THE POWER OF PERSEVERANCE

TOKYO CEMENT COMPANY (LANKA) PLC Annual Report 2023/24

THE POWER OF PERSEVERANCE

"If you want to see the sunshine, you have to weather the storm."
- Frank Lane

Here at Tokyo Cement, we have long navigated challenging conditions and battled against the elements; relying on our inherent skills, capabilities, and structures to adapt to an ever-changing environment and steadfastly advance against the odds.

Our every action has been undertaken with the sole purpose of protecting those who rely on us – serving as a source of strength, stability and continuity even amid the harshest environments, and the year under review has been no different. Today, as we pursue new opportunities and prepare for the journey ahead, we're facing the future with confidence. We're rising above the storms of today, while holding fast to the promise of a better tomorrow.

This is the power of perseverance.

The arctic tern holds the record for the longest migration of any animal in the world - annually making a journey in search of summer sunlight that can span up to 30,000km. Its ability to survive extreme weather conditions and potential threats is a result of years of evolution and strategic thinking - enabling it to undertake a unique path that maximises warmth, sunlight, and survival.

TOKYO CEMENT COMPANY (LANKA) PLC

Contents

Scan the QR code or visit
www.tokyocement.com

About Us

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 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.

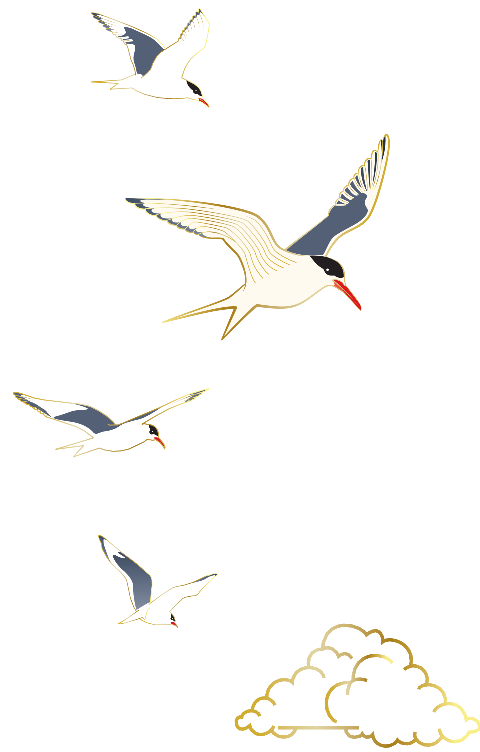
Our purpose is to help our consumers build stronger, faster and smarter; cementing the trust they have placed in Tokyo Cement Group for generations.

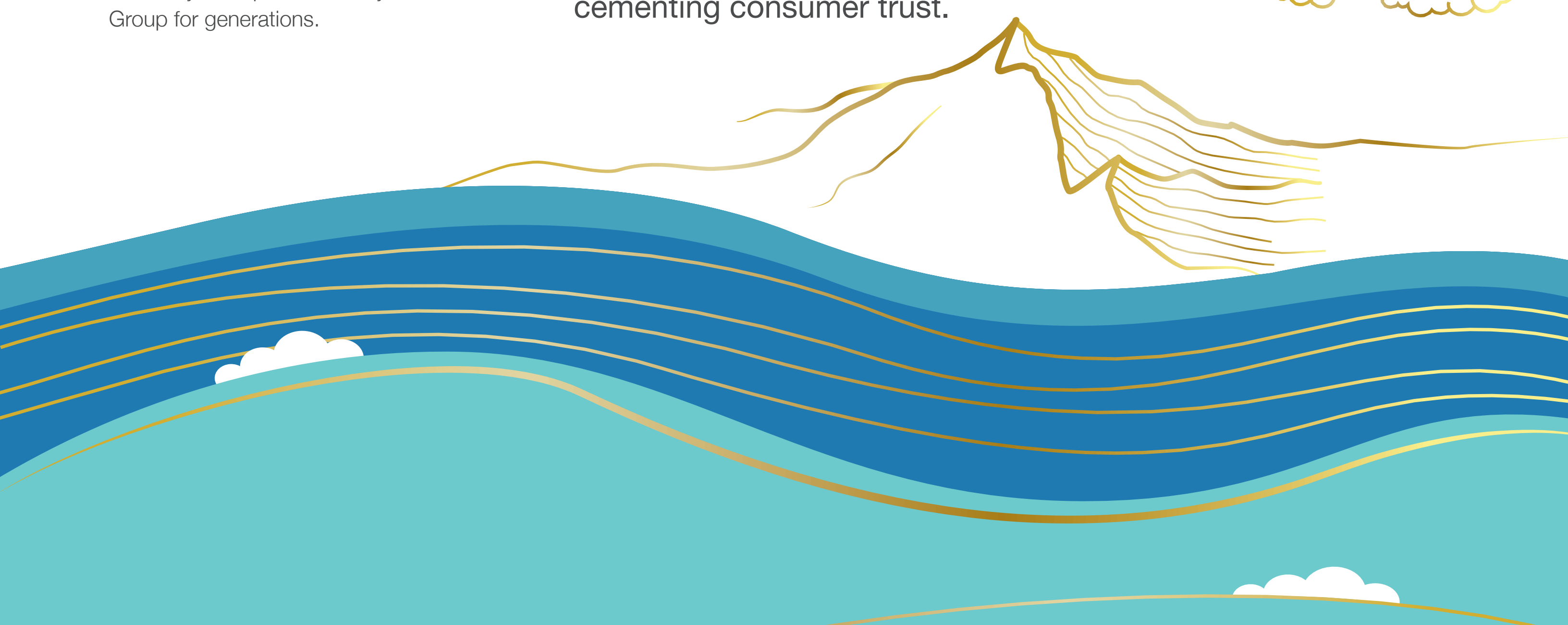
VISION

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.





Performance Highlights

For the year ended 31st March	Group		Company	
	2024	2023	2024	2023
PERFORMANCE (Rs. Mn)				
Turnover	49,823	56,481	37,375	35,665
Cost of sales	(34,261)	(35,964)	(26,171)	(24,201)
Gross profit	15,562	20,517	11,204	11,464
Profit before tax	3,448	6,772	2,055	3,345
Profit after tax	2,422	4,999	1,366	2,117
Total comprehensive income	2,329	4,968	1,305	2,089
INFORMATION TO SHAREHOLDERS (Rs.)				
Earnings per share - voting	5.48	11.31	3.10	4.80
Earnings per share - non-voting	5.48	11.31	3.10	4.80
Dividend per share - voting	-	-	2.00	1.50
Dividend per share - non-voting	-	-	2.00	1.50
Net asset value (NAV) per share	62.39	58.48	40.50	38.90
Market value per share - voting	51.50	50.00	51.50	50.00
Market value per share - non-voting	43.90	45.50	43.90	45.50
KEY FINANCIAL INDICATORS				
Gross profit margin (%)	31.24	36.33	29.98	32.14
Return on capital employed (ROCE) (%)	13.71	27.41	13.55	23.72
Interest cover (times)	3.16	5.08	2.29	2.66
Price earnings ratio - voting (times)	9.40	4.42	16.61	10.42
Price earnings ratio - non-voting (times)	8.01	4.02	14.16	9.48
Current ratio	1.08:1	0.95:1	0.55:1	0.58:1
Quick asset ratio	0.67:1	0.45:1	0.37:1	0.34:1
Dividend payout ratio (%)	-	-	64.52	31.25

TURNOVER (GROUP)

Rs. 49.8 Bn

(2022/23 : Rs. 56.5 Bn)

GROSS PROFIT (GROUP)

Rs. 15.6 Bn

(2022/23 : Rs. 20.5 Bn)

GROSS PROFIT MARGIN (GROUP)

31.24%

(2022/23 : 36.33%)

TURNOVER (COMPANY)

Rs. 37.4 Bn

(2022/23 : Rs. 35.7 Bn)

GROSS PROFIT (COMPANY)

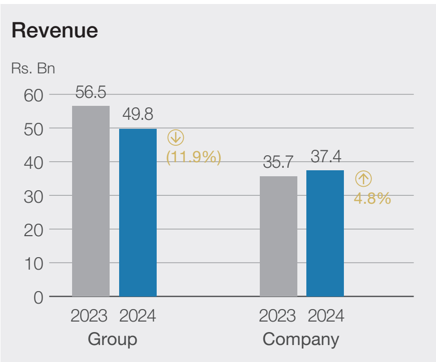
Rs. 11.2 Bn

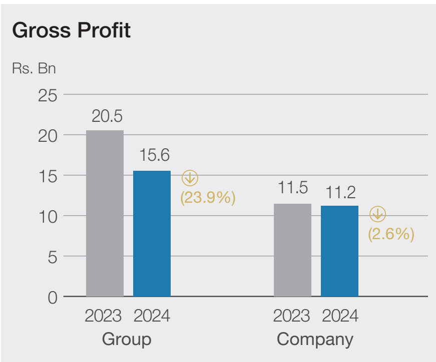
(2022/23 : Rs. 11.5 Bn)

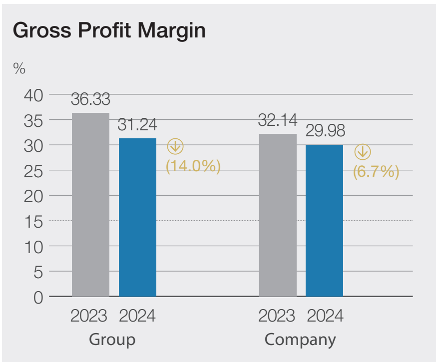
GROSS PROFIT MARGIN (COMPANY)

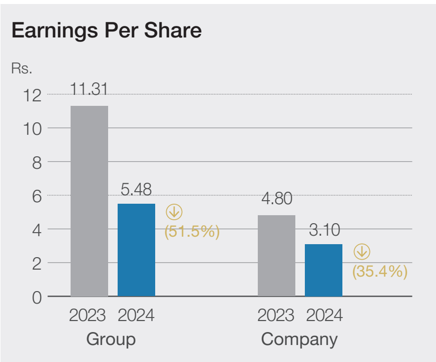
29.98%

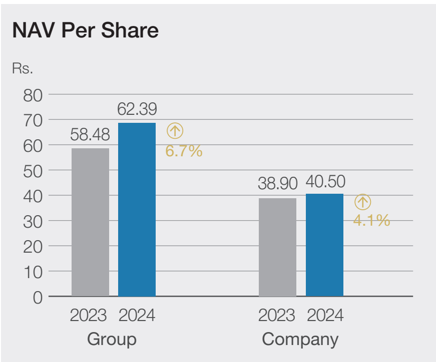
(2022/23 : 32.14%)

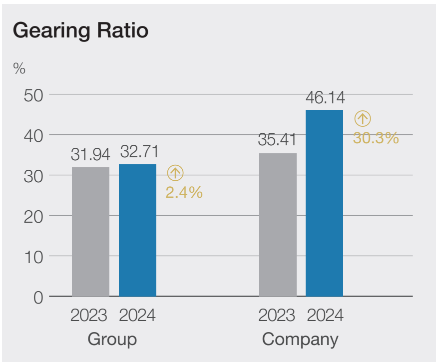


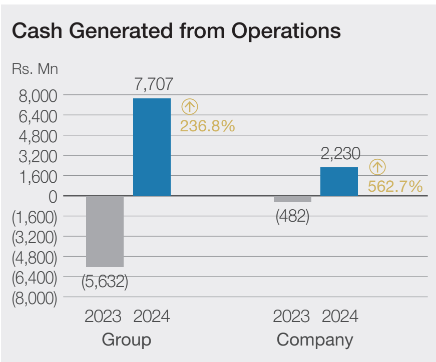


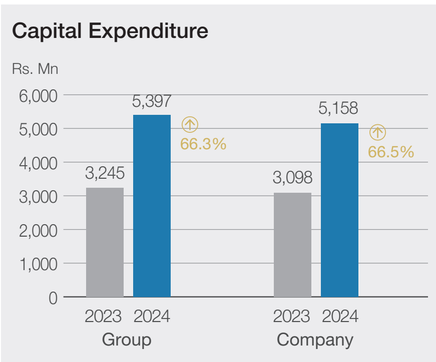


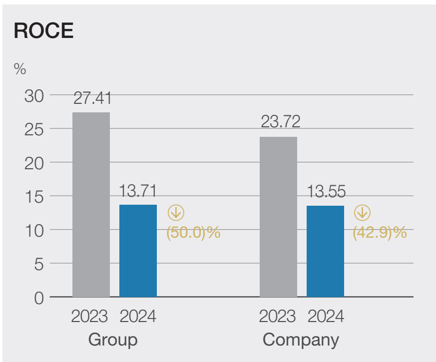












NAV PER SHARE (GROUP)

Rs. 62.39

(2022/23 : Rs. 58.48)

CAPITAL EXPENDITURE (GROUP)

Rs. 5.4 Bn

(2022/23 : Rs. 3.2 Bn)

RETURN ON CAPITAL EMPLOYED (GROUP)

13.71%

(2022/23 : 27.41%)

OUR PRODUCTS

Our Products

BLENDED HYDRAULIC CEMENT

TOKYO SUPER BLENDED HYDRAULIC CEMENT (BHC) is a 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. TOKYO SUPER BHC is 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 R 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.

Our Products

ORDINARY PORTLAND CEMENT

NIPPON CEMENT ORDINARY PORTLAND CEMENT (OPC) 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 BSEN and ASTM standards.

THE NATION'S HIGHEST GRADE CEMENT

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 C103) 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.

Our Products


TOKYO SUPERCAST
SAVE TIME AND MONEY
BETTER FINISH
DIRECT ON CONCRETE
WATERPROOF
INDOOR & OUTDOOR
TOKYO SUPERCAST
PLASTER MASTER
TOKYO SUPERCAST
PLASTER MASTER
TOKYO SUPERCAST
PLASTER MASTER
PLASTER MASTER
TOKYO SUPERCAST PLASTER MASTER makes your life easier since you don't need to source different materials including sand. All you have to do is just add water, mix and apply. It offers excellent workability, prevents mortar from dropping during the plastering process and is easy to spread. This results in a high strength plaster with no hairline cracks. Skim Coating before applying paint is only an option thanks to the smooth surface of TOKYO SUPERCAST PLASTER MASTER.
TOKYO SUPERCAST can help reduce wastage by up to 40% compared to mixing sand, cement, and other components on-site.

Our Products


TOKYO SUPERSCREED
PAVEMENTS DRIVEWAYS
HORIZONTAL SLABS
FOR CAR PARKS
FOR BALCONIES
INDOOR & OUTDOOR USE
TOKYO SUPERSCREED
SCREED MORTAR
SCREED MORTAR
TOKYO SUPERSCREED SCREED 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. Immediately drying the screed after it has been laid will result in shrinkage cracks. Excess water will result in lower strength.

Our Products

FLOORING COMPOUND

TOKYO SUPERFLOW FLOORING COMPOUND is a self leveling cementitious flooring compound which can be applied manually or by pump to achieve a 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 application.

TOKYO SUPERFIX

TOKYO SUPERFIX offers specialized solutions for general civil engineering work and consists of cement, graded sand and special polymers blended in a modern mixing plant to assure consistent quality.

- NON-SHRINKING
- HIGH FLOWABILITY
- GOOD STRENGTH
- EXCELLENT BONDING CONCRETE AND STEEL
- LOW PERMEABILITY

- NON-SHRINKING
- GOOD FLOWABILITY
- HIGH EARLY STRENGTH
- FIXES CRACKS AND CONCRETE DAMAGE
- BEST FOR ANCHOR BOLTING

- JUST ADD WATER
- EXCELLENT ADHESION
- EXCELLENT WORKABILITY
- NON-CORROSIVE
- INCREASED DURABILITY

- EASY TO APPLY
- BONDING SLURRY
- EXCELLENT COVERAGE
- HIGH BONDING STRENGTH
- READY TO USE

Our Products

PREMIX CONCRETE

TOKYO SUPERMIX PREMIX CONCRETE consists of a mix of river sand, metal aggregate (5 - 20mm by weight basis) and cement in separate bags. It only requires water to be added to make it a workable concrete mix.

TOKYO SUPERMIX PREMIX CONCRETE can be used for slabs, driveways, pavements, floor concreting or just for simple structures. It is available in 50kg bags, and 30 bags can cover an area of 10ft x 10ft with a thickness of 0.25ft. Its equivalent concrete grade is G20, and other strength grades of concrete can be supplied upon request.

Our Products

READY MIX CONCRETE

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. Furthermore, TOKYO SUPERMIX has a wide network of 11 Concrete batching plants island-wide with a fleet of over 125 truck mixers and pump cars.

A SENSE OF DIRECTION

At Tokyo Cement, we constantly pursue optimised conditions for growth – relying on our inherent knowledge and skills to navigate challenging conditions and guide us safely through conditions of adversity.

Arctic terns undertake an arduous journey from pole to pole, by aligning themselves with the earth's magnetic field. By relying on this powerful sense of direction, and leveraging their time-tested knowledge and experience, they are able to seek out and capitalise on the best conditions for survival along their path, until they eventually reach their goal.

EXECUTIVE REVIEWS

Chairman's Message

The Group performed commendably in mitigating the impact of the industry slowdown, through streamlined operational management. Building on the stringent cost management measures implemented last year, we refined our approach to leverage market opportunities.

It is my pleasure to welcome our shareholders to the Forty-second Annual General Meeting (AGM) of Tokyo Cement Company (Lanka) PLC. It is my privilege to present the audited financial statements and the Annual Report of the Tokyo Cement Group for the Financial Year 2023/24.

I am indeed delighted to note that your company has performed beyond expectations despite the challenging economic environment of the last few years. Whilst the slowdown in market demand impeded your Company's performance from reaching its fullest potential, we were able to maintain our market share, due to the hard work and perseverance of the Tokyo Cement Team.

Excluding the brief uptick in demand stemming from the supply constraints caused by import restrictions in 2022/23, the local cement industry has been declining over recent years. This culminated with a significant downturn in 2023 exacerbated by broader macroeconomic challenges. Purchasing power contracted as a result of compounding inflation, relatively high interest rates and increased taxation. Despite a gradual decrease in inflation, prices of essential commodities like fuel, energy, and food remained high. Middle-income earners, crucial for economic mobility, faced additional pressure from direct tax increases. These economic strains discouraged both domestic and commercial consumers from investing or borrowing for construction, as lower deposit returns, and higher lending rates persisted. Consequently, this setback forced the construction industry, still recovering from post-pandemic decline, to slow down and miss its anticipated growth targets.

Stemming from the ensuing market challenges, the Group experienced a decline in turnover in FY 2023/24, recorded at Rs. 49.8 Bn, from the Rs. 56.5 Bn recorded in FY 2022/23. Similarly, the Group suffered a drop in Profit After Tax (PAT) during FY 2023/24, recorded at Rs. 2.4 Bn, from the Rs. 4.9 Bn recorded in FY 2022/23. The decline in turnover and PAT, is attributed to the strategic price adjustments made during the Financial Year to spur a volume growth of 14% through improved affordability.

Given these circumstances, the Group performed commendably in mitigating the impact of the industry slowdown through streamlined operational management. Building on the stringent cost management measures implemented last year, we refined our approach to leverage market opportunities. Additionally, currency stabilisation, reduced freight costs, and lower raw material prices helped maintain control over operational costs. Furthermore, our renewable energy generation capability shielded the Group from escalating fuel and energy tariffs throughout the year. This enabled the effective management of rising overheads, despite lower-than-optimal plant utilisation levels.

The audited financial statements and Annual Report for the Financial Year 2023/24 details out this noteworthy achievement.

To further solidify its market leadership as the nation's largest cement manufacturer, Tokyo Cement continued to invest in its capacity expansion plans by working closely with our Japanese technology partner Mitsubishi UBE Cement Corporation. We plan to complete the ongoing factory expansion project later this year, which would increase our overall cement production capacity from 3.1 Mn MT to 4 Mn MT per annum. This will place Tokyo Cement at an advantageous position to capitalise on the industry revival as the economy rebounds.

Regardless of the exceptionally difficult market conditions we faced during the year, we did not forego our social obligations. Our flagship social upliftment programme, the A.Y.S. Gnanam Village Heartbeat Empowerment Centres in Dambulla and Trincomalee, established in partnership with the Foundation of Goodness led our efforts to empower resource lacking communities. This initiative not only provides education for schoolchildren, but also empowers women and youth in rural areas with the skills and capabilities to pursue entrepreneurial and employment opportunities. Moreover, Tokyo Cement Group's 'Nourishing the Future' school nutrition programme continued to provide a glass of milk and a balanced mid-day meal, on all school days, to deserving schoolchildren selected from deep rural parts of Monaragala, Mullaitivu, Trincomalee, and Kilinochchi Districts. Following in the footsteps of our Founder Chairman, Deshamanya A.Y.S. Gnanam, our objective is to encourage school attendance of children from low-income families hard hit by the economic downturn.

The economic strains discouraged both domestic and commercial consumers from investing or borrowing for construction. Consequently, this setback forced the construction industry, still recovering from post-pandemic decline, to slow down and miss its anticipated growth targets.

TURNOVER (GROUP)

Rs. 49.8 Bn

(2022/23 Rs. 56.5 Bn)

GROSS PROFIT (GROUP)

Rs. 15.6 Bn

(2022/23 Rs. 20.5 Bn)

Chairman's Message

The Company also reached several significant milestones in and through the environmental conservation initiatives that have always been an innate part of Tokyo Cement's commitment to preserve our country's rich biodiversity for future generations.

I invite you to peruse the appended CSR overview to learn more about our achievements through Tokyo Cement Group's impactful outreach programmes.

The Group and Company are fully compliant with all applicable laws and regulations, and all corporate governance mechanisms have been followed to safeguard our shareholder interests within the high-risk environment that prevailed. We continued to maintain stringent internal controls and risk management systems that were vital in ensuring financial stability and operational sustainability during this period of uncertainty. All regulatory obligations were met on time and the Company did not face any penalties and/or fines due to non-compliance with any applicable regulations.

My sincerest gratitude goes out to the Managing Director and the Board for their invaluable leadership, which has been instrumental in effectively steering the company throughout the year. Moreover, I wish to convey my deepest appreciation to Mr. A.S.G. Gnanam who recently resigned from the Board of Directors of Tokyo Cement. I am thankful for the unwavering support he extended throughout his tenure, enabling the Group to be where we are today. Let me also take this opportunity to extend a warm welcome to Mr. Praveen Gnanam, who joined the Board this year. With his experience in driving the innovations division, CSR, IT, investor relations, and the marketing functions of the Tokyo Cement Group for over twelve years, I am confident he will guide this team to greater heights.

I also extend my deep appreciation to the Tokyo Cement team for their indomitable commitment and hard work amidst a multitude of challenges. I also thank our business partners, including our dealer network and suppliers, for their continued confidence in us amidst such challenging market conditions. I am grateful to all our shareholders for their steadfast confidence in the Company during this uncertain period. Together, we will navigate obstacles with the same steadfast resolute that has steered us through past difficulties and look forward to achieving our aspirations with unwavering perseverance.

