BUILDING RESILIENCE

ANNUAL REPORT 2019/20

TOKYO CEMENT COMPANY (LANKA) PLC

BUILDING RESILIENCE

At Tokyo Cement, we have maintained an undeterred performance even amidst adversity. Inspired by a will to succeed, our skilled and versatile team has leveraged our resources to fine-tune our processes, enabling us to weather any storm.

Every stage in our process is essential and unites every individual effort to deliver lasting value to the myriad stakeholders we serve. Driven by a resilient vision, we have formed an ever-evolving portfolio of products and solutions-designed to cater to the changing dynamics that surround us.

Today as we focus on building a future filled with hope and prosperity, we trust our processes to explore new possibilities and secure long-term success.

TOKYO CEMENT COMPANY (LANKA) PLC

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ABOUT US

Vision

To be the leading partner in nation-building; setting standards that exceed expectations.

Mission

Reinforcing market leadership by empowering our people, driving innovation, pursuing sustainable development, assuring consistent quality, and committing to impeccable service; thereby building shareholder value and cementing consumer trust.

The cement industry is sometimes referred to as a barometer to gauge the country's economic march to progress and prosperity. Since our inception in 1982, Tokyo Cement Group has been intrinsically linked with the growth of Sri Lanka, laying down solid foundations for development. Today, we have grown from being the nation's largest, locally-owned cement manufacturer to become the market leader in Ready Mix Concrete, and Value Added Dry Mortar products.

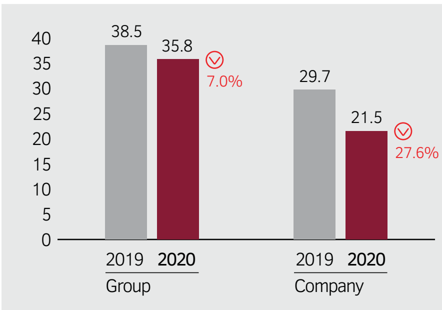
A pioneer in every sense of the word, Tokyo Cement lays claim to a number of industry firsts, including the setting up of Sri Lanka's first automated cement factory. We also operate the country's only ISO certified cement and concrete testing lab. Other pioneering feats include becoming the first local corporate to achieve the ISO 14001 Environment Management Systems Certification, and the first cement manufacturer to achieve the ISO 9000 Quality Management Systems Certification. We pioneered renewable energy generation in the local corporate sector with the setting up of Sri Lanka's first-of-its-kind biomass power plant. With the addition of Sri Lanka's first and only large scale Dendro power plant and our second biomass power plant, Tokyo Cement Group became the single largest contributor of renewable biomass energy in Sri Lanka.

Our purpose is to help our consumers build stronger, faster and smarter; cementing the trust they have placed in Tokyo Cement Group for generations.

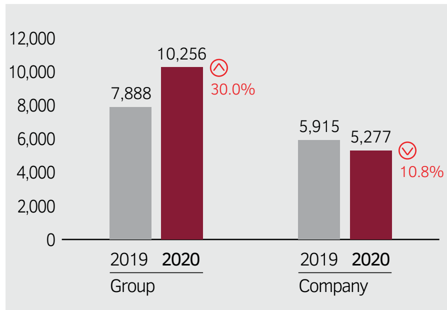
PERFORMANCE HIGHLIGHTS

Rs. Mn	Group 2020	Group 2019	Company 2020	Company 2019 *Restated
PERFORMANCE				
Turnover	35,768	38,496	21,511	29,663
Less: Cost of Sales	(25,512)	(30,608)	(16,234)	(23,748)
Gross Profit	10,256	7,888	5,277	5,915
Profit/(Loss) Before Tax	2,629	(1)	790	(339)
Profit/(Loss) After Tax	2,318	(476)	817	(332)
Total Comprehensive Income	2,297	(490)	800	(342)
INFORMATION TO SHAREHOLDERS (Rs.)				
Earnings Per Share - Voting	5.78	(1.23)	2.04	(0.83)
Earnings Per Share - Non Voting	5.78	(1.23)	2.04	(0.83)
Dividend Per Share - Voting	-	-	1.50	0.30
Dividend Per Share - Non Voting	-	-	1.50	0.30
Net Asset Value Per Share	42.79	37.22	38.82	37.04
Market Value Per Share - Voting	22.50	20.70	22.50	20.70
Market Value Per Share - Non Voting	20.00	18.50	20.00	18.50
KEY FINANCIAL INDICATORS				
Gross Profit Margin (%)	28.67	20.49	24.53	19.94
Return on Capital Employed (ROCE) (%)	16.18	7.96	9.10	4.96
Interest Cover (Times)	2.39	1.00	1.56	0.75
Price Earnings Ratio - Voting	3.89	(16.85)	11.04	(25.04)
Price Earnings Ratio - Non Voting	3.46	(15.06)	9.82	(22.37)
Current Ratio	0.90:1	0.66:1	0.79:1	0.64:1
Quick Asset Ratio	0.56:1	0.43:1	0.52:1	0.43:1
Dividend Payout Ratio (%)	-	-	73.53	(36.14)

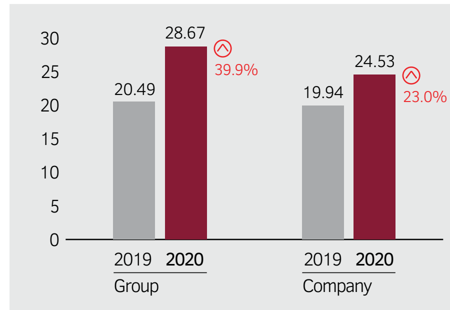
REVENUE (Rs. Bn)



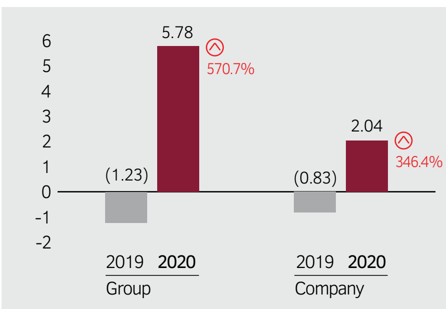
GROSS PROFIT (Rs. Mn)



GROSS PROFIT MARGIN (%)



EARNING PER SHARE (Rs.)

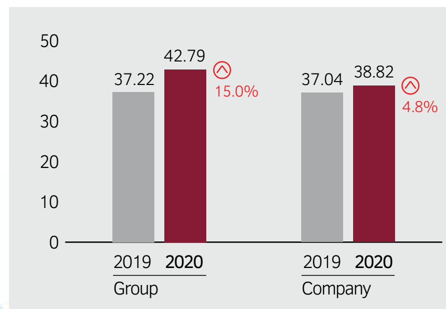


PROFIT/(LOSS) AFTER TAX

Rs. 2.3 Bn

2019: Rs. (0.5) Bn

NAV PER SHARE (Rs.)



TURNOVER

Rs. 35.8 Bn

2019: Rs. 38.5 Bn 7%

GROSS PROFIT

Rs. 10.3 Bn

2019: Rs. 7.9 Bn 30%

GROSS PROFIT MARGIN

28.7%

2019: 20.5%

PROFIT FROM OPERATIONS

Rs. 4.5 Bn

2019: Rs. 1.8 Bn 149%

CASH GENERATED FROM OPERATIONS

Rs. 4.8 Bn

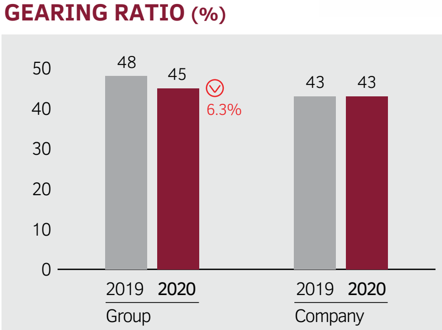
2019: Rs. 2.2 Bn 116%

CAPEX

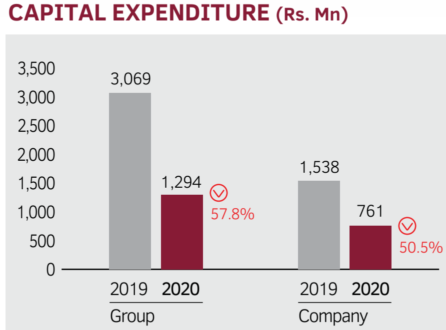
Rs. 1.3 Bn

2019: Rs. 3.0 Bn 58%

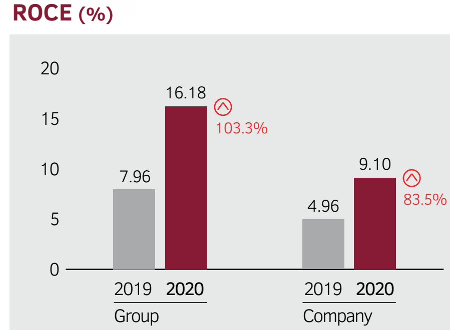
GEARING RATIO (%)



CAPITAL EXPENDITURE (Rs. Mn)



ROCE (%)



OUR PRODUCTS

The largest portfolio of Cement, Concrete and Dry Mortar products, that have become trusted household names in every part of Sri Lanka.

OUR PRODUCTS

NIPPON CEMENT

BLENDED HYDRAULIC CEMENT

NIPPON CEMENT BHC is the premium brand of blended hydraulic cement manufactured by the Tokyo Cement Group, which confirms to SLS 1247:2015 strength class 42.5 N standard specifications.

The unique blend of NIPPON CEMENT BHC achieved by using fly ash, results in a blended cement that gains more strength over time, making it ideal for mega constructions and mass concreting. The fine blend creates more refined pores in the concrete, which makes it denser and compact, making it ideal for high-rises. This also reduces the rise of temperature in the concrete mix and prevents thermal cracking in mass concreting. Other benefits include sulphate resistance, and long-term protection of steel reinforcements against chemical attacks, assuring durable constructions in harsh environments (Marine, Marshy Lands, High-Sulphate Soils etc.)

Furthermore, up-cycling top-grade Fly Ash, a waste byproduct of coal power generation, makes NIPPON CEMENT BHC one of the most sustainable and greenest cements in the market.

	TYPICAL TEST RESULTS	STANDARD REQUIREMENT
Chemical components	**NIPPON BHC Strength Class 42.5 N**	**SLS 1247:2015 Strength Class 42.5 N**
Sulphur Tri Oxide (SO_3) %	2.0	Max 3.00
Chloride (Cl^-) %	0.01	Max 0.10
Physical Components	**NIPPON BHC Strength Class 42.5 N**	**SLS 1247:2015 Strength Class 42.5 N**
Specific surface area cm^2/g	4000	-
Compressive strength (2 Days) N/mm^2	18.0	Min 10.0
Compressive strength (28 Days) N/mm^2	47.4	42.5 - 62.5
Standrad consistency %	31.0	-
Initial setting time (h:m)	03:00	Min 1 hour
Soundness (Le' Chaterlier's Method) mm	1	Max 10
Sulphate Resistance Expansion at 180 days	0.04	Max : 0.10 (ASTM C 1012 STD)

OUR PRODUCTS

NIPPON CEMENT

ORDINARY PORTLAND CEMENT

NIPPON CEMENT is the premium brand of Ordinary Portland Cement (OPC) manufactured by Tokyo Cement Group. NIPPON CEMENT OPC meets the stringent quality requirement specified by Sri Lanka Standard SLS 107:2015 Strength Class 42.5 R for Ordinary Portland Cement.

The Cement is suitable for structural and pre-cast concrete requiring high compressive strength.

Furthermore, as an R type cement, NIPPON CEMENT OPC can develop strength rapidly. It can be used as a general purpose cement as well.

NIPPON CEMENT OPC is compatible with most of the admixtures complying with BS EN and ASTM standards.

	TYPICAL TEST RESULTS	STANDARD REQUIREMENT
Chemical components	**NIPPON OPC Strength Class 42.5 R**	**SLS 107:2015 Strength Class 42.5 R**
Sulphur Tri Oxide (SO_3) %	2.3	Max 4.0
Chloride (Cl^-) %	0.01	Max 0.10
Physical Components	**NIPPON OPC Strength Class 42.5 R**	**SLS 107:2015 Strength Class 42.5 R**
Specific surface area cm²/g	3200	-
Compressive strength (2 Days) N/mm²	25.8	Min 20.0
Compressive strength (28 Days) N/mm²	53.0	42.5 - 62.5
Standrad consistency %	30.0	-
Initial setting time (h:m)	2:30	Min 1 hour
Soundness (Le' Chaterlier's Method) mm	1	Max 10

The bulk cement brand of Tokyo Cement Group, NIPPON CEMENT PRO is a high performance cement specially formulated for skyscrapers, super structures and large-scale projects that require high quality and ultra-strong concrete.

With the boom in demand for residential and commercial space in an already bustling metropolitan with limited land, the answer has been to build vertically and create architectural marvels that can house growing economic activities. With buildings that rise beyond 30 floors becoming the norm, NIPPON CEMENT PRO offers contractors, real estate developers and consultants, a high-strength concrete (exceeding C100) for condominiums, hotels and city centers that reach in excess of 50 floors. Because the concrete produced using NIPPON CEMENT PRO delivers a higher strength, it reduces the need for thicker columns, allowing for more open spaces that maintain the aesthetic appeal of built environments.

Another advantage of using NIPPON CEMENT PRO is its ability to maintain a stable temperature, which helps prevent thermal cracking and reduce the amount of water required to cool the concrete, two critical success factors in mass concreting.

	TYPICAL TEST RESULTS	STANDARD REQUIREMENT
Chemical components	**NIPPON CEMENT PRO Strength Class 42.5 N**	**SLS 107:2015 Strength Class 42.5 N**
Sulphur Tri Oxide (SO_3) %	2.1	Max 3.50
Chloride (Cl^-) %	0.01	Max 0.10
Physical Components	**NIPPON CEMENT PRO Strength Class 42.5 N**	**SLS 107:2015 Strength Class 42.5 N**
Specific surface area cm^2/g	3300	-
Compressive strength (2 Days) N/mm^2	22	Min 10.0
Compressive strength (28 Days) N/mm^2	55	42.5 - 62.5
Standrad consistency %	30.00	-
Initial setting time (h:m)	2:40	Min 1 hour
Soundness (Le' Chaterlier's Method) mm	1	Max 10

OUR PRODUCTS

TOKYO SUPER

BLENDED HYDRAULIC CEMENT

TOKYO SUPER is a Blended Hydraulic Cement that proudly boasts the highest 100 day strength, corrosion protection that shields reinforcement from decay, suitable for building in marshy, marine and flooding conditions. Blended Fly Ash content in TOKYO SUPER BHC makes it the Greenest Cement in the market with the lowest carbon footprint.

TOKYO SUPER BHC is produced to conform to SLS 1247:2015 Strength Class 42.5 N standard specification. This cement is highly resistant to chemical attacks and suitable for concreting and mortar in marine sulphate containing soil environments. The cement is a low heat cement and can be used for mass scale concreting.

FOR STRUCTURES | FOR BRIDGES | FOR HOUSES | FOR MARINE & MARSH | CORROSION RESISTANT | UNDERGROUND TANKS | FOR READY MIX CONCRETE

	TYPICAL TEST RESULTS	STANDARD REQUIREMENT
Chemical components	**Tokyo Super BHC Strength Class 42.5 N**	**SLS 1247:2015 Strength Class 42.5 N**
Sulphur Tri Oxide (SO_3) %	2.0	Max 3.00
Chloride (Cl^-) %	0.01	Max 0.10
Physical Components	**Tokyo Super BHC Strength Class 42.5 N**	**SLS 1247:2015 Strength Class 42.5 N**
Specific surface area cm²/g	3900	-
Compressive strength (2 Days) N/mm²	17.0	Min 10.0
Compressive strength (28 Days) N/mm²	47.0	42.5 - 62.5
Standrad consistency %	31.50	-
Initial setting time (h:m)	03:05	Min 1 hour
Soundness (Le' Chaterlier's Method) mm	1	Max 10
Sulphate Resistance Expansion at 180 days	0.04	Max : 0.10 (ASTM C 1012 STD)

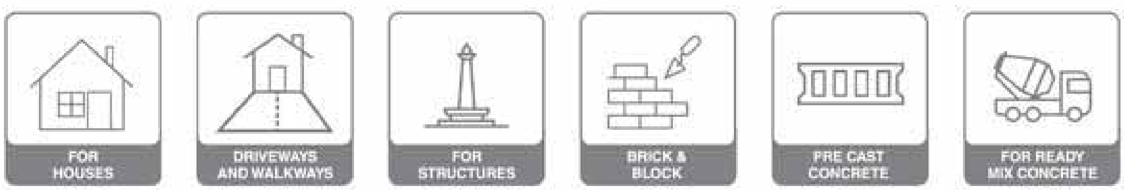
TOKYO SUPER

ORDINARY PORTLAND CEMENT

TOKYO SUPER brand Ordinary Portland Cement is a general purpose cement which can be used in the production of all types of concrete used in structural and non-structural applications. TOKYO SUPER OPC meets the stringent quality requirement specified by Sri Lanka Standard SLS 107:2015 Strength Class 42.5 N for Ordinary Portland Cement.

Typical applications of TOKYO SUPER OPC include concrete slabs, driveways, mortars for brick and block work.

TOKYO SUPER OPC is compatible with most of the admixtures complying with BS EN and ASTM standards.



	TYPICAL TEST RESULTS	STANDARD REQUIREMENT
Chemical components	**Tokyo Super OPC Strength Class 42.5 N**	**SLS 107:2015 Strength Class 42.5 N**
Sulphur Tri Oxide (SO_3) %	2.32	Max 3.50
Chloride (Cl^-) %	0.01	Max 0.10
Physical Components	**Tokyo Super OPC Strength Class 42.5 N**	**SLS 107:2015 Strength Class 42.5 N**
Specific surface area cm²/g	3100	-
Compressive strength (2 Days) N/mm²	20.2	Min 10.0
Compressive strength (28 Days) N/mm²	50.3	42.5 - 62.5
Standrad consistency %	30.80	-
Initial setting time (h:m)	2:30	Min 1 hour
Soundness (Le' Chaterlier's Method) mm	1	Max 10

TOKYO SUPERBOND

TILE ADHESIVE (STANDARD SET)

TOKYO SUPERBOND TILE ADHESIVE (STANDARD SET) is a thin set cement based tile adhesive, which can be used for fixing ceramic, porcelain terracotta, granite tiles etc. on mortar screed or concrete base.

TOKYO SUPERBOND TILE ADHESIVE (STANDARD SET) can be used for fixing tiles on walls and floors. Highly workable mix with high water retention capability make fixing tiles on floors and walls easier, economical and resulting a high bond strength.

COVERAGE AREA
50ft²
3mm thickness

Chemical components	Test Method	Standard Set	BS EN Requirements
Pot life (h)		2:00	-
Slip (mm)	EN 1308	0	≤ 0.5

Tensile Adhesion Strength (N/mm²)	Test Method	Standard Set	BS EN Requirements
After Water Immersion (After 5min, 28 days)	BS EN 1348	0.95	≥ 0.5
After Heat Aging (After 5min, 28 days)	BS EN 1348	0.7	≥ 0.5
Initial (After 5 min, 28 days)	BS EN 1348	0.85	≥ 0.5
Open Time (After 20 min, 28 days)	BS EN 1346	0.62	≥ 0.5

TOKYO SUPERBOND

TILE ADHESIVE (HIGH PERFORMANCE)

TOKYO SUPERBOND HIGH PERFORMANCE tile adhesive is specially formulated to result high bonding strength. In addition to using this adhesive for fixing all types of tiles, it is highly recommended for fixing large format tiles as much as 6ft x 3ft porcelain or fully vitrified tiles on floors and walls.

This adhesive is suitable for fixing tiles on an existing tiled or cemented floor without breaking. Suitable for tiling kitchens and bathrooms where hot water is used frequently.

COVERAGE AREA
50ft²
3mm thickness

Chemical components	Test Method	High Performance	BS EN 12004:2007 type C2
Slip (mm)	EN 1308	0	≤ 0.5
Pot life (h)		2.00	

Tensile Adhesion Strength (N/mm²)	Test Method	High Performance	BS EN Requirements
After Water Immersion (After 5min, 28 days)	BS EN 1348	1.32	≥ 1.0
After Heat Aging (After 5min, 28 days)	BS EN 1348	1.1	≥ 1.0
Initial (After 5 min, 28 days)	BS EN 1348	1.5	≥ 1.0
Open Time (After 20 min, 28 days)	BS EN 1346	1.05	≥ 1.0

TOKYO SUPERBOND

TILE ADHESIVE (PREMIUM)

Specially formulated tile adhesive to lay large format tiles. This adhesive is suitable for fixing any floor and wall tiles (6ft x 3ft or 10ft x 4ft) on new or existing tiled or cemented surfaces.

COVERAGE AREA
25ft²
6mm thickness

JUST ADD WATER

25KG

REST TIME 24 HOURS

MAX. TILE SIZE 4FT X 10FT

OVER OLD FLOORS

EASY APPLICATION

WALLS & FLOORS

INDOOR & OUTDOOR USE

Chemical components	Test Method	Premium	BS EN Requirements
Slip (mm)	EN 1308	0	≤ 0.5
Pot life (h)		2:00	-

Tensile Adhesion Strength (N/mm²)	Test Method	Premium	BS EN Requirements
After Water Immersion (After 5min, 28 days)	BS EN 1348	1.7	≥ 1.0
After Heat Aging (After 5min, 28 days)	BS EN 1348	1.17	≥ 1.0
Initial (After 5 min, 28 days)	BS EN 1348	1.9	≥ 1.0
Open Time (After 20 min, 28 days)	BS EN 1346	1.12	≥ 1.0
Extended Open Time (After 30 min, 28 days)	BS EN 1346	0.56	≥ 0.5

TOKYO SUPERSEAL

WATERPROOFER

TOKYO SUPERSEAL WATER PROOFER is a cement based material suitable for interior or exterior surfaces where water proofing is required.

TOKYO SUPERSEAL WATER PROOFER is highly resistant to standing water or wind driven rain water and intended for use in vertical, horizontal, and overhead surfaces. Typical uses are in water sealing bathrooms, overhead slabs, walls, joints etc.

Characteristics	Test Method	Tokyo Superseal	Specifications
Flow (Initial)	TCCL INN - 05	240	-
Flow (Pot life)	TCCL INN - 05	220	> 150
Flexural Strength - 1 day (N/mm^2)		3.8	-
Flexural Strength - 28 days (N/mm^2)	BS EN 1015-11	13.8	> 8
Compresive Strength - 1 day (N/mm^2)		8.7	-
Compresive Strength - 28 days (N/mm^2)	BS EN 1015-11	24.2	> 15
Water Penetration (mm)	DIN 1048 (Part 5)	0	5

TOKYO SUPERCAST

PLASTER MASTER (GENERAL)

Just add water, mix and apply. Good workability, no dropping of mortar during plaster, easy to spread resulting in a high strength plaster with no hairline cracks. The smooth surface of the Tokyo Supercast plaster requires hardly any skim coating before painting.

Can add mineral pigments to make coloured plaster surfaces that do not require painting.

Characteristics	Test Method	Tokyo Supercast Regular	Specifications
Flexural Strength - 3 days (N/mm²)	-	3.0	-
Flexural Strength - 28 days (N/mm²)	BS EN 1015-11	4.8	> 1.5
Compresive Strength - 3 days (N/mm²)	-	4.5	-
Compresive Strength - 28 days (N/mm²)	BS EN 1015-11	6.5	> 3
Adhesion Strength - 3 days (N/mm²)		0.48	
Adhesion Strength - 28 days (N/mm²)	BS EN 1015-12	0.78	> 0.25

TOKYO SUPERCAST

PLASTER MASTER (WEATHERSHIELD)

Specially formulated for external applications. Waterproofing capability of this product prevents dampness of external walls resulting from wind driven rain.

Economical and easy to apply. Can be mixed with colour pigments that are uv resistant, maintaining the colour longer than traditional painting.

Characteristics	Test Method	Tokyo Supercast Weathershield	Specifications
Flexural Strength - 3 days (N/mm²)	-	2.8	-
Flexural Strength - 28 days (N/mm²)	BS EN 1015-11	4.0	> 1.5
Compresive Strength - 3 days (N/mm²)	-	4.2	-
Compresive Strength - 28 days (N/mm²)	BS EN 1015-11	5.7	> 3
Adhesion Strength - 3 days (N/mm²)		0.32	
Adhesion Strength - 28 days (N/mm²)	BS EN 1015-12	0.73	> 0.25

TOKYO SUPERSET

SCREED MORTAR

TOKYO SUPERSCREED MORTAR is a mix of cement with filler and fiber. It is a ready to use mortar requiring only the addition of water. It can be used for interior and horizontal concrete slabs, balconies, side walks, parking decks and ramps.

The recommended thickness is 5-20 mm and product coverage is 15 sq. ft with 12.5 mm thickness per 25kg. Sudden drying after laying Superscreed will result in shrinkage cracks.

Excess water will result in lower strength.

Characteristics	Test Method	Tokyo Superset Screed Mortar	Specifications
Flexural Strength - 3 days (N/mm²)	-	9.1	-
Flexural Strength - 28 days (N/mm²)	BS EN 13892-2	12.2	> 8
Compresive Strength - 3 days (N/mm²)	-	21.5	-
Compresive Strength - 28 days (N/mm²)	BS EN 13892-2	18.0	> 20
Adhesion Strength - 3 days (N/mm²)		26.5	
Adhesion Strength - 28 days (N/mm²)	BS EN 13892-8	0.78	> 0.5

TOKYO SUPERFLOW

FLOORING COMPOUND

TOKYO SUPERFLOW FLOORING COMPOUND is a self leveling cementitious flooring compound. Which can be applied manually or by pump to achieve rapid, flat leveled substrate prior to the application of the final floor finish. Typical uses are in warehouses, factories, manufacturing facilities, hospitals, commercial buildings, residential and domestic properties etc. Apply two coats of primer before laying the product. Recommended thickness of coating for a floor is between 5-10 mm.

Water addition levels for mixing, Temperature of floor and surrounding, covering the area quickly after laying and application of hardener are the critical areas to be considered before laying.

Characteristics	Test Method	Tokyo Superflow Flooring Compound	Specifications
Flow (Initial)	TCCL INN - 05	280	-
Flow (Pot life)	TCCL INN - 05	250	> 150
Flexural Strength - 1 day (N/mm²)	-	6.2	-
Flexural Strength - 28 days (N/mm²)	BS EN 13892-2	18.3	> 10
Compresive Strength - 1 day (N/mm²)	-	15.6	-
Compresive Strength - 28 days (N/mm²)	BS EN 13892-2	30.1	> 20
Adhesion Strength - 1 day (N/mm²)		0.58	
Adhesion Strength - 28 days (N/mm²)	BS EN 13892-8	1.52	> 0.7
Dimensional Stability After 7 Days (%)	(JASS 15M - 103)	0.001	< 0.12
Surface Shore D - 24 hours (μm)	DIN EN 13892 - 5	76	-

OUR PRODUCTS

TOKYO SUPERSET

BLOCK BOND

In the conventional cement/sand masonry mortar the mortar layer dries up before it reaches peak strength, resulting in cracks. This lowers the adhesion strength between bricks or blocks.

TOKYO SUPER BLOCK BOND is a self curing type mortar and does not need pre-wetting of block surface or curing after application.

TOKYO SUPER BLOCK BOND is the most suitable masonry mortar for laying AAC, CLC and cement/sand blocks. It is premixed. Just add water and it's ready to use.

TOKYO SUPER BLOCK BOND is to be used 5 mm thick over conventional jointing mortar of 12 – 18 mm thickness.

Characteristics	Test Method	Tokyo Superset Blockbond	Specifications
Flexural Strength - 3 days (N/mm²)	-	2.5	-
Flexural Strength - 28 days (N/mm²)	BS EN 1015-11	4.1	> 1.5
Compresive Strength - 3 days (N/mm²)	-	3.4	-
Compresive Strength - 28 days (N/mm²)	BS EN 1015-11	5.8	> 2.5
Adhesion Strength - 3 days (N/mm²)		0.62	
Adhesion Strength - 28 days (N/mm²)	BS EN 1015-12	0.86	> 0.5

TOKYO SUPERMIX

TOKYO SUPERMIX is the trusted choice for building projects, big and small. We are the strength behind key projects from iconic structures gracing city skylines, to landmark bridges and highway networks that have transformed the country's landscape.

TOKYO SUPERMIX

PRE MIX CONCRETE

Consists of a mix of river sand, metal aggregate (5 – 20mm) by weight basis and cement in separate bags. Only necessary to add required quantity of water to make a workable concrete mix.

Equivalent concrete grade is G20. TOKYO SUPERMIX PREMIX CONCRETE can be used for slabs, driveways, pavements etc. Available in 50kg bag. 30 bags can cover an area of 10ft x 10ft x 0.25ft.

Other strength grades of concrete can be supplied upon request.

COMPRESSIVE STRENGTH

Mixing water (Litres)	Slump test (mm)	3 day strength	7 day strength	28 day strength
4 lts	90 mm	15 (N/MM²)	20 (N/MM²)	30 (N/MM²)
4.5 lts	130 mm	14 (N/MM²)	17 (N/MM²)	24 (N/MM²)
5 lts	165 mm	12 (N/MM²)	16 (N/MM²)	21 (N/MM²)

TOKYO SUPERMIX

CONCRETING CONFIDENCE

TOKYO SUPERMIX is about building confidence. What we offer is not just a concrete mix, but the concrete confidence that your finished project, be it residential or commercial in nature, will reach its fullest potential. What sets us apart is our commitment to maintaining consistent quality across our products coupled with exceptional customer service in all aspects. By cultivating the right quality in concrete, we guarantee our consumers the peace of mind and confidence to expand further and reach greater heights.

TOKYO SUPERMIX, the nation's most trusted brand of Ready Mix Concrete is produced by the TOKYO CEMENT GROUP: the leading manufacturer of high quality cement. Unlike any other ready-mix manufacturer in Sri Lanka, this allows for unprecedented vertical integration and total control over our entire production process.

RECOMMENDED FOR

OUR STRENGTHS

LARGEST SUPPLY FLEET

What sets us above the board is our fastest growing and farthest spread supply network, serviced by the largest fleet of concrete mixing trucks and pump cars, reaching all parts of the island. Comprising of pump cars, stationary pumps and bulk cement carriers, our fleet also includes over 100 truck mixers with special insulated drums to transport temperature controlled concrete to various sites.

GUARANTEED QUALITY

Each and every batch of TOKYO SUPERMIX Ready Mix Concrete undergoes a series of tests at three different stages of production, in order to ensure the quality, workability, strength and durability of the concrete is consistently maintained at required levels.

Every concrete solution we produce is made using highest quality raw materials with BS882, BS1881 and SLS107 certification, continuously tested and sourced from trusted suppliers. Manufacturing is done in PLC controlled concrete mixing batching plants, equipped with state-of-the-art machinery. The superiority of the concrete thus produced is assured further, by following an ISO 9001 certified concrete batching process

Our commitment to use only NIPPON CEMENT PRO, the certified leader of the cement market, is what assures TOKYO SUPERMIX's consistent quality. NIPPON CEMENT PRO is a special cement made with clinker imported from Japan which is especially designed for high rise buildings, including super-structures.

OUR PLANT NETWORK

HIGHEST STRENGTH
Only concrete manufacturer to reach up to C100

LARGEST CAPACITY
Cumulative supply capacity of 384 m^3/hr

BROADEST RANGE
Over 20 different concrete mix designs

WIDEST NETWORK
11 Concrete batching plants island-wide

BIGGEST FLEET
Over 125 truck mixers & pump cars

GUARANTEED QUALITY
Nation's only ISO certified concrete & cement laboratory

UNINTERRUPTED SUPPLY
Just-in-time delivery around the clock

QUALIFIED & EXPERIENCED STAFF
Assistance by experts for an unparalleled service

OUR CONCRETE SOLUTIONS

TOKYO SUPERMIX offers a range of mix-designs to satisfy varying customer requirements in a vast range of applications from high rise buildings, water projects, highways and bridges to decorative concrete for commercial and residential buildings. TOKYO SUPERMIX is proud to be the trusted choice of leading construction firms and building consultants, not only for local projects but also for multinational collaborations that are redefining the country's landscape.

NORMAL PUMPABLE CONCRETE	A hassle-free, versatile solution used for multiple concreting requirements in various parts of a construction, ranging from casting of structural elements to finishing floors and bathrooms. Recommended for small sized commercial buildings, houses, culverts, factory floors and lower levels of taller buildings, normal pumpable concrete is available in strength grades C15 to C45, with 20 -150mm slump and can be pumped up to about 5 floors of a building.
HIGH FLOW CONCRETE	A design specially formulated to deliver enhanced flowability with minimum segregation, making it easier to pump concrete to heights exceeding 150m and flows easily through reinforcement bar matrix.
PILING CONCRETE	This formula is especially designed with a slump of 180mm – 220 mm making it ideally suited for in-situ bored piles, that are usually fed through 'trimy pipes' requiring extra-high flowability.
ULTRA-HIGH STRENGTH CONCRETE	In high rise buildings, columns at the bottom most levels can become significantly large due to the weight of the total structure. But necessity to maximize space and improve visual appeal demands the reduction of column sizes, thus calling for high-performance concrete that is robust yet versatile. This demand can only be met by ultra-high strength grades such as C70 and C85.
HIGH EARLY STRENGTH CONCRETE	This special mix design garners early strength and enables the post-tensioning process, early removal of form work, intermittent shifting of formwork etc. as the case may be.
LIGHT WEIGHT CONCRETE	Typically used to fill voids in the structures to raise floor levels to achieve functional requirements or to maintain unique aesthetic value without the burden of added weight especially in mixed-development sites such as hotels and condominiums. The unique foam blending technique used to achieve a very low density (600 – 1200 Kg/m3), so far is mastered locally only by TOKYO SUPERMIX.
DURABLE CONCRETE	Durable concrete conforms to requirements like sulphate and chloride resistance and low water absorption etc., and is normally prescribed for harsh environments such as marshy or marine by the consultants.
TEMPERATURE CONTROLLED CONCRETE	In structural elements such as thick raft foundations and large-sized columns/beams temperature of the 'core' needs to be maintained below 72-75°C depending on the consultant discretion. Formulation of low temperature concrete needs total temperature control of all ingredients, a range of specific ancillary equipment such as high capacity water chillers, ice crushing machines, freezer containers and scientific expertise and technological insights to use the right mix of cementitious materials and admixtures in achieving this precision-driven solution mix. Equipped with state-of-the-art machinery and batching plants, TOKYO SUPERMIX has achieved temperatures as low as 26 °C
FREEZE-THAW RESISTANT CONCRETE	A special mix design with the ability to prevent concrete from cracking due to fluctuating temperatures (I.e. cold storage facility). Fly Ash blending and use of other special ingredients enables to meet varying demands of frozen and thawed cycles, and withstand sudden expansion or shrinkage due to water freezing.

NON-SHRINK CONCRETE	A concrete design with special properties which allow better bonding to avoid air traps. Seamless super-flat floors need minimization of shrinkage to avoid crack formation. Therefore concrete is mixed with steel fiber reinforcement as steel bar reinforcement usage can give rise to crack formation.
SELF-COMPACTING CONCRETE	A free-flowing concrete that flows though the spaces in the rebar-matrix and fills up the form work without segregation eliminating the need for poker vibrating, whilst achieving a honeycomb free structure. This also helps to avoid high dependency on labour and reduces time taken for manual compacting of floors and slabs.
EXPOSED CONCRETE WITH CORROSION INHIBITORS	The special corrosion inhibitors are added to the durable concrete design in order to improve corrosion resistance of the construction significantly in order to maintain longevity of the structure.
WATER PROOF CONCRETE	A hydrophobic ingredient is added to the blended cementitious materials to arrive at a design that maintains a very low water-cement ratio. This produces a dense and low water permeable concrete, typically used for below ground level structures and water tanks.
UNDERWATER CONCRETE	A Special concrete solution, placed usually through a steel casing, is enriched with a viscosity modifying agents which gives the concrete anti-washout properties.
COLOUR CONCRETE	Leaching free colour concrete is done by adding the correct combination of cementitious materials, admixtures & colour pigments to the concrete. Later the surface is cut and polished using diamond cutting wheels resulting a maintenance free floor finish that does not need waxing or sealant application.
FAIR FINISH CONCRETE	A special mix that has high flowability and exact quantities of fine particles enabling a durable and maintenance free smooth finish.
EXPANSIVE OR SHRINKAGE COMPENSATING CONCRETE	A shrinkage-reducing, high-performance expansive additive is used in concrete to generate the required expansion from within the concrete to compensate for the general shrinkage taking place during concrete hardening. Thus the possibilities of micro-cracks / capillary formation is eliminated and 'water tightness' is improved to ensure 100 years lifetime.
SHOTCRETE CONCRETE	A cost effective thin concrete layer is achieved by using Only 0-5 mm fine aggregates and 5-14 mm chips. The mix is sprayed on to surfaces needed stabilizing or improvement using a special pumping machine with a chemical accelerator. This accelerator is simultaneously fed with the concrete mix setting in quick hardening.
FLOWABLE / PUMPABLE SCREED MORTAR	Unwashed Manufactured Sand with more fine particles and Blended Cement based mix design uses a PCE admixture. This combination creates the necessary pumpabilty and flowability required in this application. Flowability enables masons to lay it several times faster using longer leveling bars with the aid of pre-set levels covering larger areas in different floors of multistoried buildings.
DECORATIVE ARCHITECTURAL CONCRETE	Decorative Concrete without any further finishing requires a high degree of uniformity in color and overall appearance. The latex formwork boards used generates a 'wood grain' finish on the concrete surface. Manufactured Sand and Blended Cement based mix design uses a PCE admixture.

IMPACTFUL PROCESSES

At Tokyo Cement, all our products are tested and engineered to deliver solid and enduring results. Today, our impactful processes are setting standards that exceed stakeholder expectations.

A tied arch bridge is a versatile and adaptable structure, designed to span a greater distance and withstand loads without distortion over time.

CHAIRMAN'S STATEMENT

WE CLOSED THE YEAR WITH AN AFTER TAX PROFIT OF RS 2.3 BN. IN ADDITION TO THESE FINANCIAL ACHIEVEMENTS, THE TOKYO CEMENT GROUP CONSOLIDATED ITS MARKET POSITION AS THE LARGEST MANUFACTURER OF CEMENT IN THE COUNTRY, ACCOUNTING FOR THE LARGEST SHARE IN CEMENT SALES.

At the conclusion of a challenging financial year, it is my pleasure to welcome our shareholders to the 38th Annual General Meeting of the Tokyo Cement Company (Lanka) PLC, and to present the audited accounts and annual report of the Company for the Financial Year 2019/20.

It is indeed a great pleasure to announce that Tokyo Cement's financial statements have again reverted to a profitable conclusion, following the previous year's negative performance. What is more significant, is that this reversal from the red, has been achieved against an extremely unfavourable backdrop, validating the strength of the Tokyo Cement Group.

We closed the year with an After Tax Profit of Rs 2.3 Bn. The Return on Equity has improved from -3% to 13%, while the Return on Assets has also improved from -1% to 6%. In addition to these financial achievements, Tokyo Cement Group consolidated its market position as the largest manufacturer of cement in the country, accounting for the largest share in cement sales. Further, TOKYO SUPERMIX, our subsidiary, retained control of the lion's share of the ready mix concrete market. This is indeed a performance to be proud of. I attribute this show of strength to the Tokyo Cement Team, from marketing to production, from engaging with consumers to meeting market demands. Led by a strong Board and a vibrant team of executives, under the guidance of the Managing Director, Tokyo Cement has strengthened its market position in a declining industry environment.

AN UNFAVOURABLE MACRO ENVIRONMENT

As our shareholders are aware, the financial year began with the tragic Easter Sunday bombings of April 2019. This incident had widespread repercussions on our operations, from manufacturing to restricted transportation and distribution. Further market disruptions were caused by the heightened security environment, that saw the temporary shutdown of marketplaces and construction sites, resulting in a drastic decline in demand for cement and concrete.

Adding to these obstacles, extended monsoons were experienced in many parts of the island, disrupting everything from large scale concrete pours, to rural construction activities. National development projects, remained for the most part, in a state of limbo, due to continued delays in government payments.

Meanwhile, the rupee declined steadily against the US Dollar and the Euro, increasing the cost burden on the Company, as Tokyo Cement is totally import dependent for clinker, the key raw material for cement. The Group's outstanding portfolio saw a sharp, uncharacteristic spike during the year due to pending payments from contractors.

The Consumer Affairs Authority's downward revision of the MRP compounded upon the year's currency depreciation, adding to further margin constraints. However, Tokyo Cement has traditionally maintained stringent internal controls and expert financial management, which ensured prudent cash flow deployment during the year, safeguarding the financial stability of the Company and Group.

CHAIRMAN'S STATEMENT

The new financial year can also be expected to facilitate stronger economic recovery due to the tax reductions and lower interest rates that will have positive outcomes for the Company and the construction sector. The recommencement of construction projects and new projects in the pipeline, will enhance investor confidence, which will also boost the economy.

PROFIT AFTER TAX

Rs. 2.3 Bn

RETURN ON EQUITY

13%

We closed the year with the arrival of the COVID-19 pandemic, which brought most of the country's economic activities to a sudden halt, and saw Tokyo Cement Group halting its business activities for a few days, in compliance with Government Regulations. However, yet again, the Tokyo Cement Team stepped up to the challenge, and within a few days, we were back at work. Not only did our teams return to work as soon as possible, within the months of May, June and July, there were marked indicators of an upswing in business, which is extremely encouraging not only for Tokyo Cement, but the entire economy.

The Tokyo Cement Team, which includes many old hands with years of experience in the industry, was a significant source of strength during this period. Even during the periods of curfew and COVID-19 lockdowns, our staff remained committed and determined, contributing towards the Company's remarkable resilience. Therefore, it was possible for the Tokyo Cement Group to maintain focus and push towards our operational targets to effect rapid business recovery. We continued to introduce innovative solutions for the construction industry, backed by our state-of-the-art laboratories, consolidating our position as a modern industry solutions provider. We also continued with our expansion programmes in the Colombo Port and in Trincomalee, to build a solid foundation for growth when markets recover.

GOVERNANCE AND COMPLIANCE

Whatever the disruptions in the macro environment, the Tokyo Cement Group did not lower its stringent governance standards. While remaining vigilant of the changing market dynamics, we have maintained our standards and business ethics in all dealings with all stakeholders. All Board meetings and sub-committee meetings were conducted on time, and there were no interruptions to the good governance procedures of the Group. All compliance commitments have been met on time, and the Tokyo Cement Group did not face any fines or penalties for any delays, or non-compliances, with applicable regulations. We remain fully compliant with all listing rules of the Colombo Stock Exchange and with the Code of Best Practice on Corporate Governance.

COMMITMENT TO SUSTAINABLE GROWTH

In a year with more minuses than plus points, we have not overlooked our obligations to our society and environment. Our environmental conservation programmes, such as our coral reef rehabilitation and mangrove reforestation initiatives, continued during the year, strengthening the island's coastal defences, safeguarding vital eco systems.

During the current year, we expanded our renewable energy footprint by adding 600 Kw of solar power to the roof of our 6MW dendro power plant in Mahiyangana. Further, we continued to support our farming communities who supply Gliricidia as biomass fuel for our dendro power plant. It is a noteworthy achievement that our entire manufacturing process is powered by biomass renewable energy. Please refer to our Sustainability Report for more details on these activities and other social responsibility initiatives.

Tokyo Cement has already made headway in the recovery process, and I am fully confident of the capabilities and commitment of our team in driving this recovery towards growth. The new financial year can also be expected to facilitate stronger economic recovery due to the tax reductions and lower interest rates that will have positive outcomes for the Company and the construction sector. The recommencement of construction projects and new projects in the pipeline, will enhance investor confidence, which will also boost the economy.

On that positive note, I conclude by thanking the Board, the Managing Director, and the entire Tokyo Cement Team. Our distributor network and our dealers are an integral aspect of the Tokyo Cement operation, and I thank them for their loyalty during the year. I thank our shareholders and all other stakeholders who have put their faith in us and continued to stand by us, especially during this difficult year. I look forward to continue working together as a team in the new financial year.

Sincerely

Dr. Harsha Cabral, PC
Chairman

21st September 2020

MESSAGE FROM THE JOINT VENTURE PARTNER

WE ARE CONFIDENT TOKYO CEMENT WILL BE WELL EQUIPPED TO SUPPORT THE NATIONAL RECOVERY DRIVE, WITH A RANGE OF NEW PRODUCTS AND TECHNOLOGY SOLUTIONS THAT WILL IMPROVE THE QUALITY AND EFFICIENCY OF THE DOMESTIC CONSTRUCTION INDUSTRY.

On behalf of UBE Singapore Holdings Pte. Ltd., it is my great pleasure to extend my congratulations to the Tokyo Cement Team for a remarkable performance during an exceptionally challenging year.

The financial year under review has been a difficult one not only for Sri Lanka and Tokyo Cement, but the entire world. The emergence of the novel corona virus and the uncertain geopolitical environment that prevailed for much of the year, is reshaping international relations and global trade at an unprecedented pace. Against such a backdrop, it is indeed a pleasure to note the all-round positive performance recorded by our business partner Tokyo Cement Company (Lanka) PLC, in the financial year 2019/20.

The construction industry is a vital component of economic growth in many countries and has continued to evolve by adopting emerging technologies and modern management systems. The growing demand for sustainable and environmentally friendly construction methods, is also driving industry change across the globe. Through our collaboration with Tokyo Cement, it is possible to introduce these modern innovations and technologies to the Sri Lankan construction industry and thereby, Sri Lankan consumers. Therefore, we have continued to support Tokyo Cement in its quest to improve its manufacturing and research and development capabilities, with the ultimate objective of enhancing quality of life in Sri Lanka, by facilitating the creation of high quality living spaces.

Although Sri Lanka's construction industry performance was below expectation during the 12 months under review, against a declining economic growth rate, we are confident the country and the construction sector will demonstrate customary resilience and recover in the near future. Tokyo Cement meanwhile, has achieved a commendable performance, demonstrating its strong market position and future potential. Tokyo Cement has emerged as the leading manufacturer of cement and concrete and has continued its Master Plan to increase production capacity and backward and forward integration. Tokyo Cement has also continued to modernise its manufacturing processes and enhanced its research and development capabilities, to better respond to market demand in the future. Therefore, we are confident Tokyo Cement will be well equipped to support the national recovery drive, with a range of new products and technology solutions that will improve the quality and efficiency of the domestic construction industry.

It is noteworthy that Tokyo Cement has also continued to discharge fully, its social and environmental commitments, despite the market slowdown and the many other challenges faced during the year. Tokyo Cement has remained true to its philosophy of sustainable growth with a responsible attitude towards managing its environmental impacts and supporting community welfare, wherever possible. We believe this is a vital component of business growth and evolution and we are happy to support Tokyo Cement in all its endeavours.

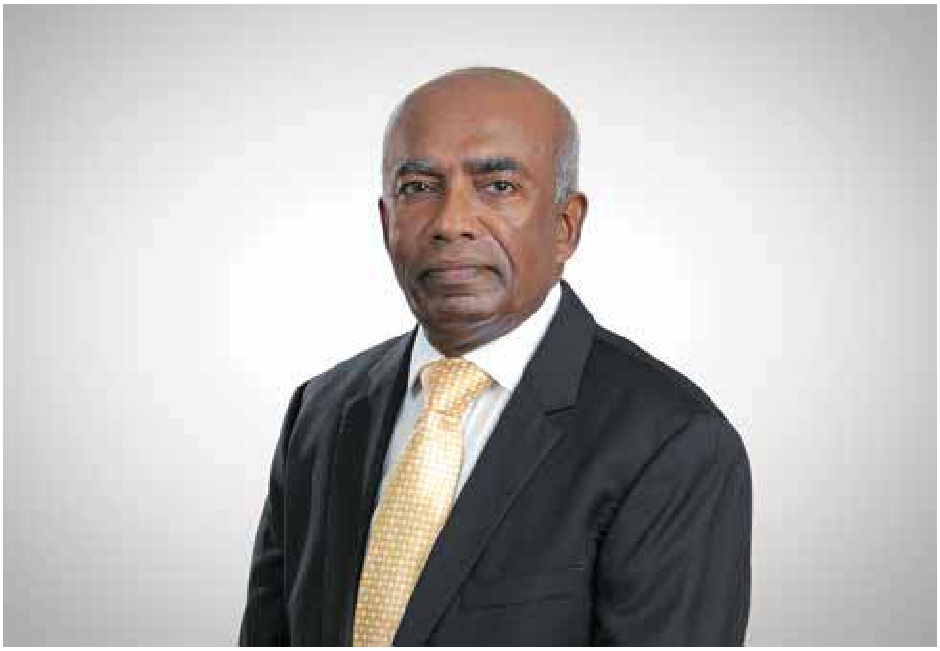
As Sri Lanka and Tokyo Cement commence a new era of post-Covid economic revival, we look forward to continued cooperation and growth.

Sincerely

Masato Izumihara
President and Representative Director
Ube Industries, Ltd.

21st September 2020

MANAGING DIRECTOR'S REVIEW



WE HAVE MAINTAINED OUR STRATEGIC DIRECTION, AND THE MARKET SHARE GROWTH OF TOKYO SUPER BLENDED HYDRAULIC CEMENT HAS REINFORCED OUR POSITION AS THE LARGEST CEMENT PRODUCER IN SRI LANKA.

