVEC) and the Private Medical Laboratory Association (PMLA) as a founder member.

DR. SANJAYA RATNAYAKE

Director Medical Services

Dr. Sanjaya Ratnayake (MD, MSc) is a registered professional in both the General Medical Council of the United Kingdom and the Sri Lanka Medical Council. He possesses over 20 years of extensive experience in Medical Administration and Clinical Medicine in both local & foreign reputed

healthcare institutions. Dr. Ratnayake will work cohesively with the Heads of Medical Services, playing an active role in enhancing cooperation between medical departments and ensuring safety and regulatory compliance.

THUSITHA RUBASINGHE

Chief Financial Officer

Thusitha Rubasinghe holds membership of both CA Sri Lanka and Institute of Certified Management Accountants of Sri Lanka. He counts well over 25 years of experience in the areas of Treasury Management, Management Accounting, Financial Accounting and Reporting, Auditing and Taxation. He has worked for Hayleys PLC, Tudawe Brothers, Sara Lee, Gateway International School and Ernst and Young. His industry exposure relates to such areas as Plantation, Construction, Shipping and Education.

ANJI RATWATTE

Head of Human Resources

Anji Ratwatte holds an LLB (Hons) from the University of London and an MBA (UK) from the University of Bedfordshire specialised in Human Resources Management. She counts well over 15 years in Industrial Relations, Training and Development, Grievance handling and HR strategies for groups such as Hayleys PLC, John Keells PLC, Brandix Apparel and Hirdaramani Apparel. She has over 10 years of experience holding managerial positions in Human Resources in Apparel and Hospitality Industry.

MADHAWA HERATH

Head of Information and Communications Technology

Resigned w.e.f. 29th February 2024

Madhawa who served as the Head of IT and Communications Technology joined Durdans in 2021.

He counts over 19 years experience in the field of Information and Technology. He is responsible for the digital transformation of the hospital, enhancing information security, implementation of disaster recovery, business continuity and cloud infrastructure development. His experience in the field of IT extends to positions he held previously at SANASA Development Bank PLC, Virtusa (Pvt) Ltd, John Keells Holdings PLC, Lanka Clear (Pvt) Ltd and Jung Yoon Textile (Pvt) Ltd. He is a Graduate in the Bachelor of Science from the Metropolitan University in London specialised in Information and Communication Technology. Further, he holds a Master's Degree in Computer Systems and Networking from the University of Greenwich. He is also a Certified Professional at Microsoft, Cisco, Sun Microsystems etc.

RANGAJEWA ABEYWICKRAMA

Head of Information Communication Technology

Appointed w.e.f. 1st March 2024

Rangajeewa Abeywickrama has over 21 years of experience in the field of IT in the Finance and Logistics Industry. Rangajeewa, who currently serves as the Head of IT and Communications

Technology, joined Durdans in 2024. He is responsible for the Digital Transformation, IT Infrastructure and IT Security, Software Development, and 24-hour IT Operations in the hospital, reporting directly to the Executive Director.

He has previously worked as Head of IT at First Capital Holdings PLC and also worked at MicroNet Information Systems (Pvt) Ltd, HS Cargo and Hayleys Advantis.

He holds a Bachelor of Science (BSc) in Information Technology from the IIC University of Technology, a Master of Business Administration from the University of Bedfordshire, UK, and a Master of Science (MSc) in Cyber Security from the University of Gloucestershire, UK.

CLIFFORD MARTIN

Head of Laboratory Operations

Clifford Martin is the Senior Manager, Laboratory Operations and has been with Durdans for more than 05 years. He holds a Diploma in Business Management as well as a certification in Leadership Management from the Post Graduate Institute of Management, University of Sri Jayewardenepura. His experience entails more than 25 years spent in a senior managerial capacity at renowned Richard Pieris Distributors Ltd, Jay Kay Marketing Services constituent of conglomerate John Keells Holdings PLC and at Jacks of Fiji Ltd in the Fiji Islands. Clifford brings to the table experience in Customer Service, Care and Quality Management practices among many other areas.

SAMANTHA MAITHRIWARDANA

Senior Manager Operations

Appointed w.e.f. 15th February 2024

Samantha joined Durdans Group recently as the Senior Manager Operations. With extensive experience spanning several years in the Apparel, Plastic, Aluminium, Non-stick, and Coir product industries, he has held positions

at renowned companies such as Brandix Apparel Solutions, Phoenix Industries, and Hayleys PLC. Samantha brings 18 years of significant and progressive experience in administration and 16 years in production to his current role. He is currently pursuing a Master's Degree in Business Administration & Holds Certifications in Quality Assurance and Standardisation Management & GMP Standards from the Sri Lanka Standards Institution.

LASANTHA WADUGE

Senior Manager Growth & Sales

Resigned w.e.f. 10th March 2024

Lasantha Waduge is the Senior Manager Growth and Sales at Durdans Healthcare Group and has been with the organisation for 18 years. A qualified marketer by profession, Lasantha holds an MBA with merit from the University of Wales, a Post Graduate Diploma from the Chartered Institute of Marketing, UK and a Higher Diploma in Computer Software Engineering affiliated to the Institute for Certification of Computing Professionals, USA. He brings to the table significant experience in the fields of Strategic Management, Strategic Marketing and Brand Management. He is also a visiting lecturer in Strategic Management for Lincoln University, Malaysia and in Strategic Marketing for the Chartered Institute of Marketing, UK.

ARUN HARIDHARSHAN

Head of Strategy

Arun Haridharshan possesses more than 10 years of experience in developing and implementing effective business strategies to optimise organisational productivity and performance. He has a proven track record of cultivating a culture that emphasises a shared vision and fosters collaboration towards achieving common goals. He holds a 1st Class Honours degree in Electronic Engineering from Sheffield Hallam University and a specialised MBA in Project Management from Cardiff Metropolitan University.

CHANEKYA LIYANAGE

Senior Supply Chain Manager

Chanekya Liyanage possess over 15 years of experience in multidisciplinary areas of Supply Chain, Logistics & Freight Forwarding.

She has worked in both local and overseas multinational companies related to different industries.

She holds a MSc in Logistics and Supply Chain from Birmingham City University, UK and is an Associated Member of the Chartered Institute of Marketing UK.

She is also an active Chartered Member of the Chartered Institute of Logistics & Transport Sri Lanka.

KRISHAN WICKRAMASINGHE

Head of Business Development

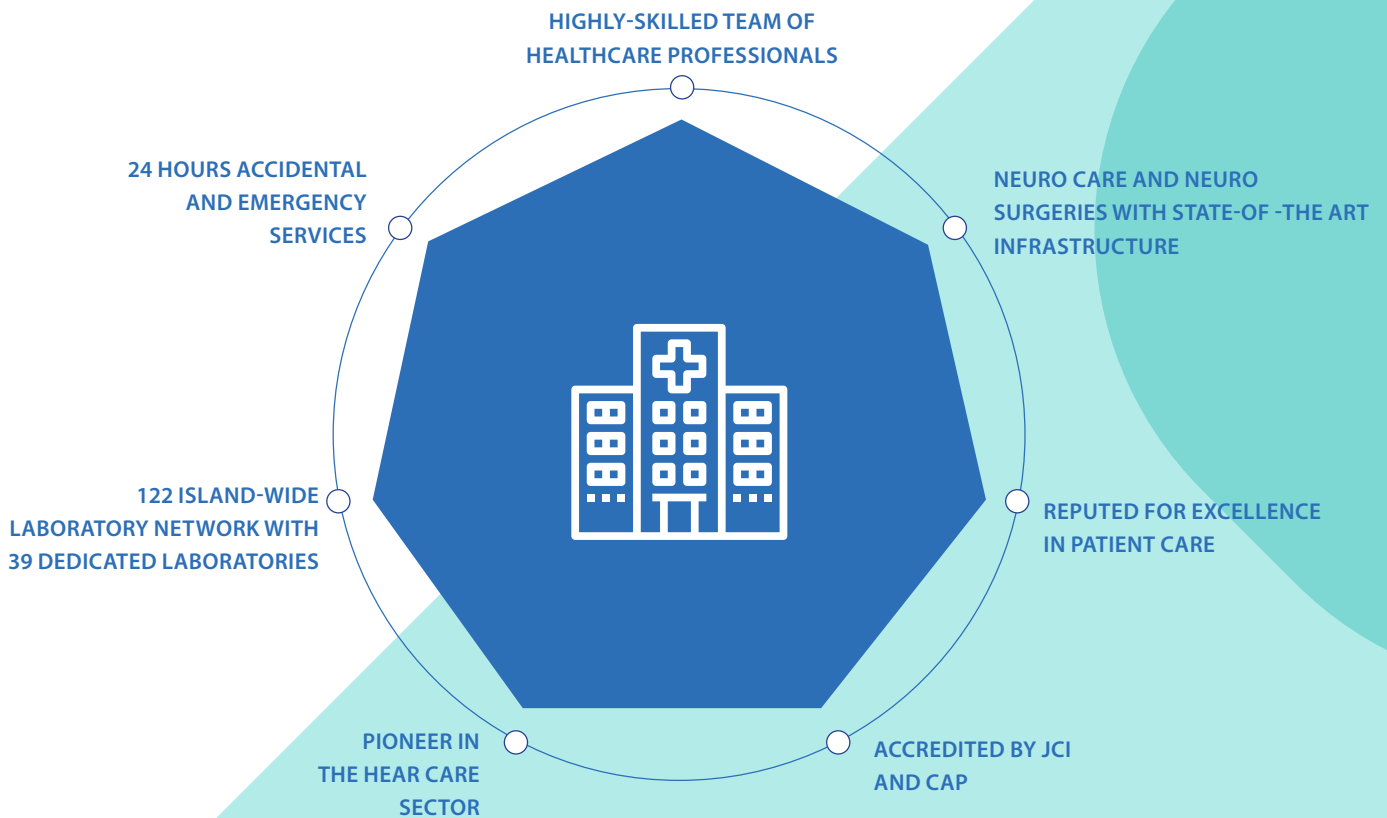
Krishan as Chief Business Development Officer oversees the Business Development, Marketing and Communications. While holding the responsibility for the Group Revenue, he also ensures the volume and value growth of the organisation through business verticals such as Consultant Relations, Corporate Sales, International Patient-care, Insurance Partners, Government Institutes and the laboratory network. Krishan possesses over 20 years of experience in the Healthcare Equipment Industry, working with large multinational companies in the areas of sales and marketing in the world.

OUR BUSINESS

WHY WE ARE THE TRUSTED CHOICE

A LONGSTANDING REPUTATION FOR QUALITY AND CARE

With deeply ingrained values of customer care, empathy, and compassion, we deliver a comprehensive, unrivalled approach towards quality and patient care. Our holistic strategy to ensure we maintain the highest standards of excellence is outlined further within this report.



Our newly launched state-of-the-art Neuro OTS is positioned to support advanced neurosurgery and neuro-care. It is fully-equipped with state-of-the-art infrastructure and technology, and the expertise of leading professionals in the field.



The Durdans Neuro Care Centre was launched in 2024

Rs. **12,721** Mn
Capital Employed

Rs. **15,043** Mn
Total Assets

Rs. **246**
Net Assets Per Share

HOLISTIC VALUE CREATION

As a hospital built on the promise of compassion and care, we are committed towards steadfast value creation that extends across the nation.

Our focus lies in ensuring that Sri Lankans are able to access affordable, high-quality standards of care, while driving holistic development across our employees and the wider community. Our growing island-wide laboratory network and multi-disciplinary focus has positioned us as a tertiary care hospital that truly cares for the needs of the people.

The pages that follow report how, even amid the ever-increasing cost of healthcare, Durdans Hospital did not compromise on its values, and continued to look beyond profits, while prioritising patient quality and care above all else.

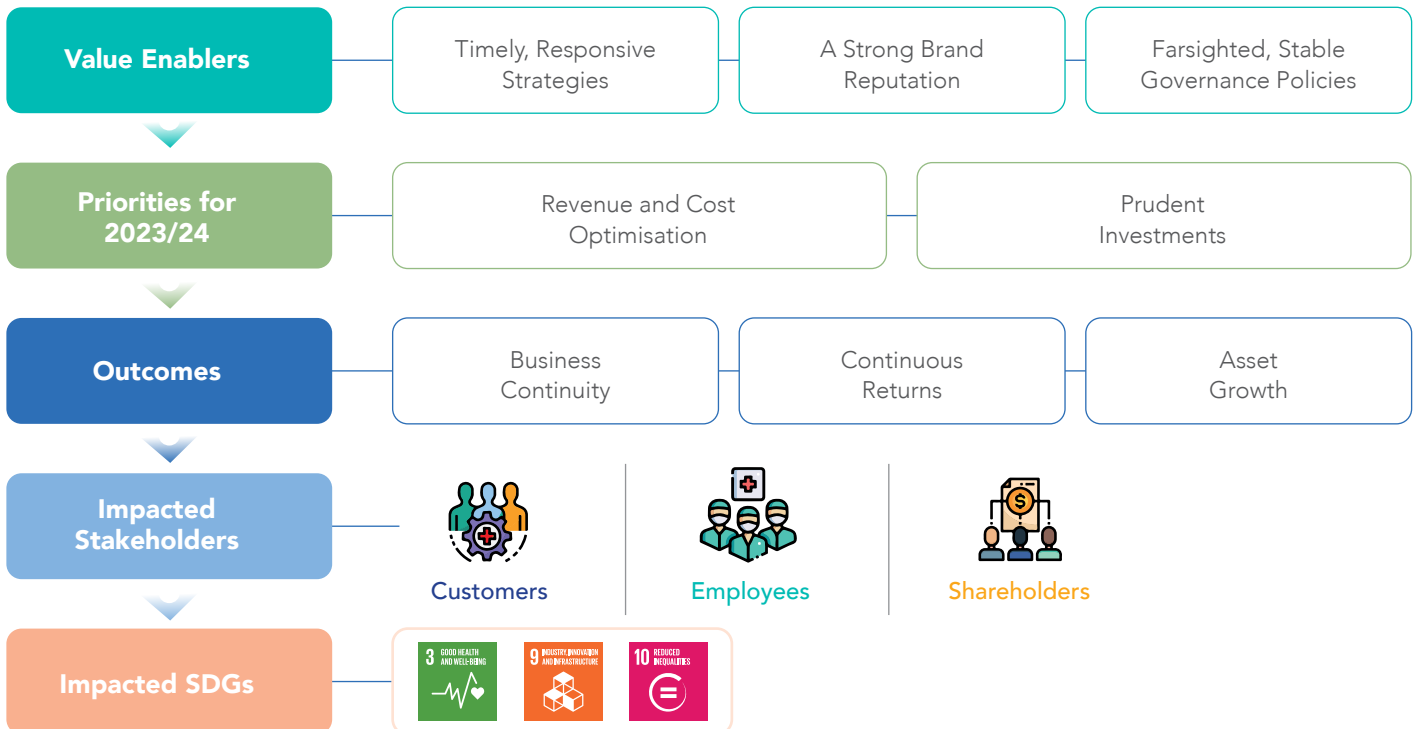
A CENTRE OF EXCELLENCE

Today, we are proud to announce that Durdans Hospital is built for the future. Our unrivalled infrastructure, technology, and medical expertise across the fields of Cardiac, Neuro, Gynecology & Obstetrics, Eye, Paediatrics, General Surgeries, General Medicine, Nephrology Genito-Urinary and Vascular, are now augmented by our investments into in genitourinary and neurological care.

The hospital will soon be launching its state-of-the-art Wellness Centre which houses facilities for geriatric care, preventive care, mental health, and rehabilitation, thereby marking the advent of a more holistic approach towards healthcare.

OUR BUSINESS FINANCIAL CAPITAL

FINANCIAL CAPITAL COMPRISES THE FUNDS ESSENTIAL TOWARDS THE CONTINUOUS PROVISION OF HEALTH CARE SERVICES, WHILE DRIVING VALUE ACROSS ALL KEY STAKEHOLDER GROUPS. THE PRUDENT MANAGEMENT OF THE HOSPITAL'S FINANCIAL CAPITAL ENABLES LONG-TERM BUSINESS CONTINUITY AND STABILITY.



REVENUE AND COST OPTIMISATION

The year under review saw the nation's healthcare sector face considerable financial strains. Unprecedented food and energy costs placed pressure on bottom-line performance, while the decline of disposable income led to a decline in top-line performance. Additionally, foreign exchange liquidity adversely impacted the procurement of essential medicine and medical equipment.

Overall, the healthcare sector reported declines in occupancy levels, with the Central Bank reporting that human health activities declined by 0.7% in 2023. Prevailing dynamics led to a subsequent decline in the quality of

healthcare across the industry; however, Durdans did not compromise on its promise of high standards of patient care despite escalating costs, thereby leading to a resultant decline in year-on-year profitability.

Against this backdrop, Durdans Hospital relied on timely and responsive strategies to drive up revenue performance, while ensuring the majority of the increase in the cost of healthcare was not passed on to the consumer. Consequently, the Group recorded a 16% growth in revenue against the previous year to reach a revenue performance of Rs. 9.15 Bn.

The cost of services grew by 30% year-on-year, which led the Group to

record a gross profit of Rs. 5.14 Bn, corresponding to a growth of 7% against the preceding period. Underpinned by the previously outlined macroeconomic variables, overall expenses rose by 23% in comparison to the previous period under review. The hospital continued to rely on process efficiencies, sustainable practices, digitalisation and a range of strategies to optimise costs while ensuring high standards of care were maintained.

The Group's profit before tax consequently recorded a 38% decline year-on-year to reach Rs. 659 Mn, while profit after tax stood at Rs. 454 Mn, displaying a downturn of 31% against the previous year.

Financial Highlights - Group

| Indicator | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|-----------------------------|---------|---------|---------|---------|
| Revenue (Rs. Mn) | 5,546 | 7,840 | 7,905 | 9,153 |
| Revenue Growth | -7% | 41% | 1% | 16% |
| Gross Profit (Rs. Mn) | 3,494 | 4,961 | 4,811 | 5,139 |
| Gross Profit Margin | 63% | 63% | 61% | 56% |
| Net Profit (Rs. Mn) | 600 | 1,110 | 652 | 454 |
| Net Profit Margin | 11% | 14% | 8% | 5% |
| Current Asset Ratio (Times) | 1.37 | 1.93 | 1.65 | 1.18 |
| Quick Asset Ratio (Times) | 1.1 | 1.5 | 1.14 | 0.83 |
| Debt to Equity Ratio | 23% | 24% | 28% | 28% |
| Interest Cover (Times) | 7.14 | 18.24 | 13.06 | 5.55 |

Other Operating Income

| Indicator | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|---------------------------------|---------|---------|---------|---------|
| Other Operating Income (Rs. Mn) | 63 | 26 | 111 | 205 |
| Other Operating Income Growth | 19% | -59% | 327% | 85% |

OUR BUSINESS FINANCIAL CAPITAL

Finance Cost and Finance Income

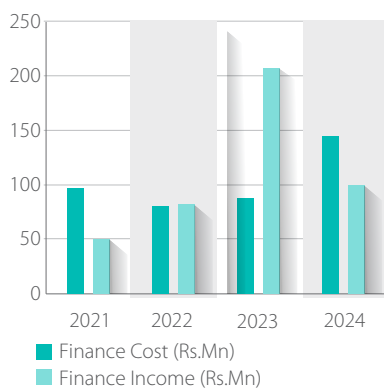
| Indicator | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|-------------------------|---------|---------|---------|---------|
| Finance Cost (Rs. Mn) | 97 | 80 | 88 | 145 |
| Finance Cost Growth | -31% | -18% | 10% | 64% |
| Finance Income (Rs. Mn) | 50 | 82 | 207 | 100 |
| Finance Income Growth | -29% | 64% | 152% | -52% |

| Indicator | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|----------------------------------|-----------|-----------|-----------|------------|
| Loan and Lease Interest (Rs. Mn) | 73 | 76 | 74 | 100 |
| Overdraft Interest (Rs. Mn) | 20 | 0 | 9 | 38 |
| Total | 93 | 76 | 83 | 138 |

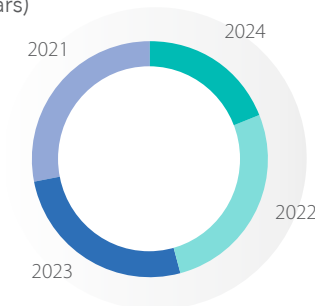
Net Profitability

| Indicator | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|--------------------|---------|---------|---------|---------|
| PAT (Rs. Mn) | 600 | 1,110 | 652 | 454 |
| PAT Growth/Decline | 29% | 85% | -41% | -30% |

Finance Income Vs Finance Cost (Rs.Mn)



Gross Profit (Years)



PRUDENT INVESTMENTS

The year under review saw the Group augment its property, plant, and equipment by 50% against the previous year, particularly owing to the completion of the Vision 2022 project. The Company anticipates that these investments will bear fruit in the future, particularly with the exploration of new markets, emerging healthcare disciplines, and anticipated economic recovery.



50% ^

Growth in Property,
Plant and Equipment

7% ^

Total Assets Growth



Rs.15 Bn

Total Assets

Overall, the Group recorded a 7% increase in total assets to reach a total value of approximately Rs. 15 Bn. The Group was adequately positioned to meet its liabilities during the year.

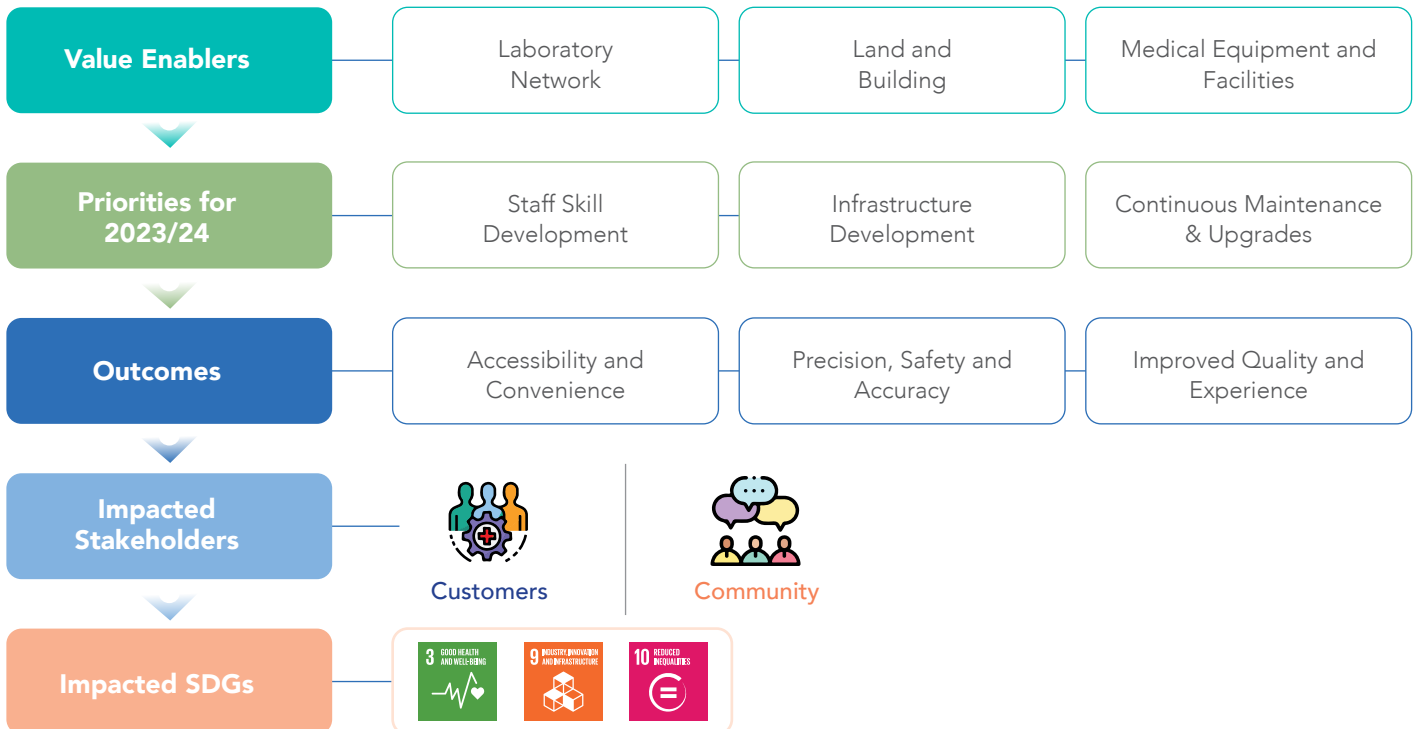
OUTLOOK

Against the rising cost of energy and electricity, the hospital will continue to pursue alternate strategies such as solar power, while leveraging on digitalisation to drive efficiencies and minimise costs.

The hospital remains dedicated towards becoming an established centre of excellence across diverse medical disciplines, while exploring new, lucrative markets in order to elevate its value proposition and seek new avenues of growth.

OUR BUSINESS MANUFACTURED CAPITAL

DURDANS HOSPITAL IS DEDICATED TOWARDS ENHANCING ITS MANUFACTURED CAPITAL TO DRIVE GREATER DEGREES OF CUSTOMER CONVENIENCE AND IMPROVED TREATMENT OUTCOMES, WHILE ENABLING THE INCREASED ACCESSIBILITY OF CARE ACROSS SOCIETY



Over the years, Durdans Hospitals has engaged in developing and building its infrastructure, equipment and facilities to ensure it is poised to meet the ever-evolving needs of its customers and cater to its growing clientele. Since its humble beginnings, the hospital has now grown into a fully-fledged tertiary healthcare institution with the capacity to serve Sri Lankans from all walks of life.

Despite the challenges that prevailed during the year, Durdans Hospital successfully opened 6 new centres, bringing the overall footprint to 122 centres across the island. A significant addition to the network was the new mini lab in Badulla, which enabled the hospital to augment its sphere of care and support a new community with the latest testing capabilities.

During the year, the laboratory network incorporated several process improvements and new testing capabilities to build stakeholder value.

The network upholds the latest ISO standards, which are pertinent to maintaining quality and competence in medical laboratories.

More information can be found in:

- Intellectual Capital (pages 38-45)
- Human Capital (pages 46-53)

communities in the form of convenience, access to high standards of healthcare, and opportunities for employment, and we continuously engage in seeking new avenues through which we can enhance our customer experience.

The hospital both upgraded its existing facilities and engaged in relocations improve its capabilities and drive greater accessibility to healthcare. Notably, the Galle satellite lab was upgraded into a medical centre, thereby offering a wider gamut of services, while the Ratnapura branch was relocated to enable improved visibility and customer convenience.

This growing network provides a number of benefits to surroundings



269
Beds

215
Car Park Capacity

3
Ambulances

INFRASTRUCTURE DEVELOPMENT

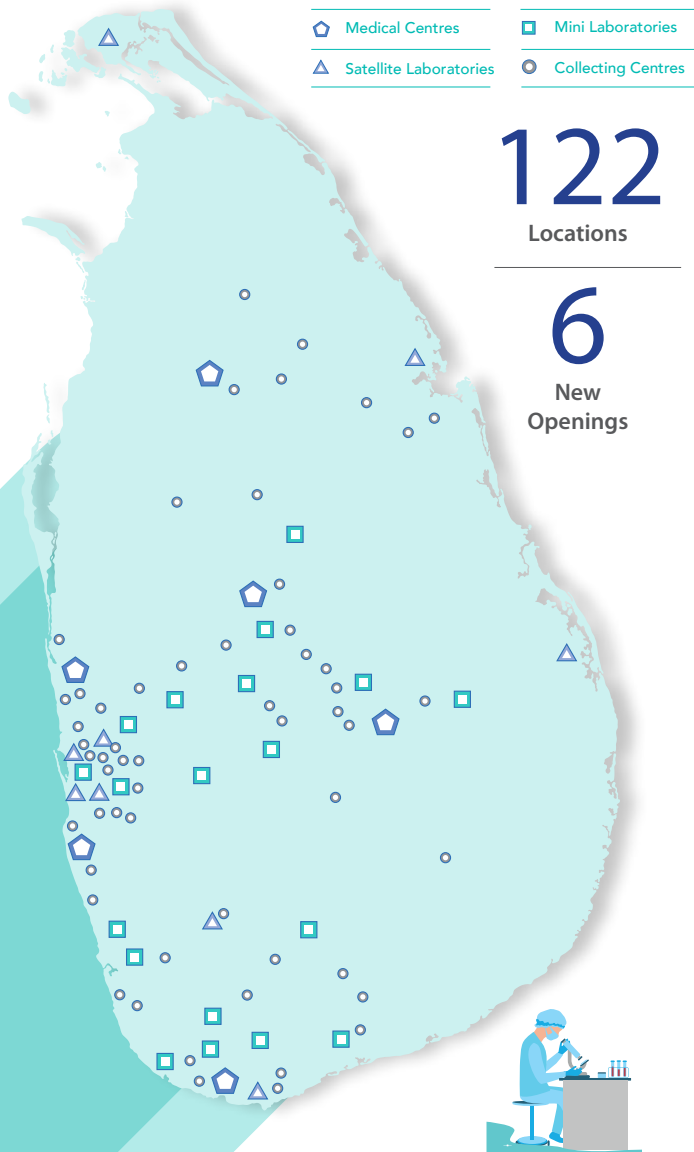
The economic crisis largely curtailed the hospital's ability to engage in development and construction owing to the escalating cost of goods and raw materials. However, Durdans persevered in its quest to expand and enhance its physical infrastructure, with a range of initiatives spanning the hospital complex in Colombo and the islandwide network of laboratories under its purview.

LABORATORY NETWORK

While the hospital had initially projected to engage in significantly expanding its network during the year, certain locations were deferred owing to the impacts of the economic crisis.

| Category | Services |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Medical Centre | <ul style="list-style-type: none"> • ECG • Health Packages • Laboratory Services • Mobile and Home Visits • X - Ray • Ultrasound • Channelling Services • ECHO |
| Satellite Laboratory | <ul style="list-style-type: none"> • ECG • Health Packages • Laboratory Services • Mobile / Home Visits • OPD Services |
| Mini Laboratory | <ul style="list-style-type: none"> • ECG • Health Packages • Laboratory Services • Mobile / Home Visits |
| Collection Centre | <ul style="list-style-type: none"> • ECG • Health Packages • Laboratory Services • Mobile / Home Visits |

OUR BUSINESS MANUFACTURED CAPITAL



- ▣ Medical Centres
- ▣ Mini Laboratories
- ▴ Satellite Laboratories
- Collecting Centres

122
Locations

6
New
Openings



6
Medical Centres

9
Satellite Lab

1,500+
Third-party Collection Centres

25
Mini Lab

875+
Employees

82
Collection Centre

| Centre | Region | Operating Hours | Type |
|------------------------|------------|-----------------|--------------------|
| Galle | Galle | 24 Hrs | Medical Centres |
| Karapitiya | Galle | 7*7 | Mini Laboratories |
| Udugama | Galle | 7*7 | Mini Laboratories |
| Ambalangoda | Galle | 7*7 | Mini Laboratories |
| Akurassa | Galle | 7*7 | Collecting Centres |
| Neluwa | Galle | 7*7 | Collecting Centres |
| Karapitiya Collecting | Galle | 7*7 | Collecting Centres |
| Baddegama | Galle | 7*7 | Collecting Centres |
| Ahangama | Galle | 7*7 | Collecting Centres |
| Wadugodapitiya | Kandy | 7*7 | Collecting Centres |
| Keppetipola Mw | Kandy | 7*7 | Collecting Centres |
| Kandy Nursing Home | Kandy | 7*7 | Collecting Centres |
| Kegalle | Kandy | 7*7 | Mini Laboratories |
| Nawalapitiya | Kandy | 7*7 | Mini Laboratories |
| Mahiyanganaya | Kandy | 7*7 | Mini Laboratories |
| Katugastota | Kandy | 7*7 | Mini Laboratories |
| Gampola | Kandy | 7*7 | Collecting Centres |
| Kandy | Kandy | 24Hrs | Medical Centres |
| Matale | Kandy | 7*7 | Mini Laboratories |
| Monaragala | Kandy | 7*7 | Mini Laboratories |
| Mahiyawa | Kandy | 7*7 | Collecting Centres |
| Mawanalla | Kandy | 7*7 | Collecting Centres |
| Hatton | Kandy | 7*7 | Mini Laboratories |
| Mahiyanganaya | Kandy | 7*7 | Collecting Centres |
| Kurunegala | Kurunegala | 24 Hrs | Medical Centres |
| Dambulla | Kurunegala | 7*7 | Mini Laboratories |
| Polgahawela | Kurunegala | 7*7 | Collecting Centres |
| Nawinna Hospital | Kurunegala | 7*7 | Mini Laboratories |
| Nawinna Medical Centre | Kurunegala | 7*7 | Collecting Centres |
| Paragahadeniya | Kurunegala | 7*7 | Collecting Centres |
| Galagedara | Kurunegala | 7*7 | Collecting Centres |
| Malsiripura | Kurunegala | 7*7 | Collecting Centres |
| Mawathagama | Kurunegala | 7*7 | Collecting Centres |
| Narammala | Kurunegala | 7*7 | Collecting Centres |
| Wariyapola | Kurunegala | 7*7 | Collecting Centres |
| Kuliyapitiya | Kurunegala | 7*7 | Mini Laboratories |
| Negombo | Negombo | 24Hrs | Medical Centres |
| Wennappuwa | Negombo | 7*7 | Collecting Centres |
| Chilaw | Negombo | 7*7 | Collecting Centres |
| Divulapitiya | Negombo | 7*7 | Collecting Centres |
| Kochchikade | Negombo | 7*7 | Collecting Centres |

| Centre | Region | Operating Hours | Type |
|--------------------------|--------------|-----------------|------|
| Bingiriya | Negombo | 7*7 | ○ |
| Maravila | Negombo | 7*7 | ○ |
| Kalubowila | Kalubowila | 7*8 | △ |
| Panadura (I) | Kalubowila | 7*7 | ○ |
| Nagoda | Kalubowila | 7*7 | □ |
| Homagama | Kalubowila | 7*7 | □ |
| Mount Lavinia | Kalubowila | 7*7 | ○ |
| Dharga Town | Kalubowila | 7*7 | ○ |
| Kottawa | Kalubowila | 7*7 | ○ |
| Piliyandala | Kalubowila | 7*7 | ○ |
| Aluthgama | Kalubowila | 7*7 | ○ |
| Mathugama | Kalubowila | 7*7 | ○ |
| Bandaragama | Kalubowila | 7*7 | ○ |
| Maharagama | Kalubowila | 7*7 | ○ |
| Panadura (2) | Kalubowila | 7*7 | ○ |
| Wadduwa | Kalubowila | 7*7 | □ |
| Ratmalana | Kalubowila | 7*7 | ○ |
| Wellawatta | Kalubowila | 7*7 | ○ |
| Moratuwa | Kalubowila | 24Hrs | ☆ |
| Padukka | Kalubowila | 7*7 | ○ |
| Beruwala | Kalubowila | 7*7 | ○ |
| Kekirawa | Anuradhapura | 7*7 | ○ |
| Kahatagasdigiliya | Anuradhapura | 7*7 | ○ |
| Anuradhapura - Bank Town | Anuradhapura | 7*7 | ○ |
| Kebatigollawa | Anuradhapura | 7*7 | ○ |
| Anuradhapura - Kada 50 | Anuradhapura | 24Hrs | ☆ |
| Thambuttegama | Anuradhapura | 7*7 | □ |
| Vavuniya | Anuradhapura | 7*7 | ○ |
| Horawpathana | Anuradhapura | 7*7 | ○ |
| Galgamuwa | Anuradhapura | 7*7 | ○ |
| Madawachchiya | Anuradhapura | 7*7 | ○ |
| Polonnaruwa | Anuradhapura | 7*7 | □ |
| Wattala | Ragama | 7*7 | ○ |
| Hendala | Ragama | 7*7 | ○ |
| Wathupitiwala | Ragama | 7*7 | □ |
| Gampaha | Ragama | 7*7 | ○ |
| Kiribathgoda | Ragama | 7*7 | ○ |
| Kandana (1) | Ragama | 7*7 | ○ |
| Veyangoda | Ragama | 7*7 | ○ |
| Mawaramandiya | Ragama | 7*7 | ○ |
| Ragama | Ragama | 24 Hrs | △ |

| Centre | Region | Operating Hours | Type |
|------------------------------------------|---------------|-----------------|------|
| Kandana (2) | Ragama | 7*7 | ○ |
| Kadawatha | Ragama | 7*7 | ○ |
| Ganemulla | Ragama | 7*7 | ○ |
| Mahabage | Ragama | 7*7 | ○ |
| Rilaula | Ragama | 7*7 | ○ |
| Norris+B85:B94 Canal | Norris Canal | 24 Hrs | △ |
| Castle Street | Norris Canal | 7*7 | □ |
| Sri Jayawardanapura | Norris Canal | 7*7 | ○ |
| Kaduwela | Norris Canal | 7*7 | ○ |
| Malabe | Norris Canal | 7*7 | ○ |
| Maligawatta | Norris Canal | 7*7 | ○ |
| Golden key Hospital Boralla | Norris Canal | 7*7 | ○ |
| Grandpass | Norris Canal | 7*7 | ○ |
| Narahenpita | Norris Canal | 7*7 | ○ |
| Kolonnawa | Norris Canal | 7*7 | ○ |
| Baththaramulla | Norris Canal | 7*7 | ○ |
| Boralla | Norris Canal | 7*7 | ○ |
| Jaffna | Jaffna | 7*7 | △ |
| Kilinochchiya | Jaffna | 7*7 | ○ |
| Trincomalee - Dyke Street | Trincomalee | 7*7 | ○ |
| Trincomalee | Trincomalee | 7*7 | △ |
| Kantale | Trincomalee | 7*7 | ○ |
| Tangalle | Matara | 7*7 | □ |
| Embilipitiya | Matara | 7*7 | ○ |
| Debarawewa | Matara | 7*7 | □ |
| Walasmulla | Matara | 7*7 | ○ |
| Ambalantota | Matara | 7*7 | ○ |
| Matara | Matara | 7*8 | △ |
| Kamburupitiya | Matara | 7*7 | ○ |
| Deiyandara | Matara | 7*7 | ○ |
| Uyanwatta | Matara | 7*7 | ○ |
| Kekanadura | Matara | 7*7 | ○ |
| Rathnapura | Rathnapura | 7*7 | △ |
| Balangoda | Rathnapura | 7*7 | □ |
| Awissawella | Rathnapura | 7*7 | □ |
| Batticaloa | Batticaloa | 7*7 | △ |
| Kalmunai | Batticaloa | 7*7 | □ |
| Bambalapitiya | Bambalapitiya | 7*7 | ○ |
| Badulla | Kandy | 7*7 | □ |
| Badulla | Kandy | 7*7 | ○ |
| Rathnapura - Co-Operative Channel Center | Rathnapura | 7*7 | ○ |

OUR BUSINESS MANUFACTURED CAPITAL



Rs. 3.3 Bn
Invested in the Project



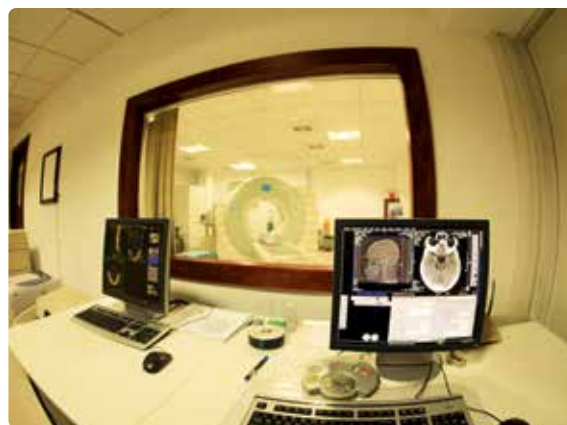
60
New Rooms Added



12
Open Ward-Beds



02
New Operation
Theatres



CAPACITY BUILDING

During the year, the hospital successfully completed the Vision 2022 project which had faced considerable delays due to the dual impacts of the COVID-19 pandemic and the economic crisis.

Resultantly, the hospital is now positioned to offer state-of-the-art facilities designed to elevate the customer experience and deliver holistic care towards every patient. Durdans Hospital now offers unrivalled neuro care and surgical capabilities, comprising two cutting-edge neuro theatres, a neuro ward and a neuro ICU.

The hospital's dedicated wellness and rehabilitation centre is expected to launch in 2025

This leading-edge centre will primarily specialise in supporting post-surgical rehabilitation needs for paediatrics, orthopaedics, cardiology, and neurology. The facility's layout and atmosphere are intended to promote postoperative recuperation in a non-clinical context. The centre will prioritise aspects of wellness and mindfulness, while offering psychological services in addition to a fitness centre and meditation area.

The completion of the Vision 2022 project enabled the hospital to increase its patient capacity by 60 rooms during the year.

CONTINUOUS MAINTENANCE & UPGRADES

The hospital continuously assesses its existing equipment and facilities to ensure they remain on par with the highest quality standards, while ensuring the organisation remains aligned with globally acclaimed modern developments in healthcare.

INVESTING IN STATE-OF-THE-ART EQUIPMENT

The devaluation of the rupee subsequent to the economic crisis led to an unprecedented increase in the

cost of sourcing medical equipment. However, Durdans Hospital remained dedicated towards pursuing exceptional patient outcomes, and therefore continued to procure the latest innovations in cutting-edge medical equipment to drive enhanced accuracy and precision during the year.