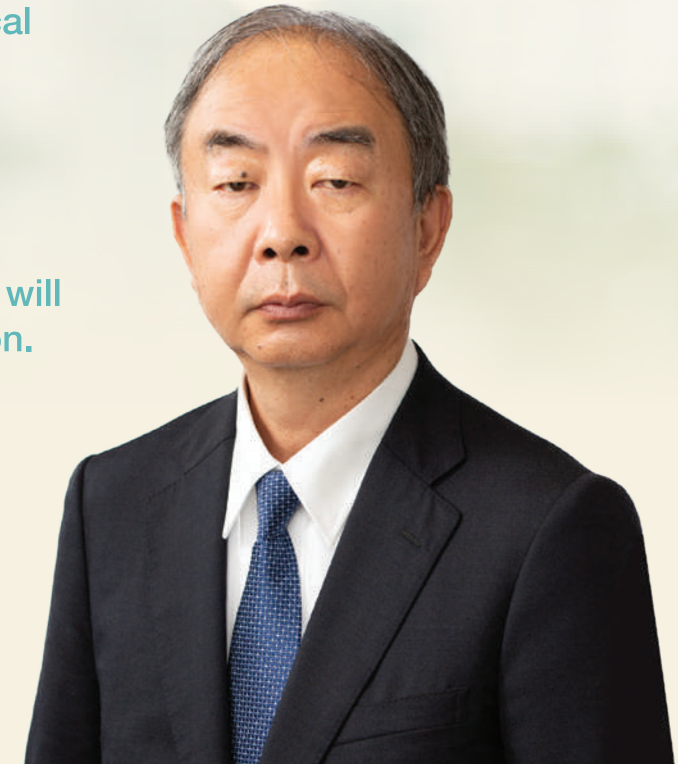
Sincerely,

Dr. Harsha Cabral, PC
Chairman

18th July 2024

Message from the Joint Venture Partner

We reaffirm our commitment to supporting Tokyo Cement's technological advancements. Together, we will implement cutting-edge technologies to enhance manufacturing efficiency and productivity across the Group. By maintaining a focus on innovation and quality, we are confident Tokyo Cement will strengthen its market leadership position.



We extend our heartfelt compliments to Tokyo Cement Company (Lanka) PLC for their noteworthy performance during the Financial Year. We appreciate that Tokyo Cement has persevered through an extremely challenging period, demonstrating the strength of their business fundamentals.

Our appreciation goes out especially to the Group's sales and distribution partners, and the sales teams, whose determination contributed to uphold the positive financial outcomes despite market pressures. We have full confidence that they will sustain this drive to further advance the Group. We also wish to commend the management and staff of Tokyo Cement for their hard work and dedication, enabling significant growth for the Group amid adverse economic conditions.

We reaffirm Mitsubishi UBE Cement Corporation (MUCC)'s commitment to supporting Tokyo Cement's technological advancements. Earlier this year, we hosted a group of engineers and quality assurance managers from Tokyo Cement for a training and knowledge sharing workshops in Japan, as part of this exercise. We hope Tokyo Cement will implement cutting-edge technologies to enhance manufacturing efficiency and productivity through the experience. By maintaining a focus on innovation and quality, we are confident Tokyo Cement will strengthen its market leadership position.

We are also inspired by Tokyo Cement's firm commitment to socio-environmental responsibility, which continues to create value to Sri Lanka. As the country's leading cement manufacturer, Tokyo Cement's efforts contribute not only to economic development but also to social and environmental sustainability. As Sri Lanka undergoes economic reforms, we believe in its resilience and potential for robust recovery.

Lastly, we are honored by our partnership with Tokyo Cement Group, founded on trust, reliability, and mutual respect. It is our aspiration that through this collaboration, MUCC and Tokyo Cement will navigate challenges together, creating enhanced value for the future.

Sincerely,

Makoto Koyama

Makoto Koyama
Representative Director and President - Mitsubishi UBE Cement Corporation

18th July 2024

Managing Director's Review

Tokyo Cement Group recorded a turnover of Rs. 49.8 Bn and a Profit After Tax (PAT) of Rs. 2.4 Bn for the Financial Year. Reaping the benefits of our perseverance, Tokyo Cement managed to achieve a growth of 14% in a backdrop where the industry grew by just 8.5% year-on-year. Whilst acknowledging the road to recovery is long and tenuous, Tokyo Cement Group is ready to lead the country's economic revitalisation efforts.

The Financial Year started with the promise of recovery from the previous years' economic setbacks. The tight fiscal reforms boosted business confidence, encouraging a focus on sustainable solutions. Currency stabilisation and easing of fiscal controls helped the country to overcome some of the limitations that hindered its progress. This was complemented by a relatively buoyant global economy. As the year progressed, the country showed signs of moderate recovery, on its way to achieve stable growth.

The economic reforms led to a gradual but consistent enhancement of national performance indicators, although they initially posed challenges that required thoughtful navigation to overcome. The rising cost of living, coupled with high taxation, reduced disposable income for many. Additionally, lower returns on deposits and higher lending rates discouraged investment and borrowing. This financial uncertainty affected both domestic and commercial segments, leading to an overall economic slowdown. Consequently, the construction industry, still recovering from the post-pandemic slump, fell short of its anticipated growth levels.

The situation motivated corporates responsible for the country's advancement, particularly industry leaders like Tokyo Cement, to safeguard its stakeholder interests and achieve profitable growth, undeterred by the prevailing economic pressures.

FINANCIAL REVIEW

The Tokyo Cement Group ended the Financial Year 2023/24 with positive results, exemplifying the robustness of our business fundamentals. Reaping the benefits of our perseverance, the Group recorded a turnover of Rs. 49.8 Bn and a Profit After Tax (PAT) of Rs. 2.4 Bn for the Financial Year ending on the 31st March 2024. In a backdrop where the total cement consumption grew by just 8.5% year-on-year, Tokyo Cement managed to achieve a growth of 14%, surpassing the industry growth rate.

However, this is a 12% decline in turnover and a 52% decline in PAT compared to the previous Financial Year. The decrease in turnover can be traced back to last year's higher cement prices, which were influenced by higher raw material costs, increased freight rates, and frequent adjustments made against the currency devaluation. Since then, the Group has consistently passed on any cost savings from the reduced raw material prices due to the appreciating Rupee to the consumers whenever possible. As such, the average price of a cement bag dropped by 16% compared to the previous year, a deliberate move aimed at improving affordability and stimulate market growth. Despite the volume growth, the factory operated at an average capacity utilisation of 40%, compelling us to distribute the overhead costs across a smaller sales volume.

The absence of exchange losses undoubtedly contributed to reduce the Finance Expenses of the Group by 69%, further boosted by the gradual decrease in interest rates. The Sales and Distribution Expenses increased by 11%, as a result of the Group extending its logistics operations. Administrative Expenses increased by 34% year-on-year, indicative of the impact of the Social Security Contribution Levy (SSCL) and increments in staff costs. Our self-sustaining, renewable energy generation initiative insulated the Group from sharp hikes in energy tariffs and fuel prices.

Ensuring value creation for our shareholders and notwithstanding the diminished profitability, the Board has proposed a First and Final dividend of Rs. 2.00 per share, which will result in a dividend payout of Rs. 882.1 Mn for the Financial Year.

THE OPERATING ENVIRONMENT

Despite widespread economic turbulence, GDP improved in 2023 as the Sri Lankan Rupee gradually appreciated against the US Dollar. Increased indirect taxes escalated the cost of living through fuel, energy, and commodity price hikes, whilst rising direct taxes further eroded individuals' purchasing power. Therefore, the inflation index remained on an upward trajectory despite declining inflation.

The constrained market growth prompted intensified competition. This further emphasised the importance of upholding our brand values. Tokyo Cement Group's staunch commitment to maintaining high-quality standards in product performance and service delivery allowed the group to outperform the industry.

PROFIT AFTER TAX (GROUP)

Rs. 2.4 Bn

(2022/23 Rs. 4.9 Bn)

In the construction sector, the government settled a part of outstanding payments to contractors, improving cash flow for suppliers. This enabled project resumption, whilst only a limited number of new projects were commissioned. Furthermore, the relaxation of import restrictions enhanced access to construction materials that were previously unavailable or priced higher due to limited supply. However, limited purchasing power suppressed demand, as consumers deprioritised construction needs, whilst the high lending rates discouraged borrowing for construction.

Meanwhile, the tax landscape for the manufacturing sector unfairly burdened the local cement industry. For instance, the Port and Airport Development Levy (PAL) is applied disproportionately on local cement manufacturers, compared to other construction material producers. Additionally, a CESS is applied on clinker imports used in cement production. This is an unusual exception in which cement is among the few industries where its raw materials for local production are subjected to para-tariffs. Consequently, tariffs and taxes contribute nearly 22% of the price of a 50kg bag of

Managing Director's Review

cement, making it the primary cost factor after raw materials, leading consumers to perceive cement as unfairly priced.

The constrained market growth prompted intensified competition, with some competitors resorting to unsustainable practices to expand market share. This situation emphasised the importance of upholding our brand values. Tokyo Cement Group's staunch commitment to maintaining high-quality standards in product performance and service delivery allowed the group to outperform the industry.

EXPANDING OUR IMPACT

The financial downturn required Tokyo Cement to deepen our targeted welfare schemes to uplift the nation and its people. Amid challenging circumstances, the Group enhanced the value creation through our social empowerment programs. Additionally, the Group continued to reinvest in all of our far-reaching conservation programmes, from reforestation to marine biodiversity.

The two A.Y.S. Gnanam Village Heartbeat Empowerment Centres in Dambulla and Trincomalee continued to create immense value to their communities, by offering opportunities for growth for over 2,900 beneficiaries from 53 villages.

Tokyo Cement Group's 'Nourishing the Future' programme, addresses the childhood malnutrition epidemic by providing a glass of milk and a balanced mid-day meal, on all school days, to over 1,100 children across 10 selected rural schools. We engage the entire school community, including educators, parents, and government officials in Education and Health, to ensure its holistic and sustainable progress. Since implementing the programme, schools have seen a 100% increase in daily attendance and a surge in new enrolments, with students achieving outstanding results in both the Grade 5 Scholarship Exam and the Grade 11 GCE O/L Exam.

I invite you to learn more about these projects in our CSR Review.

OUTLOOK FOR THE FUTURE

In the upcoming Financial Year, the economy is expected to experience a certain amount of volatility in the aftermath of a typical election year. Regardless of the outcome, it is imperative that we uphold consistent economic policies and foster international trust to instil the confidence needed for economic revival and sustainable growth. The Group will adopt a conservative stance, maintaining rigorous cost control measures whilst remaining agile to safeguard its positive performance.

Standing ready for the industry revival, the Group's investment to increase cement production capacity to 4 Mn MT per annum, will come online in the second half of the calendar year. This production process upgrade, deployed in consultation with our Japanese technology partner, Mitsubishi UBE Cement Corporation, will boost efficiency and reduce production costs. This enhancement will also align our local manufacturing with global standards in quality and sustainability.

The escalating tensions in the Middle East and ongoing conflict in Eastern Europe will significantly impact global fuel prices, supply chains, and freight costs, affecting the cost of imports. Tokyo Cement has been vigilantly monitoring trends and forecasting costs to adapt to the changing global economic environment.

Whilst acknowledging the road to recovery is long and tenuous, Tokyo Cement Group is confident in its business fundamentals and ready to lead the country's economic revitalisation efforts.

APPRECIATIONS

I take this opportunity to thank the Board and the Chairman for their valuable input given to me and my executive management team, to successfully guide the company during the year. Most importantly, I want to express my sincerest appreciation to Mr. A.S.G. Gnanam, who resigned from the Board of Directors of Tokyo Cement. I thank him for standing by me throughout the Group's journey, through both triumphs and trials. It is also my pleasure to welcome Mr. Praveen Gnanam, who joined the Board from September 2023.

I also want to convey my deepest gratitude to the entire Tokyo Cement Team for their hard work and unwavering commitment, which continues to drive our company towards unparalleled success.

I extend special thanks to our esteemed channel partners for their steadfast support, which has been crucial to Tokyo Cement's commendable growth despite challenging market conditions. I am also grateful to our loyal customers for their confidence, enabling us to persevere through unpredictable economic times.

None of these achievements would have been possible if not for the steadfast confidence of our shareholders, who believed in our ability to navigate the challenging economic landscape and propel the Group forward.

Sincerely,

Mr. S.R. Gnanam
Managing Director

18th July 2024

Board of Directors

DR. HARSHA CABRAL, PC
Chairman

MR. S.R. GNANAM
Managing Director

MR. A.S.G. GNANAM
Non-Executive Director

MR. E.J. GNANAM
Non-Executive Director

MR. A.D.B. TALWATTE
Independent Non-Executive Director

MR. RAVI DIAS
Independent Non-Executive Director

DR. INDRAJIT COOMARASWAMY
Independent Non-Executive Director

MR. W.C. FERNANDO
Director

MR. SHUICHI NAKAMOTO
Non-Executive Director

MR. PRAVEEN GNANAM
Executive Director

Board of Directors

DR. HARSHA CABRAL, PC

Chairman

Dr. Cabral is a President's Counsel in Sri Lanka with thirty-seven (37) years' experience in the field of Intellectual Property Law, Company Law, Commercial Law, Commercial Arbitration, Securities Laws, International Trade Law covering both civil and criminal aspects of the said areas of the law. He has been a President's Counsel for eighteen (18) years and commands an extensive practice in the Commercial High Courts and the Supreme Courts of Sri Lanka, and has sixteen (16) Attorneys-at-Law working in his Chambers. He holds a doctorate in Corporate Law from the University of Canberra, Australia. He was a sitting member of the International Chamber of Commerce (ICC) International Court of Arbitration in Paris for a period of six years till 2021. He is a 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 Fellow of the Institute of Chartered Governance Institute (UK & Ireland). He is a former member of the Board of Investment (BOI) of Sri Lanka. He was the Founder Board Member of the Sri Lanka International Arbitration Centre and was involved in the drafting of the Arbitration Act, No. 11 of 1995, the current Act. Dr. Cabral is also a member of the Law Commission of Sri Lanka, a member of the Intellectual Property Advisory Commission in Sri Lanka and the Chairman of the Intellectual Property Law Reform Project of the Ministry of Justice, a member of the Corporate Governance Faculty and the Corporate Governance Committee of the Institute of Chartered Accountants of Sri Lanka, and University Grants Commission (UGC) nominee on the Post Graduate Institute of Medicine (PGIM). Further, he was appointed to the Board of Management of the Post Graduate Institute of Management. 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.

Dr. Cabral currently serves as the Chairman of the National Savings Bank. Further, he is also serving as an Independent Non-Executive Director of Ceylinco Life Insurance Ltd, DIMO PLC, Hayleys PLC, Alumex PLC, World Export Centre Limited, Chevron Lubricants Lanka PLC, Darley Property Holdings (Private) Limited, CCC-ICLP International ADR Centre(Guarantee) Limited, and Sri Lanka Institute of Information Technology (Guarantee) Limited (SLIIT), SLIIT International (Private) Limited, Nanadiriya (Guarantee) Limited (Chairman) and he serves on several Audit Committees, Nomination Committees, Remuneration Committees, Recoveries Committees and the Related Party Transaction Committees, chairing most of them.

He was the past Chairman of LOLC Finance PLC, one of the largest Finance Companies in Sri Lanka. He was also a director of LOLC Insurance Company Limited, Commercial Leasing & Finance Limited, and Richard Pieris Distributors Limited (Arpico Supermarkets). He was also the past Acting Chairman of Hatton National Bank PLC (HNB). In addition, Dr. Cabral was a senior Director of the Union Bank of Sri Lanka. He was also a member of the Cabinet appointed Committee on the National Trade Policy and also a member of the Presidential Commission appointed on reformulating laws of Sri Lanka.

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

The following are the books Dr. Cabral has published:

- Corporate Law, Derivative Actions: A Comparative Approach.
- Intellectual Property Law in Sri Lanka.
- Companies Act No. 07 of 2007 & the Corporate Law of Sri Lanka.
- Duties of Company Directors & Corporate Governance in Sri Lanka.
- Law & Practice of Commercial Arbitration in Sri Lanka.
- Cabral's Arbitration Law Reports (Vol I) [1895 – 2020].
- Cabral's - Intellectual Property Law Reports (Vol I) [1888 – 1995].
- Cabral's Intellectual Property Law Reports (Vol II) [1995 – 2020].
- Cabral's Company Law Reports (Vol I) [1881 – 1982].
- Cabral's Company Law Reports (Vol II) [1983 – 1993].
- Cabral's Company Law Reports (Vol III) [1994 – 2012].
- Cabral's Company Law Reports (Vol IV) [2013 – 2021].

MR. S.R. GNANAM

Managing Director

Mr. S.R. Gnanam was appointed to the Board in 1983. He has over 40 years of experience in business management, strategic planning, and social and economic research. He is the Chairman of South Asian Investment (Pvt) Limited, St. Anthony's Hardware (Pvt) Limited and Capital City Holdings (Pvt) Limited. He also serves as the Chairman and Managing Director of St. Anthony's Consolidated (Pvt) Limited and Managing Director of St. Anthony's Hydro Power (Pvt) Limited, Sofia Hospitality (Pvt) Limited and several other companies.

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 Chairman and the Managing Director of St. Anthony's Industries Group (Pvt) Ltd. and St. Anthony's Property Developers (Pvt) 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 of Tokyo Cement Company (Lanka) PLC in February 2007. He serves as a Director of Orion City Limited and Managing Director of Rhino Roofing Products Limited and its Group. He is the Chairman and Managing Director of St. Anthony's Ventures (Pvt) Limited and several of its subsidiary Companies. He also holds directorships in other 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. 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 (CASL) and the Chartered Institute of Management Accountants of the U.K.(CIMA). 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 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 CASL.

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 served as the Chairman of the Integrated Reporting Council of Sri Lanka from its inception to end 2021. He chaired the Corporate Governance Committee of CASL until 31st December, 2023.

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

MR. RAVI DIAS

Independent Non-Executive Director

Mr. Ravi Dias was appointed as an Independent Director to the Board 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 Program in Fontainebleau. Mr. Ravi Dias is a Director of the Board of Directors of the United States-Sri Lanka Fulbright Commission.

Mr. Dias serves as the Chairman of Ceylon Tea Marketing (Pvt) Limited, and also serves on the Board of Carson Cumberbatch PLC. He is a Former Chairman of Senkadagala Finance PLC, and is the Outgoing Chairman of Seylan Bank PLC, effective from 29th May 2024. In compliance with the Banking Act, he stepped down from the Board of Seylan Bank PLC on 28th May 2024, after completing 9 years as a Director.

Mr. Dias served Commercial Bank of Ceylon PLC for four decades and retired as Managing Director/Chief Executive Officer. Prior to his retirement he served on the Boards of Commercial Development Company PLC, Lanka Clear Limited, 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. Ravi Dias Independent Non-Executive Director reached the age of 70 years on 16th July 2024.

Board of Directors

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, prior to his appointment 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 thirty years of experience in policy making and providing economic advisory services at National and Intergovernmental levels. He obtained a Bachelor of Arts (Honours) Degree from the University of Cambridge, UK and subsequently obtained a Doctorate from the University of Sussex. He was formerly a Director, Economic Affairs at the Commonwealth Secretariat.

MR. PRAVEEN GNANAM

Executive Director

Mr. Praveen Gnanam graduated from the University of Southern California with a Bachelor of Science Degree from the Marshall School of Business, with a concentration in Global Marketing, in addition to a concentration in Entrepreneurship from the Lloyd Greif Center for Entrepreneurial Studies. He also minored in Nonprofits, Philanthropy and Volunteerism from the Sol Price School of Public Policy and was an Inaugural Society and Business Fellow of the USC Marshall School of Business. He has worked in Consulting for Los Angeles-based firm Innovation Protocol, and as a Research Analyst and a Brand Associate for Fortune 500 clients such as eBay, PayPal and Republic Waste Management.

Mr. Praveen Gnanam joined Tokyo Cement Group in 2012 as Special Projects Coordinator and in 2015 was promoted to Director Innovations, a role in which he provides executive management oversight in product development, operational management, and marketing strategy for the Groups' Cement-based Value-Added Products Business Unit. He has over a decade of experience in the hardware and construction materials industry as well as in renewable energy. As a member of the Senior Executive Management of Tokyo Cement Group, in addition to the Innovations Business Unit, Mr. Praveen Gnanam guides the strategic direction of the Group's branding, communication and marketing, investor relations, corporate social responsibility, sustainability, and IT business functions.

He is the Managing Director of St Anthony's Hardware (Pvt) Ltd and sits on the Boards of Directors of Tokyo Cement Power (Lanka) (Pvt) Ltd, Tokyo Eastern Cement Company (Pvt) Ltd, Tokyo Super Aggregate (Pvt) Ltd, St Anthony's Consolidated (Pvt) Ltd, and is a Trustee of the A.Y.S. Gnanam Elders Homes.

MR. W.C. FERNANDO

Director

Mr. Fernando was appointed as the Group General Manager in 1991. He is a Director of 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 thirty-five years of experience across various industries. He has a B.A (Hons) Econ, B. Phil (Hons) Econ. and is an FCMA, FCA and an Attorney-At-Law.

MR. SHUICHI NAKAMOTO

Non-Executive Director

Mr. Shuichi Nakamoto joined the Board of Tokyo Cement Company (Lanka) PLC from 1st April 2023 as Nominee and Non-Executive Director of UBE Singapore Private Limited.

Mr. Shuichi Nakamoto, serves as the Managing Director of UBE Singapore Private Limited, a company incorporated in Singapore. He holds a Masters' degree in Business Administration from Tokyo Metropolitan University, Japan, and a Bachelor of Commerce degree from Kansai University, Japan. He has wide experience in leveraging consultative selling and distribution strategies.

THE STRENGTH OF COMMUNITY

We believe that together, we are stronger. That's why, as we journey together, we focus on building an ever-expanding community that thrives on supporting each other and nurturing the generations of the future.

Arctic terns reside in large colonies which strengthen their capacity for survival. These large groups comprising of thousands of birds typically embark on this arduous migratory journey together, and often travel in groups, thereby demonstrating their emphasis on community well-being and collective strength at every stage.

OPERATIONAL REVIEWS

Economic Review

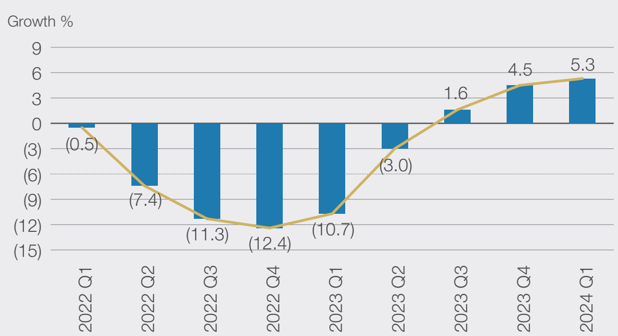
The construction sector contracted for the second consecutive year by 20.9% and 20.8% in 2022 and 2023 respectively. Accordingly, the local cement industry estimated to have utilised less than a 30% of its overall installed capacity during 2023.

ECONOMIC OVERVIEW

The Sri Lankan economy witnessed a path towards recovery following its deepest economic downturn since independence. After six consecutive quarters[1] of contraction, the economy recorded an expansion from the second half of 2023. (Graph – 1)

Graph - 1

GDP Growth on Quarterly Basis (2022 Q1 to 2024 Q1)



The recovery was driven by many factors, including;

a) Allowing greater flexibility in exchange rate determination,

b) Progressive removal of administrative restrictions, imposed on certain foreign exchange transactions,

c) Notable reductions in policy interest rates and market interest rates,

d) Easing out of foreign exchange liquidity pressures, with usable foreign reserves rising,

e) Fruitful engagement with the International Monetary Fund (IMF) for an economic bailout,

f) Falling inflation rates,

g) Fiscal consolidation, including the sixth primary surplus in the post-independence era.

h) Pent up demand, and

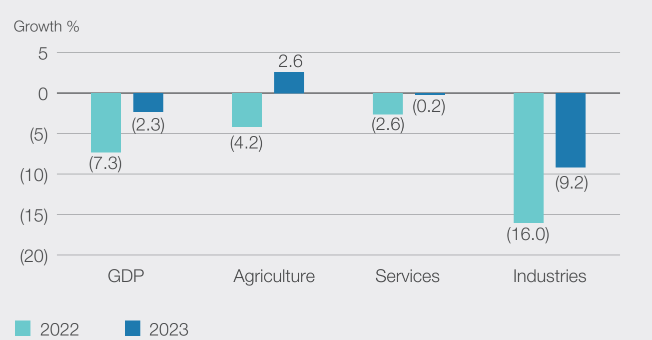
i) Suspension of debt servicing on commercial and official bilateral public debt.