Despite the 2019/20 financial year being somewhat inauspicious, our shareholders would have noted that Tokyo Cement Group's bottom-line has recovered from the negative position of the previous year, as assured in last year's report. Not only has Tokyo Cement Group recorded a profitable year, we have consolidated our position as the largest cement manufacturer in Sri Lanka, both in capacity and market share.

IMPACTS OF THE EXTERNAL ENVIRONMENT

Overall, national cement consumption continued on its downward trend totalling to 5.9 Mn MTs for the financial year, which is a decline of 10 % year-on-year. While Tokyo Cement Group could not increase sales in this environment, the increased profitability could be attributed in part to years of investment into process engineering at our factories, and continued integration with our Enterprise Resource Planning (ERP) system. Marketing and sales activities are now integrated with the ERP, which allows for optimised coordination and planning, with increased cost efficiencies. We also introduced new international standards for Portland Cement that were well received by the local construction industry. In fact, the growth in contribution of Blended Hydraulic Cement to our sales mix had a considerable positive margin impact. This approach helped maintain the growth momentum in a contracting market.

The construction industry experienced increased costs, reduced liquidity, and continuous disruptions to seasonal consumption behaviour. The financial year was marked with several market disruptions; commencing with the Easter Sunday Attacks, followed by extended monsoons, presidential elections, volatile policy environment, and ending unceremoniously with the onset of the pandemic. Please refer to our Economic Review for a more in-depth analysis on the macro environment and its impact on the industry.

Payment delays by the Government to contractors continued, sometimes as much as for 18 months, which caused major cash constraints within the industry. The cash squeeze extended into the wider economy, as the construction sector is one of the largest employers in the country, with a significant informal workforce and an island-wide network of smaller suppliers, dealers, and agents. The rupee depreciation during the financial year further ran up our costs, as we are entirely import dependent for clinker. Even freight costs increased, due to shortages of new low sulphur fuels, which were made mandatory by the International Maritime Organisation. In December 2019, the new government removed NBT (2%) and reduced VAT (to 8%) and then in a separate ruling revised the MRP for cement, thereby passing the tax benefit to consumers.

The financial year ended with the arrival of COVID-19, effectively derailing all production, marketing and sales activities.

FINANCIAL PERFORMANCE

The Easter Sunday Attacks, set the catalyst for our behaviour for the rest of the year; forcing us to be more cautious and adaptive to continuously shifting environments. This led us to enact stringent policies of cost reduction, increased efficiencies, coupled with strategic sourcing, production and distribution operations, employed throughout the year. The current year's financial performance reflects this pre-emptive and prudent approach.

REVENUE

Due to reduced cement consumption, revenue at Company level declined by 27% year-on-year, from Rs 29.7 Bn in FY2018/19, to Rs 21.5 Bn in FY2019/20.

The Tokyo Cement Group revenue also declined by 7% year-on-year, from Rs 38.5 Bn, to Rs 35.8 Bn.

COSTS

Cost of sales of the Company declined by 32% from Rs 23.7 Bn, to Rs 16.2 Bn due to lower demand and also due to many cost saving measures.

At Group level, cost of sales declined by 17% from Rs 30.6 Bn to Rs 25.5 Bn.

The Company's Distribution, Administrative and Other expenses decreased by 19% from Rs 4.9 Bn to Rs 4.0 Bn while at Group level, the same decreased by 5%, from Rs 6.1 Bn to Rs 5.8 Bn.

CASHFLOW AND CAPITAL EXPENDITURE

While Tokyo Cement companies experienced some pressure on cash flows due to the overall industry cash crunch, our financial strength and stringent financial oversight made it possible to withstand this situation.

We closed the year with a net positive cash flow of Rs. 290 Mn, a 137% growth on the previous financial year, in which we experienced a net negative cash flow. We maintained a conservative net operating cash flow of Rs 2.9 Bn.

While we put some of our projects on hold, our total capital expenditure for the year came to Rs 1.8 Bn , compared to Rs 3.1 Bn in the previous year. Much of this cost can be attributed to ongoing projects.

PROFITABILITY

At Company level, we achieved an operating profit growth of 115% for the year, reaching Rs 2.2 Bn profit from operations. This improvement is directly due to the many operational improvements effected during the year.

The Company achieved a before tax profit of Rs 789 Mn against the Rs 339 Mn loss of the previous year and an after tax profit of Rs 817 Mn against the net loss of Rs 332 Mn reported last year.

The Tokyo Cement Group returned to profitability with a before tax profit of Rs 2.6 Bn from the loss of Rs 1.5Mn last year and an after tax profit of Rs.2.3 Bn from the loss of Rs 476 Mn.

I urge our shareholders to please read the Management Discussion and Analysis of this annual report for details on these improvements.

TOKYO CEMENT SUBSIDIARIES

The Group's profitability has been supported by our subsidiaries. Tokyo Eastern Cement Company, our cement subsidiary and Tokyo Cement Power Lanka, our dendro power company contributed positively to Before Tax Profit. Tokyo Supermix, our ready mix concrete company, made a marginal loss and our sand manufacturer, Tokyo Super Aggregate also made a marginal loss in the low demand environment during the current year.

DIVIDENDS

Based on the current year's performance the Board has decided to authorise a final dividend of Rs 1.50 per ordinary share. This is a total payment of Rs 601,425,000/- to our shareholders for the year.

STRATEGIC PROGRESS

Overall, we have maintained our strategic direction, and the market share growth of TOKYO SUPER Blended Hydraulic Cement has reinforced our position as the largest cement producer in Sri Lanka. However, in response to the dramatic shift in the external risk environment, we have had to cut back on some of our plans, such as temporarily pausing the capacity expansion at the Colombo Port.

However, our factory modernisation plans are on track and the Central Control Room in Trincomalee was brought online, which has automated most of the production

I am proud to report that our entire manufacturing process now operate fully on biomass energy, minimising our carbon footprint from energy consumption. As a heavy industry, this is truly an achievement.

PROFIT BEFORE TAX

Rs. 2.6 Bn

NET OPERATING CASH FLOW

Rs. 2.9 Bn

process. Our Construction Research Centre is also making a name for itself as an industry specialist in concrete designs. During the current year, we worked with Japanese contractors and consultants to develop custom concrete designs that a few years back would not have been possible in Sri Lanka.

Technology transfer and training programmes were continued and we hosted another Japanese Engineer specialising in concrete, at our research centre to share expertise in developing new designs. Our staff from TOKYO SUPERMIX and The Factory, were also sent to Japan for training.

SUSTAINABLE BUSINESS

Despite the extreme uncertainty and cost increases we experienced during the year, Tokyo Cement has maintained its many environmental and social commitments.

We added 600 Kw of solar power to the rooftop of our dendro power plant in Mahiyangana, giving us another alternative energy source. We utilise waste paddy husk and target to grow 1,000,000 Gliricidia sticks with farmers per year for power generation, thereby significantly reducing harmful environmental impacts. We also use Fly Ash, a waste by-product from the Norochcholai coal power plant in our Blended Hydraulic Cement. We've continued planting over 10,000 mangrove saplings per year to protect our coasts.

MANAGING DIRECTOR'S REVIEW

We will also continue to educate the industry about emerging international cement standards, as this is not part of the civil engineering curricula in local universities. As there is a demand for our innovation products, we will look into increasing the production of these items.

I am proud to report that our entire manufacturing process now operate fully on biomass energy, minimising our carbon footprint from energy consumption. As a heavy industry, this is truly an achievement. Please refer our Sustainability Report for progress regarding these and other Tokyo Cement environmental and social activities.

OUTLOOK AND PLANS

I would like to congratulate the Government on its decisive policy direction to support domestic industries, in the months following the COVID-19 lockdowns. A cess was imposed on imports of bag and bulk cement. At the time of this report, the import cess results in a Rs 54 increase in the cost of a 50 Kg bag of imported bagged cement, while the impact of the cess is Rs 47 per 50 Kg of imported bulk cement. The 'Made in Sri Lanka' policy drive will have many positive outcomes, both in terms of economic returns for the country and also towards generating much needed employment opportunities. Enhancing domestic manufacturing will also generate significant foreign exchange savings for the country, while encouraging local entrepreneurs to expand their operations and increase investments in local industries. Therefore, we hope the Government will introduce further progressive measures towards import substitution, greater domestic value-addition and protection against unfair trading practices.

As for the construction industry, realistically, I do not see an immediate revival of demand for cement in the post-Covid recovery environment. With COVID-19, all tourism related construction projects have come to a halt and I do not expect a revival in the short term. The real-estate sector, which was driven by the apartment boom, has also slowed down as there is currently a surplus.

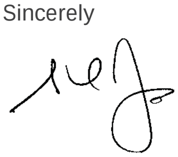
However, the Port City constructions might resume relatively fast, as it is funded by Chinese investors, in addition to opportunities in national concrete road development projects. However, government payment delays to contractors may slow down these projects and as a result the construction sector recovery. We also hope freight costs will reduce as the supply of low sulphur fuel production has increased.

The Tokyo Cement Group will strive to reduce raw material costs and improve production efficiency, through new standards, that have a lower carbon footprint. Our Colombo Port capacity expansion project was restarted, and we are on track to complete this before the end of the 2020 calendar year. This capacity enhancement will support cost reductions through distribution efficiencies.

We will also continue to educate the industry about emerging international cement standards, as this is not part of the civil engineering curricula in local universities. As there is a demand for our innovation products, we will look into increasing the production of these items.

We have worked as a team and overcome many challenges in the current year and I appreciate the contributions of the Board of Directors, the Senior Management and all our staff. I am also grateful to our shareholders, business partners and our customers for their support and loyalty. I am confident we can overcome any challenge of the future, if we continue to stand together.

Sincerely



Mr. S.R. Gnanam
Managing Director

21st September 2020

BOARD OF DIRECTORS

DR. HARSHA CABRAL, PC
Chairman

Dr. Cabral is a President's Counsel in Sri Lanka with thirty-two years' experience in the field of Company Law, Intellectual Property Law, Commercial Law, Securities Laws, International Trade Law & Commercial Arbitration. He has been a President's Counsel for fifteen years and commands an extensive practice in the Commercial High Courts and the Supreme Courts of Sri Lanka. He holds a doctorate in Corporate Law from the University of Canberra, Australia and is a sitting member of the International Chamber of Commerce (ICC) International Court of Arbitration in Paris. Dr. Cabral is a Fellow of the Institute of Chartered Secretaries & Administrators (UK). Dr. Cabral is also Representative Member of the Federation of Integrated Conflict Management (FICM) as well as a Representative Member of the International Commercial Disputes Tribunal (ICDT).

Dr. Cabral is a member of the Law Commission of Sri Lanka, a member of the Board of Investment of Sri Lanka, a member of the Intellectual Property Advisory Commission of Sri Lanka, a member of the UGC Standing Committee on Legal Matters, UGC Nominee on the Post Graduate Institute of Medicine (PGIM), a Board Director at SLIIT and a member of the Board of Management of the NSBM Green University, Sri Lanka. He is a Council Member of the Institute for the Development of Commercial Law & Practice (ICLP) and the Course Director for the Diploma in Commercial Arbitration and the Short Course in Intellectual Property Law. As a member of the Advisory Commission on Company Law in Sri Lanka, Dr. Cabral was one of the architects of the Companies Act No. 7 of 2007, the current Act. As a member of the Council of Legal Education in Sri Lanka, as a member the Ministerial Committee appointed to reform Commercial Arbitration in Sri Lanka, as a Founder Board Member of the Sri Lanka International Arbitration Centre, as a member of the Corporate Governance Committee of the Institute of Chartered Accountants of Sri Lanka, as a member of the National Science Foundation, and as the current Vice President of BRIPASL (Business Recovery & Insolvency Practitioners Association of Sri Lanka), Dr. Cabral has contributed immensely to the legal academia and the corporate community of Sri Lanka.

He serves as the Chairman of the Tokyo Cement Group, which commands the largest market share for cement in Sri Lanka. He was the immediate past Chairman of LOLC Finance PLC, one of the largest Finance Companies in Sri Lanka. He was a senior Director of the Union Bank of Sri Lanka. Dr. Cabral serves as Independent Non-Executive Director of Hatton National Bank PLC, DIMO PLC, Hayleys PLC, Alumex PLC, Tokyo Cement Company (Lanka) PLC, Tokyo Super Cement Company Lanka (Private) Limited, Tokyo Cement Power Lanka (Private) Limited, Tokyo Eastern Cement Company (Private) Limited, Tokyo Super Aggregate (Private) Limited, Tokyo Supermix (Private) Limited, World Export Centre Limited, CCC-ICLP Alternative Dispute Resolution Centre (Guarantee) Limited and Sri Lanka Institute of Information Technology (Guarantee) Limited (SLIIT) and serves on several Audit Committees, Nomination Committees, Remuneration Committees and the Related Party Transaction Committee, chairing most of them.

Dr. Cabral is a visiting lecturer at several Universities (local and international) and a regular speaker at public seminars, author of several books and has presented several papers on Corporate Law, Intellectual Property Law, International Trade Law & Commercial Arbitration here and abroad. In addition to his active practice in courts and lecturing, he has been a counsel in many a Arbitration and has served as Sole-Arbitrator, Co-Arbitrator and Chairman in a large number of Arbitrations, domestic and international.

MR. S R GNANAM
Managing Director

Mr. S R Gnanam was appointed to the Board in 1983. He has over 30 years of experience in business management, strategic planning and social and economic research. He is the Chairman of Orion City Limited, South Asian Investment (Pvt) Limited, St. Anthony's Hardware (Pvt) Limited and Capital City Holdings (Pvt) Limited. He also serves as the Managing Director of St. Anthony's Consolidated (Pvt) Limited, St. Anthony's Hydro Power (Pvt) Limited, Sofia Hospitality (Pvt) Limited and many other Companies.

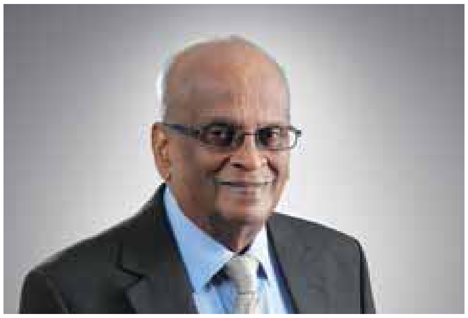
BOARD OF DIRECTORS

MR. A S G GNANAM
Non-Executive Director

Mr. A S G Gnanam graduated from the Illinois Institute of Technology in Industrial Engineering in 1973. He has been on the Board since 1999. He is the Managing Director of St Anthony's Industries Group (Pvt) Ltd and St Anthony's Property Developers (Pvt) Ltd, Chairman Rhino Roofing Products Ltd and Director of many private companies. He is also a Director of Water Tec - India (Pte) Ltd. He has experience in leading manufacturing organisations which are considered pioneers in the local industry and has personally been involved in conceptualising, developing and bringing to the market many firsts for the industry.

MR. E J GNANAM
Non- Executive Director

Mr. E J Gnanam was appointed to the Board in February 2007. He is the Managing Director of South Asian Investment (Pvt) Limited, an investment company, and also serves as the Managing Director of Orion City Limited and Rhino Roofing Products Limited. He also holds directorships in other listed and private companies. He has wide experience at leading corporate sector institutions spanning manufacturing and services. He has a Bachelor of Arts Degree from the University of Texas and an MBA from the University of Melbourne.



MR. R SEEVARATNAM
Independent Non-Executive Director

Independent Director Mr. Seevaratnam was appointed to the Board in May 2007 and serves as the Chairman of the Audit Committee. He is a former senior partner of KPMG Ford, Rhodes, Thornton & Company. He is a fellow Member of the Institute of Chartered Accountants of Sri Lanka and England & Wales and is the holder of a General Science Degree from the University of London. He holds directorships in many listed companies and during the previous financial year was appointed to the Board of Lankem PLC, Darley Butler Ltd and the Distilleries Co,. of Sri Lanka PLC.

MR. A D B TALWATTE
Independent Non-Executive Director

Mr. A D B Talwatte is a fellow member of the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Chartered Institute of Management Accountants of the U.K. He also holds a Post-Graduate Diploma in Business and Financial Administration awarded by the ICASL and the University of Wageningen, Holland and has a MBA from the University of Sri Jayewardenepura, Sri Lanka. Mr. Talwatte has also participated in a Kellogg Executive Programme at the Kellogg Graduate School of Management, North-western University, Evanston, Illinois. Mr. Talwatte worked at Ernst & Young in Assurance, Business Risk and Advisory Services for 37 years, including 10 years as Country Managing Partner. He has worked with Ernst & Young in Cleveland, Ohio and also served on Ernst & Young's Far-East Area Executive Committee, the Area Advisory Council and the ASEAN Leadership Committee.

Mr. Talwatte was President of the CA Sri Lanka for a two-year period in 2002/2003 and the CIMA in 1995/96. He also served as the Chairman of the Statutory Accounting Standards Committee and the Auditing Standards Committee, the Urgent Issues Task Force and the Examinations Committee of the ICASL.

Mr. Talwatte has been closely associated with the development of Corporate Governance in Sri Lanka being actively involved with the Code of Audit Committees in 2002 and the Code of Corporate Governance in 2003. He co-chaired the Committees to structure the revised Codes of Corporate Governance of 2008, 2012 and 2017 and the Listing Rules of 2008. He currently chairs the International Integrated Reporting Council of Sri Lanka (IIRSL) on behalf of CA Sri Lanka.

Mr. Talwatte serves as an Independent Non-Executive Director on boards of several listed companies.

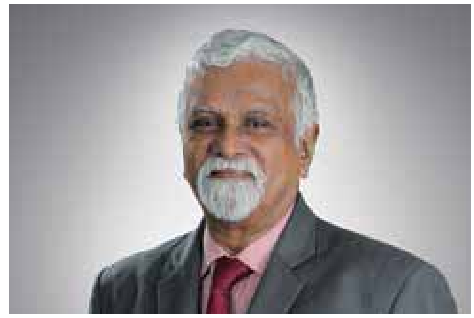
MR. RAVI DIAS
Independent Non-Executive Director

Mr. Dias was appointed as a Director in 2014. He holds a Degree in Law and is a Fellow of the Institute of Bankers (UK). He is also a Hubert H Humphrey fellow. He is an Alumnus of the INSEAD Business School –France, having attended the Advanced Management Programme in Fontainebleau.

Mr. Dias served Commercial Bank of Ceylon PLC for four decades and retired. He serves on the Boards of Carson Cumberbatch PLC and South Asia Textile Industries (Pvt) Ltd. He also serves as Chairman of the Board and companies of Seylan Bank PLC, Senkadagala Finance PLC and Ceylon Tea Marketing (Pvt) Ltd.

Mr. Dias has served on the Boards of Commercial Development Company PLC, Lanka Clear Limited, The Lanka Financial Services Bureau Limited and Commercial Insurance Brokers (Pvt) Ltd.

He was a committee member of the Ceylon Chamber of Commerce and was a Council Member of the Employers Federation of Ceylon.



MR. W C FERNANDO
Director

Mr. Fernando was appointed as the Group General Manager in 1991. He is a Director of the Tokyo Super Cement Company Lanka (Pvt) Limited, Tokyo Cement Power (Lanka) (Pvt) Limited, Tokyo Eastern Cement Company (Pvt) Limited, Tokyo Supermix (Private) Limited and Joint Managing Director of the Tokyo Super Aggregate (Pvt) Limited.

He counts over twenty-five years of experience across various industries. He has a B.A (Hons) Econ, B. Phil (Hons) Econ. and is a FCMA, FCA and an Attorney-At-Law.

BOARD OF DIRECTORS

MR. SUSUMU ANDO
Non-Executive Director

Mr. Susumu Ando serves as the Managing Director of UBE Singapore PTE Limited, a Company incorporated in Singapore. He is a Graduate in Bachelor of Economics from Ritsumeikan University. He joined the UBE Group of Companies in the year 1997 and has served in the cement, construction material and ready-mix departments.

DR. INDRAJIT COOMARASWAMY
Independent Non-Executive Director

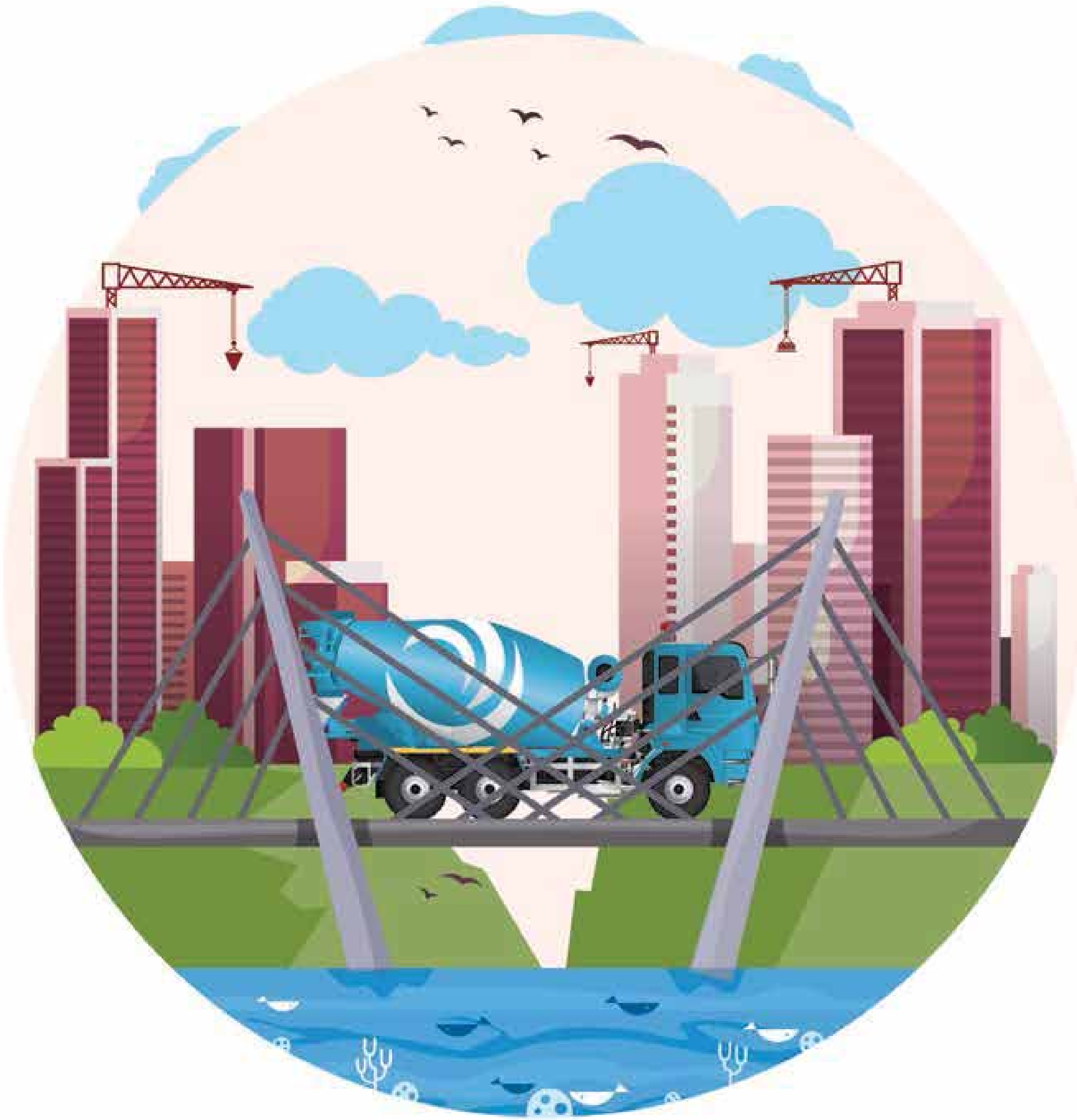
Dr. Indrajit Coomaraswamy served on the Board of Tokyo Cement Company (Lanka) PLC from March 2011 to June 2016, until he was appointed as the 14th Governor of the Central Bank of Sri Lanka. He served as the Governor of CBSL from July 2016 to December 2019.

He was reappointed as a Non-Executive Independent Director in March 2020, subsequent to his retirement from the Central Bank. Dr. Coomaraswamy has over 30 years of experience in policy making and providing economic advisory services, on both macroeconomic and structural issues at National and Intergovernmental levels. He obtained his Bachelors and Masters in Economics from the Cambridge University of UK and subsequently obtained a Doctorate from the University of Sussex. He was formerly a Director, Economic Affairs at the Commonwealth Secretariat.

STRUCTURED FOR CHANGE

Tokyo Cement's business model is adaptive and versatile - designed to meet every stakeholders' needs, the Company is driven by an overarching purpose to deliver exceptional value to the nation and its people day after day.

The cable stayed bridge is a more economical, practical version of the suspension bridge, modified and adapted according to purpose - with many variations present in the world today.



MANAGEMENT DISCUSSION AND ANALYSIS

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ECONOMIC REVIEW

WIDE RANGING ECONOMIC SETBACKS, STEMMING FROM MEASURES ADOPTED TO CURB PANDEMIC OUTBREAK AND GLOBAL ECONOMIC TURBULENCE, ARE LIKELY TO CAUSE SEVERE HARDSHIPS TO ALL STAKEHOLDERS OF THE ECONOMY.

SLOWDOWN IN ECONOMIC GROWTH

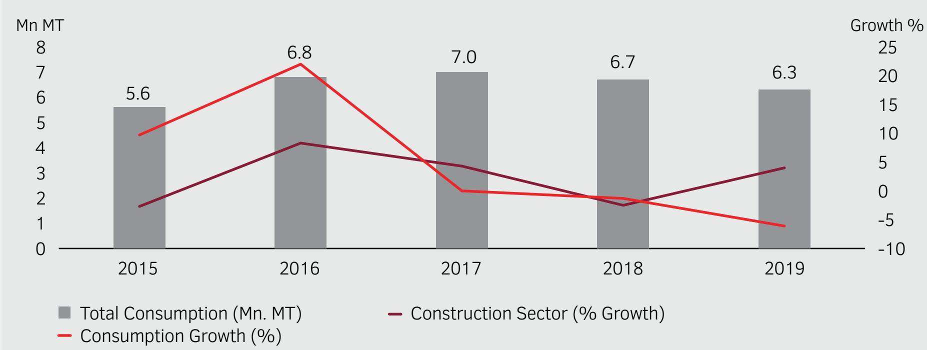
During the year 2019, Sri Lanka's dismal performance continued in terms of real economic growth. The growth of the Sri Lankan economy reduced further to 2.3% in 2019, compared to the growth of 3.3% recorded in 2018, largely due to the adverse impact of the Easter Sunday attacks.

Following the incidents, the government declared a state of emergency and imposed nightly curfews for several days. It took about two weeks after the incident for civilian life and economic activities to show any sign of returning to normalcy. The Easter Sunday attacks had an alarming impact on the tourism sector, and the adverse spillover effects were felt across the economy such as in domestic transportation, wholesale and retail trade and manufacturing, worsening the sluggish growth of the economy and further dampening business confidence.

The Easter Sunday attacks affected the growth in manufacturing activities, particularly during the first quarter of the financial year, the impact of which faded during the following quarters. Accordingly, the value-added manufacturing sector grew at a slower pace of 1.9% in 2019, compared to the growth of 3.6% recorded in 2018.

Graph 1:

CEMENT CONSUMPTION & CONSTRUCTION SECTOR GROWTH



Slowdown in Credit to Private Sector for Construction Activities and Personal Housing

Credit to the private sector granted by Licensed Commercial Banks (LCBs) for construction activities grew by 5.6% as at end December 2019, compared to the growth of 14.1% recorded as at end December 2018. Similarly, credit granted for personal housing construction activities by LCBs grew by 5.4% as at end December 2019, compared to the growth of 13.1% recorded as at end December 2018.

Decline in Capital Expenditure by Provincial Councils

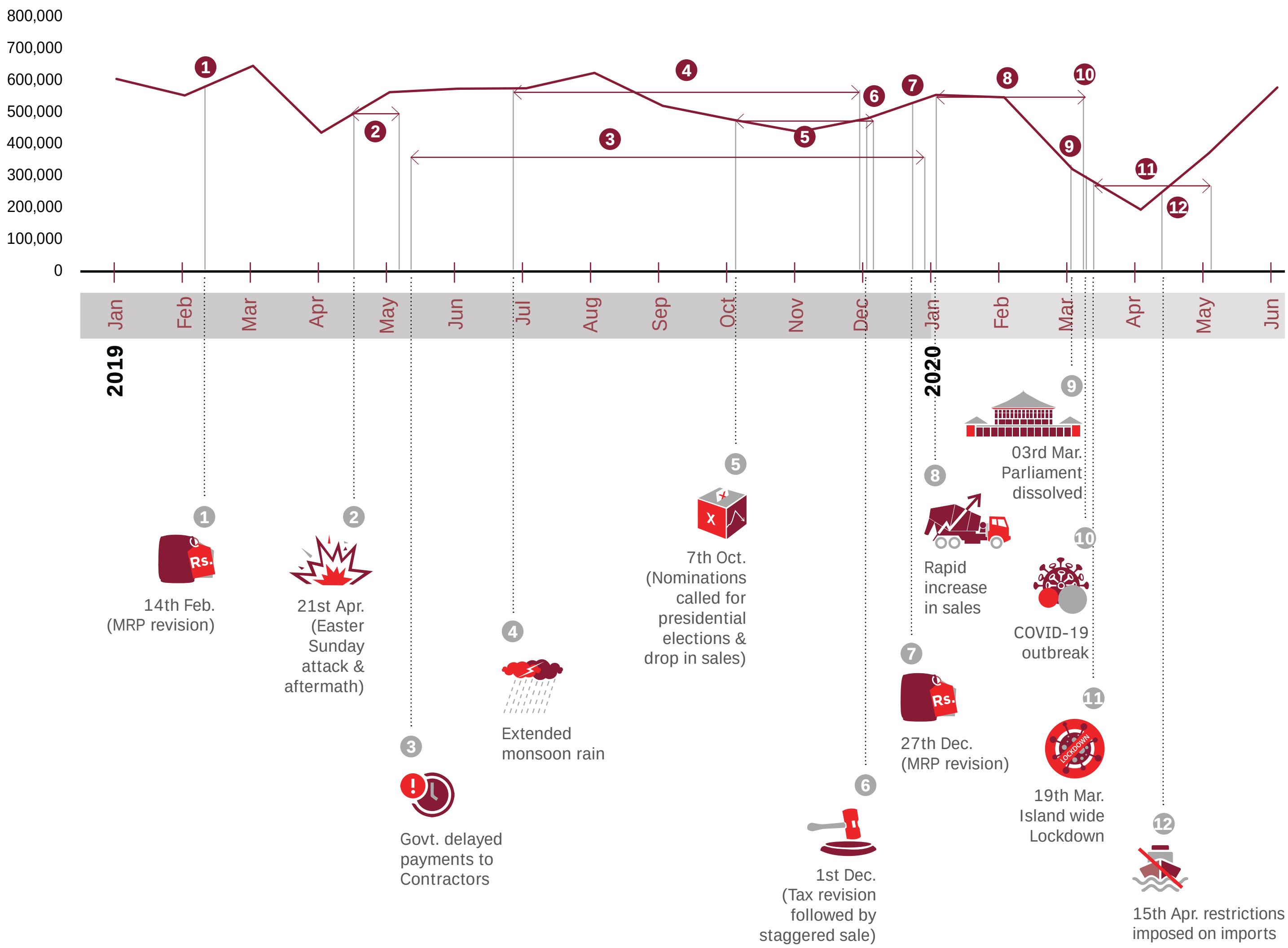
In 2019, capital expenditure of Provincial Councils declined both in nominal terms and as a percentage of GDP, reflecting the decline of capital expenditure in all sub-sectors. Accordingly, capital expenditure declined to Rs. 32.4 Bn in 2019 from Rs. 40.7 Bn in 2018. This in turn had a negative impact on the Construction Industry.

Long Delay in Payments to Contractors

As per the economic insights unveiled by the Central Bank of Sri Lanka (CBSL); long delays in payments for government related projects created severe financial constraints for construction firms, and was highlighted as a barrier for sustaining the growth momentum in the construction industry. The respondents of the CBSL business survey mentioned that majority of the firms struggled to survive throughout the year due to financial constraints. (Central Bank - Annual Report, 2019).

As per the economic insights unveiled by the Central Bank of Sri Lanka (CBSL), long delays in payments for government related projects created severe financial constraints for construction firms, and was highlighted as a barrier for sustaining the growth momentum in the construction industry.

Some Critical Events that occurred during the financial year and their impact on Cement Production & Sales



2019

1 14th February - MRP revision

2 21st April to 10th May - Aftermath of Easter Sunday Attack.

- 21st April – Easter Sunday attack.
- Heightened security and transportations restricted distribution.
- Dealers & distributors of some areas closed operations due to security concerns in the aftermath.
- Construction sites remained shut down following Avurudu as workers didn't return from their hometowns due to security concerns.

3 May to End December – Government delayed Payments of Contractors

- Had a multiplier effect due to cash flow constraints which affected dealers & distributors.
- Some smaller contractors went out of business.
- Larger contractors increased credit periods & financing costs.

4 End June to December – Extended Monsoon rains

- Delayed the construction activities in many areas.
- Cement consumption declined by 5%.

5 07th October to 07th December – Presidential Election

- 7th October - Nominations called.
- 16th November - Elections held.

ECONOMIC REVIEW

2019

- Government Officials had been re-tasked in the lead up to the election which reduced their approvals and activities in the two months leading up to early December, delaying projects and domestic constructions.
- Government settlements were delayed during this period as well.

6 01st December to 15th December – Tax Revision followed by staggered sales

1st December : Tax reduction announced with 1 week to implement.

- NBT - removed
- VAT - reduced from 15% to 8%
- A lag in communication of methodology to relevant government departments, delayed the implementation of the tax changes by corporates.
- This confusion slowed purchasing by dealers & distributors, many of whom expected the VAT benefit to be transferred to them. This attributed to 2 weeks of staggered sales.
- The Company announced the transfer of the entire VAT and NBT benefit to the consumer.

7 27th December – Maximum Retail Price - Revised

The Maximum Retail Price for 3 categories of cement were gazetted.

- Imported Bag Cement - Rs.930/50 Kg bag
- Imported Bulk Cement - Rs.950/50 Kg bags and packed locally
- Cement manufactured in Sri Lanka - Rs.1,005/50 Kg bag

2020

8 01st January to 15th March – Rapid Increase in Sales

- Peak seasonal consumption resumed from January to mid March.
- Construction work that was delayed due to extended monsoons restarted during this period.

9 03rd March onwards – Parliament dissolved and announcement of Election date

- 03rd March - President dissolves Parliament and announces General Elections date as 25th April.
- Government action virtually comes to a standstill for about 45 days (up to 15th April).
- 19th March - Elections postponed without announcing a new date due to COVID-19 pandemic.
- 10th June – Extended the election date to 05th August, 2020.

10 10th March onwards – COVID-19 Outbreak

- 10th March - 1st Sri Lankan tested positive.

11 19th March to 11th May - Island wide lockdown and curfew imposed.

- 8th April onwards - Permission was granted to partially operate the factory subject to strict guidelines issued by the health authorities.
- 11th May onwards - Curfew lifted during daytime in all districts except for Colombo & Gampaha Districts.
- 26th May onwards - Curfew lifted during daytime in Colombo & Gampaha districts (after 66 days of complete lockdown and curfew).

12 15th April – Import Restrictions Gazetted

- As a measure to safeguard against currency depreciation, the government of Sri Lanka published a Gazette Notification to restrict imports of a wide range of items including Cement.
- Import of Bag Cement suspended for 3 months (Nevertheless, permission granted for LCs opened prior to 15th April, 2020).
- 23rd April - Import of Bulk Cement permitted subject to a 6 month credit facility granted.
- Domestic Cement Manufacturers enhanced their respective capacity utilisation and thereby saved valuable foreign exchange to the country.

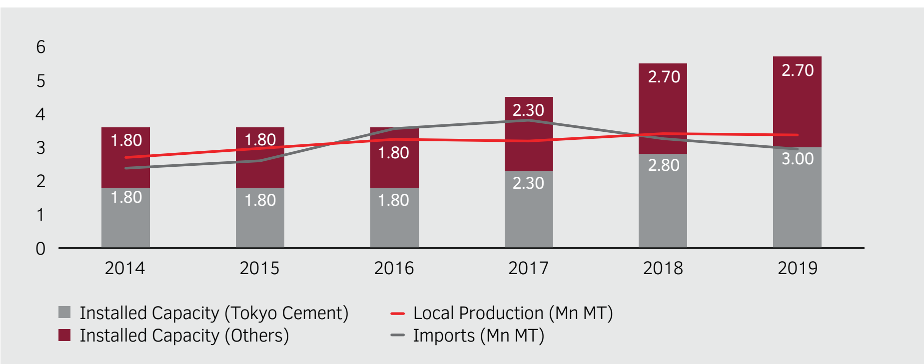
DECLINE IN CEMENT CONSUMPTION, DESPITE MARGINAL GROWTH IN CONSTRUCTION INDUSTRY

Construction activities rebounded to some extent during 2019, growing by 4.0% in value added terms, against the contraction of 2.5% in 2018, with the accelerated completion of large-scale construction projects. Extension of the Southern Expressway, the Outer Circular Highway, and the rapid progress of the Central Expressway project ahead of the presidential election, in addition to the multiple condominium development projects largely contributed to the expansion in construction activities during the year.

However, the rebound in construction activities did not reflect in an increase in total cement consumption. This was largely due to the import of building materials such as steel, glass, aluminium, tiles and accessories with diminishing rupee values against major currencies. The cement consumption declined by 6.1% in 2019 from its contraction of 1.3% in 2018, as shown in Graph 1. The local cement production also declined by 1.2% in 2019 compared to a 6.9% growth recorded in 2018. Further, as can be seen in Graph 2 below cement imports continued to contract by 19.2% in 2019 over the contraction of 8.6% recorded in 2018.

Graph 2:

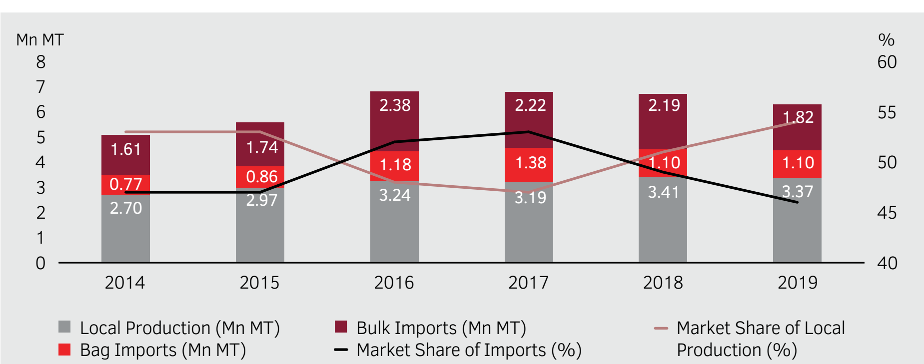
NATIONAL CEMENT CONSUMPTION BY LOCAL PRODUCTION & IMPORTS (Mn. MT)



The market share of Local Cement Production has increased from 47% in 2017 to 54% in 2019 whereas the share of cement imports has declined from 53% to 46% during the same period, as shown in Graph 3 below.

Graph 3:

MARKET SHARE : CEMENT IMPORTS VS LOCAL PRODUCTION



Some Policy Measures Adopted by the Government in 2019/2020

- Value Added Tax (VAT): reduced from 15% to 8% with effect from 01st December, 2019.
- Nation Building Tax (NBT): removed from 01st December, 2019.
- Maximum Retail Prices (MRP) of Cement revised as follows (with effect from 27th December, 2019):

Cement Type/Origin	Revised MRP per 50 Kg
Cement manufactured in Sri Lanka	Rs. 1,005
Cement imported in bulk form and bagged in Sri Lanka	Rs. 950
Cement imported in bagged form	Rs. 930

Corporate Income Tax : revised as follows with effect from 1st January, 2020

- Standard Rate: reduced from 28% to 24%
- Construction Industry: reduced from 28% to 14%
- Manufacturing Industry: reduced from 28% to 18%

Import restrictions to mitigate foreign exchange outflows and encourage domestic value addition:

With the spread of COVID-19, the global economic and financial market uncertainties resulted in significant outflows from the government securities market, whilst negatively impacting earnings from tourism, export proceeds, and workers' remittances. Amidst these developments, the government introduced urgent policy measures in April 2020 to mitigate the pressure in the domestic foreign exchange market. This included the suspension of the importation of quite a large number of non-essential consumer goods for a period of three months

ECONOMIC REVIEW

(at the time of this report, some of these measures have been extended). These products include a wide range of essential building materials which in turn should have an adverse impact on the Construction Industry.

These policy reforms in general have given some hope to the local manufacturing industry to enhance their production capacities and thereby save the nation of further foreign exchange expenditure.

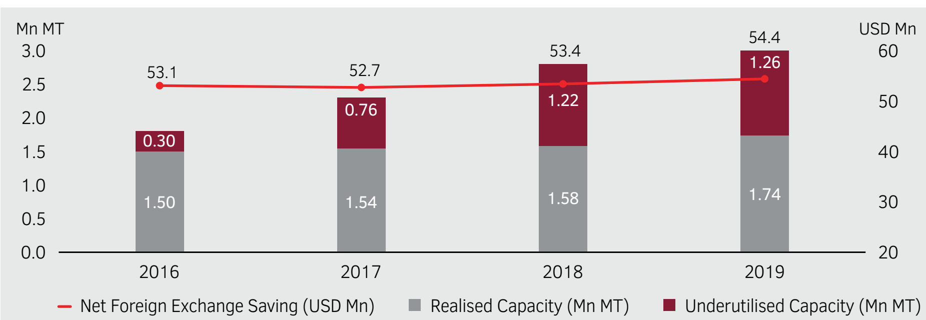
Realised Local Production and Net Foreign Exchange Saving

Tokyo Cement has continuously invested in expansion of its local production capacity, from 1.8 Mn MT in 2016 to 3.0 Mn MT in 2019. Yet, the average realised production during the same period has been less than 60% of its installed capacity, as depicted in Graph 4 below, particularly due to the unfavourable policy environment for Local Cement Manufacturers in comparison to importers of bag cement.

Nevertheless, the estimated Net Foreign Exchange savings made by the Company exceeds USD 50 Mn per year since 2016.

Graph 4:

INSTALLED TOKYO CEMENT CAPACITY, REALISED LOCAL PRODUCTION & NET FOREIGN EXCHANGE SAVING



Unused Installed Capacity and Loss of Foreign Exchange Outflow

The unutilised production capacity has been a major concern experienced by the cement manufacturers particularly since 2014. The country has lost a significant amount of valuable foreign exchange due to the underutilisation of installed capacity by domestic cement manufacturers. Assuming an 85% capacity utilisation, Tokyo Cement could have saved additional USD 25 Mn worth of foreign exchange in 2019 as shown in Graph 5. Therefore, Tokyo Cement has the ability to save approximately USD 80 Mn to the nation (per year) if the necessary policy environment is in place, to ensure at least 85% capacity utilisation.

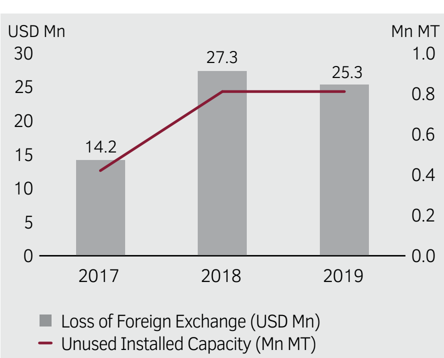
The unutilised production capacity has been a major concern for local cement manufacturers. The country has lost a significant amount of valuable foreign exchange due to the underutilisation of installed capacity by domestic cement manufacturers. Assuming an 85% capacity utilisation, Tokyo Cement should have saved additional USD 25 Mn worth of foreign exchange in 2019.

MRP vs Exchange Rate

Despite some intermittent volatility as a result of global and domestic developments, the Sri Lankan Rupee depreciated slightly in 2019 relative to the sharp depreciation observed in 2018. The exchange rate that remained relatively stable in 2020 up to the second week of March, underwent a significant depreciation thereafter with the spread of the COVID-19 pandemic, as experienced by other emerging markets and developing economies. The sharp decline in Sri Lankan Rupee in turn has affected the cost of imported materials for cement industry such as Clinker, Gypsum, bagging materials, and spare parts; thereby raising the cost of production. These movements are shown in Graph 6 below..

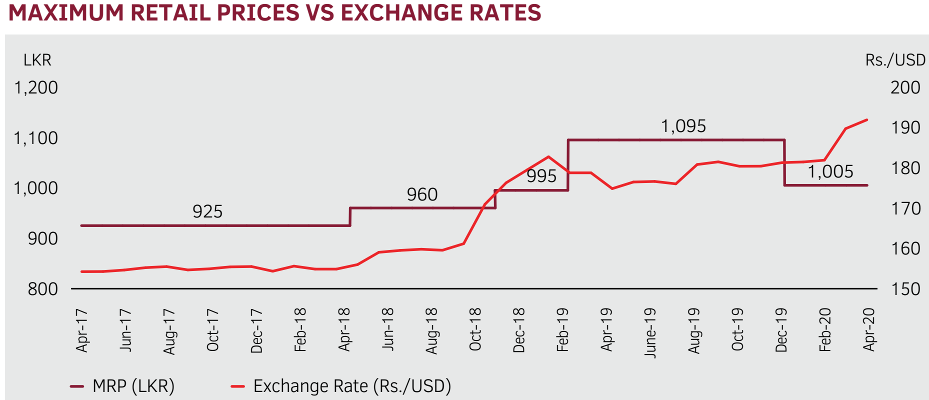
Graph 5:

TOKYO CEMENT: UNUSED INSTALLED CAPACITY & LOSS OF FOREIGN EXCHANGE OUTFLOW



Graph 6:

MAXIMUM RETAIL PRICES VS EXCHANGE RATES



TOKYO CEMENT: VALUE CREATION

The value creation of the Company is evident throughout the processes undertaken, from raw material to finished product. It begins with suppliers of materials and services (i.e. inbound logistics) and continue to add value with company production operations, distribution networks (i.e. outbound logistics), marketing and sales. In addition, the Company has also initiated numerous CSR programmes which create further benefits to the society and to the conservation and protection of the environment.

Suppliers

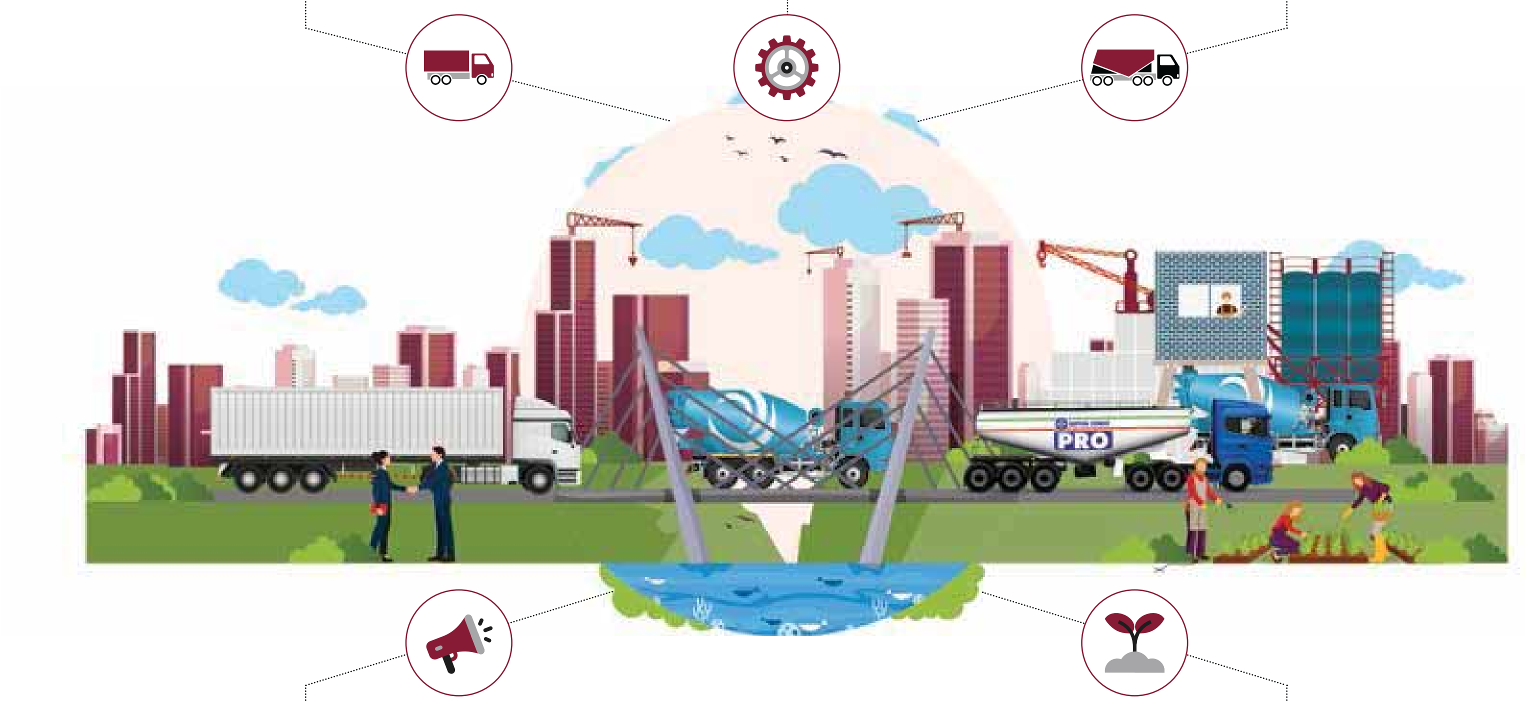
- Raw materials
  - Fly Ash
  - Dolomite
  - Sand
  - Aggregate metal
  - Cement bags
  - Gliricidia
  - Paddy husk
- Equipment
- Service Providers
  - Technology
  - Consultancy
  - Packaging
  - Laboratory Analytical Services

Company Operations

- Product diversity
  - Cement – many types
  - Tile adhesives & Flooring
  - Water proofing
  - Wall plasters & Block mortar
- Green Energy (Dendro/Biomass/Solar)
- Private Jetty (Trincomalee Port)
- Quality Control
- Ready Mix Concrete Batching Plants (11 Nos. island-wide)
- R & D Centre
- Permanent Employment (over 1,350)
- Net Foreign Exchange Savings (over USD 50mn/year)

Distributor Network

- Two Cement Terminals – (Colombo Port including Storage Facilities)
- Warehouses (14 Nos. island-wide)
- Transport Providers (over 1,500+ vehicle fleet)
- Storage Providers
- Dealers and Distributors (over 7,000)



Marketing and Sales

- Advertising (Media Companies)
- Fostering Dealership Network
- Promotional Service Suppliers

Corporate Responsibility Projects

- Social Upliftment
  - Housing/Mid-day Meals/Sports
- Skills Development/Knowledge Sharing
  - Masons/Engineering Students/Professionals/Academia
- Community Trade Biomass Fuel Sourcing
  - Paddy Husk/Gliricidia
- Environmental Conservation
  - Coral conservation/Mangrove reforestation/Forest Tree Planting

ECONOMIC REVIEW

UNFAIR TRADING PRACTICES

The domestic cement manufacturers have sufficient installed production capacity to cater to at least 85% of domestic demand. However, they were unable to realise their full market potential due to certain unfair trading practices adopted in the cement market, particularly by importers of bag cement. Such unfair practices including foreign-subsidised, cheaper and sometimes sub-standard imports being channelled towards the local market in very large quantities. Local manufacturers are unable to compete with such importers dumping cement in the absence of an efficient institutional mechanism to impose appropriate anti-dumping levies.