The following new equipment was added to the hospital in 2023/24:



Rs. 784 Mn

Invested in New Equipment



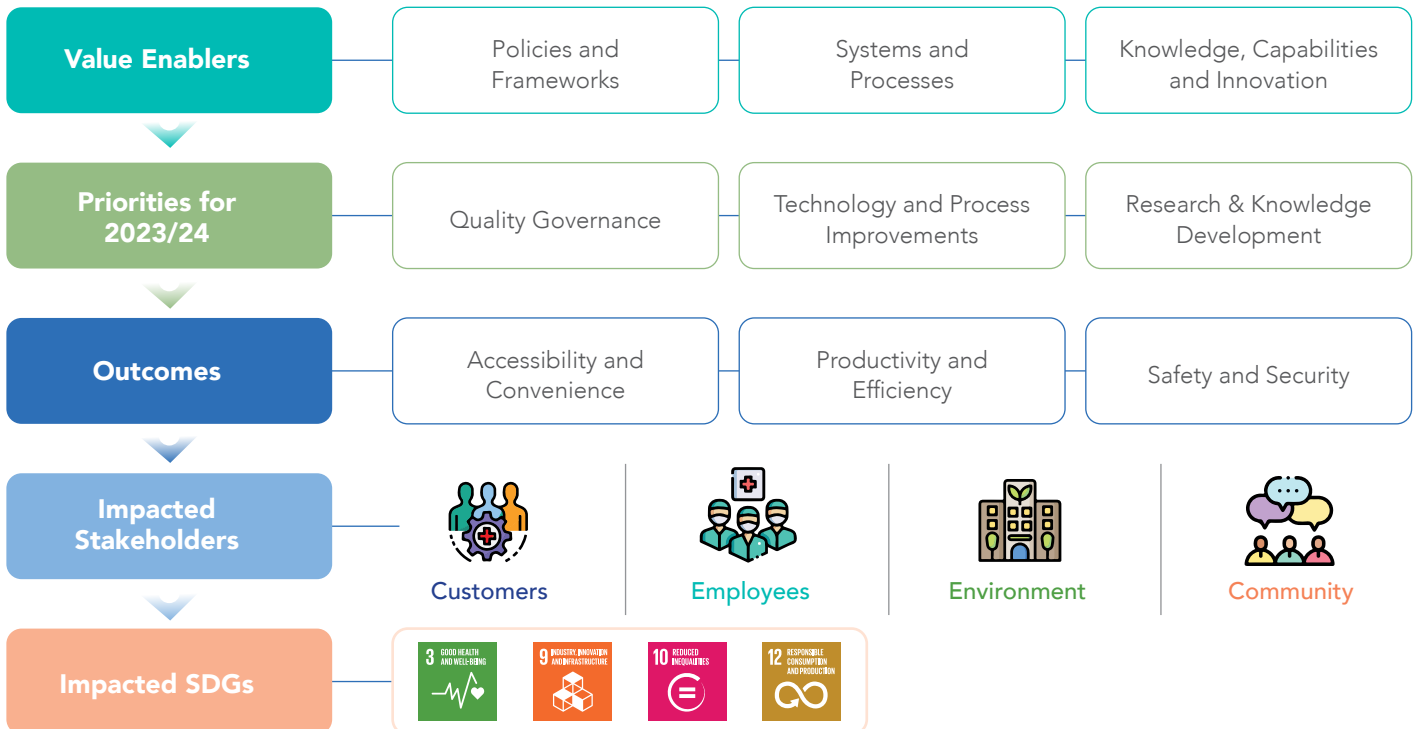
Rs. 628 Mn

Invested in Maintenance and Upgrades

| Aspect of Care | Equipment |
|-------------------------------------------|----------------------------------------------------------------|
| Diagnostics and Investigations | Ultrasound System [Affinity 70] (Philips) |
| | Digital Controlled X-Ray system [RADREX] (CANON) |
| | Ultrasound Diagnostic System [LOGIQ e R8] (GE) |
| | Ventilation System with accessories for laundry |
| | Valve - Static & Dynamic Valves with Accessories (Albion) |
| | Beckman AU400 Chemistry ISE Analyzer (Diamond) |
| Cardiac | Diode Laser Hair Removal-600W |
| | Biphasic Defibrillator w/ ECG, AED, External Pacing |
| | Intra-Aortic Balloon Pump System [CS-300] (Maquet) |
| | Field Extensions Azurion 7 StentBoost Live [722136] (Philips) |
| | Arthroscopy 4K System [1688] (Stryker) |
| | Operation Theatre Table (Getinge) |
| | Battery Drill System [Ortho Drive Lite- MBQ 708] (De Soutter) |
| Safety and Security | Multi Parameter Monitor (Philips) |
| | CCTV System with All Accessories |
| | Fire Protection System |
| | Air Handling Unit [A1(M)0985H-1138W-1443] (Saiver) |
| | UPS - Online UPS 30KVA With External Battery Bank |
| | Exdia TRF Plus Analyzer (Precision Biosensor) |
| | Lab Hematology Analyzer 3Part [KT-6400] (Genrui) |
| Lab Chemistry Analyzer [DDS-T180] (DIRUI) | |

OUR BUSINESS INTELLECTUAL CAPITAL

AT DURDANS HOSPITAL, THE EXPANSION AND ENHANCEMENT OF INTELLECTUAL CAPITAL IS INTEGRAL TOWARDS IMPROVING EFFICIENCY AND PRODUCTIVITY, WHILE CONTRIBUTING TOWARDS THE HOSPITAL ACHIEVING A COMPETITIVE ADVANTAGE AMONG ITS PEERS.



THE RIGHT COMMITMENT

The Durdans Hospital’s Vision, Mission and Policies ensure that quality is embodied at every level, and in 2017, the Durdans brand was repositioned to deliver an overarching commitment towards dedication, compassion, and care.



THE DURDANS BRAND

Delivering dedication, compassion and care via:

1
Empathy

2
Technology

3
Affordability

4
People

QUALITY BEYOND ACCREDITATION:

While remaining aligned with the latest standards and accreditations, Durdans constantly pursues ‘Quality beyond Accreditation’ with a focus on 6 principles outlined below, supported by the above value enablers;

| | | |
|--|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Safety | Avoiding injuries to patients from the care that is intended to help them. |
| | Timeliness | Reducing wait times and often harmful delays for both those who receive and those who give care. |
| | Efficiency | Avoiding waste, including waste of equipment, supplies, ideas, and energy. |
| | Efficacy | Providing services based on scientific knowledge to all who could benefit, and refraining from providing services to those not likely to benefit. |
| | Equity | Providing care that does not vary in quality because of personal characteristics such as gender, ethnicity, geographic location, and socioeconomic status. |
| | Patient-Centricity | Providing care that is respectful of and responsive to individual patient preferences, needs, values, and ensuring that patient values guide all clinical decisions. |

OUR BUSINESS INTELLECTUAL CAPITAL

THE RIGHT STANDARDS

Durdans has long been associated with quality as demonstrated by the hospital obtaining JCI accreditation for 10 consecutive years. In 2023, the hospital's laboratory network became aligned and accredited with the newly revised ISO 15189:2022 standard, which outlines the latest competencies and quality standards that medical laboratories must satisfy in order to meet international standards.



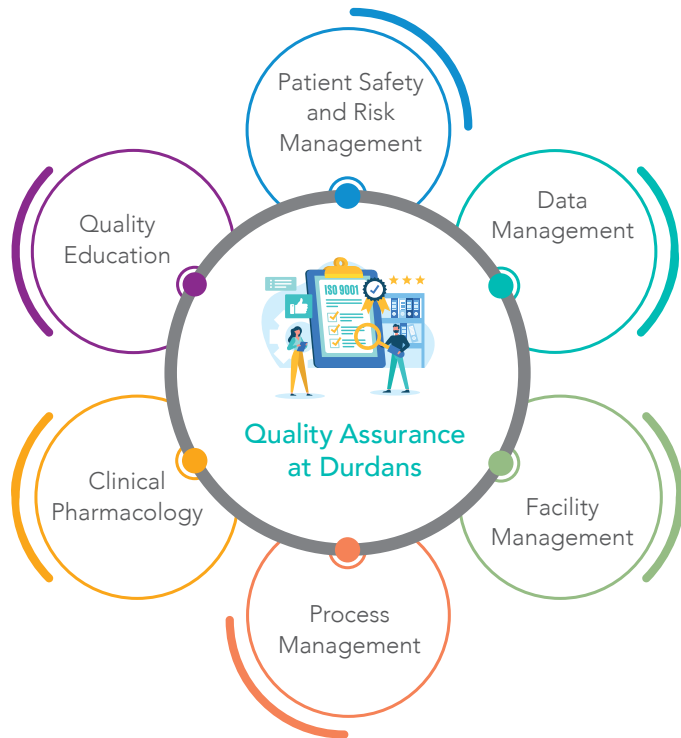
THE RIGHT OVERSIGHT

Durdans Hospital is dedicated towards integrating quality across every aspect of its operations and has therefore enforced policies and frameworks to drive continuous improvement and ensure greater degrees of quality oversight and control.

Accordingly, the hospital's quality commitment stems from the Chairman and Board of Directors, and cascades down to the Management and staff. To ensure quality management is

prioritised, a Quality and Patient Safety Committee (QPS) is in place, comprising a cross-section of members from the hospital's top management, armed with invaluable insights, expertise and inputs designed to elevate organisation-wide quality standards. Their vision and strategy are deployed via an experienced Quality Assurance department led by a dedicated Quality Assurance Manager.

Quality Assurance at Durdans takes on a multi-faceted approach, outlined below:



During the year, the main Durdans laboratory improved its quality governance by assigning personnel to oversee quality assurance and maintenance. Internal audits were conducted across satellite labs to identify gaps for improvement, with action taken to rectify and mitigate any identified issues and concerns.

THE RIGHT PROCESS

Durdans relies on a Quality Management System that takes into consideration a range of factors including external drivers, performance improvement, data management, and patient safety. This process ensures

that quality is constantly monitored across multiple perspectives, with the right tools and mechanisms in place to identify and mitigate any potential weaknesses and threats.

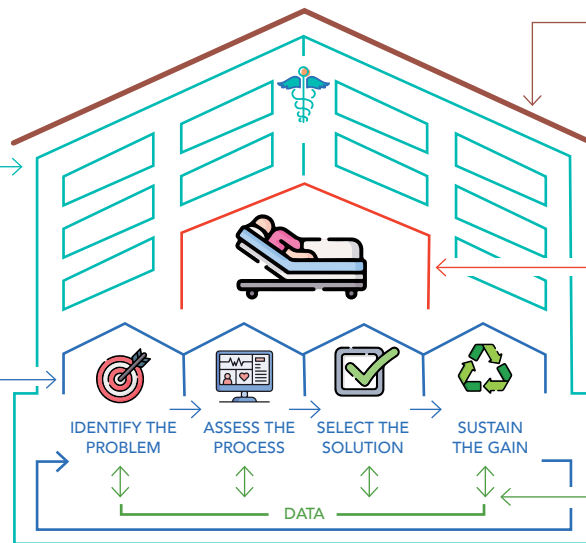


QUALITY MANAGEMENT

Components of quality management system; organisational structure; leadership role; health information management; teamwork; change management.

PERFORMANCE IMPROVEMENT

Science of improvement: methods and tools to identify a problem, assess the process, select a solution and sustain the results.



EXTERNAL DRIVERS

External drivers of quality including regulations, evidence-based practice, consumer engagement and accreditation.

PATIENT SAFETY

Prevent harm and reduce risk through: safety culture, manage safety events, patient partnerships, human factors, risk management, high reliability

DATA MANAGEMENT

Data management skills including: performance measure, data collection, analysis (basic and advanced), visualisation and interpretation.

The hospital has further assigned designated chapter champions and quality champions in all wards and units to drive hospital-wide adoption. Additionally, a hospital-wide monitoring plan has been established with relevant department-wise quality indicators assessed on a monthly basis. Any deviations are captured and addressed

as improvement projects of the respective department.

During the year, the hospital took necessary steps to update clinical documentation, introduce new EMR modules, and streamline clinical and managerial processes to drive improve service delivery. The clinical

committees were also streamlined to derive improved inputs for clinical developments.

Patient satisfaction is measured and maintained via an annual monitoring plan that includes various patient satisfaction surveys and feedback and complaint processes.

OUR BUSINESS

INTELLECTUAL CAPITAL

TECHNOLOGY AND PROCESS IMPROVEMENTS

Information technology (IT) and ongoing process improvements play a vital role in Durdans Hospitals owing to their contribution towards the efficiency, effectiveness, and quality of healthcare

delivery. By effectively leveraging on its IT capabilities, the hospital can successfully deliver value to its stakeholders during the year, attain a competitive advantage in the healthcare industry, and achieve its strategic objectives.

During the year, the following steps enabled the hospital to derive stakeholder value, particularly amid the backdrop of the economic crisis and its associated impacts:

| Initiative | Outcome |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| IMPROVING PATIENT CARE: | |
| <p>Electronic Health Records (EHR): Facilitating the implementation and maintenance of EHR systems, enabling healthcare providers to access comprehensive patient records efficiently.</p> | Enhances care coordination, improves accuracy, and ensures patient safety. |
| <p>Telemedicine and Remote Monitoring: Establishing telemedicine services and remote patient monitoring solutions, to allow patients to receive care remotely and enable healthcare providers to monitor patients' health status remotely.</p> | Improves access to care, particularly for patients in remote areas or with limited mobility. |
| <p>Clinical Decision Support Systems: Implementing clinical decision support systems that provide healthcare providers with evidence-based guidelines, drug interaction alerts, and diagnostic assistance.</p> | Enhances clinical decision-making, improves treatment outcomes, and reduces medical errors. |
| STREAMLINING OPERATIONS: | |
| <p>Digital Workflow Management: Streamlines hospital operations through the automation of administrative tasks, appointment scheduling, and resource allocation.</p> | Improves workflow efficiency, reduces paperwork, and enhances staff productivity. |
| <p>Supply Chain Management: Optimising supply chain management processes, such as inventory management, procurement, and vendor management.</p> | Ensures the availability of essential supplies, reduces waste, and minimises inventory holding costs. |
| ENHANCING THE PATIENT EXPERIENCE: | |
| <p>Patient Portals and Mobile Apps: Developing patient portals and mobile apps that empower patients to access their health information, schedule appointments, communicate with healthcare providers, and participate in their care.</p> | Improves patient engagement, satisfaction, and loyalty. |
| <p>Self-Service Kiosks and Check-in Systems: Implementing self-service kiosks and check-in systems that allow patients to check in for appointments, update their personal information, and complete registration forms electronically.</p> | Reduces waiting times, enhances convenience, and improves the overall patient experience. |

| Initiative | Outcome |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| ENABLING DATA-DRIVEN DECISION-MAKING: | |
| <p>Business Intelligence and Analytics: Providing tools for data analysis and business intelligence that enable hospital administrators and managers to make informed decisions.</p> | <p>Helps identify trends, forecast patient demand, optimise resource allocation, and improve operational efficiency.</p> |
| <p>Performance Dashboards and Reporting: Developing performance dashboards and reporting tools that provide real-time insights into key performance indicators (KPIs), such as patient wait times, bed occupancy rates, and revenue cycle metrics.</p> | <p>Enables stakeholders to monitor performance, identify areas for improvement, and drive strategic initiatives.</p> |
| ENSURING SECURITY AND COMPLIANCE: | |
| <p>Data Security and Privacy: Implementing security measures, such as encryption, access controls, and network security protocols, to protect patient data from unauthorised access, cyber threats, and privacy breaches.</p> | <p>Ensures compliance with regulations such as HIPAA and GDPR, instills trust among patients, and mitigates reputational risks.</p> |
| <p>Regulatory Compliance Monitoring: Supporting regulatory compliance efforts by facilitating documentation, reporting, and auditing of compliance activities.</p> | <p>Ensures adherence to healthcare regulations, accreditation standards, and industry best practices</p> |
| SUPPORTING UNINTERRUPTED CONNECTIVITY: | |
| <p>Remote Work and Collaboration Tools: Enabling remote work and collaboration among healthcare professionals, while establishing platforms that support remote learning and training.</p> | <p>Facilitates communication and teamwork, ensures uninterrupted operations, and minimises travel and overhead costs.</p> |

OUR LEADERSHIP

OUR BUSINESS



FINANCIAL ANALYSIS

SUPPLEMENTARY INFORMATION

OUR BUSINESS INTELLECTUAL CAPITAL

Durdans hospital focused on building its knowledge and skill base through training and development initiatives across the workforce

CYBERSECURITY AND DATA PRIVACY

The hospital's approach to data privacy and cybersecurity emphasises a proactive and multi-layered defence strategy, combining policies, technologies, and employee awareness to protect sensitive information, mitigate

risks, and maintain trust and confidence among stakeholders.

In addition to the steps outlined below, the hospital aligns with the ISO 27001 information security standards and has taken steps to align with the Data Protection Act No. 9 of 2022.

Technology

- Network security measures such as firewalls, intrusion detection/prevention systems (IDS/IPS), and secure VPNs
- Access controls and user authentication
- Data encryption
- Endpoint protection
- Data storage and retention in centralised databases or cloud environments

Policies and Strategies

- Comprehensive incident response plans and procedures
- Regular security audits and vulnerability assessments and penetration testing
- Third-party risk assessments, due diligence and contracts
- Continuous monitoring and threat intelligence via SIEM systems, threat intelligence feeds and security analytics
- Implementing robust backup and recovery solutions to ensure data resilience

Employee Awareness

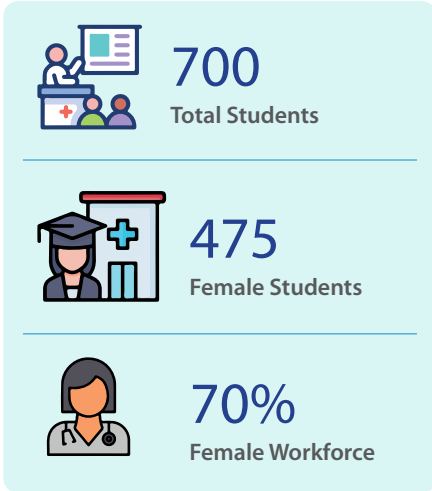
- Regular training and awareness sessions on data privacy and cybersecurity best practices. Training programs cover topics such as phishing awareness, password hygiene, and incident response procedures to enhance employees' cybersecurity awareness and resilience.

RESEARCH AND KNOWLEDGE DEVELOPMENT

During the year, Durdans hospital focused on building its knowledge and skill base through training and development initiatives across the workforce.

For further information on employee training and development, please refer Human Capital from pages 46-53





Amrak strives towards women empowerment and leadership at all levels, and firmly believes in the socioeconomic imperative of developing their skills and capacity to face the future.

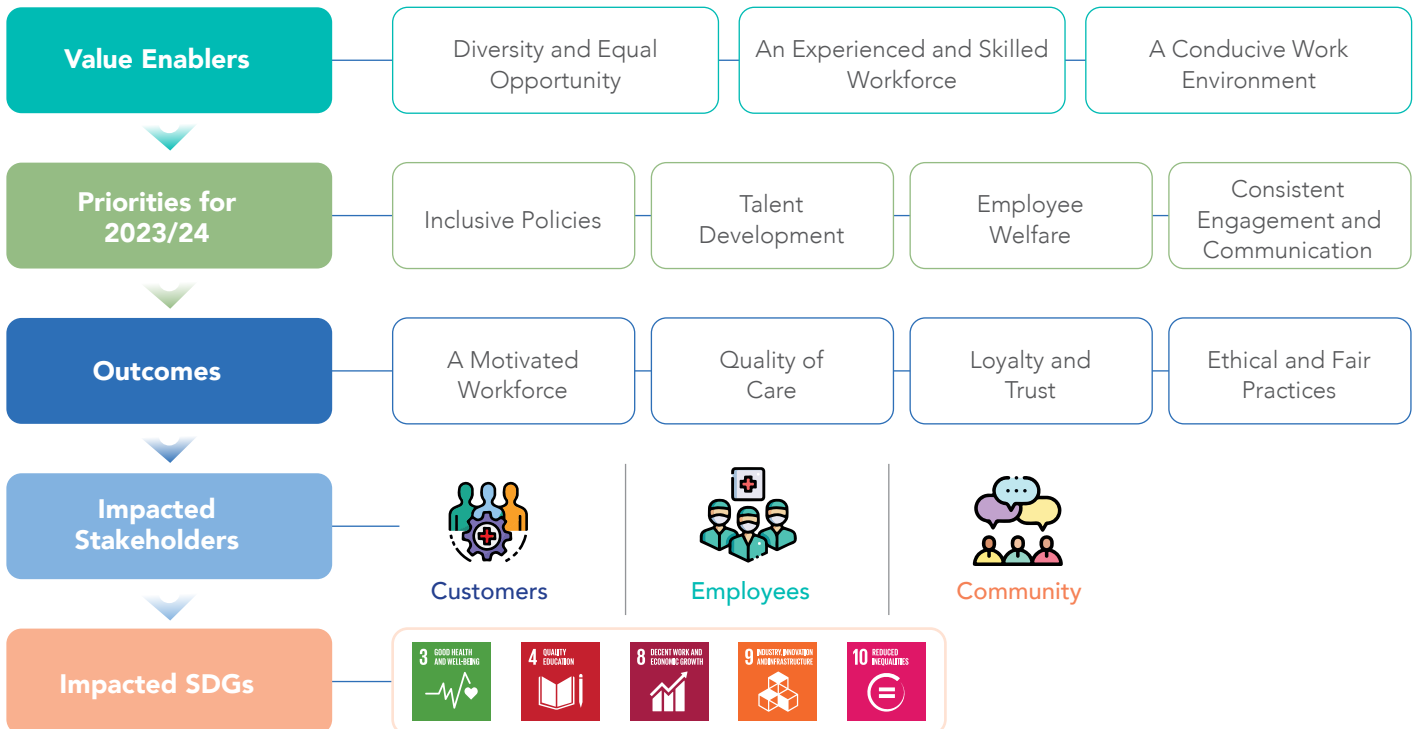
THE AMRAK INSTITUTE OF MEDICAL SCIENCES

Additionally, the Amrak Institute of Medical Sciences, a subsidiary of Durdans Hospital continued to expand the nation’s skills and knowledge in the field of healthcare. Focusing on the fields of Biomedical Sciences, Biotech, and Nursing, the establishment empowers the next generation and uplifts their future by offering valuable job opportunities and expediting their career advancement.

During the year, Amrak continued to invest in upgrading its facilities with a state-of-the-art molecular and histopathology lab with the aim of introducing new learning disciplines in the near future.

OUR BUSINESS HUMAN CAPITAL

THE RECRUITMENT, DEVELOPMENT AND WELL-BEING OF THE HOSPITAL'S DIVERSE, HIGHLY SKILLED HUMAN CAPITAL IS AN IMPERATIVE THAT ENABLES THE ACHIEVEMENT OF STRATEGIC OBJECTIVES. A CULTURE OF EMPATHY AND PATIENT-CENTRICITY ENHANCES AND UPLIFTS THE OVERALL LEVEL OF CARE.



INCLUSIVE POLICIES

Diversity and Equal Opportunity

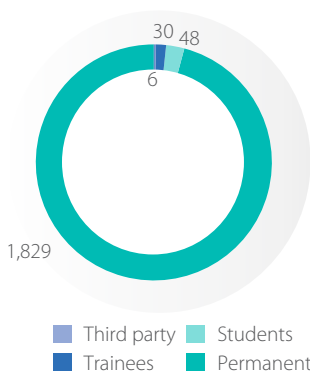
The human capital of the hospital comprises a diverse team of professionals with a variety of skills and responsibilities, including medical officers, nurses, medical support workers, administrative personnel, and knowledgeable resident and visiting consultants.

Durdans does not discriminate on the basis of gender, race, sexual orientation, ethnicity, religion, or disability, owing to its commitment to support diversity and equal opportunity in the workplace. Every employee is valued and acknowledged for their contribution to the expansion and success of the company, in accordance with the hospital's culture. The figures below demonstrate the organisation's commitment towards fostering a more inclusive culture.

Employee Diversity and Demographics

| Employees by Category | Number |
|-----------------------|--------|
| Third party | 6 |
| Trainees | 30 |
| Students | 48 |
| Permanent | 1,829 |

Employee Diversity and Demographics



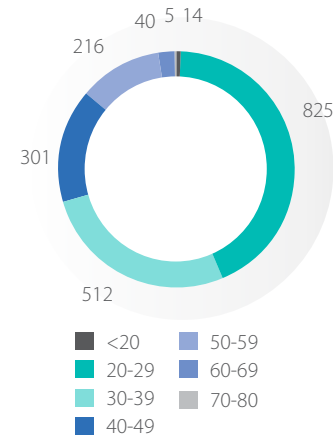
The following policies reinforce Durdans Hospital's culture of diversity and equal opportunity:

- Workforce Diversity Policy
- Gender Diversity Policy
- Boardroom Diversity Policy

| Permanent Employees by District | Number |
|---------------------------------|--------|
| Ampara | 8 |
| Anuradhapura | 73 |
| Badulla | 40 |
| Batticaloa | 16 |
| Colombo | 634 |
| Galle | 120 |
| Gampaha | 208 |
| Hambantoata | 30 |
| Jaffna | 23 |
| Kaluthara | 223 |
| Kandy | 113 |
| Kegalle | 32 |
| Kilinochchi | 1 |
| Kurunegala | 85 |
| Matale | 28 |
| Matara | 84 |
| Monaragala | 7 |
| Mullaitivu | 3 |
| Nuwara Eliya | 43 |
| Polonnaruwa | 12 |
| Puttalam | 17 |
| Ratnapura | 75 |
| Trincomalee | 33 |
| Vavuniya | 5 |

| Employees by Age | Number |
|------------------|--------|
| <20 | 14 |
| 20-29 | 825 |
| 30-39 | 512 |
| 40-49 | 301 |
| 50-59 | 216 |
| 60-69 | 40 |
| 70-80 | 5 |

Employees by Age

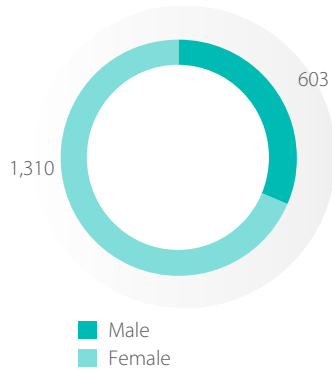


| Employees by Gender | Number |
|---------------------|--------|
| Male | 603 |
| Female | 1,310 |

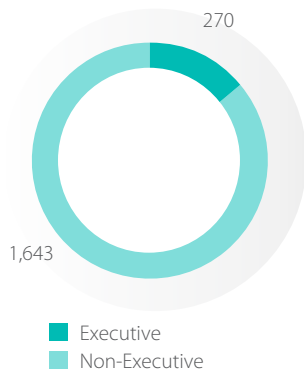
| Permanent Employees by Category | Number |
|---------------------------------|--------|
| Executive | 270 |
| Non-Executive | 1,643 |

OUR BUSINESS HUMAN CAPITAL

Employees by Gender



Permanent Employees by Category



As indicated above, despite Colombo serving as the primary location of the hospital, employees are hired from across all major districts, mainly owing to the island-wide laboratory network, which recruits staff from the neighbouring communities.

The workforce primarily comprises female staff, amounting to 68% of the entire workforce, while male staff represent the remaining 32%. The hospital focuses on hiring from a younger demographic, with 45% of the total employee base hailing from ages between 20 and 29. This approach provides Sri Lankan youth with opportunities for training and



development, while building a more dynamic, energetic, and adaptive workforce.

TALENT DEVELOPMENT

Recruiting the Right Skills

The foundation of Durdans Hospital’s hiring strategy is matching the ideal candidate with the right skills to the right job. Within the organisation, all positions and duties are categorised based on pre-established job descriptions, competencies, and qualifications.

Before hiring, every applicant must pass a rigorous screening process because of the critical importance of maintaining accuracy, reliability, and safety within the healthcare sector. Prior to joining the team, all medical professionals including resident physicians and consultants are evaluated by the “Credentialling and Privileging Committee,” to ensure patients are treated by highly qualified, verified, and knowledgeable personnel.



Durdans employs both internal and external recruitment methods to procure the right balance of skills and talents. The hospital first strives to promote from within, selecting candidates based on qualifications and experience. In the unlikely event that positions cannot be filled from the existing workforce, recruitment is carried out through external avenues including newspaper ads and social media platforms.

While allowing a significant portion of the recruitment process to be carried out digitally, an end-to-end recruitment portal supports ease of accessibility; enabling both the general public and current workers to apply to new roles or vacancies within the organisation. The portal enables vacancies to be uploaded via the hospital’s official website and the internal HRIS system.

New hires are paired with a co-worker/mentor for a period of six months as part of the buddy system, which supports the process of onboarding. This procedure facilitates their complete integration into the workplace and helps new hires to become acquainted with the organisation’s culture, policies, and procedures.

Owing to the challenges that prevailed during the year and the overwhelming migration of skills arising from the economic crisis, the hospital recorded a turnover of 43%, while retaining 57% of its workforce. 756 new employees were hired during the year under review.

During the year, the hospital strove to maintain the right mix of youthful dynamism by and professional experience. The former was achieved by recruiting and training young, relatively new entrants to the field, while the latter was maintained by providing a strong employee value proposition and relying on strategies to motivate the existing workforce.

The hospital’s goal is to become the healthcare industry’s preferred employer by providing an attractive employee proposition that will attract, motivate, and retain a committed staff.

TRAINING AND DEVELOPMENT

Durdans remains deeply committed towards developing and enhancing the services extended towards its clients. Therefore, the organisation constantly engages in analysing the current workforce by conducting a ‘Training

Needs Analysis’. This enables the hospital to develop employee skills and identify new and integral competencies that help them achieve success in their respective roles.

The HR division thereafter creates a training schedule based on the Training Needs Analysis. Every training programme is developed in partnership with the corresponding line manager, guaranteeing that staff members acquire a relevant and effective foundation that supports career advancement and development. Employees undergo a comprehensive assessment to evaluate their skills and competency levels prior to offering a opportunities for promotion.

Following the completion of their training programmes, the hospital regularly evaluates and rewards staff members who use their newly acquired abilities and competencies to assist patients or customers.

The laboratory network incorporated a teaching learning platform, with training programmes conducted via Zoom to efficiently conduct training programmes to satellite laboratories.



OUR BUSINESS HUMAN CAPITAL



This ensured that employees could easily access training material, while saving time, and minimising travel and associated expenses. Technicians and employees hailing from across the island were also provided with an on-site, hands-on learning experience at the main laboratory, during which they were provided with the necessary knowledge and expertise to conduct audits at their respective locations in order to identify and rectify any gaps.

EMPLOYEE WELFARE

Rewards, Benefits, and Remuneration

Durdans bases employee compensation on yearly evaluations and strongly adheres to a performance-based culture. All remuneration policies and procedures correspond to legal and

industry criteria and follow an impartial and non-discriminatory approach.

The structure of employee compensation is based on guaranteed fixed salaries, with variable allowances and/or bonuses distributed based on the performance of the individual, their contribution to KPIs, and the performance of the company.

During the year, despite the challenging economic conditions that impacted

operations, the Company invested in its people by standardising the remuneration for critical positions.

A robust performance management framework is utilised to guarantee that employees receive rewards commensurate with the input they receive from the appropriate line managers and the accomplishment of their own KPIs.

Employee Benefits

The following benefits are offered to full-time employees:



HEALTH, WELL-BEING, AND SAFETY

In light of the nature of the hospital's operations, employee health and safety is a crucial component of risk management within the company. By adopting internationally recognised standards such as the JCI accreditation

and other industry best practices, the hospital has developed strict Standard Operating Procedures that foster safe working conditions across its premises.

This commitment permeates every aspect of the hospital's operations, and therefore a number of committees



Rs. 2,038 Mn

Rewards and Remuneration





23

Workplace accidents /hazards

The following steps are taken to ensure emergency preparedness within the hospital:

- Regular fire safety training programmes are conducted
- Mock drills are conducted for emergency evacuations
- All employees are apprised of routine fire safety training procedures and protocols
- Fire wardens are appointed to each unit to oversee and direct any evacuations when required

within the organisation are in charge of monitoring the health and safety conditions for both employees and patients. The committees continue to be responsible for reducing and eliminating any risks associated with safety and occupational hazards.

To uphold the highest standards of health and safety, all safety policies and emergency response protocols are regularly evaluated and improved with the assistance of the Quality Assurance Division. To minimise the high-risk environment of the hospital, all personnel receive regular training in occupational health and safety.

As per the Occupational Safety and Health Policy, in the event a health and safety related incident takes place, a comprehensive investigation is conducted, and precautionary steps are taken.

EMPLOYEE WELL-BEING AND MOTIVATION

The hospital hosts a number of welfare events, such as the festivals and New Year's celebrations that are detailed below. These result-oriented strategies for employee engagement help build employee morale and promote unity within the workforce.

- Durdans Aurudu - April
- Vesak Bathi Gee - May
- Poson Dansala - June
- Movie Night - July
- Children's Day - October
- Shopping Festa - November
- Christmas Carols - December
- Religious Ceremony - January
- Valentine DJ night - February
- Women's Day - March



OUR BUSINESS HUMAN CAPITAL



Furthermore, the hospital has implemented a 'Fatigue Management Policy' to maintain employee wellness and ensure that they do not experience burnout while on duty. Additionally, a counselling and well-being centre is in place to support employee mental health.

CONSISTENT ENGAGEMENT AND COMMUNICATION

Durdans believes that effective engagement and communication increase employee motivation and dedication, which enhances the customer experience as a whole.

Accordingly, the hospital uses a variety of communication channels, including the intranet, posters, and circulars, to interact with its staff in accordance.

To ensure that every staff member remains informed of any changes to the hospital's policies, procedures, and systems, all materials are created in a trilingual format.

Employees can communicate their concerns and report any operational shortcomings as soon as they occur by contacting the Human Resources Department through the Reach HR option on the HRIS.

Employees are free to voice any complaints and ideas to the upper management. These platforms foster an environment that values creativity, teamwork, and ongoing development.

The hospital makes sure the staff is informed of the underlying policies and values that guide the hospital's operations through continuous communication and has established clear routes for grievance resolution. With the aim of supporting any employee to report a suspected cases of fraud, malpractice, or any other illegal or unethical activity they encounter within



Employees are free to voice any complaints and ideas to the upper management. These platforms foster an environment that values creativity, teamwork, and ongoing development.

the Company, a whistleblower policy has been put in place. This policy empowers employees to report any concerns anonymously, without worrying about facing consequences or retaliation.

OUTLOOK

Employee migration remains a significant challenge in the period ahead, leading to an acute shortage of skilled employees, with a niche market in place to source and fill new vacancies. Going forward, the company will invest on retaining these skills by creating the right work environment while extending the right remuneration and benefits that would add value to employees.

The Company will continue to foster an equitable, diversified work environment, while reinvesting in performance management, upskilling, and the rewarding of top talent.



OUR BUSINESS

SOCIAL AND RELATIONSHIP CAPITAL

THE SOCIAL AND RELATIONSHIP CAPITAL AT DURDANS HOSPITAL IS DRIVEN BY LONG-TERM RELATIONSHIPS BUILT ON A SPIRIT OF GENUINE COMPASSION AND CARE. THESE TRUSTED PARTNERSHIPS SERVE AS THE FOUNDATION OF THE ORGANISATION'S LONG-TERM SUCCESS AND GUARANTEE ITS ABILITY TO DERIVE TANGIBLE, MUTUALLY BENEFICIAL OUTCOMES AND SAFEGUARD FUTURE VALUE.



CUSTOMER RELATIONSHIP MANAGEMENT

Durdans Hospital prioritises patient well-being and satisfaction at every stage of its operations. The hospital therefore relies on state-of-the-art technology and unmatched expertise across diverse medical disciplines to support patient good health and well-being while supporting the advancement of healthcare services across the community.

UNMATCHED EXPERTISE AND SKILLS

As a purpose-built tertiary healthcare institution, Durdans is built on a foundation of excellence, and has established a reputation as a Centre of excellence across the fields of eye, orthopaedic, and cardiac care. The hospital has now taken steps towards establishing unrivalled capabilities in genitourinary and neurological care, and will continue to pursue new fields of expertise in the years to come, in order to elevate its standard of care to cater to all patient needs.

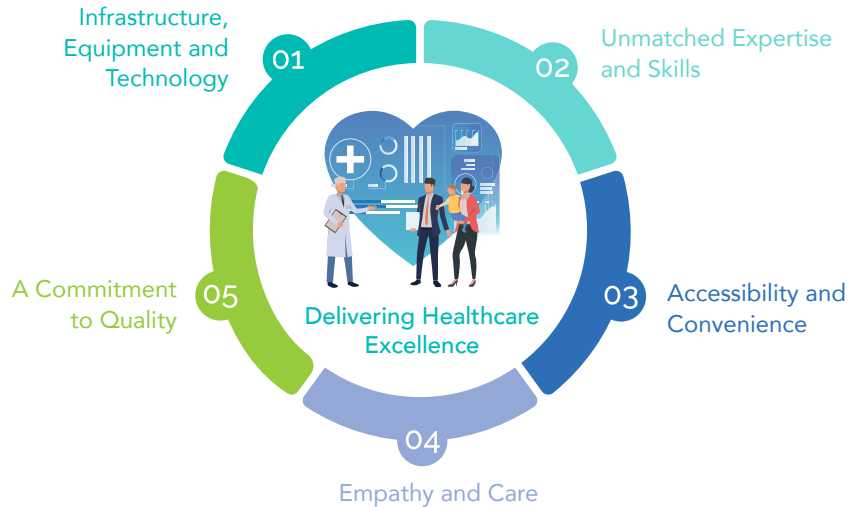
INFRASTRUCTURE, EQUIPMENT, AND TECHNOLOGY

The aforementioned capabilities are supported by a range of cutting-edge equipment and infrastructure that enables minimally invasive procedures, drives precision, and improves patient outcomes with a high quality of care.


The Hospital further engages in constantly upgrading its infrastructure to ensure patients and their family members experience high standards of healthcare, aligned with international standards. The hospital strives to provide a caring atmosphere and a pleasant ambience, supported with streamlined processes that drive efficiency and convenience at every stage. The hospital provides

HOLISTIC HEALTHCARE EXCELLENCE

The Hospital undertakes a multi-pronged approach towards supporting its patient needs, outlined below:




OUR BUSINESS SOCIAL AND RELATIONSHIP CAPITAL




509,540

Patients Treated in 2023/24




136,048

Chatbot Inquiries




38,183

Surgical Procedures Performed



1,000+

Users of the Mobile App



2,772,858

Tests Conducted

a comprehensive and well-rounded healthcare solution that emphasises aftercare and well-being in order to guarantee that our patients have a higher quality of life.

During the year, the Hospital successfully launched its Vision 2022 project, including a cutting-edge neuro care centre, which provides a comprehensive range of neuro-services including neurology, neurosurgery, and neurorehabilitation, will be housed in the project. The Hospital will soon launch its facilities and services for geriatric care, preventive care, and rehabilitation through its state-of-the-art Wellness Centre. The refurbishment of the sixth lane wing also saw the upgrading of the hospital's rooms,

central laboratory, and pharmacy, thereby providing improved conditions for its clientele.

ACCESSIBILITY AND CONVENIENCE

The hospital spearheaded digitalisation in health informatics following its rebranding in 2017 and focused on the continuous evolution and enhancement of customer-centric, customer-engaged health systems that drive patient safety, information accuracy, seamless operations, and coordinated care. The hospital has therefore established a fully-fledged EMR (Electronic Medical Records) system to support ward operations, while engaging in the revamping and

deployment of a new LIS (Laboratory Information System) and integrating CRM with the Health Information System ERP (HIS – ERP). Furthermore, the hospital relies on vertical integration in automated billing, pharmacy, in-patient, OPD, and EDI health platforms (DOC990, E-Channeling, etc..) to provide increased levels of convenience and accuracy to customers.

Additionally, automated parking and virtual doctor consulting sessions have served to enhance the patient quality of service and experience. The hospital relies on the following channels to ensure continued accessibility:

| | |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PHYSICAL LOCATIONS | In addition to its physical location in Colombo, the hospital offers an island-wide network and mobile investigation units that promote accessibility to a variety of diagnostic services and medical care. |
| CHATBOT | The hospital has a chatbot armed with AI capabilities, which responds to patient queries and enables them to obtain lab reports digitally. The chatbot is accessible via the website around-the-clock, with a live agent assigned to address any issues that the chatbot is unable to resolve. |
| SOCIAL MEDIA AND ONLINE CHANNELS | Patients are able to contact the hospital via Whatsapp, Facebook, Instagram and the hospital website. |
| CALL CENTRE AND MEDICAL HELPLINE | The hospital has in place a call centre to address any customer queries and concerns. A doctor is assigned to the call centre to offer a free initial consultation, and connect patients with the appropriate consultants based on their symptoms. |
| AUDIO AND VIDEO CHANNELLING | The hospital's contact center utilises audio channelling to link the patient with an appropriate consultant and manage their prescription details accordingly. E-channelling is used to conduct video consultations. |
| THE DURDANS HOSPITAL MOBILE APP | The Durdans mobile app offers a range of features, including the ability to schedule consultations and view lab locations and reports. |



Durdans Whatsapp

<https://www.facebook.com/durdanshospital/videos/durdans-whatsapp-medical-services>

Durdans Facebook

<https://www.facebook.com/durdanshospital>

Durdans Website

<https://www.durdans.com>

A COMMITMENT TO QUALITY

The hospital's continued focus on quality is evidenced by upholding its JCI accreditation for the 10th consecutive year. The hospital further conducts regular audits to ensure quality benchmarks are continuously assessed, revised, and addressed. The economic crisis led to significant challenges including shortages of medicines and medical supplies. Despite these constraints, the hospital managed to maintain quality through strategic procurement and stock management, prudent financial management and cost efficiencies, investments in telemedicine, and staff retention strategies.

Furthermore, in order to ensure patient needs are fulfilled, their feedback is monitored regularly. Daily visits are conducted to in-patients to ensure their needs are understood, their requirements are met, and that they are satisfied with the service extended throughout their stay.