GDP and Sectoral Growth

The GDP contracted by a moderate 2.3% in 2023, compared to a significant 7.3% contraction recorded in 2022. (Graph – 2). Similarly, both Services and Industry Sectors also contracted in 2023 by 0.2% and 9.2% respectively. However, the overall size of the economy (at current prices) increased from USD 76.8 Bn in 2022, to 84.4 Bn in 2023, supported by the appreciation of the Sri Lankan Rupee (LKR) during the year. The per Capita GDP increased by 9.7% from USD 3,378 in 2022, to USD 3,706 in 2023 driven by the growth in nominal GDP and the decline in population.

Graph - 2

Annual Growth Rates : GDP and Economic Activities (2022 Vs 2023)



Dismal Performance continued in Manufacturing and Construction Sectors in 2023

Although a gradual recovery in supply conditions was observed throughout the year, the subdued demand conditions continued. This impacted all industry activities, resulting in a 9.2% contraction in 2023, compared to a 16% contraction recorded in 2022. This was driven by the notable decline in the construction industry, mainly due to the holdback of construction projects, and unfavourable economic incentives to the sector, such as high interest rates and non-payment of dues to contractors of state funded projects. Further,

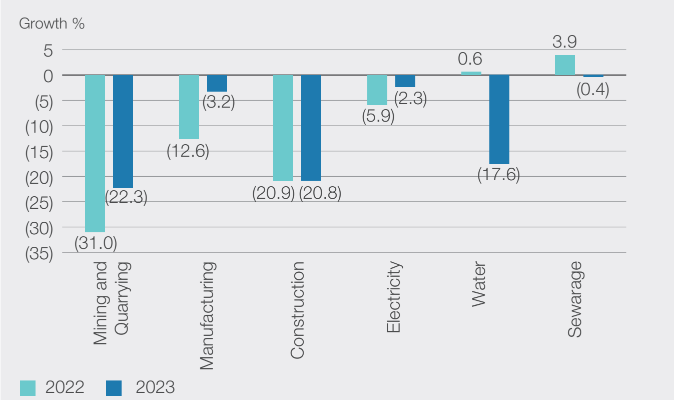
1 *Quarters in the Economic Review refers to the calendar year, such that Q1 is January to March. In the rest of the Annual Report, Quarters are in reference to the financial year.*

manufacturing activities, the largest segment of the Industry sector, contracted during the year largely due to the significant decline in global demand for the apparel sector.

Accordingly, the main sub-sectors of the Industry Sector; namely "manufacturing" and "construction" fell by 3.2% and 20.8% respectively in 2023, constrained by higher taxes and low demand (Graph – 3).

Graph - 3

Annual Growth Rates : Sub Sectors of the Industry Sector (2022 vs 2023)



Since 2022, contractor fees, labour rates and cost of building materials increased significantly, and bank lending rates remained high. Most of the ongoing construction projects were kept on hold in 2023, whilst others postponed the commencement of new projects in both residential and commercial sectors. Very few Government-funded projects were implemented in 2023.

Urban Development Authority completed several regional development projects in 2023 that sought to convert regional town centers into Citizen Centric Cities, including those in Nuwara Eliya, Kurunegala and Galle. National Housing Development Authority took steps to restart the "Mihindupura" housing project under a public-private partnership in 2023.

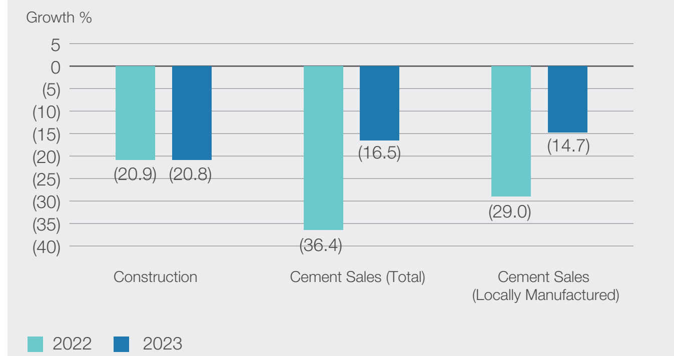
Several water supply projects were completed in 2023 by National Water Supply and Drainage Board. Development of East Container Terminal Phase II and West Container Terminal Phase I continued at Colombo Port in 2023, and are expected to enable capacity expansion by 6 Mn TEUs by 2027. The Colombo Port City reached the final stages of Phase I, pertaining to the construction of ground infrastructure, including roads and utilities and are expected to reach completion by mid-2024.

Construction sector and Cement consumption – Negative Growth recorded

In consideration of the performance during the calendar year, Sri Lanka's cement consumption contracted for the second consecutive year (Graph – 4). Apart from the 16% increase in 2021, cement consumption has continuously moved on a downward trend since 2017.

Graph - 4

Annual Growth Rates : Construction Sector vs Cement Consumption (2022 vs 2023)



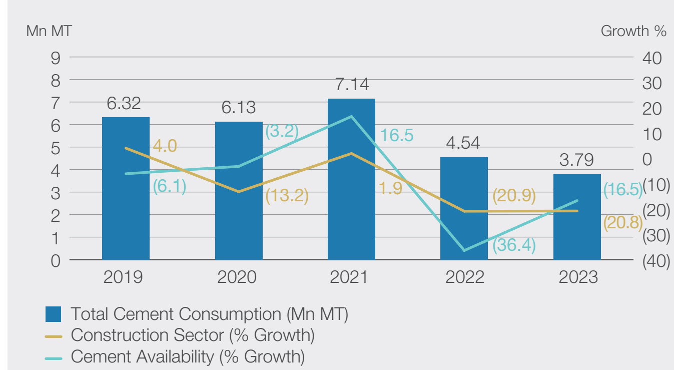
The cement consumption decreased from 4.54 Mn MT in 2022 to 3.79 Mn MT in 2023, reflecting a contraction of 16.5% in 2023, compared to 36.4% contraction recorded in 2022 (Graph – 5). Similarly, sales of locally manufactured cement declined by 14.7% in 2023 compared to 29.0% contraction in 2022.

However, for the Financial Year 2023/24 cement consumption has increased by 8.5% compared to the previous Financial Year.

This positive sentiment is reinforced by the Purchasing Managers Index going above 50 for the first time in two years.

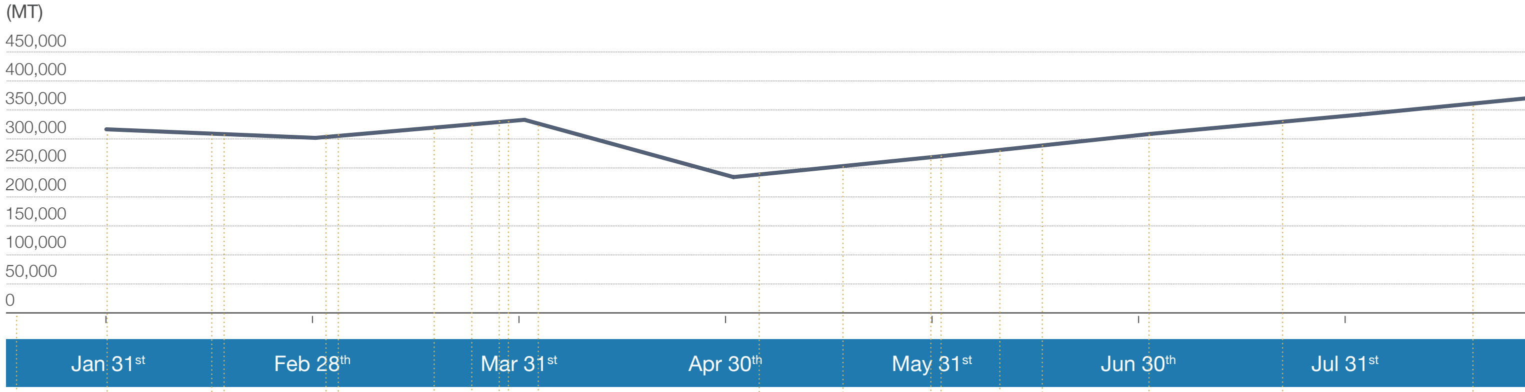
Graph - 5

Cement Consumption and Construction Sector Growth (2019 to 2023)



Economic Review

Timeline: Sri Lanka's Monthly Cement Consumption and Critical Events



2023

1 **1st January** Exchange rate started to stabilise (LKR 362/USD)

2 **1st January** Mandated all employers to deduct Advance Personal Income Tax (APIT) irrespective of the consent of the employee

3 **1st January** Import controls revised

4 **1st January** Excise duty on Diesel increased by 416%

5 **31st January** Headline inflation declined to 51.7%

6 **31st January** Government continued to settle outstanding payments to contractors/ suppliers (53% completed).

7 **15th February** Resumed uninterrupted electricity supply after 12 months

8 **15th February** Substantial upward revision of electricity tariff (Avg. 66%)

9 **16th February,** Order issued to banks to maintain 100% cash deposit against LC's

10 **3rd March** Policy interest rates increased by 100 basis points

11 **7th March** Shift towards a market driven exchange rate determination

12 **20th March** Received the IMF Executive Board approval for Sri Lanka's External Fund Facility (EFF)

13 **24th March** Received 1st tranche of USD 330 Mn from the IMF

14 **28th March** Customs Import Duty (CID) – 3 band system revised

15 **28th March** The phasing out of CESS Levy commenced

16 **29th March** Price of Auto Diesel reduced by 20%

17 **4th April** PAL removed on 1,631 items

18 **8th May** Enacted Inland Revenue Amendment Act

19 **17th May** Import restrictions further relaxed

20 **31st May** Exchange rate appreciated to LKR 296/ USD

21 **31st May** Excise duty on Diesel increased by 81%

22 **1st June** Policy interest rates began to reduce

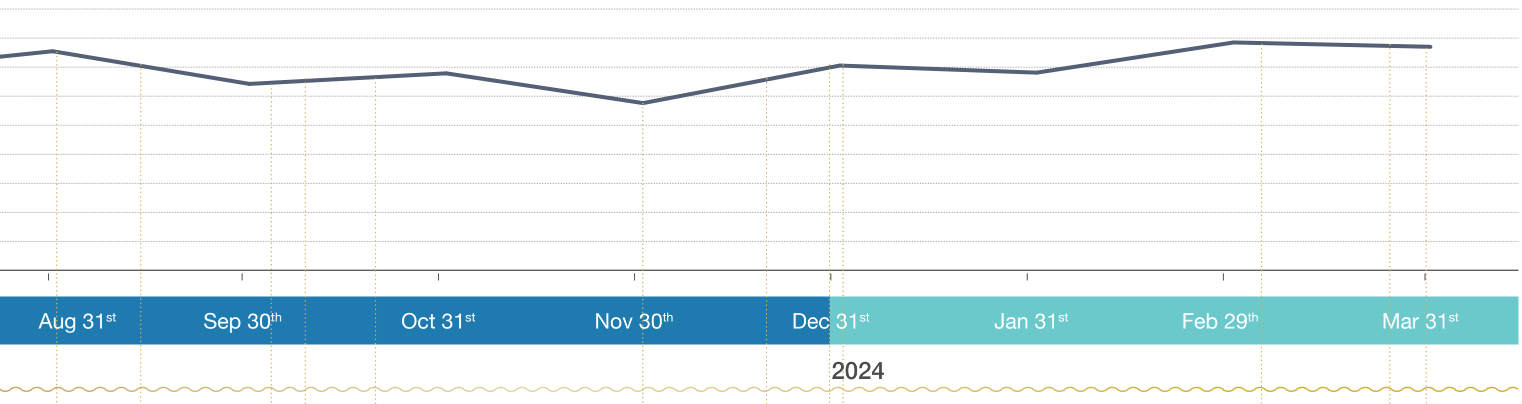
23 **9th June** Import restrictions further relaxed (286 HS Codes)

24 **17th June** CESS Levy on the importation of Cement and Clinker

25 **1st July** Downward revision of electricity tariff (Avg. 14%)

26 **20th July** Import restrictions further relaxed (327 HS Codes)

27 **25th August** Adverse weather conditions commenced



28
1st September
Discontinued QR-Code based National Fuel Pass System

29
1st September
Price of Auto Diesel increased by 11.4%

30
15th September
Enacted a new Central Bank Act

31
3rd October
Agreement reached to maintain inflation at 5%

32
9th October
Import restrictions further relaxed (299 HS Codes)

33
20th October
Electricity tariff increased (Avg. 18%)

34
01st December
Price of Auto Diesel reduced by 7.6%

35
20th December
Received 2nd tranch of USD 337 Mn from the IMF

36
31st December
Headline inflation reduced to 4.0%

37
31st December
Exchange rate increased to LKR 323/USD

38
31st December
Excise duty on Diesel reduced by 11%

39
31st December
Adverse weather conditions ended

40
1st January
Price of Auto Diesel increased by 8.8%.

41
1st January
VAT rate increased (from 15% to 18%) and VAT registration threshold reduced

42
1st January
PAL removed on fuel and gas

43
1st January
SSCL registration threshold reduced (from Rs. 120 Mn to Rs. 60 Mn/year)

44
5th March
Electricity tariff reduced by an average of 22%

45
26th March
Policy interest rates reduced by 50 basis points

46
31st March
Exchange rate reduced to LKR 300/ USD

47
As of 31st March
Full settlement of outstanding payments to contractors and suppliers of government projects

Economic Review

2023

1. **1st January, 2023 - Exchange rate started to stabilise (LKR 362/USD)**
   - Exchange rate remained around LKR 362/USD from 1st January to end-February.

2. **1st January, 2023 - Mandated all employers to deduct Advance Personal Income Tax (APIT) irrespective of the consent of the employee**
   - This had a significant impact (specially on medium to high-end earners) by reducing real wages, which in turn had a negative impact on demand for private domestic housing.

3. **1st January, 2023 - Import controls revised**
   - Re-classification of import controls; including but not limited to, allowing of importation of certain construction materials that were previously prohibited.

4. **1st January, 2023 - Excise duty on Diesel increased by 416%**
   - Increased from Rs. 6/- to Rs. 31/- per Litre.

5. **31st January, 2023 - Headline inflation declined to 51.7%**
   - Colombo Consumer Price Index (CCPI) based Headline Inflation (y-o-y) declined to 51.7% following a 69.8% peak recorded in September, 2022.

6. **31st January, 2023 - Government continued to settle outstanding payments to contractors/suppliers (53% completed)**
   - Government has settled 53% of outstanding payments amounting to Rs. 191 Bn (out of Rs. 361 Bn due as of 31st August, 2022).

7. **15th February, 2023 - Resumed uninterrupted electricity supply after 12 months**
   - Discontinued daily scheduled island-wide power cuts introduced since 21st February, 2022.

8. **15th February, 2023 - Substantial upward revision of electricity tariff (Avg. 66%)**
   - On top of the 75% upward revision introduced on 10th August, 2022.

9. **16th February, 2023 - Order issued to banks to maintain 100% cash deposit against LC's**
   - Order issued to all banks to maintain 100% cash deposit against LCs for newly added 64 HS Codes (In addition to the list of HS Codes covered by the 19th May, 2022 order).

10. **3rd March, 2023 - Policy interest rates increased by 100 basis points**
    - Policy interest rates ie: Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) increased by 100 basis points (i.e. SDFR to 15.5% and SLFR to 16.5%).

11. **7th March, 2023 - Shift towards a market driven exchange rate determination**
    - Discontinued daily exchange rate guidance and mandatory forex sales requirement given to banks since 13th May, 2022.

12. **20th March, 2023 - Received the IMF Executive Board approval for Sri Lanka's External Fund Facility (EFF)**
    - Received the IMF Executive Board approval for Sri Lanka's EFF program.

13. **24th March, 2023 - Received 1st tranche of USD 330 Mn from the IMF**
    - Under the Sri Lanka's EFF Programme.

14. **28th March, 2023 - Customs Import Duty (CID) 3 band system revised**
    - The 3 band tariff system on CID revised to support the removal of CESS Levy.

Former	Revised	Former	Revised	Former	Revised
0%	0%	10%	15%	15%	20%

15. **28th March, 2023 - The phasing out of CESS Levy commenced**
    - Removal of CESS Levy on 2,668 HS Codes (1st Instalment).
    - Complete removal of CESS Levy to be completed in three annual instalments.

16. **29th March, 2023 - Price of Auto Diesel reduced by 20%**

17. **4th April, 2023 - PAL removed on 1,631 items**
    - Port and Airport Development Levy (PAL) applicable on 1,631 tariff items (excluding Cement and Clinker) was removed as the first step of the five-year phasing out of PAL.

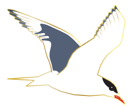
18. **8th May, 2023 - Enacted Inland Revenue Amendment Act**

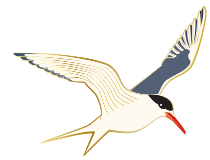
19. **17th May, 2023 - Import restrictions further relaxed**
    - Circular issued to withdraw minimum cash margin deposit requirement imposed on 19th May, 2022 for imports on;
      - Payment Terms of LCs
      - Documents against Payments (DP) and
      - Documents against Acceptance (DA)

20. **31st May, 2023 - Exchange rate reduced to LKR 296/USD**
    - LKR appreciated by 18% from March to May period.

21. **31st May, 2023 - Excise duty on Diesel increased by 81%**
    - Increased from Rs. 31/- to Rs. 56/- per Litre.

22. **1st June, 2023 - Policy interest rates began to reduce**
    - Policy interest rates began to reduce (650 basis points reduced from June to November period – 1st June 250, 6th July 200, 5th October 100, 24th November 100).





23 9th June, 2023 - Import restrictions further relaxed

- Removed the temporary suspension of the importation of List of Goods containing 286 HS Codes (including Investment goods).

24 17th June, 2023 - CESS Levy on the importation of Cement and Clinker

- Imposed CESS Levy on imported Clinker of Rs. 1/Kg.
- Increased CESS Levy on imported Bagged Cement to Rs. 8/Kg.
- Increased CESS Levy on imported Bulk Cement to Rs. 5/Kg.

25 1st July, 2023 - Downward revision of electricity tariff (Avg. 14%)

- Average 14% downward revision (9% reduction on Industry category).

26 20th July, 2023 - Import restrictions further relaxed

- Removed the temporary suspension of the importation of List of Goods containing 327 HS Codes (including Investment goods).

27 25th August, 2023 - Adverse weather conditions commenced

- Adverse weather conditions commenced in most parts of the island, experiencing unusually heavy rains till end-December.
- The rains disrupted the construction industry (Material distribution and on-site construction activities).

28 1st September, 2023 - Discontinued QR-Code based National Fuel Pass System

- The QR-based National Fuel Pass System introduced on 1st August, 2022 was discontinued

29 1st September, 2023 - Price of Auto Diesel increased by 11.4%

30 15th September, 2023 - Enacted a new Central Bank Act

- To reinforce Central Bank's mandate of maintaining and monitoring domestic price stability.

31 3rd October, 2023 - Agreement reached to maintain inflation at 5%

- Central Bank and the Ministry of Finance entered into a Monitory Policy Framework Agreement requiring the Central Bank to maintain a set inflation target. (i.e. CCPI based quarterly average inflation of 5% with a margin of $\pm$ 2 percentage points).

32 9th October, 2023 - Import restrictions further relaxed

- Removed the temporary suspension of the importation of List of Goods containing 299 HS Codes (including Investment goods/except vehicles).

33 20th October, 2023 - Electricity tariff increased (Avg. 18%)

34 01st December, 2023 - Price of Auto Diesel reduced by 7.6%

35 20th December, 2023 - Received 2nd tranche of USD 337 Mn from the IMF

- Under the Sri Lanka's EFF Programme.

36 31st December, 2023 - Headline inflation reduced to 4.0%

37 31st December, 2023 - Exchange rate increased to LKR 323/USD

- LKR depreciated by 9% from June to December period.

38 31st December, 2023 - Excise duty on Diesel reduced by 11%

- Reduced from Rs. 56/- to Rs. 50/- per Litre.

39 31st December, 2023 - Adverse weather conditions ended

2024

40 1st January, 2024 - Price of Auto Diesel increased by 8.8%

41 1st January, 2024 - VAT rate increased (from 15% to 18%) and VAT registration threshold reduced

- Standard Value Added Tax (VAT) Rate increased from 15% to 18%.
- VAT exemption applicable to certain items including fuel and LP Gas was removed.
- VAT registration threshold reduced from Rs. 80 Mn to Rs. 60 Mn per annum.

42 1st January, 2024 - PAL removed on fuel and gas

- Port and Airport Development Levy (PAL) applicable on Petrol, Diesel and LP gas was removed.

43 1st January, 2024 - SSCL registration threshold reduced (from Rs. 120 Mn to Rs. 60 Mn/per annum)

- Social Security Contribution Levy (SSCL) Registration threshold applicable on turnover, reduced from Rs. 120 Mn to Rs. 60 Mn per annum (applicable for importers, manufacturers, service providers, wholesalers and retailers).

44 5th March, 2024 - Electricity tariff reduced by an average of 22%

- Average 22% downward revision (18% reduction on Industry category).

45 26th March, 2024 - Policy interest rates reduced by 50 basis points

- SDFR and SLFR further reduced by 50 basis points (SDFR to 8.5% and SLFR to 9.5%)

46 31st March, 2024 - Exchange rate reduced to LKR 300/USD

- LKR appreciated by 7% during Q1 of 2024.

47 As of 31st March, 2024 - Full settlement of outstanding payments to contractors and suppliers of government projects

- Government settles the entire Rs. 361 Bn owed to contractors as of 31st August, 2022, to fulfill conditions set by the IMF EFF Agreement which stipulates that contracts cannot be executed on credit.

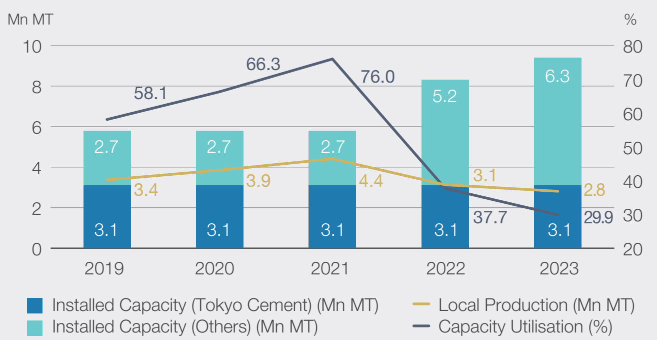
Economic Review

INSTALLED CAPACITY UTILISATION AND LOCAL CEMENT PRODUCTION

Total installed capacity of local cement manufacturers increased from 8.3 Mn MT in 2022, to 9.4 Mn MT in 2023, reflecting a 13.3% annual growth rate (Graph – 6). However, the actual utilisation of this installed capacity declined from 37.7% in 2022 to 29.9% in 2023. Since the construction industry continued to remain stagnant in 2023, the local cement industry estimated to have utilised less than a 30% of its overall installed capacity during the year.

Graph - 6

Installed Capacity Utilisation and Local Cement Production (2019 to 2023)

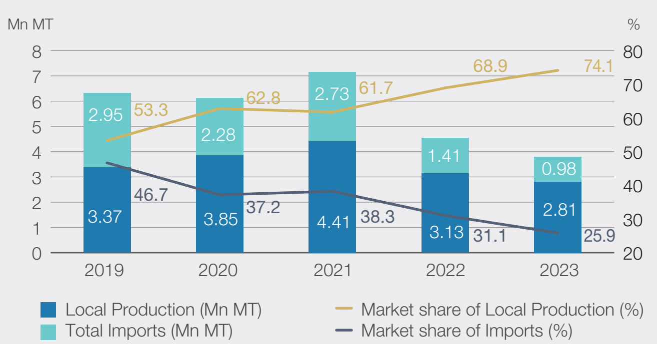


MARKET SHARE (IMPORTS VS LOCAL PRODUCTION)

Cement imports continued to decline since 2021 recording 2.73 Mn MT in 2021, 1.41 Mn MT in 2022, and 0.98 Mn MT in 2023. Accordingly, the market share of local cement production increased from 61.7% to 68.9% and to 74.1% respectively during the same period (Graph – 7).