FUTURE OUTLOOK AND WAY FORWARD

The containment measures adopted since March 2020 to curb the COVID-19 outbreak, have had a substantial adverse impact on economic progress, contrary to previous expectations of a rebound in economic growth. For instance, the declaration of lockdown, curfew, restricted public transport and other measures to contain human movement including the shutdown of shops, airports and seaports, have had an unavoidable negative impact on several key sectors of the economy.

The socio-economic impact has been extensive, with the loss of income and livelihoods for a large segment of society. Accordingly, real GDP growth is expected to decelerate to around 1.5% in 2020, before the economy recovers to attain its envisaged potential over the medium term. (Central Bank, Annual Report – 2019)

Further, global health policymakers are consistently raising concerns about possible ‘second waves’ of the outbreak, thereby emphasising the need to maintain ‘physical distancing’ for several months after the abatement of the pandemic.

Sri Lanka has been relatively successful in combating the outbreak thus far, due to early measures adopted to contain the spread. However, the interplay of setbacks to domestic economic activity stemming from such containment measures and spillover effects from global economic turbulences are likely to have a notable impact on the Sri Lankan economy during the year.

In the near term, the economy is likely to be impacted severely in terms of its growth, fiscal, external, and financial sector performance, while causing hardships to all stakeholders of the economy.

The exchange rate movements in 2020 are likely to remain susceptible to global developments related to the further spread of the pandemic in the period ahead.

Despite the setback in tourist arrivals in the aftermath of the Easter Sunday attacks, the tourism industry continued to attract notable investments in 2019. The Investor Relations Unit (IRU) of Sri Lanka Tourism Development Authority has granted approval for 59 hotel projects in 2019, with a collective capacity of 2,237 rooms.

Major international rating agencies, have down graded Sri Lanka’s sovereign credit rating. Fitch Ratings and S&P Global Ratings affirmed Sri Lanka’s rating at “B-”, while revising the outlook from “Stable” to “Negative” in April 2020 and May 2020, respectively. However, Moody’s Investors Service (Moody’s) maintained its ratings at “B2” with "under review” outlook in 2020.

Sri Lanka has, from time to time, proven its ability to withstand many tragic events, including a 30-year armed conflict, devastation by a Tsunami and the Easter Sunday attacks. Despite the gradual recovery, many global vulnerabilities, the latest being the COVID-19 pandemic are bound to impact the country’s tourism sector and other vital economic activities, such as the Construction Sector. Therefore, emergency preparedness from all perspectives, including macroeconomic policy, is vital in improving the country’s resilience to handle such unforeseen events, thereby minimising their adverse economic and social impact.

In this regard, the Government should introduce appropriate policy measures to encourage the domestic manufacturing sector such as Cement production giving due consideration to;

- Greater local value-addition
- Maximum capacity utilisation
- Import substitution
- Foreign exchange savings
- Protections against unfair trading practices.

The far-sighted economic stimulations currently advocated by the Government to promote the “Made in Sri Lanka” drive has lessened the burden on foreign exchange outflow, whilst providing a boost in demand for locally manufactured products in an otherwise contracting consumption environment. It has given them the necessary confidence to expand their operations and recover part of the large-scale infrastructure investments that are presently being heavily underutilised. However, in this tumultuous economic environment we implore the government to be consistent in policy and adaptive to the needs of local industry as we brace for the impacts of the ongoing pandemic.

Dr. Nihal Samarappuli
Director - Economic Research

MANAGEMENT DISCUSSION AND ANALYSIS

KEY HIGHLIGHTS

- Increased market adoption of Blended Hydraulic Cement resulted in improved sales contribution.
- Adoption of a coastal shipment distribution model between the Factory in Trincomalee and the Colombo Port Terminal.
- Inauguration of the Tokyo Cement Group Centre of Technical Excellence in Trincomalee.
- Unifying the entire manufacturing process through the Central Control Room.
- Centralised Management of the Western Region TOKYO SUPERMIX Vehicle Fleet.
- The Construction Research Centre and the Quality Assurance Laboratory at the Centre for Technical Excellence, played critical roles in new product development and product testing for cement, concrete and value-added dry mortar range.

DESPITE MULTIPLE DISRUPTIONS, WE MAINTAINED STRATEGIC FOCUS ON THE OPERATIONAL TARGETS SET OUT FOR THE YEAR. THE EFFECTIVENESS OF MEASURES TAKEN TO IMPROVE OPERATIONAL MANAGEMENT EFFICACY IS EVIDENT IN THE COMMENDABLE FINANCIAL PERFORMANCE OF THE TOKYO CEMENT GROUP IN AN UNUSUALLY DIFFICULT YEAR.

SHAREHOLDERS

- Tokyo Cement's investor relations team participated in a few strategic investor events in support of driving Company's share value.
- Panel Presentation at the Wealth Insights investor event titled 'The Construction Sector: Setting Sights on a Residential Thrust' organised by Asia Securities, in February.
- All routine investor communications were conducted on time.
- Continuous quarterly communication to update brokerages and funds on the company's financials.

CUSTOMERS

- Social Media was used predominantly to engage with consumers and empower them with knowledge on real-life product usage benefits to create lasting brand equity.
- Demonstration videos on newly introduced Ready Mix Screed and advantages of Ready Mix Concrete against traditional hand mixed concrete were showcased at key events to promote best practices.
- Special print advertising campaigns were developed for TOKYO SUPERBOND, TOKYO SUPERCAST and TOKYO SUPERMIX.
- Employed radio advertising to broadcast to targeted demographic segments with greater efficiency, was used to promote Tokyo Cement Brands and TOKYO SUPERMIX.

INDUSTRY BODIES AND PROFESSIONALS

- Organised the inaugural BUILD BEYOND Emerging Engineering Technology Summit to stimulate knowledge sharing and innovation amongst the engineering fraternity.
- Educational seminars were conducted for masons, technical officers, engineers and contractors. NVQ certification training programmes for army personnel were conducted at the A.Y.S. Gnanam Construction Training Academy
- The Company continued to maintain productive engagements with strategic industry bodies such as;
  - The Ceylon Chamber of Commerce
  - The Chamber of Construction Industries
  - The Ceylon Institute of Builders
  - The Green Building Council of Sri Lanka
- Strengthened the long-standing corporate partnership with The Society of Structural Engineers for the fourth consecutive year.
- Main sponsor of a seminar organised by the Chamber of Construction Industry of Sri Lanka to discuss the future potential of the industry.

SUPPLIERS

- The supply chain was optimised to source raw materials at a global scale at competitive rates, whilst maintaining the highest quality standards.

RESEARCH AND EDUCATIONAL INSTITUTE

- Platinum Sponsor of the Forestry and Environmental Symposium organised by the Department of Forestry and Environmental Science of the University of Sri Jayewardenepura.
- Main Sponsor of the World Wetlands Day commemoration event organised by Biodiversity Sri Lanka.
- Sponsored technical session on 'Conserving Coastal Biodiversity' at the Annual Technical Sessions of the Association for Tropical Biology and Conservation's Asia Pacific Regional Conference.

DEALERS AND DISTRIBUTORS

- The Annual Dealer Convention was transformed in to a fresh experience by hosting the top performers on a Factory Visit.
- The dealer meetings held in all sales regions were used as platforms to create awareness on new product usage and customer value.
- Successful sales promotion campaigns were carried out in partnership with regional distributors, maximising budgets and engagement.
- Dealer incentives and rewards were continued to motivate performance and reward brand loyalty

COMMUNITY

- The ongoing partnership with the Foundation of Goodness conducted 9 cricket coaching camps in the South and 6 in the North and East during the year, despite challenges in conducting regular sessions amidst security constraints.
- The Foundation of Goodness team conducted awareness campaigns targeting school children and community education campaigns for fishing communities on the importance of conserving coral habitat.

Please refer the CSR Overview for additional details on these activities.

Given this exceptionally challenging context, with the recommencement of economic activities the Company rallied its team to regain lost time and business. We are happy to report a remarkable performance by The Tokyo Cement Team that enabled us to close the year by anchoring our leadership position as the largest manufacturer of cement and concrete in Sri Lanka.

OPERATIONS REVIEW

Operating Environment

The MRP revision on bag cement in February 2019 created a large retail price difference between locally manufactured and imported cement. While the MRP of locally manufactured cement was Rs. 1,095 per bag, imports were retailing at Rs. 995, and imported bag cement was retailing at Rs. 960. This allowed small bag importers and some bulk importers to increase their market share based on price sensitivity.

The 2019/20 financial year commenced on an inauspicious note particularly for the construction sector, with Easter Sunday bombings further disrupting markets, compounding on the prevailing unfavourable conditions from the previous year. The heightened security procedures and the re-introduction of security checkpoints curtailed transportation and access to some markets, with the intermittent curfews imposed in certain parts of the country delaying and sometimes halting any ongoing construction work. The external situation did not improve significantly for the construction sector as the year progressed. During the run-up to presidential elections, approvals and documentation from Government institutions were delayed, which delayed national projects and even small domestic construction activities. The industry continued to face debilitating cash flow problems as Government settlements were delayed by months.

As Parliament was dissolved after the presidential election, outstanding payments and maintenance settlements could not be obtained without Parliamentary approval. The extended delay in payment to contractors for large scale projects had a ripple effect across the entire economy. It impacted retailers, distributors, and all the way up to manufacturers. The severity of the financial situation forced some small to mid range contractors to close business, and larger contractors were saddled with considerable debt, limiting liquidity and increasing financial costs. The construction sector was further battered by bad weather. In some areas, the monsoon rains continued from end of June to December, which delayed work and reduced project productivity.

Composition of TOKYO SUPER BHC in the market mix helped maintain the growth momentum

Within this scenario, the announcement of the VAT and NBT slash created a great sense of relief within the already highly stressed industry. However, neither the truncated timeline nor the methodology for execution of these tax concessions was clearly communicated, creating a confusion in the market. Due to the lack of clarity, distributors and retailers temporarily paused purchasing and redistributing cement, anticipating the benefit of the tax reduction be transferred to them. This caused sales to become highly erratic for a few weeks. On a positive note, cement prices were revised down to Rs 1,005/- from Rs. 1,095/- per 50 kg bag thereby transferring the benefit of the NBT and VAT reduction to customers.

The financial year came to a close with the emergence of COVID-19 pandemic in Sri Lanka, and the last two weeks of March saw a complete drop in consumption due to sites being shut down and workers returning to their hometowns in anticipation of curfews and lockdowns. This is typically the time in which the Company registers the highest sales for the year. However, the entire country then proceeded into a state of lockdown, effectively halting most business activities.

Performance of Tokyo Cement

Given this exceptionally challenging external context, with the recommencement of economic activities, the Company rallied its Team to regain lost time and business. And, we are happy to report a remarkable performance by The Tokyo Cement Team that enabled us to close the year by anchoring our leadership position as the largest manufacturer of cement and concrete in Sri Lanka.

Despite multiple disruptions, the Group maintained strategic focus and continued to align with the operational targets set out for the year. Steadfast focus on streamlining operational efficiencies resulted in the launch of a sea-based transportation model, between the Factory in Trincomalee and the Colombo Port Terminal, as an alternative to the more costlier traditional land transportation. Cash flows and supply chains were regularly reviewed to improve cost efficiency whilst safeguarding against increasing foreign exchange risk. The effectiveness of the measures taken to improve operational management efficacy is evident in the commendable financial performance of the Tokyo Cement Group in an unusually difficult year. Some of these key operational improvements are described below.

- **Managing the foreign exchange impact**

The supply chain was optimised to source raw materials at a global scale at competitive rates, whilst maintaining the highest quality standards in order to minimise foreign exchange impact. Another foreign exchange saving measure was to reduce the import of bulk cement as a finished good, while increasing our own plant utilisation. Finally, the greater market adoption of Blended Hydraulic Cement; which uses locally sourced Fly Ash as a substitute, resulted in the gradual decrease of imported clinker usage.

- **Introducing the coastal-shipment distribution model**

A key breakthrough in operational efficiency came with the adoption of coastal shipping of cement from the Trincomalee Factory to the Colombo Port Terminal. Forming strategic links between the Colombo Terminal and on-land distribution routes, resulted in significant savings in accessing key markets. With the upgrade of the integrated jetty, the factory is now able to pump finished cement from the production line, directly into the bulk cement vessel. Cement is then shipped to the Colombo Terminal for repacking and distribution. While reducing transportation costs, sea transportation also increased Trincomalee plant utilisation, thereby generating a competitive advantage for Tokyo Cement when accessing the largest consumer markets in the Western and Southern parts of the country.

- **Optimising Blended Hydraulic Cement (BHC) production and marketing**

We are proud to report that Blended Hydraulic Cement (BHC), which was a fairly unfamiliar product in the market a few years ago, has become a star performer in FY2019/20. The production process was continually refined to generate cost savings, thereby maintaining competitiveness. A Fly Ash separator was added to increase the production capacity of BHC. This process enhancement increased the capacity of Trincomalee factory from 2.8Mn MT/annum to over 3Mn MT/annum, thereby allowing Tokyo Cement to retain its title as the country's largest manufacturer of cement and concrete.

Fly Ash, a by-product of local coal power generation, is a key ingredient of BHC. By recycling Fly Ash, we have considerably reduced our foreign exchange outflows and raw material costs, while contributing to reduce the environmental impact.

During the year we focused on boosting our marketing and engineering teams' technical knowledge as a key driver to educate the market on the advantages of BHC. By doing so, we reached our highest product mix percentage of BHC sales, which has contributed to improve our gross profit margin.

- **Improving efficiency and increasing plant utilisation**

Unifying the entire manufacturing process, including logistics, power generation, production and maintenance, via the state-of-the-art Central Control Room (CCR); situated at the Centre for Technical Excellence in Trincomalee, resulted in a massive boost in operational efficiency. Centralised management of the factory operations meant greater plant utilisation as a result of reduced unplanned maintenance events.

- **TOKYO SUPERMIX Central Vehicle Yard**

The vehicle fleet of TOKYO SUPERMIX plants in the Western Province was brought under a central management system, that dispatches and monitors the movement of mixing trucks and pump cars from a single location. Further, centralised maintenance and administration considerably reduced costs by allowing different plants to share the logistic assets.

- **Capacity expansion at the Colombo Terminal**

Tokyo Cement is in the process of expanding storage capacity at the Colombo Port Terminal by constructing extra silos and other facilities. Despite a difficult financial year, the project is on track to commission the additional storage space by December 2020.

Performance of TOKYO SUPERMIX

TOKYO SUPERMIX

TOKYO SUPERMIX, the country's largest Ready-Mix Concrete supply network with 11 ready mix plants with a total production capacity of 384 m^3 per hour, increased operational efficiency as part of our readiness to accommodate the anticipated growth in demand. However, the demand contracted during the year and the Company suffered a 3% drop in output year-on-year. Institutional demand, which comprise the major component of Ready Mix sales, contracted due to lack of project funds and delays in fund transfers due to greater scrutiny of foreign funds. Further, production was interrupted due to sand and aggregate shortages during curfew, with price hikes stemming from shortages.

In the above scenario, TOKYO SUPERMIX experienced some cash flow pressure, as average credit period doubled from the previous 60 days to 120 days, and in some cases to 180 days. This was due to small to mid-range contractors and foreign-owned construction companies delaying settlements, most linked to delays in government payments. Consequently, suppliers were forced to carry larger

Tokyo Cement transferred the entire price reduction benefit of the VAT and NBT revision by the Government (implemented in December) to the consumers, with the intention of increasing affordability and capturing market share.

TOKYO SUPERMIX gains several distinctive competitive advantages from vertical integration

outstanding balances for longer periods. The Kandy Ready Mix plant in particular underwent external disruptions due to land disputes, that are now resolved. This saddled TOKYO SUPERMIX with additional investments, expenses, lost manpower and capacity utilisation, associated with an unproductive facility. The Company estimates a volume loss of 20,000 m^3 for the year due to the stoppage at the plant.

However, TOKYO SUPERMIX benefited from numerous operational efficiency improvement initiatives within the Group, that enabled cost reductions and tighter management. A key benefit was the vertical integration of cement and aggregates from the parent company, which enabled TOKYO SUPERMIX to meet orders on time and at a competitive price. The centrally administered vehicle yard model also helped improve production efficiency. The Company's vehicle assets include 121 mixer trucks, 16 pump cars and 3 stationary pumps. In addition, value-driven engineering designs, training, and knowledge sharing across plants resulted in significant productivity hikes. Further, the successful implementation of inter-plant design competitions contributed towards team building and new technological developments.

TOKYO SUPERMIX currently offers 22 different types of concrete solutions, each with different fresh state properties, aesthetic characteristics and final properties. This includes over 250 sub-variation mix designs that have the capability to comply with more sophisticated standard requirements in terms of strength, temperature control, durability, flowability, pumpability and other project specific selection criteria. Driven by the subsidiary's innate ability to develop out-of-the-box solutions in concreting technology, during the current financial year, TOKYO SUPERMIX introduced Shotcrete to the market which was received with great enthusiasm.

Maintaining its leadership position in the industry, TOKYO SUPERMIX also contributed to enhance the body of knowledge by conducting lectures for universities, technical officers, practicing engineers and other industry bodies on trends and designs in concreting technology. TOKYO SUPERMIX quality controllers and engineers made presentations at engineering events, where practical experiences were shared with undergraduates, engineers and academics. In addition, an awareness campaign was carried out on the advantages of selecting ready mix concrete as opposed to hand-mix concrete, targeted at the domestic sector.

Although overall market demand from both domestic and industrial sectors contracted over the year, market development activities, including awareness and training programmes were continued to maintain mindshare and engagement with the Tokyo Cement family of brands.

MARKETING AND SALES

Although overall market demand from both domestic and industrial sectors contracted over the year, market development activities, including awareness and training programmes were continued to maintain mindshare and engagement with consumers. Through targeted and informative marketing efforts the TOKYO SUPER Blended Hydraulic Cement gained market recognition, as demonstrated in a considerable shift in product mix towards BHC from the more established Ordinary Portland Cement.

Tokyo Cement transferred the entire price reduction benefit of the VAT and NBT revision by the Government (implemented in December) to the consumers, with the intention of increasing market share.

In an unpredictable year, promotional emphasis was placed on point of sale and retailer promotions to gain consumer attention and create a market pull for our products. The Tokyo Cement masonry training programmes were expanded to upgrade industry knowledge on innovative products among masons, who are key influencers of the purchase decision of the household sector. In addition, pocket meetings and awareness programmes were conducted for engineers and technical professionals, while strategic sponsorships and lectures at engineering forums were continued to enhance overall industry awareness of Tokyo Cement strengths.

Stakeholder Engagements

Customers

The strategic decision to shift our internal customer orientation into value driven engagements, adopted from last year, started to bear fruit for all business segments of the Group this year. We had more customers approaching us for unbiased consultations; not only on our product portfolio but also on various other construction related topics.

In addition to consulting our field teams on the ground, the number of inquiries we receive via the social media channels saw a remarkable increase during the year in review. This trend gained great momentum during the country lockdown, with customers reaching out to our field sales teams for inquiries. We used this opportunity to extensively use our social media outlets to create product awareness and demonstrate usage benefits, which lead to a vast expansion of our customer outreach.

Mass Media Advertising

- In terms of Print media, special print campaigns were conducted for TOKYO SUPERBOND, TOKYO SUPERCAST and TOKYO SUPERMIX on mainstream media, while TOKYO SUPER, NIPPON CEMENT, TOKYO SUPERMIX and the Value-Added Products were advertised on the prominent corporate magazines on a rotational basis.
- This year, special emphasis was made to leverage the effectiveness of radio advertising in reaching all consumer segments, which led us to deploy a series of radio campaigns for the Cement brands, and for TOKYO SUPERMIX.
- Cinema advertising was done during the popular Lion King movie screening, coupled with a competition on social media.

Advertising on Key Sporting Events

- This year too, we built on the strong brand association NIPPON CEMENT and TOKYO SUPER have with Sports, by carrying out TV campaigns during New Zealand, West Indies & India Cricket Tours and the Rugby World Cup 2019, on Dialog TV & Rupavahini respectively, the two channels who had broadcasting rights.
- With the intention of making an imprint on the youth market, digital advertising campaigns were carried on Papare.com, during the Schools Big Match Season.

Exclusive Sponsorships

- Tokyo Cement Group was the main sponsor of the Tennis Tournament organised by the Lake View Tennis Club Batticaloa and Sri Lanka Tennis Association.
- Co-sponsored the prestigious ‘Midori in Concert’; a benefit concert featuring the world renowned Japanese virtuoso violinist Midori, in aid of the Chamber Music Society of Colombo’s Education Fund.
- As part of the ongoing partnership with The Foundation of Goodness, 9 cricket coaching camps in the South and 6 camps in the North and East were conducted; despite multiple challenges faced during this year, aimed at unearthing school cricket champions from rural Sri Lanka.

Northern Cricket Coaching Camp held in Jaffna

Southern Cricket Coaching Camp held at Hikkaduwa MCC Lords

Trade Fairs & Exhibitions

- Construct 2019 Exhibition
- Buildex 2019 Exhibition – Maldives
- Jaffna International Trade Fair 2020
- Architects 2020 Exhibition

Construct 2019 Exhibition held at the BMICH

Construct 2019 Exhibition held at the BMICH

Jaffna International Trade Fair 2020 held at the Muttraveli Grounds in January

Architect 2020 Exhibition held in February at the BMICH

Social Media and Digital Marketing

- Social media and other online channels became key communication platforms during the COVID-19 social distancing era and Tokyo Cement had established active stakeholder engagements through these digital formats. By the onset of the lockdown, the Company had already successfully adapted Facebook and Instagram as awareness raising platforms to educate consumers on product usage benefits. The Tokyo Cement Value Added Products range in particular, has benefited significantly through these platforms.
- Throughout the year we maximised the reach of our Facebook, Instagram and YouTube channels, to get closer to a larger, yet more focused target audience. Facebook competitions conducted during the Lion King movie screening and the Rugby World Cup gained greater audience engagement.
- The Tokyo Cement YouTube channel was instrumental in empowering the end users with product knowledge and usage benefits. Leveraging the platform's ability to reach very focused target consumer groups, we used this digital marketing channel to expand our reach to specific market segments which valued first-hand product engagement.

Product Usage Instructions Videos

- We developed a series of detailed videos with product application and usage instructions for all Value-Added Products, along with awareness videos for TOKYO SUPERMIX Ready Mix Concrete and Ready-Mix Screed Mortar. These videos were pitched at focused consumer groups on Facebook, allowing better customer reach that helped boost up-selling and cross-selling potential of the Value-Added Products range.

Winning multiple accolades for the Green Commitment

During this financial year, Tokyo Cement Group received recognition for our environmentally conscious business practices from two prestigious establishments, the first of which was winning the Silver Award in the Chemical Industries Category, at the Presidential Environmental Award 2019 ceremony organised by the Central Environmental Authority (CEA). The second award was Tokyo Cement Group's Centre for Technical Excellence being accredited with GREENSL® Platinum Label from the Green Building Council of Sri Lanka (GBCSL).

Tokyo Cement won the Silver Award in the Chemical Industries Category, at the Presidential Environmental Awards 2019 organised by the Central Environmental Authority (CEA)

The Centre for Technical Excellence is accredited with GREENSL® Platinum Label from the Green Building Council of Sri Lanka (GBCSL)

Tokyo Cement Group transformed this year's Annual Dealer Convention into an unforgettable experience for the top performers, by coupling it with a detailed Factory Tour. 159 winners of last year's dealer competition walked away with prizes at this memorable get-together held for the first time at Tokyo Cement's birthplace in Trincomalee.

These honours are the latest nods of approval received by the Cement Giant for our unwavering commitment to enrich and conserve the environment through multiple sustainability initiatives, both at operational level and as part of our corporate responsibility.

Trade Community

Dealer Appreciation Event & Factory Tour

Tokyo Cement Group transformed this year's Annual Dealer Convention in to an unforgettable experience for the top performers, by coupling it with a detailed Factory Tour. 159 winners of last year's dealer competition walked away with prizes at this memorable get-together held for the first time at Tokyo Cement's birthplace in Trincomalee.

City Hardware & Stores (Jaffna) won the Grand Prize for Best Dealer 2019. Ancheneyer Cement & Hardware Dealers (Batticaloa) and National Trading Stores (Kurunegala) won 1st and 2nd Runner Up positions respectively, during an elegant function held at the newly inaugurated Centre for Technical Excellence at the heart of Tokyo Eastern Cement Factory.

Top three winners of the Annual Dealer Convention 2019

Dealers during the Factory visit in Trincomalee

Dealers at the integrated private jetty of Tokyo Cement Factory

The dealers had the rare opportunity to follow the entire cement manufacturing process, from the point of clinker unloading from a bulk cargo vessel at our private jetty in Cod Bay, to the point of bagged cement being loaded to a transport trailer. The tour enabled our dealers to become firsthand witnesses of the cutting-edge production process and stringent quality controls practiced by the Company, giving them the confidence to build their future on Tokyo Cement.

Professional Segments

Industry Bodies

The Company continued to maintain productive engagements with strategic industry bodies that allowed us to be in sync with the changing dynamics. This included membership in;

- The Ceylon Chamber of Commerce
- The Chamber of Construction Industries
- The Ceylon Institute of Builders
- The Green Building Council of Sri Lanka

Tokyo Cement paid special emphasis on enriching our involvement with the professional communities during the last financial year. Some of the key highlights include conducting skill building seminars for masons, technical officers, engineers and contractors. NVQ certification programmes for Army personnel were also conducted at the A.Y.S. Gnanam Construction Training Academy.

Strategic Partnership with The Society of Structural Engineers Sri Lanka (SSE-SL)

Tokyo Cement continued the long-standing corporate partnership with SSE-SL for the fourth consecutive year with the objective of facilitating world-class knowledge sharing among engineers, who play a critical role in the country's growth and development agenda.

Tokyo Cement Group was the Sole Sponsor of the Annual Sessions 2019 of SSE-SL, attended by over 200 delegates comprising of engineers, consultants, developers and undergraduates from all leading universities.

Renowned engineering researcher Dr. Michael Henry, Associate Professor at the Faculty of Engineering of Hokkaido University in Sapporo, Japan was sponsored exclusively by Tokyo Cement Group, to deliver the event's Keynote.

Dr. Michael Henry delivering the Keynote at the SSE-SL Annual Sessions 2020

Tokyo Cement Group was the Sole Sponsor of the Annual Sessions 2019 of SSE-SL, attended by over 200 delegates

Additionally, Tokyo Cement also sponsored Four "Question Time" seminars of SSE-SL during 2019. Each forum was participated by over 150 Engineering undergraduates and professionals, who had the opportunity to gain insights on a variety of themes in Structural Engineering and related fields.

Principal Sponsor of 'For Construction in Sri Lanka, What Next?' Seminar by the Chamber of Construction Industry (CCI)

Tokyo Cement Group was the main sponsor of a seminar organised by the CCI Sri Lanka themed 'For Construction in Sri Lanka, What Next?', held in November at the Galadari. The Event had over 200 participants representing all sectors of the industry; including leading service providers, major contractors, engineering consultants, top academics and undergraduates in civil and structural engineering, city planners and government policy makers, and representatives of construction sector professional bodies.

Tokyo Cement paid special emphasis on enriching our involvement with the professional communities during the last financial year. Some of the key highlights include conducting skill building seminars for masons, technical officers, engineers and contractors.

Tokyo Cement Group was the Principal Sponsor of 'For Construction in Sri Lanka, What Next' Seminar by The CCI

Participants at the Seminar organised by The CCI

The World Wetlands Day commemoration event organised by Biodiversity Sri Lanka

24th Forestry and Environment Symposium of the University of Sri Jayewardenepura

Distinguished Panel Members at the 24th Forestry and Environment Symposium

The event discussed the future potential for construction, with reference to the National Physical Development Plan; such as the Suburban Railway Project, the Light Rail Transit System, and other foremost private sector projects in the country. It also evaluated the challenges faced by industry players due to various policy level boundaries and their readiness to meet future demands in terms of capital, labour and operational expansion.

The event provided a great opportunity to showcase Tokyo Cement's market readiness, by highlighting the unmatched quality, production capacity, and technological advancements in our manufacturing process.

Facilitating Environmental Consciousness

In line with our commitment to facilitate environmentally conscious business practices among the local corporate sector, Tokyo Cement became;

- Main Sponsor of the World Wetlands Day commemoration event organised by Biodiversity Sri Lanka
- Platinum Sponsor of the 24th International Forestry and Environment Symposium organised by the Department of Forestry and Environmental Science of the University of Sri Jayewardenepura
- Main Sponsor of the 1st Research Symposium of the Ocean University of Sri Lanka
- Sponsor of Technical Sessions on 'Conserving Coastal Biodiversity' at the Annual Technical Sessions of the Association for Tropical Biology and Conservation's (ATCB) Asia Pacific Regional Conference

Grand Opening of Tokyo Cement Centre for Technical Excellence

The Tokyo Cement Centre for Technical Excellence, which houses the technical operations, R&D facilities and quality control operations of the entire local manufacturing process of Tokyo Cement Group, was inaugurated in July in Trincomalee. The Centre was declared open by Mr Mitsuo Ono, Executive Officer of UBE Industries Ltd., Japan together with Dr. Harsha Cabral, PC, Chairman, and Mr S.R. Gnanam – Managing Director of Tokyo Cement Company (Lanka) PLC.

The Central Control Room (CCR) at the Technical Building unifies the entire manufacturing process including the four cement mills, two Biomass Power Plants, the integrated jetty and the storage system, enabling smarter management of the complete production cycle.

Inauguration of The Tokyo Cement Centre for Technical Excellence

UBE Industries Ltd., Japan, technology partner of Tokyo Cement Group, provided visionary guidance to set up the technical centre; fully geared with hi-tech laboratory and quality assurance facilities, to back Tokyo Cement's cutting-edge manufacturing operation.

The Central Control Room (CCR) at the Technical Building unifies the entire manufacturing process including the four cement mills, two Biomass Power Plants, the integrated jetty and the storage system, enabling smarter management of the complete production cycle. The Centre also houses the ISO17025 certified R&D laboratory and quality control units for cement and concrete.

The Tokyo Cement Centre for Technical Excellence

The Central Control Room at the Centre for Technical Excellence

The Centre for Technical Excellence creates greater awareness on our conservation initiatives

Educational spaces within The Centre for Technical Excellence enrich the tour of Tokyo Eastern Cement Factory

Designed with a minimal environmental footprint, The Centre has multiple structural features built in, to significantly enhance its environmental performance. In consideration of these environment friendly building features, the Tokyo Cement Centre for Technical Excellence was awarded the GREEN® Building Platinum Certification from the Green Building Council of Sri Lanka.

Equipped to provide educational information on Tokyo Cement's core operations and its corporate responsibility initiatives, The Centre also acts as an educational space for visitors to Tokyo Eastern Cement Factory.

BUILD BEYOND 2019 and BUILD BEYOND$_X$

The inaugural 'BUILD BEYOND 2019' Emerging Engineering Summit, organised with the objective of creating an Industry-Academia partnership to stimulate knowledge sharing, was held in August 2019. A distinguished speaker panel, representing both local and international academia and professional spheres, shared scientific and applied knowledge among Civil Engineering undergraduates and professionals from the state and private sector.

Tokyo Cement launched a second series of engineering conferences themed 'BUILD BEYOND$_X$', that will be held at each University or at the Tokyo Cement Centre for Technical Excellence, as part of our strategy to create more responsive, direct engagements with undergraduates. We were able to conduct three Build Beyond$_X$ seminars during the financial year in consideration.

Participants at the inaugural BUILD BEYOND 2019 Emerging Engineering Technology Summit

Participants of BUILD BEYOND$_X$ Summit during their tour of the Centre for Technical Excellence

TOKYO CEMENT QUALITY STANDARDS

Tokyo Cement maintains international standards across all production facilities, including ISO, SLS and environmentally friendly manufacturing standards to deliver superior products to local consumers. During the current financial year, all accreditations were renewed in-time to ensure a fully functional quality control system across all manufacturing facilities of the Group.

In addition, Tokyo Cement is fully compliant with Central Environmental Authority directives and regulations and has renewed all licenses. The Group did not face any fines or penalties for non-compliance or delayed compliance with any applicable environmental regulation during the year.

A testament to our commitment to quality includes having the only ISO 17025 accredited laboratory in the country for cement and concrete testing and mobile laboratories for testing concrete at construction sites.

Tokyo Cement Quality Systems

ISO 9001: 2015

- Tokyo Cement Factory in Trincomalee
- 11 Ready-Mix Concrete plants
- Tokyo Super Aggregate (Pvt) Ltd is pending ISO certification

ISO 14001: 2015

- Tokyo Cement Factory in Trincomalee
- Tokyo Super Aggregate (Pvt) Ltd is pending ISO certification

ISO 17025 : 2005 (by the Sri Lanka Accreditation Board)

- Tokyo Cement laboratory in Trincomalee
- Tokyo Cement R&D laboratory

Central Environmental Authority licenses

- Tokyo Cement Factory in Trincomalee
- All 11 Ready-Mix Concrete plants
- Tokyo Super Aggregate (Pvt) Ltd
- Tokyo Cement Power (Lanka) (Pvt) Ltd

GREEN MARK (SINGAPORE) (For environmental friendly manufacturing)

- TOKYO SUPER Blended Hydraulic Cement

TOKYO CEMENT R&D AND LABORATORY FACILITIES

The Construction Research Centre

The Construction Research Centre (CRC), the fully equipped R&D facility provides external consultation services, in addition to being an independent product testing laboratory for cement, concrete and cement-based products for not only the Tokyo Cement Group but also for other industry players.

During the current financial year, the CRC played a key role in ensuring consistent quality standards of the wide range of Tokyo Cement products and also led the Company's research and development drive.

Material & Product Testing

Contribution of the CRC to maintain Tokyo Cement's superior product quality is evident across all phases of the production process. It starts with quality controlling of input materials such as clinker, sand and aggregate that goes in to the production of cement and value-added products.

The CRC plays an important role in the TOKYO SUPERMIX Ready Mix Concrete production process, which includes continuous testing of aggregate samples to ensure strict adherence to standards of grading and blending. This is imperative in producing sophisticated concrete mix designs that comply with individual project specifications.

During the production phase, CRC conducts continuous tests on cement samples from the factory and the market, to attest consistent quality of our products by identifying and notifying the factory of any deviations. Similar sample tests are carried out to generate standard compliance reports for customer projects.

External Consultation Services

The CRC places its hi-tech laboratory at the disposal of the local construction industry by providing independent product testing and design services for other manufacturers. The latest world-class testing methodologies available at the CRC allows the lab to carryout independent tests on the ability of other cement brands to meet different cement mix design standards and support design activities.

MANAGEMENT DISCUSSION AND ANALYSIS

CRC's capability of becoming an unbiased industry consultant was attested with its involvement in finetuning the customised ready-mix designs supplied by TOKYO SUPERMIX for the Colombo Port City Project as its primary concrete supplier. This also included providing specialised tests for factors such as durability and chemical resistance, to help fine tune design elements for contractors and third-party concrete suppliers.

Training & Knowledge Sharing

The team of chemistry graduates and material scientists at the CRC readily share their knowledge and practical expertise with internal teams and at external forums, with the objective of enhancing the body of knowledge of the industry. Special training programmes were carried out for marketing teams to boost their technical knowledge of different cement and cement-based products, while Quality Controllers at the SUPERMIX plants were provided trainings on new mix designs, processes and testing methodologies.

The CRC team also conducted lectures and developed educational material for engineers, technical officers, contractors and undergraduates, on the latest technological developments in cement, concrete and manufactured sand.

Concrete Initial Surface Absorption Testing

Cement Compressive Strength Testing

Concrete Drying Shrinkage Testing

Concrete Slump Testing

Research and Development

The CRC plays a vital role in new product development by providing essential research and technical advisory services. The CRC supported the local construction industry by assisting in the development of Expansive Concrete, and Shotcrete; introduced for the first time to the local market. The CRC also supported modification and upgrade of existing products, for performance improvements that boost end-user value, such as in re-engineering the Cellular Lightweight Concrete block.

The CRC Team's deep involvement in new product development will culminate with the introduction of a range of new products during the upcoming financial year. Some of these revolutionary products and novel construction solutions include;

- A 2K (two-component) ready-to-use Waterproofer
- Development of ultrathin membrane, 1K (single-component) Waterproofer with crack bridging properties
- Construction Repair Grout for concrete structures
- The Premium Tile Adhesive with enhanced adhesive properties specially formulated for large format 10x4ft tiles. This is a category that is currently dominated by imported products in the market.
- Improvement of the Wall Plaster range for better adhesion and spreadability

Laboratory at The Centre for Technical Excellence

The ISO 9001 & and ISO 17025 accredited laboratory located at the newly inaugurated Centre for Technical Excellence plays a pivotal role in enhancing Tokyo Cement Group's commitment to maintain superior product quality. In tandem with the CRC in Colombo, they perform all standard tests on raw materials, cement and concrete mixes against international quality parameters and specific performance criteria.

Within a short span of time, the Laboratory at the Centre for Technical Excellence has earned a reputation as a reliable independent testing facility to validate and attest product quality and performance.

The Laboratory introduced a Concrete Challenge to encourage TOKYO SUPERMIX RMC Plants to create cost-effective and better performing mix designs.

Adding value to the cement sector, this Laboratory was able to develop low-heat cement and introduced 42.5R Grade BHC for the first time to the Sri Lankan market.

Training and Educational Services

In addition to its R&D activities, the Laboratory also provides training for Tokyo Cement personnel, customers and other industry stakeholders. Training programmes were conducted for Quality Controllers and Plant Managers of Ready Mix Concrete plants and marketing personnel to improve their awareness on quality standards and testing facilities.

The auditorium at The Centre is used to conduct training sessions for university students, giving them much sought after practical exposure in a corporate setting. Lectures were also conducted with great success for contractors and engineers. Especially during the Dealer Conference held at the Technical Centre, for the first time, dealers were able to witness the highest levels of quality standards adopted by the Tokyo Cement's production process.

Services provided by The Laboratory includes compliance testing and grading of raw materials

The Laboratory conducts training sessions for Tokyo Cement personnel, customers and other industry stakeholders, as part of its mandate.

Laboratory Services

The laboratory services provided at the Centre for Technical Excellence are not limited to the Group, but are also available to the wider domestic construction industry to facilitate the provision of best engineering solutions that build our nation.

The Testing Services provided by The Laboratory includes compliance characteristics testing and grading of raw materials, product sample testing, and random quality checks of in-house products as well as providing testing and certification services to other players in the Industry.

A key component in establishing the Laboratory as a recognised service provider starts with multiple levels of Accuracy Testing to attest its standard compliance. To maintain its independent and unbiased industry representation, a series of stringent measurements are in place to ensure the testing services are provided with utmost accuracy and precision. By working closely with standardised governing bodies and competent authoritative agencies in the field, such as The Sri Lanka Standards Institution & Industrial Technology Institute, The Lab ensures that the latest and most accurate standard specifications for each and every testing service is deployed and adhered to. The staff are given continuous training and motivational support to uphold the reputation of the Testing Facility aligned to global standards.

The Testing Services provided by The Laboratory includes compliance characteristics testing and grading of raw materials, product sample testing, and random quality checks of in-house products as well as providing testing and certification services to other players in the Industry. The Lab works closely with production and marketing teams to assure product quality. They also provide independent product testing services to other concrete manufacturers and customers by conducting various tests on concrete mix designs as well as on already cured concrete samples delivered by other parties.

The Laboratory also plays an important role by working with the RMC Quality Control staff. More importantly, as part of its R&D mandate, the Lab has the capability to design and develop customised concrete mixes and special application concrete mixes, supported with tests to ensure product performance.

HARNESSING MODERN TECHNOLOGIES

Tokyo Cement is on a strategic modernisation drive to uplift its cement manufacturing process to international standards. By now the Company has successfully automated most of its manufacturing operations at the Tokyo Eastern Cement Factory, transitioned all administrative functions onto digital systems, and further extended the Enterprise Resource Planning (ERP) system to digitally integrate the entire Group.

Central Control Room (CCR)

As at the end of the current financial year, the CCR in Trincomalee connected the operations of; 4 cement plants, the fly ash separator, 2 power plants and the integrated jetty, through a unified central control facility.

The centralised smart management of these functions have dramatically reduced overheads, as a few skilled operators can manage multiple production lines simultaneously, compared to managing dispersed control units. Supervision and monitoring plant operations is made easier and accurate with access to better analytical tools, which has resulted in improved product quality. Maintenance management is also made easier through centralised overview, which eliminates disruptions to the manufacturing process. The staff too have benefited by acquiring and improving their skills and competencies, by managing multiple production lines using sophisticated technology.

ERP System

The Tokyo ERP system is a customised software solution specially designed by taking in to account the large-scale manufacturing facilities and geographically dispersed operations. It links all business processes, with real time visibility and control over all operations across the Group's companies.

Last year, during the previous stage of ERP deployment, the communication between data driver and users was finalised. During the current year, the objective was to facilitate better management decision making, by shifting from historical to real-time data, for dynamic, market driven decision making.

HR Integration

The ERP was further integrated with human resource administration of the Group, by developing mobile applications that allow field staff to mark attendance and apply for leave online, and for managers to track movements of employees. GPS tracking systems were introduced for sales personnel, as a measure to optimise field engagement.

Digital Communications

The infrastructure to facilitate video conferencing between offices, factories and sites, was enabled early in the financial year and came in extremely useful for business continuity during the COVID-19 lockdowns.

System Security

Given the increasingly sophisticated nature of Tokyo Cement's digital systems, data security is a priority for the Company at all times. During the year, a number of measures were implemented to enhance system security. Automated offsite backups of all main system servers were compiled, together with automated backups of endpoint data backups. Centralised onsite server facilities were formalised and placed under reinforced security protocols. The Company also subscribed to third party continuous security auditing, for an additional layer of security and upgraded to cloud-based virus guards in order to safeguard remote working employees.

Future Tech Focus

Tokyo Cement is on track to introduce paperless payments by integrating with bank systems. The Company is also planning to centralise quality control data and increase the adoption of video conferencing and remote working by upgrading necessary hardware and software to facilitate business continuity.

The ultimate objective is to create a fully digitally integrated Group of companies that is both flexible and responsive to market trends.

EMPOWERING THE TOKYO CEMENT TEAM

As a responsible corporate citizen, Tokyo Cement has taken all recommended measures to prevent the spread of COVID-19, as the Group resumed operations. All COVID-19 health and safety guidelines recommended by the Health Authorities and Government, were introduced in all locations of Tokyo Cement operations. These measures include temperature checks, sanitizing and personal hygiene procedures.

Tokyo Cement Employee Policy

As an equal opportunity employer, Tokyo Cement does not discriminate employment opportunities or employee growth opportunities, based on any demographic. Competitive remuneration packages and employee benefits, above and beyond statutory requirements, are made available for employees. Formal systems are in place for recruitment, performance evaluation and rewarding employees to ensure recruitment and growth opportunities based on merit and the Company invests annually on training and development opportunities for employees.

Compliance Status

The Tokyo Cement Group is fully compliant with the Shop and Office Act and the Factories Ordinance and did not face any fines or penalties during the year under review for non-compliance, or delays in compliance, with any applicable labour regulations. All statutory employee dues have been paid in full and on time, including EPF and ETF payments and gratuity payments.

There have been no material issues pertaining to employees and industrial relations of the Company and the Group during the year.

Tokyo Cement Group Employee Profile

The total employee base of the Tokyo Cement Group was 1,381 as at end March 2020. TOKYO SUPERMIX is the largest employer of the Group with 615 permanent employees in total.

Group workforce as at end of year 31.03.2020

Company	2019-20		2018-19	
	Non Executives	Executives	Non Executives	Executives
Tokyo Cement Company (Lanka) PLC	379	108	273	95
Tokyo Cement Power (Lanka) (Pvt) Ltd	65	9	65	9
Tokyo Eastern Cement Company (Pvt) Ltd	161	9	153	10
Tokyo Super Cement Company Lanka (Pvt) Ltd	-	-	34	8
Tokyo Supermix (Pvt) Ltd	549	66	532	62
Tokyo Super Aggregate (Pvt) Ltd	30	5	29	6
Total	1,184	197	1,086	190

Key HR Management improvements in 2019/20

- Human Resource policies and procedures were introduced covering key subject areas.
- The HRIS Mobile Application was implemented. All sales officers & field staff have migrated to the mobile app for attendance and leave management. It allows greater administrative controls on employee travel and immediate locations.
- Tokyo Cement Power (Lanka) (Pvt) Ltd in Mahiyangana deployed HRIS including attendance management, leave management and payroll for non-executives.
- A company-wide photo identity data base for non-executive employees was developed and uploaded to the HRIS.
- Leave application and approval was automated and upgraded to an online process that was linked to the HRIS.
- A finger print attendance system linked to the payroll was introduced company-wide.
- A company-wide Performance Appraisal system was introduced for the first time in 2019.
- Secured pre-printed and sealed pay slips were introduced for the first time for non-executive employees.

Training and education

As the Tokyo Cement Group evolves rapidly, gaining brand recognition and expanding its market, upgrading employee skills and competencies is crucial to meet corporate objectives. Therefore, employee education and training remained a priority during the year and a full training calendar was deployed, with a wide range of educational activities that included;

- A seminar on ‘Personality Improvement’ for Head Office, RMC and Factory HR staff.
- A training programme on ‘Achieving Excellence in Customer Service’ for customer facing personnel.
- TOKYO SUPERMIX Ready Mix Concrete sales team was exposed to a training titled ‘Be Bold to do Sales’, aimed at improving salesmanship.
- An awareness programme was held at the Peliyagoda Central Vehicle Operation Yard on the motor traffic law in collaboration with the Sri Lanka Police, which focused on the importance of maintaining road discipline and how to be a good driver.
- Plant Managers and Quality Controllers of TOKYO SUPERMIX Ready Mix Concrete plants participated in a motivational training, as part of an ongoing soft skills development program.

- The CRC staff conducted a training session for SUPERMIX staff for capacity building and technology transfer.

Employee Well-being

Physical health of employees impact performance and also mental well-being. Therefore, the Company contracted a qualified physical training instructor to conduct fitness training programmes for Company staff.

In another wellness initiative, all light and heavy vehicle drivers were given vision tests conducted by a professional optician.

Employee Welfare

Annual trips for all employees were arranged and made available to all employees and their families.

Two long serving employees, who left the organisation, were formally appreciated and rewarded by the Chairman, Managing Director and management.

The Company nominated senior managers to participate in a workshop on motivation and well-being at the Foundation for Goodness, Good Life Institute.

Motivational training for TOKYO SUPERMIX Plant Managers and QC Staff

A physical training session in progress

TOKYO SUPERMIX Annual Trip

TOKYO SUPERMIX team at the 'Be Bold' training session

Safe driving awareness session conducted at the Peliyagoda Yard

CSR OVERVIEW

INTRODUCTION

FY 2019/2020 ushered a year filled with trials; some familiar and some not, for every business entity in Sri Lanka. The year, which began with uncertainty and negative market conditions, required businesses to rethink their plans and activities to ensure survival beyond the tough times.