Patient satisfaction is measured and maintained through an annual monitoring plan that includes various patient satisfaction surveys and feedback and complaint processes. The customer surveys are designed and distributed to collect information

relevant to medical services and staff engagement. This ensures that the hospital is able to gain valuable customer insights regarding their experience and evaluate emerging needs, in addition to supporting the organisation to bridge any gaps in the overall value proposition. The survey also enables the hospital to calculate its Net Promoter Score, which indicates the likelihood of a patient to recommend Durdans Hospital's services to others.

During the year several remedial actions were taken including process revisions and specific departmental improvements pertaining to aspects surrounding staff training and customer care. These measures were taken in response to audits, incident reports, and patient feedback to improve quality and safety.

All complaints are addressed through the hospital's Customer Relationship Management (CRM) System. The senior management assesses and monitors these complaints to ensure corrective measures are taken, while regular meetings are held by the management to streamline decision-making and increase responsiveness.

EMPATHY AND CARE

The hospital strives to exceed expectations in terms of meeting customer needs. This spirit of compassion and care is delivered through the staff and their commitment towards each patient's well-being that extends beyond mere clinical practices. This is illustrated through the resounding feedback received across various patient disciplines, that indicate high levels of satisfaction and an exceptional standard of care. A few patient testimonials are outlined below:


SUPPLIER AND BUSINESS PARTNERSHIPS

Durdans Hospital's business partners comprise a diverse group of individuals and institutions committed to provide the best goods and services possible in line with the hospital's mission to deliver the highest standards of patient care. The hospital's long-term partnerships are built on delivering mutually beneficial outcomes, and create value by improving the overall hospital experience, assisting the community's economy, and decreasing expenses. A methodical approach has been implemented to ensure continuous communication with the hospital's business partners owing to the extensive scope of the organisation's supply chain and the range of services and customers to which it caters.

OUR BUSINESS SOCIAL AND RELATIONSHIP CAPITAL


| Supplier Category | Count of suppliers | % (as a percentage) |
|--------------------|--------------------|---------------------|
| Medical & Surgical | 233 | 47% |
| F&B | 75 | 15% |
| General | 166 | 33% |
| Laboratory | 26 | 05% |

| Total Spend | Value (Rs. Mn) | % |
|-------------|----------------|-----|
| Inventory | 3,345 | 64% |
| Capex | 1,857 | 36% |
| General | 166 | 33% |
| Laboratory | 26 | 05% |




2,303

Total Vendors



Rs. 1,857 Mn

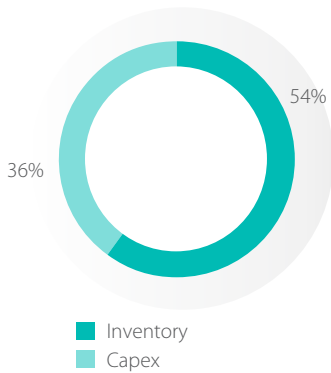
CAPEX



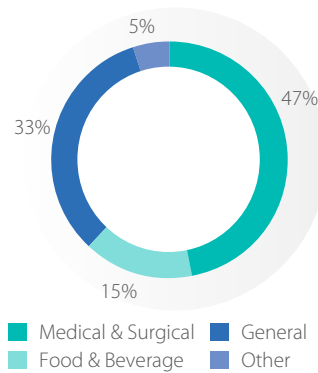
Rs 3,345 Mn

Inventory Value

Supplier Expenditure



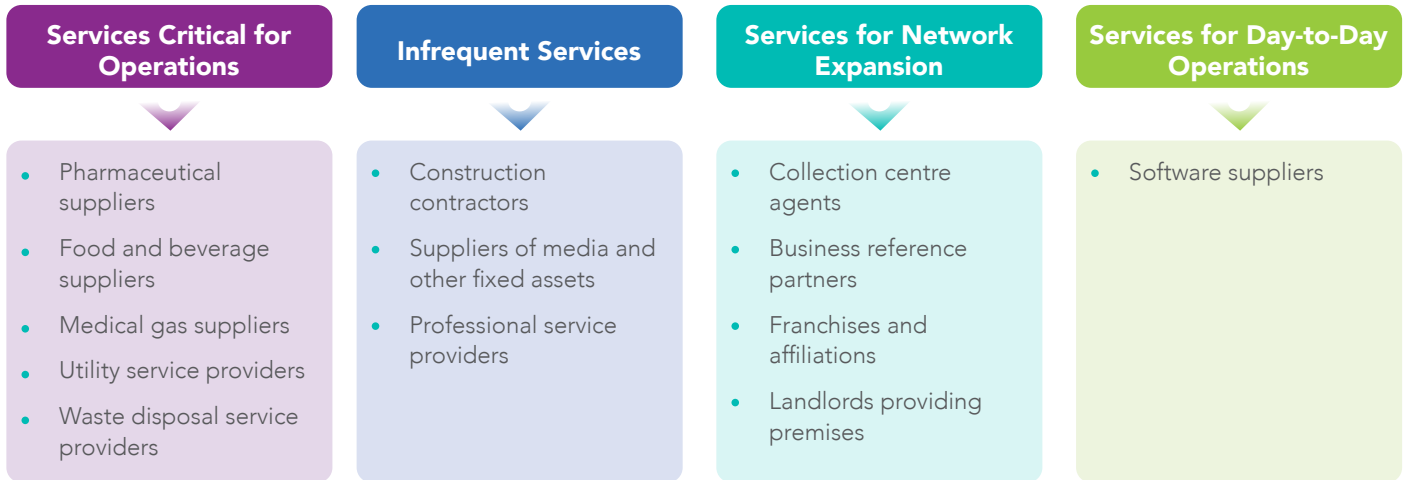
Supplier by Category



SUPPLIER COMPOSITION

A wide range of experts from several sectors constitute the hospital's business partners, including verified and reputed healthcare consultants, domestic and international general and pharmaceutical suppliers, and manufacturers of superior medical equipment. Due to these established relationships, the hospital has access to a steady supply of medical supplies, knowledge, and state-of-the-art equipment, which allows it to offer patients unparalleled medical care.





SUPPLIER ENGAGEMENT

The hospital conducts all supplier relationships with transparency and accountability, and relies on a well-structured system that maintains a balance between grievance management, quality, and cost-effectiveness. Durdans Hospital makes a concerted effort to cultivate solid business relationships that promote accountability and sustainability along the whole supply chain. As a result, a contract requiring compliance with local laws and regulations is a must for all onboarded vendors. Directors, management, and employees must also maintain a standard of integrity that is specified in a code of ethics and business conduct.

In line with the hospital’s commitment to transparency and equality, any complaints or difficulties experienced by suppliers, particularly those pertaining to the procurement process, can be brought up with the relevant Group departments. While an organised feedback system has been established to guarantee that partner and customer expectations are fulfilled, a Supplier Round Table additionally serves as a forum for discussion. A whistleblower

policy further supports the reporting of any grievances or concerns in a safe and secure manner.

Suppliers also have the opportunity to communicate with upper management directly to address and successfully resolve any problems. In order to be remain cognizant about any changes in the market, Durdans Hospital also holds frequent meetings with pharmaceutical vendors. The hospital’s staff members attend training sessions conducted by the relevant supplier to acquire the correct procedures and practices for using surgical and medical equipment.

SUPPLIER ASSESSMENT

Durdans Hospital keeps two to three vendors in the system to minimise procurement risk, ensure continuous availability of resources and services, and maintain unrivalled standards of care. During the process, the hospital needs to obtain at least three quotes from vendors to facilitate equal opportunity and improve decision-making. In order to ensure optimal outcomes for both patients and carers, the quality assurance process encompasses all end users.

The Risk and Compliance team conducts quarterly audits and annual stock reconciliation to ensure that standards and ethical practices are maintained. These actions are further reinforced by regular audits conducted by the hospital’s dedicated Quality Assurance team to ensure all suppliers are aligned with stringent quality standards.

OUR BUSINESS SOCIAL AND RELATIONSHIP CAPITAL

SUPPLIER EVALUATION PROCESS

Existing Suppliers:



RESPONDING TO CHALLENGES:

The year under review saw the supply chain face considerable challenges owing to the impact of the economic crisis. The hospital responded as follows:

- Currency fluctuations led to significant price escalations of pharmaceuticals, medical equipment and general items thus high operating costs. To mitigate this, the hospital identified critical and non-critical items and made purchasing decisions accordingly.
- Scarcity of pharmaceutical items and shortage of stock was addressed by maintaining additional buffer stocks to ensure continuous supplies for ongoing patient care.
- Delays in delivery were addressed by maintaining constant contact and requesting and monitoring scheduled delivery plans from suppliers to avoid any disruptions.
- Shorter credit periods were in effect owing to suppliers tightening the cashflow. This was addressed through timely supplier payments and negotiating for longer credit periods with regular suppliers.
- The temporary suspension of certain items for import which affects day to day operations, was overcome this by the procurement team consciously seeking new substitutes/ alternate solutions, without compromising on quality.



The Hospital is committed to increasing the accessibility of healthcare services through Technological Innovation, Infrastructure Development, Network Expansion, and Affordability of Care.

COMMUNITY DEVELOPMENT

The hospital's subsidiary, the Amrak Institute of Medical Sciences continues to empower the future generation through the provision of high-quality, affordable, and accessible healthcare education, and global placement opportunities.

PROCESS DEVELOPMENTS AND EFFICIENCIES

During the year the hospital undertook tangible steps to streamline and develop its supply chain via the following initiatives:

- Industry experts were deployed to conduct a comprehensive review of the supply chain process and identify inefficiencies, bottlenecks and areas for improvement.
- Inventory optimisation was achieved by implementing tools and techniques to forecast demand, monitor stock levels, and ensure the availability of critical supplies while minimising excess inventory.
- Succession planning strategies were developed to safeguard the continuity and sustainability of supply chain capabilities and expertise.
- KPIs were established to measure performance, track progress against targets, and identify areas for improvement.

In terms of the future, the hospital aims to engage in the automation of the complete ordering system, while transforming a majority of the procurement process into a paperless system. The transition will include the migration to an industry standard ERP, supported by robust compliance and risk management programmes that will drive improved safety and data privacy. The hospital will also seek to implement value analysis and total cost ownership principles going forward, with the aim of evaluating the clinical and financial impact of supply chain decisions and investments.

The hospital strives to develop surrounding communities by engaging in community recruitment and providing opportunities for growth. Furthermore, the hospital is committed to increasing the accessibility of healthcare services through technological innovation, infrastructure development, network expansion, and affordability of care.

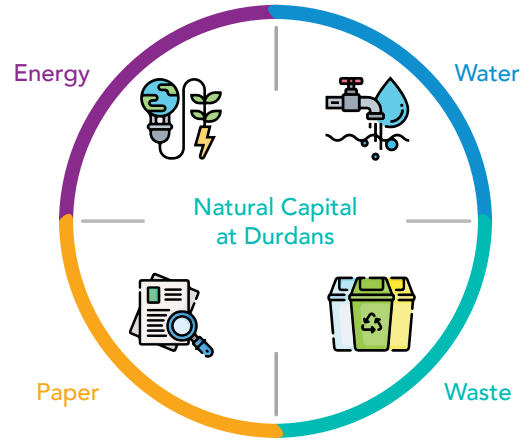
OUR BUSINESS NATURAL CAPITAL

AS A RESPONSIBLE ENTITY, WE ARE MINDFUL OF OUR IMPACT, AND BELIEVE THAT NURTURING OUR NATURAL CAPITAL IS INTEGRAL TOWARDS MAINTAINING THE SUSTAINABILITY OF OUR OPERATIONS AND ENVIRONMENT FOR THE FORESEEABLE FUTURE.



At Durdans Hospital, we are guided by principles of sustainability and the responsible provision of healthcare services, ensuring that all operations are conducted to ensure the least possible negative impact on the environment.

The organisation’s priorities in this regard span its primary resources, namely energy, water, paper, and waste. Durdans has established core systems and policies with the aim of managing these resources responsibly, effectively, and in compliance with applicable regulations.



| | |
|--|----------------------------|
| | General Waste (Black) |
| | Infected Waste (Yellow) |
| | Food Waste (Green) |
| | Plastic/Polythene (Orange) |
| | Glass (Red) |
| | Paper/Recyclable (Brown) |

Durdans frequently handles both hazardous and non-hazardous materials owing to its nature as a healthcare facility. It is therefore mandatory for all employees to practice safe and responsible disposal procedures for its waste, in order to reduce the likelihood of negative effects on the environment and nearby communities.

As a result, every waste item is differentiated and clearly segregated using colour-coded containers. To reduce the chance of cross-contamination, these items are then collected and stored in clearly designated zones within the hospital to avoid the risk of cross-contamination. Central Environment Authority (CEA)-approved third-party recyclers are charged with the disposal of all waste originating within the hospital premises.

Medical waste is segregated and collected by GFC Waste Management transporters for incineration at the Keliyapura, Hambanthota. (CEA approved company) General waste is collected by Local authorities.

In compliance with CEA guidelines, all infected waste is given to a licensed third-party contractor equipped with an incineration facility in order to reduce the risk of infection.

The Colombo Municipal Council collects all food waste in accordance with

local ordinances, while CEA-approved contractors undertake the collection and responsible disposal of all electronic and mercurial waste.

RESPONSIBLE RESOURCE CONSUMPTION

The hospital relies on the National Grid to meet its energy requirements. However, the year under review saw the healthcare sector face considerable challenges due to the rising costs of essential commodities including fuel and electricity.

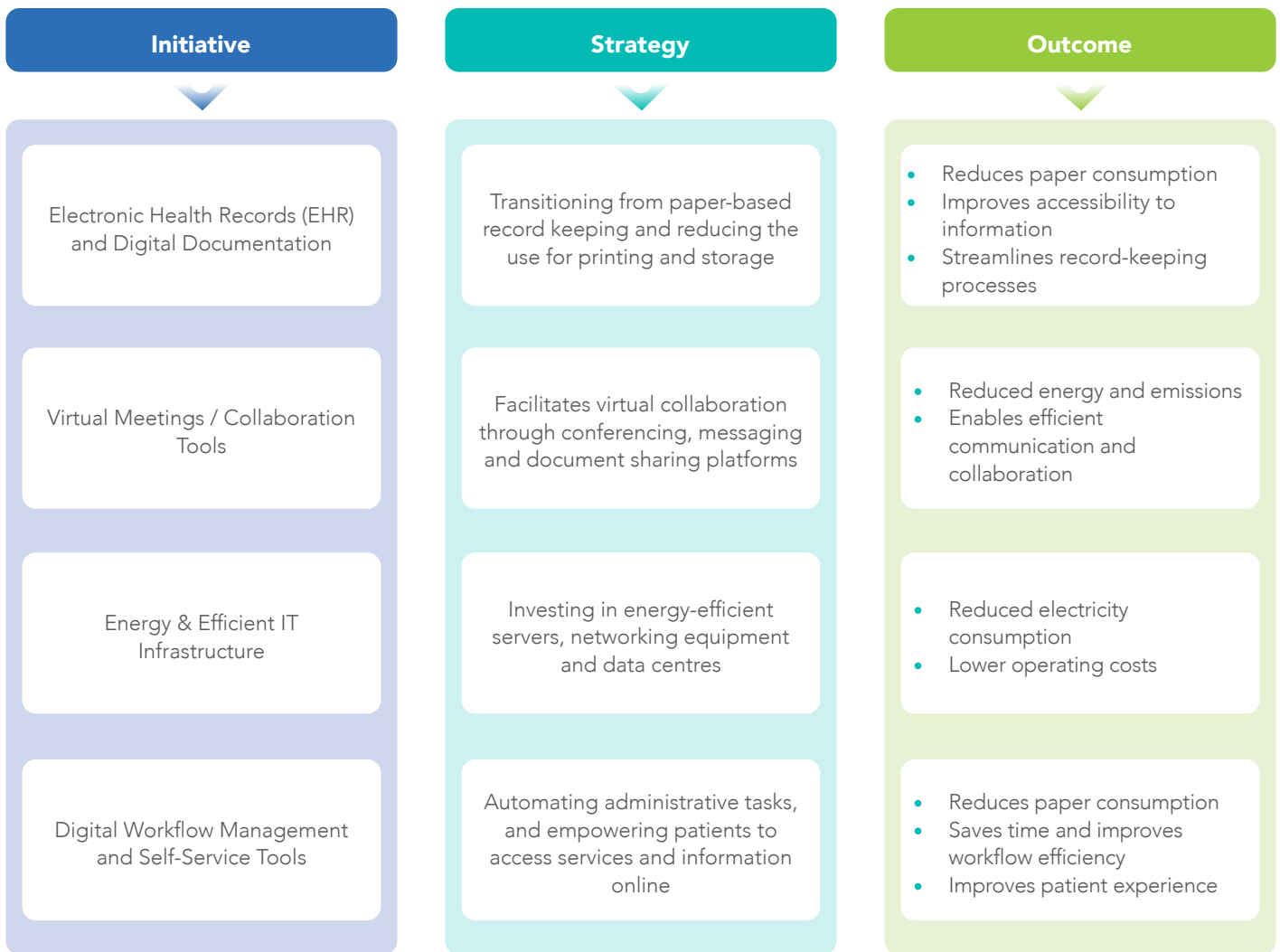


OUR BUSINESS NATURAL CAPITAL

Similarly, an increase in paper prices was witnessed, leading to the hospital undertaking several steps to drive down the consumption of fuel, electricity, and paper. This in turn led to the hospital realising significant cost efficiencies, while minimising its impact on the planet and its scarce resources.

As in the preceding years, digitalisation played an instrumental role in reducing the consumption of these resources, owing to improved productivity, reduced paper consumption, and reduction in travel arising from increased accessibility of information.

A number of these mechanisms and their contribution towards the responsible use of natural capital are listed below:





Water consumption plays a major role in the hospital's everyday operations due to its role in upholding and maintaining the highest standards of hygiene and sanitary measures. Water is used across a range of functions including sanitation, washing, cooking, heating, and ventilation among others.

The hospital encourages staff members to adopt practices linked to the conservation of vital resources including electricity and water and constantly engages in raising awareness on the significance of responsible resource management.

ENTERPRISE RISK MANAGEMENT

Enterprise Risk Management (“ERM”) in healthcare comprises clinical and administrative systems, processes and reports employed to detect, monitor, assess, mitigate and prevent risks. By employing ERM, healthcare organisations proactively and systematically safeguard patient safety as well as the organisation’s assets, market share, accreditation, brand value and community standing. Deployment of healthcare risk management was traditionally focused on the important role of patient safety and minimising medical errors, the loss of which could threaten an organisation’s ability to achieve its mission and decrease protection against financial liability. However, with the expanding role of healthcare technologies, increased cyber security concerns, the fast pace of change in the field of medical science, the industry’s ever-changing regulatory & legal framework and variations in the economic & political climate, healthcare risk management has evolved, becoming more complex over time.

RISK MANAGEMENT PROCESS AT DURDANS

The Management is responsible for applying an effective risk management strategy within the Company. The Risk Management Committee plays an integral role in risk management and oversees the adequacy and efficiency of internal controls across the Group, through internal audit reports and compliance statements.

As part of its risk management policy, the Company adopts a process of eliminating, minimising, accepting and/or transferring risk. Accordingly, the Company has implemented operational and management controls while establishing mitigation plans which are regularly verified by the in-house Quality Assurance Department (“QAD”) and the independent Internal Audit Team. In order to manage risks on a routine basis, a ‘Department Risk Register’ is maintained by each unit in conjunction with the QAD. The QAD in turn verifies this register on a quarterly basis to assess the implementation of the mitigation plans/control measures

in place and determine staff knowledge on same to avoid such risks becoming an eventuality. In addition to the above, specific mitigation mechanisms such as business continuity plans, disaster recovery plans and insurance to cover residual non-systematic risks are also employed.

The impact of an event is estimated by ascertaining the possible loss that would be incurred by the Company in the event the risk occurs. A five-point ranking is used to assess the gravity of risk namely ‘Catastrophic’, ‘Major’, ‘Moderate’, ‘Minor’ and ‘Insignificant’.

The likelihood of occurrence is also categorised in a similar manner; Rare, Unlikely, Possible, Likely and Almost Certain. The probability of occurrence is assigned based on the extensive experience the team has in the field and with available data. The risks are further classified on dual parameters of the likelihood of occurrence and the overall impact on the business using the assessment of Low, Moderate, High and Extreme.

| Likelihood | Consequence | | | | | |
|----------------|---------------|----------|----------|----------|--------------|----------|
| | Insignificant | Minor | Moderate | Major | Catastrophic | |
| | 1 | 2 | 3 | 4 | 5 | |
| Rare | 1 | Low | Low | Low | Moderate | Moderate |
| Unlikely | 2 | Low | Moderate | Moderate | High | High |
| Possible | 3 | Low | Moderate | High | High | Extreme |
| Likely | 4 | Moderate | High | High | Extreme | Extreme |
| Almost Certain | 5 | Moderate | High | Extreme | Extreme | Extreme |

Low and moderate risks are discussed with Head of Departments and risk registers are updated for control measures by QAD on quarterly basis. Head of Department ensures completion the action items as per the agreed timelines which is also reviewed quarterly by QAD. High and extreme risks are escalated to the relevant committees by QAD and Risk and Compliance Department respectively on quarterly basis at the quarterly Committee Meetings and the risk treatment methods are agreed at the meetings. Implementation on treatment methods are done through the Head of Departments.

The following benefits are expected to accrue to the company through comprehensive risk management process

1. Improve service delivery and reduce risk in clinical activities
2. Reduce the financial result variability and adverse impact operations.
3. Identification, management and communication of the key risks
4. Efficient allocation of resources and management time
5. Leverage on Industry opportunities with sustainability in mind.
- 6.. Improve or preserve market reputation
7. Align with governance, regulatory and accreditations requirement.
8. Sustain organisational value
9. Manage regulatory and legislative changes

During the year under review, the following eight risk domains that

encompasses the Company's ERM were continued to be reviewed and monitored.

1. Patient safety/ clinical risks including physician alignment, integration and relationships
2. Strategic risks covering competitor action, failure to effectively develop or execute strategy
3. Financial risk including access to capital and funding, payment reform and revenue cycle management
4. Operational risks emphasising patient satisfaction, patient complaints and performance scores
5. Employee related risks focusing on loss or departure of key individuals, inability to attract and retain employees
6. Hazards covering catastrophic events and pandemics
7. Technological risks including cyber risks and non-privacy IT risks
8. Regulatory/ legal compliance and economic risks

The Company regularly assessed the likelihood of occurrence and consequences of risk areas listed above. Accordingly, responsibilities were assigned to the respective departments (risk owners) and Board ensured that the process was followed effectively to their satisfaction.

THE BOARD'S RESPONSIBILITY FOR ENTERPRISE RISK MANAGEMENT.

The Board ensures that there is an ongoing organisational process to identify and manage risks in each domain. The Board determines the risk appetite in relation to each type of risk at least once a year, and in situations where significant volatility is in the environment, at more regular

intervals. If and when necessary the Board establishes standing (eg: Audit Committee) and ad-hoc meetings to examine and advise the Board on specific risks. The Board has oversight of the hospital risk management program, and ensures the following,

- A comprehensive risk identification and assessment is done annually by each operational unit of the organisation. by the both Internal Audit and QAD
- The departmental heads and chairpersons of the committees continuously scan for new risks and changes in risk profiles and report such to the relevant committees.
- Based on the risks identified and their significance, contingency, preparedness and risk mitigating plans are implemented through Executive Management
- Quarterly a summarised reports are submitted to the Board setting-out key risks and key audit findings are then reported together with risk mitigation actions.
- Recommendations are made by required actions are initiated and monitored.

Listed below are the key risks areas identified within the corporate risk profile along with their respective status and mitigating action plans.

PATIENT SAFETY AND CLINICAL RISKS

The risk arising from the lack of safety measures for patients and staff is of high importance for the Company. As such, an in-depth evaluation of such risk is carried out on a routine basis to map out all potential areas of risk and clearly defining the actions that should be in place.

ENTERPRISE RISK MANAGEMENT

Clinical Risk Management (“CRM”) plays a crucial role in enabling Durdans to identify, contain and manage risks relating to patient care. Managing the unexpected is an essential everyday concern in high-risk organisations such as hospitals.

With the international accreditation bestowed on the ‘Durdans’ Brand, the connected measurable elements ensuring patient care is continuously monitored, at all times. With respect to this aspect of risk, the internal elements of risk that could potentially hinder patient safety have been identified as follows.

- Procedures performed that are not aligned with medical protocols
- Occurrences of cross-contamination
- Incorrect and/ or improper surgeries and procedures
- Incorrect dispensing and/ or administration of medicine
- Allergies and Food contamination

Additionally, exposure to environmental risk poses a challenge in the present-day context. In this regard, vaccinations against infections such as Hepatitis B are administered to staff who face exposure to such disease. Further, regular screening tests are conducted for staff of critical care units to minimise hospital-borne infections. Awareness programmes are also initiated for clinical staff and healthcare professionals to mitigate such issues.

Clinical Risk Management (“CRM”) plays a crucial role in enabling Durdans to identify, contain and manage risks relating to patient care. Managing the unexpected is an essential everyday concern in high-risk organisations such as hospitals. Modern medicine has led to increasingly complex forms of treatment and processes of care.

While this has resulted in a range of opportunities for improved care, it has also increased the risk of adverse events and patient harm. Risks associated with patient care can never be completely eliminated and therefore, CRM plays a crucial role in enabling hospitals to enhance patient safety.

Durdans’ fundamental business philosophy revolves around excellent medical, clinical and aftercare services extended to its patients. In addition to the above, the CRM processes adopted by Durdans include

- Credentialling and privileging medical staff
- Incident monitoring and tracking
- Complaints monitoring and tracking
- Infection prevention and control
- Medical record documentation/ medical secrecy

STRATEGIC RISKS

To achieve short and long-term strategic objectives, the Company identify strategies and monitors the Implementation and created an organisational structure which has clearly defined roles and responsibilities for every member of the Durdans team. This structure has served to leverage the existing functions and teams rather than create bureaucracy or overburden the leadership with decisions and tasks that can be handled by the rest of the team. Furthermore, transparent, repeatable processes have been implemented and where possible, existing processes are used to ensure minimal disruption and provide clear direction and well-defined deliverables. Where new approaches are needed, Durdans has deployed strong change management disciplines to optimise workforce involvement and acceptance. Further, appropriate risk metrics are determined for meaningful reporting formats, establishing a process for monitoring risk metrics to make

sure information is relevant, reliable and provided on a regular basis. The Company has also developed and implemented tools and templates needed to standardise and sustain the risk management process efficiently in an effort to emphasise practicality and cost/ benefit optimisation.

FINANCIAL RISKS

The Company’s continuous drive to invest in advanced technology requires seeking and obtaining the necessary finance for investments. Being mindful of the gearing level of the entity, the Company ensures it manages its borrowings with due care. It ensures that financial obligations are settled in a timely manner. Further, the management exhibits the utmost diligence in monitoring market fluctuations in relation to interest rates with the objective of obtaining the best returns for the Company.

The liquidity position of the Company is monitored very closely and cash flows are managed on a daily basis with extreme care. Any investment opportunity is supported by a feasibility study to guarantee an acceptable Return on Investment (“ROI”).

With corporate customers and insurance companies comprising a significant portion of the business debt portfolio, receivables are closely monitored to reduce the risk arising from the grant of credit.

The Company is aware of the rising cost of services and the possible shortage of drugs, consumables and allied medical care facilities which have resulted in stocking some of the regularly used items well in advance to meet any future demands.

Taking the above into consideration, the Company has ensured its financial stability by reducing costs and curtailing expenses and Improving productivity

by efficient staff deployment and optimising the use of its facilities, in addition to enhancing the funding lines proactively ahead of any future requirements.

The Company has established strong Internal controls and set up Internal audit process to ensure a total compliance with respect to SOPs, internal and external regulatory aspects and that the likelihood for a fraud risk is minimised.

OPERATIONAL RISK

In any organisation, people and processes inherently incur errors and contribute towards ineffective operations. In evaluating operational risks, practical, remedial steps are required to eliminate exposure and to ensure successful responses. Considering the above, the annual risk based internal audit plan is developed, presented to the Audit committee for approval prior to being executed. Several operational risk mitigation measures carried out by Durdans are listed below.

- Conducting of risk based internal audits.
- Backup arrangements for utility services and critical medical equipment.
- Periodic review and calibrations of medical equipment by the Bio-Medical engineering team to ensure expected performance.
- Backup arrangements for data and IT system security.
- Effective supply chain management coupled with rigorous stock management procedures to avoid stock outs, eliminate wastage and pilferage as well as minimise the value of expired stocks.
- An HRM framework with clear policies and procedures for selection, recruitment, training and development.

Damage to reputation causes irreparable loss to a brand and brand image. Hence safeguarding the organisation's reputation by following guidelines to handle consumer grievances has always been a key area of focus of the Company. The Durdans team places a great degree of emphasis on ensuring that every experience is a memorable one for each patron at every service touch point. Constant improvements to an already well-established system of operations are undertaken daily by the management, considering the feedback received from all stakeholders to ensure an improved service.

EMPLOYEE RELATED RISKS

The Company continues to value its people as the most important asset of the organisation considering it is they who translate corporate vision into reality by delivering high levels of care to its patrons. Every employee epitomises the values of the Company while at work, as well as outside of working hours.

The private healthcare sector today is a dynamic one, which makes it necessary to constantly enhance the people agenda in a manner beneficial to employees and the Company. Hence Durdans is constantly addressing the needs of its staff members and taking steps to motivate employee engagement through a performance-driven culture. In doing so, every team member is made to understand how his/her role delivers value and contributes towards the organisation's performance, thereby enhancing their commitment to uphold the best standards of service delivery.

Durdans have taken steps continuously to transform its organisational culture and create a cohesive team environment. Efforts are also taken to improve communication among management, staff, team leaders and

units to disseminate information across the organisation in a more effective and efficient manner.

The Information Communication Technology facilities of the Company have been upgraded and re-aligned, enabling employees to remotely access the core business systems with enhanced security features to maintain effective communication channels on a 24x7 basis.

HAZARDS COVERING CATASTROPHIC EVENTS AND PANDEMICS RISKS

Possible risk arising from external forces are given all time attention and as such an in depth evaluation of such is carried out on a routine basis to map out potential areas of risk and clearly defining actions that should be in place. Dedicated wards and intensive care units were established to cater to those infected by the viruses. The hospital ensured the right safety protocols were in place, enabling zero contact between patients. The exposure to environmental risk poses a challenge In the present-day context. In this regard vaccinations against Infections such as Hepatitis B are administered to staff who face exposure to such diseases. As such, the Hospital continues to ensure that core operational staff are deployed to provide critical service areas subject to the required health and safety precautions.

INFORMATION TECHNOLOGY AND INFORMATION MANAGEMENT RELATED RISK

Information and Communication Technology (ICT) plays a crucial role in Durdans hospitals, contributing to the efficiency, effectiveness, and quality of healthcare delivery. Leveraging IT effectively, hospitals can add value to stakeholders, differentiate themselves in the healthcare market, and achieve their strategic objectives.

ENTERPRISE RISK MANAGEMENT

Daily operations are managed using a fully-fledged ERP, HIS and LIS system developed in-house software development team. The security of information and the uninterrupted service of its systems are of utmost importance for the continued operations of the Company. The loss of data due to technical failure, system downtimes, threat of viruses and data security are some of the key concerns the Company has identified and steps have been taken to minimise all possible risks arising from these threats.

The system currently runs on a high availability solution powered by a VMware platform to maintain zero downtime. Implementing Office 365 for email collaboration in a hospital setting involves several considerations to ensure security, compliance, and efficient communication among staff and with patients. Implementing CrowdStrike's next-generation antivirus marks a significant achievement for our company, revolutionising our cybersecurity posture. Implementing a corporate Wi-Fi solution in a hospital to serve both patients and staff involves several steps to ensure reliability, security, and performance.

A 'cloud backup solution' has also been implemented to further minimise the loss of valuable data, while steps have been taken to implement an off-site Disaster Recovery Site ("DRS") for enhancing operational efficiency of the core systems for day-to-day operations.

Patient data is managed confidentially with the creation of high security zones within the network, and which is only accessible to designated personnel. The

Company has also taken measures to implements security measures, such as encryption, access controls, and network security protocols, to protect patient data from unauthorised access, cyber threats, and privacy breaches.

A Laboratory Information System (LIS) is a specialised software application designed to manage and streamline the workflow and data associated with clinical and research laboratories. It serves as a central database to store, manage, and share information related to patient samples, test results, and laboratory operations. The primary goal of an LIS is to enhance the efficiency, accuracy, and quality of laboratory processes. It does so by automating various tasks, eliminating manual data entry errors, and facilitating seamless communication among different departments and healthcare professionals involved in the testing process.

The island wide all external laboratories and collecting centres are connected to the main hospital using a cutting-edge Software Defined Wide Area Network (SDWAN) solution with enhanced security and redundancy. This collaboration marks a significant leap forward in revolutionising healthcare connectivity and operational efficiency.

Spearheaded digitising health informatics after the hospital rebranding in 2017 and stepping to the customer-centric and customer-engaged health systems evolution towards mobility. EMR (Electronic Medical Records) system deployment to ward operations, Revamped and deployment of all new LIS (Laboratory management

system) and HIS (Health Information system) Actively involved to achieve and maintain JCI (Joint Commission International) health standards and its IT practices. Vertical integration in automated billing, Pharmacy, Inpatient, OPD and EDI (Electronic Data Interchange) platforms (DOC990, Echanelling, etc) Introduced automated parking, doctor consulting sessions to enhance the patient quality of service and experience.

The Company has in place a strong Information Technology governance framework. However, given the higher incidence of remote working arrangements, measures have been taken to further strengthen the IT governance and cybersecurity framework.

REGULATORY AND LEGAL COMPLIANCE RISKS

The Company is committed to align itself with evolving regulatory and legal compliance requirements that are applicable to the health care Industry. Durdans ensures its presence and representation in the Industry related forums to keep itself informed of the evolving changes and to engage with decision makers to obtain greater clarity and ensure increased consistency with respect to Government policies and initiatives.

ECONOMIC RISKS

With healthcare being an essential service, Healthcare sector has limited insulation against economic shocks to a certain extent in comparison to other industries. However, the Company has been adept in identifying potential risks which could impact its business plan and

generate proactive steps to mitigate same. The Company follows a detailed management review process enabling the team to take prompt action quickly to reverse any negative impact. With the collective experience of the team, changes are anticipated effectively and the adverse impacts minimised.

The current uncertainty in the macroeconomic dynamics especially in areas such as Inflation, the depreciation of the local currency, availability of foreign exchange, borrowing costs, is expected to impact scale of operations. The deteriorating purchasing power of individuals is bound to affect the patient footfalls in the ensuing financial year. Further, It is expected to pose challenges on the procurement of medical supplies, level of operational costs, capital expenditure and retention of trained clinical and professional staff as there is an emerging trend where they are seeking employment opportunities outside Sri Lanka. The Company is diligently monitoring all the changes and to take necessary measures to minimise risks.

2.1 The Board of Directors

2.1.1 Board Responsibilities

The key responsibilities of the Board include the following.

- Appointing and reviewing the performance of the Executive Chairman
- Reviewing and approving annual plans and long-term business plans
- Providing direction and guidance to formulate medium and long-term strategies aimed at promoting the long-term success of the Company
- Overseeing systems of internal control and risk management functions
- Reviewing and approving strategic investments and capital expenditure
- Ensuring all related party transactions are in compliance with statutory obligations
- Monitoring systems of governance and compliance
- Approving any amendments to constitutional documents

2.1.2 Board Composition

As at the date of reporting the Board comprised nine Directors of whom three served in the capacity of Non-Executive, Independent Directors. In keeping with the applicable rules and codes the Company continues to maintain the right balance between Executive, Non-Executive and Independent Directors. The composition of Executive and Non-Executive, Independent Directors brings the right mix of knowledge required to operate the business sustainably. The Executive Directors bring in extensive knowledge of the business through experience while the Non-Executive, Independent Directors bring in the required experience, objectivity and independent oversight to the business.

During the year under review, there were no changes to the Board composition.

Current composition of the Board is as follows

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|--------------|-----------|-------|---|--------------------------------|--------------|----------------------------|---|---|---|
| Age Group | < 40 | 40-70 | | | | > 70 | | | |
| Board Tenure | > 5 years | | | | Over 5 years | | | | |
| Designation | Executive | | | Non-Executive, Non-Independent | | Non-Executive, Independent | | | |
| Gender | Male | | | | | | | | |

2.1.3 Board Appointments

Board appointments follow a formal and structured process under the purview of the Nominations Committee.

New Director appointments are made known to shareholders via public announcements and are declared in the quarterly interim releases as well as in the Annual Report.

Prior to appointment, prospective candidates for Directorship are required to report their business affiliations and any changes in their professional responsibilities and business associations to the Nominations Committee which will examine such facts and make recommendations to the Board accordingly.

2.1.4 Board Skills

The Board brings in diverse exposure from the fields of Management, Medical Administration, Banking, Finance, Economics, Marketing and Human Resources. All Directors possess skills, expertise and knowledge complemented with integrity and independent professional judgment.

Details of their qualifications and experience are provided under the Board profile section of this Annual Report.

The Board, through a regular review of its composition ensures that the skill

representation is in place with current and future needs of the Company.

Individual Directors are also encouraged to seek expert opinion and professional advice on subject matters of which they do not possess full knowledge or expertise, which enables better decision making.

2.1.5 Re-election

All Directors are subject to election by shareholders at the first Annual General Meeting after their appointments. One-third of the Non-Executive Directors come-up for re-election at every Annual General Meeting. The Board discusses the possibility of any impairment of its Directors independence due to extended Board tenures and collectively evaluates the re-election of such Board members. The Executive Directors other than the Executive Chairman are re-elected in a manner that is similar to the re-election of Non-Executive Directors.

2.1.6 Board Meetings

2.1.6.1 Regularity of Meetings

During the year four Board meetings were held. All Board meetings were pre-scheduled. Details of the Board meeting dates and the Director participation at each meeting is provided below.

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| | Board Meeting Date | | | | Eligible to |
|--------------------------------------------------------------------------------|--------------------|------------------|--------------------|--------------------|-------------|
| | 25th May 2023 | 24th August 2023 | 16th November 2023 | 29th February 2024 | Attend |
| Executive | | | | | |
| Mr. A. E. Tudawe | ✓ | ✓ | ✓ | ✓ | 4 |
| Mr. U. D. Tudawe | ✓ | ✓ | ✓ | ✓ | 4 |
| Mr. A. S. Tudawe | ✓ | ✓ | ✓ | ✓ | 4 |
| Non-Executive, Non Independent | | | | | |
| Dr. A. D. P. A. Wijegoonewardene | ✓ | ✓ | ✓ | ✗ | 4 |
| Mr. Y. N. R. Piyasena | ✓ | ✓ | ✓ | ✓ | 4 |
| Non-Executive, Independent | | | | | |
| Mr. A. S. Abeyewardene Retired with effect from 16th November 2023 | ✓ | ✓ | ✓ | ✗ | 3 |
| Mr. A. D. B. Talwatte | ✓ | ✓ | ✓ | ✓ | 4 |
| Mr. A. V. R. De S. Jayatilleke | ✓ | ✓ | ✓ | ✓ | 4 |
| Mr. S. Renganathan | ✓ | ✓ | ✓ | ✓ | 4 |
| Mr. H. M. A. Jayasinghe Appointed with effect from 01st November 2023 | ✗ | ✗ | ✓ | ✓ | 2 |

2.1.6.2 Timely Information to Board

Directors were provided with necessary information well in advance by way of board papers and proposals for all four Board meetings held during the year to help extensive discussion, informed deliberations and effective decision making.

Members of the Senior Management team made presentations to the Board on important issues relating to strategy, risk management, investment proposals, re-structuring and system procedures where necessary.

2.1.6.3 Board Agenda

The Executive Chairman ensures that all Board proceedings are conducted smoothly and effectively approving the agenda for each meeting prepared by the Board Secretary. The typical Board Agenda in 2023/24 took the following form.

- Confirmation of previous meeting minutes
- Ratification of circular resolutions
- Matters arising from previous meeting minutes

- Board sub-committee reports and other matters exclusive to the Board
- Status updates on major projects
- Review of performance – in summary and in detail
- Approval of quarterly and annual financial statements
- New resolutions
- Tabling of compliance reports

2.1.6.4 Board Secretary

A representative from the Company Secretaries Messrs. Nexia Corporate Consultants (Pvt) Ltd functions as the Secretary to the Board. In addition to maintaining board minutes and board records, the Board Secretary provides support to ensure the Board receives timely and accurate information. The Board Secretary also provides advice relating to Corporate Governance matters, board procedures and applicable rules and regulations.

2.1.6.5 Non-Executive Directors' Time Dedication

In addition to attending Board Meetings, the Directors have attended respective sub-committee meetings and have contributed to decision making via circular resolutions and one-on-one meetings with key management personnel where necessary.

2.1.6.6 Ensuring Independence and Managing Conflict of Interest

Directors make general disclosures of interest every financial year as required. Potential conflicts if any are reviewed by the Board from time to time to ensure the integrity of the Board's independence.

During the Board Meetings, Directors who have an interest in a matter under discussion excuse themselves and abstain from voting on the subject matter.