Graph - 7

Market share: Cement Imports vs Local Production (2019 to 2023)



BEHAVIOUR OF POLICY RATES, INFLATION, EXCHANGE RATE, TAXES AND CEMENT PRICES

Cement prices are determined by many factors including policy interest rates, inflation, exchange rates, global freight and raw material prices, and changes in various relevant taxes and tariffs, among others.

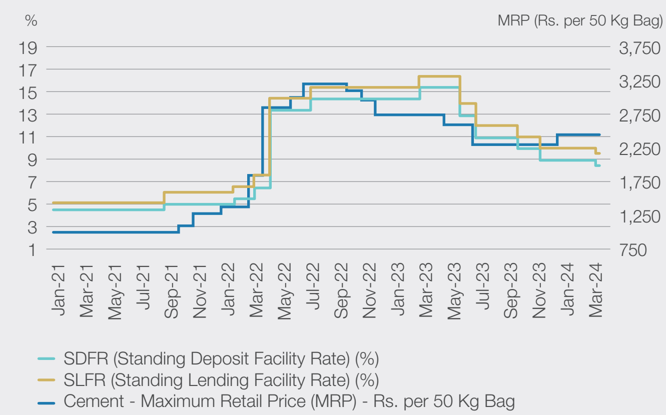
Policy interest rates adjusted to curtail inflation

Policy interest rates continued to remain rather high until end-May, 2023, recording 15.5% and 16.5% for SDFR and SLFR respectively. As inflation eased policy rates were reduced by 700 basis points over a period of nine months starting from 1st June (Graph – 8).

Accordingly, the rates were reduced up to 650 basis points in four instances during June to November period (June – 250, July – 200, October – 100, November – 100). As a result, SDFR and SLFR reached 9.0% and 10.0% respectively by end-November 2023.

Graph - 8

Policy Rates vs Cement Price (MRP)



A further 50 basis points reduction was made on 26th March 2024, and thereby reducing SDFR and SLFR to 8.5% and 9.5% respectively by the end of Q1 2024.

Headline inflation declined, yet prices of goods and services remain high

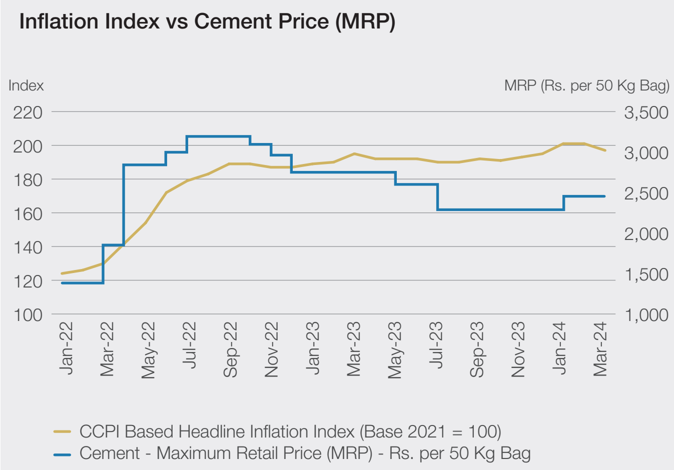
CCPI-based y-o-y headline inflation dropped to an average of 17.4% in 2023 compared to a notable 46.4% increase recorded in 2022.

Headline inflation reduced continuously in 2023 from 51.7% recorded in January, to 4.0% by end 2023. It further reduced to 0.9% by end of Q1 2024. This downward trend was mainly driven by subdued demand and tight monetary policy measures, including high policy rates and low liquidity injections.

Moreover, the y-o-y reduction was mainly attributed to the high base effect of the previous year.

In the meantime, the CCPI Index (Base 2021 = 100) increased continuously from 124.3 in January 2022, to 187.6 in December 2022, to 191.8 in December 2023. As a result, the prices of goods and services increased significantly in 2022 continued to remain high in 2023, despite a slowdown in inflation (Graph – 9).

Graph - 9



Exchange rate movements towards some stability

The LKR remained stable around LKR 362/USD during the first two months of 2023 (Graph – 10). During this period the Central Bank continued to publish a middle spot exchange rate with a variation margin, which helped to stabilise the exchange rate from significant intraday volatility.

Afterwards, the LKR appreciated notably during the next three months to reach LKR 296/USD by end-May 2023, after allowing greater flexibility in the determination of the exchange rate via market driven activity since 7th March, 2023.

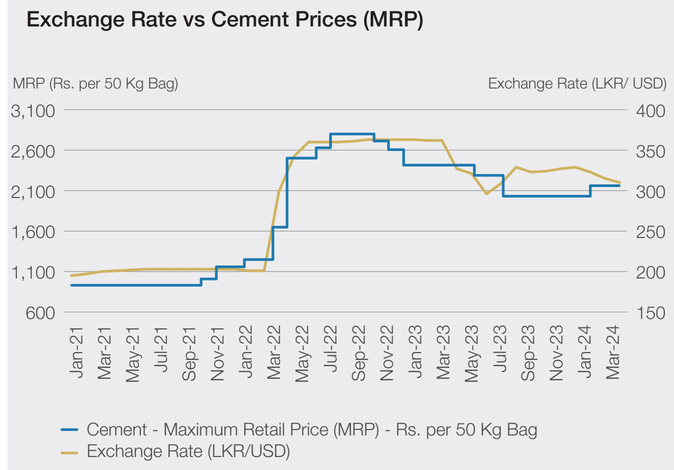
Thereafter, the LKR showed some volatility and recorded a depreciation during the second half of 2023, to reach LKR 324/USD by end December 2023, reflecting relatively tight liquidity conditions prevailing in the domestic foreign exchange market.

In the first quarter of 2024, LKR again appreciated by 7.6% to reach LKR 300/USD by end-March, 2024. The appreciation was mainly due to satisfactory inflows of workers' remittances, growth in tourism earnings and reduced import expenditure.

Overall, the LKR which depreciated by 44.8% against the USD in 2022, appreciated by 12.1% in 2023.

Similarly, the LKR appreciated against all other major currencies in 2023. Accordingly, the annual appreciation of the LKR (based on end of period exchange rates) was 7.9% against Euro, 6.0% against Pound Sterling, 19.5% against Japanese Yen, 13.5% against Chinese Yuan and 11.1% against the Indian Rupee.

Graph - 10



Changes in Taxes and Tariffs

Electricity Tariff

- Increased by 66% and 18% in February and October, 2023 respectively.
- Reduced by 14% and 22% in July, 2023 and March, 2024 respectively.
- Government decided to implement a tariff revision once in three months commencing from 2024 Q1.

VAT (Changes made with effect from 1st January, 2024)

- VAT rate increased from 15% to 18%.
- VAT exemptions removed on some items, including fuel and LP gas.
- VAT registration threshold reduced from Rs. 80 Mn to Rs. 60 Mn per annum.

Advance Personal Income Tax (APIT)

Deducting APIT from employees became mandatory from 1st January, 2023.

Excise Duty on Diesel

- Increased by 416% (1st January) and again by 81% (31st May).
- Reduced by 11% (31st December, 2023).

CESS Levy imposed on importation of Clinker, increased on Bulk and Bagged Cement from 17th June, 2023

Imposed Rs. 1/Kg on Clinker, and increased to Rs. 5/Kg on Bulk Cement and Rs. 8/Kg on Bagged Cement.

Social Security Contribution Levy (SSCL)

Registration threshold reduced from Rs. 120 Mn to Rs. 60 Mn per annum from 1st January, 2024.

Economic Review

Fuel Prices

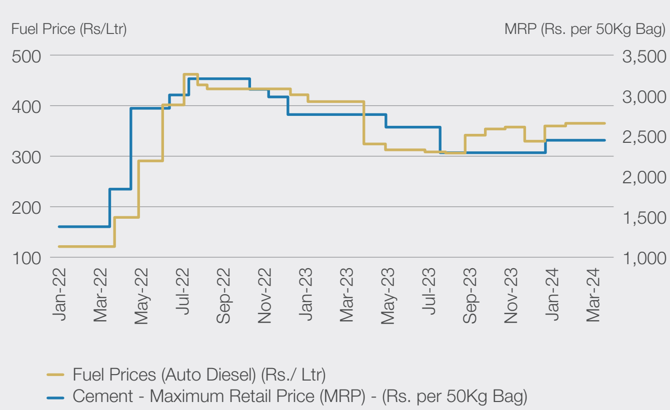
- The National Fuel Pass (QR) System which was introduced on 1st August, 2022 in response to the fuel shortage, was officially withdrawn on 1st September, 2023.
- Monthly adjustments were made to domestic prices of Petroleum products in line with the cost-reflective pricing formula (Graph – 11).
- Price behaviour (Changes in Auto Diesel Prices)

Date	Price (Rs./Ltr.)	Price Change		
		Rs./Ltr.		%
03rd January, 2023	405	15	↓	(3.5)
29th March, 2023	325	80	↓	(20.0)
01st May, 2023	310	15	↓	(4.6)
01st July, 2023	308	2	↓	(0.6)
01st August, 2023	306	2	↓	(0.6)
01st September, 2023	341	35	↑	11.4
02nd October, 2023	351	10	↑	2.9
01st November, 2023	356	5	↑	1.4
01st December, 2023	329	27	↓	(7.6)
01st January, 2024	358	29	↑	8.8
01st February, 2024	363	5	↑	1.4

- Auto Diesel prices recorded an overall 21.7% price reduction in 2023 (compared to the end of 2022), mainly due to decline in Global Crude Oil prices in 2023 and the gradual appreciation of the LKR against USD.
- Auto Diesel prices increased by 10.4% during the first quarter of 2024, raising transport costs.

Graph - 11

Fuel Price (Auto Diesel) vs Cement Price (MRP)



Movements in Cement Prices

The economy displayed some mixed signals, both positive and negative, which had a direct impact on determining the cement prices.

For instance, on the positive side;

a) Global raw material prices and freight charges held relatively steady for the period.

b) Sri Lankan Rupee appreciated by 12.1% against USD in 2023.

c) Import restrictions were gradually removed and construction materials began to enter the market.

d) Policy rates began to reduce since mid-2023 which in turn lead to the reduction of bank lending rates.

e) Inflation decline attributed to the high base effect in 2022.

Whilst on the negative side;

a) Local distribution costs remained higher due to fuel price volatility and fuel quotas (during 1st half of 2023) restricting logistics operations of dealers and distributors.

b) High interest rates, particularly during the first half of 2023.

c) Rising cost of goods as reflected in the increasing Inflation Index.

d) Notable increase in electricity tariff.

e) Personal income tax formula introduced from 1st January, 2023, reducing real wages of middle- and upper-income earners who make up a larger portion of the consumer base of the domestic housing construction industry.

f) Changes in Taxes (e.g. VAT, APIT, SSCL and CESS Levy on import of Clinker and Cement).

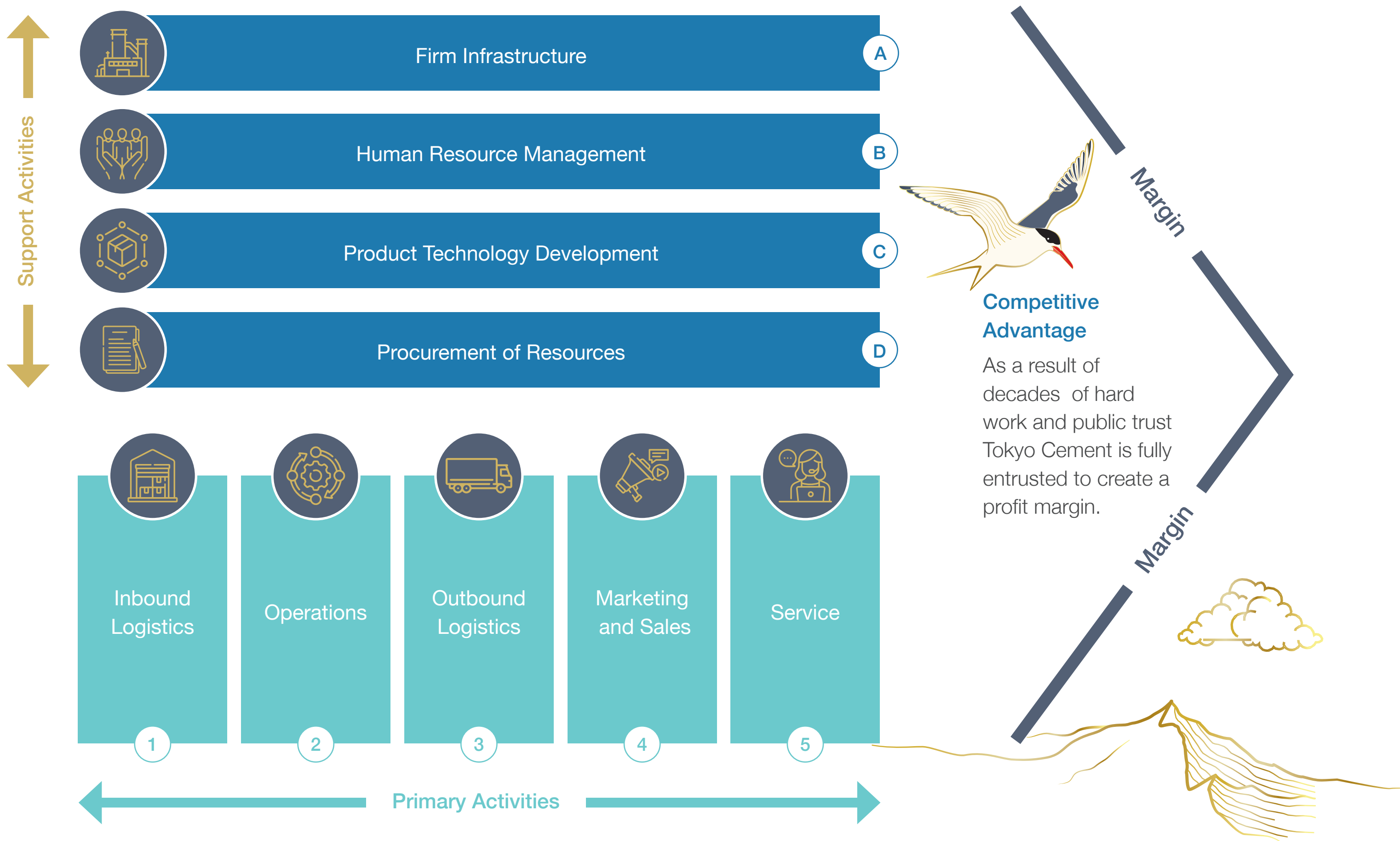
As the economy began to reflect signs of relative stability, cement manufacturers promptly passed on the cost benefits to the consumers as and when they occurred.

Ironically, optimism of a more stable cost environment for businesses, such as the stabilisation of the LKR against the USD was short lived mainly due to introduction of new taxes and upward revisions of several existing taxes from time to time.

The price of a 50Kg bag of cement was adjusted as outlined below, to reflect these costs related to the economic fluctuations.

Jan, 2023	↓ Reduced from Rs.2,975/- to Rs.2,750/-
May, 2023	↓ Further reduced to Rs.2,600/-
Jul, 2023	↓ Further reduced to Rs.2,300/-
Jan, 2024	↑ Increased to Rs.2,450/-

TOKYO CEMENT: VALUE CREATION



A — Firm Infrastructure

- A-Listed company (Colombo Stock Exchange)
- Strategic planning
- Operational management
- Quality management
- Legal and regulatory affairs
- Finance and accounting
- Marketing and sales

C — Product Technology Development

- Continuous improvement in product and process
- R & D centre
- Adopt new technologies
- Equipment maintenance
- New product design and research
- Product differentiation and climatisation
- Market testing

B — Human Resource Management

- Recruitment
- Retention
- Training and development
- Employee health and welfare

D — Procurement of Resources

- Supplier management
- Funding
- Sub-contracting
- Specifications
  - Raw materials
  - Other consumable items
  - Assets – machinery, lab equipment, office equipment, buildings

Economic Review

1

Inbound Logistics (Inputs)

- Two cement terminals (Colombo port and Trincomalee jetty)
- Shipping management and operations
- Local transportation
- Suppliers of raw materials
  - Raw minerals and by-products
  - Sand and aggregates
  - Chemicals
  - Biomass fuels
  - Bags
- Storage and inventory control
- Inbound quality controls

2

Operations : Converts inputs in to desired products

- Grinding and manufacturing
- Generating green energy (Biomass/Dendro/Solar)
- Machinery maintenance, assembly, operations
- Product diversification
  - Cement – multiple types
  - Tile adhesives
  - Screeds and flooring compounds
  - Water proofers
  - Wall plasters and Block mortar
  - Construction grout
- Quality control and testing
- Packaging
- Ready-Mix Concrete batching plants
  - Widest range of concrete mix designs
- Direct and indirect employment opportunities
- Net foreign exchange savings (over USD 60 Mn/year)

3

Outbound Logistics (Storage and Distribution)

- Two cement terminals (Colombo port and Trincomalee jetty)
- Bags and Bulk cement storage
- Warehousing
- Order processing and scheduling
- Transportation
- Distribution network
  - Regional agents
  - Retailers
  - Construction sites
- Ready Mix Concrete transportation pumping and on-site quality control

4

Marketing and Sales

- Building corporate brand equity
- Branding and advertising (media companies)
- Events, seminars, training, exhibitions
- Fostering dealership network
- Customer management
- Sales analysis
- Market research

Corporate Responsibility Projects

- Social upliftment
  - Housing/ drinking water/ sports/ schoolchildren's nutrition upliftment
- Skill development / knowledge sharing / youth development
  - Masons/ engineering students/ professionals/ academia
- Community trade biomass fuel sourcing
- Environmental conservation
  - Coral conservation / mangrove reforestation/ forest tree planting / marine biodiversity

5

Services

- Customer support
- Skill development
- Maintain corporate values
- Ready-Mix Concrete pouring and onsite quality controls
- Laboratory services
- Technical site supervision and training

FUTURE OUTLOOK AND WAY FORWARD

The Sri Lankan economy is likely to rebound in 2024, following two consecutive years of contraction despite some major challenges yet to be resolved.

Growth revived in the second half of 2023 is expected to continue in 2024 and 2025.

Yet, the economy will continue to grow far below the regional trend owing to many negative factors including higher electricity tariffs and upward revisions of various taxes, which in turn will pinch both manufacturers and consumers.

Additional resources, largely from international partners, will be needed in 2024 and beyond to close the external financing gaps.

Credit Ratings

Rating downgrades have constrained Sri Lanka's access to financial markets. All international rating agencies viz S&P, Moody's, and Fitch downgraded Sri Lanka's sovereign credit ratings to 'Default' category in 2022. This followed the preemptive default of selected external debt service payments (pending the IMF bailout package), which exceeded USD 50 Bn in April, 2022.

Actual debt restructuring with bilateral creditors may last the whole of 2024, although "in principle" approval has been received from all its bilateral creditors including India and China.

As a result, the country will continue to remain in default in 2024.

Reforms Needed

Sri Lanka has a lengthy road to recovery. It is essential that the country addresses the root causes of internal and external imbalances for which an uncompromising approach to reform is essential. The reforms need to include, enhancing domestic resource mobilisation, divestment of state-owned enterprises to reduce their fiscal burden, and encouraging private sector activities through business-friendly consistent and clear policies.

Improving governance and accountability mechanisms, such as strengthening anti-corruption legislation, building strong institutions and increasing transparency, will also be essential to address Sri Lanka's economic vulnerability.

Sri Lanka's recovery from the crisis hinges on timely progress of debt relief and the steadfast implementation of necessary reforms.

With both presidential and parliamentary elections likely to take place in 2024, political instability and risks could derail the IMF-linked stabilisation and reform efforts beyond 2024.

Positives

- The IMF approved Sri Lanka's External Fund Facility (EFF) unlocking additional funding from the World Bank and the Asian Development Bank (ADB) for social protection, financial sector development and infrastructure development.
- Domestic debt optimisation was completed in 2023.
- The service and transfer balance will improve with a rebound in tourism and strong remittance inflows.

Negatives

- Delays in implementing structural reforms will hold back economic growth.
- An agreement in principle with commercial creditors has yet to be reached.
- Total public debt will increase as debt restructuring negotiations continue.
- If external debt servicing resumes in 2024 it would exert pressure on the Sri Lankan Rupee.

The Country's Growth Forecast

The Sri Lanka economy is likely to recover gradually in 2024 and 2025.[2, 3]

- Agriculture will be supported by improving accessibility to cheaper fertilisers.
- Industry will witness a resumption in construction projects and high-end manufacturing.
- Construction stalled during the height of the economic crisis is resuming but will be tempered by an increase in the Value-Added Tax which has raised raw material prices and dampened construction activities.
- Services sector will be supported by higher tourist arrivals and remittance receipts.
- Finance sector will be supported by lower interest rates and consequently higher demand for credit.
- Higher taxes, higher costs of raw materials, and unpredictable weather will have an impact on growth across sectors.
- Limited fiscal space will likely restrain government expenditure, such as state funded infrastructure/construction projects.
- Net exports of goods and services are likely to turn negative in 2024 with the removal of most of the import restrictions.

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2 *Asian Development Outlook – 2024, Asian Development Bank*
3 *Annual Economic Review – 2023, Central Bank of Sri Lanka*

Economic Review

Against this backdrop and with the low base effect of 2023, GDP growth is forecasted at 1.9% in 2024 and 2.5% in 2025. Inflation with high base effect in 2023, is expected to average 7.5% in 2024 and 5.5% in 2025.

Towards a Private Sector-led growth model

To catalyse economic expansion and job creation, the government should promote private sector participation through consistent policies and the regulatory, legal, and institutional support, which is necessary for a private sector-led economic development approach.

In this context, the construction sector which accounts for nearly 8% – 10% of GDP has a significant role to play. This sector has recorded a negative growth for two consecutive years. Therefore, it is of vital importance to ensure new investments, both public and private, into the construction sector to re-build the Sri Lankan economy for a better future.

Dr. Nihal Sammarappulli
Director - Economic Research

18th July 2024

Management Discussion and Analysis

During the financial year, the volume consumed in the last three quarters exceeded that of the corresponding period. The industry observed a notable demand increase from the second quarter onwards with the restart of larger construction projects.

Construction and Cement Industry

The construction industry was impacted by the termination of government funded infrastructure projects. Budgetary constraints imposed on commencing new projects intensified the cashflow issues of contractors and developers, who still carried pending payments for previously completed projects. Despite the negative forces, the cement industry managed to achieve an approximate 8.5% growth in the financial year.

Competition intensified sharply as supply outstripped demand. The four local cement manufacturers (with a total installed capacity of 9.4 Mn MT per annum) alongside multiple importers were all vying for a piece of the 3.9 Mn MT cement consumption in Financial Year 2023/24. Tokyo Cement Group was able to successfully hold onto its market leadership and maintain its market share despite intense competition.

During the financial year, the volume consumed in the last three quarters exceeded that of the corresponding period. The industry observed a notable demand increase from the second quarter onwards with the restart of larger construction projects. Some of the projects that were previously halted due to cashflow issues resumed operations as the government settled part of the outstanding payments to contractors through treasury bonds. This facilitated debt recovery for suppliers and manufacturers. However, the market did not perform to expectation due to the unusual adverse weather conditions which lasted from August till December. The inclement weather disrupted construction activities and the distribution of construction materials to sites.

Heightened competition prompted manufacturers to increase channel engagement through dealer promotions and relationship building activities to encourage brand loyalty. Whilst the cement industry announced three price revisions during the financial year, economic stability allowed prices to remain steady for extended periods unlike in the previous year where prices were revised more frequently.