For Tokyo Cement, these turbulent times provided new learning opportunities that helped us grow in character and embrace change with resilience. With a business acumen of nearly four decades; complete with similar ups and downs in the marketing environment, we were able to successfully adapt in this situation, with minimum adjustments to our long-term strategy.

Like manoeuvring a ship across troubled waters, we were able to guide our business amidst challenges, by keeping a sharp focus on our goals. While the decelerated market environment forced us to look inwards and sharpen our capabilities, we managed to maintain our positive momentum by achieving growth in areas other than revenue expansion.

During the year in discussion, we focused on consolidating our efforts on the most important aspects of our business, as well as our socio-environmental responsibility as the No.1 cement and concrete manufacturer in Sri Lanka. This meant strengthening a few strategic engagements that had a deeper, long-term impact.

The ensuing section of the report highlights our main sustainability initiatives that were continued during the last financial year. Many of these programmes have become a defining characteristic of Tokyo Cement over the past several years, with their end objectives being broadly linked with The Company's mission.

DURING THE YEAR IN DISCUSSION, WE FOCUSED ON CONSOLIDATING OUR EFFORTS ON THE MOST IMPORTANT ASPECTS OF OUR BUSINESS, AS WELL AS OUR SOCIO-ENVIRONMENTAL RESPONSIBILITY AS THE NO.1 CEMENT AND CONCRETE MANUFACTURER IN SRI LANKA.

FOCUS ON LONG-TERM IMPACT

Tokyo Cement Group has always been affiliated with programmes that deliver the most impactful, long-term outcomes as opposed to short term results. All our keystone corporate responsibility programs, born of this vision, were continued during the financial year with the aim of making a long-lasting impact on their respective focus areas or stakeholder communities. We used the same yardstick to evaluate the partnerships we foster, in terms of their effectiveness in empowering the industry, transforming lives or conserving nature.

While some of these programmes were one-off events that helped us reach a specific stakeholder group, others mark a single step of a longer journey aimed at our broader vision of enriching our country, its people, and the environment.

Each programme and activity detailed below underscores our commitment to create a future where Sri Lanka achieves its fullest potential as a Nation.

ON THE ENVIRONMENT

The key environmental initiatives that have now become an intrinsic part of Tokyo Cement's corporate identity were continued during this financial year, having been set off years ago, with the aim of delivering overarching outcomes. Driven by the passion to preserve and propagate a healthy environment for all living beings, we managed our conservation programmes with better controls and close monitoring, thanks to the support of our various project partners.

Mangroves Reforestation

The Tokyo Cement Mangrove Reforestation Project, carried out with assistance from the Sri Lanka Navy Eastern Command, added 5,000 new saplings during this year, to the total 60,000 mangrove trees already planted along the North-Eastern coastline. It is indeed an immensely rewarding experience to see how well the mangrove habitat along the Trincomalee Bay has thrived, teeming with bees and birds which bring back the much-needed ecological balance vital to sustaining critical food chains.

Our team of dedicated staff, managing the mangrove nursery at Tokyo Eastern Cement Factory, does a commendable job at looking after the thousands of plant saplings under their care, having had to protect them against the severe drought that was affecting the Eastern Province for several months. Their perseverance in caring for the plants ensures that we produce the number of saplings required for the replantation programme conducted along the coast from Trincomalee to Jaffna.

Apart from the actual replanting efforts, this year, we utilised two other community engagement platforms to generate wider awareness on the importance of preserving mangrove habitats. One instance is the dedicated educational space within the newly inaugurated Tokyo Cement Centre for Technical Excellence. This space provides a comprehensive walkthrough about all the environmental conservation programmes undertaken by The Company, with an area dedicated to create awareness about the importance of Mangrove habitats. Here, students and the general public who visit the Tokyo Cement Factory are shown the multiple services provided by mangrove forests and the importance of conserving their biodiversity. We also showcase the indigenous mangrove species we propagate, using live samples and tours around the plant nursery. Special emphasis is given to make young children aware of why Mangrove habitats matter and promote community awareness and action to prevent their loss.

The next occasion was at the World Wetlands Day commemoration event organised by Biodiversity Sri Lanka, at the Ceylon Chamber of Commerce. We used this forum to share our learning experiences and encourage other corporates, individuals and community groups to join the Mangroves conservation efforts. Mr. Salinda Kandapola, Corporate Manager - Sustainability of Tokyo Cement, shared his experiences and best practices with the participants. He used this business forum to highlight the role of responsible corporate citizens in conserving our mangrove habitats, particularly in fast developing countries like Sri Lanka, where most of the population depends on natural resources for their livelihoods.

Mangrove nursery at Tokyo Cement Factory in Trincomalee

The thriving Mangrove Habitat is successfully reclaiming its former territory along the Cod Bay

Forestry Nursery Program

During the Financial Year 2019/20, our Forest Plant Nurseries at the Trincomalee Factory and Mahiyangana Power Plant premises, produced over 12,000 native forest tree plants in support of our reforestation efforts. The plants were distributed among farmers and community groups from Badulla and Trincomalee Districts, and for National Reforestation Programmes carried out by our partner in this initiative, the Forest Department of Sri Lanka.

The plants distributed include valuable indigenous trees with medicinal properties such as Kumbuk, Karanda, Mee, Ingini that are under the threat of extinction. To ensure the steady continuation of the project, the nurseries host a minimum of 10,000 plant saplings at a given time and work closely with the Forest Department officials to propagate the varieties that are widely in demand, and can be planted in all climate zones of the country.

Our team in charge of the Forest Tree Nurseries, carefully looks after the thousands of plant saplings under their care

Coral Reef Restoration Project

Tokyo Cement's Coral Reef Restoration Project focuses on long-term scientific research and coral rehabilitation, while creating greater awareness to cause an attitude change on coral conservation. Our partners in this initiative include the Blue Resources Trust (BRT), the Sri Lanka Navy and the Foundation of Goodness (FoG). Through our partnership with the Blue Resources Trust, we also assist government institutions such as the Marine Environment Protection Authority (MEPA) and the Department of Wildlife Conservation, in their scientific research and data collection efforts, in addition to forging international links with coral conservation groups.

This year, the project was able to strengthen these partnerships through the propagation of scientific knowledge, sharing lessons learnt, and helping our scientific partners present their findings at various symposia and to interested groups with the aim of educating future generations.

The Sri Lanka Navy, helped us tremendously to maintain the momentum of our Reef Ball deployment activity by working in the coastal belt along Jaffna, Trincomalee, Pasikudah, Galle and Kalpitiya. Thanks to the steadfast engagement of our longstanding project partners, the project was able to deploy 100 Reef Balls during the year in consideration.

Setting a project landmark, BRT recently completed the 3-year partnership on Participatory Coral Reef Research and Restoration project sponsored by Tokyo Cement Group. The project outcomes were presented at the Tokyo Cement sponsored technical session on 'Conserving Coastal Biodiversity', at the Annual Technical Sessions of the Association for Tropical Biology and Conservation's Asia Pacific Regional Conference held in September 2019, at MAS Athena, Thulhiriya. Under this tremendously successful cooperation, BRT was able to conduct long-term research in Pasikudah, that included collecting oceanographic data from benthic and fish surveys, and mapping the entire reef for the first time. The project outcomes will vastly help future scholars, researchers and policy makers in developing policies in conservation and management of coral reef habitats.

The Foundation of Goodness' diving and training arm: 'Dive Lanka, Dive Seenigama', took on the responsibility of executing our Coral Reef Restoration programme around their stronghold in the Southern Coast, along Seenigama and Hikkaduwa.

Among the activities carried out by FoG was an underwater clean-up programme along the Seenigama Sea Temple and Berawagala area. In what can be termed as an eyeopener to all of us, about the irresponsible behaviour of people who use the ocean and the beach for their own livelihood, the volunteers of the FoG Diving Centre managed to collect an astounding amount of waste weighing over 40Kg, off this small strip of ocean bed, accumulated over time due to intense fishing and tourist activities in the area. The garbage collected in this exercise were handed over to the Rajgama Pradeshiya Sabha for recycling.

The initiative marked another milestone during this year, by signing up Ocean Resources Conservation Association (ORCA), to join the Tokyo Cement coral conservation program. ORCA is an organisation dedicated to the study, management, conservation and restoration of coastal and marine environments, species and natural resources in Sri Lanka.

ORCA has been actively involved in the coral reef restoration programme in the Southern coast of Sri Lanka, focussing on the Rumassala coral reef in Galle. They bring in over twenty years of invaluable experience in conservation and restoration of coral reefs, backed by research expertise in reef bio-diversity, causes of reef degradation and impact mitigation.

The group has also been involved in pioneering activity in coral habitat restoration, by using cementing techniques to reattach broken coral fragments on to the reef and, has done leading work on invasive species monitoring and management at Rumassala and other reef sites in Sri Lanka.

CSR OVERVIEW

FoG divers carrying out the underwater clean up program

Awareness programme conducted by FoG at Seenigama Kusumarama Temple for Dhamma school students

The amount of garbage collected during the underwater clean up carried out in Seenigama

MEPA Recognises Tokyo Cement's Continued Support

Tokyo Cement Group plays a leading role in marine conservation. Keeping our beaches clean and maintaining a healthy coastal environment is the starting point to ensure the well-being of all marine life.

Every year, The Tokyo Cement Team in Trincomalee, together with various volunteer groups take part in the National Coastal and Marine Resource Conservation programmes organised by the Marine Environment Protection Authority (MEPA), to commemorate International Coastal Clean-up Day.

The project is assured of the participation of nearly a hundred of Tokyo Eastern Cement Factory staff, who join fellow government officers in Trincomalee; such as the District and Divisional Secretariat, The Urban Council, Uppuveli Pradeshiya Sabha, Sri Lanka Ports Authority, Department of Fisheries, members of the Tri-forces, and the school children of the area, to clean up the Cod Bay beach stretch.

At this year's National Beach Clean-up Day event, Tokyo Cement Group was recognised by MEPA for our continued contributions towards this national cause.

Renewable Energy Program

Currently holding a capacity to generate 24MW of Renewable Green Electricity, our biomass power generation project, continues to enrich the lives of farming families who supply biomass fuel for the power plants in Mahiyangana and Trincomalee. Tokyo Cement Group's pioneering renewable energy project managed to steer ahead during the year; despite multiple challenges posed by the severe drought and restricted supply chain, and was able to plant nearly 730,000 Gliricidia trees during the period under review, achieving a total of 6.5 Million trees since the inception of the community-based Gliricidia planting programme in 2012.

This Renewable Energy project which makes our entire production process 100% energy independent, was also able to supply the surplus 50,000 MWh of electricity to the national grid, after fulfilling the internal demand.

Gliricidia fuel wood bring an additional income to rural farming communities

National Beach Clean-up Day event organised by MEPA

We were keen on broadening our association with the next generation construction professionals, and therefore channelled a significant portion of our efforts and resources to strengthen our existing partnerships with higher education institutes and professional organisations.

ON OUR COMMUNITIES

Tokyo Cement's social empowerment programmes were conducted with added vigour during the year ended in March 2020, as a strategic tool to create deeper involvement with our industry community. Having played the role of a trusted adviser, the stakeholder groups that have built long term affiliations with us, have come to expect a higher standard in knowledge and experience sharing from The Company. Therefore, we made special emphasis to create engagements that permeated rich content on innovative technologies and best practices in the construction industry.

We were keen on broadening our association with the next generation of construction professionals, and therefore channelled a significant portion of our efforts and resources to strengthen our existing partnerships with higher education institutes and professional organisations. To meet this objective, we designed novel engagement platforms that involved harnessing the expertise of seasoned industry professionals and respected members of the academia, from Sri Lanka and abroad.

BUILD BEYOND 2019: Annual Emerging Engineering Technology Summit

The inaugural 'BUILD BEYOND 2019' Emerging Engineering Technology Summit was held at the BMICH in August 2019, featuring distinguished speakers representing both academia as well as professional spheres of construction, who discussed the changing dynamics of the discipline due to emerging engineering technologies. The conference, focused on propagating scientific and applied knowledge of the industry, hosted Civil Engineering Undergraduates from all major universities and engineering professionals from the state and private sectors. Tokyo Cement's objective behind organising BUILD BEYOND 2019 was to create an Industry-Academia partnership that will stimulate knowledge sharing and spur on innovation among young engineering students and professionals in the construction industry.

Dr. Michael Henry, Associate Professor at the Faculty of Engineering of Hokkaido University in Sapporo, Japan, delivered the keynote address at BUILD BEYOND 2019. Dr. Henry also delivered the keynote speech at the 2019 Annual Sessions of the Society of Structural Engineers of Sri Lanka, held under the patronage of Tokyo Cement Group.

The other presenters at BUILD BEYOND 2019 included prominent industry experts such as Eng. Nissanka Wijeratne, CEO/ Secretary General of the Chamber of Construction Industry (CCI) Sri Lanka, and Eng. K.L.S. Sahabandu, Senior Consultant to the Ministry of Megapolis and Western Development and former General Manager at CECB. Dr. M.G.M.U. Ismail, Director R&D at Tokyo Cement Company (Lanka) PLC, who were also among the erudite speaker panel of The Summit.

Nearly 250 third and final-year Civil Engineering undergraduates and some of their lecturers representing the Civil Engineering Faculties of Moratuwa, Peradeniya, Ruhuna, Sri Jayewardenepura and the South Eastern University of Sri Lanka, as well as from Sri Lanka Institute of Information Technology (SLIIT) were present at the seminar. In addition, practicing civil and structural engineers from SEC, RDA, Water Board, Ministry of Megapolis and Western Development, Port City and several other key state sector construction projects attended the summit.

Tokyo Cement Group intends to make BUILD BEYOND an annual highlight which provides a much-needed forum for industry interaction as a means to open up horizons for university undergraduates, enabling them to gain better insights on the application of the theoretical knowledge in practical situations. Tokyo Cement took the initiative of organising this engineering summit with the aim of facilitating world-class knowledge sharing as the key to inspire our aspiring engineering professionals who add impetus to the construction industry and play a pivotal role in building our Nation.


Third and final-year Civil Engineering undergraduates and Engineering Professionals participated at the BUILD BEYOND 2019 Summit

BUILD BEYOND$_X$: Undergraduate Student Seminar Series

BUILD BEYOND$_X$ is the second tier of professional knowledge sharing programmes organised as part of our strategy to create more responsive engagements with our key stakeholder communities, with this being tailored to focus on undergraduate Engineering Student fraternity.

Encouraged by the response with which the BUILD BEYOND main event was welcomed by industry groups, Tokyo Cement launched this series of secondary engineering conferences themed 'BUILD BEYOND$_X$', to be held at each University or at the Tokyo Cement Centre for Technical Excellence; which would also provide the participants a chance to engage in a study tour around our quality assurance centres, product testing labs and the Tokyo Eastern Cement Factory.

The seminar series is conducted by Eng. Srilal Sahabandu, Senior Consultant to The Ministry of Megapolis and Western Development and former General Manager/ CEO of the Central Engineering Consultancy Bureau (CECB), the largest engineering consultancy organisation in Sri Lanka. At BUILD BEYOND$_X$ Eng. Sahabandu shares his wealth of knowledge on real-life case studies, collected during his over 39 years of service as a Senior Structural Engineer working on large scale and complex engineering projects of national importance. Sharing these practical case study experiences have proven to be of great value to the undergraduate students, enabling them to learn how their theoretical knowledge is applied in formulating workable engineering solutions.

The first BUILD BEYOND$_X$ was held at the Tokyo Cement Centre for Technical Excellence in Trincomalee with the participation of over 120 undergraduates from the Faculty of Civil Engineering of the University of Jaffna and the South Eastern University of Sri Lanka. The students were also given a detailed factory tour during this event.

Subsequent to this, two more BUILD BEYOND$_X$ summits were held during the year; one in Anuradhapura, attended by 153 engineers and senior technical officers attached to government and private institutions, and another at the University of Peradeniya with the participation of 76 third and final year students of the Department of Civil Engineering.

Plans are underway to expand the reach of BUILD BEYOND$_X$ during the upcoming financial year, by organising the seminars at the University of Ruhuna and the Sri Lanka Institute of Information Technology (SLIIT), targeting senior students of the respective Civil Engineering Faculties.

Undergraduates from the Faculty of Civil Engineering of the University of Jaffna and South Eastern University of Sri Lanka at the BUILD BEYOND$_X$ Seminar

Deshamanya A.Y.S. Gnanam Construction Training Academy

The A.Y.S. Gnanam Construction Training Academy in Dambulla, is a fully-fledged training facility, installed with the objective of uplifting the standards of our construction industry. Registered under the Tertiary & Vocational Education Commission, it facilitates masons to upgrade their skills and obtain the National Vocational Qualification (NVQ) certification, under the supervision of the National Apprentices and Industrial Training Authority (NAITA) officials. Facilities are also provided for novices interested in the masonry trade, to undergo a 2-month residential training to obtain their NVQ qualification.

During the period under review, the following key events were conducted at the Training Academy;

- 10th Certificate Awarding Ceremony for 70 NVQ qualified masons
- Residential Training for 29 Army & 06 novice masons

10th NVQ Certificate Awarding Ceremony, AYS Gnanam Costruction Training Academy, Dambulla

Residential Training for Army personnel at the AYS Gnanam Training Academy

- A 5-day Training Programme for 20 NAITA (HRD) Inspectors
- Training Programme for 57 Development Officers – Dambulla Division

5-day Training programme for 20 NAITA (HRD) Inspectors

Training Programmes for 57 Development Officers – Dambulla Division

Being one of Tokyo Cement Group's foremost citizenship initiatives aimed at uplifting the standards of the industry, plans are currently underway to expand the services offered by The A.Y.S. Gnanam Construction Training Centre with the involvement of a dedicated project partner. Tokyo Cement wishes to announce the new plans drawn up to utilise the facilities available at the Centre during the upcoming financial year.

Capacity Building of Construction Sector Professionals

Tokyo Cement has been conducting skill development training programmes for masons in every part of the country, with the aim of strengthening ties with industry professionals. The Masons' Training Seminars are considered a valuable component of our relationship building exercise, as they are organised with help from our regional sales teams and the dealer network.

The masons' seminars are designed to enhance their skill levels and the standard of workmanship by sharing best practices, and provide technical guidance in the construction field, in order to uplift the entire industry.

Skill Building Seminar for Masons in Dehiattakandiya

Awareness Session for State Sector Technical Officers in Gampaha

Concurrently, awareness building programmes on quality, cement standards and innovative products are conducted, for Engineers, Technical Officers and Contractors in the public and private sector, to improve their exposure in novel construction and engineering methodologies.

Training Programmes are organised and conducted by Eng. Mouly Gunarathna, Consultant Engineer of Tokyo Cement Group.

This financial year alone, we were able to engage over 3,000 industry professionals through this skill building initiative, which adds tremendous value to Tokyo Cement's vision of being 'the leading partner in nation-building'.

Platinum Sponsor of The Forestry and Environment Symposium

Organised by the Department of Forestry and Environmental Science of University of Sri Jayewardenepura

For the fourth consecutive year, Tokyo Cement Group became the Platinum Sponsor of the '24th International Forestry and Environment Symposium 2019', organised by the Department of Forestry and Environmental Science of the University of Sri Jayewardenepura (USJP), held in October at Jetwing Blue, Negombo. This symposium was an opportunity for us to showcase the sustainability initiatives carried out by the Company, and share the learning experiences with participating undergraduates, researchers, academia, professionals, and policy makers.

Guest of honour of this year's symposium was Professor Sampath Amarathunge, Vice-Chancellor University of Sri Jayewardenepura, who delivered the opening remarks. Keynote speeches were delivered by Prof. Mikel Duke, a professor of Membrane Science from Victoria University, Melbourne and world renowned Sri Lankan conservationist Dr. Asha De Vos, Marine Biologist and Founder of Oceanswell.

As part of our engagement at the event, Tokyo Cement had the opportunity to host a panel discussion on 'Our Vanishing Coral Reefs; What is Ahead?', with the participation of eminent panellists including Dr. Asha De Vos - Marine Biologist / Founder – Oceanswell, Dr. Terney Pradeep Kumara – Chairman, MEPA, Mr. Nishan Perera – Marine Biologist - Blue Resource Trust, Mr. Arjan Rajasuriya – IUCN Sri Lanka, and Mr. Prasanna Weerakkodi - Ocean Resource Conservation Association. During the panel discussion, moderated by Dr. Kamal Ranatunga - Marine Ecologist / Senior Lecturer at USJP, Nishan Perera discussed how public-private partnerships such as the one BRT has with Tokyo Cement, help conduct meaningful long-term research to achieve tangible outcomes in coral reef conservation.

Panel discussion during the 24th Forestry and Environment Symposium

School Nutrition Program

This year too, the Company continued the compassionate endeavour initiated by our Founder Chairman, late Deshamanya A.Y.S. Gnanam, where we fund the provision of a balanced mid-day meal to over 300 children from Thiriyaya Maha Vidyalaya in Trincomalee. The far-reaching intention of the programme is to encourage children to attend school and continue their education, despite difficult circumstances.

The FOG Cricket Academy

Tokyo Cement Group's longstanding partnership with The Foundation of Goodness, carried out 9 cricket coaching camps in the South and 6 in the North and East during this year, fulfilling its objective of unearthing and polishing-up latent cricketing talent at school level. The coaching sessions conducted by Mr. Hemantha Devapriya and his team of coaches attached to the Foundation of Goodness, give school girls and boys from remote backgrounds a chance to perfect their skills and fuel their dreams of becoming Sri Lankan cricket champions.

A noteworthy highlight is the participation of 40 young cricketers and 8 coaches from the South, and 58 youngsters and 2 coaches from Kalmunai in the Ampara District, at the ongoing cricket coaching camps. The Tokyo Cement cricket coaching clinic provides these up and coming school cricketers from rural areas an opportunity to undergo top quality cricket training completely free of cost, which would otherwise only be available in the cities, yet inaccessible to many.

We are delighted to have the Southern Cricket Coaching Camp produce four star-class players; currently in the National Under-19 Team, to play at the 2020 ICC U-19 Cricket World Cup, scheduled to be held in South Africa. These young cricket stars had joined the Cricket Academy to hone their talent at the U-13 level. The four youngsters had shown great potential at national level, thus getting the rare opportunity to represent Sri Lanka at the international cricketing arena.

Among them is Navod Paranavithana who is Sri Lanka U-19 World Cup opener and captain of the Mahinda College Cricket Team, Galle, who shattered the batting records by becoming the first schoolboy to score a quadruple century in a school match! Navod is a recipient of a 5-year coaching scholarship offered by The Foundation of Goodness and is a frequent participant of the Tokyo Cement cricket coaching camp.

Tokyo Cement Group experienced another humbling moment this year, when four young cricketers from the Seenigama Ladies Cricket Squad too were selected to play for Sri Lanka, at the upcoming Women's Cricket World Cup 2020 in Australia. These four outstanding young ladies were also felicitated by OYOB Property Group in Australia during their time in Melbourne.

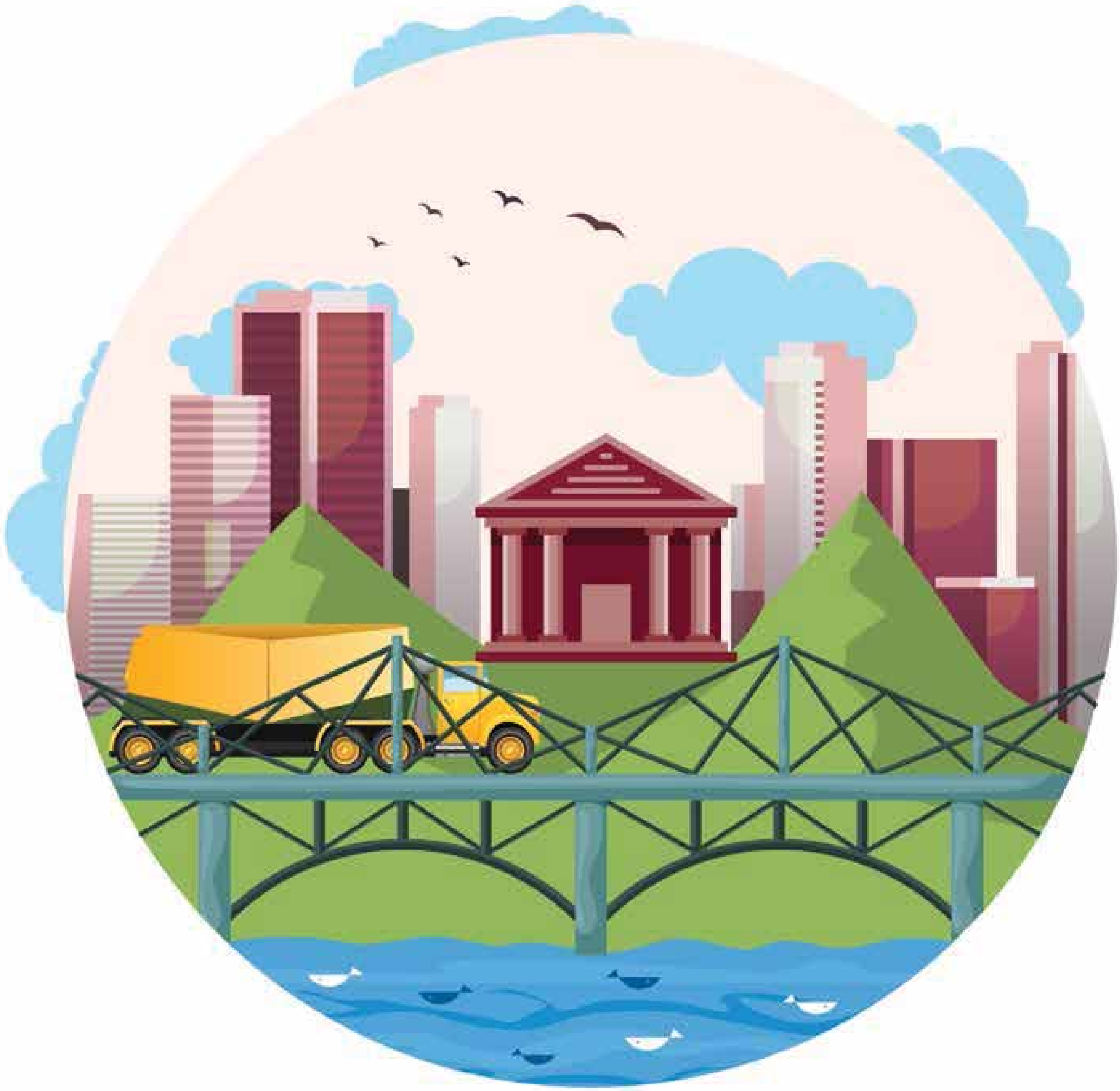
These achievements are the fruits borne out of our continued efforts, to fulfil the aspirations of young school children to brighten their future through a successful sporting career.

FOG Cricket Academy

A UNIFIED EFFORT

At Tokyo Cement, the collective efforts of our team have leveraged the quality of our products to cater to every need of our stakeholders.

A cantilever bridge is a structure projecting horizontally into space, supported only on one end and built upon a strategy of strength to adapt and endure dynamic loads.



GOVERNANCE REPORTS

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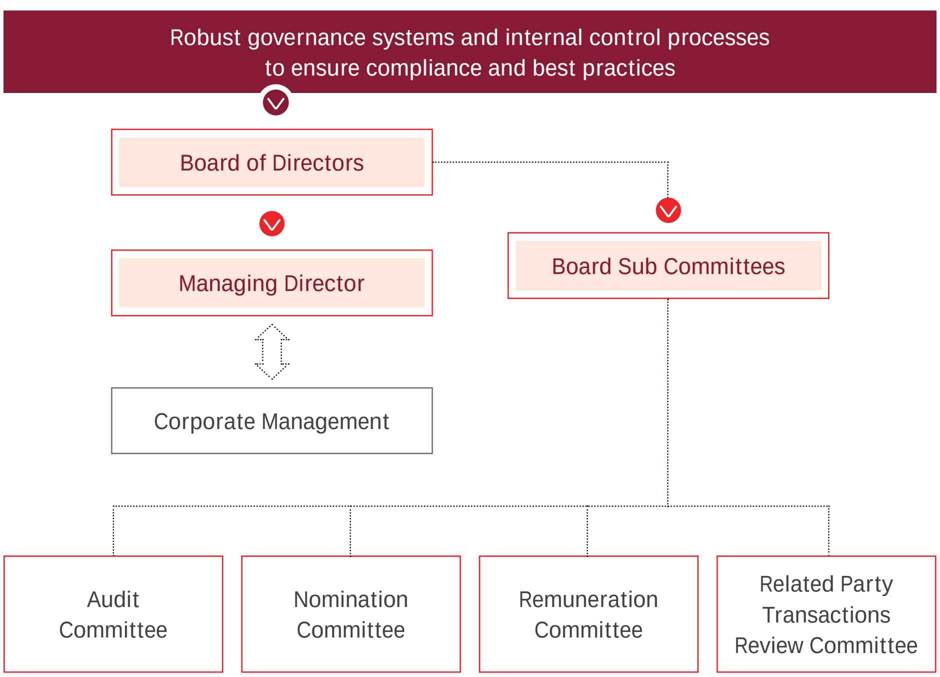
CORPORATE GOVERNANCE

THE GROUP'S LONG-STANDING TRADITION OF ETHICAL BUSINESS PRACTICES TOWARDS ALL STAKEHOLDERS, HAS ENABLED THE GROUP TO NOT ONLY SURVIVE DECADES OF MARKET COMPETITION BUT ALSO GROW AND GAIN MARKET SHARE.

Tokyo Cement Company (Lanka) PLC has in place a formal internal controls and governance system which incorporates not only the diverse regulatory compliance requirements faced by the Group but also industry best practices in corporate governance. The stability and effectiveness of the Tokyo Cement governance system is evidenced by the Group's long history of manufacturing operations of over 3 decades, in one of the country's essential heavy industries. The Group's long-standing tradition of ethical business practices towards all stakeholders, has ensured sustained brand credibility and respect that has enabled the Group to not only survive decades of market competition but also grow and gain market share. All growth strategies of the Group are defined by the principle of sustainable growth, that accommodates the triple bottom-line philosophy of people, planet and profit to ensure a balance between short term profitability and long-term value creation with minimum environmental impacts.

CORPORATE GOVERNANCE STRUCTURE



THE BOARD OF DIRECTORS

The governance structure of Tokyo Cement is headed by the Board of Directors which is the highest decision-making body of the Company. The Board has the overall responsibility and accountability for the management of the affairs of the Company, maintenance of prudent risk management practices and safeguarding stakeholder rights.

The Board of Tokyo Cement has upheld a philosophy of maintaining best practices with regards to governance policies, mechanisms and procedures. On principle, the Board is guided by the highest ethical standards in its policy making as a sustainable business bent on creating long term value for country, people and stakeholders.

The Board formulates overall business strategy in association with corporate management and determines corporate goals, which are communicated down the management hierarchy through a systematic budgetary control procedure approved by the Board of Directors.

Continuous oversight of operations is maintained by the Board of Directors through monthly reviews of corporate and operational performances of the Group against the context of the macro environment encompassing political, economic, social and technological developments. Through the review process, the Board provides direction to the corporate management in managing the business.

Appointments to the Board

In accordance with the Companies Act No 7 of 2007, the Board of Directors are appointed by the shareholders at the Annual General Meeting. Under Article 107, Directors are authorised to fill any casual vacancies or as an addition to the existing directorate. Please refer the Annual Report of the Directors for new appointments/ changes to Board composition during the year under review.

Composition of the Board

As at end March 2020, the Tokyo Cement PLC Board of Directors consisted of ten (10) members. There is only one (01) Executive Director, who is the Managing Director. Nine (09) Directors are Non-Executive Directors, and out of this, five (5) Directors are Independent Non-Executives, including the Chairman. Four Directors are Non-Executive Directors and one (01) Non-Executive Director is a Nominee Director of UBE Singapore, Tokyo Cement's technology partner.

To ensure proper balance of skills and expertise on the Board, all Independent Non-Executive Directors are highly respected professionals and have been selected from sectors such as banking, economic, legal and accountancy with many years of experience in business and administration. They have the qualification, and experience to guide the strategy formulation, risk management and growth process of the Group.

In conformity with good governance practices, the positions and functions of the Chairman and the Managing Director have been separated. The role of the Managing Director is to manage the day-to-day running of the Company and he leads the Corporate Management team in making and executing operational decisions. The Managing Director is also responsible for recommending strategy to the Board.

BOARD SUB COMMITTEES

In conformity with Listing Rules of the Colombo Stock Exchange, Tokyo Cement has established four Board sub committees – the Audit Committee, Remuneration Committee, Nomination Committee and a Related Party Transactions Review Committee. The composition of the Committees is fully compliant with the Listing Rules. The committees are fully functional and have continued to meet during the year under review to ensure specialised inputs to the Board.

Please refer the Committee Reports for details regarding the composition and activities of the committees during the year under review.

INTERNAL CONTROL AND MONITORING

The Board of Directors is responsible for designing, reviewing and maintaining an effective system of internal controls to ensure smooth and orderly operations, reliability of financial reporting, compliance with applicable laws and regulations, safety of assets and resources. As part of proper internal controls, the Board is responsible to deter and detect errors, fraud, and theft by ensuring accuracy and completeness of accounting data and by producing reliable and timely financial and management information. Overall, the internal controls process must ensure adherence to corporate policies and plans.

The Tokyo Cement internal control system cascades down through the Board sub committees and the corporate management.

- The corporate management is responsible for implementing Board directions and policies at operational levels. A structured reporting process is in place to ensure reporting and communications flow from top-down and bottom up.

- As a central, ongoing aspect of internal controls, the Board of Directors monitor operations through regular Board meetings and through regular reviews of management information obtained at meetings including reports of the internal auditors.

- An Internal Audit team has been established to monitor and measure the adequacy of the implementation of internal controls by the management. Internal Audit is empowered to review the systems and controls in accordance with a Board approved audit plan, which is reviewed and improved continually. Auditing systems include surprise audits of sales depots, the ready mixed concrete operations, and the factory.

- Reports by Internal Audit are submitted to the Audit Committee for review, which then recommends suitable action in consultation with senior management. Members of the Audit Committee also review monthly/interim financial statements submitted to the Board, and ensure financial information reported are in compliance with various accounting standards promulgated by Institute of Chartered Accountants of Sri Lanka.

IT Governance

Tokyo Cement has in place a formal set of protocols and reporting procedures reflecting best practices in IT governance, together with dedicated and qualified staff to ensure optimum utilisation of IT facilities. All investments in IT are authorised following in-depth assessments of fitness and feasibility and a cost-benefit analysis. The Board is directly involved in the IT governance process and periodically reviews the status quo of the IT system and provides direction on safeguarding and enhancing IT assets. During the year, regular IT risk assessments were conducted to safeguard against potential threats including cyber crime and cyber fraud and business disruptions. Software licenses, anti-virus and firewall software were maintained up to date to protect IT systems from external threats and internet usage and mail server operations were monitored. IT governance concerns, if any, were tabled at the Audit Committee meetings, where relevant actions were recommended by considering potential risks, impacts and other prudential criteria.

During the year, emphasis was placed on continuous improvements to the IT systems in line with the Company's growth plans. Tokyo Cement's has invested extensively in modern IT systems that are operated and managed centrally, with IT facilities also deployed at the factories. The Company's growing stock of IT assets includes the ERP system, a central control unit, internet, and email services covering much of the business operations.

Environment, Society and Governance (ESG)

Tokyo Cement has continued to conduct its business activities in a socially and environmentally responsible manner to contain, as much as possible, any negative environmental impacts and to ensure accountability and ethical conduct in all interactions with external stakeholders. During the year under review, the Company continued its ongoing environmental and social welfare programs, which are described in the CSR Review. The information provided therein will enable investors and other stakeholders to assess how ESG risks and opportunities are recognised, managed, measured and reported by Tokyo Cement.

Going Concern

The Board has discharged its statutory responsibility towards the going concern basis and has ensured prudent cash flow management and maintained strict financial controls across all operational aspects. To ensure the financial sustainability of the Company, the Board has made suitable resource allocations, together with well structured investment strategies, following continuous assessments of macro systematic risk factors. These precautions have ensured the Company is financially sustainable and has adequate financial and non-financial resources to continue operations into the foreseeable future.

Transparency

The Board of Tokyo Cement believes in transparent and accountable business practices and has stringently followed all statutory reporting requirements to inform shareholders, regulatory authorities and other stakeholders of the status of the Company. The Company did not face any fines or penalties for delays in statutory reporting during the current financial year. Dissemination of quarterly accounts and the release of the Annual Report and Audited Accounts have been complied with, within the stipulated time frame.

The Board discloses full information, both financial and non-financial, within the bounds of commercial realities. Being the only cement manufacturer listed on the Colombo Stock Exchange, it is committed to a responsible business philosophy.

Investor Relations

During the year, the Company maintained regular communications with all shareholders and kept all shareholders informed of the financial status of the Company, including corporate and individual shareholders. In addition, shareholders are provided the opportunity to ask questions freely at the General Meeting. The investor relations team also conduct meetings with institutional investors and analysts to discuss the Company's performance on a quarterly basis. Sensitive information, that may not be available to other shareholders, such as information that could influence share prices, are not divulged during such meetings, to ensure fairness by all shareholders.

Shareholder Value and Returns

The Tokyo Cement policy is to enhance shareholder wealth in the long term as well as in the short term. Therefore, the Company strategies are developed not only in the context of short-term profitability, but also to create long term returns through share price increases and enhanced shareholder assets, together with regular and fair distribution of profits. During the current financial year, the Company continued with its capital investment program, which is aimed at future value creation for shareholders, while also providing dividend payments, despite the difficult economic environment that prevailed.

STATEMENT OF COMPLIANCE

As a responsible corporate citizen with a long standing reputation for good governance, The Tokyo Cement Board is fully cognizant of the vital importance of total adherence to all laws and regulations governing the business and as such makes all efforts towards regulatory compliance at all times, in all business activities.

During the current financial year, Tokyo Cement has remained fully compliant with all applicable regulatory requirements. The Group adheres to regulations and codes of best practices etc. adopted by different governing bodies including the following:

- The Companies Act No 07 of 2007
- Listing rules of the Colombo Stock Exchange
- The Code of best practice on Corporate Governance issued by Institute of Chartered Accountants of Sri Lanka and Securities & Exchange Commission of Sri Lanka
- The Inland Revenue Act No 24 of 2017, VAT Act No 24 of 2002 and other revenue related regulations and subsequent amendments
- Exchange Control Act and subsequent amendments
- Customs Ordinance
- Consumers Affairs Authority Act
- Sri Lanka Electricity Act
- Central Environment Authority Act
- Other legislations and pronouncements relating to the industry in force

The extent to which the Group is in compliance with the rules set out in Section 7.10 of the Colombo Stock Exchange listing rules on corporate governance have been tabulated below.

Compliance with the rules set out in Section 7.10 of the Colombo Stock Exchange listing rules on corporate governance.

Rule No:	Rule	Compliance Status
01	Board of Directors The correct number of Non-Executive Directors, in accordance with Rule 7.10.1 (a)	☑
02	The correct number of Independent Non-Executive Directors, in accordance with Rule 7.10.2 (a)	☑
03	Specified whether the Non-Executive Directors submitted a Declaration annually of his/her independence or non independence to the Board of Directors - Rule 7.10.2 (b)	☑
04	Confirmed that the Board of Directors made an annual determination as to the independence or non independence of each Non-Executive Director based on the Declaration mentioned above and other information available to the Board and states the names of Non-Executive Directors determined to be 'Independent' – Rule 7.10.3 (a)	☑

Rule No:	Rule	Compliance Status
05	If the Director does not qualify as 'Independent', but if the Board taking into account all the circumstances is of the opinion that the Non-Executive Directors is 'Independent", the Board has specified, in the Annual Report, the qualification not met under Rule 7.10.4 of the CSE Listing Rules and the basis for determining the Director to be 'Independent' Rule 7.10.3 (b)	☑
06	Published a brief resume in the Annual Report, of each Director of the Board, which includes information on the nature of his/her expertise - Rule 7.10.3 (c)	☑
07	Remuneration Committee The correct number of Independent Non-Executive Directors in the Remuneration Committee, in accordance with Rule 7.10.5 (a)	☑
08	Specified whether a separate Remuneration Committee was formed or whether listed parent Company's Remuneration Committee used - Rule 7.10.5 (a)	☑
09	Specified the names of Directors comprising the Remuneration Committee (where the parent company's Remuneration Committee qualifies to function as the listed company's Remuneration Committee, a statement in the Annual Report to this effect and disclosed the names of the Directors) - Rule 7.10.5 (c)	☑
10	Disclosed the functions of the Remuneration Committee, in accordance with Rule 7.10.5 (b)	☑
11	Specified whether the Chairman of the Committee is a Non-Executive Director Rule 7.10.5 (a)	☑
12	The Annual Report contained a statement on the Remuneration policy - Rule 7.10.5 (c)	☑
13	Specified the aggregate remuneration paid to Executive and Non-Executive Directors in the Annual Report - ["Remuneration" should include cash and all non-cash benefits paid in consideration of employment with the Listed Entity (excluding statutory entitlements such as EPF and ETF)] - Rule 7.10.5 (c)	☑
14	Audit Committee The correct number of Independent Non-Executive Directors, in accordance with Rule 7.10.6 (a)	☑
15	Specified whether a separate Audit Committee formed or whether listed parent company's Audit Committee used - Rule 7.10.6 (a)	☑
16	Specified the names of Directors comprising the Audit Committee (where the parent company's Audit Committee qualifies to function as the listed company's Audit Committee, a statement to this effect and disclosed the names of the Directors) Rule 7.10.6 (c)	☑
17	Confirmed that the functions of the Committee have being in accordance with Rule 7.10.6 (b)	☑
18	Specified whether the Chairman of the Committee is a Non-Executive Director Rule 7.10.6 (b)	☑
19	Specified whether the Chairman or one member of Committee is a member of a recognised professional accounting body – Rule 7.10.6 (a)	☑
20	Specified whether the CEO and CFO attended Committee meetings, unless otherwise determined by the Audit Committee – Rule 7.10.6 (a)	☑
21	The Annual Report contained a report by the Audit Committee stating the manner of compliance in relation to the functions required of the Audit Committee and the determinations made by the Audit Committee – Rule 7.10.6 (c)	☑
22	Specified the basis for determining External Auditors as being Independent Rule 7.10.6 (c)	☑
23	Board shall avoid any conflict of interest from any transaction with any person and particularly persons considered as related parties- Rule 9.2	☑
24	Monitoring and approve recurrent and non-recurrent Related Party transactions as set out in the group policy guidelines – Rule 9.3	☑

AUDIT COMMITTEE REPORT

In accordance with the Listing Rules of the Colombo Stock Exchange and the 'Code of Best Practice on Corporate Governance' issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka, Tokyo Cement Company (Lanka) PLC has a fully functional Audit Committee, which meets regularly.

MEETING OF THE AUDIT COMMITTEE

The Audit Committee met four times during the year. The attendance of the members at these meetings was as follows:

Mr R Seevaratnam - Chairman	4/4
Mr Ravi Dias	4/4
Mr Asite Talwatte	4/4

CHARTER OF THE OF THE BAC

The Charter of the Board Audit Committee (BAC) is approved by the Board and clearly defines the Terms of Reference of the Committee and is regularly reviewed to ensure that new developments relating to the Committee's functions are addressed.

COMPOSITION OF THE BAC

As defined by the Listing Rules and the 'Code of Best Practice', the BAC comprises three Non-Executive Independent Directors and two members of the Committee are qualified Chartered Accountants. There were no changes to the composition of the BAC during the year under review.

The Chairman, Managing Director, Group Chief Operating Officer, Deputy General Manager Finance, Internal Auditors and relevant Senior Managers are invited to attend meetings as and when required.

AUDIT COMMITTEE MEMBERS

- Mr R Seevaratnam - Chairman
- Mr Ravi Dias
- Mr Asite Talwatte

TERMS OF REFERENCE

The BAC reports directly to the Board of Directors regularly, regarding its activities and review and recommendations. The BAC assists the Board of Directors in general oversight of financial reporting, risk management, internal controls. The BAC mandate includes:

- Supervision of financial reporting: The Committee assists the Board of Directors to discharge their responsibility in the preparation of Financial Statements to reflect a true and fair view on financial position and performance, based on the Company's accounting records and in accordance with the stipulated requirements of the Sri Lanka Accounting Standards. In accordance with the mandate mentioned above, the Committee reviews the following:
    - Procedures to provide reasonable assurance that all transactions are accurately and completely recorded in the books of account.
    - Effectiveness of financial reporting system is in place to ensure reliability of the information provided to the stakeholders.
    - Accounting policies to determine most appropriate accounting policies after considering all choices available.
    - Process by which compliance with Sri Lanka Accounting Standards, Companies Act No 7 of 2007 and other regulatory provisions relating to financial reporting and disclosures are ensured.
    - Revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Group companies and made recommendation to the Board of Directors.
- Supervision of internal audits: The BAC regularly interacts with the Internal Audit team to assess effectiveness of financial control systems and to make recommendations to the Board. The Audit Committee monitors and guides the Internal Audit Department which performs audits according to the plan of activities which covers financial and operational audits, risk assessments and IT security reviews.
- Monitor compliance: The BAC is empowered to monitor and examine Company compliance with laws and regulations and also adoption of best practices.
- Recommendations regarding auditors: The BAC makes recommendations regarding the appointment and reappointment of external auditors.

SUMMARY OF MAJOR ACTIVITIES DURING THE YEAR

As required under best practices, the BAC met four times during the 2019/20 financial year and proceedings of the meetings were reported to the Board of Directors regularly.

- The Committee monitored compliance with statutory requirements and the systems and procedures that are in place to ensure compliance with such requirements.
- The Committee ensured that the Internal Audit Function is independent of the activities it audited and that it was performed with impartiality, proficiency and due professional care. The reports of the Internal Audit Department were reviewed, discussed by the Committee, and corrective measures were initiated when required.
- The Auditors were provided with access to all requested information and relevant personnel to ensure that the Auditors had the independence to discuss and express their opinions on any matter. It provided the assurance to the Committee that the Management has fully provided all information and explanations requested by the Auditors.
- The Committee reviewed the business processes in operation in order to evaluate the effectiveness of the internal controls that have been designed to provide reasonable assurance to the directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of the financial statements.

INDEPENDENCE OF AUDITORS

The Committee is 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 has been 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 has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Audit Committee recommends the reappointment of Messrs BDO Partners for the financial year ending 31st March 2021.

CONCLUSION

Based on the oversight extended during the year, the Audit Committee is satisfied that the Group's accounting policies and internal controls including operational controls, provides reasonable assurance that the affairs of the Group are managed in accordance with the policy framework of the Group set out by the Board of Directors and that Group assets are properly accounted and adequately safeguarded.

R. Seevaratnam

R. Seevaratnam
Chairman – Audit Committee

21st September 2020

REMUNERATION COMMITTEE REPORT

Tokyo Cement Company (Lanka) PLC has a functional Remuneration Committee in conformity with the Listing Rules of the Colombo Stock Exchange. The Committee reports directly to the Board and ensures that no Director determines his own remuneration and is involved in deciding competitive remuneration packages to attract and retain top management personnel. Tokyo Cement has adopted policy, linked to short and long terms targets, as its remuneration policy for Executive Directors and senior managers.

COMPOSITION OF THE REMUNERATION COMMITTEE

There were no changes to the composition of the Remuneration Committee during the year under review.

The Remuneration Committee is appointed by the Board of Directors and comprises three Non-Executive Independent Directors. The Managing Director and other Directors attend Committee meetings by invitation.

REMUNERATION COMMITTEE MEMBERS

- Dr Harsha Cabral, PC - Chairman
- Mr R Seevaratnam
- Mr Ravi Dias

TERMS OF REFERENCE

The primary objective of the Remuneration Committee is to recommend the remuneration of senior personnel to attract suitable persons to direct the Company. Its objectives are:

- Make recommendations to the Board, regarding specific remuneration packages of the Senior Management Team.
- Recommend any contract of employment or related contract with the Senior Management Team and determine the terms of any compensation package in the event of early termination of the contract of any member of Senior Management Team.
- The committee has the authority to seek independent external professional advice on matters within its purview.
- The Committee also discusses and advises the Directors and Executive Officers on structuring of remuneration packages.
- Recommend the remuneration of the Board of Directors.

The Committee is not responsible for setting the level of remuneration of Non-Executive Directors, which is determined by the Board.

SUMMARY OF MAJOR ACTIVITIES DURING THE YEAR

The Remuneration Committee met twice during the year.

Remuneration levels of senior managers were reviewed, and recommendations were made to maintain these at levels sufficient to attract and retain the Senior Management Team of the Company. The decisions on the matters relating remuneration of the Senior Management Team were arrived in consultation with the Chairman and Managing Director.

Director's emoluments in aggregate for Executive and Non-Executive Directors for the year under review are disclosed in note 8 to the financial statements in page 113.

The Minutes of the Remuneration Committee were circulated and affirmed by the Board of Directors.