All Directors once appointed to the Board will obtain Board clearance prior to;

- Engaging in any transaction that could create or potentially create a conflict

- Accepting a new position
- Any changes to their current Board representation or interest

The criteria on which independence of Non-Executive Directors was reviewed is as given below;

| | Criteria | Status of Non-Executive Independent Directors |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Employed by the Company during the period of two years immediately preceding appointment as Director | None of the Independent, Non-Executive Directors are employed or have been employed by the Company previously |
| 2. | Currently, has/had during the two years preceding appointment as a Director has directly or indirectly engaged in material business relationships with the Company | None of the Independent, Non-Executive Directors has/had a material business relationship with the Company |
| 3. | Has a close family member who is a Director, CEO (and/ or equivalent) position in the Company | No family member of the Independent, Non-Executive Directors, is a Director, CEO of the Company |
| 4. | Has a Significant Shareholding (carrying not less than 10% of the voting rights) in the Company | None of the Independent, Non-Executive Directors shareholding exceeds 1% of voting rights |
| 5. | Has served on the Board continuously for a period exceeding nine years from the date of first appointment | Mr. A. S. Abeyewardene a Non-Executive Director of the Company has served on the Board continuously for a period exceeding ten years from the date of first appointment. However, based on the annual declaration made and other information available to the Board, the Board believes that Mr. A. S. Abeyewardene is nevertheless an independent director (Refer sub-section (a) of this section for the criteria for determining the independence) |
| 6. | Has a relationship resulting in income/ non-cash benefits equivalent to 20% of the Director's annual income | Independent, Non-Executive Directors income/ non-cash benefits are less than 20% of individual Director's income |
| 7. | Is a director or an employee of another company in which a majority of other directors of the Company are employed or are Directors or have a significant shareholding or have a material business relationship | None of the Independent, Non-Executive Directors are Directors of another company as defined |

(a) **Criteria for Determination of Independence of Non-Executive Director Mr. A. S. Abeyewardene**

He has never been an employee of the Company

He does not have a close family member who is a Director, Chief Executive Officer and/ or holding any equivalent position in the Company

He has no significant shareholding in the Company

He is not employed in another company or business in which a majority of the other directors of the Company are employed or are directors having significant shareholding or material business relationship or business connection with

He is not a director of another company in which a majority of the other directors of the Company are employed or are directors or has a business connection

in the Company or a significant shareholding

2.1.6.7 Director Remuneration (a) Executive Director Remuneration

The Remuneration Committee is responsible for determining the compensation of the Executive Chairman and the Executive Directors of the Company.

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Refer page 89 of this Annual Report for the detailed Remunerations Committee Report.

Executive Director Remuneration is a combination of fixed and variable components. The variable component is linked to the Business Value Growth based on the Group's bottom line and expected returns on shareholder funds. Further, the Remuneration Committee consults the Executive Chairman about any proposal relating to the Executive Director Remuneration other than that of the Executive Chairman.

(b) Non-Executive Director Remuneration

The compensation of Non-Executive Directors is determined in reference to the fees paid to Non-Executive Directors of comparable companies. Non-Executive Directors were paid additional fees for either chairing or being a member of a sub-committee. Non-Executive Directors are not paid any performance incentive payments.

2.2 Board Sub Committees

The Board has delegated some of its functions to Board Sub-Committees while retaining final decision rights.

The four Board Sub-Committees set up in view of delegating Board functions are listed below.

1. Audit Committee ("AC")
2. Remuneration Committee ("RC")
3. Nominations Committee ("NC")
4. Related Party Transactions Review Committee ("RPTRC")

The Board Sub-Committee comprise of principally Independent Non-Executive Directors. The membership of the four Board Sub Committees for the year under consideration was as follows.

| Committee Membership | Board Sub-Committees | | | |
|--------------------------------------------------------------------------------------|----------------------|----|----|-------|
| | AC | RC | NC | RPTRC |
| Executive | | | | |
| Mr. A. E. Tudawe - Executive Chairman | - | - | ● | - |
| Mr. U. D. Tudawe - Executive Vice President | - | - | ● | - |
| Mr. A. S. Tudawe | - | - | - | - |
| Non-Independent, Non-Executive | | | | |
| Dr. A. D. P. A. Wijegoonewardene | - | - | - | - |
| Mr. Y. N. R. Piyasena | - | - | - | - |
| Independent, Non-Executive | | | | |
| Mr. A. S. Abeyewardene (Retired with effect from 16 th November 2023) | ■ | ■ | ■ | ■ |
| Mr. A. D. B. Talwatte (Committee Chairman w.e.f. 17 th November 2023) | ■ | ■ | ■ | ■ |
| Mr. A. V. R. De S. Jayatilleke | ● | ● | ● | ● |
| Mr. S. Renganathan | ● | - | ● | ● |
| Mr. H. M. A. Jayasinghe Appointed with effect from 01 st November 2023 | ● | - | ● | ● |

■ Committee Chairman ● Committee Member

Considering the above, the Company confirms that it has complied with the mandatory disclosure requirements of Section 7.6 of the Listing Rules of the Colombo Stock Exchange ("CSE") in

relation to the contents of the Annual Report and Accounts of a listed entity.

The table on this page provides reference to the relevant sections of

this Annual Report where specified information is disclosed together with page references for the convenience of the reader.

| Rule No. | Disclosure Requirements | Section/ Reference | Page(s) |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------|
| 7.6 (i) | Names of persons who held the position of Director during the financial year | Our Leadership section to this Annual Report | 18-23 |
| 7.6 (ii) | Principal activities of the Company and its subsidiaries during the financial year and any changes thereon | Note 1.3 to the Financial Statements Group Structure | 104 104 |
| 7.6 (iii) | The names and the number of shares held by the 20 largest shareholders of voting and non-voting shares and the percentage of such shares held as at financial year end | Share Information | 161 |
| 7.6 (iv) | The public holding percentage | Share Information | 160 |
| 7.6 (v) | Directors and Chief Executive Officer's holding in shares at the beginning and end of the financial year | Annual Report of the Board of Directors | 84 |
| 7.6 (vi) | Information pertaining to material and foreseeable risk factors | Enterprise Risk | 66 |
| 7.6 (vii) | Details of material issues pertaining to employees and industrial relations | Note 30 to the Financial Statements | 147 |
| 7.6 (viii) | Extents, locations, valuations and the number of buildings on the Company's land holdings and investment properties as at the end of the financial year | Note 9.5 to the Financial Statements | 122 |
| 7.6 (ix) | Number of shares representing the stated capital as at the financial year end | Share Information | 159 |
| 7.6 (x) | A distribution schedule stipulating the number of shareholders in each class of equity and the percentage of their total holdings as at the financial year end | Share Information | 159 |
| 7.6 (xi) | Ratios and market price information (Equity, dividend per share, dividend payout ratio, net assets value per share, market value per share) | Share Information | 159 |
| 7.6 (xii) | Significant changes in the entity or its subsidiaries fixed assets and the market value of land, if the value differs substantially from the book value | Note 9 to the Financial Statements on 'Property, Plant and Equipment' | 122 |
| 7.6 (xiii) | Details of funds raised through public issues, rights issues and private placements during the financial year | Not applicable | - |
| 7.6 (xiv) | Information in respect of Employee Share Option Schemes | Not applicable | - |
| 7.6 (xv) | Disclosures pertaining to Corporate Governance Practices in terms of Rules 7.10.3, 7.10.5 (c), 7.10.6 (c), of Section 7 of the Listing Rules | Corporate Governance | 72 |
| 7.6 (xvi) | Disclosures on Related Party Transactions exceeding 10% of the Equity or 5% of the total assets of the entity as per audited financial statements, whichever is lower | Related Party Transaction Review Committee Report Note 15 to the Financial Statements | 88 137 |

CORPORATE GOVERNANCE

The Company also confirms that it is in compliance with the Corporate Governance requirements of Section 7.10 of the Listing Rules of the CSE and disclosure of compliance with the said rules as given below.

| Rule No. | Area Covered | Requirement | Compliance Status | Details |
|-----------|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------------------------------------------------------------------|
| 7.10.1 | Non-Executive Directors | Two or one-third of the total number of Directors, whichever is higher, should be Non-Executive | Compliant | 6 out of 9 Directors are Non-Executive Directors |
| 7.10.2(a) | Independent Directors | Two or one-third of Non-Executive Directors, whichever is higher, should be Independent | Compliant | 3 out of 6 Non-Executive Directors are Independent |
| 7.10.2(b) | Non-Executive Directors | Each Non-Executive Director should submit a declaration of independence/ non-independence | Compliant | All Non-Executive Directors have submitted the declaration in the prescribed format |
| 7.10.3(a) | Disclosures relating to Directors | The names of the Directors determined to be Independent will be set out in the Annual Report | Compliant | Corporate Governance section to the Annual Report |
| 7.10.3(b) | Disclosures relating to Directors | A determination has to be made by the Board as to the independence or the non-independence of Non-Executive Directors | Compliant | Corporate Governance section 2.1.6.6 to this Annual Report |
| 7.10.3(c) | Disclosures relating to Directors | Brief resume of each Independent Director should be disclosed in the Annual Report | Compliant | Our Leadership section in this Annual Report |
| 7.10.5 | Remuneration Committee | A listed company shall have a Remuneration Committee | Compliant | Board Sub-Committees under Corporate Governance report in this Annual Report |
| 7.10.5(a) | Remuneration Committee Composition | i) Remuneration committee shall comprise of a minimum of two Independent Non-Executive Directors or a majority of independent Non-Executive Directors whichever is higher | Compliant | The Remuneration Committee report under Board Sub Committees |
| | | ii) A Non-Executive Director shall be appointed as Chairman of the Committee by the Board | Compliant | |
| 7.10.5(b) | Remuneration Committee | The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and the Executive Directors | Compliant | Corporate Governance report section 2.1.6.7 in this Annual Report |
| 7.10.5(c) | Remuneration Committee | The Annual Report shall set out: | Compliant | The Remuneration Committee report under Board Sub-Committees |
| | | i) Names of Directors comprising the Remuneration Committee | | |
| | | ii) Statement of the Remuneration Policy | Compliant | |
| | | iii) Aggregate remuneration paid to Executive and Non-Executive Directors | Compliant | Note 32.5.1 to the Financial Statements |

| Rule No. | Area Covered | Requirement | Compliance Status | Details |
|-----------|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------------------------------------|
| 7.10.6 | Audit Committee | A listed company shall have an Audit Committee | Compliant | Audit Committee Report under Board Sub-Committees |
| 7.10.6(a) | Audit Committee | The Audit Committee shall comprise two Independent Non-Executive Directors or a majority of Independent Non-Executive Directors whichever is higher | Compliant | Audit Committee Report under Board Sub-Committees |
| | | The Chief Executive Officer and Chief Financial Officer shall attend Audit Committee meetings | Compliant | |
| | | One Non-Executive Director who is a member of a professional accounting body shall be appointed as Chairman of the Audit Committee by the Board | Compliant | |
| 7.10.6(b) | Audit Committee | Audit Committee shall have functions as set out in section 7.10.6 of the listing rules | Compliant | Audit Committee Report under Board Sub-Committees |
| 7.10.6(c) | Audit Committee | The Annual Report shall: | | Audit Committee Report under Board Sub-Committees |
| | | i) set out the names of Directors that comprises the Audit Committee | Compliant | |
| | | ii) determine the independence of the Auditors and disclose the basis for such determination | Compliant | |
| | | iii) contain a report of the Audit Committee setting out the manner of its functional compliance | Compliant | |

FINANCIAL ANALYSIS





FINANCIAL ANALYSIS

| | | | |
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ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

GENERAL

The Directors have pleasure in presenting their report and the audited financial statements of the Company and the Group for the year ended 31st March 2024 and the auditor's report on the Consolidated Financial Statements.

This report provides the information as required by the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and recommended best practices on Corporate Governance. This report was approved by the Board of Directors on 30th May 2024.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Ceylon Hospitals PLC is the holding company of Durdans Heart Centre (Pvt) Ltd, Durdans Medical and Surgical Hospital (Pvt) Ltd, Amrak Institute of Medical Sciences (Pvt) Ltd and Ceygen Biotech (Pvt) Ltd constituting the Durdans Healthcare Group.

The Chairman's Review and Management Discussion and Analysis sections are incorporated into this report by reference. They contain details of development and performance of the Group's businesses during the year, an indication of the key performance indicators and information regarding principal risks and uncertainties together with information equivalent to that required for a business review.

The measures taken by the Company to manage its risks are detailed in the report titled Enterprise Risk Management on Pages from 66 to 71 of this report.

2. FUTURE DEVELOPMENTS

The landmark Vision 2022 redevelopment project was successfully completed during the financial year 2023/24 apart from the Wellness Centre and the expansion of the EYE Clinic. Two brand new modular operation theatres for neuro surgery was opened in the facility with a Neuro Surgery ICU and ward strengthening neurosurgery in Sri Lanka with advanced image guided and navigation surgeries. Further, the refurbishment programme of the Sixth Lane Wing was substantially completed during financial year 2023/24

However, the new development facility couldn't perform to the level of expectation during the financial year under review due to declining consumers purchasing power and the company is hopeful that new development facility will bring in additional revenue and strong organic cashflows resulting in profitability in FY 2024/25 and thereafter.

3. FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP

The Financial Statements of both the Company and the Group duly certified by the Chief Financial Officer and approved by two directors in compliance with sections 152, 153 and 168 of the Companies Act No. 07 of 2007 are given on Page 98 of the Annual Report.

4. AUDITORS REPORT

The Company's external auditors, Messrs. B. R. De Silva & Co. Chartered Accountants performed the audit on the financial statements for the year ended 31st March 2024. The Auditor's report on the Financial Statements is given on Pages from 93 to 95 of the Annual Report as required by Section 168 (l) (c) of the Statutes.

5. ACCOUNTING POLICIES

A summary of the significant accounting policies adopted in the preparation of the Financial Statements is given on Pages from 104 to 115 of the Annual Report as required by Section 168 (l) (d) of the Companies Act No. 07 of 2007. The policies adopted are consistent with those adopted in the previous financial year.

6. RESULTS AND DIVIDENDS

6.1 Gross Revenue

The total revenue of the Group for the year ended 31st March 2024 was Rs. 9.1 Bn (2022/23 - Rs. 7.9 Bn). An analysis of the income is given in Note 03 to the Financial Statements on Page 116 to this Annual Report.

6.2 Profit and Appropriations

The profit before income tax of the Group for the year ended 31st March 2024 was Rs.660 Mn (2022/23 - Rs. 1,060 Mn) and the profit after tax for the year ended 31st March 2024 was Rs. 454 Mn (2022/23 - Rs. 653 Mn). The details of the Group profits are given on Page 96 to this report.

6.3 Dividend on Ordinary Shares

The Board recommended an interim dividend of Rs.2/- per share for the year ended 31st March 2024 to be paid on 2 July 2024. Prior to recommending the dividend, in accordance with Section 56 (2) and (3) of the Companies Act No. 07 of 2007, the Board of Directors signed a certificate stating that, in their opinion and based on the available information, the Company will satisfy the solvency test immediately after the distribution is made. The Company has obtained a certificate from the Auditors for the said solvency statement in terms of Section 57 of the Companies Act.

6.4 Provision for Taxation

Income tax for 2023/24 has been provided on taxable income arising from the operations of the Group and has been disclosed in accordance with Sri Lanka Accounting Standards. The Group has also provided deferred tax on all known temporary differences using the liability method as permitted by the Sri Lanka Accounting Standard (LKAS 12) on Income Tax.

Information on income tax expenses and deferred taxes is given in the Notes to the Financial Statements on Page 118 of this Annual Report.

6.5 Reserves

The Group's total reserves as at 31st March 2024 amounted to Rs. 7 Bn (2022/23 - Rs. 6.6 Bn). The movement of the reserves are given on Page 100 under 'Statement of Changes in Equity' and in the Notes to the Financial Statements of this Annual Report.

6.6 Property, Plant and Equipment, Investments Properties, Leasehold Properties and Intangible Assets

Details of capital expenditure incurred on property plant and equipment are given in the Notes to the Financial Statements from Pages from 120 to 123.

7. CREDITOR PAYMENT

For all trade creditors, it is the Group policy to:

- Agree and confirm the terms of payment at the commencement of business with the supplier.
- Pay in accordance with any contract agreed upon with the supplier or as required by law.
- Continuously review payment procedures and liaise with suppliers as a means of eliminating difficulties and maintaining good working relationships.

8. DIRECTORS

8.1 List of Directors

The Board of Directors of the Company as at the date of this report comprise of nine members having extensive Medical, Financial and Commercial knowledge and expertise. The qualifications and experience of the Directors are given in the 'Board of Directors' section from Pages 18 to 23 of this Annual Report.

Names of the persons who held office as Directors of the Company as at 31st March 2024 and the names of the persons who ceased to hold office as Directors (if any) of the Company at any time during the year 2023/24, as required by Section 168 (l) (h) of the Companies Act No. 07 of 2007 are given below.

Mr. A. E. Tudawe
Executive Chairman

Mr. U. D. Tudawe
Executive Director

Mr. A. V. R. De S. Jayatilleke
Deputy Chairman/Senior-Independent,
Non-Executive Director

Dr. A. D. P. A. Wijegoonewardene
Non-Executive Director

Mr. Y. N. R. Piyasena
Non-Executive Director

Mr. A. S. Abeyewardene
Independent, Non-Executive Director
Retired with effect from 16th November 2023

Mr. A. D. B. Talwatte
Independent, Non-Executive Director

Mr. A. S. Tudawe
Executive Director

Mr. S. Renganathan
Independent, Non-Executive Director

Mr. H. M. A. Jayasinghe
Independent, Non-Executive Director
Appointed with effect from 01st November 2023

8.2 Independence of Directors

The Board has decided as to the independence of each non-executive director and confirms that three of the non-executive directors meet the criteria of independence in terms of Rule 7.10.4 of Listing Rules.

Each of the independent directors have submitted a signed and dated declaration of his independence against the specified criteria.

Dr. A. D. P. A. Wijegoonewardene plays a consultative role in the Group Advisory Committee.

8.3 Re-election of Directors

In Accordance with the Article No. 58 of the Articles of Association of the Company and the Corporate Governance Code Mr. A. V. R. De Silva Jayatilleke will retire by rotation at the Annual General Meeting in, 20th August 2024 and being eligible, will offer himself for re-election with the unanimous consent of the Directors.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

8.4 Recommendation for Re-election

Mr. A. E. Tudawe, Dr. A. D. P. A. Wijegoonewardene and Mr. Y. N. R. Piyasena shall vacate their office as per the requirements of Section 210 of the Companies Act No. 07 of 2007 and three separate resolutions will be tabled

at the forthcoming Annual General Meeting to obtain the sanction of the shareholders to re-appoint them as Directors to the Board as per Section 211 of the Companies Act No. 07 of 2007.

8.5 Disclosure of Directors Dealings in Shares

Directors' Interest in Ordinary Shares of the Company are depicted in the table below;

| | 31st March 2024 | | 31st March 2023 | |
|----------------------------------|-----------------|------------|-----------------|------------|
| | No. of Shares | | No. of Shares | |
| | Voting | Non-Voting | Voting | Non-Voting |
| Mr. A. E. Tudawe | 235,152 | - | 235,152 | - |
| Dr. A. D. P. A. Wijegoonewardene | 234,368 | - | 234,368 | - |
| Mr. U. D. Tudawe | 181,279 | - | 181,279 | - |
| Mr. Y. N. R. Piyasena | 523,096 | - | 532,312 | - |
| Mr. A. S. Abeyewardene | - | - | 1,530 | 1,275 |
| Mr. A. D. B. Talwatte | 1,062 | - | 1,062 | - |
| Mr. A. S. Tudawe | 51 | 1,062 | 51 | 1,062 |
| Mr. A. V. R. De S. Jayatilleke | 106 | - | 106 | - |

8.7 Remuneration and Other Benefits

Directors' remuneration and other benefits, in respect of the Company for the financial year ended 31st March 2023 is given in Note 6 to the Financial Statements on Page 117 of this Annual Report as required by Section 168 (l) (f) of the Companies Act No. 07 of 2007.

8.8 Directors' Interests in Contracts or Proposed Contracts

Directors have no direct or indirect interest in any contract or proposed contract with the Company for the year ended 31st March 2024 other than those disclosed on Page 148 of this Annual Report.

The Directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested. They have also disclosed their interest in other companies to ensure that they refrain from voting on a matter in which they have an interest.

8.9 Related Party Transaction

The Company's transactions with Related Parties given in Notes 15 and 32 to the Financial Statements, have complied with Colombo Stock Exchange Listing Rule 9.3.2 and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

9. ARTICLES OF ASSOCIATION

The Articles of Association of the Company may be amended by passing of a special resolution.

10. STATED CAPITAL

The stated capital of the Company as at 31st March 2024 was Rs. 1,143 Mn comprising 27,122,726 voting shares and 8,867,044 non-voting shares (2021/22 - Rs. 916 Mn) comprising 25,527,272 Voting shares and (8,345,454 Non-voting shares). Details of the stated capital are given in Note 18 to the Financial Statements on Page 138 of this Annual Report. The rights and obligations attached to the ordinary shares are set out in the Articles of Association of the Company, a copy of which can be obtained from the Secretaries upon request.

11. SHARE INFORMATION

Details of share-related information are given on Page 159 to this Annual Report and information relating to earnings, dividends and net assets per share is given in the Management Discussions and Analysis on Page 160 of this Annual Report.

12. PUBLIC HOLDING OF SHARES IN THE COMPANY

The public shareholding as at 31st March 2024 for voting and non-voting shares was 21.52% and 51.03% respectively.

13. SUBSTANTIAL SHAREHOLDING

Substantial shareholders are required to notify their interests in accordance with Section 200 of the Companies Act and oblige shareholders to comply with the notification obligations to the Company contained in the rules of the Colombo Stock Exchange.

The Twenty Largest Shareholders of the Company as at 31st March 2024 are indicated on Page 161 of this Annual Report.

14. EQUITABLE TREATMENT TO SHAREHOLDERS

The Company has always ensured that all Shareholders are treated equitably.

15. CORPORATE DONATIONS

During the year, the Company made donations to charity amounting to Rs.6,000/- (2022/23 - Rs. 415,500). The information given above on donations form an integral part of the Report of the Board of Directors as required by the Section 168 (I) (g) of the Companies Act No. 07 of 2007

16. ENVIRONMENTAL PROTECTION

The Group and the Company have not, to the best of their knowledge engaged in any activity, which was detrimental to the environment.

17. STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government and in relation to employees have been made to date.

18. COMPLIANCE WITH LAWS AND REGULATIONS

To the best of knowledge and belief of the Directors the Company and the Group have not engaged in any activity, which contravenes laws and regulations of the country.

19. EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the Balance Sheet date that would require adjustments to or disclosure in the Financial Statements other than as disclosed in Note 29 to the Financial Statements on Page 147 to this Annual Report.

20. GOING CONCERN

The Board of Directors has reviewed the Company's business plans and is satisfied that the Company has adequate resources to continue its operation in the foreseeable future. After considering the financial position, operating conditions, regulatory and other factors and such other matters required to be addressed in the Corporate Governance code, the Directors have a reasonable expectation that the Company possesses adequate resources to continue in operation for the foreseeable future. For this reason, the Group of Companies continues to adopt the Going Concern basis in preparing the financial statements.

Details of the adoption by the Group and the Company of the going concern basis in preparing the financial statements are set out in the financial review within the business review section and are incorporated into this report by reference.

21. RISK MANAGEMENT AND SYSTEM OF INTERNAL CONTROL

21.1 Risk Management

Specific steps that have been taken by the Company are detailed on Pages from 66 to 71 this Annual Report.

21.2 System of Internal Control

The Board of Directors has established an effective and comprehensive system of internal controls to ensure that proper controls are in place to safeguard the assets of the Company, to detect and prevent fraud and irregularities, to ensure that proper records are maintained and Financial Statements presented are reliable. Monthly Management Accounts are prepared, giving the management relevant, reliable and up-to-date Financial Statements and key performance indicators.

The Audit Committee reviews the reports, policies and procedures on a regular basis, to ensure that a comprehensive internal control framework is in place. More detail in this regard can be seen on Page 91 of this Annual Report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board has 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 for the period up to the date of signing the Financial Statements.

21.3 AUDIT COMMITTEE

The composition of the Audit Committee and their Report is given on Page 91 of this Annual Report.

22. CORPORATE GOVERNANCE

The Corporate Governance practices of the Company are set out from Pages from 72 to 79 of this Annual Report. The Directors acknowledge their responsibility for the Group's corporate governance and the system of internal control.

23. OPERATIONAL EXCELLENCE

To increase efficiency and reduce operating cost the Company has ongoing initiatives to drive policy and process standardisation and to optimise the use of existing technology platforms.

24. APPOINTMENT OF AUDITORS

The Financial Statements for the year have been audited by Messrs. B. R. De Silva & Co. Chartered Accountants, who offer themselves for re-appointment. A resolution to re-appoint them as Auditors and authorise the Directors to fix their remuneration will be proposed at the Annual General Meeting.

25. AUDITOR'S REMUNERATION AND INTEREST IN CONTRACTS WITH THE COMPANY

The Group audit fees paid for the year 2023/24 amounted to Rs. 1.3 Mn. Apart from that, the Company has engaged Messrs. B. R. De Silva & Co. Chartered Accountants, the external auditors to advice on accounting matters arising from the introduction of new Accounting Standards for the year under consideration. As far as the Directors are aware, the Auditors do not have any other relationship or interest in contracts with the Company.

26. ANNUAL GENERAL MEETING

The 78th Annual General Meeting of the Company will be held on 20th August 2024.

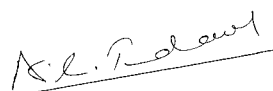
27. NOTICE OF MEETING

Details of the Annual General Meeting are given in the Notice of Meeting.

28. 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 hereby acknowledge the contents of this Report.

For and on behalf of the Board,



A. E. Tudawe
Chairman



U. D. Tudawe
Director

1st July 2024

STATEMENT OF DIRECTORS' RESPONSIBILITY

The following statement which should be read in conjunction with the Auditor's statement of responsibilities has been made with a view to distinguish between the respective responsibilities of the Directors and the Auditors in relation to the financial statements.

Section 150, 152 (1) and 153 (1) of the Companies Act No. 07 of 2007 require that the Directors prepare the financial statements and circulate it among the shareholders. These financial statements comprise a Statement of Comprehensive Income, which presents a true and fair view of the profit or loss of the Company for its financial year as well as a Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company as at the end of its financial year.

As the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future, the financial statements continue to be prepared on a 'going concern' basis.

In preparing the Financial Statements as disclosed on Pages from 86 to 93, the Directors consider that the Company and its subsidiaries have used appropriate accounting policies that have been applied consistently and supported by reasonable and prudent judgment and estimates, while all accounting standards considered to be applicable and relevant have been followed.

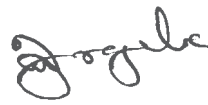
The Directors are responsible for ensuring that the Company and its subsidiaries maintain accounting records which disclose with reasonable accuracy, the financial position of the Company and its subsidiaries while complying with the provisions of the Companies Act No. 07 of 2007.

The Directors have a general responsibility to take reasonable steps in safeguarding the assets of the Company and its subsidiaries, provide proper consideration towards the establishment of appropriate internal control systems with a view to detecting and preventing frauds and other irregularities.

COMPLIANCE REPORT

The Directors confirm to the best of their knowledge that all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its subsidiaries, all other known statutory dues which were due and payable by the Company and its subsidiaries as at the reporting date have been paid or where relevant provided for in arriving at the financial results for the year under review.

By order of the Board



Nexia Corporate Consultants (Private) Limited
Secretaries

01st July 2024

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE (RPTRC)

OBJECTIVE

The objective of the Committee is to exercise oversight on behalf of the Board of Ceylon Hospitals PLC and its subsidiaries that all Related Party Transactions ("RPTs") are in compliance with Section 9 of the listing rules of the Colombo Stock Exchange ("CSE"), the Code as issued by the Securities Exchange Commission of Sri Lanka and also the best practices as recommended by CA Sri Lanka.

RESPONSIBILITY

The responsibility of the Committee is to ensure that the interests of the shareholders are collectively considered by the Company when entering into a RPT and fairness and transparency is maintained at all times.

Considering the foregoing the Committee conducts its meetings in compliance with the policy guidelines developed for the Company in this respect which is in line with Section 9 of the listing rules of CSE.

As per the policy the RPTRC has identified the RPTs' in terms of institutions as well as individuals. Under individuals, in addition to Directors, all Senior Management personnel of the Company have been identified as Key Management Personnel ("KMPs") to increase transparency and enhance good governance.

COMPOSITION OF THE COMMITTEE

The Committee comprise of the following Directors;

Mr. A.S. Abeyewardene

Retired with effect from 16th November 2023
Chairman (Independent, Non-Executive Director)

Mr. A. D. B. Talwatte

Chairman from Quarter 3 FY 2023/24
Member (Independent, Non-Executive Director)

Mr. A. V. R. De S. Jayatilleke

Member (Deputy Chairman/Senior-Independent, Non-Executive Director)

Mr. S. Renganathan

Independent, Non-Executive Director

Mr. H. M. A . Jayasinghe

Appointed with effect from 01st November 2023
Member (Independent, Non-Executive Director)

CONDUCT OF MEETINGS

The Committee meets at least once every quarter.

During the financial year ended 31st March 2024 the Committee held five meetings. The meeting attendance was as follows

| Name | Attended/ Eligibility to Attend |
|--------------------------------------------------------------------------------|---------------------------------|
| Mr. A. S. Abeyewardene - Chairman Retired with effect from 16th November 2023 | 2/2 |
| Mr. A. D. B. Talwatte - Chairman and Member Chairman from Quarter 3 FY 2023/24 | 4/4 |
| Mr. A.V.R. De S. Jayatilleke | 4/4 |
| Mr. S. Renganathan | 4/4 |
| Mr. H. M. A . Jayasinghe Appointed with effect from 01st November 2023 | 2/2 |

At the quarterly RPTRC meeting, all recurrent transactions carried out with subsidiaries and associates are reported. The Committee reviewed and pre approved all proposed non current Related Party Transactions (RPTs) of the parent Ceylon Hospitals PLC and related parties. At quarterly RPTRC meetings, all recurrent transactions carried out with subsidiaries and other affiliates are reviewed and reported.

Mechanisms are in place for the KMPs' to declare RPTs, if any, that they are connected with as per the Company RPT policy guidelines.

ACTIVITIES DURING THE YEAR

The activities and the views of the committee has been communicated to the Board on a quarterly basis through verbal briefings and by tabling minutes of the Committees' meetings along with the detail reports of RPTs' carried out with subsidiaries and associates of the Company.

There were no RPTs' where KMPs' were involved requiring declaration to the RPTRC during the year under concern.

The RPT Review Committee was satisfied that there were no other transactions to be reported in the Annual Report for the year ended 31st March 2024 other than those disclosed in the report under the Financial Statements Note 31. RPT disclosures are made in the Financial Statements as required by the Sri Lanka Accounting Standard (LKAS 24) on Related Party Disclosures.



A. D. B. Talwatte

Chairman - Related Party Transactions Review Committee

01st July 2024

REPORT OF THE REMUNERATION COMMITTEE

SCOPE OF THE COMMITTEE

Scope of the Committee is to review and recommend overall remuneration policy and performance-based pay plans for the Company and agree with the Board a framework to remunerate the Executive Chairman and Executive Director(s) based on performance targets, benchmark principles, performance related pay schemes, industry trends and past remuneration and succession planning of Key Management Personnel.

Determining compensation of Non-Executive Directors is not under the scope of this Committee.

REMUNERATION POLICY

The remuneration policy is designed to reward, motivate and retain the Company's Key Management Personnel and the executive team with market competitive remuneration and benefits to support the creation of shareholder value. Accordingly, salaries and other benefits are reviewed periodically taking into account the performance of the individuals and industry standards.

THE RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

- to make recommendations to the Board on the Company's policy and structure for all executive directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing a remuneration policy.
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.
- to make recommendations to the Board on the remuneration packages of all executive directors and senior management, including benefits in kind and compensation payments, including any compensation payable for loss or termination of their office or appointment.
- to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.
- to ensure that no executive director or any of his associates is involved in deciding his own remuneration.
- to seek advice from the Executive Chairman about remuneration proposals for other executive directors and senior management team.

The Remuneration Committee will seek the assistance of external agencies/ independent professionals to carry out salary surveys and other remuneration related advice, if and when necessary, to consider salaries paid by comparable companies, time commitment, responsibilities and employment conditions in the Group.

COMPOSITION OF THE COMMITTEE

The Committee comprise of the following Directors;

Mr. A. S. Abeyewardene

Retired with effect from 16th November 2023
Chairman (Independent, Non-Executive Director)

Mr. A. D. B. Talwatte

Chairman from Quarter 3 FY 2023/24
Member (Independent, Non-Executive Director)

Mr. A. V. R. De S. Jayatilleke

Member (Deputy Chairman/Senior-Independent, Non-Executive Director)

The quorum of the committee shall be two. The Committee held a meetings during the year under review.

ATTENDANCE AT MEETINGS

| Name | Attended/ Eligibility to Attend |
|--------------------------------|---------------------------------------|
| Mr. A. S. Abeyewardene | 1/1 |
| Mr. A. D. B. Talwatte | 1/1 |
| Mr. A. V. R. De S. Jayatilleke | 1/1 |

ACTIVITIES OF THE COMMITTEE FOR THE YEAR 2023/24

- The Committee reviewed the succession plan prepared by the Management for the key Corporate Management positions.
- The Committee reviewed and determined the bonus payable for 2023/24 performance according to the 'Business Value Growth' index for the Executive Directors and senior management staff and recommended same to the Board for approval prior to payment.

The Committee continued to report on its activities and recommended to the Board for approval the matters discussed at its meetings. The annual management performance appraisal scheme, the calculation of short-term incentives was executed in accordance with the approvals given by the Board, based on discussions conducted by the Committee.

The Aggregate remuneration paid to Executive and Non-Executive Directors as required by Section 7.10.5 (c) to the Listing Rules of the Colombo Stock Exchange is given in Note 6 to the Financial Statements.

The Committee wishes to report that the Company has complied with the provisions of the Companies Act No. 07 of 2007 in relation to remuneration of Executive Directors.



A. D. B. Talwatte

Chairman - Remuneration Committee

29th May 2024

REPORT OF THE NOMINATIONS COMMITTEE

TERMS OF REFERENCE

The Terms of Reference clearly states the purpose of establishing the Committee, its composition, authority and conduct and scheduling of meetings.

The Board Nominations Committee was established by the Board to ensure Board's oversight and control over "Selection of Directors including Chairman, Chief Executive Officer"

AUTHORITY OF THE COMMITTEE

The Committee has the authority to discuss issues under its purview and report back to the Board with recommendations, enabling the Board to take a final decision on the matter. The Members of the Committee have the authority to express their independent views when making decisions. The Committee regularly reviews the structure, size, composition and competencies of the Board and makes recommendations to the Board with regard to any changes. If a need arises, professionals from outside may be invited for advice on specific issues.

DUTIES OF THE COMMITTEE

The duties of the Committee include inter-alia the following:

- To implement a procedure to select/ appoint new Directors including Executive Chairman.
- Evaluate the independence of the Non-Executive Directors and effectiveness of the Board of Directors.
- Review the process for succession planning to ensure that the Board has the correct balance of individuals to discharge its duties effectively.
- To consider and recommend from time-to-time, the requirements of additional/ new expertise and the succession arrangements for retiring Directors.
- To make recommendations on any other matters referred to the Committee by the Board of Directors.

COMPOSITION OF THE COMMITTEE

The Committee comprise of the following Directors;

Mr. A. S. Abeyewardene

Retired with effect from 16th November 2023

Chairman (Independent, Non-Executive Director)

Mr. A. D. B. Talwatte

Chairman from Quarter 3 FY 2023/24

Member (Independent, Non-Executive Director)

Mr. A. V. R. De S. Jayatilleke

Member (Deputy Chairman/Senior-Independent, Non-Executive Director)

Mr. A. E. Tudawe

Member (Executive Chairman)

Mr. U. D. Tudawe

Member (Executive Vice President, Director)

Mr. S. Renganathan

Independent, Non-Executive Director

Mr. H. M. A. Jayasinghe

Appointed with effect from 01st November 2023

Member (Independent, Non-Executive Director)

The Committee is chaired by an Independent Director who has experience in the relevant subject and constitutes Executive and Non-Executive, Independent Directors from the Board to ensure that the responsibilities of the Committee are discharged effectively.

To hold a meeting there shall be a quorum of three members of the Committee who are Non-Executive Directors of whom at least one should be independent.

ACTIVITIES OF THE COMMITTEE IN 2023/24

The Committee has acted within the parameters set by its terms of reference. The Committee continued to work closely with the Board of Directors on matters assigned to the Committee and reported back to the Board of Directors with its recommendations.

MEETINGS AND ATTENDANCE

During the year, the Committee met once and all six members were present for same. All proceedings of the Committee meetings were reported to the Board of Directors.



A. D. B. Talwatte

Chairman - Nominations Committee

29th May 2024

REPORT OF THE AUDIT COMMITTEE

ROLE OF THE COMMITTEE

The Audit Committee assist the Board in fulfilling its responsibilities in relation to the integrity of the financial statements of the Company and the Group, the internal control and risk management systems of the Group and its compliance with legal and regulatory requirements, the External Auditors' performance, qualifications and independence, the adequacy and performance of the Internal Audit function.

The scope and responsibilities of the Committee are set out in the terms of reference of the Committee, which is approved by the Board and reviewed annually. The Committee's responsibilities relate to the Group as a whole, and in discharging its responsibilities the Committee places reliance on the work carried out by internal and external auditors to the Company and its subsidiaries. An interactive forum with the participation of members of the Audit Committee and the Senior Management team is also held to discuss ways and means of improvement and exchange information on best practices in effective internal controls.

The effectiveness of the Committee is evaluated annually by its members and feedback on same communicated to the Board of Directors at each year end.

COMPOSITION OF THE COMMITTEE

The Committee comprise of the following Directors;

Mr. A.S. Abeyewardene

Retired with effect from 16th November 2023
Chairman (Independent, Non-Executive Director)

Mr. A. D. B. Talwatte

Chairman from Quarter 3 FY 2023/24
Member (Independent, Non-Executive Director)

Mr. A.V.R. De S. Jayatilleke

Member (Deputy Chairman/Senior-Independent, Non-Executive Director)

Mr. S. Renganathan

Independent, Non-Executive Director

Mr. H. M. A . Jayasinghe

Appointed with effect from 01st November 2023
Member (Independent, Non-Executive Director)

Profiles of the Committee Chairman and the Members are given on Pages 18 and 23 of this report.

The Committee held four meetings during the financial year ended 31st March 2024. Attendance of the Committee members is given below;

| Name | Attended/ Eligibility to Attend |
|-----------------------------------------------------------------------------------|---------------------------------------|
| Mr. A. S. Abeyewardene - Chairman Retired with effect from 16th November 2023 | 2/2 |
| Mr. A. D. B. Talwatte - Chairman and Member Chairman from Quarter 3 FY 2023/24 | 4/4 |
| Mr. A.V.R. De S. Jayatilleke | 4/4 |
| Mr. S. Renganathan | 4/4 |
| Mr. H. M. A . Jayasinghe appointed with effect from 01st November 2023 | 2/2 |

The Executive Chairman, the Chief Financial Officer, the External Auditors and Internal Auditors attended meetings by invitation as required. Other Senior Management team members of the Company also attended the meetings on a need basis. The Committee engaged with the management to review the key risks faced by the Group with a view to obtaining assurance that appropriate and effective risk mitigation strategies were in place. The activities and views of the Committee was communicated to the Board of Directors quarterly through verbal briefings.

FINANCIAL REPORTING

The Audit Committee has reviewed and discussed the Group's quarterly and annual financial statements prior to publication, with the support of the management and External Auditors. The review included ascertaining compliance of the statements and disclosures with the Sri Lanka Accounting Standards, the appropriateness and changes in accounting policies and material judgemental matters.

The Committee also discussed with the External Auditors and management any matters communicated to the Committee by the External Auditors in their reports to the Committee on the audit for the year.

The Committee obtained independent input from the External Auditors on the impact of several new Sri Lanka Accounting Standards that would come into effect in the current financial year and in the future and satisfied themselves that the necessary preparatory work was being undertaken to enable the Company and the Group to adopt them.

REPORT OF THE AUDIT COMMITTEE

INTERNAL AUDIT, RISKS AND CONTROLS

The Committee reviewed the adequacy of the Internal Audit coverage for the Group and the Internal Audit Plans for the Group with the Executive Chairman and the Senior Management team. The Internal Auditors regularly reported to the Committee on the adequacy and effectiveness of internal controls in the Group and compliance with laws and regulations and established policies and procedures of the Group. Reports from the Internal Auditors on the operations of the Company and its subsidiaries were also reviewed by the Committee. Follow-up action taken on the recommendations of the Internal Auditors and any other significant follow-up matters are documented and presented to the Committee as an update to the matters arising from previous meeting minutes every quarter.

External Audit

The External Auditors' Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and the management prior to the commencement of the audit.

The External Auditors kept the Committee advised regarding matters of significance that were pending resolution. Prior to the conclusion of the Audit, the Committee met with the External Auditors and Management to discuss all audit issues and to agree on their treatment. This included the discussion of formal reports from the External Auditors to the Committee. The Committee also met the External Auditors before finalisation of the financial statements in order to obtain their input on specific issues and to ascertain whether they had any areas of concern relating to their work. The External Auditors' final management reports on the audit of the Company and Group financial statements for the year 2023/24 were discussed with the management and the auditors.

The Committee was satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration was given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors from the Group. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation was obtained from the Auditors on their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The performance of the External Auditors has been evaluated and the Committee has recommended to the Board that Messrs. B. R. De Silva & Co. Chartered Accountants be re-appointed as the Auditors of the Company for the financial year ending 31st March 2024, subject to approval by the shareholders at the Annual General Meeting.



A. D. B. Talwatte
Chairman - Audit Committee

1st July 2024

INDEPENDENT AUDITOR'S REPORT



Private & Confidential

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CEYLON HOSPITALS PLC Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ceylon Hospitals PLC ("the Company") and the consolidated financial statement of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2024 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory notes.

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 31st March 2024, and of their financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Partners - N.S.C.De Silva FCA, FCMA (UK),CGMA, L.C.Piyasena FCA, L.L.S.Wickremasinghe FCA,
E.S.N.Matikkar FCA, S.M.S.S.Bandara MBA, FCA, D.S.De Silva LL.B., Attorney - at -Law
ACA, ACMA (UK),CGMA
Partner (Kandy) W.L.L. Perera FCA.