Financial Analysis

Tokyo Cement saw a 14% increase in sales volumes. However, a 16% drop in average price of a cement bag resulted in a 12% drop in year-on-year turnover to Rs. 49.8 Bn. This sales increase of 14% outpaced the industry growth of 8.5%. The rise in sales volumes allowed for an increase in production output. However the plants remain significantly underutilised allowing the Group to cater to the anticipated growth in demand as the industry rebounds.

The strict cost management measures already in place helped soften the blow of the revenue decline during the year under review. By engaging in thorough negotiations and detailed demand forecasting with raw material suppliers, the Group was able to mitigate the impact of price fluctuation on the cost of goods to a great extent. However, the imposition of a CESS of Rs. 1/- per kilo on clinker imports, the 7.5% to 10% PAL, and the 2.5% Social Security Contribution Levy (SSCL) all increased the cost of raw materials.

The Group's investments in research and development paid dividends in the form of economised product designs for cement and concrete. The R&D team was tasked with the responsibility of finding local substitutes for imported raw materials, a strategic move to reduce the risk of exchange loss. As a result of this exercise, the team was able to introduce locally sourced materials into the production process, to reduce costs and substitute imported alternatives.

The exchange rate appreciation at the beginning of the Financial Year ensured that the Group did not incur exchange losses. The Rupee, once appreciated, maintained a predictable level of fluctuation throughout the remainder of the year, paving the way to lower the risks associated with business planning and financial forecasting.

The tax environment had a significant impact on profitability during this Financial Year. The increment of the CESS on imported bulk cement (Rs.5/- per kilo) and clinker (Rs.1/- per kilo) with effect from 17th June 2023, increased the cost of sales. The introduction of a 2.5% SSCL contributed to an increase in Administrative Expenses. Whilst a raised corporate tax rate of 30% impacted Profit After Taxes and hampered cashflow. Given this scenario, approximately 22% of the price of a 50kg bag of cement can be attributed to tariffs and taxes, making it the largest contributor to the cost of a cement bag, after raw materials.

Whilst the CBSL continued to decrease standing facility rates, this measure did not effectively lower prevailing interest rates to a desired level as expected. Despite the borrowing rates declined steadily in comparative terms, they remained at a discouraging level for new investments. Furthermore, the reluctance of banks to provide long-term financing prohibited borrowing for new construction.

Management Discussion and Analysis

The Group recorded a Gross Profit of Rs. 15.6 Bn (31% GP Ratio) for the Financial Year, a drop of 24% from the previous year. Despite an overall reduction in Gross Profits, the Group also had a reduction in Cost of Sales derived from reduced, raw material prices, internal efficiency improvements and currency appreciation. Hence, the contraction in GP Ratio is indicative of the margin benefit that was largely passed on to consumers in the form of downward price revisions.

Administrative Expenses increased due to the adjustments in staff costs that were revised to lessen the impact of rising inflation and taxes. Furthermore, the addition of SSCL on sales contributed to a notable increase in Administrative Expenses.

Due to market saturation and increased competition, the Group took extra effort to strengthen its distribution operations. Historically dealers take on the primary burden of transportation of goods from factory to retail. However, many distributors and dealers faced challenges in running their logistics operations due to reduced quantities impacting transporter usage, and the continuous increase in fuel prices.

Therefore, Tokyo Cement stepped in to assist the dealers by providing transportation of goods to the regional cement depots or customer locations. With the redistribution depots fully operationalised and increased overheads in running our own logistics, the distribution costs increased accordingly.

Despite this temporary arrangement contributing to an increase in Selling and Distribution Expenses, this allowed the Group to maintain product availability unimpeded by logistic disruptions, and to improve order fulfilment efficiency in delivering smaller volumes up to the customer point.

The Group Finance Expenses reduced by 69% to Rs. 1.6 Bn in the Financial Year. Most of the reduction in Finance Expenses can be attributed to the absence of significant exchange losses that accounted for Rs. 3.56 Bn in the previous Financial Year.

The downward trend in interest rates over the course of the year enabled to keep Finance Costs at a manageable level. However, the persistently high interest rates on short-term borrowings significantly impacted overall costs. As policy rates reduced, the management was able to negotiate lower rates with its banking partners.

PERFORMANCE OF CEMENT OPERATIONS

The slowed demand for cement was underscored by the wider economic environment which discouraged construction activities that were exceeding budgetary allowances. The market shrinkage intensified as the disposable income of consumers was restricted by sharp increases in taxes and utility prices. The impact of the CESS on imported raw materials amplified the pressure, along with surging contractor fees and labour expenses. The escalation of costs can be attributed to high lending rates prompting many developers to pause ongoing work, while others postponed the commencement of new projects.

Subdued demand left cement manufacturers laden with large unutilised capacities and mounting overhead expenses. As their turnover declined with gradually shrinking order quantities, distributors and dealers were pressed to cut down stockholding costs. Despite the dealers investing less in stocks, competition increased as they vied to capture a bigger slice of the shrinking market.

To address this situation and make the most of the available resources, the Group optimised its depot network to boost distribution efficiency, whilst easing the burden of stockholding from the dealers and distributors. All depots, which previously played a supportive role to the distributors were assigned a larger portion of the logistics operation, extending up to the retailer or the consumer point, to ensure continuous supply chain operations.

The Group recorded a Gross Profit of Rs. 15.6 Bn for the Financial Year. The contraction in GP Ratio is indicative of the margin benefit that was largely passed on to consumers in the form of downward price revisions.

Despite an increase in distribution costs through the reallocation of staff and transportation resources between depots and distributors, the utilisation of company-owned depots ensured product availability in all regions to maximise market opportunities.

In the first quarter of the financial year, the Rupee appreciated to a year-on-year low of Rs. 298/- to the USD, allowing for a reduction in the cost of imported goods. As a result, the Maximum Retail Price (MRP) of a 50kg bag of cement, which was at Rs. 2,750/- at the beginning of the year, was revised to Rs. 2,600/- in May 2023.

The reduction of global raw material costs and the currency appreciation resulted in a further cost benefit that was passed on to consumers via another price reduction in the second quarter. Accordingly, in July 2023 the MRP of a 50kg bag of cement was reduced by 12% to Rs. 2,300/-, reflecting the relative stabilisation of the economic environment.

However, the VAT amendment from January 2024 contributed to a hike in fuel and transportation costs, escalating operational expenses for both service providers and manufacturers. Consequently, the price of a 50kg bag of cement was increased by Rs. 150/-, bringing the MRP to Rs. 2,450/-. This price remained unchanged throughout the quarter until the end of April.

The improved affordability however failed to boost demand as anticipated due to much larger macroeconomic factors. Yet the price revisions played an important role in the Group's efforts to maintaining market share.

As of writing this report, the MRP of a 50kg bag of cement has been reduced to Rs. 2,250/- effective from June 2024.

The factory expansion project initiated in 2022 is due to be completed in 2024. This cement grinding mill upgrade will increase the overall cement production capacity from 3.1 Mn MT to 4 Mn MT per annum. The new state-of-the-art grinding facility, in addition to improving manufacturing efficiency will bring the Group's local production process up to date with global standards in quality and sustainable manufacturing.

This expansion project will firmly establish Tokyo Cement Group's leadership position in the market as the largest local cement manufacturer. Moreover, the additional production capacity will afford the Group a unique advantage in meeting the anticipated growth in local cement demand, ahead of the projected revival of the construction sector.

Further affirming its commitment to strategic innovation and efficient manufacturing, the Group commissioned a dolomite crushing plant, that will progressively reduce dependency on imported raw materials. The Group's research and development teams spearheaded this project to enhance product quality and performance with the gradual integration of alternative and locally sourced raw materials. Currently efforts are underway to augment the local production process by incorporating dolomite sourced from our own plant, a step that will also safeguard the Group's financial performance against volatilities in global raw material prices and freight rates, as well as domestic exchange rate fluctuations.

The Group was able to control its marketing expenditure using cost-effective mediums that maintained customer engagement. Further, the Group was able to maximise the impact of its marketing budget through negotiations with suppliers and service providers.

Reduced plant utilisation allowed for rescheduling of maintenance to a lower frequency, and curtailing costs associated with spare parts, repairs, breakdowns, and maintenance stoppages. Careful scheduling of production helped minimise operational expenses associated with overtime and contract labour costs.

Notably, the thoughtful design of its local manufacturing process to operate exclusively on renewable biomass energy played a significant role in effectively managing operational expenses. The Group's 100% energy independent manufacturing process in Trincomalee remained unaffected by the substantial increases in electricity tariffs and fuel prices.

These concerted cost containment strategies allowed the Group to safeguard its financial performance amidst turbulent market conditions.

PERFORMANCE OF TOKYO CEMENT POWER

Tokyo Cement Group's renewable energy generation programme is one of the key drivers of the Group's stable financial performance in Financial Year 2023/24. By achieving complete energy independence and powering the entire Trincomalee manufacturing operation with renewable energy sources, the Group was insulated from operational cost increases caused by rising electricity tariffs and fuel prices during the year.

At the beginning of the Financial Year, Tokyo Cement Power faced some challenges in sourcing agricultural waste due to depleted output from the farming sector. However, this situation was resolved by the end of the first quarter, and the two power plants in Trincomalee fully met the electricity requirements of the Tokyo Cement factories. Simultaneously, the power plant in Mahiyangana was fully operationalised to supply electricity to the national grid. The Ceylon Electricity Board's timely decision to increase the power purchasing rates from renewable energy suppliers further boosted the process by improving the cashflow to rural farming communities.

Tokyo Cement Group pioneered the renewable energy generation movement in the local corporate sector by becoming the single largest contributor of Biomass Power in Sri Lanka with a total installed capacity of 23MW. In addition to two biomass power plants in Trincomalee, with a capacity of 10MW and 8MW each, the Group also operates a 5MW Dendro power plant in Mahiyangana. Tokyo Cement Power also generates 600KW of roof-top solar power in Mahiyangana.

Tokyo Cement's renewable energy programme is an additional source of income for rural farmers

As of date, Tokyo Cement's sustainable fuelwood programme has planted close to 8 Mn Gliricidia trees, in partnership with farmers from Mahiyangana, Badulla, Monaragala, Trincomalee, Kilinochchi and Jaffna. This community trade business model of sourcing fuelwood, facilitates essential cash flow into the rural economy, by actively involving nearly 2,500 farming families. Making a significant contribution to establish national energy security, Tokyo Cement Group's renewable energy generation initiative reinvests a major portion of its energy bill within the country instead of spending it on imported fossil fuels.

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In honour of this commendable commitment to sustainability, Tokyo Cement Group's Renewable Energy Generation Programme was recognised with the apex Platinum Award for Sustainable Leadership in the Construction Industry, at the Annual Green Awards 2023 event organised by the Ceylon Institute of Builders (CIOB).

Furthermore, Tokyo Cement was awarded the Gold Medal for exceptional environmentally conscious business practices in the Chemical Industries Category, at the Presidential Environmental Awards organised by the Central Environmental Authority (CEA). The award was presented by His Excellency the President Hon. Ranil Wickramasinghe.

Tokyo Cement Group won the Gold Medal for exceptional environmentally conscious business practices in the Chemical Industries Category, at the Presidential Environmental Awards 2022

PERFORMANCE OF TOKYO SUPERMIX

The Ready-Mix Concrete (RMC) business unit of the Tokyo Cement Group, TOKYO SUPERMIX was able to achieve profitable results during the Financial Year. The company's performance demonstrated greater business agility, even amidst a sharp downturn in the construction sector.

The demand for ready-mix concrete dipped significantly due to the stoppage of government-funded infrastructure projects, dwindling large-scale private sector development activities, and adverse weather conditions. Scarcity of material and cost escalations halted many private development projects, whilst the sector was also impacted by the Government's decision to temporarily suspend infrastructure developments. Suppliers were further impacted due to outstanding payments from the Government.

TOKYO SUPERMIX won the prestigious Gold Award for Sustainable Leadership in the Construction Industry, at the CIOB Green Awards 2023

TOKYO SUPERMIX was able to effectively leverage its backward integration in sourcing high-quality raw materials at consistent prices, through the group's manufacturing operations, which allowed for a continuous supply of cement, sand, and aggregates.

Furthermore, TOKYO SUPERMIX was able to soften the impact of a drop in demand from large-scale projects, by refocusing on the mid-market and domestic consumer segments. This allowed for an improved resource utilisation by dispersing overhead expenses.

To mitigate demand contraction, TOKYO SUPERMIX launched TOKYO SUPERFORCE, a specialised service unit. TOKYO SUPERFORCE undertakes selected functions of a construction project that are usually outsourced to guarantee cost-effective and timely delivery. Initially focusing on waterproofing, the unit ensures consistent quality by using the Company's own products, with in-house inspection, consultation, and supervision. Future expansions will include plastering, screed mortar application, and concrete crack repairing. This move enabled the business to successfully realign and harness underutilised resources to augment its market offering.

The stagnation of the industry during the year was further intensified by competitor activity due to market saturation. TOKYO SUPERMIX successfully navigated the crowded market environment by focusing on continuous process innovation and product development. With in-house technical and engineering expertise, TOKYO SUPERMIX offers the widest range of concrete mix designs to cater to specific usage requirements, and help reinforce the brand's performance standards in strength, durability and cost-efficiency.

On the staff development front, in addition to structured training and skill-building programmes, personal empowerment programmes were carried out to raise the overall well-being of the team. Furthermore, 36 TOKYO SUPERMIX staff members, including electricians, laboratory assistants, mechanics, construction equipment operators and logistic operations staff, were awarded the NVQ Level 3 Certification by the National Apprentice and Industrial Training Authority (NAITA).

A First Aid refresher workshop was conducted for the staff of TOKYO SUPERMIX Plants

36 staff members completed NVQ Level 3 Certification through NAITA

TOKYO SUPERMIX played a leading role in fostering strategic stakeholder relationships and facilitating knowledge-sharing opportunities, at various industry conferences and exhibitions sponsored by the Tokyo Cement Group.

TOKYO SUPERMIX, participated in the 14th Jaffna International Trade Fair held in January 2024

Reinstating its industry leadership position, TOKYO SUPERMIX won the Gold Award for Sustainable Leadership in the Construction Industry at the Annual Green Awards 2023 ceremony, organised by the CIOB. This award recognised the unique Wastewater Recycling System implemented across the island-wide RMC network.

PERFORMANCE OF TOKYO SUPER AGGREGATE

Tokyo Super Aggregate continued to fulfil its strategic role by ensuring an uninterrupted supply of sand and metal to TOKYO SUPERMIX Ready-Mix Concrete. This vertical integration ensures consistent quality of manufactured sand and metal used in a range of sophisticated concrete mix designs, making it a critical success factor of the TOKYO SUPERMIX operation.

However, the business faced severe setbacks in sales, reflecting the overall stagnation experienced across the industry. Persistent fuel price hikes made a notable negative impact on the business during the financial year. In addition to the decline in sales from large-scale projects, the biggest challenge came from small-time competitors, who were driving unsustainable pricing in a highly price sensitive market.

To mitigate the impact of the revenue decline, the Company widened its sales focus outside the Group, by promoting manufactured sand and aggregates to for third party RMC suppliers, block manufacturers, and domestic consumers. Digital and print advertising mediums were used to improve customer awareness on the benefits of using manufactured sand as opposed to natural sand to create consumer demand. This allowed the business to partially alleviate the overhead cost burden, whilst its lean operations offered greater agility in managing costs.

PERFORMANCE OF CEMENT-BASED VALUE-ADDED PRODUCTS

The cement-based value-added product range marketed under the TOKYO SUPER brand umbrella, consists of a comprehensive set of ready-to-use products that have successfully transformed the construction materials market in Sri Lanka. The portfolio of solutions include tile adhesives, wall plasters, water proofers, for tiling, plastering, waterproofing, block mortars, construction grouts and many other first-movers that have created new markets that did not previously exist. They have improved efficiency and productivity of conventional construction practices by enhancing product performance criteria and application techniques.

The business unit recorded a year-on-year increase in sales, primarily driven by the relaxation of tile imports that disrupted the duopoly of the local tile market. This opened the door to imported tiles and consequently increased the demand for TOKYO SUPERBOND. Furthermore, this import relaxation improved accessibility to many construction materials. This helped boost the demand for other product categories as well, such as screed mortars, flooring compounds, water proofers and other finishing products, allowing for an increase in revenue contribution across a range of products.

Sales volume in the retail sector showed significant growth, leveraging Tokyo Cement's strong distribution network. Moreover, medium to large-scale projects restarted their activities to harness the favourable economic conditions. The TOKYO SUPERBOND tile adhesives remained the preferred brand among reputed contractors, maintaining its leadership position in a highly competitive market by leveraging its exceptional quality and strong brand reputation.

A surge in competing tile adhesive brands led to unsustainable price wars among players vying for market share. Furthermore, local tile manufacturers bundle their tile adhesives and grouts with their tile sales, limiting consumer choice. Despite these pressures, TOKYO SUPERBOND maintained its market leadership as the only tile adhesive to meet the SLS Standards on strength and performance.

The recently launched products, including TOKYO SUPERFIX High Flowable Construction Grout, TOKYO SUPERFIX Concrete Repair Mortar, TOKYO SUPERFIX Extra Bond, TOKYO SUPERBOND Tile Mortar, and TOKYO SUPERSET Multipurpose Mortar, garnered acceptance, amongst early adopters establishing new markets.

The TOKYO SUPERSEAL water proofers grew its contribution over the course of the year, as waterproofing applicators were provided with training and certification, across the country. This was further boosted by the demand pull created by the TOKYO SUPERFORCE expert application services unit. During this debut year, the product

Management Discussion and Analysis

application unit primarily focused on providing professional waterproofing services using TOKYO SUPERSEAL water proofers, guaranteeing consistent quality as well as cost-effective and timely delivery.

To complement their service augmentation, the innovations business unit continued their training and development drive focused on industry professionals. In addition to conducting formal training sessions and product demonstrations at customer sites, the team started directing selected masonry professionals to obtain a Professional Applicator Certification from the Construction Research Centre. This certification programme aims to elevate industry service standards and increase customer confidence by facilitating direct sharing of product value propositions among a network of professional applicators.

MARKETING, DISTRIBUTION AND SALES

The marketing and sales efforts of the Group were conducted amidst a tough industry environment. Rising costs in essential commodities, fuel price fluctuations, tax increases, and economic slowdowns, strained residential and commercial sector customers. The construction industry was impacted by discouraging interest rates and declining consumer spending power. Market volatility increased operational costs for service providers and manufacturers. Unutilised production capacity added a significant burden on the local cement manufacturing companies having to contend with high overhead costs relative to reduced production output.

On the distribution and logistics front, transport costs remained high due to fuel price fluctuations, whilst being further impeded by fuel quotas and logistical constraints. This situation eased with the removal of the QR-based fuel rationing system in the third quarter, even though the raised prices were not revised as expected. Concurrently, signs of a slow yet stable economic recovery appeared towards the end of the Financial Year.

This was reflected through the initiation of foreign-funded projects and public investments in infrastructure. Amid declining cement imports, Tokyo Cement was able to maintain market share as construction activities resumed. The Government settling outstanding payments to contractors and relaxing import restrictions, further supported the industry momentum.

Intense competition led to unsustainable price wars, as manufacturers were battling to recover substantial overhead costs amidst a fast-dwindling market. The situation prompted Tokyo Cement, the trusted quality-leader, to focus on strengthening the engagement with dealers and distributors. Channel support was extended by undertaking parts of the logistics operations on behalf of the distributors, to help them face the financial downturn with better flexibility. This also ensured efficient and uninterrupted product availability.

Whilst the field sales teams worked on strengthening the channel rapport with a focus on second and third-tier retail partners, the marketing efforts focused on reinforcing brand equity. The marketing support to dealers included outdoor advertising and providing below-the-line promotional material, such as dealer boards and point of sale material to help enhance brand visibility.

Furthermore, the Group continued its efforts to uplift the industry standards through training and education of key influencer groups, from masons to technical officers, university students to engineers, using both in-house expertise and through partnerships with professional and academic institutions.

Above-the-line marketing efforts were leveraged to gain maximum customer engagement whilst optimising the marketing expenditure. The marketing campaigns conducted during the year focused on corporate brand building, cement and the value-added product categories. The advertising campaigns used both traditional and modern mediums from print to television, from events sponsorships to social media campaigns. Special emphasis was placed on leveraging the flexibility and proximity of digital platforms to enhance engagement with specific customer groups, through geographic and demographic segmentation.

The new TV commercial series for TOKYO SUPER highlights the key value propositions of the brand

Despite the challenging business environment, Tokyo Cement's proactive approach enabled it to maintain market share and capitalise on emerging opportunities within the industry. Therefore, as a result of these concerted marketing and sales efforts, Tokyo Cement Group was able to achieve a 14% year-on-year growth in sales volume, surpassing the recorded industry growth rate.

The TV commercial series launched this year for NIPPON CEMENT reinstated its brand promise of Bonded for Life

STAKEHOLDER ENGAGEMENT

Stakeholder Segment	Engagement Activity
Shareholders	• Media releases were published to provide insight and analysis into the quarterly financial reports for investors and researchers. • The Group conducted quarterly investor relations calls and meetings in addition to participating in investor panels. • The investor relations team made themselves available for inquiries and clarifications from shareholders, brokerages, research houses and funds. • The Shareholders' AGM for 2022/23 was held in accordance with the guidelines issued by the Colombo Stock Exchange on holding virtual/hybrid meetings, and the applicable statutory laws.
Customers	**Advertising and Promotions** • New TV Commercials were produced for the Cement brands TOKYO SUPER and NIPPON CEMENT. • TV advertising during the telecast of key sports tournaments including the Indian Premier League 2023, ODI Cricket World Cup Qualifier Series, Lanka Premier League 2023, Asia Cup 2023, Rugby World Cup, ODI Cricket World Cup 2023 and the Sri Lanka tour of Bangladesh 2024. • Radio advertising for TOKYO SUPERBOND tile adhesives, TOKYO SUPERSEAL water proofers and TOKYO SUPERCAST plaster master were carried out during drivetime shows. • Print advertisements featuring Cement, Concrete and Value-Added Products were carried out on eight prominent corporate/industry magazines throughout the year. • Corporate press ads were placed in leading newspapers to mark Independence Day, Japan Day, Award Achievements and selected calendar events of relevance. • Social media presence was enhanced through online marketing and advertising campaigns on popular platforms such as Facebook, Instagram, and YouTube. Special digital campaigns were carried out based on geographical and seasonal targeting for TOKYO SUPERSEAL water proofers and TOKYO SUPERMIX. • Several competitions were carried out to enhance brand engagement on social media, leveraging the main advertising campaigns and popular calendar events. • Cinema advertising campaigns were carried out during the debut of two popular blockbuster movies across 14 theatres around the island. Parallelly, social media giveaway competitions and dealer movie outings were organised as a relationship building exercise. • Published instructional videos for TOKYO SUPERFIX Concrete Repair Mortar and TOKYO SUPERSET Multipurpose Mortar, highlighting the distinct value propositions and user benefits to create awareness and endorsement.