Dr. Harsha Cabral, PC
Chairman - Remuneration Committee

21st September 2020

NOMINATION COMMITTEE REPORT

Tokyo Cement Company (Lanka) PLC's Nomination Committee reports directly to the Board, to ensure the Board of Directors represent adequate diversity of expertise and experience to ensure prudent but strategic direction for the Group. The Committee ensures there is a combination of varied skills and knowledge within the Board to overcome the risks faced by the Group in pursuit of its strategic objectives, by reviewing and recommending suitable candidates to be appointed to the Board.

The Committee reviews requirements of the Company and makes recommendations that are unbiased and free from personal and/or business influences, thereby enabling the Company to have a strong and balanced leadership.

COMPOSITION OF THE NOMINATION COMMITTEE

There were no changes to the composition of the Nomination Committee during the year under review.

The Nomination Committee is made up of three Non-Executive Independent Directors and the Managing Director.

MEMBERS OF THE NOMINATION COMMITTEE

- Dr Harsha Cabral, PC – Chairman
- Mr S R Gnanam
- Mr R Seevaratnam
- Mr Ravi Dias

TERMS OF REFERENCE

As set out by the terms of reference of the Committee the responsibilities of the Committee are :

- Balance and diversify the effectiveness and composition of the Board
- Identify and recommend suitable candidates as Directors to the Board
- Make recommendations on matters referred to, by the Board.

SUMMARY OF MAJOR ACTIVITIES DURING THE YEAR

During the year under review the Nomination Committee met twice.

- The Committee deliberated potential new appointments for the year and recommended new appointments to the Board of Directors.
- Evaluated the eligibility of the Directors who have offered themselves for re-election/reappointment to the Board and made necessary recommendations to the Board.

Dr. Harsha Cabral, PC
Chairman - Nomination Committee

21st September 2020

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee has been established as directed by the Section 09 of the Listing Rules of the Colombo Stock Exchange and Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka. The Committee reports directly to the Board and is authorised to review all Related Party Transactions ensuring compliance with and legal requirements, concerning the transaction.

MEMBERS OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

There were no changes to the Committee composition during the year under review. In accordance with the requirements of the Listing Rules, the Committee comprised of three Non-Executive Independent Directors.

MEMBERS OF THE NOMINATION COMMITTEE

- Mr R Seevaratnam - Chairman
- Mr Ravi Dias
- Mr Asite Talwatte

TERMS OF REFERENCE

In compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange, the Committee's key responsibility is to review all proposed Related Party Transactions prior to entering into or completion of the transaction in line with procedures laid down by the Listing Rules.

In the event a Related Party Transaction will be ongoing (a Recurrent Related Party Transaction) the Related Party Transaction Review Committee has established guidelines for the senior management to follow in its ongoing dealings with the Related Party.

Its responsibilities are as follows:

- Evaluate any proposed related party transactions and make recommendation to the management and the Directors on the appropriate procedures that should be adopted by the Company to align with the Listing Rules and the Code of Best Practices on Related Party Transactions.
- Review any post quarter confirmations on related party transactions.
- Review the threshold for related party transactions to decide whether it requires shareholders' approval or immediate market disclosures.
- Reviews and assess ongoing relationships with any related party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remain appropriate.

SUMMARY OF MAJOR ACTIVITIES DURING THE YEAR

The committee met 04 times during the year under review.

The Committee reviewed all proposed Related Party Transactions and ongoing Related Party Transactions during the year. The Committee deliberations were presented to the Board by tabling minutes of the meeting of the Committee, at Board Meetings.

R. Seevaratnam

R. Seevaratnam
Chairman - Related Party Transactions Review Committee

21st September 2020

RISK MANAGEMENT

Powerful economic, demographic and technological forces are shaping a new global balance of power. The result is an unsettled geopolitical landscape that has direct and indirect impacts on both Sri Lanka and Sri Lankan businesses.

The Tokyo Cement Group's risk profile changed dramatically in the 2019/20 financial year, in response to the sudden and unpredictable changes in the macro environment. The systemic risk environment of Sri Lanka and the entire world saw a marked change for the worse during the 12 month period of April 1, 2019 to March 31, 2020, with escalating trade tensions and geo-political unrest in the world. The situation was compounded by the emergence of the novel Coronavirus during the latter part of the financial year. COVID-19 effectively brought the entire world to a virtual standstill causing massive losses to businesses around the world, including Sri Lanka. The threat of cyber security also came to the forefront during the year against the backdrop of growing global concerns regarding threats to national security in the form of digital espionage.

In Sri Lanka, the macro systemic risk environment saw a rapid intensification following the April 2019 Easter destruction. As a result, the country reverted to a status of high security alert after only a few years of peace, following the end of the conflict. The enhanced national security status had repercussions across the Tokyo Cement Group's risk portfolio from increased financial and credit risks, to market risks to human resource risks as a heavy industry with a large component of imported raw materials. While the COVID-19 lockdowns caused some losses to the Group in terms of lost man days and revenues, the Group demonstrated a high degree of flexibility and resilience and was able to restart and resume business fairly rapidly. The modern information technology systems deployed across the Group was a key asset in maintaining continuous communication with relevant stakeholders, and fast-tracking the recovery from COVID-19.

The Tokyo Cement Group has in place a well-structured and flexible risk monitoring, assessment and response system to ensure rapid responses to the changing risk environment. In addition, risk management is treated as a core business management function and involves both the Board of Directors and the management with clear risk monitoring, risk reporting and risk evaluation systems in place. The risk management function has been further enhanced during the year, due to the advanced ERP system which has been deployed across the Group, providing management and Directors with rapid access to market and production information. Another advantage has been the Central Control Room in Trincomalee, which was fully operationalised during the year. The control room has automated most of the production process, thereby enabling greater controls over production related risk factors. While the corona virus caused a national lockdown for a few weeks, the threat has been successfully contained within the country and the Tokyo Cement Group was quick to respond by adopting recommended health precautions against this threat.

PROCESS OF MANAGING RISKS

The Board of Directors and management have a key role in designing an effective system to identify potential uncertain events that may have adverse impacts, and to manage such risks within the risk appetite of the Group, or to eliminate the cause, to provide a reasonable assurance for the achievement of objectives.

A three-step risk management process is in operation, which involves risk identification, assessment, and prioritisation, against short term operational and mid to long term strategic objectives of the Group. The administrative and operational activities of the Group are executed within an internal control system by managing risks associated with the enterprise.

RISK MANAGEMENT STRATEGIES

1. Transferring the risk to another party,
2. Avoiding the risk,
3. Reducing the negative effect/probability of the risk, or even accepting some or all of the potential or actual consequences of a particular risk, and the opposite for opportunities.

THREE LINES OF DEFENCE

Tokyo Cement's three lines of defence on risk management are:

1st line of defence
Operational Units

- Identifying risks at operational level
- Evaluating and managing the risks within the approved framework of policies set by the Board of Directors.

2nd line of defence
Support Functions

- Major support functions
- Accounting & Finance
- Administration
- Operations
- Information Technology
- Work in close relationship with business units, to ensure that uncertain events are appropriately identified and managed.

3rd line of defence
Internal Audit
Audit Committee

- The Internal Audit Function assesses the efficiency & effectiveness of the processes executed by the first and second lines of defence independently
- The Audit Committee continuously provides an assurance on these processes to the Board of Directors.

QUANTITATIVE AND QUALITATIVE ASPECTS OF RISK MANAGEMENT

The risk assessment mechanism of the Company considers two aspects of the risk; quantitative and qualitative aspects which have a significant influence on operations of the business.

Quantitative risk assessment requires calculations of two components of risk; the magnitude of the potential loss and the probability that the loss will occur in an event of materialisation of such risks, and the probable impact to the business. Any significant risk above the tolerable risk requires the keen attention of the management. The calculation of quantitative risks is measured both as gross risk and net risk. The assessment of gross risk involves the identification of possible effect without any mitigating actions, while the net risk assessment considers possible losses which the Company has to bear when mitigating action has been taken. Major risks that are identified by the Company are depicted in the following diagram and details are provided in the accompanying table below.

Impact on the Company		Low	Medium	High
High	Operational Risks	• Volatility of energy and raw material prices • Availability of raw materials and additives • Production Technology related risk • Quality Risks • Legal and Regulatory risks	• IT Risks	
High	Market & Strategic Risks	• Industry risk/sales risks • Risks from acquisitions and investments • Political risk		• Risks of substitution of products
High	Financial Risks	• Misstatement of Financial Statements • Refinancing/Liquidity risk	• Credit risk	
		Probability of Occurrence		

Risk	Description	Impact	Probability	Risk management response
Financial Risks				
Currency Risks	The rupee continued to depreciate in 2019	High	High	• Entering into forward buying contracts with foreign suppliers for future procurements • Closely monitoring currency rate movements • Taking appropriate action to revise pricing.
Credit Risks	Credit risk increased following the Easter Sunday disturbance. The construction industry continued to experience liquidity constraints, due to delays in payments for government projects. Risks associated with COVID-19 and risk pertains to the risk of a potential second wave of the pandemic and another round of lockdowns.	High	Medium	• Formal credit policies and procedures are in place determine creditworthiness and credit risks of each customer • Credit facilities are backed by bank guarantees. • Advanced reviewing systems are in place to monitor and report outstanding trade debts. • Planned to convert credit sales to cash sales in order to mitigate the default risk.

● High ● Medium ● Low

Risk	Description	Impact	Probability	Risk management response
Interest Rate Risks	Erratic fluctuation of interest rates. Inability to predict the fiscal policy maintaining a sustainable momentum into foreseeable future.	Medium	Medium	• Continuous negotiations with banks and financial institutions to secure the best rates for the Groups' borrowing and investments • Maintaining long term interest rate agreements • Prudent treasury management • Strong long-term relationships with banks • Aggressive follow-up with debtors within the credit period to minimise finance costs
Refinancing/ Liquidity Risk	Unavailability of sufficient funds impacting smooth functioning of day to day operations of the group	Medium	Medium	• Arrangement of adequate banking facilities • Maintaining a sound cash position • Cash flow planning and monitoring
Market & Strategic Risks				
Political Risks	Security uncertainty following the Easter Sunday disturbance and political uncertainty in the run-up to the Presidential Election, saw this risk factor increase	High	High	• Engaging with policy makers and influencers • Portfolio diversification to diversify revenue sources • Backward integration to strengthen the business
Sales/ Market Risks	Construction activity contracted sharply during financial year 2019/20 in the aftermath of the Easter Sunday disturbance.	High	High	• Product diversification • Increased customer focus • Development of special products i.e. Innovation Products • Planning based on analytics
Risks from substitution of products	Availability of low quality imported products	High	High	• Uncompromising quality standards • Strong dealer network • Educating of customer/decision influencers such as masons
Environmental risks	Floods and other extreme weather	Medium	Low	• Diversify portfolio to maintain revenue streams
Risks from acquisitions and investments	Adverse impact due to changes to financial structure, failure to integrate employees, processes, technologies & products, and social and political changes	Low	Low	• Rigorous forecast and analysis of acquisition and investments and methods of financing • Low employee turnover and employees with long tenure with the Company
Operational Risks				
Volatility of energy and raw material prices	Adverse effect on the cost of production due to increased energy prices and increased world market prices on imported raw materials	High	Low	• Utilisation of renewable energy sources to maximum and long term supplier contracts to reduce volatility of raw material prices
Availability of raw materials and additives	Interruption to business activity due to non-availability of raw materials and additives	High	Low	• Long term contracts with reliable material suppliers who are with the Company for many years and own supply of additives such as fly ash

● High ● Medium ● Low

RISK MANAGEMENT

Risk	Description	Impact	Probability	Risk management response
Production Technology Related Risks	Technological obsolescence could adversely affect the performance	🟠	🟢	• In house and overseas training for staff • Technology transfer from UBE, Japan • Regular investment in upgrading technology .
Quality Risks	Adverse impact due to sales returns and damages due to claims for supply low quality products and decrease in sales volume	🟢	🟢	• Strict quality maintenance in terms of ISO 9001 Quality management System and compliance with SLS requirements are observed at all times. Therefore, this is a low risk to the Group
Legal & Regulatory Risks	Negative Effect on business on changes to regulations or noncompliance with regulations mainly connected with environmental and consumer protection Acts	🟢	🟢	• As we maintain a high level of compliance, the impact is low.
Information Technology Risk	Adverse impact on loss of confidentiality, integrity and non availability of systems	🟠	🟠	• ERP system has been reviewed on a continuous basis in order to identify the future enhansments to meet the business requirments. • Back up procedures, password controls, firewalls, malware and anti-virus protections are in implementation and continuously measure and upgrade and protect data, applications, systems and networks.

🔴 High 🟠 Medium 🟢 Low

BUILT FOR THE LONG RUN

Tokyo Cement's journey has been one of evolution and progress. Built upon a strong foundation and focused on structural precision, today, the Company is poised to venture beyond; to explore the future of unimaginable possibilities that lie ahead.

One of the oldest forms of engineering known to man, suspension bridges have evolved over the years to become a symbol of strength and stability - able to withstand extreme tension and span far beyond the scope of other bridge designs.

FINANCIAL INFORMATION

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FINANCIAL CALENDAR

Interim Reports	
Quarter ended 30th June 2019	7th August 2019
Quarter ended 30th September 2019	7th November 2019
Quarter ended 31st December 2019	29th January 2020
Quarter ended 31st March 2020	21st July 2020
First and final dividend recommended	18th September 2020
Annual Report – 2019/20	24th September 2020
Thirty Eighth Annual General Meeting	22nd October 2020

ANNUAL REPORT OF THE DIRECTORS

ABOUT THE COMPANY

Listed in the Colombo Stock Exchange in 1984, Tokyo Cement Company (Lanka) PLC was incorporated in 1982 and holds the distinction of being Sri Lanka's first privately owned cement manufacturer and one of the country's leading heavy industries. One of the oldest private sector foreign collaborations in Sri Lanka, the Company was established as a partnership between Japan's Nippon Coke and Engineering Company, (formerly Mitsui Mining Company) and Sri Lanka's St Anthony's Consolidated, under the aegis of the founder of Tokyo Cement, Deshamanya A Y S Gnanam. In 2017, Tokyo Cement entered into a new technical collaboration with UBE Singapore PTE Ltd.

THE TOKYO CEMENT GROUP

Tokyo Cement Group structure

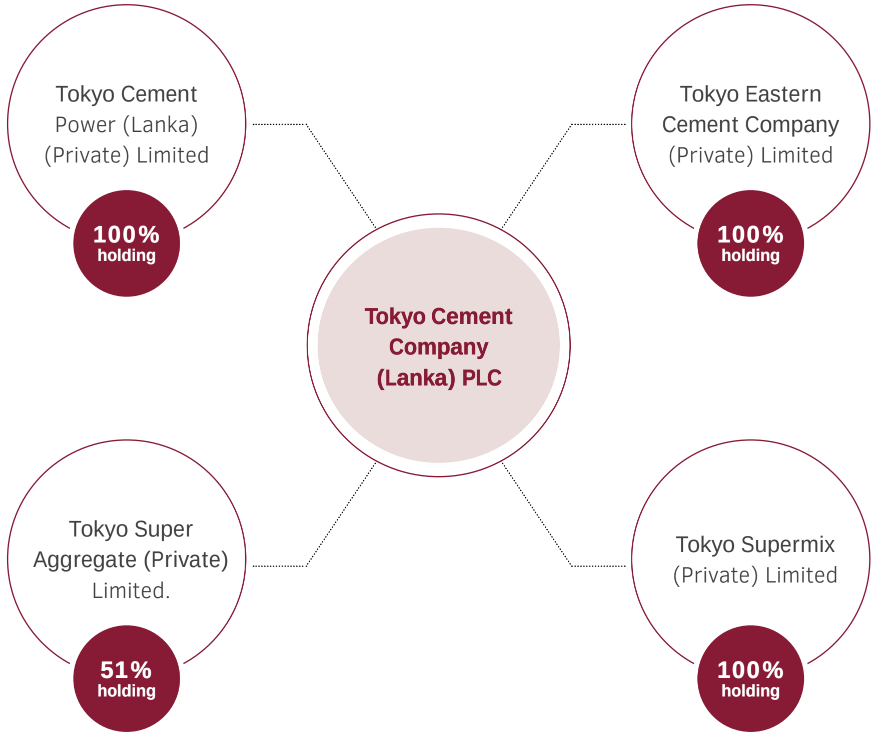
In terms of Section 242 (1) of the Companies Act No 07 of 2007, Tokyo Super Cement Company Lanka (Pvt) Ltd was amalgamated with Tokyo Cement Company (Lanka) PLC and a Certificate of Amalgamation has been issued by the Registrar General of Companies on 13th June 2019 in terms of Section 244 (1) (a) of the Companies Act No 07 of 2007.

Following the amalgamation, as at 31st March 2020, the Group subsidiaries consisted of:

1. Tokyo Cement Power (Lanka) (Private) Limited - (100% holding)
2. Tokyo Eastern Cement Company (Private) Limited - (100% holding)
3. Tokyo Supermix (Private) Limited - (100% holding)
4. Tokyo Super Aggregate (Private) Limited - (51% holding)

PRINCIPAL ACTIVITIES

The Company's core activity is the manufacture of Ordinary Portland Cement, Portland Pozzolana Cement and Blended Hydraulic cement. The Company also manufactures value added products, such as Tile Adhesives, Water Proofing Products, Pre-Mix Concrete, Ready-Mixed Concrete and CLC Blocks. The Company is also involved in renewable energy generation.



Please refer the Chairman's Message and the Managing Director's Review for details of the Company's activities during the financial year 2019/20.

BOARD OF DIRECTORS & BOARD SUB COMMITTEES

Board of Directors

Director	Designation
Dr Harsha Cabral, PC	Chairman and Non-Executive Independent Director
Mr S.R. Gnanam	Managing Director
Mr Susumu Ando	Non-Executive & Nominee Director of UBE Singapore PTE Ltd
Mr A.S.G. Gnanam	Non-Executive Director
Mr E.J. Gnanam	Non-Executive Director
Mr R. Seevaratnam	Non-Executive Independent Director
Mr Ravi Dias	Non-Executive Independent Director
Mr W.C. Fernando	Director
Mr Asite Talwatte	Non-Executive Independent Director
Dr Indrajit Coomaraswamy	Non-Executive Independent Director (With effect from 25th March 2020)

Dr Indrajit Coomaraswamy, former Governor of the Central Bank of Sri Lanka, was appointed to the Board of Directors of Tokyo Cement Company (Lanka) PLC, as Non-Executive Independent Director, on 25th March 2020. Dr Coomaraswamy was a former member of the Tokyo Cement Board and relinquished this post following his appointment as the Governor of the Central Bank of Sri Lanka. He has now been reappointed to the Board at the end of his tenure as the Governor of the Central Bank.

BOARD SUB COMMITTEES

Four Board sub committees have been constituted to support the Board in its decision making and to improve management effectiveness of the Company. Each subcommittee has been constituted under specific terms of reference, in conformity with the listing rules of the Colombo Stock Exchange. The sub committee are:

- The Audit Committee
- The Remuneration Committee
- The Nomination Committee
- The Related Party Transactions Review Committee

The terms of reference and reports of the committees are given on pages 78 - 82 of the Annual Report.

CHANGES TO THE BOARD SUB COMMITTEES

In compliance with the Colombo Stock Exchange directive on disclosures regarding changes to Board sub committees, we have made provisions for automatic disclosures in case of any such changes. Therefore, all Board sub committees and all members of Board sub committee have been listed with the quarterly financial statements released to the Colombo Stock Exchange and shareholders.

There were no changes to the Board or Board's sub committees during the year under review other than the appointment of Dr Indrajit Coomaraswamy with effect from 25th March 2020.

DIRECTOR'S MEETINGS

The Board of Directors met 07 times during the year under review and 08 circular resolutions were adopted by the Board of Directors of the Company.

INDEPENDENT DIRECTORS

The Board noted that under Rule 7.10.3, it should make a determination annually as to the independence or non-independence of each Non-Executive Director based on a declaration made of their independence or non-independence against the specified criteria and such declaration and other information available to the Board should be set out in the annual report with the names of Directors determined to be 'independent'.

The Board assessed the Directors Independence in accordance with standards established by the CSE and Corporate Governance Rules. The Board noted that Mr. Ranjeevan Seevaratnam and Dr Harsha Cabral, PC, had served on the Board for a period exceeding nine years from the date of the first appointment.

The Board of Directors having reviewed all the relationship Mr. Seevaratnam and Dr Harsha Cabral, PC has with the Company, and having considered all the facts and circumstances, determined that Mr. Seevaratnam and Dr. Harsha Cabral, PC are nonetheless independent and are in any way not impaired in performing the responsibilities of an Independent Director, although they had served on the Board for a period exceeding nine years from the date of the first appointment.

DECLARATION OF DIRECTORS INDEPENDENCE OR NON-INDEPENDENCE

Independent Directors of the Board

1. Dr Harsha Cabral, PC
2. Mr Ranjeevan Seevaratnam
3. Mr Ravi Dias
4. Mr Asite Talwatte
5. Dr Indrajit Coomaraswamy

A signed declaration by the five Independent Directors regarding their independence, was submitted to the Board and was duly evaluated by the Board. The Board assessed the Directors' independence in accordance with standards established by the CSE and Corporate Governance Rules.

RECOMMENDATIONS FOR RE-ELECTION

The following recommendations have been made for re-election to the Board.

1. To re-elect as a Director, Dr Indrajit Coomaraswamy, who is up for retirement under the Articles of Association and Section 211 of the Companies Act No 7 of 2007, for the age limit referred to, in Section 210 of the Companies Act No 7 of 2007, as he is over the age of 70 years.
2. To re-elect as a Director, Mr Ranjeevan Seevaratnam, who is up for retirement under the Articles of Association and Section 211 of the Companies Act No 7 of 2007, for the age limit referred to, in Section 210 of the Companies Act No 7 of 2007, as he is over the age of 70 years.
3. To re-elect as a Director, Mr W C Fernando, who is up for retirement under the Articles of Association and Section 211 of the Companies Act No 7 of 2007, for the age limit referred to, in Section 210 of the Companies Act No 7 of 2007, as he is over the age of 70 years.
4. To re-elect Dr Harsha Cabral, PC, who retires by rotation under Article 114 and is eligible for re-election.

DIRECTORS' INTERESTS

The Directors' Interests in the Company contracts appear on pages 139 - 143 of the Financial Statements and have been declared at the meetings of the Directors.

Apart from the information disclosed, the Directors have no other direct or indirect interest in any contracts or proposed contracts pertaining to the business of the Group.

PUBLIC SHAREHOLDINGS

Tokyo Cement Company (Lanka) PLC is fully compliant with Section 7.13.2 of the Listing Rules of the Colombo Stock Exchange regarding the minimum public holdings requirement set out in section 7.13.1.

As at end March 2020, the percentage of voting shares held by the public was 39.16% and 100% of non-voting shares were publicly held.

DIRECTOR'S/ CEO'S SHAREHOLDING - ORDINARY SHARES

Director's / CEO's Shareholding	Voting Ordinary Shares		Non Voting Ordinary Shares	
	No of Shares Held 31st March 20	No of Shares Held 31st March 19	No of Shares Held 31st March 20	No of Shares Held 31st March 19
St Anthony's Consolidated (Private) Limited	73,507,172	73,507,172	-	-
Mr A.S.G. Gnanam	14	14	-	-
Mr S.R. Gnanam - Managing Director/CEO	14	14	-	-
Mr E.J. Gnanam	14	14	-	-
Ube Singapore Holdings Pte. Ltd	26,730,000	26,730,000	-	-
Mr Susumu Ando (Non Executive and Nominee Director of UBE Singapore Pte. Ltd)	-	-	-	-
Mr W.C. Fernando – Director	-	-	71,280	71,280
Independent Non Executive Directors				
Mr Ranjeevan Seevaratnam	-	-	-	-
Dr Harsha Cabral, PC	-	-	-	-
Mr Ravi Dias	-	-	-	-
Mr Asite Talwatte	-	-	-	-
Dr Indrajit Coomaraswamy	-	-	-	-
	100,237,214	100,237,214	71,280	71,280
Total shares in issue	267,300,000	267,300,000	133,650,000	133,650,000

EQUITABLE TREATMENT TO SHAREHOLDERS

The Directors at all times ensure that all shareholders are treated equitably.

INTEREST REGISTER

As stipulated by the Companies Act No. 07 of 2007, Tokyo Cement Company (Lanka) PLC has continued to maintain and update its Interest Registers during the year under review.

RELATED PARTY TRANSACTIONS

As directed by the Colombo Stock Exchange, related party transaction disclosures have been accommodated and the Stock Exchange has been notified.

Directors have disclosed all related party transactions and such transactions are given in note 34 on pages 139 - 143 of the Annual Report.

APPOINTMENT OF LAWYERS

Having reviewed the dynamics of the external environment, the Board of Directors have determined to appoint company lawyers on a case-by-case basis, based on the Group's legal requirements and required legal specialisations.

OUTSTANDING LITIGATION

In the opinion of the Directors and the Company lawyers/legal counsel, litigations pending against the company will not have major impact to the Financial Statements.

CONTINGENCIES AND COMMITMENTS

Information with regards to contingent liabilities and capital commitments as at 31st March, 2020, is given in notes 31,32 on pages 132 - 133 of the Financial Statement.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors are responsible for the preparation and presentation of Financial Statements of the Group and Company, to reflect a true and fair view of the state of affairs. The Statement of Directors' Responsibilities for the Financial Statements is given on page 93 of this Annual Report.

FINANCIAL STATEMENTS

All financial statements are prepared in accordance with the requirements of the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act, and the Listing Rules of the Colombo Stock Exchange and other regulatory bodies as applicable to the Group.

We have duly complied with all the requirements prescribed by the regulatory authorities including the Colombo Stock Exchange and the Registrar General of Companies. The consolidated financial statements for the year ended 31st March 2020 have been audited by Messrs BDO Partners Chartered Accountants.

SIGNIFICANT ACCOUNTING POLICIES

The Company and the Group prepared the financial statements in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs). The Board of Directors wish to confirm that there were no changes to the accounting policies used by the Company and the Group during the year other than those adopted on initial application of SLFRS 16 – Leases.

ANNUAL REPORT OF THE DIRECTORS

FINANCIAL PERFORMANCE

The financial performance and operating environment that influenced financial performance, of the Group and Company and plans for the future, has been discussed in detail by the Managing Director in the Managing Director's Review of Operations in pages 32 - 34 of this annual report. Therefore, we kindly request all interested stakeholders to refer this statement and also the Chairman's Message on pages 29 - 30 of this annual report.

SHAREHOLDERS' INFORMATION

This information provided in pages 152 - 156 of this annual report.

SUBSTANTIAL SHAREHOLDINGS

The 20 major shareholders and the percentage held by each of them as at 31st March, 2020 are given on pages 155 - 156.

DIVIDENDS

The Directors recommend a first and final dividend of Rs. 1.50 per share for the 2019/20 financial year, amounting to a payout of Rs. 601,425,000/-.

STATED CAPITAL

The total issued stated capital stood at Rs 4,239,611,750 as at end March 2020, and consists of 267,300,000 ordinary voting shares and 133,650,000 ordinary non voting shares.

RESERVES

The Group's total reserves increased from Rs 10.7 Bn to Rs 12.9 Bn by 31st March, 2020.

STATUTORY PAYMENTS

The Directors to the best of their knowledge are satisfied that all statutory financial obligations to the government and to employees have been either duly paid, or adequately provided for, in the Financial Statements. A confirmation of the same is included in the statement of directors responsibilities. In addition, a compliance report is submitted to the Board on a quarterly basis regarding the timely payment of all statutory dues.

EVENT OCCURRING AFTER THE REPORTING DATE

Please refer note 38 on page 147.

GOING CONCERN

The Board has ensured prudent cash flow management during the year and maintained stringent financial controls across all operational aspects in accordance with its statutory responsibility towards ensuring that the Company is a 'going concern. 'The Board has continually reviewed capital investments, resource allocations and investment strategies in relation to macro systematic risk factors to make sure the company is financially sustainable and has adequate financial and non financial resources to continue operations into the foreseeable future.

The preparation of financial statements have been done on the going concern basis, as confirmed in the Statement of Directors' Responsibilities on page 93.

RISK MANAGEMENT

The Directors have established and adhere to a comprehensive risk management framework at both strategic business units and group levels to ensure the achievements of their corporate objectives. The categories of risks faced by the Group are identified and significance of those risk are evaluated on basis of impact of such risks and the probability of occurrence of such risks. Based on the significance of risks, mitigating strategies are adopted by the group. The Board of Directors reviews the risk management process through the audit committee. The risk management report of the group is on pages 83 - 86 of this report.

AUDITORS

The independent auditors report on the financial statements has been included in this Annual Report.

The retiring auditors Messrs BDO Partners, Chartered Accountants have stated their willingness to continue in office and a resolution to grant authority to the Board to determine their remuneration will be proposed at the Annual General Meeting.

The fees payable to auditors Messrs BDO Partners, Chartered Accountants are given in note 8 on page 113 of the Annual Report. As far as the Directors are aware, the auditors have neither any other relationship with the Company nor any of its subsidiaries, that would have an impact on their independence. Messrs BDO Partners, Chartered Accountants, the auditors of the Company are also the auditors of all subsidiaries of the group. The list of subsidiaries, audited by them is included on page 101 of the Annual Report.

ANNUAL GENERAL MEETING

The 38th Annual General Meeting of the Company will be convened on Thursday 22nd October 2020 at 4.00 pm.

Mr. S.R. Gnanam
Managing Director

Mr. R. Seevaratnam
Independent Non Executive Director

Seccom (Pvt) Limited
Company Secretaries

21st September 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Statement of Director's Responsibility acknowledges the responsibilities of the Directors of Tokyo Cement Company (Lanka) PLC, as defined by the Companies Act No 7 of 2007, for the preparation and presentation of the financial statements and other statutory reports. The responsibilities of the Directors are set out under the following sections of the Companies Act:

- Sections 150(1),151,152(1) & 153 of the Companies Act No 7 of 2007, state that the Directors are responsible to ensure compliance with requirements set out therein, to prepare financial statements for each year, giving a true and fair view of the state of affairs of the Company and the Group as at the end of financial year and of the profit and loss of the Company and its subsidiaries of the Group for the financial year.

- In terms of Section 148 of the Companies Act No 7 of 2007, the Directors are also required take appropriate steps to ensure that the Companies within the Group maintain adequate and accurate records, which reflect the true financial position of each such Company and hence the Group.

- In addition to the above, the Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and of the Group and in this regard, to give proper consideration to the establishment of appropriate internal control systems with a view to preventing and detecting fraud and other irregularities, while acknowledging that there is no single system of internal control that could guarantee absolutely against mismanagement or fraud.

- The Directors are also required to prepare the financial statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections that may be considered appropriate, to enable them to give their audit opinion.

In accordance with the above requirement, the responsibility of the Directors, in relation to the financial statements of Tokyo Cement Company (Lanka) PLC and the consolidated financial statements of the Group, have been discharged as below.

- The Directors of Tokyo Cement Company (Lanka) PLC confirm that the financial statements and other statutory reports of the Company and its subsidiaries for the year ended 31st March 2020, conform to the Sri Lanka Accounting Standards (SLFRSs/LKASs), the Companies Act NO 07, 2007, and the Listing Rules of the Colombo Stock Exchange.

- The Directors have selected the appropriate accounting policies and such policies adopted by the Group are disclosed and explained in the financial statements.

- The financial statements consist of :

  - The Statement of Comprehensive Income and Statement of other Comprehensive Income of the Company and its subsidiaries, which present a true and fair view of the profit and loss of the Company and its subsidiaries for the financial year.

  - The Statement of Financial Position, which presents a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year.

- The Board of Directors confirm that the Company and the Group's Consolidated Statements of Financial Position as at 31st March 2020 and the Comprehensive Income Statements for the Company and the Group for the financial year ended 31st March 2020 reflect a true and fair view of the Company and the Group, respectively.

- The Directors have adopted the going concern basis in preparing the financial statements. The Directors having considered the Group's business plans, and a review of its current and future operations, are of the view that the Company and the Group have adequate resources to continue in operation.

- The responsibility of the auditors, in relation to the financial statements prepared in accordance with the provision of the Companies Act No 7 of 2007, is set out in the Report of the Auditors.

- The Auditors were provided with the opportunity to make appropriate inspections of financial records, minutes of Shareholders and Directors' meetings and other documents and to review, and sample check the system of internal controls, as they considered appropriate and necessary, to enable them to form an opinion of the Financial Statements.

STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all taxes, duties and levies, all contributions, levies and taxes payable on behalf of, and in respect of, the employees of the Company and its subsidiaries and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the reporting date have been paid, or where relevant provided for, except as specified in note 32 to the financial statements covering contingent liabilities.

Upholding their responsibilities, the Directors have at all times made all attempts to promote sound business ethics and safety standards, and a culture of compliance within the Group.

By Order of the Board of
Tokyo Cement Company (Lanka) PLC

Seccom (Private) Limited,
Company Secretaries

21st September 2020

INDEPENDENT AUDITOR'S REPORT

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Colombo 02
Sri Lanka

TO THE SHAREHOLDERS OF TOKYO CEMENT COMPANY (LANKA) PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Tokyo Cement Company (Lanka) PLC ('the Company') and the consolidated financial statements of the Company and its subsidiaries ('the Group'), which comprise the statement of financial position as at 31st March 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 96 to 150.

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 2020, and of their financial performance and 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 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 judgement, are of the most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of Inventories

The Company and the Group had inventories of Rs. 2,207,629,543 /- and Rs. 3,492,636,466 /- respectively as at 31st March 2020, which represented 34% and 38% of the Company and the Group's current assets respectively.

The inventory management and control system relating to inventory maintenance and recording are centralised at the Group level. Further, the value of inventories involves a significant management estimate by the Group at the end of the reporting period. The calculation of inventory quantity is performed based on the consumption of each individual inventory category reported by each component and through verification by management. Further, the calculation of inventory quantity involves measurement factors determined by the external surveyor engaged by the Group.

As the COVID-19 outbreak and lockdown restrictions occurred late in the Group's financial year, the observation of the inventory verification process had not taken place and the inventory count as at year end has been performed by the management. However, subsequent to the year end, observation of inventory count had taken place by the management under the supervision of auditors. Accordingly, management has carried out rollback procedures to calculate the inventory quantities as at the reporting date.

Therefore, the significance of the inventory balance together with the significant management judgement involved has resulted in the measurement of inventories being identified as a key audit matter.

We have performed the following audit procedures, among others to address this matter:

- Understanding and evaluating the key internal controls surrounding the management's estimate on inventory calculation.
- Examining the external surveyor's report and understanding the key estimates made and the approach taken by the surveyor in determining the calculation and also assessing the competency, capability and objectivity of the external surveyor engaged by the Group.
- Attended and performed observation procedures for inventory at the count performed in June 2020 and considered the inventory count performed as at the year end by the management while assessing the skills and experience of the staff who performed the count.
- Examined management's assessment of the rollback of inventory records and reviewed a sample of inventory purchases and issues as being in inventory as at 31st March 2020.
- Testing of the underlying formulae used in the calculations and the validity of data used for such calculations.
- Understanding and evaluating the methodology applied by management to record all appropriate costs into the inventory model and re-performing actual costing calculations to support valuation of inventories.
- Testing the net realisable value of the inventory by comparing with the post year-end sale prices of similar goods.
- Assessing the adequacy of the related disclosures made for inventories in the financial statements.

The disclosures associated with inventories are set out on Note 18 to the financial statements.

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 consolidated financial statements and the 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 identified above and, in doing so, consider whether the other information is materially consistent with the financial statements and our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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 the 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 and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated 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 SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users, taken on the basis of the financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional skepticism 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 Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Group's ability to continue as a going concern. If we conclude that 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient 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's Audit. We remain solely responsible for our 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 ethical requirements in accordance with the Code of Ethics regarding independence, and have communicated to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 it appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4324.

BDO Partners

CHARTERED ACCOUNTANTS

Colombo
21st September 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March, 2020	Note	Group 31st March, 2020 Rs.	Group 31st March, 2019 Rs.	Company 31st March, 2020 Rs.	Company 31st March, 2019 Restated * Rs.	Company 31st March, 2019 ** Rs.
Revenue from contracts with customers	4	35,767,731,640	38,496,299,005	21,511,174,801	29,663,423,644	22,877,783,623
Cost of sales		(25,512,057,724)	(30,607,870,036)	(16,234,235,506)	(23,748,451,780)	(19,580,911,923)
Gross profit		10,255,673,916	7,888,428,969	5,276,939,295	5,914,971,864	3,296,871,700
Other income	5	19,022,864	20,210,520	916,806,047	18,359,538	30,510,254
		10,274,696,780	7,908,639,489	6,193,745,342	5,933,331,402	3,327,381,954
Distribution expenses		(4,099,008,878)	(3,939,406,027)	(2,795,188,297)	(3,170,412,724)	(2,066,147,362)
Administrative expenses		(1,681,747,796)	(1,782,427,110)	(1,197,113,490)	(1,359,969,917)	(1,049,959,076)
Other expenses		-	(380,233,206)	-	(380,233,206)	(380,233,206)
Profit/(loss) from operations		4,493,940,106	1,806,573,146	2,201,443,555	1,022,715,555	(168,957,690)
Finance income	6	23,191,203	10,880,621	6,770,228	10,446,575	4,011,579
Finance expenses	7	(1,887,678,499)	(1,818,914,639)	(1,418,626,367)	(1,372,505,905)	(1,193,535,077)
Profit/(loss) before taxation	8	2,629,452,810	(1,460,872)	789,587,416	(339,343,775)	(1,358,481,188)
Income tax expenses	9	(311,581,030)	(474,513,833)	27,423,303	7,821,498	287,983,135
Profit/(loss) for the year		2,317,871,780	(475,974,705)	817,010,719	(331,522,277)	(1,070,498,053)
Other comprehensive income/(loss)						
Items that will not be re-classified to the statement of profit or loss						
Re-measurement of defined benefit obligations		(29,095,072)	(18,670,682)	(23,330,373)	(13,804,781)	(13,024,520)
Net other comprehensive income not to be re-classified to income statement in subsequent periods		(29,095,072)	(18,670,682)	(23,330,373)	(13,804,781)	(13,024,520)
Deferred tax impact on other comprehensive income		7,723,742	4,882,917	6,532,504	3,428,393	3,646,866
Other comprehensive income/(loss) for the year, net of tax		(21,371,330)	(13,787,765)	(16,797,869)	(10,376,388)	(9,377,654)
Total comprehensive income/(loss) for the year, net of tax		2,296,500,450	(489,762,470)	800,212,850	(341,898,665)	(1,079,875,707)
Profit/(loss) for the year attributable to:						
Owners of the parent		2,317,991,036	(492,458,324)	817,010,719	(331,522,277)	(1,070,498,053)
Non-controlling interest		(119,256)	16,483,619	-	-	-
Profit/(loss) for the year		2,317,871,780	(475,974,705)	817,010,719	(331,522,277)	(1,070,498,053)
Total comprehensive income/(loss) for the year attributable to:						
Owners of the parent		2,296,777,846	(506,371,313)	800,212,850	(341,898,665)	(1,079,875,707)
Non-controlling interest		(277,396)	16,608,843	-	-	-
Total comprehensive income/(loss) for the year		2,296,500,450	(489,762,470)	800,212,850	(341,898,665)	(1,079,875,707)
Basic earnings/(loss) per share (Rs.)						
- Voting	10	5.78	(1.23)	2.04	(0.83)	(2.67)
- Non voting	10	5.78	(1.23)	2.04	(0.83)	(2.67)
Dividend per share						
- Voting	11			1.50	0.30	0.30
- Non voting	11			1.50	0.30	0.30

* The amounts shown here do not correspond to the financial statements for 2018/2019 and reflect the adjustments made due to the amalgamation between the company and Tokyo Super Cement Company Lanka (Pvt) Ltd which are disclosed under note 40.

** Comparatives as a stand alone entity as at 2018/2019 have also been given to aid comparability.

Figures in brackets indicate deductions.
The accounting policies and notes from pages 101 to 150 form an integral part of these financial statements.

Colombo
21st September 2020

STATEMENT OF FINANCIAL POSITION

As at 31st March, 2020	Note	Group 31st March, 2020 Rs.	Group 31st March, 2019 Rs.	Company 31st March, 2020 Rs.	Company 31st March, 2019 Restated * Rs.	Company 31st March, 2019 ** Rs.
ASSETS						
Non-current assets						
Property, plant and equipment	12	26,949,324,335	26,877,308,842	12,070,129,551	11,957,476,605	9,973,758,580
Capital work-in-progress	13	545,336,059	748,558,696	530,828,843	675,050,670	675,050,670
Intangible assets	14	93,965,731	116,231,668	52,578,252	72,498,597	72,498,597
Investments in subsidiaries	15	-	-	12,037,176,943	12,037,176,943	12,637,618,257
Operating lease prepayment	16	-	426,573,689	-	426,573,689	426,573,689
Right-of-use assets	17	1,346,104,855	-	1,267,736,994	-	-
Total non-current assets		28,934,730,980	28,168,672,895	25,958,450,583	25,168,776,504	23,785,499,793
Current assets						
Inventories	18	3,492,636,466	3,635,625,364	2,207,629,543	2,651,867,788	2,300,371,588
Trade and other receivables	19	4,985,031,699	5,993,002,409	2,908,423,173	3,974,244,017	3,296,278,866
Operating lease prepayment	16	-	4,761,322	-	4,761,322	4,761,322
Tax receivables	20	298,415,632	310,451,600	289,686,113	301,575,335	421,233,051
Amount due from subsidiaries	21	-	-	806,981,944	692,584,936	679,454,386
Financial assets at amortised cost	22	7,623,250	7,099,158	-	-	-
Cash and cash equivalents	23	429,972,058	341,130,642	205,616,726	204,333,708	153,348,023
Total current assets		9,213,679,105	10,292,070,495	6,418,337,499	7,829,367,106	6,855,447,236
Total assets		38,148,410,085	38,460,743,390	32,376,788,082	32,998,143,610	30,640,947,029
EQUITY AND LIABILITIES						
Equity						
Stated capital	24	4,239,611,750	4,239,611,750	4,239,611,750	4,239,611,750	4,239,611,750
Retained earnings		12,916,951,562	10,682,586,570	11,326,182,215	10,613,206,262	9,468,107,538
Equity attributable to the owners of the parent		17,156,563,312	14,922,198,320	15,565,793,965	14,852,818,012	13,707,719,288
Non-controlling interest		93,299,779	93,577,175	-	-	-
Total equity		17,249,863,091	15,015,775,495	15,565,793,965	14,852,818,012	13,707,719,288
Non-current liabilities						
Interest bearing borrowings	25	7,215,160,206	4,853,284,905	6,720,751,206	4,058,450,000	4,058,450,000
Deferred tax liability	26	2,859,264,140	2,725,668,431	1,513,986,710	1,722,701,937	1,220,869,879
Retirement benefit obligation	27	296,865,482	224,904,869	217,792,737	167,665,056	153,239,552
Lease creditors	28	293,502,526	19,300,428	250,635,765	16,663,308	16,663,308
Total non-current liabilities		10,664,792,354	7,823,158,633	8,703,166,418	5,965,480,301	5,449,222,739
Current liabilities						
Trade and other payables	29	2,506,818,059	4,813,385,215	1,586,777,310	3,950,744,205	3,669,913,511
Amount due to subsidiaries	30	-	-	1,149,018,163	221,674,341	1,001,530,793
Interest bearing borrowings	25	6,296,475,116	9,212,123,184	4,616,831,279	7,075,346,614	5,996,646,424
Lease creditors	28	42,385,423	7,462,166	34,461,157	4,585,012	4,585,012
Bank overdrafts	23	1,388,076,042	1,588,838,697	720,739,790	927,495,125	811,329,262
Total current liabilities		10,233,754,640	15,621,809,262	8,107,827,699	12,179,845,297	11,484,005,002
Total equity and liabilities		38,148,410,085	38,460,743,390	32,376,788,082	32,998,143,610	30,640,947,029
Net asset value per share		42.79	37.22	38.82	37.04	34.19

* The amounts shown here do not correspond to the financial statements for 2018/2019 and reflect the adjustments made due to the amalgamation between the company and Tokyo Super Cement Company Lanka (Pvt) Ltd which are disclosed under note 40.

** Comparatives as a stand alone entity as at 2018/2019 have also been given to aid comparability.

Figures in brackets indicate deductions.
The accounting policies and notes from pages 101 to 150 form an integral part of these financial statements.
These financial statements are prepared in compliance with the requirements of the Companies Act No.07 of 2007.

Mr. H.M. Ajith Kumara
Deputy General Manager - Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the Board.

Mr. S.R. Gnanam
Managing Director

Mr. W.C. Fernando
Director

Colombo
21st September 2020

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2020 GROUP	Attributable to owners of the parent			Non-controlling interest	Total equity
	Stated capital Rs.	Retained earnings Rs.	Total Rs.	Rs.	Rs.
As at 01st April, 2018	4,239,611,750	11,188,957,883	15,428,569,633	61,968,332	15,490,537,965
Comprehensive income for the year					
Profit/(loss) for the year	-	(492,458,324)	(492,458,324)	16,483,619	(475,974,705)
Other comprehensive income/(loss)					
Actuarial gain/ (loss) on retirement benefit obligations	-	(18,795,906)	(18,795,906)	125,224	(18,670,682)
Tax relating to other comprehensive income	-	4,882,917	4,882,917	-	4,882,917
Total comprehensive income/(loss) for the year	-	(506,371,313)	(506,371,313)	16,608,843	(489,762,470)
Non controlling interest on acquisition	-	-	-	15,000,000	15,000,000
As at 31st March, 2019	4,239,611,750	10,682,586,570	14,922,198,320	93,577,175	15,015,775,495
Adjustment due to initial application of SLFRS 16	-	57,872,146	57,872,146	-	57,872,146
Comprehensive income for the year					
Profit/(loss) for the year	-	2,317,991,036	2,317,991,036	(119,256)	2,317,871,780
Other comprehensive income/(loss)					
Actuarial loss on retirement benefit obligations	-	(28,875,433)	(28,875,433)	(219,639)	(29,095,072)
Tax relating to other comprehensive income	-	7,662,243	7,662,243	61,499	7,723,742
Total comprehensive income/(loss) for the year	-	2,354,649,992	2,296,777,846	(277,396)	2,296,500,450
Dividend paid	-	(120,285,000)	(120,285,000)	-	(120,285,000)
As at 31st March, 2020	4,239,611,750	12,916,951,562	17,156,563,312	93,299,779	17,249,863,091

For the year ended 31st March, 2020 COMPANY	Stated capital Rs.	Retained earnings Rs.	Total Rs.
Balance as at 01st April 2018	4,239,611,750	10,547,983,245	14,787,594,995
Adjustment due to amalgamation	-	407,121,682	407,121,682
Balance as at 01st April 2018- Restated	4,239,611,750	10,955,104,927	15,194,716,677
Comprehensive income for the year			
Loss for the year	-	(331,522,277)	(331,522,277)
Other comprehensive income/(loss)			
Actuarial loss on retirement benefit obligations	-	(13,804,781)	(13,804,781)
Tax relating to other comprehensive income	-	3,428,393	3,428,393
Total comprehensive income/(loss) for the year	-	(341,898,665)	(341,898,665)
As at 31st March, 2019	4,239,611,750	10,613,206,262	14,852,818,012
Adjustment due to initial application of SLFRS 16	-	33,048,103	33,048,103
Comprehensive income for the year			
Profit for the year	-	817,010,719	817,010,719
Other comprehensive income/(loss)			
Actuarial loss on retirement benefit obligations	-	(23,330,373)	(23,330,373)
Tax relating to other comprehensive income	-	6,532,504	6,532,504
Total comprehensive income/ (loss) for the year	-	800,212,850	800,212,850
Dividend paid	-	(120,285,000)	(120,285,000)
As at 31st March, 2020	4,239,611,750	11,326,182,215	15,565,793,965

Figures in brackets indicate deductions.
The accounting policies and notes from pages 101 to 150 form an integral part of these financial statements.