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INDEPENDENT AUDITOR'S REPORT

| Key Audit Matter | How the matter was addressed |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Recognition of Revenue The Company and the Group have recognised revenue of Rs. 5,369,409,393 and Rs. 9,152,568,499 respectively for the year ended 31st March 2024.</p> <p>Revenue is a key performance indicator used to evaluate the performance of the Group and the Company. Given the significance of the total value, the number of transactions, judgment involved in the timing of recognition and the reliance on Information Technology (IT) systems for revenue recognition, the recognition of revenue was considered as a key area of focus.</p> | <ul style="list-style-type: none"> • Our audit procedures in relation to revenue recognition included both tests of controls as well as substantive procedures. • Our testing of the company's manual and automated controls focused on controls around the timely & accurate recording of sales transactions. • We reviewed the group's accounting policies in respect of revenue recognition and found them to be in compliance with Sri Lanka Accounting Standards. • We performed analytical review procedures to assess whether the recognised revenue was in line with the expected level. • Checked a sample of invoices raised to patients, to ensure revenue is recognised and measured in accordance with the contractual terms of the contracts and the Group's accounting policies. • Discussed with management regarding the contractual arrangements where consultant medical personnel are involved, and tested the appropriateness of the recognition of revenue on a gross or net basis. • Performed substantive test in respect of cut off at the end of the year. • Assessed the adequacy of the disclosures in the financial statements. |
| <p>2. Transactions held with Related Parties Related party balances and disclosure of the group are disclosed in notes (15) and (32) to the financial statements.</p> <p>The group is engaged in related party transactions during the ordinary course of business.</p> <p>A considerable part of revenue, recurring expenditure and capital expenditure of the company have taken place through related companies.</p> | <ul style="list-style-type: none"> • Evaluated the process established by the management in identifying and reporting related party transactions. • Reviewed the reports of related party transaction review committee. • Reviewed a sample of transactions and ensured that transactions are taken place on arm's length basis. • Critically examined the accuracy of intercompany reconciliations carried out by the management on a quarterly basis. • Checked the adequacy of disclosures made in the financial statements in accordance with Sri Lanka Accounting Standards. |

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained on the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 scepticism throughout the audit. We also:

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

- Obtain sufficient and 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 year and are therefore the Key Audit Matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing the independent auditor's report is FCA 2122.



B. R. DE SILVA & CO.
Chartered Accountants
Colombo 05.

1 July 2024
(LW/ST/ca)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| For the Year Ended 31st March, | Note | Group | | Company | |
|-------------------------------------------------------------------------------------------------|--------|--------------------|--------------------|--------------------|---------------------|
| | | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Revenue | (3) | 9,152,568,499 | 7,905,209,686 | 5,369,409,393 | 4,369,878,070 |
| Cost of Services | | (4,013,929,442) | (3,094,516,902) | (2,417,849,789) | (1,768,561,316) |
| Gross Profit | | 5,138,639,057 | 4,810,692,784 | 2,951,559,604 | 2,601,316,754 |
| Other Operating Income | (4) | 205,407,718 | 111,098,228 | 78,566,864 | 47,366,275 |
| Less: Expenses | | | | | |
| Administration Expenses | | (3,301,862,792) | (2,877,829,578) | (2,061,354,229) | (1,803,782,709) |
| Other Operating Expenses | | (1,338,284,825) | (1,102,986,692) | (698,667,781) | (523,773,877) |
| Finance Costs | (5) | (144,668,678) | (87,898,046) | (147,983,528) | (61,998,645) |
| Finance Income | (5.1) | 99,655,771 | 207,246,952 | 171,815,812 | 294,804,295 |
| | | (4,685,160,524) | (3,861,467,364) | (2,736,189,726) | (2,094,750,936) |
| Profit Before Taxation | (6) | 658,886,251 | 1,060,323,648 | 293,936,742 | 553,932,093 |
| Less: Income Tax Expense | | | | | |
| | (7) | (205,073,835) | (408,654,531) | (60,305,283) | (254,694,392) |
| Net Profit after Taxation | | 453,812,416 | 651,669,117 | 233,631,459 | 299,237,701 |
| Other Comprehensive Income | | | | | |
| Items that will not be reclassified to Profit or Loss | | | | | |
| Net Change in Fair Value on Equity Investments at Fair Value through Other Comprehensive Income | | (1,466,017) | 12,197,815 | (6,970,886) | 5,711,959 |
| Actuarial Gain/(Loss) on Gratuity valuation | (24.1) | 408,213 | (17,930,694) | 1,931,223 | (15,640,404) |
| Deferred Tax (Charge)/ reversal on revaluation Gain | | - | (403,508,818) | - | (391,880,325) |
| Deferred Tax Charge on actuarial Gain /(Loss) on Gratuity valuation | (25) | (799,974) | 5,140,600 | (579,367) | 4,692,121 |
| Other Comprehensive Income for the Year | | (1,857,778) | (404,101,097) | (5,619,030) | (397,116,649) |
| Total Comprehensive Income for the Year | | 451,954,638 | 247,568,020 | 228,012,429 | (97,878,948) |

| For the Year Ended 31st March, | Note | Group | | Company | |
|----------------------------------------------------|------|-------------|-------------|-------------|--------------|
| | | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Profit Attributable to: | | | | | |
| Equity Holders of the Parent | | 417,194,311 | 571,831,033 | 233,631,459 | 299,237,701 |
| Non-Controlling Interest | | 36,618,105 | 79,838,084 | - | - |
| | | 453,812,416 | 651,669,117 | 233,631,459 | 299,237,701 |
| Total Comprehensive Income Attributable to: | | | | | |
| Equity Holders of the Parent | | 414,608,925 | 168,991,710 | 228,012,429 | (97,878,948) |
| Non-Controlling Interest | | 37,345,713 | 78,576,310 | - | - |
| | | 451,954,638 | 247,568,020 | 228,012,429 | (97,878,948) |
| Earnings Per Share - Basic | (8) | 11.59 | 16.88 | 6.49 | 8.83 |

The Significant Accounting Policies and the Notes from Pages 104 to 155 form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| As at 31st March, | Note | Group | | Company | |
|------------------------------------------------------------|----------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Property, Plant and Equipment | (9) | 11,582,383,348 | 7,705,991,718 | 8,241,211,471 | 4,639,970,371 |
| Capital Work in Progress | (9.3) | 72,479,167 | 2,604,471,397 | 66,090,705 | 2,592,873,347 |
| Intangible Assets | (9.6) | 1,364,771 | - | - | - |
| Right of Use Assets | (9.7) | 363,571,459 | 261,135,015 | 363,571,459 | 261,135,015 |
| Investments in Subsidiaries | (10) | - | - | 1,493,624,884 | 1,457,821,384 |
| Other Financial Assets | (11.2.3) | 289,392,752 | 286,004,935 | 72,066,346 | 79,180,666 |
| | | 12,309,191,497 | 10,857,603,065 | 10,236,564,865 | 9,030,980,783 |
| Current Assets | | | | | |
| Inventories | (13) | 814,310,899 | 1,020,132,071 | 642,259,346 | 807,593,297 |
| Trade and Other Receivables | (14) | 312,865,752 | 277,120,922 | 199,903,869 | 154,800,432 |
| Advances and Prepayments | (14.1) | 291,390,201 | 726,558,549 | 164,155,421 | 378,560,340 |
| Amounts due from Related Parties | (15.1) | 5,385,050 | 5,329,214 | 66,372,111 | 37,698,772 |
| Other Financial Assets | (11.2.3) | 899,204,908 | 789,484,488 | 45,528,555 | 40,685,815 |
| Income Tax Recoverable | (16.1) | 44,254,174 | 13,606,620 | 37,259,871 | 13,261,880 |
| Cash and Cash Equivalents | (17) | 366,450,867 | 420,519,411 | 212,124,767 | 275,220,591 |
| | | 2,733,861,851 | 3,252,751,275 | 1,367,603,940 | 1,707,821,127 |
| Total Assets | | 15,043,053,348 | 14,110,354,340 | 11,604,168,805 | 10,738,801,910 |
| EQUITY AND LIABILITIES | | | | | |
| Equity Attributable to Equity Holders of the Parent | | | | | |
| Stated Capital | (18) | 1,142,797,779 | 1,142,797,779 | 1,142,797,779 | 1,142,797,779 |
| Revaluation Reserve | (19) | 2,290,344,615 | 2,290,344,615 | 1,742,663,471 | 1,742,663,471 |
| Fair Value Reserve | (20) | 74,340,012 | 76,843,290 | (658,927) | 6,311,959 |
| Accumulated Profit | (21) | 4,595,642,551 | 4,261,863,861 | 2,963,955,266 | 2,812,305,464 |
| | | 8,103,124,957 | 7,771,849,545 | 5,848,757,589 | 5,704,078,673 |
| Non-Controlling Interests | (22.2) | 733,044,005 | 729,500,387 | - | - |
| | | 8,836,168,962 | 8,501,349,932 | 5,848,757,589 | 5,704,078,673 |

| As at 31st March, | Note | Group | | Company | |
|---------------------------------------|--------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Non-Current Liabilities | | | | | |
| Interest Bearing Loans and Borrowings | (11.3) | 1,989,051,038 | 1,935,851,688 | 1,872,910,579 | 1,800,661,220 |
| Lease Liability | (12.2) | 279,087,131 | 200,120,218 | 279,087,131 | 200,120,218 |
| Deferred Rent Income | (23) | - | - | 28,579,838 | 30,470,124 |
| Retirement Benefit Obligations | (24.1) | 227,264,506 | 205,414,218 | 203,792,863 | 182,727,178 |
| Deferred Tax Liabilities | (25) | 1,389,826,253 | 1,301,996,674 | 1,063,004,337 | 1,004,120,031 |
| Amounts Due to Related Parties | (15.2) | - | - | 467,500,000 | 467,500,000 |
| | | 3,885,228,928 | 3,643,382,798 | 3,914,874,748 | 3,685,598,772 |
| Current Liabilities | | | | | |
| Bank Overdraft | | 542,805,070 | 483,403,417 | 413,049,962 | 387,320,920 |
| Interest Bearing Loans and Borrowings | (11.3) | 488,625,758 | 420,952,651 | 428,928,529 | 335,889,315 |
| Lease Liability | (12.2) | 120,415,860 | 99,649,056 | 120,415,860 | 99,649,056 |
| Trade and Other Payables | (26) | 1,027,015,438 | 879,179,585 | 551,022,658 | 436,695,008 |
| Income Tax Payable | (16) | - | 82,436,901 | - | 35,163,756 |
| Amounts Due to Related Parties | (15.2) | 142,793,332 | - | 327,119,459 | 54,406,410 |
| | | 2,321,655,458 | 1,965,621,610 | 1,840,536,468 | 1,349,124,466 |
| Total Equity and Liabilities | | 15,043,053,348 | 14,110,354,340 | 11,604,168,805 | 10,738,801,910 |

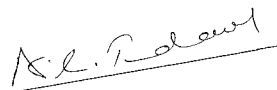
These Financial Statements are prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



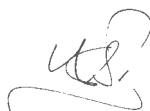
Thusitha Rubasinghe
Chief Financial Officer

The Board of Directors are responsible for the preparation and presentation of these Financial Statements.

Signed for and on behalf of the Board by,



A. E. Tudawe
Executive Chairman



A. S. Tudawe
Executive Director

The Significant Accounting Policies and the Notes from Pages 104 to 155 form an integral part of these Financial Statements.

1st July 2024

STATEMENT OF CHANGES IN EQUITY - COMPANY

| For the Year Ended 31st March, | Stated Capital Rs. | Revaluation Reserves Rs. | Fair Value Reserve Rs. | Accumulated Profit Rs. | Total Rs. |
|-------------------------------------------------------------|--------------------------|--------------------------------|------------------------------|------------------------------|---------------|
| Balance as at 31st March 2022 | 916,366,104 | 2,134,543,796 | 600,000 | 2,695,435,655 | 5,746,945,555 |
| Net Profit for the Year | - | - | - | 299,237,701 | 299,237,701 |
| Other Comprehensive Income | | | | | |
| Deferred Tax Effect on Revaluation Gain | - | (391,880,325) | - | - | (391,880,325) |
| Actuarial Gain/ (Loss) on Gratuity valuation | - | - | - | (15,640,404) | (15,640,404) |
| Deferred Tax Effect on Gratuity valuation | - | - | - | 4,692,121 | 4,692,121 |
| Net Change in Fair Value on Equity Investments at FVTOCI | - | - | 5,711,959 | - | 5,711,959 |
| Total Comprehensive Income for the Year | - | (391,880,325) | 5,711,959 | 288,289,418 | (97,878,948) |
| Transactions with Owners in their capacity as Owners | | | | | |
| Shares issued at Rights Issue | 226,431,675 | - | - | - | 226,431,675 |
| Right Issue Expenses | - | - | - | (2,055,980) | (2,055,980) |
| Dividend Paid - Ordinary Shares | - | - | - | (169,363,630) | (169,363,630) |
| | 226,431,675 | - | - | (171,419,610) | 55,012,065 |
| Balance as at 31st March 2023 | 1,142,797,779 | 1,742,663,471 | 6,311,959 | 2,812,305,463 | 5,704,078,672 |
| Net Profit for the year | - | - | - | 233,631,459 | 233,631,459 |
| Other Comprehensive Income | | | | | |
| Actuarial Gain on Gratuity valuation | - | - | - | 1,931,223 | 1,931,223 |
| Deferred Tax Effect on Gratuity valuation | - | - | - | (579,367) | (579,367) |
| Net Change in Fair Value on Equity Investments at FVTOCI | - | - | (6,970,886) | - | (6,970,886) |
| Total Comprehensive Income for the Quarter | - | - | (6,970,886) | 234,983,315 | 228,012,429 |
| Transactions with Owners in their capacity as Owners | | | | | |
| Right Issue Expenses | - | - | - | (557,042) | (557,042) |
| Dividend Paid - Ordinary Shares | - | - | - | (82,776,471) | (82,776,471) |
| | - | - | - | (83,333,513) | (83,333,513) |
| Balance as at 31st March 2024 | 1,142,797,779 | 1,742,663,471 | (658,927) | 2,963,955,266 | 5,848,757,589 |

The Significant Accounting Policies and the Notes from Pages 104 to 155 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY - GROUP

| For the Year Ended 31st March, | Stated Capital | Revaluation Reserve | Fair Value Reserve | Accumulated Profit | Total | Non-Controlling Interest | Total |
|---------------------------------------------------------------------|----------------|---------------------|--------------------|--------------------|---------------|--------------------------|---------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Balance as at 31st March 2022 | 916,366,104 | 2,691,662,322 | 65,867,579 | 3,873,949,764 | 7,547,845,769 | 734,253,847 | 8,282,099,616 |
| Net Profit for the Year | - | - | - | 571,831,033 | 571,831,033 | 79,838,084 | 651,669,117 |
| Other Comprehensive Income | | | | | | | |
| Deferred Tax Effect on Revaluation Gain | - | (401,317,707) | - | - | (401,317,707) | (2,191,111) | (403,508,818) |
| Actuarial Gain/ (Loss) on Gratuity Valuation | - | - | - | (17,562,258) | (17,562,258) | (368,436) | (17,930,694) |
| Deferred Tax effect on actuarial Gain /(Loss) on Gratuity Valuation | - | - | - | 5,064,931 | 5,064,931 | 75,669 | 5,140,600 |
| Net Change in Fair Value on Equity Investments at FVTOCI | - | - | 10,975,711 | - | 10,975,711 | 1,222,104 | 12,197,815 |
| Total Comprehensive Income for the Year | - | (401,317,707) | 10,975,711 | 559,333,706 | 168,991,710 | 78,576,310 | 247,568,020 |
| Transactions held with Owners in their capacity as Owners | | | | | | | |
| Shares issued at Rights Issue | 226,431,675 | - | - | - | 226,431,675 | - | 226,431,675 |
| Right Issue Expenses | - | - | - | (2,055,980) | (2,055,980) | - | (2,055,980) |
| Shares issued by the Subsidiary at Rights Issue | - | - | - | - | - | 5,860,000 | 5,860,000 |
| Dividend Paid - Ordinary Shares | - | - | - | (169,363,629) | (169,363,629) | (89,189,771) | (258,553,400) |
| | 226,431,675 | - | - | (171,419,609) | 55,012,066 | (83,329,771) | (28,317,705) |
| Balance as at 31st March 2023 | 1,142,797,779 | 2,290,344,615 | 76,843,290 | 4,261,863,861 | 7,771,849,545 | 729,500,387 | 8,501,349,932 |
| Net Profit for the Year | - | - | - | 417,194,311 | 417,194,311 | 36,618,105 | 453,812,416 |
| Other Comprehensive Income | | | | | | | |
| Net Change in Fair Value on Equity Investments at FVROCI | - | - | (2,503,278) | - | (2,503,278) | 1,037,261 | (1,466,017) |
| Actuarial Gain/ (Loss) on Gratuity Valuation | - | - | - | 672,965 | 672,965 | (264,752) | 408,213 |
| Deferred Tax effect on Actuarial Gain /(Loss) on Gratuity Valuation | - | - | - | (755,072) | (755,072) | (44,902) | (799,974) |
| Transactions held with Owners in their capacity as Owners | | | | | | | |
| Rights Issue Expenses | - | - | - | (557,042) | (557,042) | - | (557,042) |
| Dividend Paid - Ordinary Shares | - | - | - | (82,776,471) | (82,776,471) | (33,802,094) | (116,578,565) |
| Balance as at 31st March 2024 | 1,142,797,779 | 2,290,344,615 | 74,340,012 | 4,595,642,551 | 8,103,124,957 | 733,044,005 | 8,836,168,962 |

The Significant Accounting Policies and the Notes from Pages 104 to 155 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

| For the Year Ended 31st March, | Note | Group | | Company | |
|-------------------------------------------------------------|--------|---------------|---------------|---------------|---------------|
| | | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Cash Flows from/ (used in) Operating Activities | | | | | |
| Net Profit before Income Tax Expenses | | 658,886,251 | 1,060,323,648 | 293,936,742 | 553,932,093 |
| Adjustments for | | | | | |
| Inventory Written-off/ (Write-in) | | 26,518,999 | 7,018,041 | 18,537,520 | 3,920,342 |
| Bad Debts Written-off | | 49,230,422 | 68,789,269 | 39,240,576 | (7,416,058) |
| Depreciation Charge for the Year | (9) | 442,576,147 | 389,264,474 | 230,162,729 | 212,151,427 |
| Amortisation of Right to use assets | (9.7) | 124,576,745 | 116,248,333 | 124,576,746 | 116,248,333 |
| Finance Income | (5.1) | (99,655,771) | (207,246,952) | (171,815,812) | (294,804,295) |
| Finance Costs | (5) | 144,668,678 | 87,898,046 | 147,983,528 | 61,998,645 |
| Amortisation of Deferred Rent | (23) | - | - | (1,890,286) | (1,000,333) |
| Profit/ (Loss) on Disposal of Property, Plant and Equipment | | (17,755,043) | - | (1,550,000) | - |
| Fair Value(Gain)/Loss on Financial Instruments | | (102,117,477) | (29,970,349) | (2,079,175) | (3,546,131) |
| Unclaimed Dividend | | (1,113,174) | - | (1,113,174) | - |
| Unclaimed VAT | | 19,814,175 | - | - | - |
| Creditors written back | | (159,566) | - | - | - |
| Impairment on Receivables | | - | 2,170,585 | - | - |
| Provision written back | | - | (24,816,444) | - | - |
| Provision for Defined Benefit Plans | (24.2) | 57,627,339 | 41,211,838 | 50,803,994 | 36,051,596 |
| Operating Profit before Working Capital Changes | | 1,303,097,727 | 1,510,890,489 | 726,793,388 | 677,535,618 |
| (Increase)/ Decrease in Inventories | (13) | 179,302,173 | (192,000,680) | 146,796,431 | (117,942,319) |
| (Increase)/ Decrease in Trade and Other Receivables | (14) | 330,378,921 | (509,974,264) | 130,060,905 | (115,936,113) |
| Increase/ (Decrease) in Trade and Other Payables | (26) | 147,995,419 | (340,724,201) | 100,440,824 | (425,754,218) |
| Increase/ (Decrease) in Dues from Related Parties | (15.1) | 142,737,497 | (8,193,774) | 252,236,208 | (68,392,937) |
| Cash Generated from Operations | | 2,103,511,737 | 459,997,569 | 1,356,327,756 | (50,489,969) |
| Finance Costs Paid | | (144,668,678) | (55,682,894) | (120,884,569) | (29,783,493) |
| Defined Benefit Plan Costs Paid | (24.1) | (35,368,838) | (31,726,050) | (27,807,086) | (25,754,481) |
| Tax Paid | (16) | (198,040,821) | (264,362,399) | (60,607,678) | (129,869,293) |
| Net Cash from/ (used in) Operating Activities | | 1,725,433,400 | 108,226,226 | 1,147,028,423 | (235,897,236) |

| For the Year Ended 31st March, | Note | Group | | Company | |
|----------------------------------------------------------------------|----------|-----------------|-----------------|-----------------|-----------------|
| | | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Cash Flows from/ (used in) Investing Activities | | | | | |
| Acquisition of Property, Plant and Equipment | | (958,306,721) | (800,076,750) | (480,681,769) | (400,104,176) |
| Acquisition of CWIP | | (827,134,758) | (1,418,448,109) | (823,939,417) | (1,452,763,439) |
| Purchase of Intangible Assets | | (1,600,000) | - | - | - |
| Proceeds from sale of Property Plant and Equipment | | 6,430,000 | - | 1,550,000 | - |
| Proceeds on sale of shares & units | | 42,879,195 | - | - | - |
| (Acquisition)/ Disposal of Other Investments | | 50,185,501 | 691,748,665 | (32,174,542) | 624,536,810 |
| Income from Investments | (5.1) | 99,655,771 | 207,246,952 | 171,815,812 | 294,804,295 |
| Net Cash Flows from/ (used in) Investing Activities | | (1,686,662,014) | (1,319,529,242) | (1,163,429,916) | (933,526,510) |
| Cash Flows from/ (used in) Financing Activities | | | | | |
| Receipts from Interest bearing Loans and Borrowings | (11.3.1) | 375,000,000 | 875,000,000 | 360,000,000 | 1,260,000,000 |
| Repayments of Interest bearing Loans and Borrowings | (11.3.1) | (254,127,542) | (206,770,594) | (194,711,427) | (149,540,593) |
| Lease Rent Payment | (12.1) | (154,378,433) | (142,916,053) | (154,378,433) | (142,916,053) |
| Proceeds from the Issue of Shares at Rights Issue | | - | 226,431,675 | - | 226,431,675 |
| Right Issue Expenses | | (557,042) | (2,055,981) | (557,042) | (2,055,981) |
| Changes in Non-Controlling Interest on Issue of shares by Subsidiary | | - | 5,860,000 | - | - |
| Dividends Paid | | (116,578,565) | (258,553,400) | (82,776,471) | (169,363,629) |
| Net Cash Flows from/ (used in) Financing Activities | | (152,241,582) | 496,995,647 | (72,423,373) | 1,022,555,419 |
| Net Increase/ (Decrease) in Cash and Cash Equivalents | | (113,470,196) | (714,307,370) | (88,824,866) | (146,868,327) |
| Cash and Cash Equivalents at the beginning of the Year | | (62,884,006) | 651,423,364 | (112,100,329) | 34,767,998 |
| Cash and Cash Equivalents at the end of the Year | | (176,354,203) | (62,884,006) | (200,925,195) | (112,100,329) |
| Analysis of Cash & Cash Equivalents | | | | | |
| Bank Overdraft | | (542,805,070) | (483,403,417) | (413,049,962) | (387,320,920) |
| Cash in Hand and at Bank | (17) | 366,450,867 | 420,519,411 | 212,124,767 | 275,220,591 |
| | | (176,354,203) | (62,884,006) | (200,925,195) | (112,100,329) |

The Significant Accounting Policies and the Notes from Pages 104 to 155 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Ceylon Hospitals PLC ("the Company") is a Public Limited Liability Company, incorporated and domiciled in Sri Lanka under the provisions of companies Act No. 07 of 2007 and listed on the Colombo Stock Exchange. The registered office and the principal place of business are located at No. 03, Alfred Place, Colombo 03.

1.2 Parent Enterprise and Ultimate Parent Enterprise

The Consolidated Financial Statements of the Company for the year ended 31st March 2024 comprise the Company (Parent company) and its Subsidiaries. (together referred to as the "Group" and individually as "Group entities")

The Company's parent undertaking is Durdans Management Services Ltd which is incorporated and domiciled in Sri Lanka.

1.3 Principal business activities and Nature of Operations

During the year the principal business activities of the group were as follows:

| Name of the Company | Nature of the Business |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Ceylon Hospitals PLC | Providing Healthcare Services and Laboratory Services |
| Durdans Heart Centre (Pvt) Ltd | Providing Preventive Cardiac Care Services and Cardiac Surgical Care |
| Durdans Medical and Surgical Hospital (Pvt) Ltd | Providing Healthcare Services |
| Amrak Institute of Medical Sciences (Pvt) Ltd | Providing allied Medical Science Courses |
| Ceygen Biotech (Pvt) Ltd | Supplying of Molecular Biological, Biochemical, Biotechnological Reagents, Kits, Equipment and Accessories for Molecular diagnostics and research |

1.4 Date of Authorisation for issue

The Financial Statements of Ceylon Hospitals PLC and its Subsidiaries for the year ended 31st March 2024 was authorised for issue in accordance with a resolution of the Board of Directors on 31st May 2024.

1.5 Number of Employees

The Staff strength of the Group as at 31st March 2024 was 1913 (As at 31st March 2023 - 2006)

1.6 Companies in the Group

Subsidiaries

The Group Financial Statements include the results of the Durdans Heart Centre (Pvt) Limited, Durdans Medical and Surgical Hospital (Pvt) Limited, Amrak Institute of Medical Sciences (Pvt) Ltd and Ceygen Biotech (Pvt) Ltd which are subsidiaries of the company. The details of subsidiaries are as follows:

| Company Name | Year of Incorporation | Ownership Percentage |
|-------------------------------------------------|-----------------------|----------------------|
| Subsidiary Companies | | |
| Durdans Heart Centre (Pvt) Ltd | 1999/00 | 81.16% |
| Durdans Medical and Surgical Hospital (Pvt) Ltd | 2007/08 | 85.39% |
| Amrak Institute of Medical Sciences (Pvt) Ltd | 2017/18 | 76.00% |
| Ceygen Biotech (Pvt) Ltd | 2009/10 | 51.57% |

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

2.1.1 Basis of Preparation

The Consolidated Financial Statements of the Group and separate Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka ("CASL") and in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the CSE.

These Financial Statements presented in Sri Lanka Rupees have been prepared on a historical cost basis except for the revaluation of certain property, plant and equipment, financial instruments at fair value and derivative financial instruments that have been measured at fair value. The Retirement Benefit Obligations are measured at the present value of the defined benefit obligation. All these measures are explained in the respective notes to the financial statements. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

2.1.2 Statement of Compliance

The Consolidated Financial Statements of Ceylon Hospitals PLC and its Subsidiary Companies have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS) as laid down by the Institute of Chartered Accountants of Sri Lanka ("CASL") and the requirements of the Companies Act No. 07 of 2007.

2.1.3 Responsibility for Financial Statements

The Board of Directors of the Company is responsible for the preparation and presentation of the Financial Statements of the Group and the Company as per the provisions of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards.

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' Responsibility, and the certification on the Statement of Financial Position.

These Financial Statements include the following components:

- i. A Statement of Profit or Loss and Other Comprehensive income.
- ii. A Statement of Financial Position.
- iii. A Statement of Changes in Equity.
- iv. A Statement of Cash Flows.
- v. Notes to the Financial Statements comprising significant Accounting Policies and other Explanatory Information.

2.1.4 Going Concern

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future.

Furthermore, The Management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, Financial Statements of the Group continue to be prepared on a going concern basis.

2.1.5 Functional Currency and Presentation Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional and presentation currency. All Financial Information presented in Rupees has been rounded to the nearest Rupee.

2.1.6 Use of Estimates and Judgements

The preparation of the financial statements in conformity with SLFRSs and LKASs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, judgements and estimates based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from those estimates and judgemental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

2.1.6.1 Judgement

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is include in the note Right of Use Assets, whether an arrangement contains a Lease and Lease Classification.

2.1.6.2 Assumptions and estimation uncertainties

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

Note 24 - Measurement of defined benefit obligations: Key actuarial assumptions;

Note 25 - Recognition of deferred tax liability/(asset): availability of future taxable profit against which tax losses carried forward can be used:

Note 09 - Measurement of useful lifetime of Property, Plant and Equipment

Note 28 - Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and

Note 11 - Fair Valuation of Investments classified as FVTOCI

Note 12 - Recognition of Right of Use Asset and Lease Liability

2.1.7 Comparative Information

The Financial Statements for the comparative periods comprise results for the 12 months' periods from 1st April 2022 to 31st March 2023.

In this circumstance, the comparative information for the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows and Related Notes are comparable with the current period.

Comparative Information has been reclassified, wherever necessary, to conform to the current year's presentation and classification. Such reclassifications were made to improve the quality of presentation and do not affect previously reported profit or equity.

NOTES TO THE FINANCIAL STATEMENTS

2.1.8 Measurement of Fair Value

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Group assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

2.2. Significant Accounting Policies

2.2.1 Basis of Consolidation

2.2.1.1 Business Combination

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

2.2.1.2 Subsidiaries

Subsidiaries are those enterprises controlled by the Group. Control is achieved when the Group is exposed or has right to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group controls an investee if, and only if the Group has:

- Power over the investee (i.e.; existing rights that give it the current ability to direct the relevant activities of the investee.)
- Exposure, or right to variable returns from its involvement with the investee.

- The ability to use its power over the investee to affect its return.

The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which the control commences until the date that on which control ceases.

A listing of the Group's significant subsidiaries is set out in Note 1.3 to the financial statements. Investments in subsidiaries are measured at Cost.

2.2.1.3 Non-Controlling Interests

The interest of the outside shareholders of the Group is disclosed separately under the heading of Non-Controlling Interest ("NCI"). NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

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

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.2.1.4 Investment in Equity Accounted Investee

The Group's investment in its equity accounted investee is accounted for using the Equity Method. Equity accounted investee is an entity in which the Group has a significant influence.

Under the Equity Method, the investment in the equity accounted investee is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the equity accounted investee. Goodwill relating to the equity accounted investee is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Statement of Comprehensive Income reflects the share of the results of operations of the equity accounted investee. Where there has been a change recognised directly in the equity of the equity accounted investee, the Group recognises its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the equity accounted investee.

The share of profit of an equity accounted investee is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate.

The Financial Statements of the associate are prepared for the same reporting period as the Group. Where 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 additional impairment loss on the Group's investment in its equity accounted investee. The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity accounted investee and its carrying value and recognises the amount in the 'share of profit from equity accounted investee' in the income statement.

Upon loss of significant influence over the equity accounted investee, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the equity accounted investee upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognised in profit or loss.

2.2.1.5 Transactions Eliminated on Consolidation

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

2.2.1.6 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

Where Goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

2.2.1.7 Reporting Date

Group's subsidiaries have the same reporting period as the parent company, which ends on 31st March.

2.2.2 Foreign Currency Transactions

The Group's Consolidated Financial Statements are presented in Sri Lanka Rupees ("Rupees"), which is also the parent company's functional currency. Transactions in foreign currencies are translated into Sri Lanka Rupees ("Rs.") at the foreign exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated in to rupees at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translations are recognised in the Statement of Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

2.3 Valuation of Assets and their Measurement Bases

2.3.1 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. The cost of inventories is based on Weighted Average Cost. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net Realisable Value is the estimated price at which inventories can be sold in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.3.2 Property, Plant and Equipment

Property, Plant and Equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used more than one period.

2.3.2.1 Recognition

Property, Plant and Equipment are recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS

2.3.2.2 Measurement

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any cost includes expenditures that are directly attributable to the acquisition of the asset. The Cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use and the cost of dismantling and removing the items and restoring the site on which they are located.

All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

2.3.2.3 Subsequent Expenditure

When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Subsequent Expenditure (Cont'd)

The cost of replacing part of an item of Property, Plant and Equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

2.3.2.4 Revaluation of Land and Buildings

Land and Buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the statement of income. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Any balance remaining in the revaluation surplus in respect of an asset is transferred directly to Accumulated Profit on retirement or disposal of the assets.

The Company policy is to revalue the Company Land and Building between 3-5 years.

2.3.2.5 Depreciation

The provision for depreciation is calculated by using Straight Line Basis on the cost or valuation of all property, plant and equipment other than freehold land, in order to write off such amounts over the following estimated useful lives. The principal annual rates used are:

Ceylon Hospitals PLC

| | | |
|--------------------------------------|---|------|
| Buildings | - | 2.5% |
| Plant & Machinery | - | 10% |
| Electrical Equipment | - | 10% |
| Furniture & Fittings | - | 10% |
| Sundry Equipment | - | 10% |
| Telephones | - | 20% |
| Electrical Power Plant & Transformer | - | 10% |
| Air Conditioners | - | 10% |
| Motor Vehicles | - | 10% |
| Linen | - | 50% |
| Computer Equipment | - | 20% |

Durdans Heart Centre (Pvt) Ltd

| | | |
|------------------------------------|---|-----|
| Cardiac Catheterisation Laboratory | - | 10% |
| Theatre & SICU Equipment | - | 10% |
| Furniture & Fittings | - | 20% |
| Computer Equipment | - | 25% |
| Electrical & Other Equipment | - | 20% |
| Motor Vehicles | - | 20% |

Durdans Medical and Surgical Hospital (Pvt) Ltd

| | | |
|------------------------------|---|------|
| Buildings | - | 2.5% |
| Computer Equipment | - | 20% |
| Medical Equipment | - | 10% |
| Furniture & Fittings | - | 5% |
| Curtaining & Linen | - | 50% |
| Electrical & Other Equipment | - | 10% |
| Motor Vehicles | - | 10% |

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

2.3.2.6 Borrowing Cost

Borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets, until such time the assets are substantially ready for their intended use.

2.3.2.7 Restoration Cost

Expenditure incurred on repairs and maintenance of property, plant and equipment in order to restore or

maintain the future economic benefits expected from originally assessed standard of performance, is recognised as an expense when incurred.

2.3.2.8 Capital Work-in-Progress

The cost of self-constructed assets includes the cost of materials, direct labour, and direct overheads including any other costs directly attributable to bring the assets to a workable condition of their intended use and capitalised borrowing cost. Capital Work-In-Progress is transferred to the respective asset accounts when the asset is available for use and all work connected to construction is completed.

2.3.2.9 Impairment of Property, Plant and Equipment

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

2.3.2.10 De-recognition

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount. Gains or losses on de-recognition are recognised in profit or loss and gains are not classified as revenue.

2.3.3 Intangible Assets

An Intangible Asset is initially recognised at cost, if it is probable that future economic benefit will flow to the enterprise, and the cost of the asset can be measured reliably. Following the initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible Assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

The estimated useful life for intangible assets with finite useful life is as follows;

Software Licenses – Over four years

Intangible Assets with indefinite useful lives are tested for impairment annually either individually or at the Cash Generating Unit ("CGU") level.

An Intangible Asset is de-recognised on disposal or when no future economic benefits are expected from it. The gain or loss arising from de-recognition of such intangible assets is included in the profit or loss when the item is derecognised.

2.3.4 Right of Use Assets

(a) Basis of Recognition

The Group applies Sri Lanka Accounting Standard (SLFRS 16) on Leases in accounting for all lease hold rights except for short term leases, which are held for use in the provision for services.

(b) 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 amortisation 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 on or before the commencement date less any lease incentives received. Right-of-Use Assets are amortised on the straight-line basis over the lease term.

(c) Lease Liability

At the commencement date of the lease, the bank recognises lease liabilities, measured at present value of future lease payments to be made over the lease term.

The present value of lease commitments has been calculated using weighted average incremental borrowing rate. The Group applied modified retrospective approach in accordance with Sri Lanka Accounting Standards (SLFRS) 16 when accounting for right-of-use assets and operating lease liabilities.

2.3.5 Financial Instruments - Recognition and Measurement

2.3.5.1 Recognition and Initial Measurement

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

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

Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with through the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS

2.3.5.2 Classification and Subsequent Measurement of Financial Assets

From 01st April 2018 as per Sri Lanka Accounting Standard on Financial Instruments (SLFRS 9) the Group classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms measured at either;

- Amortised Cost
- Fair Value Through Other Comprehensive Income (FVOCI)
- Fair Value Through Profit or Loss (FVTPL)

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

A Financial Asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

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

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

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

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

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

(a) Financial Assets – Business Model Assessment

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

(b) Assessment of whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI test)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. 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. In making this assessment, the Group considers:

- Contingent Events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;

- Prepayment and extension features; and
- Terms that limits the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(c) Financial Assets – Subsequent Measurement and Gains and Losses

i. Financial Assets at Fair Value through Profit or Loss

These Assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

ii. 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.

iii. Debt Investments at Fair Value through Other Comprehensive Income

These Assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

iv. Equity Investments at Fair Value through Other Comprehensive Income

These Assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(d) De-recognition - Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

i. The rights to receive cash flows from the asset have been expired

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- 1) the Group has transferred substantially all the risks and rewards of the asset, or
- 2) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

ii. When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.3.5.3. Classification and Subsequent Measurement of Financial Liabilities

As per SLFRS 9, the Group classifies financial liabilities, other than financial guarantees and loan commitments into one of the following categories:

- i. Financial liabilities at fair value through profit or loss, and within this category as
 - Held-for-trading; or
 - Designated at fair value through profit or loss;
- ii. Financial liabilities measured at amortised cost

2.3.5.3 Classification and Subsequent Measurement of Financial Liabilities(Cont'd)

a) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

b) Financial Liabilities Designated at Fair Value through Profit or Loss

Financial liabilities designated at fair value through profit or loss are recorded in the SOFP at fair value when

- i. The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis, or
- ii. A group of financial liabilities are managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided on that basis to entity's key management personnel, or
- iii. The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

c) Financial Liabilities Measured at Amortised Cost

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

d) De-recognition - Financial liabilities

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

2.3.5.4 Offsetting

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 set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.3.5.5 Fair value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 11.5.

a) Impairment of Non-Derivative Financial Assets

The Group recognises loss allowances for Expected Credit Losses ("ECLs") on:

- Financial assets measured at amortised cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

Debt securities that are determined to have low credit risk at the reporting date; and other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

b) Measurement of ECLs

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

discounted at the effective interest rate of the financial asset.

c) *Credit-Impaired Financial Assets*

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

d) *Presentation of Allowance for ECLs in the Statement of Financial Position*

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

e) *Written-off*

The gross carrying amount of a financial asset is written-off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of written-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

f) *Impairment of Non-Financial Assets*

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, if asset could not be tested for impairment on an individual basis, then assets are grouped together into the smallest group of assets that

generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment Losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

2.4 Liabilities and Provisions

Liabilities classified as current liabilities on the reporting date are those, which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

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. The expense relating to any provision is presented in the Statement of Comprehensive Income 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.

All known liabilities have been accounted for in preparing the financial statement.

2.4.1 Retirement Benefit Obligations

2.4.1.1. *Defined Benefit Plan – Gratuity*

Employees are eligible to receive a gratuity payment of half month's salary per year of service at the end of service, provided the employee has provided 5 years of service. Defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The present value of the defined benefit obligation is calculated annually by independent actuaries using Projected Unit Credit

NOTES TO THE FINANCIAL STATEMENTS

Method ("PUC") as recommended by Sri Lanka Accounting Standard (LKAS 19) on Employees benefits. The defined benefit liability is recognised in the reporting date.

The actuarial gains and losses are charged or credited to Other Comprehensive Income in the period in which they arise. The assumptions based on which the results of the actuarial valuation were determined as at 31st March 2024 are given below. However, according to the Payment of Gratuities Act No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Company.

- a. Average Rate of Interest - 11.6% (Per annum)
- b. Average Rate of Salary Increase - 8%
- c. Average Retirement Age - 60 years
- d. Employee Turnover rate - 30% age up to age 54 and zero thereafter
- e. The company will continue in business as a going concern

The liability is not externally funded.

2.4.1.2. Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in accordance with the respective Statutes and Regulations.

2.4.2 Capital Commitments and Contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitment and contingent liabilities of the Group are disclosed in the respective notes to the Financial Statements.

2.4.3 Events Subsequent to the Reporting Period

The materiality of the events after the reporting period has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

2.5 Statement of Profit or Loss and other Comprehensive Income

2.5.1 Revenue from Contracts with Customer

Revenue is recognised when the obligation to provide goods and services is satisfied in accordance with Sri Lanka Accounting Standards (SLFRS 15) on Revenue from Contracts with Customers. The consideration is determined with reference to the amount the group expects to be entitled in exchange for transferring the promised goods or services to the customer.

i. Rendering of Services

Revenue from rendering of Healthcare services is recognised over time.

ii. Sale of Medicine and Related Products

Revenue from the sale of medicine and related products is recognised at the point of sale.

iii. Interest

Interest Income is recognised on an accrual basis. Interest on financial instruments measured at amortised cost is recognised using effective interest rate.

iv. Dividends

Dividend income is recognised when the Group's right to receive the payment is established.

v. Rental Income

Rental income is recognised on an accrual basis.

vi. Other Income

Other Income is recognised on an accrual basis.

vii. Gains or Losses on the disposal of Property, Plant and Equipment

Net gains and losses on the disposal of Property, Plant and Equipment and Other Non-current Assets including investments have been accounted for in the Statement of Comprehensive Income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

2.5.2 Expenditure Recognition

Expenses are recognised in the Statement of Comprehensive Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All Expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the purpose of presentation of the Statement of Comprehensive Income, the Directors are of the opinion that the function of expenses method, presents fairly the elements of the Group's performance and hence, such presentation method is adopted.