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Stakeholder Segment	Engagement Activity
	Consumer Engagement • Platinum Sponsor of the CONSTRUCTION EXPO 2024 organised by the CIOB, at the BMICH in March. • Gold Sponsor of the 14th Jaffna International Trade Fair held at the Muttraweli Grounds, Jaffna in January. • Official Cement Partner of the Jaffna Football Premier League 2023. Tokyo Cement Group gave away the prestigious Golden Glove and Golden Boot awards to the most valuable players of the series. • Exhibition stall at the Build SL 2023 exhibition held at the BMICH in May, organised by the Chamber of Construction Industry Sri Lanka. • Participation at the ARCHITECTS 2024 exhibition organised by the Sri Lanka Institute of Architects, at the BMICH in February. This year's stall included a unique and experiential display of the complete portfolio of products, earning the Merit Award for the 'Most Innovative and Informative Trade Stall' for Tokyo Cement Group. • TOKYO SUPERMIX participated in the International Water Conference 2024 organised by the National Water Supply and Drainage Board in December, which attracted a diverse audience of international delegates and local engineering professionals.
Industry Associations and Professional Institutes	**Industry Professionals' Skill Building** • The training and skills development team engaged over 3,200 industry professionals including masons, state sector technical officers, engineers, contractors and developers during this year. Covering the entire island, 65 skill building seminars were organised together with the regional sales officers and main dealers in each area. • Other key highlights for the year include a conference conducted in association with the Construction Industry Development Authority (CIDA), and exclusive seminars for local government officials and contractors in the Central Province, Hambantota, and Kurunegala. **Strategic Sponsorships** • Tokyo Cement Group was the Sole Sponsor of the 2023 Annual Sessions and four Question Time seminars organised by the Society of Structural Engineers. Twenty breakthrough research papers by university undergraduates were presented at the Annual Sessions that had a participation of over 180 delegates from the construction fraternity. • Silver Sponsor of the 11th World Construction Symposium organised by the CIOB. • Silver Sponsor of the two-day International Conference organised by The Royal Institute of British Architects (RIBA) Sri Lanka, in collaboration with the American Institute of Architects and the Italian Embassy of Sri Lanka, held in August 2023 at the Cinnamon Grand. • Sponsorship of the H.V. Perera QC Memorial Arbitration Moot Competition organised by the Sri Lanka Law College. • Sponsorship of the 36th Annual Conference of the Organisation of Professional Associations of Sri Lanka. • Sponsorship of the Kandy District Early Childhood Educator Development Programme organised by the Kirula Foundation. **Corporate Memberships** Membership in the following key trade organisations were continued during the financial year. • The Ceylon Chamber of Commerce • The Ceylon Institute of Builders • The Green Building Council of Sri Lanka

Stakeholder Segment	Engagement Activity
Research and Educational Institutions	• Tokyo Cement Group was among the Main Sponsors of the Peradeniya Open Day 2023, a grand event orchestrated by the University of Peradeniya to commemorate its 80th anniversary. • Sponsorship of the Annual Undergraduate Research Symposium 2023 organised by the Faculty of Engineering of the University of Ruhuna. • Sponsorship of the UOM Research Week organised by the Faculty of Graduate Studies of the University of Moratuwa. • Platinum Sponsor of the 28th International Forestry and Environment Symposium organised by the Department of Forestry and Environmental Science of the University of Sri Jayewardenepura.
Dealers and Distributors	• Tokyo Cement's field sales team proactively connected with the dealers and distributors to help them navigate the many challenges brought on by the highly volatile market. Being the principal business partner, Tokyo Cement instilled confidence throughout the sales network, enabling sustained operations and resilience in the face of economic adversity. • Regular relationship-building programs, such as regional dealer meetings and exclusive events, were conducted throughout the year to enhance longstanding partnerships. • In culmination, Tokyo Cement Group recognised top performing dealers at the 2024 Annual Dealer Convention themed 'Strength of the Nation', followed by a star-studded awards night held at the Cinnamon Grand. Tokyo Cement Group used the occasion to honour the exceptional performance of dealer partners nationwide, underscoring their pivotal role in driving mutual growth.

Tokyo Cement Group felicitated top performing channel sales partners at the 2024 Annual Dealer Convention

Several professional awareness seminars were conducted in partnership with various state sector authorities

Platinum Sponsor of CONSTRUCTION EXPO 2024 organised by the CIOB

Platinum Sponsor of the 28th International Forestry and Environment Symposium of the University of Sri Jayewardenepura

Sole Sponsor of the 2023 Annual Sessions of the Society of Structural Engineers Sri Lanka

Management Discussion and Analysis

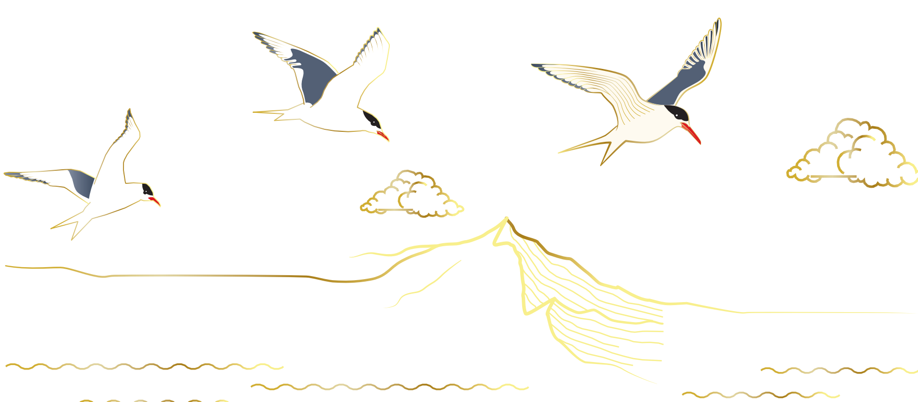
TOKYO CEMENT QUALITY STANDARDS

Tokyo Cement remained fully compliant with Central Environmental Authority directives and regulations and renewed all licenses during the year. The Group maintains continual compliance with all applicable environmental regulations and obtains all environmental certifications in a timely manner, facilitating the necessary compliance assessments by the authorities. As such, the Group did not face any fines or penalties for non-compliance, or delays in compliance with any applicable environmental regulation during the year.

Further, Tokyo Cement continued to uphold its quality systems and standards to ensure consistency and exceptional quality of the products and services. A testament to the Group's commitment to quality includes operating the only ISO 17025 accredited laboratory in the country for testing cement, concrete, and cement-based products. Laboratory facilities at the Tokyo Cement Centre for Technical Excellence in Trincomalee also conduct quality assurance tests on raw material inputs, in addition to all manufactured output, at the source, to maintain Tokyo Cement's proven product excellence.

Tokyo Cement Quality Systems

ISO 9001: 2015	• Tokyo Cement Factories in Trincomalee • Tokyo Cement Terminal at Colombo Port • All TOKYO SUPERMIX Ready-Mix Concrete plants
ISO 14001: 2015	• Tokyo Cement Factories in Trincomalee
ISO 17025: 2017 (by the Sri Lanka Accreditation Board)	• Tokyo Cement R&D Laboratory in Trincomalee • Construction Research Centre in Colombo
Central Environmental Authority licenses	• Tokyo Cement Factories in Trincomalee • Tokyo Cement Terminal at Colombo Port • All TOKYO SUPERMIX Ready-Mix Concrete plants • Tokyo Super Aggregate (Pvt) Ltd • Tokyo Cement Power (Lanka) (Pvt) Ltd
GREEN™ Mark (Singapore)	• TOKYO SUPER Blended Hydraulic Cement



Compliance Status

The Tokyo Cement Group is fully compliant with the Shop and Office Act and the Factories Ordinance. The Group 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, ETF 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 RESEARCH AND DEVELOPMENT DRIVE

The Construction Research Centre

The worldclass construction materials testing laboratory, the Tokyo Cement Construction Research Centre (CRC) in Colombo is also the nerve centre of the Group's Research and Development drive. The R&D role of the CRC encompasses reengineering existing products and solutions, and new product modifications to meet quality and performance standards. Its mission also includes supporting the Group's sustainability drive through product developments to reduce its carbon impact.

For the cement vertical, the CRC re-engineers the core manufacturing process to improve efficiency and reduce its carbon footprint to achieve a net zero emissions target. The introduction of low-carbon or Carbon Neutral Cements (CNC) follows the global demand for Greener Cements, a path assumed by Tokyo Cement several years ago by successfully transitioning the market to Blended Hydraulic Cements (BHC) from traditional Ordinary Portland Cements (OPC). Moving forward, the CRC facilitated testing and adoption of locally-sourced, alternative raw materials with better cementitious properties. Performance-wise, this improves end-product quality and workability.
The culmination of this initiative was the introduction of Portland Composite Cements (PCC).

CRC's key contribution to the Value-Added Products business unit included the testing and development of several new products. Furthermore, the CRC has enhanced its scope on developing non-destructive testing methods used in concrete testing. A key highlight in the CRC's achievements during the year include the registration of a number of new patents, to add to the numerous patents already owned by the Tokyo Cement Group. These include ground-breaking construction solutions with enhanced tensile properties and compressive strength.

Fulfilling its function as a state-of-the-art cement and cement-based materials testing laboratory, the CRC also provides external consultation services and independent product testing facilities. Their skills development scope includes upskilling and development of Quality Control (QC) technicians at all RMC plants and the laboratory at the Tokyo Eastern Cement Factory, bringing them up to date on the latest quality assurance procedures. The CRC team also conducts training sessions for the Group's sales and engineering teams, focusing on the technical aspects of newly developed products.

HARNESSING MODERN TECHNOLOGIES

The IT division, serving as the primary enabler of management oversight and administrative efficiency, implemented numerous strategic enhancements during the financial year. These enhancements encompassed both internal process reforms and restructuring of customer value-creation processes.

A primary focus was placed on updating and enhancing the management of finance-related data and information flow, directly contributing to improved management insight and control. This initiative, successfully completed during the review period, streamlined essential day-to-day operations, strengthening the efficiency, accountability, and transparency of financial processes.

A standout accomplishment this year was the successful deployment of a tailor-made Business Intelligence (BI) tool with the capability to enrich the sales reporting system and elevate the company's overall business agility and competitiveness. The comprehensive Sales Dashboard delivers actionable insights into the marketing and sales team, empowering informed decision-making and strategic initiatives. The BI platform is designed to help the organisation respond to market opportunities with better planning and foresight, by leveraging the Group's sales and marketing acumen gained through years of experience.

Moreover, significant upgrades were implemented across various operations and technology infrastructure, to drive innovation, optimise processes, and achieve our strategic objectives. This included upgrades to the warehouse management, raw material procurement, and inventory management processes.

To optimise the shared services delivery process, key IT infrastructure upgrades were carried out, which also included the successful implementation of state-of-the-art collaboration technologies. These technological advancements aim to revolutionise how employees across the Group of Companies interact and execute their day-to-day tasks with greater productivity and control. The IT services and platform upgrades, in particular, were part of a strategic initiative to enhance the performance, security, and scalability of the organisation's IT infrastructure in alignment with its future trajectory.

EMPOWERING THE TOKYO CEMENT TEAM

Throughout the year Tokyo Cement Group extended its Human Resource Development initiatives with the focus placed on enhancing employee welfare, whilst inculcating a performance driven work ethic. In this exercise, a comprehensive array of programs facilitated individual growth and nurtured a conducive work environment to ensure the collective wellbeing of all staff members.

To optimise shared services delivery, significant IT infrastructure upgrades were implemented, including state-of-the-art collaboration technologies. These advancements encompassing the Group of Companies are set to enhance productivity and operational oversight aligned with its growth plans.

These initiatives encompassed bespoke programs designed to extend employee satisfaction beyond the workplace, wherein the participants were educated on the importance of embracing a healthy work-life balance. The targeted training programmes conducted were aimed at instilling a positive work attitude that amplifies individual productivity, in order to boost each person's drive to achieve individual and organisational goals.

Despite the challenging industry landscape that prevailed during the year, the Group remained steadfast in its commitment to statutory obligations through the timely disbursement of salaries, issuance of bonuses, and provision of annual increments. Moreover, the annual performance evaluations were conducted to recognise and encourage employees who demonstrated excellence in performing their respective roles.

Management Discussion and Analysis

Career milestones of staff members were celebrated at the Employee Long Service Awards 2023

Employee Engagement, Appreciation and Welfare

This year the group HR division organised several staff engagement activities that aimed to foster stronger bonds between various departments. Notable highlights of the year include the Tokyo Cement Annual Family Trip and the Employee Long Service Awards 2023. The HR calendar also included two global events honouring employees' contributions to organisational success, namely the Employee Appreciation Day 2024 and International Women's Day 2024, celebrated across the Group with elegant events tailored to bring all teams together.

Employee Appreciation Day and International Women's Day was celebrated across the group

With the aim of prioritising both physical and mental well-being, staff members were encouraged to participate in regular recreational sports activities, fitness and yoga sessions. Tokyo Supermix and Tokyo Cement Factory staff members were amongst the notably active participants at all the off-site team building activities, pushing up the enthusiasm levels of everyone engaged. Highlights for the year include an Inter-factory Badminton Tournament organised in grand scale, at the Tokyo Cement Indoor Badminton Court in Trincomalee.

The annual staff trips were memorable gatherings for the entire Tokyo Cement Family

As part of the annual performance appraisal process, top-performing employees were promoted to their next positions in recognition of the individual contributions.

Employee Upskilling and Development

The staff development activities carried out this year included training programs designed for various employee categories, delivered in partnership with respected corporate training and professional development institutes. A customised training series titled 'Continuous Development of True Potential' was conducted for a targeted group of executives across Head Office, Factory, and Tokyo Supermix divisions. The main objective of the programme was to facilitate participants in recognising and harnessing their full potential, guiding them to attain both professional and personal goals. The sessions covered a range of self-development areas, such as enhancing focus, productivity, leadership, decision-making, stress management, communication skills, teamwork, and interpersonal relationships.

Inter-factory Badminton Tournament held at the Tokyo Cement Indoor Badminton Court in Trincomalee

Tokyo Cement Trincomalee Factory executives participated in a 3-day outbound training programme

Further, the sales and marketing staff at the Tokyo Eastern Cement Company were given the opportunity to participate in personality development and corporate etiquette training sessions. The executives of the Tokyo Cement Group Trincomalee Factory participated in a three-day outbound training programme, designed to enrich their leadership skills and promote team cohesion through experiential learning. Moreover, a group of employees in the logistics division were given the opportunity to participate in a training programme conducted by The Ceylon National Chamber of Industries on 'Best Practices in Logistics and Supply Chain Management'.

NVQ Certification for Group Technical Staff

The Company continued its initiative to facilitate group-wide technical and operational staff members to acquire a NVQ qualification in their chosen proficiency categories. This year a selected group of technical and operational level employees, who already held the required experience, and qualifications were given the opportunity to obtain NVQ Level 3 and 4 Certifications in eight specialised professional fields, offered by NAITA. This task was completed successfully and altogether 46 employees achieved their NVQ Level 3 and 4 Certifications.

Sales executives of Tokyo Eastern Cement Company participated in a personality development and corporate etiquette training

Employees received their NVQ Level 3 and Level 4 Certificates from the Managing Director

Employee Profile

Total number of employees of the Group stood at 1,201 as of 31st March 2024.

Company	2023/24		2022/23	
	Non-Executives	Executives	Non-Executives	Executives
Tokyo Cement Company (Lanka) PLC	354	120	339	114
Tokyo Cement Power (Lanka) (Pvt) Limited	68	8	67	8
Tokyo Eastern Cement Company (Pvt) Limited	183	21	174	17
Tokyo Supermix (Pvt) Limited	336	81	336	81
Tokyo Super Aggregate (Pvt) Limited	23	7	27	4
Total	964	237	943	224

CSR Overview

Tokyo Cement Group's socio-environmental initiatives, seamlessly integrated with its core business practices, aim for lasting impact on people, the environment, and the Nation. This year, Tokyo Cement and diverse project partners showcased unwavering determination and perseverance whilst achieving significant outcomes through these projects that deliver enduring benefits.

INTRODUCTION

Tokyo Cement Group's socio-environmental initiatives are planned and executed to generate a profound and enduring impact for the well-being of the people, the environment, and the Nation. These projects exemplify the extensive scope of Tokyo Cement's sustainability efforts, seamlessly woven into the fabric of its core business practices.

Throughout the current year, Tokyo Cement together with diverse project partners, demonstrated an unwavering determination to enhance the intrinsic value of these programmes. The outcomes discussed here are testament to how much can be achieved by staying focused on the journey's end, despite the challenges along the way. These outcomes underscore the value of perseverance and focus, amplifying and ensuring the initiatives' enduring benefits.

ON THE ENVIRONMENT

Over the past few decades, Tokyo Cement Group has channelled its resources to select conservation endeavours, recognising the necessity of steadfast commitment to bring about meaningful change. The Group's conservation initiatives are grounded in sustainable living, backed by scientific expertise, producing concrete results that exemplify the Group's mission to 'protect that which protects us'. This segment shines the light on the impressive achievements of the Group's environmental stewardship programmes, designed to foster a greener world for future generations.

Standing proof of the remarkable perseverance of its conservation efforts, Tokyo Cement Group won the Gold Medal for exceptional environmentally conscious business practices in the Chemical Industries Category at the Presidential Environmental Awards organised by the Central Environmental Authority in April 2023.

In addition, Tokyo Cement Group won two pinnacle awards at the Annual Green Awards 2023 event organised by the Ceylon Institute of Builders together with the University of Moratuwa. The Tokyo Cement Group won the apex Platinum Award for Sustainable Leadership in the Construction Industry recognising its Renewable Energy Generation Programme, and the Gold Award in the same category was won by Tokyo Supermix (Pvt) Limited. These awards are the most recent seals of approval received by the Group's industry-defining and commendable commitment to sustainability.

Mangroves Reforestation

The Sri Lankan Navy (Navy) together with Tokyo Cement Group organised a series of mangrove planting events during the year, where over 4,600 saplings were planted along the coast of Trincomalee. This brings the total mangrove trees planted close to 91,000 since the inception of the Mangrove Reforestation Project.

The flourishing mangrove habitat replanted by the Navy at the Ponnalei causeway at the entrance to Karainagar Island (photo courtesy: SL Navy Northern Command)

One of the key events was held in June, under the auspices of the Commander of Eastern Naval Area and Commandant of the Naval Volunteer Force, at the Verugal Lagoon in Trincomalee, with the participation of local government officials and school children. In addition to the Navy, over 1,600 plants were donated to several non-governmental organisations who were conducting independent mangrove conservation programmes in Jaffna and Trincomalee. This includes a tree planting programme conducted as part of the 10th National Scout Jamboree held in Trincomalee in February 2024.

Several mangrove plantation programmes were conducted by The Navy in the Northern peninsula

At the onset, the mission of Tokyo Cement Group's Mangrove Conservation project was to replenish the dwindling mangrove ecosystem around China Bay in Trincomalee. This project started in 2012 by setting up a nursery at the Tokyo Cement Factory premises. Each year, the nursery produces approximately 7,500 plants belonging to eight native mangrove species.

The mangrove nursery at Tokyo Eastern Cement Factory produces nearly 7,500 plants belonging to eight native species.

The reforestation programme began on a 20-Acre stretch of wetland around the cement factory, which was expanded across the Cod Bay with over 20,900 mangrove trees planted following the natural composition of the wetland habitat. Tokyo Cement was able to successfully extend the reach and impact of the initiative well beyond the Northern and Eastern coastlines by collaborating with the Navy, local fishing communities, and likeminded conservation organisations.

Forest Plant Nurseries

During the year, a total of over 25,000 saplings of native tree varieties propagated at the two plant nurseries at the Trincomalee Factory and the Mahiyangana Power Plant were distributed for tree planting campaigns carried out in Kandy, Badulla, Polonnaruwa, Anuradhapura, and Kilinochchi Districts.

This includes the trees donated for the reforestation campaigns along the Mahaweli Riverbanks and in its catchment areas, in continuation of the 'Ivuru Rakina Pavuru' project. Tokyo Cement also supplied a significant number of native tree plants to support the reforestation efforts conducted as part of the Uma Oya Multipurpose Development Project. Other tree planting programmes were conducted by various state institutions and independent community groups in support of the national reforestation drive. For example, the Group partnered with the provincial and local government authorities in Minipe, to organise a series of tree planting events with the participation of over 500 representatives from state institutions and schools in the area. Under the auspices of the Governor of the Central Province, over 5,000 trees were planted along the catchment areas of Mahaweli River in the Kandy and Nuwara Eliya Districts.

Tree planting events organised by the Minipe Pradeshiya Sabha with the patronage of the Governor of Central Province, Hon. Lalith U. Gamage

Several other noteworthy planting campaigns were conducted in line with the inauguration of the Uma Oya Multipurpose Development Project, with the participation of staff members of the Welimada and Uva Paranagama Divisional Secretariats, Kappetipola Range Office of the Department of Forest Conservation, local police divisions, and schools in the Badulla District.

Schoolchildren and villagers joined tree planting events held in Welimada and Uva Paranagama areas

Conservation of the Horton Plains National Park

Sri Lanka's Horton Plains National Park (HPNP) with sweeping grasslands and montane evergreen cloud forests is an outstanding natural wonder. The remarkable biodiversity of this UNESCO World Heritage Site is reaffirmed by the astounding number of flora and fauna found, that are not seen anywhere else on the planet. Whilst many visitors take the motorable routes from Pattipola or Ohiya to reach the HPNP, the 5km Dayagama East Walking Trail is more popular among nature lovers. This trekking path, which is the 10th Stage of the world-famous Pekoe Trail, is an undisputed favourite among birding enthusiasts, guaranteeing rare encounters with migratory and resident bird species, many of them endemic to Horton Plains. However, being less popular, the Dayagama East entrance was largely unmonitored, thus making it a vulnerable route of the HPNP.

CSR Overview

A new visitor entrance complex was opened at the Dayagama Walking Trail of the HPNP

The Department of Wildlife Conservation (DWC) invited Tokyo Cement Group, known for its commitment to environmental conservation to establish a DWC Range Office at the entrance of the Dayagama East Walking Trail. The DWC intended to reserve this scenic route exclusively for visitors who enjoy trekking in the picturesque wilderness. More importantly, by prohibiting the entry of motor vehicles and unauthorised trespassers, the new visitor entrance contributes to safeguard the park's unique flora and fauna for future generations.

The new administrative complex is complete with all visitor amenities

The Dayagama Walking Trail is dedicated exclusively for trekkers

Tokyo Cement Group bestowed a new administrative complex complete with all visitor amenities at the entrance of the Dayagama Walking Trail of the Horton Plains National Park. The newly built office complex was handed over to the Minister of Wildlife and Forest Resources Conservation and the Director General of the DWC.

The educational signage boards at key points of the walking trail enrich the immersive experience at the Horton Plains National Park

Furthermore, Tokyo Cement Group established international-standard educational signage boards at key points of the walking trail and main road. These informative boards designed by the *Parrotfish Collective*, create awareness on the park's rich biodiversity and educate visitors about the importance of its conservation. The Group intends for this far-reaching nature conservation project to enrich the immersive experience at the Horton Plains National Park.

Coral Reef Restoration

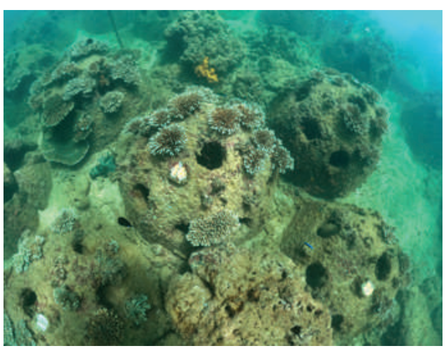
Over the years, Tokyo Cement Group's Coral Reef Restoration project has established and earned a reputation amongst conservationists as one of the most effective, science-based marine conservation efforts. The project uses upcycled waste from Ready-Mix Concrete to make Reef Balls that act as artificial coral reef substrate, ensuring durability and promoting faster acclimatization. Tokyo Cement works with a consortium of partners who carry out the coral replantation activities at carefully chosen restoration sites. Each site is managed under the purview of a project partner with expert knowledge about the underwater conditions and reef ecology of the respective area and is operated under permission and supervision of the DWC.

This year, project partner Ocean Resources Conservation Association (ORCA) took the lead on the reef restoration programme. Apart from the reef management activities, key highlights of ORCA's contribution to the project include two awareness campaigns on reef restoration, for members of the Young Zoologists' Association of Sri Lanka, and undergraduate students of the Department of Zoology of the Faculty of Applied Sciences, University of Sri Jayewardenepura, conducted at the Hikkaduwa Marine National Park (MNP).

ORCA conducted awareness sessions for various conservation groups at the Hikkaduwa MNP

Rumassala Reef Site

The Rumassala reef site showed excellent signs of adaptation and regrowth, where some of the reef balls approached 70-80% live coral cover within a span of 3 years, since they were deployed. The corals have matured and taken characteristic growth forms, positively contributing to the structure and the expansion of the reef habitat. Many coral colonies of the same species that were strategically placed closer to each other had grown and assimilated themselves into larger single colonies.