Colombo
21st September 2020

STATEMENT OF CASH FLOWS

For the year ended 31st March, 2020	Note	Group 31st March, 2020 Rs.	Group 31st March, 2019 Rs.	Company 31st March, 2020 Rs.	Company 31st March, 2019 Restated * Rs.	Company 31st March 2019 ** Rs.
Cash flow from operating activities						
Profit/(loss) before taxation		2,629,452,810	(1,460,872)	789,587,416	(339,343,775)	(1,358,481,188)
Adjustments for :						
Depreciation	12.A, B	1,350,792,796	1,277,186,399	729,858,953	723,012,655	638,883,368
Amortisation of intangible assets	14.1A, B	22,265,937	18,926,675	19,920,343	17,936,768	9,591,921
Retirement benefit obligation		54,465,812	43,489,347	34,908,304	32,042,885	29,349,604
Profit/(loss) on disposal of property, plant and equipment		(197,694)	380,233,206	(1,917,000)	380,233,206	380,233,206
Capital work-in-progress written off		65,230,716	-	62,838,510	-	-
Interest expense		1,816,983,004	1,548,259,659	1,401,153,861	1,107,034,202	995,868,793
Lease interest		24,885,286	1,596,482	15,386,366	622,070	622,070
Amortisation of operating lease		-	4,761,322	-	4,761,322	4,761,322
Amortisation of right-of-use assets	17	53,068,368	-	49,149,975	-	-
Interest income		(1,095,388)	(4,100,146)	(571,296)	(4,100,146)	(4,011,579)
Dividend income		-	-	(900,000,000)	-	-
Impairment of debtors		-	155,929,084	-	78,385,095	78,385,095
Operating profit before working capital changes		6,015,851,647	3,424,821,156	2,200,315,432	2,000,584,282	775,202,612
(Increase)/decrease in inventories		142,988,898	(1,105,571,470)	444,238,245	(980,257,537)	(1,043,515,128)
(Increase)/decrease in trade and other receivables		958,304,106	(2,261,638,792)	1,016,154,239	(1,015,913,106)	(848,128,491)
Increase/(decrease) in trade and other payables		(2,306,567,156)	2,174,106,314	(2,363,966,893)	1,833,170,132	1,839,954,344
(Increase)/decrease in amount due to/from related parties		-	-	812,946,814	(395,501,538)	678,504,481
Cash generated from operations		4,810,577,495	2,231,717,208	2,109,687,837	1,442,082,233	1,402,017,818
Interest paid		(1,816,983,004)	(1,548,259,659)	(1,401,153,861)	(1,107,034,202)	(995,868,793)
Taxation paid	20	(126,055,624)	-	(126,055,624)	-	-
Retirement benefit obligation paid	27	(11,600,271)	(19,219,787)	(8,110,996)	(17,605,412)	(17,261,662)
Net cash flow from operating activities		2,855,938,596	664,237,762	574,367,356	317,442,619	388,887,363
Cash flow from/(used in) investing activities						
Purchase of property, plant and equipment	A	(481,978,252)	(730,912,765)	(234,691,694)	(159,149,636)	(128,866,697)
Payment for right-of-use assets	17	(559,948,972)	-	(559,948,972)	-	-
Intangible assets acquired		-	(25,180,252)	-	(13,452,281)	(13,452,281)
Payment made on capital work-in-progress		(793,037,430)	(2,304,011,469)	(507,311,895)	(1,374,865,800)	(1,374,865,800)
Interest received		1,095,388	4,100,146	571,296	4,100,146	4,011,579
Proceeds from sale of property, plant and equipment		9,522,001	488,786,118	1,917,000	488,786,118	488,786,118
Investment on short-term deposits		(524,092)	(434,046)	-	-	-
Investment in shares - subsidiary		-	-	-	(1,383,874,663)	(1,383,874,663)
Dividend received		-	-	900,000,000	-	-
Net cash used in investing activities		(1,824,871,357)	(2,567,652,268)	(399,464,265)	(2,438,456,116)	(2,408,261,744)
Cash flow from/(used in) financing activities						
Proceeds from the issue of shares		-	15,000,000	-	-	-
Repayment of interest bearing borrowings		(23,508,978,193)	(22,328,692,681)	(17,521,437,308)	(18,637,326,771)	(14,798,727,418)
Receipt of interest bearing borrowings		22,955,205,426	23,437,048,067	17,725,223,179	20,190,859,068	16,322,038,882
Dividends paid		(120,285,000)	-	(120,285,000)	-	-
Lease rental paid	28	(67,405,401)	(4,405,216)	(50,365,609)	(1,523,750)	(1,523,750)
Net cash from/(used in) financing activities		(741,463,168)	1,118,950,170	33,135,262	1,552,008,547	1,521,787,714
Net increase/(decrease) in cash and cash equivalents		289,604,071	(784,464,336)	208,038,353	(569,004,950)	(497,586,667)
Cash and cash equivalents at the beginning of the year	B	(1,247,708,055)	(463,243,719)	(723,161,417)	(154,156,467)	(160,394,572)
Cash and cash equivalents at the end of the year	C	(958,103,984)	(1,247,708,055)	(515,123,064)	(723,161,417)	(657,981,239)

* The amounts shown here do not correspond to the financial statements for 2018/2019 and reflect the adjustments made due to the amalgamation between the company and Tokyo Super Cement Company Lanka (Pvt) Ltd which are disclosed under note 40.

** Comparatives as a stand alone entity as at 2018/2019 have also been given to aid comparability.

Figures in brackets indicate deductions.

The accounting policies and notes from pages 101 to 150 form an integral part of these financial statements.

NOTES TO STATEMENT OF CASH FLOWS

For the year ended 31st March, 2020	Group		Company		
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *	31st March 2019 **
	Rs.	Rs.	Rs.	Rs.	Rs.
NOTE					
A Purchase of property, plant and equipment					
Total of additions during the year	1,432,132,596	5,203,887,665	842,511,899	3,759,492,292	3,729,209,353
Less: Transferred from capital work-in-progress	(931,029,351)	(4,450,824,900)	(588,695,212)	(3,578,192,656)	(3,578,192,656)
Lease asset obtained during the year	(19,124,993)	(22,150,000)	(19,124,993)	(22,150,000)	(22,150,000)
	481,978,252	730,912,765	234,691,694	159,149,636	128,866,697
B Cash and cash equivalents at the beginning of the year					
Bank balances and cash in hand	341,130,642	717,640,562	204,333,708	628,618,487	545,804,546
Bank overdraft	(1,588,838,697)	(1,180,884,281)	(927,495,125)	(782,774,954)	(706,199,118)
	(1,247,708,055)	(463,243,719)	(723,161,417)	(154,156,467)	(160,394,572)
C Cash and cash equivalents at the end of the year					
Bank balances and cash in hand	429,972,058	341,130,642	205,616,726	204,333,708	153,348,023
Bank overdraft	(1,388,076,042)	(1,588,838,697)	(720,739,790)	(927,495,125)	(811,329,262)
	(958,103,984)	(1,247,708,055)	(515,123,064)	(723,161,417)	(657,981,239)

* The amounts shown here do not correspond to the financial statements for 2018/2019 and reflect the adjustments made due to the amalgamation between the company and Tokyo Super Cement Company Lanka (Pvt) Ltd which are disclosed under note 40.
** Comparatives as a stand alone entity as at 2018/2019 have also been given to aid comparability.

Figures in brackets indicate deductions.
The accounting policies and notes from pages 101 to 150 form an integral part of these financial statements.

Colombo
21st September 2020

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting entity – Domicile and legal form

Tokyo Cement Company (Lanka) PLC (Company) is a public limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and principal place of business of the Company is located at No.469 1/1, Galle Road, Colombo 03. The factories of the Company are located at Cod-Bay, China Bay in Trincomalee and PVQ Jetty Colombo Port.

1.2 Consolidated financial statements

The financial statements for the year ended 31st March, 2020, comprise “the Company” referring to Tokyo Cement Company (Lanka) PLC as the holding company and “the Group” referring to the companies whose accounts have been consolidated therein.

1.3 Principal activities and nature of operations

During the year, the principal activities of the Company and the subsidiaries dealt within these financial statements were as follows:

Name of the company	Nature of business
Tokyo Cement Company (Lanka) PLC	Manufacturing, importing and marketing of cement and operation of biomass power plant
Tokyo Super Cement Company Lanka (Pvt) Ltd	Manufacturing and marketing of cement
Tokyo Eastern Cement Company (Pvt) Ltd	Manufacturing and marketing of cement and value added products and operation of biomass power plant
Tokyo Cement Power (Lanka) (Pvt) Ltd	Generation of power
Tokyo Super Aggregate (Pvt) Ltd	Manufacturing sand and aggregate
Tokyo Supermix (Pvt) Ltd	Manufacturing and marketing of ready mix concrete for the local market

As per the resolution made by the directors of the Company, Tokyo Super Cement Company Lanka (Pvt) Ltd has been amalgamated with the Company with effect from 13th June, 2019. On post-amalgamation, the operation of Tokyo Super Cement Company Lanka (Pvt) Ltd is continued under the Company’s name.

Except for the above, there were no other significant changes in principal activities and the nature of operations of the Group during the year.

1.4 Parent enterprise

The parent undertaking of the Group is Tokyo Cement Company (Lanka) PLC which is also the ultimate parent entity of the Group.

1.5 Financial period

The financial period of the Company and its Group represents twelve months from 01st April, 2019 to 31st March, 2020.

1.6 Date of authorisation for issue

The consolidated financial statements of the Group for the year ended 31st March, 2020 were authorised for issue by the Board of Directors on 21st September 2020.

1.7 Responsibility for financial statements

The Board of Directors is responsible for the preparation and presentation of the financial statements of the Company and the Group as per the provisions of the Companies Act No. 07 of 2007 and in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka.

These financial statements include the following components:

- a statement of profit or loss and other comprehensive income providing information on the financial performance of the Company and the Group for the year under review,
- a statement of financial position providing information on the financial position of the Company and the Group as at the year-end,
- a statement of changes in equity depicting all changes in shareholders’ funds during the year under review of the Company and the Group,
- a statement of cash flows providing information to the users, on the ability of the Company and the Group to generate cash and cash equivalents and the needs of entities to utilise those cash flows and
- notes to the financial statements comprising accounting policies and other explanatory information.

2. BASIS OF PREPARATION

2.1 Basis of preparation

The consolidated financial statements have been prepared on an accrual basis under the historical cost convention.

2.2 Presentation and functional currency

The consolidated financial statements have been presented in Sri Lanka Rupees, the Group’s functional and presentation currency, which is the primary economic environment in which the Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency which is also Sri Lanka Rupees.

2.3 Statement of compliance

The statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow, together with the accounting policies and notes (“financial statements”) of the Company and the Group as at 31st March, 2020 and for the year then ended have been prepared in compliance with the Sri Lanka Accounting Standards (LKAS and SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka and are in compliance with the requirements of the Companies Act No.07 of 2007.

2.4 Going concern

In assessing whether the going concern assumption is appropriate, the management takes into account all available information about the future, which is at least, but is not limited to twelve months from the reporting period such as factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before the management can satisfy themselves that the going concern basis is appropriate.

The management of the Group has made an assessment of the company's ability to continue as a going concern and is satisfied that the Group has the resources to continue its business into the foreseeable future and they do not intend either to liquidate or to cease trading. In determining the assessment, the management has considered the existing and anticipated effects of COVID-19 and the appropriateness of the use of the going concern basis. Furthermore, the management is not aware of any material uncertainties that may cast doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

2.5 Comparative information

The presentation and classification of the financial statements of the previous years have been amended, where it is relevant for better presentation and to be comparable with those of the current year.

2.6 Materiality and aggregation

Each material class of similar items has been presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.7 Basis of consolidations

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31st March, 2020 except Tokyo Super Cement Company Lanka (Pvt) Ltd which was amalgamated with the Company with effect from 13th June, 2019 as disclosed in note 40 to the financial statements. (A list of subsidiaries is disclosed in note 15 to the financial statements).

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control. Control is achieved when the company:

- has power over the investee;
- is exposed, or has the rights to variable returns from its involvement with the investee; and
- has the ability to use its power to effect its returns.

When the company has less than the majority of the voting rights of an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing to determine whether or not the company's voting rights in an investee are sufficient to give its power, including:

- the size of the company's holding of voting rights relating to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, of other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that the decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company occurs when the company is determined to exert control over the subsidiary company and ceases when the company is determined not to be able to exert the control of the subsidiary company.

The acquisition method of accounting is used to account for the acquisition of subsidiary companies by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and the liabilities incurred or assumed at the date of the exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as the goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Group's statement of profit or loss as a gain on bargain purchase.

Changes in the company's ownership interest in a subsidiary company that does not result in the company losing the control of the subsidiary company are equity transactions (i.e. transactions with owners in their capacity as owners) and accordingly, reflected directly in the statement of changes in equity of the Group.

The Group de-recognises the assets and liabilities of the former subsidiary (including the goodwill) from the Group's statement of financial position upon the loss of control over a subsidiary company effective from the date the Group loses its control. Furthermore, the resulting gain or loss associated with the loss of control attributable to the former controlling interest is recognised in the statement of profit or loss.

Inter-company transactions, balances and unrealised gains or losses on transactions among the group of companies are eliminated.

The financial statements of subsidiary companies are prepared in compliance with the Group's accounting policies.

The financial statements of the subsidiary companies are prepared for the same reporting period as is the Company, which is twelve months ending at 31st March.

Non-controlling interests

The profit or loss and net assets of subsidiaries attributable to equity interests that are not owned by the parent, directly or indirectly through subsidiaries, are disclosed separately under the heading 'Non-controlling interest'.

The Group applies a policy of treating transactions with non-controlling interests as transactions with the parties external to the Group. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

The Group has only one minority shareholder, Radella Engineering & Earth Movers (Pvt) Ltd which has 49% of shareholdings with Tokyo Super Aggregate (Pvt) Ltd.

2.8 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements of the Group requires the management to make judgements, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities at the end of the reporting period.

Uncertainty about these assumptions and estimates could result in the outcome that requires a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, the management has made various judgements.

Those which the management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes to the financial statements. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The line items which have the most significant effect on accounting, judgements, estimates and assumptions are as follows:

a) Impairment of non-financial assets
b) Deferred tax
c) Retirement benefit liability
d) Impairment of trade receivables

2.9 Changes in Accounting standards

The Group applied SLFRS 16 and IFRIC 23 for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below.

a) SLFRS 16 Leases

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The Group has adopted SLFRS 16 using the modified retrospective method From 1st April 2019, without re-stating comparatives for the 2018/19 reporting period, as permitted under the specific transitional provisions in the standard. Lessor accounting under SLFRS 16 is substantially unchanged from under LKAS 17.

b) Nature of the effect of adoption of SLFRS 16

Upon adoption of SLFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The Group has lease contracts for various items such as land, offices, and depots. Land leases are the major assets included in the right-of-use assets category, typically for between 30- 99 years of lease term and have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. On adoption of SLFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of LKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the company incremental borrowing rate as of the transition date.

c) Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

d) Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for parent that does not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The company estimates the IBR using observable inputs (such as market interest rates) when available.

e) IFRIC interpretation 23 – Uncertainty over income tax treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affect the application of LKAS 12 – Income taxes. It does not apply to levels outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Group has determined that there are no any identified uncertainties in tax treatments that wants disclosure.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currency translation

Transactions and balances

All foreign currency transactions during the financial year were brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date were translated at the exchange rate existing at the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies were translated at the rates prevailing at the date when the fair value was determined. Exchange differences have been recognised in the statement of profit or loss in the period in which they arise.

3.2 Business combination and the goodwill

Acquisition of subsidiaries has been accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of 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 as administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in a host of contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or a liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments: Recognition and Measurement are measured at fair value with the changes in fair value either in profit or loss or as a change to other comprehensive income (OCI). If the contingent consideration is not within the scope of SLFRS 9, it is measured in accordance with the appropriate SLFRS.

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. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of profit or loss and other comprehensive income. After initial recognition, the goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

3.3 Property, plant and equipment

Basis of 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 the cost of the assets can be reliably measured.

Basis of measurement

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Such costs include the cost of replacing component parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group de-recognises 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. Further, vessel dry docking cost and special survey dry docking cost are also recognised in the carrying amount of the vessel.

Restoration cost

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from the originally assessed standard of performance is recognised as an expense when incurred.

De-recognition

An item of property, plant and equipment is de-recognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

Depreciation

The depreciation of an asset begins when it is available for use and ceases at earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognised.

Depreciation is calculated on a straight line basis over the useful lives of the assets as disclosed below:

Category	Years
Factory buildings	Over the lease period
Generator house	20
Other buildings	10 - 30
Plant and machinery	50
Power plant	30
Laboratory equipment and generators	10
Office equipment	4 – 8
Factory and other equipment	20
Recycling system	8
Furniture and fittings	8
Vehicles	4 – 5
Cement silo	60
Tug boat	10
Railway platform	30
Barges	10
Computer and other electrical equipment	8
Packer house	20
Landing jetty	40
Batching plant and pumper truck	30
Vessel	32
Cement silo steel (movable)	5
Cement silo steel	20
Vessel dry docking	2.5
Dry docking – special survey	5
Vessel equipment	20
Biomass building	30
Biomass plant and machinery	30
Bulk cement carriers	22
Bag storage warehouse	10

Useful lives of property, plant and equipment

The Group reviews the assets' residual values, useful lives and methods of depreciation at each reporting date; judgement made by management based on the professional experts is exercised in the estimation of these values, rates and methods.

3.4 Capital work-in-progress

Capital work-in-progress was transferred to the respective asset accounts at the time of the first utilisation of the asset.

3.5 Intangible assets

An Intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. The intangible assets of the Company consist of the Goodwill and Computer Software.

a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for the goodwill by assessing the recoverable amount of the cash generating unit (or group of cash generating units) to which the goodwill relates. Where the recoverable amount of cash generating unit (or a group of cash generating units) is less than the carrying amount of cash generating unit (or a group of cash generating units) to which the goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to the goodwill are not reversed in future periods.

b) Computer software – Accounting and related software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with developing or maintaining computer software programmes are recognised as an expense when incurred. Costs directly associated with the development of identifiable and unique software products are controlled by the Group, and the generated economic benefits exceeding the costs beyond one year, are recognised as intangible assets. Costs include the software development, employee costs and an appropriate portion of relevant overheads.

Computer software is amortised over 04 years on a straight line basis.

The amortisation period and the amortisation method for computer software are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense is recognised in the profit or loss.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss.

3.6 Right-of-use assets recognised under SLFRS 16

a) Right-of-use assets

The Group recognises right-of-use assets when the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

b) Short term leases and low value assets

The Group applies the short-term lease recognition exemption to leases that have lease term of 12 months or less from the commencement date. It also applies the lease of low value assets recognition exemption lease payment on short-term leases and leases of low value assets are recognised as expense on a straight line basis over the lease term.

3.7 Exploration and evaluation of mineral resources

a) Measurement of exploration and evaluation assets

The asset which satisfies the following conditions is recognised as an exploration and evaluation asset.

i. Before the exploration for an evaluation of mineral resources, such as expenditure incurred before obtaining the legal right to explore a specific area

ii. After the technical feasibility and commercial viability of extracting mineral resources is demonstrable

iii. Expenditure related to the development of mineral resources shall not be recognised as exploration and evaluation assets

b) Measurement after recognition

Exploration and evaluation assets are recognised either as the cost model or the revaluation model. If the revaluation model is applied, it should be consistent with the classification of the assets.

c) Classification of exploration and evaluation assets

Exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets acquired and the classification is applied consistently.

d) Impairment of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, any resulting impairment loss shall be measured, presented and disclosed in accordance with LKAS 36.

3.8 Impairment of non-financial assets

The Group assesses at each reporting date to ascertain whether there is an indication that an asset may be impaired. If such indication exists or when the annual impairment testing for an asset is required the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risk specific to the asset. These calculations are collaborated by valuation multiples, quoted share prices or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation is taken to equity. In this case, the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding the goodwill, an assessment is made at each reporting date to determine as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group will make an estimate of the recoverable amount. A previously recognised, impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset will be increased to its recoverable amount.

The increased amount cannot "exceed" the carrying amount that would have been determined, net of depreciation had, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in the statement of profit or loss unless the asset is carried at the revalued amount, in which case, the reversal is treated as a revaluation increase.

3.9 Financial instruments - Initial recognition and subsequent measurement

3.9.1 Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, others are measured at the transaction price.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables and unquoted financial instruments.

Subsequent measurement

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

a) Fair value through profit or loss

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value. They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

b) Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within SLFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income is recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the newly expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

c) Fair value through other comprehensive income

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the company and the Group in a business combination to which SLFRS 3 "Business Combination" applies, are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case, the full or partial amount of the dividend is recorded against the associated investments carrying amount.

The Group has debt securities whose objective is achieved by both holding these securities in order to collect contractual cash flows and having the intention to sell the debt securities before maturity. The contractual terms of the debt securities give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Upon disposal any balance within fair value through other comprehensive income reserve is re-classified directly to profit or loss.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between the trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

3.9.2 Financial assets – derecognition

Financial assets are de-recognised when the rights to receive cash flows from the financial assets that have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

3.9.3 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3.10 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading at the initial recognition. Financial liabilities at FVTPL are measured at fair value and any resulting gains or losses, including any interest expense, are recognised in profit or loss.

The Group classifies financial liabilities at initial recognition as other financial liabilities. At the end of each reporting period, all classifications are re-evaluated to the extent that such classification is permitted and required.

All the financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Other financial liabilities mainly consist of trade and other payables and bank borrowings.

Subsequent measurement

Other financial liabilities are subsequently measured at amortised cost. Interest expense and foreign exchange gains or losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method minus any reduction for impairment.

The loans and borrowings of the Group include interest bearing borrowings (including bank overdrafts) and trade and other payables which have been explained under notes 25 and 29 to the financial statements.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified. Such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability and the difference in the respective carrying amount is recognised in the statement of profit or loss.

3.11 Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.12 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.

SLFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement, and financial assets and financial liabilities are classified in their entirety into only one of the three levels.

3.13 Trade and other receivables

Trade and other receivables are recognised at the amounts they are estimated to realise net of provisions for impairment. Other receivables and dues from related parties are recognised at fair value less provision for impairment. The amount of the provision is recognised in the statement of profit or loss and other comprehensive income. Trade receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment.

3.14 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand and demand deposits.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

The cash flow statements are reported based on the indirect method.

3.15 Inventories

Inventories are measured at lower of cost and net realisable value, after making due allowances for obsolete and slow-moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and estimated cost necessary to make the sale.

The cost incurred in bringing the inventories to its present location and condition is accounted using the following cost formula:

Raw material - At cost determined on first-in-first-out basis (FIFO)

Finished goods - At the cost of direct materials, direct labour and appropriate proportion of fixed production overheads at normal operating capacity

Packing material - At cost determined on first-in first-out basis

Goods in transit - At actual cost.

Provisions for inventory obsolescence are recorded based on reviews of inventories. Inventories considered obsolete or unsaleable are written off in the year in which they are identified.

3.16 Liabilities and provisions

3.16.1 Liabilities

Liabilities classified under current liabilities in the statement of financial position are those expected to fall due within one year from the statement of financial position date. Items classified as non-current liabilities are those expected to fall due at a point of time after one year from the reporting date.

Trade and other payables

Trade creditors and other payables are stated at amortised cost.

3.16.2 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that the recovery will be received and the amount of the receivable can be measured reliably.

All the contingent liabilities are disclosed as notes to the financial statements unless the outflow of resources is remote.

3.17 Retirement benefit obligations

3.17.1 Defined benefit plans – gratuity

Provision has been made for retirement gratuities in conformity with LKAS 19 / Gratuity Act No.12 of 1983. The liability is not externally funded. The gratuity liabilities are based on actuarial valuation carried out. The actuarial gains and losses are charged or credited to the statement of other comprehensive income in the period in which they arise.

The retirement benefit obligation of the Company and its subsidiaries with more than 100 employees is based on the actuarial valuation carried out by Messrs. Actuarial and Management Consultants (Pvt) Ltd., Actuaries. The actuarial valuations involved making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and the long-term nature of a defined benefit obligation are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of the key assumptions used in the estimates are contained in note 27. The main assumptions used relate to mortality, disability rates and withdrawal rates. The assumptions regarding the discount rate and salary rate are of critical importance in determining the pace of providing for a final salary retirement scheme.

3.17.2 Defined contribution plans – Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. The Company and its subsidiaries contribute 12% and 3% of gross emoluments of the employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively.

3.18 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3.19 Taxes

3.19.1 Current tax

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 and the amendments thereto.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and items recognised in other comprehensive income shall be recognised in other comprehensive income and not in the statement of profit or loss.

Management periodically evaluates the positions taken in the tax returns with respect to the situations in which the applicable tax regulations are subject to interpretation and establishes provisions where it is appropriate.

Management has used its judgement on the application of tax laws including the transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanisms.

3.19.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax arising from the initial recognition of the goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

  Deferred tax assets are recognised for all deductible temporary differences, and unused tax credits and tax losses carried forward to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and tax losses carried forward can be utilised except:

- where the deferred income tax relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

  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 a sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

  Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realised or liability settled, based on the tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax relating to items recognised outside the statement of profit or loss is recognised outside the statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off the current tax assets against the current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax during the tax holiday period for a group of companies under BOI tax holidays has been recognised for temporary differences, where reversal of such differences extend beyond the tax exemption period, taking into account the requirements of LKAS 12 and The Institute of Chartered Accountants of Sri Lanka (ICASL) Council's ruling on deferred tax.

3.19.3 Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

Where the sales tax incurred on the purchase of an asset or service is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

Where receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.20 Commitments

All material commitments as at the reporting date have been identified and disclosed in the notes to the financial statements.

3.21 Revenue recognition

3.21.1 Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

a) Goods transferred at a point of time

Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point of time when the control of the asset is transferred to the customer, generally, on delivery of the goods.

b) Services transferred over time

Under SLFRS 15, the Company determines, at contract inception, whether it satisfies the performance obligation over time or at a point of time. For each performance obligation satisfied over time, the Company recognises the revenue over time by measuring the progress towards the complete satisfaction of that performance obligation.

3.22 Expenditure recognition

Expenses are recognised in the statement of profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All the expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency have been charged to income in arriving at the profit for the year.

For the purpose of presentation of the statement of profit or loss, the directors are of the opinion that the function of expenses method presents fairly the elements of the Company and the Group's performance and hence, this presentation method has been adopted.

3.23 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where the borrowing costs, which are directly attributable to the acquisition, construction or production of qualifying assets which are the assets that necessarily take a substantial period of time to get ready for their intended purpose, are added to the cost of those assets until such time, as the assets are substantially ready for their intended use or sale.

Investment income, earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, is deducted from the borrowing cost eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.24 Events occurring after the reporting date

All material events occurring after the statement of financial position date have been considered and where necessary, adjustments to, or disclosures, have been made in the respective notes to the financial statements.

3.25 Related party transactions

Disclosures are made in respect of the transactions in which the Group has the ability to control or exercise significant influence over the financial and operating decisions/policies of the other, irrespective of whether a price is charged.

3.26 Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the number of voting or non-voting ordinary shares.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group		Company	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Rs.	Rs.	Rs.	Rs.
Goods transferred at a point in time	35,767,731,640	38,496,299,005	21,511,174,801	29,663,423,644
	35,767,731,640	38,496,299,005	21,511,174,801	29,663,423,644

5. OTHER INCOME

	Group		Company	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Rs.	Rs.	Rs.	Rs.
Profit on disposal of property, plant and equipment	1,917,000	-	1,917,000	-
Dividend received from subsidiaries	-	-	900,000,000	-
Profit on power export	8,678,883	-	8,678,883	-
Sundry income	7,826,981	8,080,943	5,610,164	6,229,961
Rent income	600,000	1,200,000	600,000	1,200,000
Restatement of liability	-	10,929,577	-	10,929,577
	19,022,864	20,210,520	916,806,047	18,359,538

6. FINANCE INCOME

	Group		Company	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Rs.	Rs.	Rs.	Rs.
Interest on repo	524,092	434,046	-	-
Interest on money market deposit	571,296	4,100,146	571,296	4,100,146
Exchange gain	22,095,815	6,346,429	6,198,932	6,346,429
	23,191,203	10,880,621	6,770,228	10,446,575

7. FINANCE EXPENSES

		Group		Company	
		31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Note	Rs.	Rs.	Rs.	Rs.
Interest expenses on borrowings		1,728,315,498	1,555,094,094	1,362,051,449	1,152,561,343
Less :Borrowing cost capitalisation	7.1 (a)	(20,595,514)	(128,432,701)	(20,595,514)	(128,432,701)
Interest on lease		24,885,286	1,596,482	15,386,366	622,070
Interest expenses on bank overdrafts		109,263,020	121,598,266	59,697,926	82,905,560
Exchange loss		45,810,209	269,058,498	2,086,140	264,849,633
		1,887,678,499	1,818,914,639	1,418,626,367	1,372,505,905

7.1 (a) Borrowing cost capitalised during the year

This amount relates to borrowing costs that are directly attributable to the acquisition, construction or production of certain qualifying assets that are being constructed and developed and are shown in note 13 capital work-in-progress. Such borrowing costs are capitalised as part of the cost of the assets when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably as per LKAS 23.

7.1(b) Rate of capitalisation

As the borrowing cost that directly relates to the qualifying asset which was readily identified on loan obtained on the specific items purchased and specific cost of borrowing on term loan obtained for the special purpose of construction and acquisition of asset has been identified and capitalised to the extent that the amount of borrowing costs eligible for capitalisation are the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

8. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Rs.	Rs.	Rs.	Rs.
A Profit/(loss) before taxation	2,629,452,810	(1,460,872)	789,587,416	(339,343,775)
B Profit/(loss) before taxation is stated after charging all expenses including the following:				
Depreciation on property, plant and equipment	1,350,792,796	1,277,186,399	729,858,953	723,012,655
Amortisation of intangible assets	22,265,937	18,926,675	19,920,343	17,936,768
Directors' emoluments	32,618,550	27,894,393	32,618,550	27,894,393
Auditors' remuneration - Audit services	6,140,558	6,388,118	3,943,458	4,753,118
Charity and donations	1,816,344	2,813,605	375,349	1,792,130
Staff cost including all benefits	1,512,439,494	1,437,315,654	710,370,296	624,507,091
Defined benefits cost - Retirement benefit obligation	54,465,812	43,489,347	34,908,304	32,042,885
Defined contribution plan cost - E.P.F. and E.T.F.	118,767,092	99,429,194	60,564,861	54,168,533
Amortisation of operating lease	-	4,761,322	-	4,761,322
Amortisation of right-of-use assets	53,068,368	-	49,149,975	-
Research and development cost	18,757,674	34,937,244	17,407,585	34,226,137
Legal expenses and professional fees	84,741,524	67,790,953	45,782,259	43,096,453
Repairs and maintenance	993,078,936	713,649,538	589,119,432	369,026,033
Reimbursement of vessel operational expenses	663,913,222	696,939,096	655,009,633	696,939,096
NBT expense	456,418,423	723,122,245	304,553,937	645,287,240
Sales commission	811,249,802	835,450,782	547,727,090	704,646,381
Advertisement	131,831,540	187,903,183	88,589,564	184,167,396
Loss on vessel disposal	-	380,233,206	-	380,233,206
Impairment of debtors	-	155,929,084	-	78,385,095

9. INCOME TAX EXPENSES

		Group		Company	
		31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Note	Rs.	Rs.	Rs.	Rs.
Current income tax provision	9 A	159,339,850	288,440,607	159,193,104	288,319,074
Underprovision for the year 2018/2019		28,418,352	-	28,418,352	-
Deferred taxation	9 B	123,822,828	186,073,226	(215,034,759)	(296,140,572)
		311,581,030	474,513,833	(27,423,303)	(7,821,498)

9. INCOME TAX EXPENSES (CONTD.)

9 A Income tax

Reconciliation between the current tax expense/(income) and the product of accounting profit/(loss)

		Group		Company	
		31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Note	Rs.	Rs.	Rs.	Rs.
Profit/(loss) before taxation		2,629,452,810	(1,460,872)	789,587,416	(339,343,775)
Other comprehensive income		(29,095,072)	(18,670,682)	(23,330,373)	(13,804,781)
Less : Income considered separately		(923,095,390)	(112,734,192)	(922,571,298)	(112,300,146)
Exempt profit		(2,779,149,705)	(439,565,968)	-	-
Adjusted accounting profit chargeable to income taxes		(1,101,887,357)	(572,431,714)	(156,314,255)	(465,448,702)
Aggregate disallowable items		1,121,864,241	1,159,539,392	863,195,485	866,974,315
Aggregate allowable items		(1,213,786,724)	(1,444,655,575)	(791,680,561)	(1,113,454,784)
Less: Balancing allowances		-	488,786,118	-	488,786,118
Income from business		(1,193,809,840)	(368,761,779)	(84,799,331)	(223,143,053)
Add: Current year loss not utilised		293,809,840	1,291,384,192	180,816,666	1,145,765,466
		(900,000,000)	922,622,413	96,017,335	922,622,413
Add: Interest income		22,495,388	111,534,192	21,971,296	111,100,146
Dividend income		900,000,000	-	900,000,000	-
Rent income		600,000	1,200,000	600,000	1,200,000
		23,095,388	1,035,356,605	1,018,588,631	1,034,922,559
Less: Unrelieved loss under section 19		-	(5,211,579)	-	(5,211,579)
Taxable income		23,095,388	1,030,145,026	1,018,588,631	1,029,710,980
Tax liability @28%		33,238,126	288,440,607	33,122,826	288,319,074
Tax liability @14%		126,000,000	-	126,000,000	-
Tax liability @24%		101,724	-	70,278	-
Total tax liability		159,339,850	288,440,607	159,193,104	288,319,074
Tax loss carried forward for the year 2020/2021		5,104,029,945	2,127,611,325	1,606,764,654	1,866,866,356

9 A.1 Current tax attributable to profit or loss and other comprehensive income/(loss)

		Group		Company	
		31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Note	Rs.	Rs.	Rs.	Rs.
Tax attributable to profit or loss	9	159,339,850	288,440,607	159,193,104	288,319,074
Tax attributable to other comprehensive income	9 B	(7,723,742)	(4,882,917)	(6,532,504)	(3,428,393)

9 A.2 Exempt profit

Trading profit from the business of subsidiary companies, Tokyo Cement Power (Lanka) (Pvt) Ltd and Tokyo Eastern Cement Company (Pvt) Ltd were exempted from income tax under BOI law.

9 B Deferred tax expenses

	Group		Company	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Rs.	Rs.	Rs.	Rs.
Income statement				
Accelerated depreciation for tax purposes on freehold property	68,545,793	264,121,341	37,853,464	(291,974,443)
Benefit arising from tax losses	304,326,540	(70,907,764)	(7,721,720)	(8,357,659)
Retirement benefit obligations	(247,135,054)	(7,140,351)	(243,252,052)	4,191,530
Impact on application of SLFRS 16	(1,914,451)	-	(1,914,451)	-
	123,822,828	186,073,226	(215,034,759)	(296,140,572)
Deferred tax impact on other comprehensive income	(7,723,742)	(4,882,917)	(6,532,504)	(3,428,393)
	116,099,086	181,190,309	(221,567,263)	(299,568,965)

9 B.1 Deferred tax has been calculated at 28%, 15% and 12% which is expected to apply after the tax exemption period, assuming that the tax rate will not be changed over the specified period.

9 B.2 The Group has computed deferred tax at the rates based on substantially enacted rate, which is the statutory rate specified in the IRD as of the reporting date, because the Inland Revenue Department Cirlcular No. PN/IT/2020-03 (Revised) has not been substantially enacted as of the reporting date as required by LKAS 12.

10. BASIC EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) for the year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year.

	Group		Company	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Rs.	Rs.	Rs.	Rs.
Amount used as the numerator:				
Profit/(loss) attributable to owners of the parent	2,317,991,036	(492,458,324)	817,010,719	(331,522,277)
	2,317,991,036	(492,458,324)	817,010,719	(331,522,277)
Number of ordinary shares used as the denominator:	Nos.	Nos.	Nos.	Nos.
Weighted average number of shares at the year end	400,950,000	400,950,000	400,950,000	400,950,000
- Ordinary voting shares	267,300,000	267,300,000	267,300,000	267,300,000
- Ordinary non-voting shares	133,650,000	133,650,000	133,650,000	133,650,000
Basic earnings/(loss) per share (Rupee per share)				
- Ordinary voting shares	5.78	(1.23)	2.04	(0.83)
- Ordinary non-voting shares	5.78	(1.23)	2.04	(0.83)

10.1 Diluted earnings per share

There is no potentially diluted share of the company and as a result, the diluted earnings per share are as same as the basic EPS shown above.

11. DIVIDEND PER SHARE

	Group		Company	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Rs.	Rs.	Rs.	Rs.
Final dividend				
- Ordinary voting shares	-	-	1.50	0.30
- Ordinary non-voting shares	-	-	1.50	0.30

The Directors have proposed the payment of first and final dividend of Rs 1.50 per share for the year ended 31st March 2020 and the due dates to make payments are as follows:

- Where accurate dividend mandates are given (Digital Payment) the dividend is payable on 27th October 2020.
- In other cases payment would be on 03rd November 2020.

12. PROPERTY, PLANT AND EQUIPMENT

12.A Group

Item	Cost/Valuation				
	As at 01.04.2019	Additions during the year	Transferred from CWIP	Disposals / Re-classifications	As at 31.03.2020
	Rs.	Rs.	Rs.	Rs.	Rs.
Freehold assets					
Freehold land	1,045,283,041	2,000,000	-	-	1,047,283,041
Factory buildings	2,568,340,669	60,198,400	35,592,340	41,662,789	2,705,794,198
Generator house	22,558,795	-	-	-	22,558,795
Other buildings	895,889,216	6,089,351	588,695,212	(41,662,789)	1,449,010,990
Plant and machinery	10,190,140,830	106,366,649	23,602,111	-	10,320,109,590
Power plant	221,083,463	-	-	-	221,083,463
Factory and other equipment	697,067,361	68,126,601	-	-	765,193,962
Laboratory equipment	134,928,451	34,085,329	-	-	169,013,780
Office equipment	47,329,719	2,390,062	-	-	51,587,203
Generators	59,235,761	-	-	-	59,235,761
Recycling system	3,929,015	-	-	-	3,929,015
Furniture and fittings	54,500,288	19,087,888	-	-	73,588,176
Vehicles	2,524,469,244	47,976,751	-	(14,097,476)	2,558,348,519
Bulk cement carriers	12,637,344	-	-	-	12,637,344
Cement silos	2,597,367,022	-	33,350,028	-	2,630,717,050
Cement silos - steel	260,775,686	3,770,009	-	-	264,545,695
Tug boat	8,940,227	-	-	-	8,940,227
Railway platform	7,263,915	-	-	-	7,263,915
Barges	25,931,778	-	-	-	25,931,778
Computer and other electronic equipment	199,711,398	15,424,396	-	-	213,268,372
Packer house	390,773,953	29,149,709	-	-	419,923,662
Landing jetty	3,420,579,802	31,213,368	-	-	3,451,793,170
Batching plants	1,286,491,300	37,074,732	55,417,946	-	1,378,983,978
Vessel	2,830,212,410	-	-	-	2,830,212,410
Vessel dry docking	519,793,837	-	-	-	519,793,837
Bio-mass building	790,583,631	-	1,585,479	-	792,169,110
Bio-mass plant and machinery	5,010,186,651	-	81,693,542	-	5,091,880,193
Bag storage warehouse - Dambulla	64,711,746	-	-	-	64,711,746
Solar power system	-	-	111,092,693	-	111,092,693
	35,890,716,553	462,953,245	931,029,351	(14,097,476)	37,270,601,673
Leasehold assets					
Motor vehicles	44,604,000	38,150,000	-	-	82,754,000
Grand Total	35,935,320,553	501,103,245	931,029,351	(14,097,476)	37,353,355,673

	Depreciation				Written down value	
	As at 01.04.2019	Charge for the year	Disposals / Re-classifications	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	-	-	-	-	1,047,283,041	1,045,283,041
	391,704,137	51,600,943	56,160,060	499,465,140	2,206,329,058	2,176,636,532
	22,558,795	-	-	22,558,795	-	-
	576,449,045	91,144,364	(56,160,060)	611,433,349	837,577,641	319,440,171
	2,006,756,221	259,069,318	-	2,265,825,539	8,054,284,051	8,183,384,609
	154,103,017	7,008,928	-	161,111,945	59,971,518	66,980,446
	345,645,174	39,319,761	-	384,964,935	380,229,027	351,422,187
	58,931,401	12,121,203	-	71,052,604	97,961,176	75,997,050
	31,934,561	5,178,526	-	37,113,087	14,474,116	15,395,158
	44,724,289	5,511,636	-	50,235,925	8,999,836	14,511,472
	1,642,793	392,890	-	2,035,683	1,893,332	2,286,222
	36,657,743	6,281,688	-	42,939,431	30,648,745	17,842,545
	1,710,960,227	249,353,446	(4,773,169)	1,955,540,504	602,808,015	813,509,017
	3,716,240	574,424	-	4,290,664	8,346,680	8,921,104
	315,158,394	50,254,740	-	365,413,134	2,265,303,916	2,282,208,628
	43,303,191	9,614,341	-	52,917,532	211,628,163	217,472,495
	7,726,759	731,181	-	8,457,940	482,287	1,213,468
	1,937,050	242,131	-	2,179,181	5,084,734	5,326,865
	1,533,880	1,411,959	-	2,945,839	22,985,939	24,397,898
	140,040,922	23,976,669	-	164,017,591	49,250,781	59,670,476
	67,545,458	17,418,777	-	84,964,235	334,959,427	323,228,495
	64,118,091	85,514,495	-	149,632,586	3,302,160,584	3,356,461,711
	253,603,800	22,201,900	-	275,805,700	1,103,178,278	1,032,887,500
	1,246,287,110	126,370,332	-	1,372,657,442	1,457,554,968	1,583,925,300
	431,162,314	71,656,068	-	502,818,382	16,975,455	88,631,523
	179,579,243	26,368,440	-	205,947,683	586,221,427	611,004,388
	872,568,883	168,146,519	-	1,040,715,402	4,051,164,791	4,137,617,768
	44,880,266	-	-	44,880,266	19,831,480	19,831,480
	-	2,777,317	-	2,777,317	108,315,376	-
	9,055,229,004	1,334,241,996	(4,773,169)	10,384,697,831	26,885,903,842	26,835,487,549
	2,782,707	16,550,800	-	19,333,507	63,420,493	41,821,293
	9,058,011,711	1,350,792,796	(4,773,169)	10,404,031,338	26,949,324,335	26,877,308,842

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

12.B Company

Item	Cost/Valuation As at 01.04.2019 Restated * Rs.	Additions during the Year Rs.	Transferred from CWIP Rs.	Disposals / Re-classifications Rs.	As at 31.03.2020 Rs.
Freehold assets					
Land	229,203,216	-	-	-	229,203,216
Factory buildings	617,773,212	-	-	-	617,773,212
Generator house	22,558,795	-	-	-	22,558,795
Other buildings	643,091,363	6,089,351	588,695,212	-	1,237,875,926
Plant and machinery	3,976,092,514	22,520,953	-	-	3,998,613,467
Power plant	210,267,852	-	-	-	210,267,852
Factory and other equipment	640,447,278	66,626,772	-	-	707,074,050
Laboratory equipment	121,381,120	33,244,629	-	-	154,625,749
Office equipment	28,338,751	589,991	-	-	28,928,742
Generators	59,162,662	-	-	-	59,162,662
Recycling system	3,929,015	-	-	-	3,929,015
Furniture and fittings	42,485,098	13,745,088	-	-	56,230,186
Vehicles	800,736,438	-	-	(3,362,708)	797,373,730
Bulk cement carriers	12,637,344	-	-	-	12,637,344
Cement silos	530,907,354	-	-	-	530,907,354
Cement silos - steel	640,197,508	3,770,009	-	-	643,967,517
Tug boat	8,940,227	-	-	-	8,940,227
Railway platform	7,263,915	-	-	-	7,263,915
Barges	24,150,793	-	-	-	24,150,793
Computer and other electronic equipment	166,497,889	8,547,053	-	-	175,044,942
Packer house	372,654,183	29,149,709	-	-	401,803,892
Landing jetty	3,420,579,802	31,213,368	-	-	3,451,793,170
CLC plant	72,731,548	169,764	-	-	72,901,312
Vessel dry docking	457,443,468	-	-	-	457,443,468
Biomass building	220,637,920	-	-	-	220,637,920
Biomass plant and machinery	2,547,505,018	-	-	-	2,547,505,018
Vessel	2,192,238,524	-	-	-	2,192,238,524
	18,069,852,807	215,666,687	588,695,212	(3,362,708)	18,870,851,998
Leasehold assets					
Motor vehicles	35,910,000	38,150,000	-	-	74,060,000
Grand total	18,105,762,807	253,816,687	588,695,212	(3,362,708)	18,944,911,998

The cost of fully depreciated property, plant and equipment which are still in use as at the reporting date is Rs. 937,370,694/- (2018/2019 - Rs. 512,531,536/-).

	Depreciation				Written down value	
	As at 01.04.2019 Restated *	Charge for the year	Disposals / Re-classifications	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019 Restated *
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	-	-	-	-	229,203,216	229,203,216
	197,592,709	8,631,705	-	206,224,414	411,548,798	420,180,503
	22,558,795	-	-	22,558,795	-	-
	501,806,926	71,003,863	-	572,810,789	665,065,137	141,284,437
	1,564,234,355	72,719,687	-	1,636,954,042	2,361,659,425	2,411,858,159
	153,552,388	7,008,928	-	160,561,316	49,706,536	56,715,464
	318,055,831	30,987,872	-	349,043,703	358,030,347	322,391,447
	55,111,821	9,734,391	-	64,846,212	89,779,537	66,269,299
	26,020,410	2,908,332	-	28,928,742	-	2,318,341
	44,926,608	5,511,636	-	50,438,244	8,724,418	14,236,054
	1,642,793	392,890	-	2,035,683	1,893,332	2,286,222
	30,901,610	3,895,197	-	34,796,807	21,433,379	11,583,488
	692,170,039	67,990,359	(3,362,708)	756,797,690	40,576,040	108,566,399
	3,716,240	574,424	-	4,290,664	8,346,680	8,921,104
	204,282,020	8,848,455	-	213,130,475	317,776,879	326,625,334
	105,924,903	9,614,341	-	115,539,244	528,428,273	534,272,605
	7,726,759	731,181	-	8,457,940	482,287	1,213,468
	1,937,050	242,131	-	2,179,181	5,084,734	5,326,865
	1,533,880	1,411,959	-	2,945,839	21,204,954	22,616,913
	130,382,032	17,184,116	-	147,566,148	27,478,794	36,115,857
	65,304,596	17,418,777	-	82,723,373	319,080,519	307,349,587
	64,278,913	85,514,495	-	149,793,408	3,301,999,762	3,356,300,889
	6,127,254	2,424,384	-	8,551,638	64,349,674	66,604,294
	368,811,946	71,656,068	-	440,468,014	16,975,454	88,631,522
	84,878,852	7,354,597	-	92,233,449	128,404,471	135,759,068
	871,494,668	84,916,833	-	956,411,501	1,591,093,517	1,676,010,350
	621,849,679	126,370,332	-	748,220,011	1,444,018,513	1,570,388,845
	6,146,823,077	715,046,953	(3,362,708)	6,858,507,322	12,012,344,676	11,923,029,730
	1,463,125	14,812,000	-	16,275,125	57,784,875	34,446,875
	6,148,286,202	729,858,953	(3,362,708)	6,874,782,447	12,070,129,551	11,957,476,605

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

12.C Value of land and ownership

Company	Location	Land extent	Number of buildings	Building cost Rs.	Land cost Rs.
a) Tokyo Cement Company (Lanka) PLC	Elpitiya	Acres 7.50	3	111,344,366	17,906,600
	Colombo	Perches 40.90	-	-	180,982,714
	Negombo land 01- CLC plant	Acres 2.04	1	15,392,901	15,638,902
	Dambulla	Acres 5.00	2	104,690,457	14,675,000
	Trincomalee (leasehold)	Acres 44.10	11	2,236,579,032	-
	Peliyagoda (leasehold)	Acres 1.90	5	36,574,092	-
	Colombo Port land-01 (leasehold)	Acres 1.06	-	-	-
	Colombo Port land-02 (leasehold)	Perches 152.30	-	14,518,965	-
b) Tokyo Cement Power (Lanka) (Pvt) Ltd	Mahiyanganaya	Acres 19.00	8	709,638,399	13,338,695
c) Tokyo Eastern Cement Company (Pvt) Ltd	Trincomalee (leasehold)	Acres 11.79	9	1,385,610,407	-
d) Tokyo Super Aggregate (Pvt) Ltd	Dompe	Acres 10.50	1	96,151,037	60,584,300
e) Tokyo Supermix (Pvt) Ltd	Jaffna	Acres 6.50	2	6,429,703	8,835,685
	Negombo Land 02 - Batching plant	Acres 1.97	1	13,059,773	32,859,000
	Kandy land	Acres 1.52	-	-	49,933,848
	Weligama land	Acres 12.00	1	10,867,509	93,682,327
	Meethotamulla land	Acres 2.10	-	-	246,579,102
	Anuradhapura land	Acres 2.31	-	-	45,816,160
	Naula land	Acres 10.00	-	-	19,469,800
	Ratmalana land	Acres 1.00	2	41,664,402	249,599,400

13. CAPITAL WORK-IN-PROGRESS

13.A Group

Description	Balance as at 01.04.2019 Rs.	Expenses incurred during the year Rs.	Capitalised during the year Rs.	Write off during the year Rs.	Balance as at 31.03.2020 Rs.	Balance as at 31.03.2019 Rs.
Resource planning project	118,937,625	1,258,401	-	-	120,196,026	118,937,625
Batching plants	24,317,400	44,247,036	55,417,946	-	13,146,490	24,317,400
Solar power project	46,798,419	64,294,274	111,092,693	-	-	46,798,419
Cement grinding mill	-	62,451,179	62,451,179	-	-	-
Biomass power plant	-	83,279,021	83,279,021	-	-	-
Head office building	10,714,286	-	-	-	10,714,286	10,714,286
New housing scheme	62,663,509	175,001	-	62,838,510	-	62,663,509
Centre for technical excellence	316,971,344	271,723,868	588,695,212	-	-	316,971,344
Cement silos - Colombo port	165,763,907	234,154,624	-	-	399,918,531	165,763,907
Peliyagoda yard	2,392,206	-		2,392,206	-	2,392,206
Collection centre-Naula	-	129,645	-	-	129,645	-
Gypsum Hemi Hydration system	-	902,981	-	-	902,981	-
Power doss binders feeding system	-	328,100	-	-	328,100	-
VSI plant foundation and core wall	-	15,194,296	15,194,296	-	-	-
Fly ash plant	-	13,060,620	13,060,620	-	-	-
Innovative product plant	-	1,838,384	1,838,384	-	-	-
Total	748,558,696	793,037,430	931,029,351	65,230,716	545,336,059	748,558,696

13.B Company

Description	Balance as at 01.04.2019 Restated * Rs.	Expenses incurred during the year Rs.	Capitalised during the year Rs.	Write off during the year Rs.	Balance as at 31.03.2020 Rs.	Balance as at 31.03.2019 Restated * Rs.
Resource planning project	118,937,625	1,258,401	-	-	120,196,026	118,937,625
Head office building	10,714,286	-	-	-	10,714,286	10,714,286
New housing scheme	62,663,508	175,002	-	62,838,510	-	62,663,508
Centre for technical excellence	316,971,344	271,723,868	588,695,212	-	-	316,971,344
Cement silos - Colombo port	165,763,907	234,154,624	-	-	399,918,531	165,763,907
Total	675,050,670	507,311,895	588,695,212	62,838,510	530,828,843	675,050,670

14. INTANGIBLE ASSETS

14.A Group

Item	Note	Written down value - Group As at 31st March, 2020 Rs.	Group As at 31st March, 2019 Rs.	Company As at 31st March, 2020 Rs.	Company As at 31st March, 2019 Restated * Rs.
Goodwill		32,995,007	32,995,007	-	-
Accounting and related software	14.1	60,970,724	83,236,661	52,578,252	72,498,597
		93,965,731	116,231,668	52,578,252	72,498,597

In compliance with SLFRS 3-Business Combinations upon acquiring controlling interest, the accounted goodwill reflects the excess of the purchase price of shares in Tokyo Cement Colombo Terminal (Pvt) Ltd, (Formerly known as Samudra Cement Company Lanka (Pvt) Ltd.) over the fair value of the proportionate share of the net assets of this company as at the date of acquisition. Unamortised balance of the goodwill as at 01st December, 2006 as well as the goodwill generated from the subsequent acquisition which was made up to 01st March, 2014 have been recorded as a permanent asset.