2.5.3 Taxation

2.5.3.1. Current Taxes

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, as amended ('IRA').

2.5.3.2. Taxation

Deferred Tax is provided in full, using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

2.5.4 Earnings per Share

The Financial Statements present basic earnings per share ("EPS") data for its ordinary shareholders. The EPS is calculated by dividing the Profit or Loss attributable to ordinary shareholders of the Company by the number of ordinary shares in issue.

2.5.5 Dividends on Ordinary Shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the company's shareholders. Interim dividends are deducted from equity when they are declared and are no longer the discretion of the Company.

2.6 The Statement of Cash Flows

2.6.1 Cash and Cash Equivalents

Cash and Cash Equivalents are defined as cash in hand, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the statement of cash flow, cash and cash equivalent consists of cash in hand and deposits in banks net of outstanding bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Investment with short term maturities i.e. three months or less from the date of acquisitions is also treated as cash equivalents.

The cash flow statements are prepared using the "Indirect Method" in accordance with the Sri Lanka Accounting Standard (LKAS 7) on Statement of Cash Flows, whereby gross cash receipts and gross cash payments on operating activities, investing activities and financial activities are recognised.

2.7 Standards Issued but not yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, to the date of issuance of the financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The following amendments and improvements are not expected to have a significant impact on the Group's financial statements.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01st January 2024.

- Amendments to LKAS 1 : Classification of Liabilities as Current or Non-current
- Amendments to LKAS 1 : Non-current Liabilities with Covenants
- Amendments to LKAS 07 and SLFRS 07 : Supplier Finance Arrangements
- Amendments to LKAS 12 : International Tax Reform - Pillar Two Model Rule
- Amendments to SLFRS 16 : Lease Liability in a Sale and Leaseback

NOTES TO THE FINANCIAL STATEMENTS

| For the Year Ended 31st March, | Group | | Company | |
|--------------------------------------------------------------------------|---------------|---------------|---------------|---------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| 3 REVENUE | | | | |
| Healthcare Services | 9,152,568,499 | 7,905,209,686 | 5,369,409,393 | 4,369,878,070 |
| 4 OTHER OPERATING INCOME | | | | |
| Deferred Rent Income | - | - | 1,890,286 | 1,000,333 |
| Sundry Income | 63,317,023 | 46,530,915 | 39,876,040 | 30,864,811 |
| Fair Value Gain on Financial Assets at Fair Value through Profit or Loss | 102,117,477 | 27,795,869 | 2,079,175 | 3,546,131 |
| Rent Income | 21,105,000 | 11,955,000 | 21,105,000 | 11,955,000 |
| Provision Written back | - | 24,816,444 | - | - |
| Profit on sale of shares/ Units | 11,320,612 | - | 10,953,189 | - |
| Profit/ (Loss) on Disposal of Property, Plant and Equipment | 6,434,432 | - | 1,550,000 | - |
| Unclaimed Dividend Income | 1,113,174 | - | 1,113,174 | - |
| | 205,407,718 | 111,098,228 | 78,566,864 | 47,366,275 |
| 5 FINANCE COSTS | | | | |
| Loan Interest | 73,125,085 | 42,203,474 | 79,344,375 | 18,188,167 |
| Interest Expenses on Overdrafts | 37,604,634 | 8,934,936 | 37,160,505 | 8,843,607 |
| Interest on Leases | 27,098,958 | 32,215,154 | 27,098,958 | 32,215,154 |
| Bank Charges | 6,840,001 | 4,544,482 | 4,379,690 | 2,751,717 |
| | 144,668,678 | 87,898,046 | 147,983,528 | 61,998,645 |

| For the Year Ended 31st March, | Group | | Company | |
|--------------------------------|-------|------|---------|------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. |

5.1 Finance Income

| | | | | |
|-----------------|------------|-------------|-------------|-------------|
| Interest Income | 87,853,271 | 193,617,056 | 9,284,729 | 58,127,490 |
| Dividend Income | 11,802,500 | 13,629,896 | 162,531,083 | 236,676,805 |
| | 99,655,771 | 207,246,952 | 171,815,812 | 294,804,295 |

6 PROFIT/ (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit / (Loss) from ordinary activities before taxation is stated after charging all expenses including the following.

| For the Year Ended 31st March, | Group | | Company | |
|---------------------------------------|---------------|---------------|-------------|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. |
| Director's Fees and Remuneration | 75,297,011 | 74,242,058 | 71,408,534 | 70,669,908 |
| Auditor's Remuneration - Internal | 19,514,600 | 3,314,477 | 19,514,600 | 3,161,770 |
| Auditor's Remuneration - External | 3,533,468 | 2,317,245 | 1,700,000 | 1,150,000 |
| Depreciation | 442,576,147 | 389,264,474 | 230,162,729 | 212,151,427 |
| Defined Benefit Plan Costs - Gratuity | 57,627,341 | 41,211,836 | 50,803,994 | 36,051,595 |
| Legal Fees | 3,124,470 | 3,173,844 | 2,341,174 | 1,484,332 |
| Salaries | 1,291,284,510 | 1,336,172,943 | 722,235,788 | 758,909,260 |
| Employee's Provident Fund | 108,190,949 | 98,993,485 | 73,287,042 | 84,029,591 |
| Employee's Trust Fund | 28,432,277 | 28,288,382 | 18,249,074 | 23,927,954 |

NOTES TO THE FINANCIAL STATEMENTS

| For the Year Ended 31st March, | Group | | Company | |
|--------------------------------|-------|------|---------|------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. |

7 INCOME TAX EXPENSE

| | | | | |
|-------------------------------------------------------------------|--------------------|--------------------|-------------------|--------------------|
| Current Tax (Note 7.1) | 88,681,431 | 218,905,102 | - | 91,751,482 |
| Under/(Over) Provision of current taxes in respect of prior years | 2,177,938 | 540,866 | 2,000,344 | - |
| Net (Decrease)/ Increase in Deferred Tax Liabilities | 114,214,466 | 184,685,884 | 58,304,939 | 164,332,649 |
| Adjustment to Deferred Tax | - | 4,522,679 | - | (1,389,739) |
| Deferred Taxation Charge/ (Reversal) | 114,214,466 | 189,208,563 | 58,304,939 | 162,942,910 |
| Income Tax Expense | 205,073,835 | 408,654,531 | 60,305,283 | 254,694,392 |

7.1 Reconciliation between Current Tax expense and the Accounting profit

| | | | | |
|-----------------------------------|--------------------|--------------------|---------------------|--------------------|
| Accounting Profit before Taxation | 658,886,251 | 1,060,323,648 | 293,936,742 | 553,932,093 |
| Consolidation Adjustments | 55,482,683 | - | - | - |
| Income not Subject to Taxation | (142,689,109) | (37,938,825) | (22,317,092) | - |
| Less: Investment Income | - | (450,331,231) | - | (304,568,952) |
| Other Income Subject to Taxation | - | 454,650,331 | (164,081,083) | 295,723,763 |
| Aggregated Disallowed expenses | 849,990,008 | 625,221,177 | 544,772,909 | 426,315,371 |
| Aggregated Allowed expenses | (983,110,127) | (768,799,435) | (679,393,144) | (479,498,137) |
| Less: Tax Loss Brought Forward | - | (16,914,457) | - | - |
| Taxable Profit | 438,559,706 | 866,211,208 | (27,081,668) | 491,904,138 |
| Statutory Tax - Business Income | 53,389,425 | 127,992,736 | - | 45,344,496 |
| Statutory Tax - Other Income | 35,292,006 | 90,912,366 | - | 46,406,986 |
| Current Tax Provision | 88,681,431 | 218,905,102 | - | 91,751,482 |

Parent Company - Ceylon Hospitals PLC

The Company is liable for Income Tax for the year of assessment 2023/24 at the rate of 30%

Durdans Heart Centre (Pvt) Ltd.

The Company is liable for Income Tax for the year of assessment 2023/24 at the rate of 30%

Durdans Medical & Surgical Hospitals (Pvt) Ltd

The Company is liable for Income Tax for the year of assessment 2023/24 at the rate of 15%

Amrak Institute of Medical Sciences (Pvt) Ltd

The Company is liable for Income Tax for the year of assessment 2023/24 at the rate of 30%

Ceygen Biotech (Pvt) Ltd

The Company is liable for Income Tax for the year of assessment 2023/24 at the rate of 30%

8 EARNINGS PER SHARE

Basic Earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders over the weighted average number of ordinary shares outstanding during the year.

| For the Year Ended 31st March, | Group | | Company | |
|---------------------------------------------------------------|-------------|-------------|-------------|-------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Profit Attributable to Equity Holders of the Parent (Rs.) | 417,194,311 | 571,831,033 | 233,631,459 | 299,237,701 |
| Weighted Average Number of Shares Outstanding during the Year | 35,989,770 | 33,878,526 | 35,989,770 | 33,878,526 |
| Earnings Per Share (Rs.) | 11.59 | 16.88 | 6.49 | 8.83 |

NOTES TO THE FINANCIAL STATEMENTS

9 PROPERTY, PLANT AND EQUIPMENT

9.1 Group

| For the Year Ended 31st March, | Freehold Land | Buildings & Fittings | Medical & Other Equipment | Furniture & Fittings | Computer Equipment | Motor Vehicles | Library Books | Total |
|----------------------------------|---------------|----------------------|---------------------------|----------------------|--------------------|----------------|---------------|----------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Cost/ Valuation | | | | | | | | |
| Balance as at 01st April 2022 | 3,745,540,000 | 2,319,631,261 | 3,933,171,149 | 281,589,553 | 313,771,457 | 127,448,495 | - | 10,721,151,915 |
| Additions | - | 130,108,780 | 527,527,827 | 32,008,005 | 62,955,133 | 47,477,000 | - | 800,076,746 |
| Disposals/ Transfers | - | - | (989,189) | - | - | - | - | (989,189) |
| Balance as at 31st March 2023 | 3,745,540,000 | 2,449,740,041 | 4,459,709,787 | 313,597,558 | 376,726,590 | 174,925,495 | - | 11,520,239,472 |
| Additions | - | 3,548,886,403 | 616,412,890 | 136,003,330 | 31,995,692 | - | 417,848 | 4,333,716,163 |
| Disposals/ Transfers | - | - | (1,725,000) | - | (14,758,743) | (3,400,000) | - | (19,883,743) |
| Balance as at 31st March 2024 | 3,745,540,000 | 5,998,626,444 | 5,074,397,677 | 449,600,888 | 393,963,539 | 171,525,495 | 417,848 | 15,834,071,892 |
| Accumulated Depreciation | | | | | | | | |
| Balance as at 01st April 2022 | - | 269,848,307 | 2,624,105,753 | 206,889,645 | 252,892,982 | 72,235,783 | - | 3,425,972,469 |
| Depreciation Charge for the Year | - | 107,170,754 | 224,538,813 | 10,592,918 | 32,813,635 | 14,148,353 | - | 389,264,473 |
| Disposals/ Transfers | - | - | (989,189) | - | - | - | - | (989,190) |
| Balance as at 31st March 2023 | - | 377,019,061 | 2,847,655,376 | 217,482,563 | 285,706,617 | 86,384,135 | - | 3,814,247,755 |
| Depreciation Charge for the Year | - | 89,163,089 | 282,469,427 | 18,226,738 | 39,158,244 | 13,501,443 | 57,206 | 442,576,147 |
| Disposals/ Transfers | - | - | (1,725,000) | - | (10,358) | (3,400,000) | - | (5,135,358) |
| Balance as at 31st March 2024 | - | 466,182,150 | 3,128,399,803 | 235,709,301 | 324,854,503 | 96,485,578 | 57,206 | 4,251,688,544 |
| Net Book Value | | | | | | | | |
| At 31st March 2023 | 3,745,540,000 | 2,072,720,980 | 1,612,054,411 | 96,114,996 | 91,019,974 | 88,541,360 | - | 7,705,991,718 |
| At 31st March 2024 | 3,745,540,000 | 5,532,444,294 | 1,945,997,874 | 213,891,587 | 69,109,036 | 75,039,917 | 360,642 | 11,582,383,348 |

9.2 COMPANY

| For the Year Ended 31st March, | Freehold Land | Buildings & Fittings | Medical & Other Equipment | Furniture & Fittings | Computer Equipment | Motor Vehicles | Total |
|----------------------------------|---------------|----------------------|---------------------------|----------------------|--------------------|----------------|----------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Cost/ Valuation | | | | | | | |
| Balance as at 01st April 2022 | 2,814,040,000 | 1,053,559,178 | 1,882,679,630 | 188,307,739 | 297,231,601 | 70,943,885 | 6,306,762,022 |
| Additions | - | 1,702,000 | 320,151,674 | 13,658,242 | 35,897,255 | 28,695,000 | 400,104,171 |
| Disposals/ Transfers | - | - | (989,189) | - | - | - | (989,189) |
| Balance as at 31st March 2023 | 2,814,040,000 | 1,055,261,178 | 2,201,842,115 | 201,965,981 | 333,128,856 | 99,638,885 | 6,705,877,004 |
| Additions | - | 3,380,443,711 | 359,865,837 | 93,714,419 | 12,077,704 | - | 3,846,101,671 |
| Disposals/ Transfers | - | - | (1,725,000) | - | (14,697,843) | - | (16,422,843) |
| Balance as at 31st March 2024 | 2,814,040,000 | 4,435,704,889 | 2,559,982,952 | 295,680,400 | 330,508,717 | 99,638,885 | 10,535,555,843 |
| Accumulated Depreciation | | | | | | | |
| Balance as at 31st March 2022 | - | 183,033,562 | 1,258,163,996 | 156,971,521 | 231,285,016 | 25,290,301 | 1,854,744,394 |
| Depreciation Charge for the Year | - | 48,930,992 | 115,591,267 | 7,367,343 | 30,257,770 | 10,004,055 | 212,151,427 |
| Disposals/ Transfers | - | - | (989,189) | - | - | - | (989,189) |
| Balance as at 31st March 2023 | - | 231,964,553 | 1,372,766,074 | 164,338,864 | 261,542,786 | 35,294,356 | 2,065,906,632 |
| Depreciation Charge for the Year | - | 41,188,695 | 137,304,592 | 9,643,154 | 32,738,045 | 9,288,243 | 230,162,729 |
| Disposals/ Transfers | - | - | (1,725,000) | - | - | - | (1,725,000) |
| Balance as at 31st March 2024 | - | 273,153,248 | 1,508,345,677 | 173,982,018 | 294,280,831 | 44,582,598 | 2,294,344,361 |
| Net Book Value | | | | | | | |
| At 31st March 2023 | 2,814,040,000 | 823,296,625 | 829,076,030 | 37,627,117 | 71,586,068 | 64,344,529 | 4,639,970,371 |
| At 31st March 2024 | 2,814,040,000 | 4,162,551,642 | 1,051,637,275 | 121,698,382 | 36,227,886 | 55,056,287 | 8,241,211,471 |

Computer Equipments

The company returned computer equipment worth Rs. 14,697,843 to the supplier during the year.

9.3 Capital work in Progress

| | As at 31st March, 2024 | |
|------------------------------------------|------------------------|-----------------|
| | Group Rs. | Company Rs. |
| Cost | | |
| Balance as at 31st March 2022 | 1,186,023,288 | 1,140,109,908 |
| Additions | 1,418,448,109 | 1,452,763,439 |
| Balance as at 31st March 2023 | 2,604,471,397 | 2,592,873,347 |
| Additions during the year | 827,134,758 | 823,939,417 |
| Transfers to Property, Plant & Equipment | (3,359,126,988) | (3,350,722,059) |
| Balance as at 31st March 2024 | 72,479,167 | 66,090,705 |

9.3.1 During the year, the Company capitalised interest expenses amounting to Rs. 241,371,630/- as borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS

9 PROPERTY, PLANT AND EQUIPMENT CONTD.

9.4 Revaluation of Land and Buildings

The Company uses the revaluation model of measurement to account for land and buildings. In this regard the Company engaged Mr. P. B. Kalugalgedera, an independent, Chartered Valuer and Surveyor to determine the fair value of its land and buildings.

Valuation is done as defined in the Sri Lanka Accounting Standards (SLFRS 13) on Fair Value Measurement. The valuation is based on 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 in the principal market or in the most advantageous market at the measurement date under current market conditions.

The Carrying Value of the Assets if revaluation has not been carried out would be as follows.

| As at 31st March, | Group | | Company | |
|-------------------|----------------------|----------------------|----------------------|----------------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Description | | | | |
| Land | 1,029,843,737 | 1,029,843,737 | 613,150,237 | 613,150,237 |
| Building | 5,563,221,800 | 2,104,359,018 | 4,162,551,642 | 823,296,625 |
| Total | 6,593,065,537 | 3,134,202,755 | 4,775,701,879 | 1,436,446,862 |

9.5 The following properties are fair valued and recorded under freehold land and buildings. Fair Value measurement disclosure for revalued land and buildings based on unobservable inputs are as follows

| Company | Property | Location | Number of Buildings per Land | Extent | Independent Valuer | Valuation Input | Significant unobservable Input | Effective date of Revaluation | Range Rs. | Fair Value Rs. |
|-------------------------------------------------|----------|---------------------------------|------------------------------|-------------------------------|-------------------------|-----------------------------------------------------------------------------|--------------------------------|-------------------------------|-------------------------|----------------|
| Ceylon Hospitals PLC | Land | No 03, Alfred Place, Colombo 03 | 01 | 0A-3R-30.24P | Mr. P. B. Kalugalgedera | Open market based evidence | Land value per perch | 31st March 2020 | 15,000,000 -18,000,000 | 2,323,840,000 |
| | | No 05, Alfred Place, Colombo 03 | 01 | 0A-0R-32.68P | Mr. P. B. Kalugalgedera | Open market based evidence | Land value per perch | 31st March 2020 | 14,000,000 - 16,000,000 | 490,200,000 |
| | Building | No 03, Alfred Place, Colombo 03 | | 71,714 sq.ft. | Mr. P. B. Kalugalgedera | Direct Capital Comparison method adopting the depreciated value of building | Rate per sq.ft. | 31st March 2020 | 2,550 - 5,750 | 315,387,000 |
| | | No 05, Alfred Place, Colombo 03 | | 68,280 sq.ft. | Mr. P. B. Kalugalgedera | Direct Capital Comparison method adopting the depreciated value of building | Rate per sq.ft. | 31st March 2020 | 8,000 | 546,240,000 |
| Durdans Medical and Surgical Hospital (Pvt) Ltd | Land | No 03, Alfred Place, Colombo 03 | 01 | 0A-1R-26.54 - No 04, 6th Lane | Mr. P. B. Kalugalgedera | Open market based evidence | Land value per perch | 31st March 2020 | 14,000,000 -15,000,000 | 931,560,000 |
| | | No 03, Alfred Place, Colombo 03 | | 211,552 sq.ft. | Mr. P. B. Kalugalgedera | Direct Capital Comparison method adopting the depreciated value of building | Rate per sq.ft. | 31st March 2020 | 5,850 | 1,237,579,200 |

The surplus arising from the revaluation net of deferred tax is recognised in the Other Comprehensive Income and transferred to Revaluation Reserve in Equity.

9.6 Intangible Assets

| As at 31st March, | Group | | Company | |
|--------------------|-------------|-------------|-------------|-------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Software & License | | | | |
| Cost | 1,600,000 | - | - | - |
| Less: Amortisation | (235,229) | - | - | - |
| | 1,364,771 | - | - | - |

AMRAK Institute of Medical Sciences (Pvt) Ltd purchased accounting software & learning Management System during the financial year.

9.7 Right of use Assets

9.7.1 Group

| As at 31st March | Cost | | | | Amortisation | | | | WDV | |
|---------------------|---------------------------------------|------------------|-------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|-------------------------------|---------------------------------------|----------------------------|----------------------------|
| | Balance As At 01.04.2023 Rs. | Additions Rs. | Disposal/ Transfers Rs. | Balance As At 31.03.2024 Rs. | Balance As At 01.04.2023 Rs. | Amortisation for the Year Rs. | Disposal/ Transfers Rs. | Balance As At 31.03.2024 Rs. | As At 31.03.2024 Rs. | As At 31.03.2023 Rs. |
| Leasehold Assets | | | | | | | | | | |
| Right of Use Assets | 669,914,510 | 227,013,189 | (327,727,802) | 569,199,897 | 408,779,495 | 124,576,745 | (327,727,802) | 205,628,438 | 363,571,459 | 261,135,015 |
| Total | 669,914,510 | 227,013,189 | (327,727,802) | 569,199,897 | 408,779,495 | 124,576,745 | (327,727,802) | 205,628,438 | 363,571,459 | 261,135,015 |

9.7.2 Company

| As at 31st March | Cost | | | | Amortisation | | | | WDV | |
|---------------------|---------------------------------------|------------------|-------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|-------------------------------|---------------------------------------|----------------------------|----------------------------|
| | Balance As At 01.04.2023 Rs. | Additions Rs. | Disposal/ Transfers Rs. | Balance As At 31.03.2024 Rs. | Balance As At 01.04.2023 Rs. | Amortisation for the Year Rs. | Disposal/ Transfers Rs. | Balance As At 31.03.2024 Rs. | As At 31.03.2024 Rs. | As At 31.03.2023 Rs. |
| Leasehold Assets | | | | | | | | | | |
| Right of Use Assets | 669,914,510 | 227,013,189 | (327,727,802) | 569,199,897 | 408,779,495 | 124,576,745 | (327,727,802) | 205,628,438 | 363,571,459 | 261,135,015 |
| Total | 669,914,510 | 227,013,189 | (327,727,802) | 569,199,897 | 408,779,495 | 124,576,745 | (327,727,802) | 205,628,438 | 363,571,459 | 261,135,015 |

Leased assets

Basis of Recognition

The Group applies Sri Lanka Accounting Standard (SLFRS 16) on Leases in accounting for all lease hold rights except for short term leases, which are held for use in the provision of services.

Basis of Measurement

The Group recognises right to use assets at the date of commencement of the leases, 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 amortisation and impairment losses and adjusted for any re-measurement of lease liabilities. The cost of the right to 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 amortised on the straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

10 INVESTMENT IN SUBSIDIARIES

10.1 Company

| As at 31st March | 2024 | | | | 2023 | | | |
|-------------------------------------------------|------------------|-----------|--------------------|-------------------------|------------------|-----------|--------------------|-------------------------|
| | Number of Shares | Holding % | Carrying Value Rs. | Directors Valuation Rs. | Number of Shares | Holding % | Carrying Value Rs. | Directors Valuation Rs. |
| Durdans Heart Centre (Pvt) Ltd | 11,362,135 | 81.16 | 130,091,410 | 130,091,410 | 11,362,135 | 81.16 | 130,091,410 | 130,091,410 |
| Durdans Medical and Surgical Hospital (Pvt) Ltd | 120,896,033 | 83.30 | 1,327,500,014 | 1,327,500,014 | 120,896,033 | 83.30 | 1,327,500,014 | 1,327,500,014 |
| Ceygen Biotech (Pvt) Ltd | 23,000 | 51.57 | 229,960 | 229,960 | 23,000 | 51.57 | 229,960 | 229,960 |
| AMRAK Institute of Medical Sciences (Pvt) Ltd | 3,580,350 | 51.87 | 35,803,500 | 35,803,500 | - | - | - | - |
| | 135,861,518 | | 1,493,624,884 | 1,493,624,884 | 132,281,168 | | 1,457,821,384 | 1,457,821,384 |

- 10.2 On 27th March 2024, AMRAK Institute of Medical Sciences (Pvt) Ltd issued 3,430,350 ordinary shares to Ceylon Hospitals PLC to set off an inter group balance of Rs. 34,303,500/- with this investment, Ceylon Hospitals PLC increased its holding in AMRAK to 51.87% and the company's effective holding in AMRAK went to 76% from 52.51%.

10.3 Ceygen Biotech (Pvt) Ltd

During the current reporting period, the Company has experienced a significant reduction in revenue by Rs 2,412,399 and it has reduced to Rs 2,925,609. As a result of this, the Company has ended up with a net loss from its operations amounting to Rs 4,231,750.

The high revenue growth of the Company in the financial years 2020/21 and 2021/22 continued to be supported by the covid-19 pandemic-related business of sales of molecular kits.

Due to easing of COVID, the revenue from the sale of molecular kits is expected to decrease in the future. In response, the Company has taken several steps to reduce its existing cost structure to overcome these challenges.

| For the Year Ended 31st March, | Note | Group | | Company | |
|--------------------------------|------|----------|----------|----------|----------|
| | | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |

11 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

11.1 Summary of Financial Assets and Liabilities

Financial Assets

Financial Assets at Amortised Cost

| | | | | | |
|----------------------------------------------------------------------------|----------|---------------|---------------|-------------|-------------|
| Trade and Other Receivables | (14) | 312,865,752 | 277,120,922 | 199,903,869 | 154,800,432 |
| Other Financial Assets at Amortised Cost | (11.2.1) | 241,267,906 | 604,017,166 | 71,400,257 | 112,590,537 |
| Cash and Cash Equivalents | (17) | 366,450,867 | 420,519,411 | 212,124,767 | 275,220,591 |
| Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI) | (11.2.2) | 215,080,333 | 212,688,050 | 666,089 | 7,275,944 |
| Financial Assets at Fair Value through Profit or Loss | (11.2.1) | 732,249,422 | 258,784,206 | 45,528,555 | - |
| | | 1,867,914,278 | 1,773,129,755 | 529,623,537 | 549,887,504 |

| For the Year Ended 31st March, | Note | Group | | Company | |
|------------------------------------------------|--------|---------------|---------------|---------------|---------------|
| | | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Financial Liabilities | | | | | |
| Financial Liabilities at Amortised Cost | | | | | |
| Interest Bearing Loans and Borrowings | (11.3) | 2,477,676,796 | 2,356,804,339 | 2,301,839,108 | 2,136,550,535 |
| Trade Creditors | (26) | 524,138,931 | 463,847,071 | 280,501,359 | 257,517,915 |
| Accrued Expenses & Sundry Payables | (26) | 502,876,507 | 415,332,514 | 270,521,299 | 179,177,093 |
| | | 3,504,692,234 | 3,235,983,924 | 2,852,861,765 | 2,573,245,543 |

The Group's exposure to various risks associated with the financial instruments is discussed in note 34. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

11.2 Financial Assets

11.2.1 Financial Assets at Amortised Cost

Classification of Financial Assets at Amortised Cost

The Group classifies its Financial Assets at amortised cost only if both of the following criteria are met:

1. The asset is held within a business model whose objective is to collect the contractual cash flows, and
2. The contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, these are subsequently measured at amortised cost (gross carrying amount using the Effective Interest Rate, less provision for impairment). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the Effective Interest Rate ("EIR"). The amortisation is included in "Interest Income" while the losses arising from impairment are recognised in "impairment charges for loans and other losses" in the Income Statement.

| As at 31st March, | Group | | Company | |
|--------------------------------------------------------------|--------------------|--------------------|-------------------|--------------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Financial Assets at Amortised Cost | | | | |
| Refundable Deposits | 59,193,447 | 57,751,912 | 57,900,257 | 56,904,722 |
| Deposits in Financial Institutions | 168,574,458 | 532,765,254 | - | 40,685,815 |
| Equity Shares in Non-Listed Companies | 13,500,000 | 13,500,000 | 13,500,000 | 15,000,000 |
| Total Financial Assets at Amortised Cost | 241,267,906 | 604,017,166 | 71,400,257 | 112,590,537 |
| Financial Assets at Fair value through Profit or Loss | | | | |
| Equity Shares in Listed Companies | 230,518,639 | 155,140,084 | - | - |
| Investments in Unit Trusts | 501,730,782 | 103,644,122 | 45,528,555 | - |
| | 732,249,422 | 258,784,206 | 45,528,555 | - |

NOTES TO THE FINANCIAL STATEMENTS

11 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

11.2.2 Financial Assets at Fair Value through Other Comprehensive Income

Classification of Financial Assets at Fair Value through Other Comprehensive Income

Upon initial recognition, the Group elects to classify irrevocably some of its equity investments held for strategic purpose, as equity instruments at FVOCI when they meet the definition of Equity under Sri Lanka Accounting Standard (LKAS 32) on Financial Instruments: Presentation and are not held for trading. These are strategic investments and the Group considers this classification to be more relevant. Gains and losses on these equity instruments are never recycled to profit or loss instead directly transferred to retained earnings at the time of derecognition. Dividends are recognised in profit or loss as Finance Income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

These instruments comprise quoted and unquoted shares that had been previously classified as Available-for-sale under LKAS 39.

| As at 31st March, | Group | | Company | |
|----------------------------------------|--------------------|--------------------|----------------|------------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Financial Assets at FVTOCI | | | | |
| Equity Shares in Listed Companies | 22,048,963 | 24,416,817 | 666,089 | 7,275,944 |
| Investment in Debentures | 193,031,370 | 188,271,233 | - | - |
| Total Financial Assets at FVOCI | 215,080,333 | 212,688,050 | 666,089 | 7,275,944 |

11.2.3 Other Financial Assets

| As at 31st March, | Group | | Company | |
|-------------------------------------------|----------------------|----------------------|--------------------|--------------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Current Financial Assets | | | | |
| Refundable Deposits | 446,000 | - | - | - |
| Deposits in Financial Institutions | 167,374,458 | 789,484,488 | - | 40,685,815 |
| Equity Shares in Listed Companies | 230,518,639 | - | - | - |
| Investments in Unit Trust | 500,865,811 | - | 45,528,555 | - |
| Total Current Financial Assets | 899,204,908 | 789,484,488 | 45,528,555 | 40,685,815 |
| Non-Current Financial Assets | | | | |
| Refundable Deposits | 58,747,447 | 57,751,912 | 57,900,257 | 56,904,722 |
| Equity Shares in Listed Companies | 22,048,963 | 24,416,817 | 666,089 | 7,275,944 |
| Investments in Unit Trust | 864,972 | 864,972 | - | - |
| Equity Shares in Non-Listed Companies | 13,500,000 | 13,500,000 | 13,500,000 | 15,000,000 |
| Investment in Fixed Deposits | 1,200,000 | 1,200,000 | - | - |
| Investment in Debentures | 193,031,370 | 188,271,233 | - | - |
| Total Non-Current Financial Assets | 289,392,752 | 286,004,934 | 72,066,346 | 79,180,666 |
| Total Other Financial Assets | 1,188,597,660 | 1,075,489,422 | 117,594,901 | 119,866,481 |

Risk exposure and fair value measurements

Information about the group's exposure to price risk is provided in note 34.5.3.

11.3 Interest Bearing Loans and Borrowings Group

| As at 31st March | Note | 2024 | | | 2023 | | |
|------------------|----------|----------------------------------|---------------------------------|---------------|----------------------------------|---------------------------------|---------------|
| | | Repayable within One year Rs. | Repayable after One year Rs. | Total Rs. | Repayable within One year Rs. | Repayable after One year Rs. | Total Rs. |
| Bank Loans | (11.3.1) | 488,625,758 | 1,989,051,038 | 2,477,676,796 | 420,952,651 | 1,935,851,688 | 2,356,804,339 |
| | | 488,625,758 | 1,989,051,038 | 2,477,676,796 | 420,952,651 | 1,935,851,688 | 2,356,804,339 |

Company

| As at 31st March | Note | 2024 | | | 2023 | | |
|------------------|----------|----------------------------------|---------------------------------|---------------|----------------------------------|---------------------------------|---------------|
| | | Repayable within One year Rs. | Repayable after One year Rs. | Total Rs. | Repayable within One year Rs. | Repayable after One year Rs. | Total Rs. |
| Bank Loans | (11.3.2) | 428,928,529 | 1,872,910,579 | 2,301,839,108 | 335,889,315 | 1,800,661,220 | 2,136,550,535 |
| | | 428,928,529 | 1,872,910,579 | 2,301,839,108 | 335,889,315 | 1,800,661,220 | 2,136,550,535 |

11.3.1 Bank/Finance Company Loans - Group

| As at 31st March, | Balance at the beginning of the Year Rs. | Loans Obtained Rs. | Repayment Rs. | Balance at the end of the Year Rs. |
|---------------------|---------------------------------------------|-----------------------|------------------|---------------------------------------|
| DFCC Bank | 647,611,584 | - | (90,915,427) | 556,696,157 |
| Commercial Bank | 1,284,192,755 | - | (154,576,000) | 1,129,616,754 |
| Central Finance PLC | - | 200,000,000 | - | 200,000,000 |
| HNB | 425,000,000 | 175,000,000 | (8,636,115) | 591,363,885 |
| | 2,356,804,339 | 375,000,000 | (254,127,542) | 2,477,676,796 |

11.3.2 Bank/Finance Company Loans - Company

| As at 31st March, | Balance at the beginning of the Year Rs. | Loans Obtained Rs. | Repayment Rs. | Balance at the end of the Year Rs. |
|---------------------|---------------------------------------------|-----------------------|------------------|---------------------------------------|
| DFCC Bank | 632,411,584 | - | (75,715,427) | 556,696,157 |
| Commercial Bank | 1,204,138,951 | - | (118,996,000) | 1,085,142,951 |
| HNB | 300,000,000 | 160,000,000 | - | 460,000,000 |
| Central Finance PLC | - | 200,000,000 | - | 200,000,000 |
| | 2,136,550,535 | 360,000,000 | (194,711,427) | 2,301,839,108 |

NOTES TO THE FINANCIAL STATEMENTS

11 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

11.3.3 Bank Loans - Group

| Lender | Total Outstanding Rs. | Date Obtained | Repayment Terms | Security |
|--------------------------------------|-----------------------|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| DFCC Bank PLC | | | | |
| - 36 Mn | | 09th April 2018 | In 60 equal monthly capital instalments of Rs. 600,000 commencing after a grace period of 6 months | Mortgage over Equipment financed by the Loan |
| - 60 Mn | | 09th April 2018 | In 60 equal monthly capital instalments of Rs. 1,000,000 commencing after a grace period of 6 months | Loan Agreement for Rs. 60 Mn |
| - 75 Mn | | 19th July 2018 | In 48 equal monthly instalments of Rs. 1,563,000 from the date of first disbursement | Loan Agreement for Rs. 75 Mn |
| - 750 Mn | 408,779,490 | 10th April 2018 | In 72 equal monthly instalments of Rs.5,555,556 commencing after a grace period of 24 months from the date of first disbursement | Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 750 Mn |
| - 150 Mn | 147,916,667 | 28th February 2023 | In 66 equal monthly instalments of Rs.2,727,727 commencing after a grace period of 24 months from the date of first disbursement | Loan Agreement for Rs. 150 Mn |
| Commercial Bank of Ceylon PLC | | | | |
| - 1000 Mn | 950,963,951 | 15th January 2021 | In 71 equal monthly instalments of Rs. 13,890,000/- & a final instalment of Rs. 13,810,000/- commencing after a grace period of 24 months from the date of first disbursement | Loan Agreement for Rs. 1000 Mn |
| - 350 Mn | 134,179,000 | 15th March 2021 | In 59 equal monthly instalments of Rs. 5,833,000/- & a final instalment of Rs. 5,853,000/- commencing after a grace period of 06 months from the date of first disbursement | Loan Agreement for Rs. 350 Mn |
| - 85 Mn | 42,703,250 | 12th November 2021 | In 45 equal monthly instalments of Rs. 1,850,000/- & a final instalment of Rs. 2,003,250/- commencing after a grace period of 06 months from the date of first disbursement | Loan Agreement for Rs. 85 Mn |
| - 33 Mn | 1,770,553 | 30th June 2021 | Rs.1,115,000/-x 53 months + Rs.905,000/-(Final) with interest including a grace period of 6 months,interest to be serviced during the grace period | Loan Agreement for Rs. 33 Mn |
| Hatton National Bank PLC | | | | |
| - 300 Mn | 300,000,000 | 27th December 2022 | In 71 equal monthly instalments of Rs. 4,190,000/- & a final instalment of Rs. 2,510,000/- commencing after a grace period of 18 months from the date of first disbursement. | Loan Agreement for Rs. 300 Mn |
| - 100 Mn | 93,100,000 | 31st October 2022 | In 71 equal monthly instalments of Rs. 1,380,000/- & a final instalment of Rs. 2,020,000/- commencing after a grace period of 12 months from the date of first disbursement. | Loan Agreement for Rs. 100 Mn |
| - 25 Mn | 23,263,885 | 31st October 2022 | In 71 equal monthly instalments of Rs. 347,223/- & a final instalment of Rs. 347,167/- commencing after a grace period of 12 months from the date of first disbursement. | Loan Agreement for Rs. 25 Mn |
| - 100 Mn | 100,000,000 | 15th May 2023 | In 59 equal monthly instalments of Rs. 1,670,000/- & a final instalment of Rs. 1,470,000/- commencing after a grace period of 12 months from the date of first disbursement. | Loan Agreement for Rs. 100 Mn |
| - 60 Mn | 60,000,000 | 18th January 2024 | In 24 equal monthly instalments of Rs. 2,500,000/- commencing after a grace period of 06 months from the date of first disbursement. | Loan Agreement for Rs. 100 Mn |
| - 15 Mn | 15,000,000 | 17th January 2024 | To be settled in full in 45 days. | Loan Agreement for Rs. 15 Mn |
| Central Finance PLC | | | | |
| - 200 Mn | 200,000,000 | 26th July 2023 | In 84 equal monthly instalments of Rs. 2,380,952/- commencing after a grace period of 24 months from the date of first disbursement. | Loan Agreement for Rs. 200 Mn |
| Total | 2,477,676,796 | | | |

11.3.4 Bank Loans - Company

| Lender | Total Outstanding Rs. | Date Obtained | Repayment Terms | Security |
|--------------------------------------|-----------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| DFCC Bank PLC | | | | |
| - 75 Mn | - | 19th July 2018 | In 48 equal monthly instalments of Rs. 1,563,000 from the date of first disbursement. | Loan Agreement for Rs. 75 Mn |
| - 750 Mn | 408,779,490 | 10th April 2018 | In 72 equal monthly instalments of Rs. 5,555,556 commencing after a grace period of 24 months from the date of first disbursement. | Corporate Guarantee from Durdans Medical and Surgical Hospital (Pvt) Ltd for Rs. 750 Mn |
| - 150 Mn | 147,916,667 | 28th February 2023 | In 66 equal monthly instalments of Rs.2,727,727 commencing after a grace period of 24 months from the date of first disbursement. | Loan Agreement for Rs. 150 Mn |
| Commercial Bank of Ceylon PLC | | | | |
| - 1,000 Mn | 950,963,951 | 15th January 2021 | In 71 equal monthly instalments of Rs. 13,890,000/- & a final instalment of Rs. 13,810,000/- commencing after a grace period of 24 months from the date of first disbursement. | Loan Agreement for Rs. 1000 Mn |
| - 350 Mn | 134,179,000 | 15th March 2021 | In 59 equal monthly instalments of Rs. 5,833,000/- & a final instalment of Rs. 5,853,000/- commencing after a grace period of 06 months from the date of first disbursement. | Loan Agreement for Rs. 350 Mn |
| Hatton National Bank PLC | | | | |
| - 300 Mn | 300,000,000 | 27th December 2022 | In 71 equal monthly instalments of Rs. 4,190,000/- & a final instalment of Rs. 2,510,000/- commencing after a grace period of 18 months from the date of first disbursement. | Loan Agreement for Rs. 300 Mn |
| - 100 Mn | 100,000,000 | 15th May 2023 | In 59 equal monthly instalments of Rs. 1,670,000/- & a final instalment of Rs. 1,470,000/- commencing after a grace period of 12 months from the date of first disbursement. | Loan Agreement for Rs. 100 Mn |
| - 60 Mn | 60,000,000 | 18th January 2024 | In 24 equal monthly instalments of Rs. 2,500,000/- commencing after a grace period of 06 months from the date of first disbursement. | Loan Agreement for Rs. 60 Mn |
| Central Finance PLC | | | | |
| - 200 Mn | 200,000,000 | 26th July 2023 | In 84 equal monthly instalments of Rs. 2,380,952/- commencing after a grace period of 24 months from the date of first disbursement. | Loan Agreement for Rs. 200 Mn |
| Total | 2,301,839,108 | | | |

NOTES TO THE FINANCIAL STATEMENTS

11 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

11.4 Fair Value - Group

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements.

| As at 31st March 2024 | Note | Carrying Amount 2024 | | | Fair Value |
|-----------------------|------|----------------------|-----------------------------------------------------|--------------|--------------|
| | | Amortised Cost Rs | Fair Value through Other Comprehensive Income Rs | Total Rs. | Total Rs. |

As at 31st March 2024

| Financial Assets | | | | | |
|-----------------------------|--------|---------------|-------------|---------------|---------------|
| Trade and Other Receivables | 14 | 312,865,752 | - | 312,865,752 | 312,865,752 |
| Advances & Prepayments | 14.1 | 291,390,201 | - | 291,390,201 | 291,390,201 |
| Other Financial Assets | 11.2.1 | 241,267,906 | 215,080,333 | 456,348,239 | 456,348,239 |
| Cash and Cash Equivalents | 17 | 366,450,867 | - | 366,450,867 | 366,450,867 |
| | | 1,211,974,725 | 215,080,333 | 1,427,055,058 | 1,427,055,058 |

Financial Liabilities

| | | | | | |
|---------------------------------------|--------|---------------|---|---------------|---------------|
| Interest Bearing Loans and Borrowings | 11.3.1 | 2,477,676,796 | - | 2,477,676,796 | 2,477,676,796 |
| Trade and Other Payables | 26 | 1,027,015,438 | - | 1,027,015,438 | 1,027,015,438 |
| Bank Overdraft | | 542,805,070 | - | 542,805,070 | 542,805,070 |
| | | 4,047,497,303 | - | 4,047,497,303 | 4,047,497,303 |

| As at 31st March 2023 | Note | Carrying Amount 2023 | | | Fair Value |
|-----------------------|------|----------------------|-----------------------------------------------------|--------------|--------------|
| | | Amortised Cost Rs | Fair Value through Other Comprehensive Income Rs | Total Rs. | Total Rs. |

As at 31st March 2023

| Financial Assets | | | | | |
|-----------------------------|----------|---------------|-------------|---------------|---------------|
| Trade and Other Receivables | (14) | 277,120,922 | - | 277,120,922 | 277,120,922 |
| Advances & Prepayments | (14.1) | 726,558,549 | - | 726,558,549 | 726,558,549 |
| Other Financial Assets | (11.2.1) | 604,017,166 | 212,688,050 | 1,075,789,422 | 1,075,789,422 |
| Cash and Cash Equivalents | (17) | 420,519,411 | - | 420,519,411 | 420,519,411 |
| | | 2,028,216,048 | 212,688,050 | 2,499,988,304 | 2,499,988,304 |

Financial Liabilities

| | | | | | |
|---------------------------------------|----------|---------------|---|---------------|---------------|
| Interest Bearing Loans and Borrowings | (11.3.1) | 2,356,804,339 | - | 2,356,804,339 | 2,356,804,339 |
| Trade and Other Payables | (26) | 879,179,585 | - | 879,179,585 | 879,179,585 |
| Bank Overdraft | | 483,403,417 | - | 483,403,417 | 483,403,417 |
| | | 3,719,387,340 | - | 3,719,387,340 | 3,719,387,340 |

11.4 Fair Value - Company

Set out below is a comparison by class of the carrying amounts and fair values of the Company's financial instruments that are carried in the financial statements.

| As at 31st March 2024 | Note | Carrying Amount 2024 | | | Fair Value |
|---------------------------------------|----------|-----------------------|------------------------------------------------------|---------------|---------------|
| | | Amortised Cost Rs. | Fair Value through Other Comprehensive Income Rs. | Total Rs. | Total Rs. |
| As at 31st March 2024 | | | | | |
| Financial Assets | | | | | |
| Trade and Other Receivables | (14) | 199,903,869 | - | 199,903,869 | 199,903,869 |
| Advances & Prepayments | (14.1) | 164,155,421 | - | 164,155,421 | 164,155,421 |
| Other Financial Assets | (11.2.1) | 71,400,257 | 666,089 | 72,066,346 | 72,066,346 |
| Cash and Cash Equivalents | (17) | 212,124,767 | - | 212,124,767 | 212,124,767 |
| | | 647,584,315 | 666,089 | 648,250,404 | 648,250,404 |
| Financial Liabilities | | | | | |
| Interest Bearing Loans and Borrowings | (11.3.2) | 2,301,839,108 | - | 2,301,839,108 | 2,301,839,108 |
| Trade and Other Payables | (26) | 551,022,658 | - | 551,022,658 | 551,022,658 |
| Bank Overdraft | | 413,049,962 | - | 413,049,962 | 413,049,962 |
| | | 3,265,911,727 | - | 3,265,911,727 | 3,265,911,727 |

| As at 31st March 2023 | Note | Carrying Amount 2023 | | | Fair Value |
|---------------------------------------|----------|-----------------------|------------------------------------------------------|---------------|---------------|
| | | Amortised Cost Rs. | Fair Value through Other Comprehensive Income Rs. | Total Rs. | Total Rs. |
| As at 31st March 2023 | | | | | |
| Financial Assets | | | | | |
| Trade and Other Receivables | (14) | 154,800,432 | - | 154,800,432 | 154,800,432 |
| Advances & Prepayments | (14.1) | 378,560,340 | - | 378,560,340 | 378,560,340 |
| Other Financial Assets | (11.2.1) | 112,590,537 | 7,275,944 | 119,866,481 | 119,866,481 |
| Cash and Cash Equivalents | (17) | 275,220,591 | - | 275,220,591 | 275,220,591 |
| | | 921,171,900 | 7,275,944 | 928,447,844 | 928,447,844 |
| Financial Liabilities | | | | | |
| Interest Bearing Loans and Borrowings | (11.3.3) | 2,136,550,535 | - | 2,136,550,535 | 2,136,550,535 |
| Trade and Other Payables | (26) | 436,695,008 | - | 436,695,008 | 436,695,008 |
| Bank Overdraft | | 387,320,919 | - | 387,320,919 | 387,320,919 |
| | | 2,960,566,462 | - | 2,960,566,462 | 2,960,566,462 |

NOTES TO THE FINANCIAL STATEMENTS

11 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

Fair Value of Financial Assets and Liabilities

The Fair values of the Financial Assets and Liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Due to Short-Term Nature Carrying Amount of Cash and Cash Equivalents, Trade Receivables and Payables and Other Current Liabilities approximate as their Fair Value Amount.