The Rumassala reef site showed excellent signs of naturalisation with the presence of obligate coral-dwelling species

The Acropora species have started to take a proper 'table coral' form, and it was really heartening to observe a number of juvenile obligate coral-dwelling species of Rainbow butterfly fishes *(Chaetodon trifasciatus)*, which have not been seen in the reef for over a decade. This is a very positive sign that the site is contributing to the recovery of the reef ecosystem. The Rumassala site is anticipated to achieve full naturalisation within the next 5 years, as the reef balls blend seamlessly into a healthy, natural coral reef.

Hikkaduwa Reef Lagoon Site

A survey carried out in 2022 by the DWC field wardens trained by Tokyo Cement identified two probable areas for restoration work at the Hikkaduwa MNP. The work began in 2023 and was successfully carried out over a $100m^2$ area within the park. This year, in addition to deploying more reef balls, special emphasis was placed on site maintenance. This involved resetting the reef balls on custom-made concrete slabs to prevent them from sinking in the soft sand. The teams also engaged in cleaning the reef balls of pollutants, silt deposits and algae that were negatively impacting the survival of the coral habitat.

Site maintenance was an important part of this year's conservation activities

One of the primary issues impacting the site was excessive tourist activity, which stressed replanted corals and damaged the reef balls. Glass bottom boat operators now exclusively take tourists to the site, with reef balls becoming a highlight in their guest itinerary. Increased boat engine effluent levels hinder coral regrowth, while boats disturb sand/silt movement, causing reef balls to sink deeper into the sand. Tourists contribute to further damage by kicking corals with fins and standing on reef balls in shallow areas.

The reef restoration site at the Hikkaduwa MNP is a popular tourist attraction

The team replaced approximately 100 units of coral nubbins within the Hikkaduwa reef lagoon area by rescuing corals broken by human activities such as boat movement, and natural tidal activity.

CSR Overview

Coral nubbins rescued from the Hikkaduwa reef lagoon area are kept in underwater nurseries till replanted.

Second restoration site established at Walduwa islet, Hikkaduwa

The second restoration site identified near the Walduwa rocky islet in Hikkaduwa, was established as part of this year's activities. This location, close to natural rocky outcrops, is situated over a sandy area at a depth of approximately 4m, minimising the effect of waves and invasive species. Twenty reef balls were deployed at the new location, accommodating around 100 replanted coral nubbins.

A new reef restoration site was established at Walduwa

Translocation of Corals from Silavathura Reef

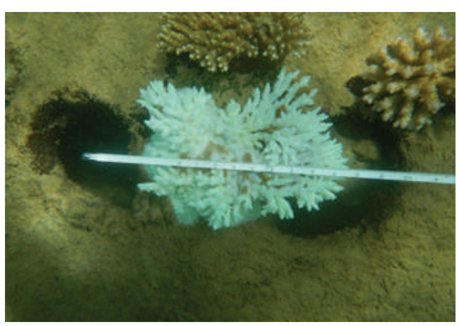
A long-planned translocation of key coral species from Silavathura reef was successfully conducted this year. The ORCA team had assessed suitable coral material for translocation without harming the donor site. Under the supervision of the warden and staff of the DWC Hikkaduwa MNP, approximately 90-100 units of coral nubbins were successful translocated from Silavathura.

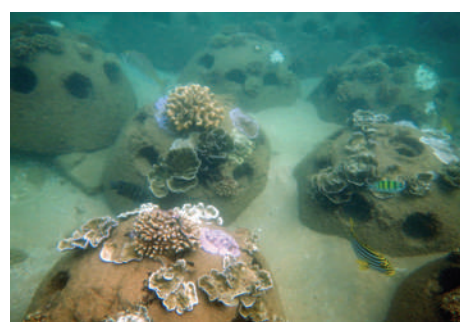
Coral nubbins were translocated from Silavathura onto new nurseries established at Hikkaduwa

The coral nubbins were resettled onto new nurseries established at the Hikkaduwa site and monitored regularly to enable their successful acclimatisation. Despite some stress, around 70% of the coral nubbins survived the translocation process. The next steps include relocating them to reef balls at the less populated Walduwa site and installing them at varied depths to optimise environmental conditions for growth.

Team on high alert for Coral Bleaching due to Global Warming

Due to global El-Nino conditions, Indian Ocean-wide coral bleaching alerts were issued in late April, coinciding with a heat wave across the country. Surveys at Hikkaduwa and Rumassala revealed moderate bleaching, with 30%-40% of corals showing signs ranging from colour paling to full bleaching. Acropora and Montipora colonies often turned deep purple, while some corals were completely white, with bleaching severity varying by species. Large Porites domes were significantly affected, with all Porites coral bleached white.





Team monitors coral bleaching in Hikkaduwa and Rumassala

Marine Biodiversity Conservation

Assessing the critical habitats of endangered sharks and rays around Jaffna

Since 2020 the Blue Resources Trust (BRT) is engaged in a research project with funding from a consortium of international organisations and the Tokyo Cement Group. This study assesses the critical habitats of endangered and threatened sharks and rays, known collectively as elasmobranchs, around the Northern coast of Sri Lanka. This research is to identify central habitats of critically endangered elasmobranchs, such as Sharpnose Guitarfish *(Glaucostegus granulatus)*, in the near shore regions of Mathagal, Kosmanthurai, and Point Pedro in Jaffna to Valaichchenai Harbour in the East Coast. The study findings will enrich the body of knowledge available for future conservationists and offer recommendations for regulators to formulate sustainable fishing policies.

Tissue samples from specimens landed are collected to gather vital data for the conservation of Sri Lankan elasmobranchs

Long-term data collected by the BRT has revealed potential nursery grounds around Jaffna's coastal waters, where a significant percentage of juvenile shark and ray species were found, making it a region of high interest for additional research. Notably, one site in Jaffna stands out as the exclusive location in Sri Lanka where the critically endangered Guitarfish, found only along the southwest coast of India, was identified. Given the severe population declines faced by these elasmobranchs across a range of species of sharks and rays, identifying nursery grounds to determine Marine Protected Areas, and improve fisheries management is critical for the survival of the species.

This long-term study of sharks and rays aims to make policy recommendations to formulate sustainable fishing practices

BRT conducted a 2-day shark identification workshop for the Department of Fisheries and Sri Lanka Coast Guards

As part of this exercise, BRT conducted a 2-day shark identification workshop for the Department of Fisheries and Sri Lanka Coast Guards, in October 2023, at the Hector Kobbekaduwa Agrarian Research and Training Institute, Colombo. The sessions included identifying nationally protected shark species, a hands-on study with live sharks and rays, and an exhibit on the species being traded. Key findings and challenges faced during the conservation efforts were discussed with the fisheries officials representing the Northern Province. A briefing report containing the collected data, in addition to recommendations to improve the management and conservation of these species was presented to the Department of Fisheries and Aquatic Resources Development, and the Department of Wildlife Conservation.

The fisheries community supports the study by helping to identify potential nursery grounds of endangered elasmobranchs

Additionally, the research team conducted several outreach programmes for the fisherfolk in these areas to enlighten them on the important role of sharks and rays in preserving marine biodiversity, and to get their support in shark tagging activities for the continuation of the study.

Coastal Clean-up by the Tokyo Cement Factory Staff

Staff of Tokyo Cement Factory took part in a coastal clean-up campaign organised by the Marine Environment Protection Authority (MEPA) in September. The programme was part of the National Coastal and Marine Resources Conservation Week conducted with the participation of staff members of government offices in Trincomalee including the District and Divisional Secretariat, The Urban Council, Sri Lanka Ports Authority, Department of Fisheries, members of the tri-forces, and school children.

CSR Overview

Tokyo Cement factory staff engaged in the beach clean-up programme in the Cod Bay area

Renewable Energy Generation

Tokyo Cement Group pioneered biomass energy generation in Sri Lanka and is the largest producer in the sector with a total installed capacity of 23MW. This investment has made the Group's cement manufacturing process in Trincomalee 100% energy independent, thus contributing to reduce the carbon impact of its products. The Group also exports up to 8.5MW of biomass and dendro power, and 600kW of roof-top solar power to the grid, thereby increasing the national renewable energy contribution. In doing so, the Group retains a major portion of the energy bill within the local economy instead of spending it on imported fossil fuels, allowing for greater national energy security.

Tokyo Cement's renewable energy programme is an additional source of income for rural farmers

Raw material for power generation, ie: Gliricidia and paddy husk, is sourced from farmers and suppliers through community trade. Tokyo Cement's sustainable fuel wood programme enables critical cash flow to the rural economy by engaging nearly 2,500 farming families and creating hundreds of direct and indirect employment opportunities. Partnering with farmers spread across Mahiyangana, Badulla, Monaragala, Trincomalee, Kilinochchi and Jaffna districts, Tokyo Cement has so far planted nearly 8 Mn Gliricidia trees contributing to the Group's collective sustainability efforts.

The renewable energy programme has planted nearly 8 million Gliricidia trees as part of the Group's collective sustainability efforts

ON OUR COMMUNITIES

The primary objective of Tokyo Cement Group's community outreach efforts is to develop our nation through investing in people. To achieve this objective, the Group takes a two-pronged approach wherein a set of initiatives are directed at empowering industry stakeholders, whilst the other focuses on uplifting communities who lack access to essential resources.

The Group nurtures strong affiliations with industry stakeholders, through which it disseminates valuable content on innovative technologies and best practices. These partnerships enable Tokyo Cement to uphold a higher standard of knowledge and experience sharing, thus contributing to elevate the entire industry.

Likewise, the Group's social empowerment programmes facilitate the necessary environment and the tools that allow individuals and communities to reach their full potential. These programmes are designed to generate far-reaching value for people, both in the present and for generations to come.

'Fountain of Life' Drinking Water Project

Tokyo Cement Group's 'Fountain of Life' initiative has installed eight high-capacity water purification plants in seven remote villages where there is limited access to clean drinking water, and a disproportional affliction of chronic kidney disease.

The Group coordinates with village development societies at each location and garners voluntary support from farmer community groups to ensure the sustainable upkeep of the water facility.

As of today, these projects supply a cumulative capacity of 38,000 litres of purified drinking water per day to over 4,400 people in Pallankulama, Dachchidamana, Nawakkulama and Siyambalagaswewa in Anuradhapura, and Veravil, Valaippaadu and Veerapandiyamunai in Kilinochchi. In addition, Tokyo Cement Group bestowed a Fountain of Life Water Purification Plant at St. Anthony's Church at the Kachchatheevu Island, on invitation from the Sri Lanka Navy. The water purification plant serves hundreds of thousands of devotees from both Sri Lanka and India who visit the islet annually for the church festival.

Tokyo Cement Fountain of Life purified water project supplies clean drinking water to more than 4,400 people in Anuradhapura and Kilinochchi districts.

In coordination with the respective village development societies, Tokyo Cement Group supports the regular maintenance and operational upkeep of all installed water purification plants, to ensure their sustained value creation for the communities they serve.

Skills Development Seminars for Masons

The construction sector skills development programme engaged more than 3,200 construction industry professionals at 65 sessions held across the country this year. These seminars catered to masons, development officers, technical officers, and engineers with the objective of enhancing their skills, workmanship standards, and technical knowledge.

Participants at the Masons' skill building seminars held in Nugegoda and Ruwanwella areas

The seminars this year focused particularly on providing support for masons to overcome the tough economic situation, that had led to work stoppage and job loss. Tokyo Cement established supporting peer networks among the participants, to enable the exchange of possible job opportunity leads, exchange professional tips, and clarification of technical queries from the Tokyo Cement training team.

Masons' skill building seminars held in Jaffna and Kegalle

Highlights for the year also included a high-profile conference in association with Construction Industry Development Authority (CIDA) for Senior Engineers in government and private sector, and for state sector contractors. Additionally in September 2023, a training programme was held at the Nawayalathenna Local Government Training Centre, for a group of 97 Technical Officers, Work Superintendents, and Engineers from local government authorities in the Central Province. In addition, seminars were conducted for state sector Technical Officers and Engineers in Kandy, Hambantota, Kurunegala, and Katugastota.

CSR Overview

The programmes are conducted by a team consisting of professional technical and engineering trainers, and the events are organised by the regional sales teams with help from the dealer network, with the aim of uplifting the technical know-how of industry stakeholders.

The FOG Cricket Coaching Academy

Tokyo Cement Group continued the activities aimed at rural cricket development together with the project partner, the Foundation of Goodness (FoG). The long-term objective of the initiative is to make a positive impact on school cricketers from remote backgrounds by giving them access to quality training to hone their cricketing talent.

Monthly Cricket Coaching sessions are held in Seenigama and Hikkaduwa with the participation of school cricketers in the region

The FoG completed all 12 Southern Coaching Camps planned for the year in Seenigama and Hikkaduwa, with the participation of 46 school cricketers from the Under 13 and Under 15 age groups and 6 regional school coaches.

Similarly, 12 monthly coaching camps aimed at uncovering hidden cricketing talent from the Northern regions were conducted in Jaffna, Kilinochchi, Mullaitivu, Vavuniya, and in Trincomalee in the East. The coaching camps held in the North were received with much enthusiasm, attracting many schoolgirl and schoolboy cricketers from all age groups from the respective regions.

Young cricketers are groomed to reach their fullest potential at the Tokyo Cement Cricket Coaching Camps

All cricket coaching sessions are conducted by professional coaching staff of the FoG, under the leadership of renowned cricket coaches Mr. Hemantha Devapriya and Mr. Susantha Karunarathna, at world-class practice facilities in Seenigama and Hikkaduwa. With the full patronage of the Tokyo Cement Group, the FoG maintains and operates the Hikkaduwa Sri Sumangala MCC Lords and Seenigama Sri Wimala Buddhi Surrey Oval cricket training facilities. Regular cricket coaching sessions are conducted free of cost at the two training centres with indoor and outdoor practice nets. Promising young school cricketers are groomed by renowned coaches, as well as local and international former cricket legends who contribute their expertise from time to time.

The programme is held in the Northern regions in search of future cricketing sensations.

The success of the Southern cricket camps encouraged Tokyo Cement to extend the programme to the North in 2017, in search of future cricketing sensations. It has so far enrolled young cricketers from areas such as Jaffna, Killinochchi, Oddusudan, Mankulam, Mullaitivu, Vavuniya and Mannar. The project aims to take 50 Northern youth under its wings, to train them to become shining cricket stars who can bring glory to Sri Lanka.

The Cricket Coaching Camps enable talented girls and boys from remote backgrounds to achieve a successful sporting career

Platinum Sponsor of 28th Forestry and Environment Symposium

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

Tokyo Cement Group was the Platinum Sponsor of the 28th International Forestry and Environment Symposium 2024 organised by the Department of Forestry and Environmental Science of the University of Sri Jayewardenepura.

28th International Forestry and Environment Symposium of the Department of Forestry and Environmental Science, University of Sri Jayewardenepura

Tokyo Cement's engagement in this event is with the view of encouraging undergraduate research momentum in the forestry and environmental conservation sciences, whilst facilitating a platform for academia and the corporate sector to exchange knowledge. The event provided an opportunity to showcase and create awareness on the long-term environmental initiatives spearheaded by the Tokyo Cement Group.

The A.Y.S. Gnanam Village Heartbeat Empowerment (VHE) Centre - Dambulla

In the course of last three years Tokyo Cement Group has established two VHE Centres in Dambulla and Trincomalee, opening up fresh avenues of hope for rural kids, youth and women to realise their aspirations. The VHE Centre represents a comprehensive approach to rural development, conceived by the Foundation of Goodness. These centres were developed in honour of Deshamanya A.Y.S. Gnanam, who passionately believed in empowering individuals to achieve financial independence through the development of their inherent skills and competencies. The concept anchors on education and skills development to empower communities that lack access to essential resources, with the aim of elevating their livelihoods.

The A.Y.S. Gnanam Village Heartbeat Centre offers free educational support for primary schoolchildren and vocational courses for youth

Since its inception in April 2021, the Dambulla VHE Centre has become a catalyst of transformation for hundreds of beneficiaries from low-income backgrounds, in the Dambulla-Kandalama locales. Currently 986 beneficiaries are enrolled at the centre, comprising of school children, youth and adults representing 13 schools and 23 villages in the area. By offering opportunities for education, training, skills upgradation, and individual growth, the VHE Centre equips these children and youth with the tools to thrive and prosper.

CSR Overview

This year 54 beneficiaries graduated with vocational skills certifications from the A.Y.S. Gnanam VHE Centre in Dambulla

At this year's graduation ceremony held last February, 54 beneficiaries who had successfully completed certificate courses in cookery, dressmaking, hospitality, and beauty culture, passed out from the Centre. Tokyo Cement has taken the initiative to gradually upgrade the vocational training courses offered at the VHE Centre to comply with the National Vocational Qualification (NVQ) standardisation. Marking the first step in this, the ICT course offered for school-leavers at the Dambulla VHE Centre has been upgraded to an NVQ Level 4 Course, under the guidance of National Apprentice and Industrial Training Authority (NAITA).

The holistic programmes are crafted to cultivate well-rounded individuals, equipped not only with knowledge but also with essential life skills and social values, which is the primary value proposition of the VHE Centres.

The A.Y.S. Gnanam VHE Centre - Trincomalee

The 2nd A.Y.S. Gnanam VHE Centre in Trincomalee serves all local communities with programmes in both Tamil and Sinhala, welcoming schoolchildren, women, and youth from nearby villages, all free of charge.

The classes offered include primary education in core subjects such as IT, English, Sinhala language, STEM programmes, planetary health education, and sports training. Additionally, there are programmes promoting good values among children. The youth and women have free access to vocational training courses that include ICT, dressmaking, and goodness initiatives.

The students celebrate various social and cultural events that inculcate values of equality and respect among them

Since its inception in 2023, the VHE Centre in Trincomalee has reached a total of 1,665 beneficiaries. Currently 685 beneficiaries are enrolled at the centre, comprising of school children, youth and adults representing 18 schools and 30 remote villages.

The graduation ceremony of the 1st Batch of beneficiaries of the Trincomalee VHE Centre was held in March

In addition to the VHE Centre, a contemporary, outdoor Futsal Field is available within the compound, allowing the youth from Trincomalee, access to a much-needed and ever-popular recreational activity. In addition to futsal facilities, the sports center offers professional coaching of volleyball and netball for young girls and boys.

'Nourishing the Future' School Nutrition Enhancement Initiative

In the aftermath of the economic crisis, sky rocketing inflation and income limitations pushed many Sri Lankans into food insecurity, leading to widespread child malnutrition. Whilst several local and international agencies flagged the detrimental affects of malnutrition on children's growth, there was also a notable increase in school dropouts as a result.

Tokyo Cement launched the 'Nourishing the Future' school nutrition enhancement initiative aimed at tackling childhood malnutrition and improving access to education. This programme collaborates with the entire school stakeholder community, from parents and educators to government representatives in Health and Education. The programme identifies the most affected communities and provides their children with a glass of milk at the start of the day and a wholesome midday meal, throughout the school year.

Tokyo Cement's Nourishing the Future School Nutrition Enhancement Initiative touches the lives of over 1,100 children in Monaragala, Mullaitivu, Kilinochchi and Trincomalee districts

The project kicked off with five primary schools in Siyambalanduwa in the Monaragala District, identified as one of the worst affected localities. Therein we touch the lives of 253 primary grade students of Wattegama Sirimal Primary School in Kotiyagala, Bambaragasroda Primary School in Siyambalanduwa, Barawaya Primary School, Danakiriya Primary School in Kandaudapanguwa and Meeyagala Primary School in Dambagalla, Monaragala.

In its second phase, 847 students from five more schools in Mullaitivu, Kilinochchi and Trincomalee Districts in the North and East were enrolled into Nourishing the Future Program. This comprised of schoolchildren from Thirumurikandy Hindu Vidyalayam and Iyankankulam Maha Vidyalayam in Mullaitivu, Thiriyaya Maha Vidyalaya in Trincomalee, and Veravil Hindu Maha Vidyalayam and Kiranchi Government Tamil Mixed School in Kilinochchi.

As of this report, over 1,100 schoolchildren studying at these ten selected schools in four districts receive a glass of milk at the start of each day and a nutritious midday meal on all school days, year-round.

The children are given a glass of milk at the start of every school day and a balanced midday meal

Daily meal plans, set by the local Ministry of Health (MOH) Office, incorporate essential food groups—greens, proteins, pulses, fresh dairy, and locally sourced fruits—to address the children's nutritional growth requirements. The Group also supplied cooking equipment and utensils to standardise each school kitchen to operate under optimal hygienic conditions.

Meals are prepared by voluntary teams of parents with care and attention to strict hygiene standards

In collaboration with Zonal Educational Directors, the project is supervised by school principals, teachers, and parent groups. Almost all food supplies are sourced locally to ensure project sustainability. Further, the Group garners the voluntary support of parents for meal preparation, fostering a self-sustaining community initiative with a far-reaching human impact.

CSR Overview

The Public Health Inspector (PHI) from the MOH area supervises the programme through regular visits to uphold nutritional and health standards during meal preparation. Tokyo Cement has also implemented a comprehensive monitoring mechanism to ensure the students consistently receive a wholesome lunch and closely track the children's growth milestones.

Children's progress is monitored throughout the year by the local PHIs in collaboration with the school authorities

It is humbling and encouraging to note a 100% increase in daily attendance and a surge in new enrolments across all the schools, whilst students have achieved outstanding results at both the Grade 5 Scholarship Exam and the Grade 11 GCE O/L Exam, since implementing the Nourishing the Future programme.

Tokyo Cement's Nourishing the Future initiative provides school meals to encourage completion of primary education

During the April 2023 Sinhala and Hindu Avurudu season, Tokyo Cement, in collaboration with the Group's Social and Sustainability Ambassador, Miss Sade Greenwood, extended the impact of the Nourishing the Future programme through a Book Donation campaign. Generous contributions enabled the distribution of books to nourish the young minds of schoolchildren in Monaragala and Mullaitivu, complementing the efforts of Tokyo Cement.

THE ATTRIBUTES OF RESILIENCE

We're built for the long haul – equipped with the right structures, strategies, and mechanisms to overcome the harshest conditions. Our unique characteristics enable us to maximise our resources and capitalise on opportunities, while empowering durability and long-term success.

The arctic tern exhibits a multitude of in-built capabilities that support incredible endurance and a powerful stamina, despite the bird's relatively small size. Their streamlined form, flexible, light-weight structure, and a powerful heart and lungs drive resource optimisation, improve energy consumption and enable them to travel over a long, seemingly impossible expanse of ocean, with hardly any land in sight.

GOVERNANCE AND RISK MANAGEMENT

Corporate Governance

Tokyo Cement Company (Lanka) PLC adheres to a higher standard in corporate governance, founded on long-term sustainability, integrity and transparency. This has helped Tokyo Cement inspire confidence amongst all its stakeholder groups and establish a strong and enduring brand equity that consistently creates value for the country.

The Company's strategy orientation is greatly influenced by corporate governance, which also acts as a vital set of checks and balances for efficient leadership, peak organisational performance, and fiduciary duty fulfilment.

The company is committed to maintaining a higher standard of corporate governance to ensure long term sustainability, integrity and transparency in operations. The company approach to corporate governance provides a framework to promote accountability, enhance decision making processes and foster a culture of ethical conduct. Tokyo Cement Company (Lanka) PLC is a prime example of a company that adheres to corporate governance principles, which inspires confidence in all parties involved. In addition to winning the respect and confidence of colleagues, partners, investors, staff, and clients, Tokyo Cement's commitment to governance positions it as the leader of the sector and sets the standard for others to follow.