It continues to be recorded in the financial statements after the amalgamation of Tokyo Cement Colombo Terminal (Pvt) Ltd, in accordance with the Statement of Recommended Practice for Merger Accounting for Common Central Combination issued by the Institute of Chartered Accountants of Sri Lanka.

When assessing the impairment, the recoverable amount of the cash generating unit has been determined using the higher of fair value less cost to sell and value in use. Since the value in use of the cash generating unit is higher than the fair value less cost to sell, it has been considered as the recoverable amount where the value in use is based on the present value of the future cash flows of the forecasted business operations of Tokyo Cement Colombo Terminal (Pvt) Ltd as a separate business unit for the following years, using the key assumptions such as discount rate at 12.5% per annum, inflation and general price rate at 10% per annum exchange rate considered from Rs. 187/- to Rs. 200/- through the period made by considering the past experience and external source of information which have been approved by the Board of Directors.

14.1 Accounting and related software

14.1.A Group

Item	Cost/Valuation As at 01.04.2019 Rs.	Cost/Valuation Additions Rs.	Cost/Valuation As at 31.03.2020 Rs.	Amortisation As at 01.04.2019 Rs.	Amortisation For the year Rs.	Amortisation As at 31.03.2020 Rs.	Written down value As at 31.03.2020 Rs.	Written down value As at 31.03.2019 Rs.
ABAS ERP solution system	145,543,897	-	145,543,897	75,839,106	18,673,268	94,512,374	51,031,523	69,704,791
H Senid HRM-Payroll enterprise system	4,988,293	-	4,988,293	2,194,487	1,247,075	3,441,562	1,546,731	2,793,806
Weigh bridge integration software	562,541	-	562,541	562,541	-	562,541	-	-
Data processing software	11,727,972	-	11,727,972	989,908	2,345,594	3,335,502	8,392,470	10,738,064
	162,822,703	-	162,822,703	79,586,042	22,265,937	101,851,979	60,970,724	83,236,661

14.1 B Company

Item	Cost/Valuation As at 01.04.2019 Restated * Rs.	Cost/Valuation Additions Rs.	Cost/Valuation As at 31.03.2020 Rs.	Amortisation As at 01.04.2019 Rs.	Amortisation For the year Rs.	Amortisation As at 31.03.2020 Rs.	Written down value As at 31.03.2020 Rs.	Written down value As at 31.03.2019 Restated * Rs.
ABAS ERP solution system	136,463,571	-	136,463,571	66,758,782	18,673,268	85,432,050	51,031,521	69,704,790
H Senid HRM-Payroll enterprise system	4,988,293	-	4,988,293	2,194,487	1,247,075	3,441,562	1,546,731	2,793,807
Weigh bridge integration software	562,541	-	562,541	562,541	-	562,541	-	-
	142,014,405	-	142,014,405	69,515,810	19,920,343	89,436,153	52,578,252	72,498,597

15. INVESTMENTS IN SUBSIDIARIES

	Group 31st March, 2020 Rs.	Group 31st March, 2019 Rs.	Company 31st March, 2020 Rs.	Company 31st March, 2019 Restated * Rs.
Tokyo Cement Power (Lanka) (Pvt) Ltd				
Ordinary shares (2,200,000,010 shares)	-	-	2,200,000,010	2,200,000,010
Tokyo Eastern Cement Company (Pvt) Ltd				
Ordinary shares (7,751,368,000 shares)	-	-	7,751,368,000	7,751,368,000
Tokyo Super Aggregate (Pvt) Ltd				
Ordinary shares (92,112,245 shares)	-	-	92,112,245	92,112,245
Tokyo Supermix (Pvt) Ltd				
Ordinary shares (1,993,696,688 shares)	-	-	1,993,696,688	1,993,696,688
	-	-	12,037,176,943	12,037,176,943

15.1 Partly - owned subsidiaries

	2019/2020	2018/2019
Name of the company		
Tokyo Super Aggregate (Pvt) Ltd	51%	51%
Accumulated balances of non-controlling interests:		
Tokyo Super Aggregate (Pvt) Ltd (Rs.)	93,299,779	93,577,175

The summarised financial information of the above subsidiary is provided below. This information is based on amounts before inter-company eliminations.

15.1.1 Summarised statement of profit or loss and other comprehensive income

	2019/2020 Rs.	2018/2019 Rs.
Total comprehensive income / (loss) for the year	(566,115)	33,895,598

15. INVESTMENTS IN SUBSIDIARIES (CONTD.)

15.1.2 Summarised statement of financial position

	2019/2020 Rs.	2018/2019 Rs.
Non-current assets	411,660,500	409,733,159
Current assets	151,953,614	125,079,777
Total assets	563,614,114	534,812,936
Capital and reserve	190,407,714	190,973,829
Non-current liabilities	96,845,949	96,111,019
Current liabilities	276,360,451	247,728,088
Total equity and liabilities	563,614,114	534,812,936

15.1.3 Summarised statement of cash flow information

	2019/2020 Rs.	2018/2019 Rs.
Cash flows from operating activities	19,505,121	8,338,791
Cash flows used in investing activities	(26,417,131)	(68,103,702)
Cash flows from financing activities	(27,726,757)	4,194,411
	(34,638,767)	(55,570,500)

16. OPERATING LEASE PREPAYMENT

	Group		Company	
	31st March, 2020 Rs.	31st March, 2019 Rs.	31st March, 2020 Rs.	31st March, 2019 Restated * Rs.
At the beginning of the year	431,335,011	436,096,333	431,335,011	436,096,333
Amortisation during the year	-	(4,761,322)	-	(4,761,322)
Adjustment on SLFRS 16	(431,335,011)	-	(431,335,011)	-
At the end of the year	-	431,335,011	-	431,335,011
Less: Current portion of pre-payment	-	(4,761,322)	-	(4,761,322)
Non-current portion of pre-payment	-	426,573,689	-	426,573,689

17. RIGHT-OF-USE ASSETS

	Group		Company	
	31st March, 2020 Rs.	31st March, 2019 Rs.	31st March, 2020 Rs.	31st March, 2019 Restated * Rs.
At the beginning of the year	-	-	-	-
Adjustment on SLFRS 16	839,224,251	-	756,937,997	-
Addition during the year	559,948,972	-	559,948,972	-
Less: Amortisation for the year	(53,068,368)	-	(49,149,975)	-
At the end of the year	1,346,104,855	-	1,267,736,994	-

The Group recognises right-of-use assets when the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and the lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

18. INVENTORIES

	Group		Company	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Rs.	Rs.	Rs.	Rs.
Raw material	980,907,433	1,369,209,776	356,937,352	894,414,390
Finished goods	911,170,714	737,127,842	789,071,179	662,556,994
Packing materials	582,164,949	761,507,540	468,826,484	498,704,720
Spares and consumables	666,607,553	528,055,779	395,849,486	360,141,392
Goods-in-transit	351,785,817	239,724,427	196,945,042	236,050,292
	3,492,636,466	3,635,625,364	2,207,629,543	2,651,867,788

The inventories have been pledged against borrowings as disclosed in note no 33.

19. TRADE AND OTHER RECEIVABLES

		Group		Company	
		31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Note	Rs.	Rs.	Rs.	Rs.
Trade debtors - Related parties	19.1	446,973,778	431,656,106	1,052,589,169	976,449,734
- Others		3,253,032,954	3,859,020,926	1,315,240,517	1,940,713,628
		3,700,006,732	4,290,677,032	2,367,829,686	2,917,163,362
Less: Provision for impairment		(132,829,999)	(164,244,723)	(55,384,108)	(86,798,832)
		3,567,176,733	4,126,432,309	2,312,445,578	2,830,364,530
Deposits, advances and pre-payments		475,808,257	1,238,494,877	152,900,044	624,844,461
Other receivables		942,046,709	628,075,223	443,077,551	519,035,026
		4,985,031,699	5,993,002,409	2,908,423,173	3,974,244,017

19.1 Trade debtors - Related parties

Name of the related party	Nature of the relationship	Group		Company	
		31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
		Rs.	Rs.	Rs.	Rs.
Tokyo Supermix (Pvt) Ltd	Subsidiary	-	-	604,061,026	515,893,461
Tokyo Eastern Cement Company (Pvt) Ltd	Subsidiary	-	-	3,014,947	28,900,167
Tokyo Super Aggregate (Pvt) Ltd	Subsidiary	-	-	321,797	-
Rhino Roofing Products Ltd	Affiliate Company (Note 34.1)	187,963,922	168,971,522	187,963,922	168,971,522
Rhino Products Ltd	Affiliate Company (Note 34.1)	249,154,263	262,684,584	249,154,263	262,684,584
El-Toro Roofing Products (Pvt) Ltd	Affiliate Company (Note 34.1)	8,073,214	-	8,073,214	-
Escas Diggala (Pvt) Ltd	Affiliate Company (Note 34.1)	1,559,589	-	-	-
Escass Ankanda (Pvt) Ltd	Affiliate Company (Note 34.1)	222,790	-	-	-
		446,973,778	431,656,106	1,052,589,169	976,449,734

19. TRADE AND OTHER RECEIVABLES (CONTD.)

19.2 Mitigation of credit risk exposure

The management reviews impairment indications of each debtor on an individual basis and the fair value of trade debtors is subject to net of impairment loss and (no requirement is sought) to the allowance for credit risk.

20. TAX RECEIVABLES/ (PAYABLES)

	Group		Company	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	310,451,600	309,505,423	301,575,335	300,762,091
Underprovision for the year 2018/2019	(28,418,352)	-	(28,418,352)	-
Taxation for the year	(159,339,850)	(288,440,607)	(159,193,104)	(288,319,074)
	122,693,398	21,064,816	113,963,879	12,443,017
Add : ESC paid	126,316,250	269,861,686	126,316,250	269,607,220
WHT paid	-	19,525,098	-	19,525,098
Tax paid	126,055,624	-	126,055,624	-
ESC transferred to other receivables	(76,649,640)	-	(76,649,640)	-
At the end of the year	298,415,632	310,451,600	289,686,113	301,575,335

21. AMOUNT DUE FROM SUBSIDIARIES

	Group		Company	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Rs.	Rs.	Rs.	Rs.
Tokyo Supermix (Pvt) Ltd	-	-	533,411,518	518,202,840
Tokyo Cement Power (Lanka) (Pvt) Ltd	-	-	213,163,643	168,185,525
Tokyo Eastern Cement Company (Pvt) Ltd	-	-	-	2,519,788
Tokyo Super Aggregate (Pvt) Ltd	-	-	60,406,783	3,676,783
	-	-	806,981,944	692,584,936

22. FINANCIAL ASSETS AT AMORTISED COST

	Group		Company	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Rs.	Rs.	Rs.	Rs.
Investments in treasury bills	7,623,250	7,099,158	-	-
	7,623,250	7,099,158	-	-

23. CASH AND CASH EQUIVALENTS

	Group		Company	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Rs.	Rs.	Rs.	Rs.
Favourable balances				
Cash at bank	387,043,456	291,922,967	184,148,456	169,899,641
Money market deposits	18,036	86,306	18,036	86,306
Cash in hand	42,910,566	49,121,369	21,450,234	34,347,761
	429,972,058	341,130,642	205,616,726	204,333,708
Unfavourable balances				
Bank overdraft	1,388,076,042	1,588,838,697	720,739,790	927,495,125

24. STATED CAPITAL

Description	Group			
	At the beginning of the year 01st April, 2019	Share issued during the year	At the end of the year 31st March, 2020	At the end of the year 31st March, 2019
	Rs.	Rs.	Rs.	Rs.
Value of ordinary shares	4,239,611,750	-	4,239,611,750	4,239,611,750
	4,239,611,750	-	4,239,611,750	4,239,611,750

Description	Company			
	At the beginning of the year 01st April, 2019	Share issued during the year	At the end of the year 31st March, 2020	At the end of the year 31st March, 2019
	Rs.	Rs.	Rs.	Rs.
Value of ordinary shares	4,239,611,750	-	4,239,611,750	4,239,611,750
	4,239,611,750	-	4,239,611,750	4,239,611,750

24.1 Movement in number of ordinary shares

Description	Group			
	At the beginning of the year 01st April, 2019	Share issued during the year	At the end of the year 31st March, 2020	At the end of the year 31st March, 2019
Ordinary shares (Nos)				
- Voting	267,300,000	-	267,300,000	267,300,000
- Non-voting	133,650,000	-	133,650,000	133,650,000
	400,950,000	-	400,950,000	400,950,000

24. STATED CAPITAL (CONTD.)

24.1 Movement in number of ordinary shares (Contd.)

Description	Company At the beginning of the year 01st April, 2019	Share issued during the year	At the end of the year 31st March, 2020	At the end of the year 31st March, 2019
Ordinary shares (Nos)				
- Voting	267,300,000	-	267,300,000	267,300,000
- Non-voting	133,650,000	-	133,650,000	133,650,000
	400,950,000	-	400,950,000	400,950,000

The above shares are quoted in the Colombo Stock Exchange. The non-voting shares rank pari passu in respect of all rights with the ordinary voting shares of the Company except for the voting rights.

25. INTEREST BEARING BORROWINGS

25.1 Long-term interest bearing borrowings

	Note	Group 31st March, 2020 Rs.	Group 31st March, 2019 Rs.	Company 31st March, 2020 Rs.	Company 31st March, 2019 Restated * Rs.
At the beginning of the year		7,088,322,405	7,554,049,983	5,228,851,930	4,964,811,600
Add: Loans obtained during the year		6,755,285,206	1,631,233,000	6,616,941,206	1,144,400,000
		13,843,607,611	9,185,282,983	11,845,793,136	6,109,211,600
Less: Settlements during the year		(2,921,754,125)	(2,096,960,578)	(1,836,192,400)	(880,359,670)
At the end of the year		10,921,853,486	7,088,322,405	10,009,600,736	5,228,851,930
Current maturity portion	A	3,706,693,280	2,235,037,500	3,288,849,530	1,170,401,930
Non-current maturity portion		7,215,160,206	4,853,284,905	6,720,751,206	4,058,450,000
		10,921,853,486	7,088,322,405	10,009,600,736	5,228,851,930
Analysis of long-term loans by the year of repayment					
Repayable between one and five years		10,867,593,486	6,906,738,500	10,009,600,736	5,113,051,930
Repayable after five years		54,260,000	181,583,905	-	115,800,000
		10,921,853,486	7,088,322,405	10,009,600,736	5,228,851,930

25.2 Short-term borrowings

	Note	Group 31st March, 2020 Rs.	Group 31st March, 2019 Rs.	Company 31st March, 2020 Rs.	Company 31st March, 2019 Restated * Rs.
Import demand loans	25.2.1	2,589,781,836	6,927,085,684	1,327,981,749	5,854,944,684
Working capital loans	25.2.2	-	50,000,000	-	50,000,000
	B	2,589,781,836	6,977,085,684	1,327,981,749	5,904,944,684
Total current interest bearing borrowings	A+B	6,296,475,116	9,212,123,184	4,616,831,279	7,075,346,614

25.2.1 Import demand loans

	Group		Company	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	6,927,085,684	4,903,002,720	5,854,944,684	4,115,452,720
Add: Loans obtained during the year	16,199,920,220	21,805,815,067	11,108,281,973	19,046,459,067
Less: Settlements during the year	(20,537,224,068)	(19,781,732,103)	(15,635,244,908)	(17,306,967,103)
At the end of the year	2,589,781,836	6,927,085,684	1,327,981,749	5,854,944,684

25.2.2 Working capital loans

	Group		Company	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	50,000,000	500,000,000	50,000,000	500,000,000
Add: Loans obtained during the year	-	-	-	-
Less: Settlements during the year	(50,000,000)	(450,000,000)	(50,000,000)	(450,000,000)
At the end of the year	-	50,000,000	-	50,000,000

26. DEFERRED TAX LIABILITY

		Group		Company	
		31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
	Note	Rs.	Rs.	Rs.	Rs.
At the beginning of the year		2,725,668,431	2,544,478,122	1,722,701,937	2,022,270,902
Impact on application of SLFRS 16		17,496,623	-	12,852,036	-
Charged to statement of profit or loss and other comprehensive income	9.B	116,099,086	181,190,309	(221,567,263)	(299,568,965)
At the end of the year		2,859,264,140	2,725,668,431	1,513,986,710	1,722,701,937

		Group		Company	
		31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019 Restated *
		Rs.	Rs.	Rs.	Rs.
26.1	Tax effect on temporary difference on property, plant and equipment	3,454,977,541	3,500,836,857	2,006,963,135	1,969,109,670
	Tax effect on temporary difference on retirement benefit obligations	(78,201,144)	(215,428,947)	(60,981,967)	(203,500,659)
	Tax effect on unused tax losses	(533,094,429)	(559,739,479)	(442,932,043)	(42,907,074)
	Tax effect on right-of-use assets	15,582,172	-	10,937,585	-
		2,859,264,140	2,725,668,431	1,513,986,710	1,722,701,937

26. DEFERRED TAX LIABILITY (CONTD.)

26.2 Deferred tax for tax holiday companies

For group of companies under BOI tax holidays, deferred tax has been recognised for temporary differences, when reversals of such differences extend beyond the tax exemption period, taking into account the requirements of LKAS 12 and the ICASL Council's ruling on deferred tax.

27. RETIREMENT BENEFIT OBLIGATION

	Group		Company	
	31st March, 2020 Rs.	31st March, 2019 Rs.	31st March, 2020 Rs.	31st March, 2019 Restated * Rs.
At the beginning of the year	224,904,869	181,964,627	167,665,056	169,603,142
Transfer of liability to subsidiary companies	-	-	-	(30,180,340)
	224,904,869	181,964,627	167,665,056	139,422,802
Actuarial loss from change in financial assumptions	29,095,072	18,670,682	23,330,373	13,804,781
Current service cost	29,726,277	22,307,930	16,465,148	12,538,524
Interest cost	24,739,535	21,181,417	18,443,156	19,504,361
Provision for the year	83,560,884	62,160,029	58,238,677	45,847,666
	308,465,753	244,124,656	225,903,733	185,270,468
Payments made during the year	(11,600,271)	(19,219,787)	(8,110,996)	(17,605,412)
At the end of the year	296,865,482	224,904,869	217,792,737	167,665,056

27.1 Sensitivity of assumptions employed in actuarial valuation

The following table demonstrates the sensitivity to reasonably possible changes in the key assumptions employed with all other variables held constant in the employee 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 retirement benefit obligation for the year.

Increase/ (decrease) in discount rate	Increase/ (decrease) in salary escalation rate	Group effect on employee benefit obligation Rs.	Company effect on employee benefit obligation Rs.
1%	**	276,630,169	205,565,387
-1%	**	320,413,291	231,819,971
**	1%	321,489,415	232,617,525
**	-1%	275,328,756	204,630,776

The retirement benefit obligations of Tokyo Cement Company (Lanka) PLC and its subsidiaries are based on the actuarial valuations carried out by Messrs. Actuarial & Management Consultants (Pvt) Ltd. The Group has adopted the "Projected Unit Credit Method" to determine the present value of the retirement benefit obligation as recommended by LKAS 19.

The principal assumptions used in determining the cost of employee benefits were as follows:

	31st March 2020	31st March 2019
a) Discount rate	10%	11%
b) Salary increment rate	10%	10%
c) Retirement age	55 years	55 years
d) Employee turnover ratio	2%	2%

Assumptions regarding future mortality are based on 67/70 mortality table issued by the Institute of Actuaries, London.

28. LEASE CREDITOR

	Note	Group 31st March, 2020 Rs.	Group 31st March, 2019 Rs.	Company 31st March, 2020 Rs.	Company 31st March, 2019 Restated * Rs.
Gross lease creditor					
At the beginning of the year		33,896,977	9,350,747	27,427,696	-
Add: Adjustment on SLFRS 16		1,342,095,183	-	1,039,695,183	-
Facility obtained during the year	28.2	24,407,472	28,951,446	24,407,472	28,951,446
		1,400,399,632	38,302,193	1,091,530,351	28,951,446
Less: Payments made during the year		(67,405,401)	(4,405,216)	(50,365,609)	(1,523,750)
At the end of the year		1,332,994,231	33,896,977	1,041,164,742	27,427,696
Interest in suspense					
At the beginning of the year		7,134,383	1,929,420	6,179,376	-
Add: Adjustment on SLFRS 16	28.2	1,009,574,707	-	759,992,331	-
Facility obtained during the year		5,282,479	6,801,446	5,282,479	6,801,446
Less: Charge to the statement of profit or loss		(24,885,287)	(1,596,483)	(15,386,366)	(622,070)
At the end of the year		997,106,282	7,134,383	756,067,820	6,179,376
Net liability to lease creditors		335,887,949	26,762,594	285,096,922	21,248,320
Current maturity portion		42,385,423	7,462,166	34,461,157	4,585,012
Non-current maturity portion		293,502,526	19,300,428	250,635,765	16,663,308
		335,887,949	26,762,594	285,096,922	21,248,320

28.1 Current and non-current portion of lease obligation over finance charges and capital repayable has been apportioned between the lease repayable within one year and repayable after one year.

28.2 As per SLFRS 16 the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the group incremental borrowing rate at the date of the initial application.

29. TRADE AND OTHER PAYABLES

	Note	Group 31st March, 2020 Rs.	Group 31st March, 2019 Rs.	Company 31st March, 2020 Rs.	Company 31st March, 2019 Restated * Rs.
Bills payable		501,486,396	1,433,777,199	501,486,397	1,433,777,199
Expense creditors - Related parties	29.1	-	70,260	7,444,276	130,598,310
- Others		1,267,532,620	2,565,805,901	784,856,256	2,011,942,837
Other creditors		737,799,043	813,731,855	292,990,381	374,425,859
		2,506,818,059	4,813,385,215	1,586,777,310	3,950,744,205

29. TRADE AND OTHER PAYABLES (CONTD.)

29.1 Payable to related parties

Name of the related party	Nature of the relationship	Group 31st March, 2020 Rs.	Group 31st March, 2019 Rs.	Company 31st March, 2020 Rs.	Company 31st March, 2019 Restated * Rs.
Tokyo Supermix (Pvt) Ltd	Subsidiary	-	-	3,786,626	66,660,954
Tokyo Eastern Cement Company (Pvt) Ltd	Subsidiary	-	-	3,556,549	63,937,356
Tokyo Super Aggregate (Pvt) Ltd	Subsidiary	-	-	101,101	-
St Anthony's Home Mart (Pvt) Ltd	Affiliate Company (Note 34.1)	-	70,260	-	-
		-	70,260	7,444,276	130,598,310

30. AMOUNT DUE TO SUBSIDIARIES

	Group 31st March, 2020 Rs.	Group 31st March, 2019 Rs.	Company 31st March, 2020 Rs.	Company 31st March, 2019 Restated * Rs.
Tokyo Eastern Cement Company (Pvt) Ltd	-	-	1,149,018,163	221,674,341
	-	-	1,149,018,163	221,674,341

31. CAPITAL AND OTHER COMMITMENTS

31.1 Company

31.1.1 Capital commitments

The following capital commitments have been approved by the respective board of directors but not provided for in the financial statements.

a) Investment on a proposed resource planning project in Mannar at an estimated cost of Rs. 91 Mn. Total cost of the project completed as at 31st March, 2020 is Rs. 120 Mn with the additional approval for cost overrun.

b) Investment on a proposed Colombo Cement Terminal Expansion Project at an estimated cost of Rs. 2,200 Mn. Total cost of the project completed as at 31st March, 2020 is Rs. 1,324 Mn.

31.1.2 Other commitments

a) The Company has entered into an agreement with the Ceylon Electricity Board (CEB) to export Biomass power for a period of 20 years subject to terms and conditions.

b) The Company has entered into an agreement with the Ceylon Electricity Board (CEB) to purchase Coal Ash from the Norochcholai power plant for a period of 5 years commencing from the year 2018.

31.2 Subsidiary companies

31.2.1 Capital commitments

a) Tokyo Cement Power (Lanka) (Pvt) Ltd

i) The Company is planning to expand the existing solar energy harvesting system with a capacity of 325 Kwh as estimated cost of Rs. 45.1 Mn.

31.2.2 Other commitments

a) Tokyo Cement Power (Lanka) (Pvt) Ltd

i) The company has entered into an agreement with the Ceylon Electricity Board (CEB) to export biomass power for a period of 20 years subject to the terms and conditions.

ii) The company has entered into an agreement with the Ceylon Electricity Board (CEB) to export solar power for a period of 20 years subject to the terms and conditions.

b) Tokyo Eastern Cement Company (Pvt) Ltd

i) The Company has entered into an agreement with the Ceylon Electricity Board (CEB) to purchase Coal Ash from the Norochcholai power plant for a period of 5 years commencing from the year 2018.

32. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

32.1 Contingent liabilities

There were no material contingent liabilities for the Group as at the reporting date other than the following:

Tokyo Cement Company (Lanka) PLC

a) The Department of Inland Revenue has not allowed Rs.300 Mn donation made in the year of assessment 2002/03 to the Ministry of Shipping and Ports Development, as a qualifying payment relief and an appeal has been preferred in the Court of Appeal on the question of law under Section 141 (1) of the Inland Revenue Act. Lawyers have informed that the question of law is very much in favour of the Company to overturn the Court of Appeal determinations. The case is yet to be listed. Having discussed with independent legal and tax experts based on information available, the contingent liability as at 31st March 2020 is estimated at Rs. 54 Mn.

32.2 Contingent assets

There were no material contingent assets for the Group as at the reporting date.

33. ASSETS PLEDGED

The following assets have been pledged as securities for liabilities:

Name of the Company		Nature of liabilities and the name of bank	Loan/facility granted Rs.	Balance outstanding as at 31.03.2020 Rs.	Balance outstanding as at 31.03.2019 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC	a.	Term loans					
	i.	Commercial Bank of Ceylon PLC	450,000,000	382,500,000	450,000,000	Repayable in 60 equal monthly instalment of Rs.7,500,000/-	-
	ii.	Commercial Bank of Ceylon PLC	500,000,000	392,100,000	450,200,000	Repayable in 59 equal monthly instalments of Rs.8,300,000/- and a final instalment of Rs.10,300,000/-	(a) Mortgage bond for Rs.500 Mn to be executed over machinery (3 Units of Liebherr Cargo Cranes and 03 Nos of four Rope Grabs) located at Trincomalee Jetty.
	iii.	Commercial Bank of Ceylon PLC	520,400,000	421,400,000	520,400,000	Repayable in 47 equal monthly instalments of Rs.11,000,000/- and a final instalment of Rs.3,400,000/-	(a) Mortgage over unregistered leasehold rights for Rs. 1,165 Mn.

33. ASSETS PLEDGED (CONTD.)

Name of the Company		Nature of liabilities and the name of bank	Loan/facility granted Rs.	Balance outstanding as at 31.03.2020 Rs.	Balance outstanding as at 31.03.2019 Rs.	Repayment	Security pledged
	iv.	Commercial Bank of Ceylon PLC	644,600,000	625,337,755	-	Repayable in 47 equally monthly instalment of Rs.13,400,000 and final instalment of Rs. 14,800,000/-	
	v.	Commercial Bank of Ceylon PLC	2,000,000,000	700,130,000	1,100,090,000	Repayable in 59 equal monthly instalments of Rs.33,330,000/- and final instalment of Rs.33,530,000/- plus interest	(a) Mortgage over plant, machinery and project assets of Tokyo Eastern Cement Company (Pvt) Ltd
	vi.	Sampath Bank PLC	500,000,000	-	125,011,930	Repayable in 47 equal monthly instalments of Rs.10,416,600/- and final instalments of Rs.10,419,800/-	(a) Loan agreement for Rs. 500 Mn. (b) Negative pledge over project assets. (Ready mix plant at Weligama and Orugodawaththa)
	vii.	Commercial Bank of Ceylon PLC	1,100,000,000	855,200,000	1,100,000,000	Repayable in 26 equal monthly instalments of Rs.40,800,000/-, a final instalment of Rs.39,200,000/-.	–
	viii.	Commercial Bank of Ceylon PLC	1,430,000,000	774,620,000	983,150,000	Loan Repayable in 47 equal monthly instalments of Rs.29,790,000/- and final instalment of Rs.29,870,000/-	(a) Mortgage the vessel for an amount of Rs. 1,430 Mn when called upon to do so by the bank.
	ix.	Commercial Bank of Ceylon PLC	500,000,000	491,700,000	500,000,000	Repayable in 59 equal monthly instalments of Rs.8,300,000/- and a final instalment of Rs.10,300,000/-	-
	x.	Commercial Bank of Ceylon PLC	6,000,000,000	5,366,603,451	-	Repayable in 48 equal monthly instalments of Rs.125,000,000/-	-

Name of the Company		Nature of liabilities and the name of bank	Loan/facility granted Rs.	Balance outstanding as at 31.03.2020 Rs.	Balance outstanding as at 31.03.2019 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC	b.	Short term loan					
	i.	Commercial Bank of Ceylon PLC (Import demand loan)	1,000,000,000	42,264,000	2,520,194,000	Each loan to be settled within 120 days from date of grant.	-
	ii.	Commercial Bank of Ceylon PLC	750,000,000	-	450,322,708	Each loan to be settled within 120 days from date of grant.	(a) Mortgage Bond No. 1649 dated 06th August, 2002, executed over stock in trade and book debts of the company for Rs.110 Mn ranking equal and pari passu with the primary mortgage executed by the company in favour of Sampath Bank for Rs.385 Mn and documents relating to goods received duly accepted by the company.
	iii.	Sampath Bank PLC	2,200,000,000	1,174,952,530	718,690,285	Each loan to be settled within 120 days from date of grant.	(a) Stock and book debts of the company
	iv.	Sampath Bank PLC	500,000,000	110,765,217	137,037,500		
	c.	Overdraft facility					
	i.	Commercial Bank of Ceylon PLC	511,000,000	720,361,278	747,798,186	On demand	(a) General terms and conditions relating to overdraft.
	ii.	Sampath Bank PLC	50,000,000	378,512	63,531,076	On demand	(b) Overdraft agreement of Rs 50Mn. Secondary Mortgage over cement, plant and machinery at PVQ Jetty,Colombo Port premises, Colombo 15 for Rs.50Mn.

33. ASSETS PLEDGED (CONTD.)

Name of the Company		Nature of liabilities and the name of bank	Loan/facility granted Rs.	Balance outstanding as at 31.03.2020 Rs.	Balance outstanding as at 31.03.2019 Rs.	Repayment	Security pledged
Tokyo Super Cement Company Lanka (Pvt) Ltd (The Company amalgamated with the parent Company on 13th June 2019)	a.	Term loans					
	i.	Commercial Bank of Ceylon PLC	500,000,000	-	500,000,000		
	ii.	Import demand loans					
		Commercial Bank of Ceylon PLC	800,000,000	-	1,855,918,666		
		Sampath Bank PLC	500,000,000	-	172,781,525		
Tokyo Eastern Cement Company (Pvt) Ltd	a.	Term loans					
	i.	Commercial Bank of Ceylon PLC	2,000,000,000	165,200,000	832,400,000	Repayable in 35 equal monthly instalments of Rs.55,600,000/- and final instalment of Rs.54,000,000/- (A grace period of one year at the beginning).	(a) Loan agreement on term loan and corporate guarantee from Tokyo Cement Company (Lanka) PLC for Rs. 2,000 Mn.
	b.	Import demand loan					
	i.	Commercial Bank of Ceylon PLC	-	-	1,072,141,000	Repayable within 120 days from the date of grant.	(a) Corporate guarantee bond from Tokyo Cement Company (Lanka) PLC for Rs.750 Mn.
	ii.	Sampath Bank PLC	2,000,000,000	1,261,800,088	-	Repayable within 120 days from the date of grant.	(a) Corporate guarantee of Tokyo Cement Company (Lanka) PLC for Rs.2.5 Bn. (b) Hypothecation bond for Rs. 2 Bn over stock and book debts held at regional plant situated at Peliyagoda, Orugodawattta, Vauniya, and factory at Cod Bay, China Bay, Trincomalee.
	c.	Overdraft facility					
	i.	Commercial Bank of Ceylon PLC	75,000,000	128,499,245	346,936,862	On demand	(a) General terms and conditions relating to overdraft.

Name of the Company		Nature of liabilities and the name of bank	Loan/facility granted Rs.	Balance outstanding as at 31.03.2020 Rs.	Balance outstanding as at 31.03.2019 Rs.	Repayment	Security pledged
Tokyo Cement Power (Lanka) (Pvt) Ltd	a.	Capital term loan					
	i.	Sampath Bank PLC	95,000,000	92,150,000	95,000,000	Rs.70,000,000/- In 144 monthly instalments after a capital grace period of 06 months Rs.25,000,000 in 84 monthly instalments	(a) Corporate guarantee for Tokyo Cement Company (Lanka) PLC.
Tokyo Super Aggregate (Pvt) Ltd	a.	Term loans					
	i.	Commercial Bank of Ceylon PLC	40,000,000	12,220,000	25,570,000	Repayable in 35 equal monthly instalments of Rs.1,110,000/- and final instalment of Rs.1,150,000/-	(a) Corporate guarantee for Rs.585 Mn of Tokyo Cement Company (Lanka) PLC. (b) Insurance policy for Rs.57 Mn executed over machinery. (c) Mortgage bond for Rs. 50Mn to be executed over machinery.
	ii.	Commercial Bank of Ceylon PLC	50,000,000	50,000,000	-	Repayable in 53 equal monthly instalments of Rs.926,000/- and final instalment of Rs.922,000/-	
	iii.	Commercial Bank of Ceylon PLC	85,000,000	69,380,000	85,000,000	Repayable in 59 equal monthly instalment of Rs. 1,420,000/- and final instalment of Rs. 1,220,000/-	
	b.	Overdraft facility					
		Commercial Bank of Ceylon PLC	100,000,000	145,144,245	110,505,478	On demand	(a) General terms and conditions related to overdraft
Tokyo Supermix (Pvt) Ltd	a.	Term loans					
	i	Commercial Bank of Ceylon PLC	450,000,000	307,500,000	390,000,000	Repayable in 43 equal monthly instalments of Rs.7,500,000/-.	(a) Primary Mortgage bond for Rs. 118 Mn executed over the property situated at Ratmalana Land owned by Tokyo Supermix (Pvt) Ltd.
	ii	Commercial Bank of Ceylon PLC	20,000,000	13,400,000	17,360,000	Repayable in 41 equal monthly instalments of Rs. 330,000/- and final instalment of Rs. 530,000/-.	(a) Mortgage over land marked lot 1 depicted in plan No.2017/119 dated 11/11/2017 situated at Udahaduwa containing in extent of 10A. 01R.10P.

33. ASSETS PLEDGED (CONTD.)

Name of the Company		Nature of liabilities and the name of bank	Loan/facility granted Rs.	Balance outstanding as at 31.03.2020 Rs.	Balance outstanding as at 31.03.2019 Rs.	Repayment	Security pledged
	iii	Commercial Bank of Ceylon PLC	273,333,000	141,281,000	185,897,000	Repayable in 39 equal monthly instalments of Rs. 3,718,000/- and final instalment of Rs. 3,715,000/-.	(a) Mortgage for Rs. 17.5 Mn over property situated in Ratmalana and Naula owned by the Tokyo Supermix (Pvt) Ltd and mortgage for Rs. 36 Mn executed over 05 Nos. of truck mixtures. (b) Mortgage bond for Rs. 564 Mn to be executed over trucks , pump cars and other related vehicles when the vehicles are registered . (c) Corporate guarantee bond for Rs. 1,445 Mn obtained from Tokyo Cement Company (Lanka) PLC.
	iv.	Commercial Bank of Ceylon PLC	326,667,000	61,121,750	33,500,000	Repayable in 59 equal monthly instalments of Rs. 5,850,000/- and final instalment of Rs. 4,850,000/-.	(a) Mortgage Bond for Rs. 564 Mn to be executed over trucks,pumps cars & other related vehicles when the vehicles are registered. (b) Corporate guarantee bond for Rs. 1,445 Mn obtained from Tokyo Cement Company (Lanka) PLC.
	b.	Overdraft facility					
	i.	Commercial Bank of Ceylon PLC	200,000,000	374,921,730	322,714,106	On demand	(a) General terms and conditions relating to overdraft.

34. RELATED PARTY TRANSACTIONS

34.1 The Directors of the Company are also Directors of the following Companies:

	Dr Harsha Cabral, PC	Mr S.R. Gnanam	Mr A.S.G. Gnanam	Mr E.J. Gnanam	Mr R. Seevaratnam	Mr Ravi Dias	Mr W.C. Fernando	Mr Asite Talwatte	Mr Indrajith Coomaraswamy	Mr Susumu Ando
Tokyo Eastern Cement Company (Pvt) Ltd	X	X	X	X	X	X	X	-	-	-
Tokyo Cement Power (Lanka) (Pvt) Ltd	X	X	X	X	X	X	X	-	-	-
Tokyo Super Aggregate (Pvt) Ltd	X	X	-	-	-	-	X	-	-	-
Tokyo Supermix (Pvt) Ltd	X	X	X	X	X	X	X	-	-	-
St. Anthony's Consolidated (Pvt) Ltd	-	X	X	X	-	-	-	-	-	-
St. Anthony's Hardware (Pvt) Ltd	-	X	X	X	-	-	-	-	-	-
South Asian Investment (Pvt) Ltd	-	X	X	X	-	-	-	-	-	-
Rhino Roofing Products Ltd	-	X	X	X	-	-	-	-	-	-
Rhino Products Ltd	-	X	X	X	-	-	-	-	-	-
EL - Toro Roofing Products Limited	-	X	X	X	-	-	-	-	-	-
Orion City Limited	-	X	X	X	-	-	-	-	-	-
Supermet Building Solutions (Pvt) Limited	-	X	X	X	-	-	-	-	-	-
Escas Diggala (Pvt) Ltd	-	X	-	-	-	-	-	-	-	-
Escas Ankanda (Pvt) Ltd	-	X	-	-	-	-	-	-	-	-
St. Anthony's Industries Group (Pvt) Ltd	-	-	X	-	-	-	-	-	-	-
St. Anthony's Homemart (Pvt) Ltd	-	X	-	-	-	-	-	-	-	-

Dr. Indrajith Commaraswamy was appointed as non-executive independent director of the Company with effect from 25th March 2020.

34.2 The Company and the Group have entered into the following transactions during the year in the ordinary course of business with related entities at commercial rates.

	Nature of the relationship	Group		Company	
		2019/2020 Rs.	2018/2019 Rs.	2019/2020 Rs.	2018/2019 Rs.
Subsidiary Companies					
(a) Tokyo Cement Power (Lanka) (Pvt) Ltd	Subsidiary Company				
Fund transfers from/(to)		70,904,550	30,678,000	57,804,550	13,878,900
Expenses incurred on behalf of the Company		304,116	-	304,116	-
Purchase of ready mix concrete		534,831	-	-	-
Payments made		357,156	-	-	-

34. RELATED PARTY TRANSACTIONS (CONTD.)

34.2

	Nature of the relationship	Group 2019/2020 Rs.	Group 2018/2019 Rs.	Company 2019/2020 Rs.	Company 2018/2019 Rs.
(b) Tokyo Eastern Cement Company (Pvt) Ltd	Subsidiary Company				
Fund transfers from/(to)		1,991,836,164	824,547,630	1,978,736,164	310,646,919
Expenses incurred on behalf of the Company		149,016,427	254,945,556	149,016,427	219,905,386
Sale of raw materials		213,319,496	204,303,031	126,248,375	204,303,031
Investment in stated capital		-	3,601,367,000	-	1,186,802,000
Purchase of ready mix concrete		1,195,141	30,732,617	-	-
Purchase of raw materials		142,933,842	327,327,296	142,933,286	152,954,859
Income from lab testing		5,509,970	-	5,509,970	-
Biomass purchases		-	113,273	-	113,273
Dividend received		900,000,000	-	900,000,000	-
Sale of cement		39,777,998	-	-	-
Settlements received		304,903,266	178,694,163	172,683,452	178,694,163
Payments made		195,598,051	288,181,976	194,784,472	113,809,539
(c) Tokyo Super Aggregate (Pvt) Ltd	Subsidiary Company				
Investment in stated capital		-	15,612,245	-	15,612,245
Expenses incurred on behalf of the Company		26,845,295	18,853,706	-	-
Purchase of sand and metal		-	318,942,448	-	-
Fund transfers from/(to)		102,429,001	-	56,730,000	-
Sales of fixed assets		-	224,250	-	224,250
Gratuity liability transfer		-	1,980,000	-	1,980,000
Aggregate sales		344,081,906	-	-	-
Income from lab testing		313,580	-	313,580	-
Settlements received		410,825,315	318,942,448	159,528	-
(d) Tokyo Supermix (Pvt) Ltd	Subsidiary Company				
Investment in stated capital		-	1,476,097,232	-	1,476,097,232
Expenses incurred on behalf of the Company		44,458,445	235,803,427	17,613,150	216,949,722
Fund transfers from/(to)		78,520,830	318,207,811	32,821,829	318,207,811
Sale of ready mix concrete		28,244,489	36,743,131	26,514,517	4,474,501
Purchase of sand and metal		344,081,906	318,942,448	-	-
Purchase of cement		1,527,159,668	1,410,809,600	1,487,381,670	1,410,809,600
Asset transfer		-	1,294,636,813	-	1,294,636,813
Sale of other raw material and spare parts		87,071,121	272,668,510	-	272,668,510
Gratuity liability transfer		-	28,200,340	-	28,200,340
Income from lab testing		1,489,652	-	1,489,652	-
Sale of power		792,735	-	792,735	-
Settlements received		1,743,756,671	746,272,801	1,742,585,936	746,272,801
Payments made		635,897,852	529,962,032	93,012,251	211,019,584

	Nature of the relationship	Group 2019/2020 Rs.	Group 2018/2019 Rs.	Company 2019/2020 Rs.	Company 2018/2019 Rs.
Other Related Companies					
(a)St. Anthony's Consolidated (Pvt) Ltd	Affiliate Company (34.1)				
Sales commission		771,172,569	721,436,308	478,242,028	351,455,653
Bonus for marketing staff		7,651,269	12,500,634	7,651,269	-
Marketing department reimbursement		15,855,736	-	15,855,736	-
Payments made		723,006,182	-	494,698,905	403,360,417
(b) St. Anthony's Hardware (Pvt) Ltd	Affiliate Company (34.1)				
Purchase of chemicals		104,636,167	110,535,559	-	-
Purchase of fixed assets		40,100,008	50,975,000	-	10,875,000
Purchase of consumables		271,940	603,560	124,136	182,814
Settlements received		154,702,056	-	139,996	1,286,985
(c)South Asian Investment (Pvt) Ltd	Affiliate Company (34.1)				
Sales commission		32,120,773	99,080,429	32,120,773	99,080,429
Payments made		41,307,873	120,168,691	41,307,873	120,168,691
(d) Rhino Roofing Products Ltd	Affiliate Company (34.1)				
Sale of cement		846,445,626	909,510,797	845,932,438	909,510,797
Sale of concrete		-	175,000	-	-
Settlements received		936,380,385	991,318,255	935,867,197	991,318,255
(e)Rhino Products Ltd	Affiliate Company (34.1)				
Sale of cement		1,119,146,609	1,085,130,957	1,119,146,609	1,085,130,957
Settlements received		1,276,150,453	1,219,673,706	1,276,150,453	1,219,673,706
(f) Escas Diggala (Pvt) Ltd	Affiliate Company (34.1)				
Sale of concrete		4,938,808	-	-	-
Settlements received		4,182,446	-	-	-
(g) St. Anthony's Industries Group (Pvt) Ltd	Affiliate Company (34.1)				
Purchase of consumables		5,148,279	6,799,107	5,028,626	6,799,260
Payments made		5,894,833	6,815,825	5,775,180	6,815,825
(h) Orion City Limited	Affiliate Company (34.1)				
Rent expense		8,828,071	8,234,990	8,828,071	-
Rent paid		8,828,071	8,234,990	8,828,071	-
(i) St Anthony's Homemart (Pvt) Ltd	Affiliate Company (34.1)				
Sale of cement		16,138	-	16,138	-
Sale of CLC blocks		634,908	-	634,908	-
Purchase of consumables		6,618,118	1,846,590	2,710,683	775,360
Sale of innovation product		337,808	-	-	-
Payments made		7,087,785	-	2,787,123	1,005,600
Settlements received		1,078,600	2,550,337	1,078,600	2,550,337
(j) Escas Ankanda (Pvt) Ltd	Affiliate Company (34.1)				
Sale of concrete		477,508	-	-	-
Settlements received		787,718	-	-	-

34. RELATED PARTY TRANSACTIONS (CONTD.)

34.2

	Nature of the relationship	Group 2019/2020 Rs.	Group 2018/2019 Rs.	Company 2019/2020 Rs.	Company 2018/2019 Rs.
(k) EL - Toro Roofing Products Limited	Affiliate Company (34.1)				
Sale of cement		55,085,717	36,619,554	55,085,717	36,619,554
Settlements received		67,547,008	35,107,713	67,547,008	35,107,713
(l) Supermet Building Solutions (Pvt) Limited	Affiliate Company (34.1)				
Purchase of chemicals		236,866	4,142,694	236,866	1,445,415
Payments made		272,396	4,142,694	272,396	1,445,415

34.3 Collaterals or corporate guarantees given to related parties

The Group has not provided assets as collaterals or corporate guarantees for subsidiaries or other related companies for borrowing purposes except as referred to in note no 33.

34.4 Terms and conditions of transactions with related parties

The sales to, and purchases from, related parties are made on terms equivalent to those that prevail at arm's length transactions. Outstanding balances at the year end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31st March, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2019 - Nil, 2018 - Nil). This assessment is undertaken at each financial year by examining the financial position of the related party and the market in which the related party operates.

34.4.1 Amounts due to / from related parties

The amounts due to / from related parties are disclosed in note Nos. 19.1, 21, 29.1 and 30.

34.5 Transactions with key management personnel of the company or its parent

34.5.1 Key Management Personnel (KMPs) are defined as those persons such as Directors, Chief Executive Officers and other senior executives etc. who have the authority and responsibility for planning, directing and controlling the activities of the company as well as the subsidiaries, directly or indirectly.

a) Compensation of key management personnel

	2019/2020 Rs.	2018/2019 Rs.
Directors' emoluments and other key management personnels remuneration	115,721,098	88,111,520
Non-cash benefits	-	-
	115,721,098	88,111,520

34.5.2 The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel which can be classified as follows:

	2019/2020 Rs.	2018/2019 Rs.
a) Short-term employee benefits	115,721,098	88,111,520
b) Post-employment benefits	-	-
c) Other long-term benefits	-	-
d) Termination benefits	-	-
e) Share-based payments	-	-
	115,721,098	88,111,520

34.6 Non-recurrent related party transactions

There were no non-recurrent related party transactions in which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the company as per 31st March, 2019 audited financial statements, which required additional disclosures in the 2019/20 Annual Report under Colombo Stock Exchange listing rule 9.3.2 and 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.

The Related Party Transactions Review Committee has reviewed the relevant related party transactions, approved the transactions and directed to make immediate disclosure to Colombo Stock Exchange in respect of the non-recurrent transactions.