The Fair Value of Loans from banks and Other Financial Liabilities, obligations under Finance Leases, as well as other Non-Current Financial Liabilities is estimated by discounting future Cash Flows using rates currently available for Debt on similar terms, Credit Risk and remaining maturities.

Fair value of Financial Assets at Fair Value through Other Comprehensive Income is derived from quoted market prices in active markets, if available.

11.5 Fair Value Hierarchy

The Judgments and Estimates made in determining the Fair Values of the Financial Instruments that are recognised and measured at Fair Value in the Financial Statements explained below. To provide an indication about the reliability of the inputs used in determining Fair Value, the Group has classified its Financial Instruments into the three levels prescribed under the Accounting Standards. An explanation of each level follows underneath the table.

| Recurring Fair Value Measurement | Group | | | | Company | | | |
|------------------------------------------------------|-------------|-------------|----------|-------------|------------|----------|----------|------------|
| | Level 01 | Level 02 | Level 03 | Total | Level 01 | Level 02 | Level 03 | Total |
| As at 31st March 2024 | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Fair Value through Other Comprehensive Income | | | | | | | | |
| Equity Shares in Listed Companies | 22,048,963 | - | - | 22,048,963 | 666,089 | - | - | 666,089 |
| Equity Shares in Non-Listed Companies | - | - | - | - | - | - | - | - |
| Investment in Debentures | - | 193,031,370 | - | 193,031,370 | - | - | - | - |
| | 22,048,963 | 193,031,370 | - | 215,080,333 | 666,089 | - | - | 666,089 |
| Fair Value through Profit or Loss | | | | | | | | |
| Equity Shares in Listed Companies | 230,518,639 | - | - | 230,518,639 | - | - | - | - |
| Investments in Unit Trusts | 501,730,782 | - | - | 501,730,782 | 45,528,555 | - | - | 45,528,555 |
| | 732,249,422 | - | - | 732,249,422 | 45,528,555 | - | - | 45,528,555 |

| Recurring Fair Value Measurement | Group | | | | Company | | | |
|------------------------------------------------------|-------------|-------------|----------|-------------|-----------|----------|----------|-----------|
| | Level 01 | Level 02 | Level 03 | Total | Level 01 | Level 02 | Level 03 | Total |
| As at 31st March 2023 | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Fair Value through Other Comprehensive Income | | | | | | | | |
| Equity Shares in Listed Companies | 24,416,817 | - | - | 24,416,817 | 7,275,944 | - | - | 7,275,944 |
| Equity Shares in Non-Listed Companies | - | - | - | - | - | - | - | - |
| Investment in Debentures | - | 188,271,233 | - | 188,271,233 | - | - | - | - |
| | 24,416,817 | 188,271,233 | - | 212,688,050 | 7,275,944 | - | - | 7,275,944 |
| Fair Value through Profit or Loss | | | | | | | | |
| Equity Shares in Listed Companies | 155,140,084 | - | - | 155,140,084 | - | - | - | - |
| Investments in Unit Trusts | 103,644,122 | - | - | 103,644,122 | - | - | - | - |
| | 258,784,206 | - | - | 258,784,206 | - | - | - | - |

11.6 Recognised Fair Value Measurement

The Group uses the following hierarchy for determining and disclosing the Fair Value of Financial Instruments by valuation techniques :

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market Price used for Financial Assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

*The Group has not disclosed the fair values for financial instruments such as Cash and Short-Term Deposits, Trade Receivables, Trade Payables because their carrying amounts are a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

11 FINANCIAL ASSETS AND FINANCIAL LIABILITIES CONTD.

11.7 Transfers between Levels of Fair Value Hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the Year.

11.8 Valuation Techniques used to Determine Fair Values

Specific valuation techniques used to value financial instruments include:

- The use of Quoted Market Prices or dealer quotes for similar instruments
- For Other Financial Instruments - Discounted Cash Flow Analysis

All of the resulting Fair Value estimates are included in level 1 except for unlisted equity securities, where the Fair Values have been determined based on Present Values and the Discount Rates used were adjusted for Counterparty or own Credit Risk.

11.9 Fair Value measurement using Significant Unobservable Input

| As at 31st March, | Group | | Company | |
|--------------------------------------|-------------|-------------|-------------|-------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Balance at the Beginning of the Year | 15,864,972 | 14,364,972 | 15,000,000 | 13,500,000 |
| Transfers | (1,500,000) | 1,500,000 | (1,500,000) | 1,500,000 |
| Balance at the End of the Year | 14,364,972 | 15,864,972 | 13,500,000 | 15,000,000 |

11.10 Valuation Inputs and Relationships to Fair Value

The following table summarises the quantitative information about the Significant Unobservable Inputs used in level 3 Fair Value measurements.

| As at 31st March, | Fair Value | | Un- Observable Input | Relationship of Unobservable Input to Fair Value |
|--------------------------|-------------|-------------|------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| | 2024 Rs. | 2023 Rs. | | |
| Unlisted Equity Security | 14,364,972 | 15,864,972 | Earning Growth Rate Risk adjusted Discount Factor | Estimated Fair value would increase/ (decrease) if net cash inflow and discount rate increase/ decrease |

12 LEASE LIABILITY

| As at 31st March, | Balance at the beginning of the Year | Lease Obtained | Lease Interest | Repayment | Balance at the end of the Year |
|-------------------|--------------------------------------|----------------|----------------|-----------|--------------------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. |

12.1.1 Group - Lease Liability

| | | | | | |
|-----------------|-------------|-------------|------------|---------------|-------------|
| Lease Creditors | 299,769,274 | 227,013,190 | 27,098,958 | (154,378,431) | 399,502,991 |
| | 299,769,274 | 227,013,190 | 27,098,958 | (154,378,431) | 399,502,991 |

12.1.2 Company - Lease Liability

| | | | | | |
|-----------------|-------------|-------------|------------|---------------|-------------|
| Lease Creditors | 299,769,274 | 227,013,190 | 27,098,958 | (154,378,431) | 399,502,991 |
| | 299,769,274 | 227,013,190 | 27,098,958 | (154,378,431) | 399,502,991 |

12.2 Lease Creditors

| As at 31st March, | Note | 2024 | | | 2023 | | |
|-------------------|------|---------------------------|--------------------------|-------|---------------------------|--------------------------|-------|
| | | Repayable within One Year | Repayable after One Year | Total | Repayable within One Year | Repayable after One Year | Total |
| | | Rs. | | Rs. | Rs. | Rs. | |

Group

| | | | | | | | |
|-----------------|--------|-------------|-------------|-------------|------------|-------------|-------------|
| Lease Creditors | 12.1.1 | 120,415,860 | 279,087,131 | 399,502,991 | 99,649,056 | 200,120,218 | 299,769,274 |
| | | 120,415,860 | 279,087,131 | 399,502,991 | 99,649,056 | 200,120,218 | 299,769,274 |

Company

| | | | | | | | |
|-----------------|--------|-------------|-------------|-------------|------------|-------------|-------------|
| Lease Creditors | 12.1.2 | 120,415,860 | 279,087,131 | 399,502,991 | 99,649,056 | 200,120,218 | 299,769,274 |
| | | 120,415,860 | 279,087,131 | 399,502,991 | 99,649,056 | 200,120,218 | 299,769,274 |

Lease Liability

At the commencement date of the lease, the Group recognises lease liabilities, measured at present value of future lease payments to be made over the lease term.

The present value of lease commitments as at 31st March 2024 has been calculated using weighted average incremental borrowing rate of 10%.

The Group applied modified retrospective approach in accordance with SLFRS 16 when accounting for right to use assets and operating leases liabilities.

NOTES TO THE FINANCIAL STATEMENTS

13 INVENTORIES

| As at 31st March, | Group | | Company | |
|----------------------------------------------------|--------------|---------------|--------------|-------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Drugs and Dressings | 223,909,090 | 270,993,272 | 69,237,665 | 83,010,165 |
| Lab Reagents and Consumables | 562,396,347 | 654,401,357 | 543,981,877 | 635,791,689 |
| Pantry Stocks | 3,177,932 | 10,687,702 | 3,177,932 | 4,817,009 |
| General Stocks | 57,503,595 | 85,753,750 | 56,533,927 | 83,974,434 |
| Less: Provision for slow moving and obsolete stock | (32,676,065) | (1,704,010) | (30,672,055) | - |
| | 814,310,899 | 1,020,132,071 | 642,259,346 | 807,593,297 |

14 TRADE AND OTHER RECEIVABLES'

| As at 31st March, | Group | | Company | |
|-----------------------------------------------|--------------|--------------|--------------|-------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Trade Debtors | 343,771,712 | 269,645,119 | 217,289,256 | 134,368,148 |
| Other Receivables | 33,544,932 | 27,617,864 | 23,941,166 | 24,576,564 |
| Less : Impairment Allowance for Trade debtors | (64,450,892) | (20,142,061) | (41,326,553) | (4,144,280) |
| | 312,865,752 | 277,120,922 | 199,903,869 | 154,800,432 |

14.1 Advances And Prepayments

| As at 31st March, | Group | | Company | |
|-------------------|-------------|-------------|-------------|-------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Advances | 215,264,052 | 628,227,357 | 120,334,958 | 318,296,429 |
| Prepayments | 76,126,149 | 98,331,192 | 43,820,463 | 60,263,911 |
| | 291,390,201 | 726,558,549 | 164,155,421 | 378,560,340 |

Classification of Trade and Other Receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 34.3.1.

Fair Value of Trade and Other Receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Impairment and Risk Exposure

Information about the impairment of trade receivables and the group's exposure to credit risk can be found in note 34.3.1.

15 RELATED PARTY TRANSACTIONS

15.1 Amounts due from Related Parties

| As at 31st March, | Group | | Company | |
|-------------------------------------------------|-----------|-----------|------------|------------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. |
| Durdans Management Services Ltd | 5,385,050 | 5,329,214 | 1,021,105 | 1,017,105 |
| Durdans Heart Centre (Pvt) Ltd | - | - | 40,506,295 | 18,033,478 |
| Durdans Medical and Surgical Hospital (Pvt) Ltd | - | - | 10,435,671 | 419,379 |
| Amrak Institute of Medical Sciences (Pvt) Ltd | - | - | 11,503,549 | 17,579,478 |
| Ceygen Biotech (Pvt) Ltd | - | - | 2,905,491 | 649,332 |
| | 5,385,050 | 5,329,214 | 66,372,111 | 37,698,772 |

15.2 Amounts due to Related Parties

| As at 31st March, | Group | | Company | |
|-------------------------------------------------|-------------|------|-------------|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. |
| Non- Current Liabilities | | | | |
| Durdans Medical and Surgical Hospital (Pvt) Ltd | - | - | 467,500,000 | 467,500,000 |
| | - | - | 467,500,000 | 467,500,000 |
| Current Liabilities | | | | |
| Durdans Management Services Ltd | 142,793,332 | - | 3,072,639 | 3,823,059 |
| Durdans Heart Centre (Pvt) Ltd | - | - | 179,326 | 179,999 |
| Durdans Medical and Surgical Hospital (Pvt) Ltd | - | - | 311,612,622 | 50,403,352 |
| Ceygen Biotech (Pvt) Ltd | - | - | 12,254,872 | - |
| | 142,793,332 | - | 327,119,459 | 54,406,410 |

Loan granted to Ceylon Hospital PLC on 31.03.2023 has been reclassified from "Interest Bearing Borrowings" to Amounts due to Related Parties for a fair and better presentation.

The Company has entered into an agreement with its subsidiary "Durdans Medical & Surgical Hospital (Pvt) Ltd" to borrow Rs. 510 million for a period of 12 years subject to following terms & conditions.

1. Long Term Loan of Rs. 510 Mn.
2. Repayment period over 12 years.
3. Grace period -There is an interest grace period for 06 months and a capital grace period for 12 months.
4. Interest rate at 11% p.a -The interest shall be calculated on the outstanding principal balance.
5. Monthly instalment of Rs. 3,541,667/- where further the Borrower reserves the right to make prepayments, in whole or in part, of the outstanding loan balance at any time, without incurring any penalties or additional charges.

NOTES TO THE FINANCIAL STATEMENTS

16 INCOME TAX PAYABLE/(RECOVERABLE)

| As at 31st March, | Group | | Company | |
|--------------------------------------|---------------|---------------|--------------|---------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Balance at the beginning of the Year | 82,436,901 | 127,894,198 | 35,163,756 | 73,281,567 |
| Provision for the Year | 88,720,341 | 218,905,102 | - | 91,751,482 |
| Prior year under/(Over) Provision | 2,000,344 | - | 2,000,344 | - |
| Payments during the Year | (198,040,821) | (264,362,399) | (60,607,678) | (129,869,293) |
| Tax credits for | | | | |
| - WHT Paid | (554,413) | - | (554,413) | - |
| Income Tax refund | (18,816,526) | - | (13,261,880) | - |
| Balance at the end of the Year | (44,254,174) | 82,436,901 | (37,259,871) | 35,163,756 |
| 16.1 Income Tax Recoverable | - | 13,606,620 | - | 13,261,880 |

17 CASH AND CASH EQUIVALENTS

| | | | | |
|----------------------------------------------|-------------|-------------|-------------|-------------|
| Favourable Cash and Cash Equivalent Balances | 366,450,867 | 420,519,411 | 212,124,767 | 275,220,591 |
|----------------------------------------------|-------------|-------------|-------------|-------------|

18 STATED CAPITAL

| As at 31st March, | Group | | Company | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Balance at the beginning of the Year | 1,142,797,779 | 916,366,104 | 1,142,797,779 | 916,366,104 |
| Shares issued at Rights Issue | - | 226,431,675 | - | 226,431,675 |
| | 1,142,797,779 | 1,142,797,779 | 1,142,797,779 | 1,142,797,779 |
| Number of shares | 35,989,770 | 35,989,770 | 35,989,770 | 35,989,770 |

19 REVALUATION RESERVE

| As at 31st March, | Group | | Company | |
|--------------------------------------------|---------------|---------------|---------------|---------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Revaluation Reserve | 2,290,344,615 | 2,691,662,322 | 1,742,663,471 | 2,134,543,796 |
| Deferred Tax impact on Revaluation Reserve | - | (401,317,707) | - | (391,880,325) |
| | 2,290,344,615 | 2,290,344,615 | 1,742,663,471 | 1,742,663,471 |

The revaluation reserve relates to revaluation of freehold land and buildings and represents the fair value changes of the freehold lands and buildings as at the date of revaluation.

20 FAIR VALUE RESERVE

| As at 31st March, | Group | | Company | |
|----------------------------------------------------------|-------------|-------------|-------------|-------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Balance at the beginning of the Year | 76,843,290 | 65,867,579 | 6,311,959 | 600,000 |
| Fair value gain on Financial Assets designated at FVTOCI | - | 10,975,711 | - | 5,711,959 |
| | (2,503,278) | - | (6,970,886) | - |
| | 74,340,012 | 76,843,290 | (658,927) | 6,311,959 |

Fair Value Reserve represents the changes in fair value of financial investments designated as Financial Assets at Fair Value through Other Comprehensive Income.

21 ACCUMULATED PROFIT

21.1 Accumulated Profits

| As at 31st March, | Group | | Company | |
|---------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Balance at the beginning of the Year | 4,261,863,861 | 3,873,949,764 | 2,812,305,464 | 2,695,435,656 |
| Profit for the Year | 417,194,310 | 571,831,033 | 233,631,457 | 299,237,701 |
| Dividend Paid | | | | |
| - Ordinary Shares | (82,776,471) | (169,363,629) | (82,776,471) | (169,363,629) |
| Other Comprehensive Income | | | | |
| - Actuarial Gain/ (Loss) from Gratuity Valuation | 672,965 | (12,497,326) | 1,931,225 | (10,948,283) |
| Rights Issue Expenses | (557,042) | (2,055,980) | (557,042) | (2,055,980) |
| Deferred Tax effect on actuarial Gain /(Loss) on Gratuity valuation | (755,072) | - | (579,367) | - |
| Balance at the end of the Year | 4,595,642,551 | 4,261,863,861 | 2,963,955,266 | 2,812,305,464 |

NOTES TO THE FINANCIAL STATEMENTS

22 NON-CONTROLLING INTEREST

22.1 Proportion of Equity Interest held by Non-Controlling Interest

| As at 31st March | Group | |
|-------------------------------------------------|-----------|-----------|
| | 2024 % | 2023 % |
| Company Name | | |
| Durdans Heart Centre (Pvt) Ltd | 18.84% | 18.84% |
| Durdans Medical and Surgical Hospital (Pvt) Ltd | 14.61% | 14.61% |
| Amrak Institute of Medical Sciences (Pvt) Ltd | 24.00% | 47.49% |
| Ceygen Biotech (Pvt) Ltd | 48.43% | 48.43% |

22.2 Accumulated Balances of Material Non-Controlling Interest

| As at 31st March | Company | |
|--------------------------------------------------------------------------|--------------------|--------------------|
| | 2024 Rs. | 2023 Rs. |
| Balance at the beginning of the Year | 729,500,387 | 734,253,847 |
| Profit for the year | 36,618,105 | 79,838,084 |
| Increase/ (Decrease) in the Share of Minority Interest | - | 5,860,000 |
| Other Comprehensive Income | | |
| - Deferred Tax Effect on Revaluation Gain | - | (2,191,111) |
| - Actuarial Gain/ (Loss) from Gratuity valuation | (264,752) | (292,766) |
| - Deferred Tax Effect on Actuarial Valuation | (44,902) | - |
| - Net Gain/ (Loss) on Financial Assets carried at Fair Value Through OCI | 1,037,261 | 1,222,104 |
| Dividend Paid | (33,802,094) | (89,189,771) |
| Balance at the end of the Year | 733,044,005 | 729,500,387 |

22.3 Material Non Controlling Interest

The Group has assessed each subsidiary that has non controlling interest based on contributions made to group revenue, profit, total assets and net assets.

| NCI Percentage | Durdans Medical & Surgical Hospital (Pvt) Ltd | | Durdans Heart Centre (Pvt) Ltd | |
|------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------|--------------------------------|-----------------------|
| | 31.03.2024 | 31.03.2023 | 31.03.2024 | 31.03.2023 |
| | 14.61% 2024 Rs. | 14.61% 2023 Rs. | 18.84% 2024 Rs. | 18.84% 2023 Rs. |
| As at 31st March | | | | |
| Total Assets | 5,191,862,541 | 4,816,563,497 | 698,150,544 | 777,500,039 |
| Total Liabilities | 918,723,494 | 811,187,846 | 322,480,699 | 306,436,489 |
| Net Assets | 4,273,139,052 | 4,005,468,654 | 375,669,844 | 392,638,855 |
| Net Assets attributable to NCI | 624,325,482 | 585,217,592 | 70,785,993 | 73,983,397 |
| For the Year Ended 31st March | | | | |
| Revenue | 2,694,164,648 | 2,497,425,431 | 1,011,772,599 | 932,066,125 |
| Profit after tax | 462,679,292 | 580,817,920 | 11,210,543 | 57,568,190 |
| Other comprehensive income/(loss) | (446,337) | (1,282,517) | 5,420,396 | (5,701,931) |
| Total comprehensive income/(loss) | 462,232,955 | 579,535,403 | 16,630,939 | 51,866,259 |
| Profit/(loss) attributable to NCI | 67,599,596 | 84,860,198 | 2,112,359 | 10,847,348 |
| Total comprehensive income/(loss) attributable to NCI | 67,534,384 | 84,670,122 | 3,133,702 | 9,772,955 |
| Dividend paid to NCI | 27,471,218 | 26,651,181 | 6,330,876 | 3,956,797 |
| Net cash flows generated from/(used in) operating activities | 629,385,783 | 405,548,312 | 12,371,898 | 85,504,673 |
| Net cash flows generated from/(used in) investing activities | (433,009,089) | (886,655,516) | 58,534,373 | (15,792,622) |
| Net cash flows generated from/(used in) financing activities (including dividends paid to NCI) | (234,569,554) | 67,650,000 | (52,916,115) | (20,880,001) |
| Net increase/(decrease) in cash & cash equivalents | (38,192,860) | (413,457,204) | 17,990,156 | 48,832,050 |

NOTES TO THE FINANCIAL STATEMENTS

23 DEFERRED RENT INCOME

| As at 31st March, | Group | | Company | |
|--------------------------------------|-------------|-------------|-------------|-------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Balance at the beginning of the Year | - | - | 30,470,124 | 31,470,457 |
| Less: Amortised during the Year | - | - | (1,890,286) | (1,000,333) |
| Balance at the end of the Year | - | - | 28,579,838 | 30,470,124 |

24 RETIREMENT BENEFIT OBLIGATIONS

24.1 Retirement Benefit Obligations - Provision for the Year

| As at 31st March, | Group | | Company | |
|--------------------------------------|--------------|--------------|--------------|--------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Balance at the beginning of the Year | 205,414,218 | 177,997,736 | 182,727,178 | 156,789,659 |
| Provision for the Year | 57,627,339 | 41,211,838 | 50,803,994 | 36,051,596 |
| Actuarial (Gain)/Loss | (408,213) | 17,930,694 | (1,931,223) | 15,640,404 |
| | 262,633,344 | 237,140,268 | 231,599,949 | 208,481,659 |
| Payments made during the Year | (35,368,838) | (31,726,050) | (27,807,086) | (25,754,481) |
| Balance at the end of the Year | 227,264,506 | 205,414,218 | 203,792,863 | 182,727,178 |

24.2 Movement in Net Defined Benefit Obligation

The following table shows a reconciliation from the balance from the beginning of the Year to the end of the Year for Net Defined Benefit Obligations and its components.

| As at 31st March, | Group | | Company | |
|----------------------------------------------------------|--------------|--------------|--------------|--------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Balance at the beginning of the Year | 205,414,218 | 177,997,736 | 182,727,178 | 156,789,659 |
| Expenses Recognised in Profit or Loss | | | | |
| Current Service Cost | 20,652,780 | 18,072,130 | 17,913,102 | 15,668,939 |
| Interest Cost | 36,974,559 | 23,139,708 | 32,890,892 | 20,382,657 |
| | 57,627,339 | 41,211,838 | 50,803,994 | 36,051,596 |
| Expenses Recognised in Other Comprehensive Income | | | | |
| Actuarial (Gain) / Loss | (408,213) | 17,930,694 | (1,931,223) | 15,640,404 |
| Other | | | | |
| Benefits paid during the Year | (35,368,838) | (31,726,050) | (27,807,086) | (25,754,481) |
| Balance at the end of the Year | 227,264,506 | 205,414,218 | 203,792,863 | 182,727,178 |

Messers Actuarial and Management Consultant (Pvt) Ltd, Actuary, carried out an actuarial valuation of defined benefit obligation for Ceylon Hospitals PLC, Durdans Medical and Surgical Hospital (Pvt) Ltd and Durdans Heart Center (Pvt) Ltd as at 31st March 2024. The Liability is not externally funded. The Actuarial valuation is performed annually.

24.3 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

| As at 31st March, | Group | | Company | |
|--------------------------------------|-----------|-----------|----------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Discount Rate | 11.60% | 18% | 11.60% | 18% |
| Salary Increase Rate | 8% | 12% | 8% | 12% |
| Staff Turnover Rate - Up to 54 years | 27% - 30% | 23% - 30% | 30% | 30% |
| Disability Rate | 10% | 10% | 10% | 10% |
| Retirement Age | 60 years | 60 years | 60 years | 60 years |

24.4 Sensitivity Analysis

The following table demonstrates the sensitivity to reasonably possible changes at the reporting date in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the employment benefit obligations for the year.

| As at 31st March, | Group | | Company | |
|-------------------|-------------|-------------|-------------|-------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Discount Rate | | | | |
| 1% Increase | (5,919,050) | (4,855,952) | (5,276,120) | (4,246,748) |
| 1% Decrease | 6,274,503 | 5,124,858 | 5,591,816 | 4,477,701 |
| Salary Increments | | | | |
| 1% Increase | 7,481,419 | 6,290,972 | 6,678,284 | 5,515,047 |
| 1% Decrease | (7,170,566) | (6,044,408) | (6,402,446) | (5,303,828) |

24.5 Maturity Analysis of the Payments

The following payments are expected on employee benefit plan - gratuity in future years.

| As at 31st March, | Group | Company |
|------------------------------------------------------------------|--------------------|--------------------|
| | 2024 Rs. | 2024 Rs. |
| Within the next 12 months | 64,494,612 | 57,710,694 |
| Between 1 and 2 years | 73,523,300 | 66,853,609 |
| Between 2 and 5 years | 59,772,495 | 53,147,228 |
| Between 5 and 10 years | 26,070,797 | 23,117,482 |
| Beyond 10 years | 3,403,303 | 2,963,851 |
| Total expected payments | 227,264,507 | 203,792,863 |
| Weighted average duration (years) of defined benefit obligations | 3.00 | 3.00 |

NOTES TO THE FINANCIAL STATEMENTS

| As at 31st March, | Group | | Company | |
|-------------------|-------|------|---------|------|
| | 2024 | 2023 | 2024 | 2023 |
| | Rs. | Rs. | Rs. | Rs. |

25 DEFERRED TAXATION

25.1 Deferred Tax Provision

| | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Balance at the beginning of the Year | 1,301,996,674 | 707,793,471 | 1,004,120,031 | 452,599,177 |
| Provision/ Reversal for the Year | 87,829,579 | 594,203,203 | 58,884,306 | 551,520,854 |
| Balance at the end of the Year | 1,389,826,253 | 1,301,996,674 | 1,063,004,337 | 1,004,120,031 |

Deferred Tax Provision as at the end of Year is made up as follows;

Deferred Tax Provision from:

| | | | | |
|----------------------------------------------------------------------|---------------|---------------|---------------|---------------|
| Temporary Difference of Property, Plant and Equipment | 650,822,243 | 543,739,864 | 402,430,313 | 323,198,712 |
| Temporary Difference of fair value gain on financial assets | 14,799,777 | 13,308,946 | - | - |
| Temporary Difference of Right of Use Assets | 109,071,438 | 78,340,504 | 109,071,438 | 78,340,504 |
| Temporary Difference of Retirement Benefit Obligations | (65,104,272) | (59,580,097) | (61,137,859) | (54,818,153) |
| Temporary Difference of Impairment on Trade Receivables | (13,960,181) | (1,802,872) | (12,397,966) | (1,342,522) |
| Temporary Difference of Lease Creditors | (119,850,897) | (89,930,782) | (119,850,897) | (89,930,782) |
| Temporary Difference of Tax losses | (3,782,963) | - | (3,782,964) | - |
| Temporary Difference of Impairment on Accounting Provisions | (2,914,074) | (2,824,074) | - | - |
| Temporary Difference of Revaluation of Property, Plant and Equipment | 820,745,182 | 820,745,185 | 748,672,272 | 748,672,272 |
| | 1,389,826,253 | 1,301,996,674 | 1,063,004,337 | 1,004,120,031 |

25.2 Movement in Tax Effect of Temporary Differences - Group

| | Balance at the Beginning of the Year | Recognised in Profit or Loss | Recognised in Other Comprehensive Income | Balance at the End of the Year |
|---------------------------------------|--------------------------------------|------------------------------|------------------------------------------|--------------------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Deferred Tax Assets | | | | |
| Defined benefit obligations | (58,840,964) | (6,508,415) | (799,974) | (66,149,353) |
| Impairment on Trade Receivables | (1,342,522) | (12,617,659) | - | (13,960,181) |
| Lease Creditors | (89,930,781) | (28,875,034) | - | (118,805,816) |
| Tax Losses | - | (3,782,963) | - | (3,782,963) |
| Accounting Provisions | (2,824,074) | (90,000) | - | (2,914,074) |
| | (152,938,341) | (51,874,071) | (799,974) | (205,612,387) |
| Deferred Tax Liability | | | | |
| Property, Plant and Equipment | 471,666,955 | 107,711,446 | - | 579,378,401 |
| Right of use Asset | 78,340,504 | 30,730,934 | - | 109,071,438 |
| Fair value gain on financial assets | 12,738,532 | 2,061,245 | - | 14,799,777 |
| Revaluation Gain on Land and Building | 892,189,024 | - | - | 892,189,024 |
| | 1,454,935,015 | 140,503,625 | - | 1,595,438,640 |
| Net Deferred Tax Liability | 1,301,996,674 | 88,629,554 | (799,974) | 1,389,826,253 |

25.3 Movement in Tax Effect of Temporary Differences - Company

| | Balance at the Beginning of the Year | Recognised in Profit or Loss | Recognised in Other Comprehensive Income | Balance at the End of the Year |
|---------------------------------------|--------------------------------------|------------------------------|------------------------------------------|--------------------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Deferred Tax Assets | | | | |
| Defined Benefit Obligations | (54,818,153) | (5,740,339) | (579,367) | (61,137,859) |
| Impairment on Trade Receivables | (1,342,522) | (11,055,444) | - | (12,397,966) |
| Lease Creditors | (89,930,782) | (28,875,034) | - | (119,850,897) |
| Tax Losses | - | (3,782,964) | - | (3,782,964) |
| | (146,091,457) | (49,453,781) | (579,367) | (197,169,686) |
| Deferred Tax Liability | | | | |
| Property, Plant and Equipment | 323,198,712 | 79,231,601 | - | 402,430,313 |
| Right of use Asset | 78,340,504 | 30,730,934 | - | 109,071,438 |
| Revaluation Gain on Land and Building | 748,672,272 | - | - | 748,672,272 |
| | 1,150,211,488 | 109,962,535 | - | 1,260,174,023 |
| Net Deferred Tax Liability | 1,004,120,031 | 60,622,407 | (579,367) | 1,063,004,337 |

NOTES TO THE FINANCIAL STATEMENTS

26 TRADE AND OTHER PAYABLES

| As at 31st March, | Group | | Company | |
|--------------------------------------|----------------------|--------------------|--------------------|--------------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Trade Creditors | 524,138,931 | 463,847,071 | 280,501,359 | 257,517,915 |
| Accrued Expenses and Sundry Payables | 502,876,507 | 415,332,514 | 270,521,299 | 179,177,093 |
| | 1,027,015,438 | 879,179,585 | 551,022,658 | 436,695,008 |

27 CAPITAL COMMITMENTS

The Vision 2022 redevelopment project has been successfully completed, with the exception of the dry finishing work at the Wellness Centre and the extended eye clinic. The Main Constructor for the Vision 2022 is M/s Tudawe Brothers (Pvt) Ltd that is a Related Party to the Company.

28 CONTINGENT LIABILITIES

Contingent Liabilities are possible obligations that may arise only on the occurrence of uncertain future events or present obligations where the transfer of economic benefit is not probable or can't be readily measured as defined in the Sri Lanka Accounting Standard -37 on " Provisions, Contingent Liabilities & Contingent Assets". Contingent Liabilities are not recognised in the Statement of Financial Position but are disclosed as a note to the financial statements unless its occurrence is remote

28.1 Pending Litigations

Ceylon Hospitals PLC

There are two cases that have been filed in the District Court of Colombo against Ceylon Hospitals PLC and One other, namely:

Case No DMR 2262/2021 which was filed on 19th April 2021, Case No. DMS 223/23 which was filed on 20th February 2023.

There are also two cases that have been filed in the Magistrate's Court of Colombo against Ceylon Hospitals PLC and One other, namely:

Case No.17028/24 which was filed on 22nd March 2024, Case No.1641/16 which was filed on 14th March 2024.

Further, there is a case that has been filed in the District Court of Colombo against Durdans Medical and Surgical Hospitals (Pvt) Ltd and Two others, namely Case No. DMR 131/24 which was filed on 31st January 2024.

The Company having consulted legal counsel have been advised that the outcome of these case can not be determined at this stage. Therefore, no provision is required in this regard as at 31st March 2024.

29 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no material events occurring after the balance sheet date that require adjustments or disclosure in the Financial Statements except for the following.

29.1 Rights Issue 2024

At the Extraordinary General Meeting held on 14th May 2024, Shareholders of the Company approved to raise Rs. 549,905,827/50 via Rights Issue. Hence, Company is going to issue 3,874,675 new voting ordinary shares at Rs. 112/50 per share and 1,266,721 new non voting ordinary shares at Rs. 90/- per share.

29.2 Interim Dividend Declaration

The Board of Directors of Ceylon Hospitals PLC by circulation on 31st May 2024, has resolved to pay an interim dividend of Rs. 2/- per share to voting and non-voting shareholders of the company. The payment date will be on 02 July 2024.

30 EMPLOYEE AND INDUSTRIAL RELATIONS

There were no material issues pertaining to employees and industrial relations that require disclosure in Financial Statements.

31 DIVIDENDS

This represents the interim dividends paid at the rate of Rs.2.30/- per share for the year 2022/23.

32 RELATED PARTY DISCLOSURE

A Related Party Transaction is transfer of Resources, Services or Obligations between Related Parties, regardless of whether a price is charged.

The Group carries out transactions in the ordinary course of its business on an arm's length basis with parties who are defined as Related Parties in Sri Lanka Accounting Standard (LKAS 24) on Related Party Transactions.

32.1 Substantial Shareholding, Immediate and Ultimate Parent Company

The Company's immediate parent company is Durdans Management Services Ltd, which holds 68.68% of the issued Ordinary Shares (Voting) of the Company as at reporting date.

32.2 Recurrent Related Party Transactions

There were recurrent related party transactions which in aggregation exceeded 10% of gross revenue of the Company as per 31st March 2024 audited Financial Statements, which are disclosed in Note 32.7 as required by CSE rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission directive issued Section 13 (C) of Securities and Exchange Commission Act.

32.3 Non-Recurrent Related Party Transactions

There were non-recurrent related party transactions which in aggregation exceeded 10% of equity or 5% of the total asset of the Company as per 31st March 2024 audited Financial Statements, which required disclosure in 2023/24 annual report under CSE rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission directive issued Section 13 (C) of Securities and Exchange Commission Act.

32.4 Key Management Personnel Information

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 activities of the entity. Accordingly, the Board of Directors (including Executive and Non executive Directors) have been classified as Key Management Personnel of the Company.

NOTES TO THE FINANCIAL STATEMENTS

32 RELATED PARTY DISCLOSURE CONTD.

32.5 Transactions held with Key Management Personnel (KMP)

32.5.1 Compensation for Key Management Personal

| As at 31st March, | Group | | Company | |
|------------------------------|-------------|-------------|-------------|-------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Short-term Employee Benefits | 75,297,011 | 74,242,058 | 71,408,534 | 70,669,908 |
| | 75,297,011 | 74,242,058 | 71,408,534 | 70,669,908 |

The short term employee benefits include emoluments paid to the Executive Directors and director fee paid for Board attendance to all Directors.

Emoluments to the Directors' of the Company and Group are disclosed in Note 6 to the Financial Statements.

32.5.2 Loans to Directors

No loans have been given to Directors of the Company and its parent company.

Other than those disclosed above, there are no material transactions held with the Key Management Personnel of the Company and its parent company.

32.6 Transactions held with Related Entities

The Directors/ Key Management Personnel of the Company as at 31st March 2024 were Directors of following Companies as set out below and transactions included in Note 32.7.1 carried out with such companies During the Year.

| Name of the Director | Ceylon Hospitals PLC | Durdans Management Services Ltd | Commercial Marketing and Distributors (Pvt) Ltd | Tudawe Brothers (Pvt) Ltd | Tudawe Engineering Services (Pvt) Ltd | Durdans Medical and Surgical Hospital (Pvt) Ltd | Durdans Heart Centre (Pvt) Ltd | Amrak Institute of Medical Sciences (Pvt) Ltd | Amrak Ebek (Pvt) Ltd | Ceygen Biotech (Pvt) Ltd |
|----------------------------------|----------------------|---------------------------------|-------------------------------------------------|---------------------------|---------------------------------------|-------------------------------------------------|--------------------------------|-----------------------------------------------|----------------------|--------------------------|
| Mr. A. E. Tudawe | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | | | |
| Mr. U. D. Tudawe | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ |
| Dr. A. D. P. A. Wijegoonewardena | ✓ | ✓ | | | | ✓ | ✓ | | | |
| Mr. Y. N. R. Piyasena | ✓ | ✓ | | | | ✓ | ✓ | | | |
| Mr. A. S. Abeywardene* | ✓ | | | | | ✓ | | | | |
| Mr. A D B Talwatte | ✓ | | | | | | | | | |
| Mr. A.V.R. De Silva Jayatilleke | ✓ | | | | | | | | ✓ | |
| Mr. A S Tudawe | ✓ | ✓ | | | | ✓ | ✓ | ✓ | ✓ | |
| Mr. S. Renganathan | ✓ | | | | | | | | | |
| Mr. H.M.A Jayasinghe | ✓ | | | | | | | | | |

*Resign

| Name of the Company | Relationship |
|-------------------------------------------------|------------------------------------|
| Ceylon Hospitals PLC | Company |
| Durdans Management Services Ltd | Immediate/ Ultimate Parent Company |
| Durdans Medical and Surgical Hospital (Pvt) Ltd | Subsidiary |
| Durdans Heart Centre (Pvt) Ltd | Subsidiary |
| Amrak Institute of Medical Sciences (Pvt) Ltd | Subsidiary |
| Amrak Ebek (Pvt) Ltd | Affiliate |
| Ceygen Biotech (Pvt) Ltd | Subsidiary |
| Tudawe Brothers (Pvt) Ltd | Affiliate |
| Tudawe Engineering Services (Pvt) Ltd | Affiliate |
| Commercial Marketing Distributors (Pvt) Ltd | Affiliate |

32.7 Transactions held with Companies in which Directors of the Company hold Other Directorships

The Company has carried out transactions with entities where the Chairman or a Director of the Company is the Chairman or a Director of such entities as detailed below.