34.7 Recurrent related party transactions

There were no recurrent related party transactions in which aggregate value exceeds 10% of the consolidated revenue of the Group as per the 31st March, 2019 audited financial statements, which required additional disclosures in the 2019/20 Annual Report under Colombo Stock Exchange listing rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

34.8. Subsidiary companies

Company	Effective Holding
Tokyo Cement Power (Lanka) (Pvt) Ltd	100%
Tokyo Eastern Cement Company (Pvt) Ltd	100%
Tokyo Supermix (Pvt) Ltd	100%
Tokyo Super Aggregate (Pvt) Ltd	51%

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

35.1 Introduction

Risk is inherent to the Group's business activities, but is managed through a process of ongoing identification measurement and monitoring subject to risk limit and other controls. The Board of Directors places special consideration on the management of such risk. The Group is mainly exposed to :

(a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices mainly comprise two types of risks: interest rate risks, currency risk. Financial instruments affected by market risk include bank loans, investments and trade payables.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group'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. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

Group	Increase/ (decrease) in interest rate	Effect on profit before tax Rs.	Effect on equity Rs.
2020	1%	(53,828,012)	(53,828,012)
	-1%	53,828,012	53,828,012
2019	1%	(65,161,762)	(65,161,762)
	-1%	65,161,762	65,161,762

Company	Increase/ (decrease) in interest rate	Effect on profit before tax Rs.	Effect on equity Rs.
2020	1%	(33,742,519)	(33,742,519)
	-1%	33,742,519	33,742,519
2019	1%	(37,173,933)	(37,173,933)
	-1%	37,173,933	37,173,933

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign exchange rate changes is minimised by positive negotiations with banks applying financial risk management techniques.

The following table demonstrates the sensitivity to a reasonably possible change in the LKR/USD exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

Group

Exchange rate	Increase/ (decrease) in exchange rate	31.03.2020		31.03.2019	
		Effect on profit before tax Rs.	Effect on equity Rs.	Effect on profit before tax Rs.	Effect on equity Rs.
USD	1%	(151,513,073)	(151,513,073)	(186,128,030)	(186,128,030)
	-1%	151,513,073	151,513,073	186,128,030	186,128,030

Company

Exchange rate	Increase/ (decrease) in exchange rate	31.03.2020		31.03.2019	
		Effect on profit before tax Rs.	Effect on equity Rs.	Effect on profit before tax Rs.	Effect on equity Rs.
USD	1%	(97,129,213)	(97,129,213)	(119,846,268)	(119,846,268)
	-1%	97,129,213	97,129,213	119,846,268	119,846,268

(d) 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 exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, the Group's exposure to credit risk arises from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk and the Group takes all reasonable steps to seek assurance from the counterparties to ensure that they can fulfil their obligations.

(e) Liquidity risk

The Group's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the Group to manage its liquidity risk and the liquidity position is closely monitored due to the COVID 19 situation.

The Group monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Group's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

The table below summarises the maturity profile of the Group's financial liabilities at 31st March, 2020 based on contractual undiscounted payments.

Group

	Within 1 year Rs.	Between 1-2 years Rs.	Between 2-3 years Rs.	Between 3-4 years Rs.	Between 4-5 years Rs.	More than 5 years Rs.	Total Rs.
Interest bearing borrowings	6,296,475,116	3,278,576,164	2,316,186,164	1,411,209,458	154,928,420	54,260,000	13,511,635,322
Lease creditors	42,385,423	38,769,760	35,623,315	24,708,455	20,499,689	173,901,307	335,887,949
Trade and other payables	2,506,818,059	-	-	-	-	-	2,506,818,059
Bank overdrafts	1,388,076,042	-	-	-	-	-	1,388,076,042
	10,233,754,640	3,317,345,924	2,351,809,479	1,435,917,913	175,428,109	228,161,307	17,742,417,372

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(e) Liquidity Risk (Contd.)

Company

	Within 1 year Rs.	Between 1-2 years Rs.	Between 2-3 years Rs.	Between 3-4 years Rs.	Between 4-5 years Rs.	More than 5 years Rs.	Total Rs.
Interest bearing borrowings	4,616,831,279	3,105,250,000	2,141,660,000	1,335,703,451	138,137,755	-	11,337,582,485
Lease creditors	34,461,157	33,533,405	31,452,148	20,916,485	17,052,444	147,681,283	285,096,922
Amount due to subsidiaries	1,149,018,163	-	-	-	-	-	1,149,018,163
Trade and other payables	1,586,777,310	-	-	-	-	-	1,586,777,310
Bank overdrafts	720,739,790	-	-	-	-	-	720,739,790
	8,107,827,699	3,138,783,405	2,173,112,148	1,356,619,936	155,190,199	147,681,283	15,079,214,670

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

36.1 Fair value of the financial instrument carried at amortised cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and liabilities.

	Group		Company	
	Carrying amount Rs.	Fair value Rs.	Carrying amount Rs.	Fair value Rs.
Financial assets				
Trade and other receivable	4,985,031,699	4,985,031,699	2,908,423,173	2,908,423,173
Financial investments	7,623,250	7,623,250	-	-
Cash and cash equivalents	429,972,058	429,972,058	205,616,726	205,616,726
Total financial assets	5,422,627,007	5,422,627,007	3,114,039,899	3,114,039,899
Financial liabilities				
Interest bearing borrowings	13,511,635,322	13,511,635,322	11,337,582,485	11,337,582,485
Trade and other payables	2,506,818,059	2,506,818,059	1,586,777,310	1,586,777,310
Bank overdrafts	1,388,076,042	1,388,076,042	720,739,790	720,739,790
Total financial liabilities	17,406,529,423	17,406,529,423	13,645,099,585	13,645,099,585

Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For the financial assets and financial liabilities that have a short-term maturity, it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits and call deposits without a specific maturity period.

37. CAPITAL MANAGEMENT

The Board of Directors reviews the capital structure of the companies of the Group on a regular basis. The intention of the Board of Directors is to maintain an optimum capital structure while minimising the cost of financing and safeguarding key stakeholders' interests.

38. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no events that occurred after the reporting period which require adjustments to, or disclosures in these financial statements except for those disclosed below:

a) Effect of COVID-19

In response to the declaration of COVID-19 situation as a global pandemic on 11th March 2020, the Government of Sri Lanka declared a state of emergency situation with travel restrictions from 18th March 2020 and as a result the operation of the Company was scaled down in the month of April 2020. However, the Group has recovered in the subsequent months in terms of revenue with regular profit margins. Further, as a response to the situation, the Group has implemented measures for the cost reduction and managing its cash flows during the period while monitoring the developments in the market.

b) Dividend declaration

The directors have recommended the payment of a first and final dividend of Rs. 1.50 per share amounting to Rs. 400,950,000/- on issued stated capital of Ordinary Voting Shares and Rs. 1.50 per share amounting to Rs. 200,475,000/- on issued stated capital of Non-Voting Ordinary Shares for the year ended 31st March, 2020, which require the approval of the shareholders at the Annual General Meeting to be held on 22nd October, 2020. In accordance with Sri Lanka Accounting Standards (LKAS) 10 events after the reporting period, this proposed first and final dividends have not been recognised as a liability in the financial statements under review.

As required by Section 56(2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies itself the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007 and will be obtaining the certificate from the auditors prior to payment of the dividend of Rs. 1.50 per ordinary voting shares and Rs. 1.50 per ordinary non-voting shares for the financial year under review.

39. COMPARATIVE INFORMATION

Comparative figures have been re-classified where necessary to be in line with the presentation requirements for the current year.

40. EFFECT OF AMALGAMATION

Pursuant to the approval of directors on 25th March, 2019 the Company was amalgamated with Tokyo Super Cement Company Lanka (Pvt) Ltd with effect from 13th June, 2019.

Comparative figures were restated as if the companies had been combined at the previous reporting date as per the guidelines issued under statement of recommended practice (SORP)-merger accounting common control business combination issued by the Institute of Chartered Accountants of Sri Lanka.

Effect of Amalgamation is as follows:

(a) The combined statement of comprehensive income includes the result of each of the combining entities or business from the date earliest presented.

(b) Expenditure incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense.

(c) The effect of all transactions between the combining entities or businesses, whether according to before or after the common control combinations is eliminated.

40. EFFECT OF AMALGAMATION (CONTD.)

40.1 Effect of amalgamation for the year ended 31st March 2019 - Statement of profit or loss and other comprehensive income

	Year ended 31.03.2019 TCCL * Rs.	Year ended 31.03.2019 TSCCLL ** Rs.	Effect of amalgamation Rs.	Combined entity (Restated) Rs.
Revenue from contracts with customers	22,877,783,623	8,731,168,726	(1,945,528,705)	29,663,423,644
Cost of sales	(19,580,911,923)	(6,118,874,620)	1,951,334,763	(23,748,451,780)
Gross profit	3,296,871,700	2,612,294,106	5,806,058	5,914,971,864
Other income	30,510,254	6,388,223	(18,538,939)	18,359,538
	3,327,381,954	2,618,682,329	(12,732,881)	5,933,331,402
Distribution expenses	(2,066,147,362)	(1,104,265,362)	-	(3,170,412,724)
Administrative expenses	(1,049,959,076)	(322,743,722)	12,732,881	(1,359,969,917)
Other expenses	(380,233,206)	-		(380,233,206)
Profit/ (loss) from operations	(168,957,690)	1,191,673,245	-	1,022,715,555
Finance income	4,011,579	113,434,996	(107,000,000)	10,446,575
Finance expenses	(1,193,535,077)	(285,970,828)	107,000,000	(1,372,505,905)
Profit/ (loss) before taxation	(1,358,481,188)	1,019,137,413	-	(339,343,775)
Income tax expense	287,983,135	(280,161,637)	-	7,821,498
Profit/ (loss) for the year	(1,070,498,053)	738,975,776	-	(331,522,277)
Other comprehensive income/ (loss)				
Actuarial loss on defined benefit plan	(13,024,520)	(780,261)	-	(13,804,781)
Tax relating to components of other comprehensive income	3,646,866	(218,473)	-	3,428,393
Total other comprehensive income/ (loss) net of tax	(9,377,654)	(998,734)	-	(10,376,388)
Total comprehensive income/ (loss) for the year	(1,079,875,707)	737,977,042	-	(341,898,665)

* TCCL - Tokyo Cement Company (Lanka) PLC
** TSCCLL - Tokyo Super Cement Company Lanka (Pvt) Ltd

Figures in brackets indicate deductions.

40.2 Effect of amalgamation as at 31st March 2019 - Statement of financial position

	As at 31.03.2019 TCCL * Rs.	As at 31.03.2019 TSCCLL ** Rs.	Effect of amalgamation Rs.	Combined entity (Restated) Rs.
ASSETS				
Non-current assets				
Property, plant and equipment	9,973,758,580	1,983,718,025	-	11,957,476,605
Capital work-in-progress	675,050,670	-	-	675,050,670
Intangible assets	72,498,597	-	-	72,498,597
Investment in subsidiaries	12,637,618,257	4,264,565,000	(4,865,006,314)	12,037,176,943
Operating lease prepayment	426,573,689	-	-	426,573,689
Related party loan	-	820,718,643	(820,718,643)	-
	23,785,499,793	7,069,001,668	(5,685,724,957)	25,168,776,504
Current assets				
Inventories	2,300,371,588	351,496,200	-	2,651,867,788
Trade and other receivables	3,296,278,866	677,965,151	-	3,974,244,017
Operating lease prepayment	4,761,322	-	-	4,761,322
Tax receivables	421,233,051	(119,657,716)	-	301,575,335
Amount due from subsidiaries	679,454,386	1,014,661,344	(1,001,530,794)	692,584,936
Related party loan	-	179,281,357	(179,281,357)	-
Cash and cash equivalents	153,348,023	50,985,685	-	204,333,708
	6,855,447,236	2,154,732,021	(1,180,812,151)	7,829,367,106
Total assets	30,640,947,029	9,223,733,689	(6,866,537,108)	32,998,143,610
EQUITY AND LIABILITIES				
Capital and reserve				
Stated capital	4,239,611,750	4,865,006,314	(4,865,006,314)	4,239,611,750
Retained earnings	9,468,107,538	1,145,098,724	-	10,613,206,262
	13,707,719,288	6,010,105,038	(4,865,006,314)	14,852,818,012
Non-current liabilities				
Interest bearing borrowings	4,058,450,000	-	-	4,058,450,000
Deferred tax liability	1,220,869,879	501,832,058	-	1,722,701,937
Retirement benefit obligation	153,239,552	14,425,504	-	167,665,056
Lease creditors	16,663,308	-	-	16,663,308
	5,449,222,739	516,257,562	-	5,965,480,301
Current liabilities				
Trade and other payables	3,669,913,511	280,830,694	-	3,950,744,205
Amount due to subsidiaries	1,001,530,793	221,674,342	(1,001,530,794)	221,674,341
Interest bearing borrowings	5,996,646,424	2,078,700,190	(1,000,000,000)	7,075,346,614
Lease creditors	4,585,012	-	-	4,585,012
Bank overdrafts	811,329,262	116,165,863	-	927,495,125
	11,484,005,002	2,697,371,089	(2,001,530,794)	12,179,845,297
Total equity and liabilities	30,640,947,029	9,223,733,689	(6,866,537,108)	32,998,143,610

* TCCL - Tokyo Cement Company (Lanka) PLC
** TSCCLL - Tokyo Super Cement Company Lanka (Pvt) Ltd

Figures in brackets indicate deductions.

40. EFFECT OF AMALGAMATION (CONTD.)

40.3 Effect of amalgamation for the year ended 31st March 2020 - Statement of comprehensive income

	Year ended 31.03.2020 TCCL * Rs.	Period ended 12.06.2019 TSCCLL ** Rs.	Effect of amalgamation Rs.	Combined entity (Restated) Rs.
Revenue from contracts with customers	20,483,648,043	1,285,679,556	(258,152,798)	21,511,174,801
Cost of sales	(15,578,562,220)	(918,147,080)	262,473,794	(16,234,235,506)
Gross profit	4,905,085,823	367,532,476	4,320,996	5,276,939,295
Other income	921,127,043	-	(4,320,996)	916,806,047
	5,826,212,866	367,532,476	-	6,193,745,342
Distribution expenses	(2,614,001,371)	(181,186,926)	-	(2,795,188,297)
Administrative expenses	(1,136,302,572)	(60,810,918)	-	(1,197,113,490)
Profit from operations	2,075,908,923	125,534,632	-	2,201,443,555
Finance income	4,741,099	23,429,129	(21,400,000)	6,770,228
Finance expenses	(1,399,440,147)	(40,586,220)	21,400,000	(1,418,626,367)
Profit before taxation	681,209,875	108,377,541	-	789,587,416
Income tax expenses	60,300,157	(32,876,854)	-	27,423,303
Profit for the year	741,510,032	75,500,687	-	817,010,719
Other comprehensive income/ (loss)				
Actuarial loss on defined benefit plan	(23,330,373)	-	-	(23,330,373)
Tax relating to components of other comprehensive income	6,532,504	-	-	6,532,504
Total other comprehensive income/ (loss) net of tax	(16,797,869)	-	-	(16,797,869)
Total comprehensive income for the year	724,712,163	75,500,687	-	800,212,850

* TCCL - Tokyo Cement Company (Lanka) PLC
** TSCCLL - Tokyo Super Cement Company Lanka (Pvt) Ltd

Figures in brackets indicate deductions.

ACCUMULATING QUALITY OVER THE YEARS

At Tokyo Cement, we are invested in engineering and perfecting our products to create durable customer trust. Over the years, we have accumulated years of experience in manufacturing quality products that have won the trust of the people.

A truss bridge is a superstructure built to bear loads using tension, compression, or sometimes both in response to dynamic loads.

SUPPLEMENTARY INFORMATION

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SHAREHOLDER & INVESTOR INFORMATION

DISTRIBUTION OF VOTING ORDINARY SHARES AS AT 31ST MARCH 2020

Category	No of Holders Nos	Share Holdings Shares	Holding %
1 - 1,000	1,997	556,224	0.22%
1,001 - 10,000	1,420	5,349,455	2.00%
10,001 - 100,000	546	17,240,313	6.45%
100,001 - 1,000,000	101	31,913,020	11.93%
1,000,001 - 99,999,999	18	212,240,988	79.40%
TOTAL	4,082	267,300,000	100.00%

DISTRIBUTION OF NON VOTING SHARES AS AT 31ST MARCH 2020

Category	No of Holders Nos	Share Holdings Shares	Holding %
1 - 1,000	2,045	634,090	0.46%
1,001 - 10,000	1,387	5,308,449	3.97%
10,001 - 100,000	555	17,590,114	13.17%
100,001 - 1,000,000	115	33,073,660	24.75%
1,000,001 - 99,999,999	19	77,043,687	57.65%
TOTAL	4,121	133,650,000	100.00%

CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	No of Shares Held 31st March 2020 Nos	No of Shares Held 31st March 2019 Nos	No of Shares Held 31st March 2020 Nos	No of Shares Held 31st March 2019 Nos
St Anthony's Consolidated (Private) Limited	73,507,172	73,507,172	-	-
South Asian Investment (Private) Limited	53,820,756	53,820,756	-	-
Capital City Holdings (Private) Limited	8,019,367	8,019,367	-	-
St Anthony's Hardware (Private) Limited	545,292	545,292	-	-
Total	135,892,587	135,892,587	-	-

DIRECTOR'S / CEO'S SHAREHOLDINGS

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	No of Shares Held 31st March 2020 Nos	No of Shares Held 31st March 2019 Nos	No of Shares Held 31st March 2020 Nos	No of Shares Held 31st March 2019 Nos
St Anthony's Consolidated (Private) Limited	73,507,172	73,507,172	-	-
Mr A.S.G. Gnanam	14	14	-	-
Mr S.R. Gnanam - Managing Director/CEO	14	14	-	-
Mr E.J. Gnanam	14	14	-	-
UBE Singapore Holdings Pte. Ltd	26,730,000	26,730,000	-	-
Mr Susumu Ando (Non Executive and Nominee Director of UBE Singapore Pte. Ltd)	-	-	-	-
Mr W.C. Fernando - Director	-	-	71,280	71,280
Independent Non Executive Directors				
Mr Ranjeevan Seevaratnam	-	-	-	-
Dr Harsha Cabral, PC	-	-	-	-
Mr Ravi Dias	-	-	-	-
Mr Asite Talwatte	-	-	-	-
Dr Indrajit Coomaraswamy	-	-	-	-
	100,237,214	100,237,214	71,280	71,280
Total Shares in Issue	267,300,000	267,300,000	133,650,000	133,650,000

MARKET PRICE PER SHARE

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	31st March 2020 Rs.	31st March 2019 Rs.	31st March 2020 Rs.	31st March 2019 Rs.
Highest for The Period	55.00	59.90	44.30	49.80
Lowest for The Period	19.50	20.00	16.90	17.50
Last Traded for The Period	22.50	20.70	20.00	18.50

SHAREHOLDER & INVESTOR INFORMATION

SHARE TRADING FROM 01ST APRIL 2019 TO 31ST MARCH 2020

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	31st March 2020 Nos	31st March 2019 Nos	31st March 2020 Nos	31st March 2019 Nos
No of Transactions	21,233	10,234	29,732	5,967
No of Shares Traded	57,811,440	39,485,401	92,419,947	27,794,274
Value of Share Traded (Rs.)	2,184,205,517	1,146,032,195	2,808,514,399	726,590,796

PERCENTAGE OF PUBLIC SHAREHOLDING

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
The percentage of shares held by Public	39.16%	39.16%	100%	100%
No of Public Shareholders	3,918	3,820	4,121	3,408

MARKET CAPITALISATION

	Voting Ordinary Shares		Non Voting Ordinary Shares	
	31st March 2020	31st March 2019	31st March 2020	31st March 2019
Market Capitalisation (Rs. billion)	6.0	5.5	2.6	2.5
Total Market Capitalisation of the CSE (Rs. billion)	2,128.3	2,605.9	2,128.3	2,605.9
As a Percentage of total Market Capitalisation (%)	0.28	0.21	0.12	0.09

Total Float Adjusted Market Capitalisation of Voting Ordinary Shares as at 31st March 2020 was Rs. 2,355,180,300/- with reference to the rule No. 7.6 (iv) of continuing listing requirements of CSE.

Total Float Adjusted Market Capitalisation of Non-Voting ordinary shares as at 31st March 2020 was Rs. 2,673,000,000/- with reference to the rule No. 7.6 (iv) of continuing listing requirements of CSE.

As the Float Adjusted Market Capitalisation is less than Rs. 2.5 billion for Voting ordinary shares and less than Rs. 5 billion for Non-voting ordinary shares, Tokyo Cement Company (Lanka) PLC complies with option 5 and option 3 for minimum requirement of public shareholding respectively. (as per the rule no. 7.13.1 (a) of continuing listing requirements of the CSE.)

TWENTY LARGEST VOTING SHAREHOLDERS AS AT

	31st March 2020 No of Ordinary Shares	%	31st March 2019 No of Ordinary Shares	%
Voting				
St. Anthony's Consolidated (Pvt) Ltd	73,507,172	27.5%	73,507,172	27.50%
South Asian Investment (Pvt) Ltd	53,820,756	20.1%	53,820,756	20.10%
Ube Singapore Holdings Pte. Ltd	26,730,000	10.0%	26,730,000	10.00%
Marina Bay Holding And Investment Pte. Ltd.	16,038,000	6.0%	16,038,000	6.00%
Capital City Holdings (Private) Limited	8,019,367	3.0%	8,019,367	3.00%
J.B. Cocoshell (Pvt) Ltd	7,793,574	2.9%	5,651,912	2.1%
Citibank Newyork S/A Norges Bank Account 2	7,447,897	2.8%	7,969,395	3.0%
Ceylon Guardian Investment Trust Plc A/C # 02	3,527,694	1.3%	3,527,694	1.3%
Northern Trust Company S/A Apollo Asia Fund Limited	3,245,603	1.2%	3,245,603	1.2%
State Street Luxembourg C/O Ssbt-Goodhart Partners	2,400,000	0.9%	2,400,000	0.9%
Ceylon Investment Plc A/C # 02	2,107,374	0.8%	2,107,374	0.8%
Seylan Bank Plc/S.R. Fernando	1,253,087	0.5%	Not in Top 20 List	0.0%
Mr R. Maheswaran	1,096,940	0.4%	1,096,940	0.4%
Miss M.P. Radhakrishnan	1,096,939	0.4%	1,096,939	0.4%
Miss A. Radhakrishnan	1,096,939	0.4%	1,096,939	0.4%
Union Assurance Plc/Account No. 05 (Unit-Linked Limited)	1,042,385	0.4%	Not in Top 20 List	0.0%
Hatton National Bank Plc/Capital Trust Holdings Limited	1,012,261	0.4%	2,008,309	0.8%
Mr N. Radella	1,005,000	0.4%	Not in Top 20 List	0.0%
Sampath Bank Plc/Capital Trust Holdings Limited	996,873	0.4%	Not in Top 20 List	0.0%
Rubber Investment Trust Ltd A/C No 01	926,620	0.3%	Not in Top 20 List	0.0%
Total	214,164,481	80.1%	208,316,400	77.9%

TWENTY LARGEST NON-VOTING SHAREHOLDERS AS AT

	31st March 2020 No of Ordinary Shares	%	31st March 2019 No of Ordinary Shares	%
Non Voting				
Serendip Investments Limited	16,258,204	12.2%	Not in Top 20 List	0.0%
Northern Trust Company S/A Apollo Asia Fund Limited	10,561,789	7.9%	10,561,789	7.9%
Seb Ab-Tundra Sustainable Frontier Fund	7,888,114	5.9%	8,708,114	6.5%
State Street Luxembourg C/O Ssbt-Alliancebernstein	6,827,366	5.1%	6,827,366	5.1%
Employees Provident Fund	5,643,524	4.2%	5,643,524	4.2%
Deutsche Bank Ag As Trustee For Jb Vantage Value E	4,914,606	3.7%	4,914,606	3.7%
Gf Capital Global Limited	4,226,000	3.2%	4,976,000	3.7%
Citibank Newyork S/A Norges Bank Account 2	3,911,262	2.9%	3,181,610	2.4%
J.B. Cocoshell (Pvt) Ltd	2,434,929	1.8%	3,639,493	2.7%
Rubber Investment Trust Ltd A/C No 01	2,297,872	1.7%	1,188,480	0.9%
Deutsche Bank Ag-National Equity Fund	2,259,360	1.7%	3,210,000	2.4%
Peoples Leasing & Finance Plc/Hi Line Trading (Pvt) Ltd	1,825,938	1.4%	1,852,138	1.4%
Dfcc Bank Plc A/C 1	1,472,515	1.1%	1,472,515	1.1%
Mr A. Hassenally Rajkotwala	1,223,508	0.9%	1,223,508	0.9%
Askold (Private) Limited	1,100,000	0.8%	1,050,000	0.8%
Mr Y.A.H. Rajkotwala	1,093,726	0.8%	1,093,726	0.8%
Bank Of Ceylon-No2 A/C (Boc Ptf)	1,041,430	0.8%	Not in Top 20 List	0.0%
Seylan Bank Plc/Arrc Capital (Pvt) Ltd	1,038,627	0.8%	Not in Top 20 List	0.0%
Bank Of Ceylon A/C Ceybank Century Growth Fund	1,024,917	0.8%	Not in Top 20 List	0.0%
Union Assurance Plc-Universal Life Fund	963,602	0.7%	Not in Top 20 List	0.0%
Total	78,007,289	58.4%	59,542,869	44.6%

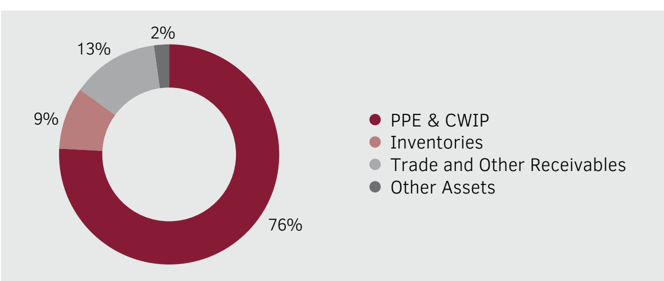
FIVE YEAR SUMMARY

Year ended 31st March Rs. Mn.	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
OPERATING RESULTS					
Turnover	35,768	38,496	35,633	35,701	30,117
Gross profit	10,256	7,888	8,472	8,941	6,926
Profit/ (loss) Before Taxation	2,629	(1)	2,572	4,078	2,487
Taxation	(312)	(475)	(243)	(677)	(556)
Profit/ (loss) After Taxation	2,318	(476)	2,329	3,401	1,931
Non-controlling Interest	-	16	(15)	3	-
Profit Attributable to Ordinary Shareholder	2,318	(483)	2,343	3,398	1,931
STATEMENT OF FINANCIAL POSITION					
Assets					
Non Current Assets					
Property, Plant & Equipment	26,949	26,877	23,820	13,147	12,892
Capital Work - in - Progress	545	749	2,952	7,603	4,352
Intangible Assets	94	116	53	68	83
Operating Lease Prepayment	-	427	431	59	63
Right of Use Assets	1,346	-	-	-	-
Total Non Current Assets	28,934	28,169	27,256	20,877	17,390
Current Assets					
Inventories	3,493	3,636	2,530	2,002	1,542
Trade and Other Receivable	5,291	6,315	4,498	3,036	2,746
Cash and Cash Equivalents	430	341	718	2,524	572
Total Current Assets	9,214	10,292	7,746	7,562	4,860
Total Assets	38,148	38,461	35,002	28,439	22,250
Equity and Liabilities					
Capital and Reserves					
Stated Capital	4,240	4,240	4,240	2,894	2,894
Retained Earnings	12,917	10,682	11,189	11,478	8,528
	17,157	14,922	15,429	14,372	11,422
Non - controlling interest	93	94	62	52	49
Total Capital and Reserves	17,250	15,016	15,491	14,424	11,471

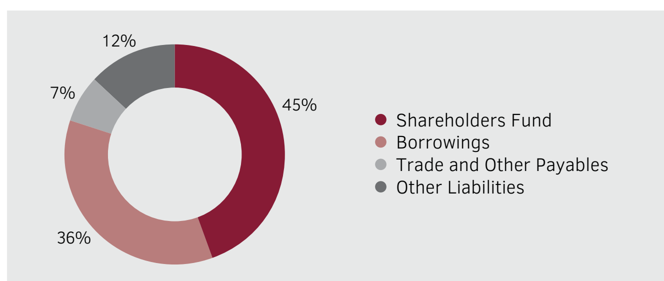
FIVE YEAR SUMMARY

Year ended 31st March Rs. Mn.	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
Non Current Liabilities					
Interest Bearing Borrowing	7,215	4,853	5,761	4,887	2,858
Deferred Tax	2,859	2,726	2,544	2,355	2,207
Retirement Benefit Obligations	297	225	182	131	112
Lease Creditors	294	19	5	-	-
Total Non Current Liabilities	10,665	7,823	8,492	7,373	5,177
Current Liabilities					
Trade and Other Liabilities	2,507	4,814	2,639	2,275	1,850
Short Term Borrowings	6,296	9,212	7,196	3,822	3,328
Lease Creditors	42	7	3	-	-
Bank Overdraft	1,388	1,589	1,181	545	424
Total Current Liabilities	10,233	15,622	11,019	6,642	5,602
Total Equity and Liabilities	38,148	38,461	35,002	28,439	22,250
INVESTOR INFORMATION					
Earnings Per Share - Voting Ordinary Share (Rs.)	5.78	(1.23)	6.01	10.17	5.78
Earnings Per Share - Non Voting Ordinary Share (Rs.)	5.78	(1.23)	6.01	10.17	5.78
Dividend Per Share - Voting Ordinary Share (Rs.)	1.50	0.30	1.25	1.87	1.35
Dividend Per Share - Non Voting Ordinary Share (Rs.)	1.50	0.30	1.25	1.87	1.35
Return on Equity (%)	13.44	(3.28)	15.03	23.56	16.94
Interest Cover (Time)	2.39	1.00	3.65	8.65	6.34
Market Price Per Share (Rs.) - Voting	22.50	20.70	54.00	61.00	37.00
Market Price Per Share (Rs.) - Non Voting	20.00	18.50	46.00	53.00	32.30
Price Earnings Ratio (Times)- Voting	3.89	(16.83)	8.99	6.00	6.40
Price Earnings Ratio (Times)- Non Voting	3.46	(15.04)	7.65	5.21	5.59
Assets Turnover Ratio (Times)	0.94	1.00	1.02	1.26	1.35
Net Asset Per Share (Rs.)	42.79	37.22	38.48	43.01	34.18

COMPOSITION ASSETS

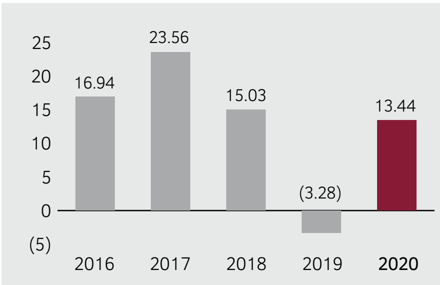


COMPOTITION LIABILITIES

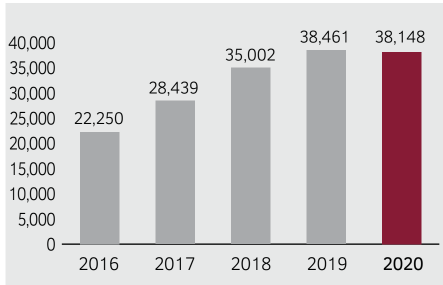


FIVE YEAR SUMMARY GRAPHICAL REVIEW

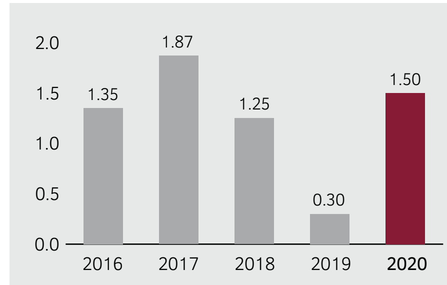
RETURN ON EQUITY (%)



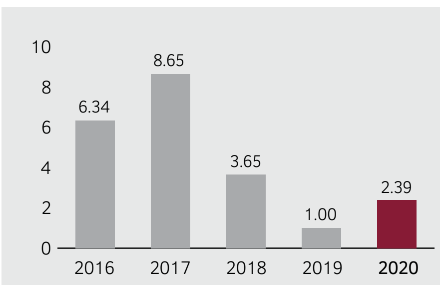
TOTAL ASSETS (Rs. Mn)



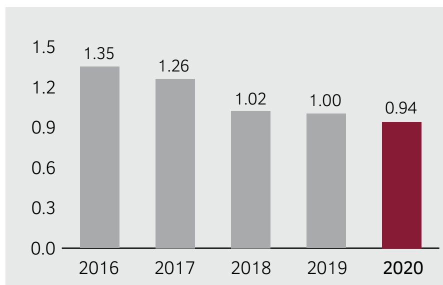
DIVIDEND PER SHARE (Rs)



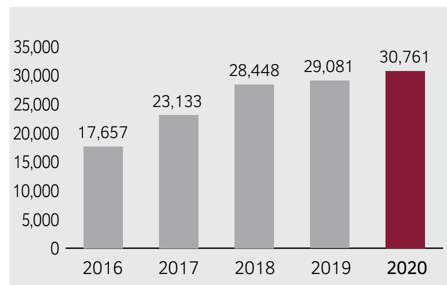
INTEREST COVER (Times)



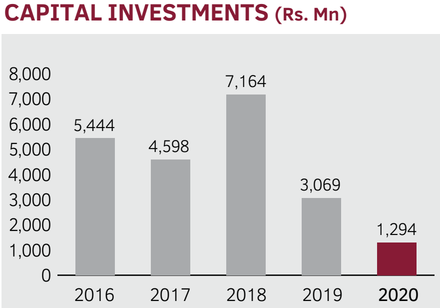
ASSETS TURNOVER (Times)



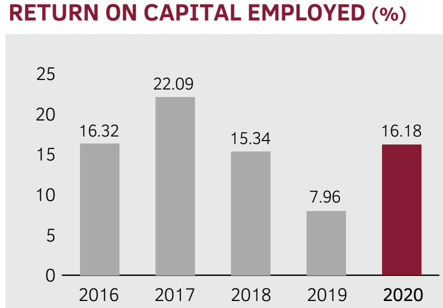
CAPITAL EMPLOYED (Rs. Mn)



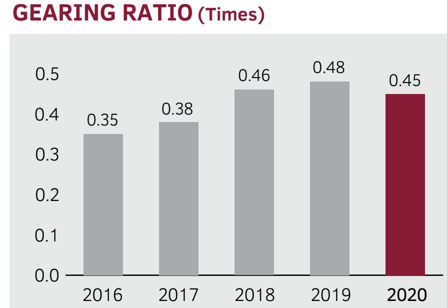
CAPITAL INVESTMENTS (Rs. Mn)



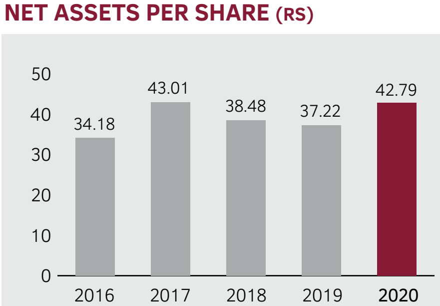
RETURN ON CAPITAL EMPLOYED (%)



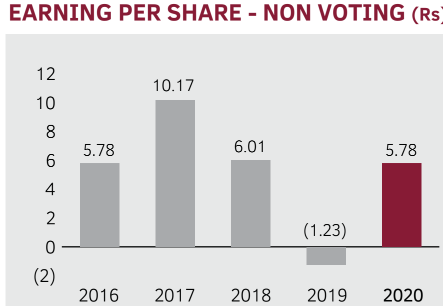
GEARING RATIO (Times)



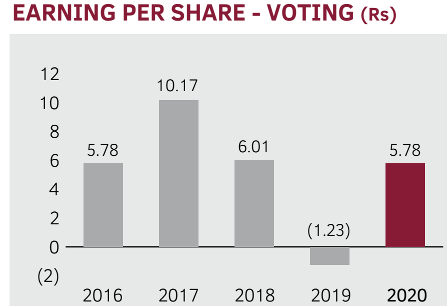
NET ASSETS PER SHARE (RS)



EARNING PER SHARE - NON VOTING (Rs)



EARNING PER SHARE - VOTING (Rs)



NOTES

NOTES

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty Eighth Annual General Meeting of the Shareholders of Tokyo Cement Company (Lanka) PLC will be held on Thursday 22nd October 2020 at 4.00 p.m at the Auditorium, Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera Mawatha, Colombo 7. The business to be brought before the Meeting to transact will be :

AGENDA

Normal Business

1. To receive and adopt the Report of the Directors, the Statement of Audited Accounts for the year ended 31st March 2020 and the Report of the Auditors thereon.

2. To declare a Final dividend of Rs. 1.50 per share (voting and non voting) in respect of the Financial Year ending 31st March 2020 as recommended by the directors.

3. To re-elect Dr Harsha Cabral, PC who retires by rotation in terms of Article 114 of the Articles of Association.

4. To authorise the Directors to fix the remuneration payable to the Auditors BDO Partners, (Chartered Accountants) or determining the manner in which such remuneration is to be given.

   (An Auditor is deemed to be re-appointed at the Annual General Meeting of the Company under Article 180 of the Articles of Association).

5 To authorise the Directors to determine contributions to charities.

6 Special Business.

6.1 To re-elect as a director Mr Ranjeevan Seevaratnam, Mr W C Fernando and Dr Indrajit Coomaraswamy and being over the age of 70 years and who retires in terms of Articles of Association and pursuant to Section 211 of the Companies Act No 7 of 2007 for which special notice of the following ordinary resolutions has been given by a member for the purpose.

THAT the age limit referred to in Section 210 of the Companies Act No 7 of 2007 shall not apply to Mr Ranjeevan Seevaratnam who is 77 years and that he be re-elected a Director of the Company.

6.2 To re-elect as a director Mr W C Fernando and being over the age of 70 years and who retires in terms of Articles of Association and pursuant to Section 211 of the Companies Act No 7 of 2007 for which special notice of the following ordinary resolution has been given by a member for the purpose.

THAT the age limit referred to in Section 210 of the Companies Act No 7 of 2007 shall not apply to Mr W C Fernando who is 72 years and that he be re-elected a Director of the Company.

6.3 To re-elect as a director Dr Indrajit Coomaraswamy and being over the age of 70 years and who retires in terms of Articles of Association and pursuant to Section 211 of the Companies Act No 7 of 2007 for which special notice of the following ordinary resolutions has been given by a member for the purpose.

THAT the age limit referred to in Section 210 of the Companies Act No 7 of 2007 shall not apply to Dr Indrajit Coomaraswamy who is 70 years and that he be re-elected a Director of the Company.

7. To transact any other business of which due notice has been given.

By Order of the Board
TOKYO CEMENT COMPANY (LANKA) PLC

Seccom (Private) Limited
Company Secretaries

21st September 2020

Notes

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him.

2. A proxy need not be a member of the Company. A form of proxy accompanies this notice.

3. The completed Form of Proxy should be deposited at the Registered Office of the Company, 469 - 1/1, Galle Road, Colombo 3 not later than 48 hours before the time appointed for the commencement of the Meeting.

4 Shareholders / proxies attending the Annual General Meeting, please produce your National Identity Card to the security personnel stationed at the entrance.

TEXT OF RESOLUTIONS TO BE PASSED AT THE ANNUAL GENERAL MEETING

ORDINARY BUSINESS

Resolution 1 **Adoption of Accounts**

THAT the Directors' Report and Accounts for the year ended 31st March 2020 as audited and reported by the Company's Auditors be and they are hereby received and adopted.

Resolution 2 **Final Dividends**

RESOLVED THAT a First and Final dividend of Rs 1.50 per share (voting and Non Voting) be declared for the financial year 2019/20 out of profits as recommended by the Directors to those shareholders whose names stand on the Register of Members as on end of trading on 22nd October 2020 (Ex Div date 23rd October 2020).

Resolution 3 **Re-election of Directors**

RESOLVED that Dr Harsha Cabral, PC, Director of the Company, who retires by rotation in terms of Article 114 of the Articles of Association and being eligible for appointment be and is hereby re-appointed as Director of the Company.

Resolution 4 **RE- Appointment of Auditors**

Shareholders noting Article 180 of the Articles of Association which states that At each Annual General Meeting the retiring Auditor or Auditors shall, without any resolution being passed, be deemed to have been re-appointed until the conclusion of the next ensuing Annual General Meeting : RESOLVED that Directors are hereby authorised to fix the remuneration payable to the Auditors BDO Partners, (Chartered Accountants) or determining the manner in which such remuneration is to be given.

Resolution 5 **Donations**

RESOLVED That the directors are hereby authorised to make donations for good cause and as a corporate responsibility to the society.

SPECIAL BUSINESS

Resolution 6 **Re-election of Directors**

Age Limit not to Apply

THAT the age limit referred to in Section 210 of the Companies Act No 7 of 2007 shall not apply to Mr Ranjeevan Seevaratnam who is 77 years and that he be re-elected a Director of the Company.

THAT the age limit referred to in Section 210 of the Companies Act No 7 of 2007 shall not apply to Mr W C Fernando who is 72 years and that he be re-elected a Director of the Company.

THAT the age limit referred to in Section 210 of the Companies Act No 7 of 2007 shall not apply to Dr Indrajit Coomaraswamy who is 70 years and that he be re-elected a Director of the Company.

FORM OF PROXY

VOTING ORDINARY SHARES

For Thirty Eighth Annual General Meeting of
TOKYO CEMENT COMPANY (LANKA) PLC

I/We ....

(ID No: ....) of ....

being a member /members * of the Company hereby appoint ....

of (ID No: ....) .... or failing him

any one of the following directors

- ☐ Dr Harsha Cabral, PC
- ☐ Mr Simon Rajaseelan Gnanam
- ☐ Mr Arul S. Gunaseelan Gnanam
- ☐ Mr Ranjeevan Seevaratnam
- ☐ Mr Elijah Jeyaseelan Gnanam
- ☐ Mr W.C. Fernando
- ☐ Mr Susumu Ando
- ☐ Mr Ravi Dias
- ☐ Mr Asite Talwatte
- ☐ Dr Indrajit Coomaraswamy

as my /our Proxy to represent me/us and * .... / to vote for me/us on my/our behalf at the Thirty Eighth Annual General Meeting of the Company to be held on Thursday 22nd October 2020 at 4.00 p.m at the Auditorium, Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera Mawatha, Colombo 7 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

I/We the undersigned, hereby direct my/our proxy to vote for me/us and on my/our behalf on the resolutions set out in the Notice convening the meeting by an "X" in the appropriate space given below

		For	Against
1	To receive and adopt the Report of the Directors, the statement of Audited Accounts for the year ended 31st March 2020 and the Report of the Auditors thereon.		
2	THAT a Final dividend of Rs. 1.50 per share (Voting and Non Voting) be paid for the year 2019/20 as recommended by the Directors.		
3	To re-elect Dr Harsha Cabral, PC as a Director of the Company.		
4	To authorise the Directors to fix the remuneration payable to the Auditors.		
5	To authorise the Directors to determine contributions to charities.		
6	To re-elect as a director Mr Ranjeevan Seevaratnam and being over the age of 70 years for which special notice has been received from a member for the purpose.		
7	To re-elect as a director Mr W.C. Fernando and being over the age of 70 years for which special notice has been received from a member for the purpose.		
8	To re-elect as a director Dr Indrajit Coomaraswamy and being over the age of 70 years for which special notice has been received from a member for the purpose.		

....
Signature of Shareholder/s

Dated : ....

Notes:

1. Please delete the inappropriate words.
2. Instructions as to completion are enclosed.
3. Members are requested to inform the changes if any , in their registered addresses to the Company's Secretaries or Central Depository System as appropriate.
4. Members are invited to direct all correspondences relating to matters on shares, dividends, change of addresses etc to the Company's Secretaries quoting their register folio number.
5. If you maintain an account with Central Depository Systems (Private) Limited, we advice you to inform them directly through your broker with regard to your change of address and dividend mandate.

INSTRUCTIONS AS TO COMPLETION

1. To be valid, this form of proxy must be deposited at the Registered Office, No. 469 1/1 Galle Road, Colombo 3 not later than 48 hours before the time appointed for holding the meeting.

2. In perfecting the form of proxy please ensure that all details are legible.

3. Please indicate with an ‘X’ in the relevant space given against each resolution how your proxy is to vote on the resolution. If no indication is given the proxy in his discretion will vote as he thinks fit.

4. In the case of a Company/Corporation, the Form of Proxy must be under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association

5. In the case of a proxy signed by an attorney, the power of attorney must be deposited at the Registered Office for Registration.

6. In the case of non-resident Shareholders, the stamping, if necessary, will be attended to, on return of the completed form of proxy to the Registered Office of the Company in Sri Lanka.

FORM OF PROXY

NON VOTING ORDINARY SHARES

For Thirty Eighth Annual General Meeting of
TOKYO CEMENT COMPANY (LANKA) PLC

I/We ....

(ID No: ....) of ....

being a member /members * of the Company hereby appoint ....

of (ID No: ....) .... or failing him
any one of the following directors

Dr Harsha Cabral, PC	of Colombo	or failing him
Mr Simon Rajaseelan Gnanam	of Colombo	or failing him
Mr Arul Selvaraj Gunaseelan Gnanam	of Colombo	or failing him
Mr Elijah Jeyaseelan Gnanam	of Colombo	or failing him
Mr Ranjeevan Seevaratnam	of Colombo	or failing him
Mr Ravi Dias	of Colombo	or failing him
Mr W.C. Fernando	of Colombo	or failing him
Mr A. Talwatte	of Colombo	or failing him
Mr Susumu Ando	Of Singapore	or failing him
Dr Indrajit Coomaraswamy	of Colombo	

as my /our Proxy to represent me/us and * .... on my/our behalf at the Thirty Eighth Annual General Meeting of the Company to be held on Thursday 22nd October 2020 at 4.00 p.m at the Auditorium, Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera Mawatha, Colombo 7 and at any adjournment thereof

....
Signature of Shareholder/s

Dated : ....

Notes :

1. Please delete the inappropriate words.
2. Members are requested to inform the changes if any, in their registered addresses to the Company's Secretaries or Central Depository System as appropriate.
3. If you maintain an account with Central Depository Systems (Private) Limited, we advice you to inform them directly through your broker with regard to your change of address and dividend mandate.

INSTRUCTIONS AS TO COMPLETION

1. To be valid, this form of proxy must be deposited at the Registered Office, No. 469 1/1 Galle Road, Colombo 3 not later than 48 hours before the time appointed for holding the meeting.

2. In perfecting the form of proxy please ensure that all details are legible.

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4. In the case of a proxy signed by an attorney, the power of attorney must be deposited at the Registered Office for Registration.

5. In the case of non-resident Shareholders, the stamping, if necessary, will be attended to, on return of the completed form of proxy to the Registered Office of the Company in Sri Lanka.

CORPORATE INFORMATION

NAME OF THE COMPANY	:	Tokyo Cement Company (Lanka) PLC
COMPANY REGISTRATION NO	:	PQ 115
LEGAL FORM	:	A public Quoted Company with Limited Liability, incorporated in Sri Lanka in 1982 and listed on 1st January 1984

BOARD OF DIRECTORS :

Dr Harsha Cabral, PC	- Chairman and Non Executive Independent Director
Mr S.R. Gnanam	- Managing Director
Mr W.C. Fernando	- Director
Mr A.S.G. Gnanam	- Non Executive Director
Mr E.J. Gnanam	- Non Executive Director
Mr R. Seevaratnam	- Non Executive Independent Director
Mr Ravi Dias	- Non Executive Independent Director
Mr Asite Talwatte	- Non Executive Independent Director
Mr Susumu Ando	- Non Executive Director (Nominee Director of UBE Singapore Pte. Ltd)
Dr Indrajit Coomaraswamy	- Non Executive Independent Director (Appointed on w.e.f 25th March 2020)

COMPANY SECRETARY : Seccom (Private) Limited,
(Company Secretaries)
No. 1E - 2/1, De Fonseka Place, Colombo 5
T Phone: 2590 176 Fax 2 581618
E_Mail: kmaahamed@hotmail.com

HEAD OFFICE : No. 469 - 1/1 Galle Road, Colombo 3
T Phone: 2558 100 Fax 2500 897
Web Site: www.tokyocement.lk

SUBSIDIARY COMPANIES : Fully Owned
Tokyo Super Cement Company Lanka (Private) Limited
(Amalgamated with parent company on 13th June 2019)
: Tokyo Cement Power (Lanka) (Private) Limited
: Tokyo Eastern Cement Company (Private) Limited
: Tokyo Supermix (Private) Limited

51 % Owned
Tokyo Super Aggregate (Private) Limited

AUDITORS : BDO Partners,
(Chartered Accountants)
No. 65/2, Sir Chittampalam A Gardiner Mawatha,
Colombo 2

LEGAL ADVISORS : Julius & Creasy
(Attorney at Law and Notaries Public)
Julius & Creasy Building
No. 371, R.A. de Mel Mawatha
Colombo 3

BANKERS : Commercial Bank of Ceylon PLC
Sampath Bank PLC
Bank of Ceylon
Citi Bank

Designed & produced by
emagewise
Printed by Gunaratne Offset (Pvt) Ltd

Tokyo Cement Company (Lanka) PLC
No. 469 1/1, Galle Road, Colombo 3, Sri Lanka.

www.tokyocement.lk