32.7.1 Transactions held between Ceylon Hospitals PLC and Related Companies

Transactions held with Immediate Parent Company

| Name of the Related Party | Relationship | Transactions | Nature | Aggregate Value of Related Party Transactions Rs. |
|-------------------------------------------------|-----------------|----------------------------------------|-----------|---------------------------------------------------|
| Durdans Management Services Ltd | Ultimate Parent | Management fee paid | Recurrent | 45,413,129 |
| | | Providing of utilities and other cost | Recurrent | 4,000 |
| | | Dividends paid | Recurrent | 49,584,067 |
| | | Total | | 95,001,196 |
| Durdans Medical and Surgical Hospital (Pvt) Ltd | Subsidiary | Sales of Drugs and consumables | Recurrent | 43,399,834 |
| | | Rendering of medical services | Recurrent | 139,185,113 |
| | | Providing of utilities and other costs | Recurrent | 556,274,643 |
| | | Purchases of Drugs and consumables | Recurrent | 88,932,893 |
| | | Receiving of medical services | Recurrent | 154,181,454 |
| | | Receiving of utilities and other costs | Recurrent | 1,857,833 |
| | | Dividend received | Recurrent | 138,645,584 |
| | | Total | | 1,122,477,354 |
| Durdans Heart Centre (Pvt) Ltd | Subsidiary | Sales of Drugs and consumables | Recurrent | 6,196,215 |
| | | Rendering of medical services | Recurrent | 22,745,818 |
| | | Providing of utilities and other costs | Recurrent | 180,922,986 |
| | | Purchases of Drugs and consumables | Recurrent | 7,128,519 |
| | | Receiving of medical services | Recurrent | 1,762,026 |
| | | Dividend received | Recurrent | 23,860,483 |
| Total | | 242,616,047 | | |
| Amrak Institute of Medical Sciences (Pvt) Ltd | Subsidiary | Receiving of utilities and other cost | Recurrent | 9,358,572 |
| | | Rent received | Recurrent | 22,869,000 |
| | | Total | | 32,227,572 |

NOTES TO THE FINANCIAL STATEMENTS

32 RELATED PARTY DISCLOSURE CONTD.

| Name of the Related Party | Relationship | Transactions | Nature | Aggregate Value of Related Party Transactions Rs. |
|---------------------------------------------|--------------|---------------------------------------------------------|---------------|---------------------------------------------------|
| Ceygen Biotech (Pvt) Ltd | Subsidiary | Providing of utilities and other cost | Recurrent | 18,028 |
| | | Purchases of Drugs and consumables | Recurrent | 77,444 |
| | | Rent Received | Recurrent | 1,949,522 |
| | | Total | | 2,044,994 |
| Commercial Marketing Distributors (Pvt) Ltd | Affiliate | Purchases of Drugs and consumables | Recurrent | 186,766,314 |
| | | Sales of Drugs and consumables | Recurrent | 1,198,760 |
| | | Total | | 187,965,074 |
| Tudawe Brothers (Pvt) Ltd | Affiliate | The Vision 2022 redevelopment project Construction Cost | Non Recurrent | 494,236,417 |
| | | Total | | 494,236,417 |
| Tudawe Engineering Services (Pvt) Ltd | Affiliate | The Vision 2022 redevelopment project Construction Cost | Non Recurrent | 36,585,022 |
| | | Total | | 36,585,022 |

33 ASSETS PLEDGED AS COLLATERALS

Following assets of the Group have been pledged as collaterals for overdraft facilities and loans obtained by the Group to the respective financial institutions concerned.

Durdans Heart Centre (Pvt) Ltd

| | | | |
|-----------|-----------|-------|----------------------------------|
| DFCC Bank | Term Loan | 36 Mn | Mortgage over equipment financed |
|-----------|-----------|-------|----------------------------------|

34 FINANCIAL RISK MANAGEMENT

34.1 Overview

This note explains the Group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group has exposure mainly to following risks from its use of Financial Instruments.

- Credit Risk
- Liquidity Risk
- Market Risk

34.2 Risk Management Framework

The Board of Directors have the overall responsibility for establishment and oversight of the Group Risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial acumen team that advises on financial risks and the appropriate financial risk governance framework for the Group. The finance team provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and group activities. The Group through its training and management standards and procedures, aim to develop a discipline and constructive environment in which all employee understand their roles and obligations.

34.3 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is being exposed to the credit risk from its operating activities (primarily for trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

34.3.1 Credit Risk Exposure

The Group's maximum exposure to credit risk as at the end of year based on the carrying value of Financial Assets in the statement of Financial Position is given below. There were no off Balance Sheet exposure as at the year end.

| As at 31st March, | Group | | Company | |
|-------------------------------------------|--------------------|----------------------|--------------------|--------------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Financial Assets at Amortised Cost | | | | |
| Trade and Other Receivables | 312,865,752 | 277,120,922 | 199,903,869 | 154,800,432 |
| Other Financial Assets at Amortised Cost | 241,267,906 | 604,017,166 | 71,400,257 | 112,590,537 |
| Cash and Cash Equivalents | 366,450,867 | 420,519,411 | 212,124,767 | 275,220,591 |
| | 920,584,525 | 1,301,657,499 | 483,428,893 | 542,611,560 |

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT CONTD.

34.3.1 Credit Risk exposure Contd.

The Group's maximum exposure to credit risk on trade receivables as at the end of year based on the carrying value in the Statement of Financial Position.

| As at 31st March, | Notes | Group | | Company | |
|-------------------|-------|-------------|-------------|-------------|-------------|
| | | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Trade Receivables | 14 | 343,771,712 | 269,645,119 | 217,289,256 | 134,368,148 |

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers various statistics of the Group's customer base including default risk, business relationship with due attention given to past performances, stability of industry and credit worthiness.

Customer credit risk is managed by each business unit subject to the Group's established policies, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit evaluation format and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and obtaining the Letter of Guarantees from patients who are admitted to the hospital through corporate customers.

Impairment Losses

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. The group applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31st March 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the inflation rate of healthcare sector to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factor.

On that basis, the loss allowance as at 31st March 2024 (on adoption of SLFRS 9) was determined as follows for trade receivables.

| Company | 31 - 60 | 61 - 90 | 91 - 120 | 121-180 | Over 180 |
|--------------------|-----------|-----------|-----------|------------|------------|
| Expected loss rate | 2% - 20% | 5% - 36% | 10% - 74% | 15% - 100% | 24% - 100% |
| Loss Allowance | 1,048,513 | 1,244,210 | 1,438,808 | 1,500,710 | 2,744,418 |

| Group | 31 - 60 | 61 - 90 | 91 - 120 | 121-180 | Over 180 |
|--------------------|-----------|-----------|-----------|-----------|-----------|
| Expected loss rate | 1% - 2% | 2% - 5% | 6% - 11% | 12% - 18% | 19% - 35% |
| Loss Allowance | 4,956,973 | 2,726,248 | 1,529,662 | 2,516,892 | 6,661,651 |

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to make repayment after long due period.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

34.4 Liquidity Risk

Liquidity risk is the risk that the group will encounter difficulty in meeting its obligations with its liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that, it will have sufficient liquid assets to settle liabilities when it is due, without breaching any loan covenant and incurring undesirable losses.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, finance leases and hire purchase contracts. The Group assesses the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

| | On Demand Rs. | Less than 03 Months Rs. | 03 to 12 Months Rs. | 01 to 05 Years Rs. | More than 05 Years Rs. | Total Rs. |
|---------------------------------------|------------------|----------------------------|------------------------|-----------------------|---------------------------|---------------|
| Year ended 31st March 2024 | | | | | | |
| Interest Bearing Loans and Borrowings | - | 126,591,854 | 381,131,113 | 1,910,810,972 | 59,142,857 | 2,477,676,796 |
| Lease Creditors | - | 27,038,062 | 78,161,028 | 239,452,292 | 54,851,609 | 399,502,991 |
| Trade and other Payables | - | 523,675,738 | 503,339,698 | - | - | 1,027,015,437 |
| Amounts Due to Related Parties | - | 142,793,332 | - | - | - | 142,793,332 |
| Bank Overdrafts | 542,805,070 | - | - | - | - | 542,805,070 |
| | 542,805,070 | 820,098,987 | 962,631,839 | 2,150,263,264 | 113,994,466 | 4,589,793,626 |
| Year ended 31st March 2023 | | | | | | |
| Interest Bearing Loans and Borrowings | - | - | 4,345,112 | 677,240,355 | 1,675,218,871 | 2,356,804,339 |
| Trade and other Payables | - | 463,473,946 | 415,705,639 | - | - | 879,179,585 |
| Amounts Due to Related Parties | - | - | - | - | - | - |
| Bank Overdrafts | 483,403,416 | - | - | - | - | 483,403,416 |
| | 483,403,416 | 463,473,946 | 420,050,750 | 677,240,355 | 1,675,218,871 | 3,719,387,340 |

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT CONTD.

34.5 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument which will fluctuate because of changes in market prices. Market prices comprise two types of risk: interest rate risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, Other Financial Assets measure at fair value in Profit or Loss or Other Comprehensive Income and derivative financial instruments.

34.5.1 Foreign Exchange Risk

The Group being provided healthcare services to international patients exposed to foreign exchange risk, which primarily to US Dollars. However, having lower value of debtor balances outstanding impact on financials is minimum.

34.5.2 Interest Rate Risk

Interest rate risk is the risk that the fluctuation of fair value or future cash flows of a financial instrument which will fluctuate because of changes in market interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates such as AWDR, AWPLR.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings, after the impact of interest rate changes. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows.

| | Increase/Decrease in basic points | Effect on Profit before Tax Rs. |
|---------------------------------------|--------------------------------------|---------------------------------------|
| 2024 | | |
| Interest Bearing Loans and Borrowings | + 100 bp | (32,799,809) |
| | - 100 bp | 32,799,809 |
| 2023 | | |
| Interest Bearing Loans and Borrowings | + 100 bp | (26,971,516) |
| | - 100 bp | 26,971,516 |

34.5.3 Price Risk

The Group's exposure to equity securities price risk arises from investments held by the group and classified in the balance sheet either as at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss.

The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

The table below summarises the impact of increases/decreases of these two indexes on the Group's equity and post tax profit for the period. The analysis is based on the assumption that the equity indexes had changed by 1% with all other variables held constant, and that all the Group's equity instruments moved in line with the indexes.

| | Increase/Decrease in basic points | Effect on Equity Rs. |
|--------------------------------------------------------------------|--------------------------------------|----------------------------|
| 2024 | | |
| Equity Investment at Fair Value through Other Comprehensive Income | + 100 bp | 220,490 |
| | - 100 bp | (220,490) |

35 CAPITAL MANAGEMENT

Capital includes ordinary shares and other equities attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2024 and 31st March 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 25% and 40%. The Group includes within net debt, interest bearing loans and borrowings, bank overdrafts, trade and other payables less cash and cash equivalents.

| | Group | | Company | |
|---------------------------------------|----------------|----------------|---------------|---------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Interest Bearing Loans and Borrowings | 2,477,676,796 | 2,656,573,613 | 2,301,839,108 | 2,946,319,810 |
| Trade and other payables | 1,027,015,438 | 879,179,585 | 551,022,658 | 436,695,008 |
| Bank overdrafts | 542,805,070 | 483,403,416 | 413,049,962 | 387,320,919 |
| Less: Cash and cash equivalents | (366,450,867) | (420,519,411) | (212,124,767) | (275,220,591) |
| | 3,681,046,437 | 3,598,637,203 | 3,053,786,961 | 3,495,115,146 |
| Equity | 8,103,124,957 | 7,771,849,545 | 5,848,757,589 | 5,704,078,673 |
| Capital and Net Debt | 11,784,171,394 | 11,370,486,748 | 8,902,544,550 | 9,199,193,819 |
| Gearing ratio | 31% | 32% | 34% | 38% |

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VALUE ADDED STATEMENT

| | Group | | Company | |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2024 Rs. | 2023 Rs. | 2024 Rs. | 2023 Rs. |
| Value Added | | | | |
| Turnover | 9,152,568,499 | 7,905,209,686 | 5,369,409,393 | 4,369,878,070 |
| Cost of Material and Services | (6,437,465,222) | (5,030,092,014) | (3,779,278,597) | (2,857,492,575) |
| Other Income | 305,063,488 | 111,098,228 | 250,382,675 | 47,366,275 |
| | 3,020,166,765 | 2,986,215,900 | 1,840,513,471 | 1,559,751,770 |

Distribution of Value Added

To Employees

| | | | | |
|---------------------|---------------|---------------|---------------|---------------|
| Salaries and Others | 2,216,611,836 | 1,907,756,874 | 1,398,593,202 | 1,171,887,972 |
|---------------------|---------------|---------------|---------------|---------------|

To Government

| | | | | |
|------------|-------------|-------------|------------|------------|
| Income Tax | 198,040,821 | 219,445,968 | 60,607,678 | 91,751,482 |
|------------|-------------|-------------|------------|------------|

To Capital Providers

| | | | | |
|-------------------|-------------|------------|-------------|------------|
| Interest on Loans | 144,668,678 | 42,203,474 | 120,884,570 | 18,188,167 |
|-------------------|-------------|------------|-------------|------------|

To Shareholders

| | | | | |
|----------|-------------|-------------|------------|-------------|
| Dividend | 116,578,565 | 258,553,400 | 82,776,471 | 169,363,629 |
|----------|-------------|-------------|------------|-------------|

To Expansion and Growth

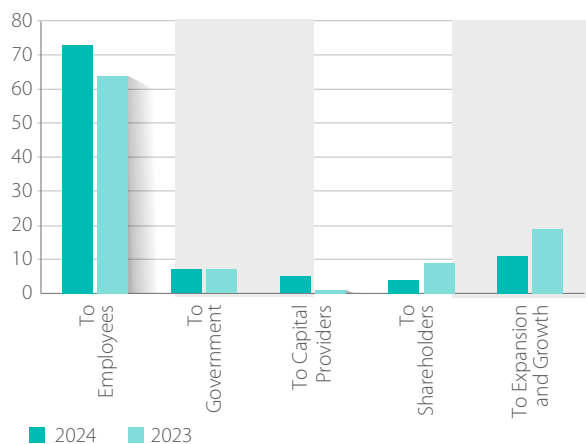
| | | | | |
|--------------|-------------|-------------|-------------|-------------|
| Depreciation | 567,152,893 | 389,264,474 | 354,739,475 | 212,151,427 |
|--------------|-------------|-------------|-------------|-------------|

| | | | | |
|-----------------|---------------|-------------|---------------|---------------|
| Retained Profit | (222,886,028) | 168,991,710 | (177,087,925) | (103,590,907) |
|-----------------|---------------|-------------|---------------|---------------|

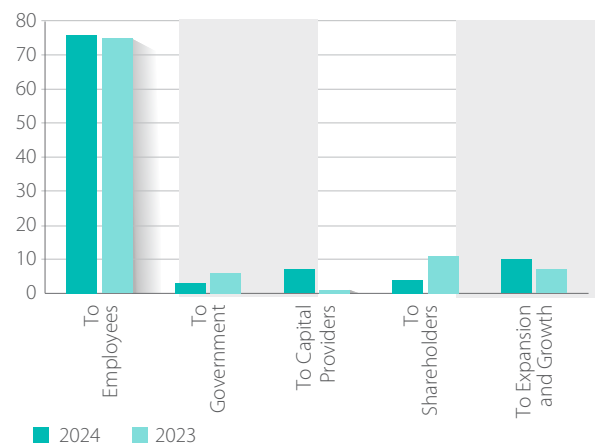
| | | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 3,020,166,765 | 2,986,215,900 | 1,840,513,471 | 1,559,751,770 |
|--|----------------------|----------------------|----------------------|----------------------|

| | Group | | Company | |
|-------------------------|-------|------|---------|------|
| | 2024 | 2023 | 2024 | 2023 |
| To Employees | 73% | 64% | 76% | 75% |
| To Government | 7% | 7% | 3% | 6% |
| To Capital Providers | 5% | 1% | 7% | 1% |
| To Shareholders | 4% | 9% | 4% | 11% |
| To Expansion and Growth | 11% | 19% | 10% | 7% |

Group (%)



Company (%)



TEN YEAR SUMMARY

| | Group | | | | | | | | | |
|--------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2023/24 Rs. Mn | 2022/23 Rs. Mn | 2021/22 Rs. Mn | 2020/21 Rs. Mn | 2019/20 Rs. Mn | 2018/19 Rs. Mn | 2017/18 Rs. Mn | 2016/17 Rs. Mn | 2015/16 Rs. Mn | 2014/15 Rs. Mn |
| Operating Results | | | | | | | | | | |
| Total Income | 9,153 | 7,905 | 7,840 | 5,546 | 5,976 | 5,806 | 5,733 | 5,289 | 4,728 | 4,083 |
| Other Income | 205 | 111 | 25 | 63 | 53 | 56 | 35 | 34 | 38 | 51 |
| Finance Cost | 145 | 88 | 80 | 97 | 141 | 136 | 122 | 98 | 86 | 125 |
| Profit Before Tax | 659 | 1060 | 1388 | 696 | 576 | 549 | 603 | 525 | 557 | 266 |
| Income Tax | 205 | 409 | 279 | 96 | 109 | 173 | 115 | 136 | 57 | 42 |
| Profit After Tax | 454 | 652 | 1109 | 600 | 467 | 376 | 488 | 389 | 500 | 224 |
| Dividend (Company) | 83 | 169 | 108 | 75 | 122 | 122 | 122 | 122 | 91 | 68 |
| Balance Sheet | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Property, Plant and Equipment | 11,583 | 7,706 | 7,295 | 7,083 | 7,220 | 6,682 | 6,500 | 6,077 | 4,128 | 4,107 |
| WIP - Building & Other | 72 | 2,604 | 1,186 | 631 | 474 | 276 | 39 | 368 | 158 | - |
| Intangible Assets | 1 | - | - | - | - | - | - | - | - | - |
| Other Financial Assets | 1,189 | 1,075 | 1,724 | 1,272 | 830 | 736 | 666 | 572 | 380 | 266 |
| Right-of-Use Assets | 364 | 261 | 289 | 215 | 191 | - | - | - | - | - |
| Investment in an Equity Accounted Investee | | 0 | - | 109 | 7 | 5 | 5 | 4 | 3 | 3 |
| Inventories | 814 | 1,020 | 835 | 536 | 380 | 309 | 305 | 319 | 256 | 230 |
| Receivables | 610 | 1,009 | 561 | 397 | 544 | 365 | 358 | 461 | 275 | 245 |
| Tax refund Due | 44 | 14 | 13 | - | 19 | 21 | 17 | - | - | - |
| Cash and Cash Equivalents | 366 | 421 | 898 | 640 | 149 | 403 | 203 | 138 | 166 | 81 |
| | 15,043 | 14110 | 12,802 | 10,883 | 9,814 | 8,797 | 8,093 | 7,939 | 5,366 | 4,932 |
| Equity and Liabilities | | | | | | | | | | |
| Stated Capital | 1,143 | 1,143 | 916 | 916 | 916 | 916 | 916 | 916 | 916 | 916 |
| Reserves | 6,961 | 6,629 | 6,631 | 5,712 | 4,989 | 4,227 | 4,093 | 4,282 | 2,171 | 1,861 |
| Non Controlling Interest | 733 | 730 | 734 | 593 | 588 | 565 | 561 | 529 | 408 | 362 |
| Interest-Bearing Borrowings | 2,478 | 2,657 | 2,008 | 1,652 | 1,005 | 815 | 708 | 855 | 878 | 908 |
| Provisions and Other Liabilities | 3,185 | 2,469 | 2,266 | 1,789 | 1,702 | 1,519 | 1,375 | 987 | 707 | 570 |
| Overdrafts | 543 | 483 | 247 | 221 | 614 | 755 | 440 | 370 | 286 | 315 |
| | 15,043 | 14110 | 12,802 | 10,883 | 9,814 | 8,797 | 8,093 | 7,939 | 5,366 | 4,932 |
| Company | | | | | | | | | | |
| | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 | 2015/16 | 2014/15 |
| Financial Indices | | | | | | | | | | |
| Earnings Per Share (Rs.) | 6.49 | 8.83 | 22.75 | 13.17 | 6.42 | 6.25 | 4.76 | 6.25 | 6.41 | 4.52 |
| Dividend Per Share (Rs.) | 2.00 | 2.30 | 5.00 | 3.20 | 2.20 | 3.60 | 3.60 | 3.60 | 3.60 | 2.70 |
| Dividend Payout Ratio (%) | 35.44 | 26.05 | 21.98 | 24.30 | 34.28 | 57.62 | 75.57 | 57.60 | 56.16 | 59.73 |
| Net Assets Per Share (Rs.) | 162.51 | 158.49 | 169.66 | 148.72 | 130.95 | 117.59 | 115.46 | 125.97 | 81.16 | 78.24 |
| Return On Equity (%) | 4.00 | 8.38 | 13.41 | 9.05 | 7.91 | 7.31 | 9.74 | 7.48 | 16.20 | 8.07 |
| Return On Assets (%) | 2.01 | 2.79 | 8.20 | 5.59 | 4.76 | 4.30 | 6.03 | 4.90 | 9.32 | 4.54 |

SHARE INFORMATION

VOTING SHARES

Distribution of Shareholders

| Shareholding | Resident | | | Non-Resident | | |
|---------------------|---------------------|-------------------|--------------|---------------------|----------------|-------------|
| | No. of Shareholders | No. of Shares | % | No. of Shareholders | No. of Shares | % |
| 1 - 1,000 | 1,984 | 427,102 | 1.57 | 15 | 4,502 | 0.02 |
| 1,001 - 10,000 | 308 | 887,562 | 3.27 | 11 | 44,371 | 0.16 |
| 10,001 - 100,000 | 56 | 1,568,354 | 5.79 | 2 | 84,195 | 0.31 |
| 100,001 - 1,000,000 | 15 | 5,475,658 | 20.19 | - | - | - |
| Over 1,000,000 | 1 | 18,628,342 | 68.69 | - | - | - |
| Total | 2,364 | 26,987,018 | 99.51 | 28 | 133,068 | 0.49 |

Categories of Shareholders

| | No. of Shareholders | No. of Shares |
|---------------|---------------------|-------------------|
| Individual | 2,303 | 6,726,723 |
| Institutional | 89 | 20,393,363 |
| Total | 2,392 | 27,120,086 |

NON-VOTING SHARES

Distribution of Shareholders

| Shareholding | Resident | | | Non-Resident | | |
|---------------------|---------------------|------------------|--------------|---------------------|----------------|-------------|
| | No. of Shareholders | No. of Shares | % | No. of Shareholders | No. of Shares | % |
| 1 - 1,000 | 885 | 205,346 | 2.32 | 6 | 1,876 | 0.02 |
| 1,001 - 10,000 | 347 | 978,679 | 11.04 | 9 | 36,639 | 0.41 |
| 10,001 - 100,000 | 74 | 2,243,479 | 25.30 | 5 | 173,318 | 1.95 |
| 100,001 - 1,000,000 | 3 | 1,143,388 | 12.89 | - | - | - |
| Over 1,000,000 | 2 | 4,084,319 | 46.07 | - | - | - |
| Total | 1,311 | 8,655,211 | 97.62 | 20 | 211,833 | 2.38 |

Categories of Shareholders

| | No. of Shareholders | No. of Shares |
|---------------|---------------------|------------------|
| Individual | 1,259 | 3,044,804 |
| Institutional | 72 | 5,822,240 |
| Total | 1,331 | 8,867,044 |

SHARE INFORMATION

PUBLIC SHAREHOLDING

| | 2024 | | 2023 | |
|-----------------------------------------------|---------------------------------|------------|---------------------------------|------------|
| | Voting | Non-Voting | Voting | Non-Voting |
| Number of Shareholders | 2,304 | 1,259 | 2,365 | 1,338 |
| Holding Percentage (%) | 24.80 | 34.34 | 21.91 | 51.22 |
| Market Capitalisation (Rs. Mn) | 3,248 | 818 | 3,587 | 846 |
| Float Adjusted Market Capitalisation (Rs. Mn) | 699 | - | 804 | - |
| Float Adjusted Market Capitalisation Option | Less than Rs. 2.5 Bn (Option 5) | | Less than Rs. 2.5 Bn (Option 5) | |

INVESTOR RATIOS

| | 2024 | 2023 |
|----------------------------|--------|--------|
| Earnings Per Share (Rs.) | 6.49 | 8.83 |
| Dividend Per Share (Rs.) | 2.30 | 2.30 |
| Net Assets Per Share (Rs.) | 162.51 | 158.49 |
| Dividend Payout Ratio (%) | 35 | 26 |

MARKET ACTIVITIES

Market Value Per Share

| | 2024 | | | 2023 | | |
|------------|----------------------|---------------------|-------------------|----------------------|---------------------|-------------------|
| | Highest Traded Price | Lowest Traded Price | Last Traded Price | Highest Traded Price | Lowest Traded Price | Last Traded Price |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Voting | 141.75 | 110.00 | 119.75 | 170.00 | 100.00 | 132.25 |
| | 18th October 2023 | 16th June 2023 | 28th March 2024 | 04th August 2022 | 27th April 2022 | 31st March 2023 |
| Non-Voting | 121.00 | 92.20 | 92.20 | 127.50 | 81.00 | 95.40 |
| | 13th October 2023 | 06th March 2024 | 06th March 2024 | 13th September 2022 | 19th May 2022 | 30th March 2023 |

PUBLIC SHAREHOLDING

| | 2024 | | 2023 | |
|-----------------------------------------------|---------------------------------|------------|---------------------------------|------------|
| | Voting | Non-Voting | Voting | Non-Voting |
| Number of Shareholders | 2,304 | 1,259 | 2,365 | 1,338 |
| Holding Percentage (%) | 24.80 | 34.34 | 21.91 | 51.22 |
| Market Capitalisation (Rs. Mn) | 3,248 | 818 | 3,587 | 846 |
| Float Adjusted Market Capitalisation (Rs. Mn) | 699 | - | 804 | - |
| Float Adjusted Market Capitalisation Option | Less than Rs. 2.5 Bn (Option 5) | | Less than Rs. 2.5 Bn (Option 5) | |

TOP 20 SHAREHOLDERS LISTED AS AT 31ST MARCH 2024

Voting Shareholders

| Name of the Shareholder | Country of Residence | As at 31st March 2024 | |
|-----------------------------------------------|----------------------|-----------------------|--------------|
| | | Number of Shares | Holding % |
| Durdans Management Services Ltd | Sri Lanka | 18,628,342 | 68.68 |
| Lawrance Tudawe Management Services (Pvt) Ltd | do | 637,581 | 2.35 |
| Mr. D. G. Wijemanna | do | 600,935 | 2.22 |
| Mr. R. P. Weerasooriya | do | 572,149 | 2.11 |
| Mr. Deen Mohamed Fazal Aslam | do | 526,000 | 1.94 |
| Mr. Y. N. R. Piyasena | do | 523,096 | 1.93 |
| Galle Face Capital Partners PLC | do | 447,774 | 1.65 |
| Mr. Merrill J Fernando (Deceased) | do | 390,500 | 1.44 |
| Cargo Boat Development Company PLC | do | 324,577 | 1.20 |
| MJF Holdings (Pvt) Ltd | do | 287,917 | 1.06 |
| Mr. A. E. Tudawe | do | 235,152 | 0.87 |
| Mr. A. D. P. A. Wijegoonewardene | do | 234,368 | 0.86 |
| Mr. U. D. Tudawe | do | 181,279 | 0.67 |
| Mr. H. L. Tudawe | do | 175,433 | 0.65 |
| Mr. A. D. Tudawe | do | 172,108 | 0.63 |
| Mr. P. V. Tudawe | do | 166,789 | 0.61 |
| Commercial Bank of Ceylon PLC A/C No 04 | do | 88,187 | 0.33 |
| Merrill J Fernando & Sons (Pvt) Ltd | do | 80,914 | 0.30 |
| Mr. G.A. Tudawe | do | 77,576 | 0.29 |
| E. W. Balasuriya & Co (Pvt) Ltd | do | 75,256 | 0.28 |
| Total | | 24,425,933 | 90.07 |

SHARE INFORMATION

TOP 20 SHAREHOLDERS LISTED AS AT 31ST MARCH 2024

Non-Voting Shareholders

| Name of the Shareholder | Country of Residence | As at 31st March 2024 | |
|---------------------------------------------------------|----------------------|-----------------------|--------------|
| | | Number of Shares | Holding % |
| Durdans Management Services Ltd | Sri Lanka | 2,929,948 | 33.04 |
| Employee's Provident Fund | do | 1,154,371 | 13.02 |
| MJF Holdings (Pvt) Ltd | do | 636,061 | 7.17 |
| E. W. Balasuriya & Co (Pvt) Ltd | do | 351,282 | 3.96 |
| Mr. D. Ratnayake | do | 156,045 | 1.76 |
| Tudawe Engineering Services (Pvt) Ltd | do | 97,735 | 1.10 |
| Mr. D. A. Cabraal | do | 87,656 | 0.99 |
| Mr. S. S. Sithambaranathan | do | 82,563 | 0.93 |
| Mr. A. H. Munasinghe | do | 80,000 | 0.90 |
| Mr. A. D. Tudawe | do | 75,597 | 0.85 |
| Mr. P. S. De Mel | do | 75,248 | 0.85 |
| Ms. T. T. Weerasinghe | do | 70,485 | 0.79 |
| Commercial Bank of Ceylon PLC A/C No 04 | do | 64,918 | 0.73 |
| Peoples Leasing & Finance PLC /Mr P A I S Perera | do | 63,750 | 0.72 |
| Mr. D. P. L. De Mel | do | 62,589 | 0.71 |
| Saman Villas Limited | do | 62,115 | 0.70 |
| Mr. D. G. Wijemanna | do | 60,000 | 0.68 |
| Mr. G.D.M. Ranasinghe | do | 55,000 | 0.62 |
| Mr. U. D. Wickremesooriya Jt Mrs. S. F. Wickremesooriya | do | 53,130 | 0.60 |
| Mr. H. A. Cabraal | do | 53,125 | 0.60 |
| Total | | 6,271,618 | 70.74 |

NOTICE OF MEETING

Notice is hereby given that the 78th Annual General Meeting of the Shareholders of Ceylon Hospitals PLC will be held on 20th August 2024 at 9.00 a.m at the Auditorium of the Company at No. 3, Alfred Place, Colombo 03.

The business to be brought forward before the meeting will be:

1. TABLING OF STATEMENT OF ACCOUNTS

To lay before the meeting, the Annual Report of the Directors and the Financial Statement of the Company for the year ended 31st March 2024 together with the Report of the Auditors thereon.

2. ELECTION OF DIRECTORS

To elect Mr. H.M.A. Jayasinghe, Director appointed since the last Annual General Meeting in terms of Article No.79 of the Articles of Association. (Resolution 1)

3. RE-ELECTION OF DIRECTORS

To re-elect Mr. A.V.R. De Silva Jayatilleke, who retires by rotation in terms of Article No. 78. of the Articles of Association and being eligible offers himself for re-election. (Resolution 2)

4. RE-APPOINTMENT OF DIRECTORS

- a) To re-appoint Mr. A.E. Tudawe, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.

"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. A. E. Tudawe who is more than 70 years, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007". (Resolution 3)

- b) To re-appoint Dr. A. D. P. A. Wijegoonewardene, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.

"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Dr. A. D. P. A. Wijegoonewardene who is more than 70 years, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007." (Resolution 4)

- c) To re-appoint Mr. Y. N. R. Piyasena, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.

"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to

Mr. Y. N. R. Piyasena who is more than 70 years, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007." (Resolution 5)

5. DECLARATION OF DIVIDENDS

An Interim dividend of Rs. 2.00 per share was paid in July 2024 and no further dividends have been recommended by the Board.

6. RE-APPOINTMENT OF AUDITORS

To re-appoint Messrs. B. R. De Silva & Co. Chartered Accountants, the retiring Auditors who have expressed their willingness to continue in office as Company's Auditors for the ensuring year and to authorise the Board of Directors to determine their remuneration. (Resolution 6)

7. DONATIONS

To authorise the Directors to determine donations for the year 2024/25. (Resolutions 7)

8. ANY OTHER BUSINESS

- Amendment of Articles of Association. (Resolution 8)

SPECIAL RESOLUTION - AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY IN LINE WITH THE REVISED CORPORATE GOVERNANCE RULES OF THE COLOMBO STOCK EXCHANGE ("CSE"), AND RULES APPLICABLE FOR SERVICE OF NOTICES

"IT IS HEREBY RESOLVED THAT regulation numbers 71, 97 and 134 of the existing Articles of Association be deleted in their entirety and the following new regulations be substituted therefor.

- **ARTICLE 71 OF THE ARTICLES OF ASSOCIATION – BOARD COMPOSITION**

71. The number of directors shall not be less than five (05) not more than twelve (12) in number. Subject to the provisions contained in Statutes, the Company may from time to time by a special resolution increase the number of directors.

- **ARTICLE 97 OF THE ARTICLES OF ASSOCIATION – ALTERNATE DIRECTORS**

- 97.(1). In the event of an exceptional circumstance, a director may notify the Board in writing of the requirement to appointment an alternate for such Director and the Board may appoint any person to be an alternate Director of the Company, to act in such Director's place during his/ her absence, subject to applicable laws, rules and regulations. Any such appointment shall not exceed a period of one (1) year from the date of appointment.

NOTICE OF MEETING

- 97.(2). However, he shall ipso facto cease to be an alternate Director in any of the following events, that is to say:
- (a) upon the return of his appointor including a return to Sri Lanka;
 - (b) if his appointor ceases for any reason to be a Director; provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;
 - (c) if the alternate Director shall have a receiving order made against him or compounds with his creditors or is adjudicated an insolvent;
 - (d) if the alternate Director be lunatic or become of unsound mind;
 - (e) if the appointment of the alternate Director is revoked by his appointor by a notice in writing left at the office;
 - (f) if the Board resolves that the appointment of the alternate Director be terminated;
 - (g) if disqualified by Statute;
 - (h) if the alternate Director becomes subject to any of the provisions of Article 80 of these presents which, if he were a Director of the Company, would render his office vacated.
 - (i) If he resigns by writing under his hand left at the office.

97.(3). An alternate Director shall (on his giving an address for such notices to be served upon him) be entitled to receive notices of all meetings of the Board and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present and generally to perform all the functions of his appointor as a Director in the absence of such appointor.

97.(4). A person appointed to be an alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company not be required to hold any share qualification but the Board may repay the alternate Director such reasonable expenses as he may incur in attending and returning from meetings of the Board which he is entitled to attend or as he may otherwise properly incur in or about the business of the Company or may pay such allowances as they may think proper in respect of these expenses.

97.(5). A Director shall not vote on the question of the approval of an alternate Director to act for him or on the question of the termination of the appointment of such an alternate Director under the foregoing sub-clause of 97.(2) (f) of this Article, and if he does so his vote shall not be counted;

not for the purpose of any resolution for either of these purposes shall he be counted in the quorum present at the meeting.

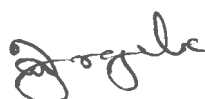
97.(6). If an alternate Director is appointed for a non-executive Director such alternate should not be an executive of the Company. Similarly, if an alternate Director is appointed for an independent Director, the person so appointed shall meet the criteria for independence under applicable laws, rules and regulations.

97.(7). The attendance of any alternate Director at any meeting subject to 97.(5) above, including Board committee meetings shall be counted for the purpose of the quorum.

• ARTICLE 134 OF THE ARTICLES OF ASSOCIATION – SERVICE OF NOTICES

134. Any notice or document (including a share certificate) may be served by the Company on any Member either personally or by sending it through the post in a prepaid letter addressed to such member at his registered address or (if he has no registered address within Sri Lanka) to the address supplied by him to the Company as his address for the service of notice. Where a notice or other document is sent by post to an address within Sri Lanka, it shall be deemed to have been served at the expiration of Three (03) days after the letter containing the same is posted, and in proving such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted. Notice of General Meetings and any communications to be made to the shareholders from time to time may be displayed on the websites of the Company and the Colombo Stock Exchange (CSE), published in national newspapers or any other method of communication as recommended by the CSE from time to time. In such situations the notices given in the aforesaid manner shall be deemed to have duly served on the shareholders of the Company.

By Order of the Board



Nexia Corporate Consultants (Pvt) Ltd
Secretaries

05th July 2024

1. A shareholder entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote at the virtual meeting on him/ her.
2. A Proxy need not be a shareholder of the Company.
3. A Form of Proxy accompanies this notice.

FORM OF PROXY VOTING SHAREHOLDERS

I/ We, Mr./ Mrs./ Miss of

.....(address)

being a member of Ceylon Hospitals PLC, hereby appoint

- | | |
|----------------------------------|----------------|
| Mr. A. E. Tudawe | or failing him |
| Mr. U. D. Tudawe | or failing him |
| Mr. A. V. R. De S. Jayatilleke | or failing him |
| Dr. A. D. P. A. Wijegoonewardene | or failing him |
| Mr. Y. N. R. Piyasena | or failing him |
| Mr. A. D. B. Talwatte | or failing him |
| Mr. A. S. Tudawe | or failing him |
| Mr. S. Renganathan | or failing him |
| Mr. H. M. A. Jayasinghe | or failing him |

Mr./ Mrs./ Miss of

.....(address) as my/ our proxy to attend (and vote for me/ us) on my/ our behalf at the 78th Annual General Meeting of the Company to be held on 20th August 2024 and at any adjournment thereof.

NOTE

If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy, if it has not already been registered with the Company.

To lay before the meeting, Financial Statements for the year ended 31st March 2024

| RESOLUTIONS | FOR | AGAINST |
|---------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| 1. To elect Mr. H. M. A. Jayasinghe (R1) | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. To re-elect Mr. A. V. R. De S. Jayatilleke (R2) | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. To re-appoint Mr. A. E. Tudawe (R3) | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. To re-appoint Dr. A. D. P. A. Wijegoonewardene (R4) | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. To re-appoint Mr. Y. N. R. Piyasena (R5) | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. To re-appoint Auditors (R6) | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. To authorise the Board of Directors to determine donations (R7) | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. To pass the special resolution to Amend the Articles of Association of the Company as set out in the notice (R8) | <input type="checkbox"/> | <input type="checkbox"/> |

Mark your preference with "X"

Signed on this day of 2024

.....
Signature

FORM OF PROXY VOTING SHAREHOLDERS

INSTRUCTIONS TO COMPLETE THE FORM OF PROXY

1. Kindly perfect the Form of Proxy after filling legibly your full name and address, by signing in the space provided and dating same.
2. If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed form of proxy, if it has not already been registered with the Company.
3. The completed Form of Proxy should be deposited at the Registered Office of the Company at No. 3, Alfred Place, Colombo 03. (not less than 48 hours before the time appointed for the holding of the meeting).
4. A member is entitled to appoint a proxy to attend instead of himself and a proxy need not be a member of the Company.

FORM OF PROXY NON-VOTING SHAREHOLDERS

I/ We, Mr./ Mrs./ Miss of

.....(address)

being a member of Ceylon Hospitals PLC, hereby appoint

| | |
|----------------------------------|----------------|
| Mr. A. E. Tudawe | or failing him |
| Mr. U. D. Tudawe | or failing him |
| Mr. A. V. R. De S. Jayatilleke | or failing him |
| Dr. A. D. P. A. Wijegoonewardene | or failing him |
| Mr. Y. N. R. Piyasena | or failing him |
| Mr. A. D. B. Talwatte | or failing him |
| Mr. A. S. Tudawe | or failing him |
| Mr. S. Renganathan | or failing him |
| Mr. H. M. A. Jayasinghe | or failing him |

Mr./ Mrs./ Miss of

.....
(address) as my/ our proxy to attend on my/ our behalf at the 78th Annual General Meeting of the Company to be held on 20th August 2024 and at any adjournment thereof.

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Signed on this day of 2024

.....
Signature

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4. A member is entitled to appoint a proxy to attend instead of himself and a proxy need not be a member of the Company.

CORPORATE INFORMATION

NAME OF COMPANY

Ceylon Hospitals PLC

BRAND NAME

DURDANS

LEGAL FORM

A quoted public company with limited liability incorporated in Sri Lanka under the Companies Ordinance No. 51 of 1938 and registered under the Companies Act No. 07 of 2007

COMPANY REGISTRATION NUMBER

PQ 113

STOCK EXCHANGE LISTING

The Ordinary Shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka

REGISTERED OFFICE

No. 03, Alfred Place, Colombo 03

BANKERS

Commercial Bank of Ceylon PLC
Bank of Ceylon
DFCC Bank PLC
Union Bank PLC
National Development Bank PLC
Nations Trust Bank PLC
Seylan Bank PLC
Sampath Bank PLC
Hatton National Bank PLC
People's Bank

AUDITORS

B. R. De Silva & Co. Chartered Accountants
No. 22/4, Vijaya Kumaranatunga Mawatha
Colombo 05

LAWYERS

Mr. D. F. R. Jayamaha
Hector Jayamaha Law Office
No. 228, Thimbirigasyaya Road
Colombo 05

SECRETARIES

Nexia Corporate Consultants (Private) Limited
No. 130, Level 02, Nawala Road, Narahenpita,
Colombo 05

REGISTRARS

SSP Corporate Services (Pvt) Ltd
No. 546, Galle Road
Colombo 03

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CEYLON HOSPITALS PLC

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