Tokyo Cement's corporate governance policy, which prioritises people, planet, and profits and is based on the triple bottom-line concept, is the cornerstone of the company's success. With this strategy, the Company has been able to fulfill its socially responsible corporate citizen duties and prosper, securing a steady market share. These moral business conduct has not only helped Tokyo Cement build a strong and enduring brand equity, but it has also established the company as a model Sri Lankan corporation that consistently creates value for the country.

THE BOARD OF DIRECTORS

Tokyo Cement's Board of Directors, the top decision - making body inside the company, oversees the governance structure. In terms of overseeing the Company's operations, maintaining responsible risk management procedures, and defending shareholder rights, the Board bears ultimate accountability.

The Tokyo Cement Board has always adhered to the best practices in governance policies, methods, and procedures. The Board, being a sustainable business dedicated to generating long-term value for the nation, its citizens, and its stakeholders, bases its policy-making decisions on the highest ethical principles.

The Board sets corporate objectives and develops an overarching business plan in collaboration with corporate management. A methodical budgetary control process that has been authorised by the Board of Directors is used to convey them lower in the management chain. This business plan serves as a roadmap, guiding the group and company's efforts and initiatives across all operational levels.

By reviewing the corporate and operational performances of the Group considering the macroenvironment, which includes political, economic, social, and technological advancements, the Board of Directors maintains ongoing control of operations. The Board directs corporate management in the operation of the business through the review process.

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 to the Annual Report of the Directors for new appointments/ changes to the Board's composition during the year under review.

Composition of the Board

As at end March 2024, the Tokyo Cement Company (Lanka) PLC Board of Directors consisted of Ten (10) members. There are three (03) Executive Directors and one of them is the Managing Director. Seven (07) Directors are Non-Executive Directors, of which, four (04) Directors are Independent Non-Executive Directors, including the Chairman. Three (03) Directors are Non-Executive Directors, and one Non-Executive Director is a Nominee Director of UBE Singapore Holdings Private Limited, Tokyo Cement's technology partner. The above Board's composition complies with the Listing Rule of Colombo Stock Exchange and Code of Best Practice on Corporate Governance issued by CA Sri Lanka.

All Independent Non-Executive Directors are highly esteemed professionals who have been chosen from fields including banking, economics, law, technical and accountancy with many years of commercial and administrative experience to guarantee a proper balance of skills and expertise on the Board. They possess the credentials and expertise needed to direct the Group's strategy development, risk management, and expansion process.

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 strategies to the Board.

BOARD SUBCOMMITTEES

In conformity with Listing Rules of the Colombo Stock Exchange, Tokyo Cement has established four Board Subcommittees: Audit Committee, Remuneration Committee, Nominations and Governance Committee and 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 input to the Board. Please refer to the respective 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 in charge of designing, reviewing, and upholding an efficient internal control system to guarantee efficient and well-organised operations, accurate financial reporting, adherence to relevant legal requirements, and the security of resources and assets. The Board must ensure the quality and completeness of accounting data and provide timely, dependable financial and management information to prevent and identify mistakes, fraud, and theft as part of appropriate internal controls. In general, compliance with company policies and strategies must be guaranteed via the internal controls procedure.

The Tokyo Cement internal control system cascades down through the Board subcommittees 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.

The effectiveness of the internal controls put in place by management is tracked and evaluated by the internal audit department. Internal Audit has the authority to examine the systems and controls in compliance with an audit plan that has been approved by the board whilst maintaining its independence and is continuously reviewed and enhanced. All operational units and their corresponding processes and procedures are covered by these audits.

Reports from the Internal Audit team are submitted to the Audit Committee for review, which then recommends suitable action in consultation with the senior management. In addition, members of the Audit Committee examine the financial statements that are presented to the Board and ensures that the data represented on the books and records complies with the accounting standards promulgated by the Institute of Chartered Accountants of Sri Lanka.

IT Governance

To ensure the greatest possible use of IT facilities, Tokyo Cement employs a team of committed and skilled staff in addition to a structured system of protocols and reporting procedures that mirror best practices in technical governance. Comprehensive evaluations of fitness, viability, and cost-benefit analysis precede the authorisation of all IT investments. IT governance is the ultimate responsibility of the Board. This function is mainly accomplished via Board Audit Committee which examines the current state of the IT system on a regular basis and gives guidance on preserving and improving IT asset.

Regular IT risk assessments were carried out throughout the year to prevent potential dangers such cybercrime, cyberfraud, and interruptions to operations. To safeguard IT systems from outside dangers, software licenses, firewalls, and antivirus programs were refreshed periodically. Mail server and internet usage were also closely observed. Any issues with IT governance were brought up at the Audit Committee meetings, where appropriate action was suggested after taking possible consequences, risks, and other prudential standards into account.

In keeping with the company's expansion ambitions, constant enhancements to the IT systems were prioritised throughout the year. Tokyo Cement has made significant investments in cutting-edge IT systems, some of which are centrally maintained and monitored. The company has also installed IT infrastructure at its factories. Numerous systems and programs that are utilised in the administration and execution of all business operations are part of the company's expanding inventory of IT assets.

Environment, Society and Governance (ESG)

Tokyo Cement has persisted in carrying out its business operations in a socially and environmentally responsible manner to minimise any adverse effects on the environment and to guarantee responsibility and moral behaviour in all dealings with outside stakeholders. The company carried out its continuing social welfare and environmental programs, which are outlined in the CSR Overview, during the reviewed year. Investors and other stakeholders will be able to evaluate how Tokyo Cement recognises, manages, measures, and reports on ESG risks and opportunities thanks to the information given.

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

Corporate Governance

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. Statutory requirements pertaining to the dissemination of quarterly accounts and the release of the Annual Report and Audited Financial Statements 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 corporate and individual shareholders and kept them informed of the financial status of the Company. In addition, shareholders are provided with the opportunity to ask questions freely at the General Meetings. The investor relations team also conducts 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 programs, which is aimed at future value creation for shareholders.

STATEMENT OF COMPLIANCE

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

During the current financial year, Tokyo Cement has remained fully compliant with all applicable regulatory requirements.

The Company 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 and 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 are in force.

The Corporate Governance Rules applicable to listed entities under Rule 7.10 and Section 9 of the Listing Rules of the Colombo Stock Exchange were revised during the year. The Company has identified key changes, aligning strategic initiatives with these updates. Key changes applicable to the Company and our planned roadmap for aligning with these requirements are presented in the table below.

Compliance with the rules set out in Section 7 of the Colombo Stock Exchange listing rules on corporate governance.

Rule No:	Rule	Compliance Status
7.1	Dividend payment – Announcements to the CSE	
	The Company make and immediate announcement to CSE upon authorising a dividend distribution	✓
7.4	Interim Financial Statements	
	The Company prepare and submit interim Financial Statements to CSE within the criteria	✓
7.5	Circulation of Annual Report	
	The company ensure that the Annual Report is made available to all shareholders of the company and given to CSE within relevant period	✓
7.6	Contents of the Annual Report	
7.6 (i)	Names of persons who during the financial year were Directors	✓
7.6 (ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	✓

Rule No:	Rule	Compliance Status
7.6 a(iii), (iv)	Twenty largest Shareholders, float adjusted market capitalisation, public holding percentage, no. of public shareholders and minimum required public shareholding	✓
7.6 (v)	Directors' and CEO's (MD's) holding in shares at the entity at the beginning and end of the Financial year	✓
7.6.(vi)	Material foreseeable risk factors of the entity	✓
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	✓
7.6 (viii)	Extents, locations, valuations, number of buildings	✓
7.6 (ix)	Number of shares representing the Entity's stated capital	✓
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	
7.6 (xi)	Ratios and Market Price Information	✓
7.6(xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	✓
7.6 (xiii)	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement	✓
7.6 (xiv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	✓
7.6 (xv)	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower	✓

Compliance with the rules set out in Section 7 and 9 of the Colombo Stock Exchange listing rules on corporate governance.

Rule No:	Rule	Compliance Status
7.8	Disclosure of dealings by the Directors and CEO	
	The Company make an announcement to the Exchange pertaining to the relevant interest/Charges	✓
	In shares held by its Directors and CEO	✓
7.10	Board of Directors	
	The correct number of Non-Executive Directors, in accordance with Rule 7.10.1 (a) The correct number of Independent Non-Executive Directors, in accordance with Rule 7.10.2 (a)	✓
7.13	Minimum Public Holding	
	As Listed Company in the main board, the Company maintained the minimum public holding under Specified criteria.	✓
9.7	Fitness of Directors and CEOs	
9.7.1, 9.7.2	Appointment of "Fit and Proper" persons	✓
	The Board has formal and transparent process in place for the succession and appointment directors The Nominations and Governance Committee processes and short-lists candidates and makes recommendations to The Board approval. All appointments are duly notified to CSE	
9.7.4	Annual Declarations from Directors and CEO	✓
	The Directors have provided declarations, confirming that each of them has continuously satisfied the "fit and proper" Assessment criteria set out in the CSE listing rules. These declarations are to be made annually.	
9.7.5	Disclosures in the Annual Report	✓
	Disclosures are made in the Annual Report of the Board of Directors given on page 93	

Corporate Governance

Rule No:	Rule	Compliance Status
9.9	Alternate Directors	
	Appointment of alternate directors No alternate Directors were appointed to represent Non-Executive Directors	✓
9.10	Disclosures relating to Directors	
9.10.1	Policy of maximum number of Directorships The Board Charter defines the maximum number of Directorships its Board members shall be Permitted to hold. All the Directors are following this requirement.	✓
9.10.2	Appointment of new Directors The Company has made immediate market announcement on appointment of new Directors	✓
9.10.3	Changes to the composition The Company will make immediate announcement regarding any changes to the composition of the Board Committees	✓
9.10.4	Disclosures in the Annual Report Please refer the pages 27 to 30 for profiles of Directors, names of Companies in which the Director serves in Directorships, names of committees in which the Director serves as Chairperson, the nature of the Director's expertise.	✓
9.12	Remuneration Committee	
	The correct number of Independent Non-Executive Directors in the Remuneration Committee, in accordance with Rule 7.10.5 (a)	✓
9.12.1	Definition of Remuneration The company has established a formal and transparent policy on remuneration. The remuneration is defined in terms of cash and non-cash benefits.	✓
9.12.2	Remuneration Committee The parent Company Remuneration Committee functions as the remuneration committee of the company and determines the remuneration for the Executive and Non-Executive Directors.	✓
9.12.3, 9.12.4	Remuneration Policy – Executive Directors/Non-Executive Directors The remuneration Committee has established a formal and transparent procedure for fixing the Executive Directors' remuneration. The remuneration of Non-Executive Directors is based on the principal of non-discriminatory pay Practices ensuring their independence are not impaired.	✓
9.12.5	Terms of Reference The Committee has adopted a Terms of Reference which define the scope, authority and duties in compliance with the revised CSE listing rules.	✓
9.12.7	Functions The Company has documented the functions of the Committee in Terms of Reference. All functions are effectively discharged by the Committee.	✓
9.13	Audit Committee	
	The correct number of Independent Non-Executive Directors, in accordance with Rule 7.10.6 (a)	✓
9.13.1	Audit and Risk Committee The Company has established a separate Committee to perform the Audit and Risk Functions.	✓
9.13.2	Terms of Reference The Committee has adopted a Terms of Reference which define scope, authority and duties	✓

Rule No:	Rule	Compliance Status
9.13.4	Functions Functions of the Committee are effectively summarised in the Audit Committee Report on page 78	✓
9.14	Related Party Transactions Review Committee	
9.14.1, 9.14.2	Composition Composition of the Related Party Transactions Review Committee (RPTRC)The Company has a RPTRC which comprises 3 Directors out of which 2 Directors are Independent. Please see the Report of the Related Party Transaction Review Committee in page 82	✓
9.14.3, 9.14.4	Functions and Meetings Please refer the Report of the Related Party Transaction Review Committee in page 82	✓
9.14.7	Disclosure of Non-Recurrent and Recurrent Related Party Transactions Please refer notes 32.6 and 32.7 of the notes to the Accounts on pages 153 and 154	✓

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.

AUDIT COMMITTEE MEMBERS

- Mr. Asite Talwatte – Chairman
- Mr. Ravi Dias
- Dr. I. Coomaraswamy
- Mr. W. C. Fernando – (Resigned on 03rd June 2024)

MEETING OF THE AUDIT COMMITTEE

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

• Mr. Asite Talwatte	7/7
• Mr. Ravi Dias	7/7
• Dr. I. Coomaraswamy	6/7
• Mr. W.C. Fernando	5/7

CHARTER 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 Independent Non-Executive Directors and one Director. Two members of the Committee are qualified Chartered Accountants. The Chairman, Managing Director, Group Chief Operating Officer, General Manager Finance, Internal Auditors and relevant Senior Managers are invited to attend meetings as and when required.

TERMS OF REFERENCE

The BAC reports directly to the Board of Directors regularly, to review its activities and provide recommendations. The BAC assists the Board of Directors in general oversight of financial reporting, risk management and 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.
  - The 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 and LKAS) applicable to the Group companies and made recommendation to the Board of Directors.
  - The annual report and interim financial statements prepared for publication, prior to submission to the board.

- Supervision of internal audits: The BAC regularly interacts with the Internal Audit team to assess the 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 the 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 7 (Seven) times during the 2023/24 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 the information and explanations requested by the Auditors.

- The Committee ensured 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, through the internal audit process.

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 2025.

CONCLUSION

Based on the supervision extended during the year, the Audit Committee is satisfied that the Group's accounting policies and internal controls including operational controls, provide 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.

Mr. Asite Talwatte
Chairman – Audit Committee

18th July 2024

Remuneration Committee Report

Tokyo Cement Company (Lanka) PLC has a 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

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

REMUNERATION COMMITTEE MEMBERS

- Dr. Harsha Cabral, PC - Chairman
- Mr. Ravi Dias
- Dr. I. Coomaraswamy

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 remuneration packages.
- Recommend the remuneration of the Board of Directors.

SUMMARY OF MAJOR ACTIVITIES DURING THE YEAR

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

• Dr. Harsha Cabral, PC	4/4
• Mr. Ravi Dias	4/4
• Dr. I. Coomaraswamy	4/4

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.

Directors' 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 122.

Dr. Harsha Cabral, PC
Chairman - Remuneration Committee

18th July 2024

Nomination and Governance Committee Report

Tokyo Cement Company (Lanka) PLC's Nomination and Governance Committee reports directly to the Board, to ensure the Board of Directors represents an 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 the 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 AND GOVERNANCE COMMITTEE

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

MEMBERS OF THE NOMINATION AND GOVERNANCE COMMITTEE

- Dr. Harsha Cabral, PC – Chairman
- Mr. S.R. Gnanam
- Mr. Ravi Dias
- Dr. I. Coomaraswamy

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.

During the year under review, the Nomination and Governance Committee met four times during the year. The attendance of the members at these meetings was as follows:

- Dr. Harsha Cabral, PC 4/4
- Mr. S.R. Gnanam 4/4
- Mr. Ravi Dias 4/4
- Dr. I. Coomaraswamy 4/4

The Committee deliberated potential new appointments for the year and recommended new appointments to the Board of Directors.

Further, the Committee evaluated the eligibility of the Directors who have offered themselves for re-election/re-appointment to the Board and made necessary recommendations to the Board.

Dr. Harsha Cabral, PC
Chairman - Nomination and Governance Committee

18th July 2024

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 and Exchange Commission of Sri Lanka. The Committee reports directly to the Board and is authorised to review all related party transactions to ensure compliance with legal requirements concerning the transaction.

COMPOSITION OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

In accordance with the requirements of the Listing Rules, the Committee is comprised of two Independent Non-Executive Directors and one Director.

MEMBERS OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- Mr. Ravi Dias - Chairman (Resigned as Chairman on 01st April 2024)
- Mr. Asite Talwatte (Appointed as Chairman on 01st April 2024)
- Mr. W.C. Fernando
- Dr. Harsha Cabral , PC (Appointed on 01st April 2024)
- Mr. S.R. Gnanam (Appointed on 01st April 2024)

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 Transactions 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 quarterly confirmations on related party transactions.
- Review related party transactions to determine whether it requires shareholders' approval or immediate market disclosures or annual report disclosure in line with the thresholds stipulated in listing rules.
- Review and assess ongoing relationships with any related party to determine whether they are in compliance with the Committee's guidelines.

SUMMARY OF MAJOR ACTIVITIES DURING THE YEAR

The committee met four times during the year under review. The attendance of the members at these meetings was as follows:

- Mr. Ravi Dias 4/4
- Mr. Asite Talwatte 4/4
- Mr. W.C. Fernando 4/4

The Committee reviewed all proposed related party transactions and ongoing related party transactions during the year.

The activities and views of the Committee have been communicated to the Board of Directors, quarterly, and by tabling the minutes of the Committee's meetings.

Mr. Ravi Dias
Chairman - Related Party Transactions Review Committee

18th July 2024

Risk Management

Tokyo Cement Group's noteworthy financial performance amidst a sluggish industry environment, is attributed to the strong business fundamentals built on product excellence and efficiency management, complimented by the strong risk management approach. Considering the exceptional levels of operational risk that persisted throughout the year, Tokyo Cement was able to overcome them with agility, ingenuity, and expertise accumulated from over forty years of industry leadership.

Significant shocks that disrupted the business environment were prevented from negatively impacting the Group's performance by the risk management approach, which included multiple tiers of mitigation procedures. With collaboration between the Board, Subcommittees, and Executive Management, Tokyo Cement was able to maintain its market position while laying the foundations for long-term growth.

Tokyo Cement made quick adjustments to its business practices in response to the economic climate and developed comprehensive action plans to mitigate its impact. The group was able to sustain market share despite depleted demand and oversaturation of supply in the market.

Tokyo Cement was strategic in its sourcing and procurement controls, in order to mitigate the effects of rising import costs and other local expenses including raw material and overheads. Growth in demand was subdued as a result of decreased purchasing power and substantial increases in direct and indirect taxes. Rumours of further price hikes due to anticipated tax increases during the year fuelled uncertainty, which was further exacerbated by shifting exchange and currency rates. By exercising meticulous planning and foresight in its decision-making, the Group was able to significantly mitigate the effects of the economic downturn on its financial performance.

RISK MANAGEMENT STRATEGIES

The risk management process 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 that helps manage the risks associated with the enterprise. Therein, the Group adopts the following three main strategies to mitigate the identified risks.

1. Avoiding the risk.
2. Reducing the negative impact/probability of occurrence of the risk or accepting some or all of the potential or actual consequences of a particular risk or explore the possibility in converting any unavoidable risk into an opportunity.
3. Transferring the risk.

BOARD INVOLVEMENT IN RISK MANAGEMENT

Tokyo Cement's Board of Directors actively participates in the risk management process by collaborating with upper management to identify potential dangers. In order to achieve the corporate objectives, they work together to design efficient methods for managing identified risks within the Group's risk appetite, either by eradicating the risk or lessening its effects.

FRAMEWORK FOR DEFENCE APPROACH

Tokyo Cement has implemented the three lines of defence on its risk management model across the Group and all operations. This approach ensures the involvement of all personnel in the risk management process.

1ST LINE OF DEFENCE
Risk Identification

- Risks are identified by the operational units.
- Evaluate and manage risks within the approved framework of policies set by the Board of Directors.

2ND LINE OF DEFENCE
Response Mechanism

- The management will work in close relationship with the business units, to ensure that uncertain events are appropriately identified and managed.
- Evaluate the impact vs. probability of the risks, vis-a-vis available mitigation approaches to assess the viability of each alternative strategy.
- Devise appropriate mitigating action plans to be executed.

3RD LINE OF DEFENCE
Monitoring and Oversight

- The Internal Audit Function independently assesses the efficiency and effectiveness of the processes executed by the first and second lines of defence.
- The Audit Committee maintains continuous visibility across the complete process, in order to apprise the Board of Directors of policy's effectiveness.

Risk Management

QUANTITATIVE AND QUALITATIVE ASPECTS OF RISK MANAGEMENT

Both the quantitative and qualitative aspects of risks are considered when evaluating potential threats. The quantitative risk assessment examines potential losses, and the probable impact on the business in the eventuality of an identified risk. The probability of any significant risk that has a quantitative impact above the predefined tolerance level is closely monitored, to mitigate its impact. Quantitative risks are measured as gross risk and net risk, where the gross risk assessment involves the measurement of possible impact, in the absence of any mitigating actions. On the other hand, the net risk assessment considers possible losses the company is compelled to bear, subject to the mitigating actions taken.

Major risks that have already been identified by the company are depicted in the following diagram, and details are provided in the accompanying table below.

TOKYO CEMENT GROUP RISK ASSESSMENT MATRIX

PRINCIPAL RISKS

The main risks are those that are believed to have a significant adverse effect on our capacity to generate value over the short, medium, and/or long term. These risks are recognised during the Risk Prioritisation and Assessment stage of the risk management process, which takes into account the seriousness of impact and propensity for occurrence.

No.	Risk Exposure	Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Activities
Financial Risks					
1.	Macro-Economic Risk	• Demand contraction due to rapidly rising inflation, contraction of purchasing power, cost escalations and discouraging lending rates. • Declining capital investments due to unfavourable economic conditions.	●	●	• The Group collaborates closely with its banking partners to guarantee that, aside from the regulatory level restrictions that apply to all imports, there are no barriers to the availability of credit lines for the importation of raw materials. • The Group value engineered its product offering to reduce its exposure to foreign exchange volatility, through local substitution and development of new mix designs.

● High ● Medium ● Low

No.	Risk Exposure	Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Activities
		• Economic instability brought on by budget deficits, current account deficit, balance of payment deficit, unemployment, and inflation resulting in the downgrading of the country's sovereign credit rating.			• The Group keeps solid ties with the pertinent parties and banking partners, who are essential in protecting the Group's financial standing from the adverse effects of the nation's credit rating. • Continue the ongoing initiatives to increase cost effectiveness and transfer cost benefits to the market by way of price reduction. • Strengthen the business relationships built on reliability and quality over the years, with consumers, institutional customers and our sales channel partners.
2.	Risk towards the changes in Fiscal policies	• Government tax policies, public spending, and fiscal regulations impacting the operating environment of industry. • Impact of changes to the tax policies, such as corporate taxes and import duties on raw materials, on the financial performance. • Capital expenditure allocation for government infrastructure projects, such as roads, bridges, and housing, making a significant impact on cement demand.	● High	● Medium	• Proactive tax planning is essential for optimising tax liabilities and maximising tax incentives and reliefs. • Diversify raw material sources to mitigate risks related to fluctuations in import duties and currency. • Engage with government bodies and industry associations to advocate for favourable fiscal policies and communicate the industry's needs.
3.	Currency Risks	• More than 60% of the Group's raw materials are imported, thus increasing the exposure to foreign exchange losses. • Despite the relative stabilisation of the LKR, exchange rate volatility continues to disrupt effective business planning. • The exchange rate fluctuations compel frequent pricing revisions, which in turn impedes buying patterns, whilst building a sense of uncertainty among consumers and retailers.	● Medium	● Medium	• Strong relationships with banks to enable sustained importation of raw materials. • Closely monitor currency rate forecasts and fluctuations. • Enter forward buying contracts with foreign suppliers for future procurements. • Continuous evaluation of net open forex exposure.

● High ● Medium ● Low

Risk Management

No.	Risk Exposure	Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Activities
4.	Credit Risk	• Potential losses due to impairment of receivables. • Increasing working capital cycles stressing cash flow management. • The construction industry facing liquidity issues due to defaults, project stoppages, delayed payments by consumers and institutional customers.	●	●	• Formal credit policies and procedures were deployed, in consideration of the creditworthiness of each customer. • Ensure credit facilities were backed by bank guarantees. • Continuous reviewing systems were in place to monitor and report outstanding trade debts. • Strengthened credit processes across businesses sectors.
5.	Interest Rate Risk	• Impact of interest rate volatility on the Group's finance costs, particularly in the case of Import Demand Loans (IDLs). • Despite interest rates trending downwards, lending rates remaining at discouraging levels driving down market demand.	●	●	• Continuous negotiations with banks and financial institutions to secure the best rates for the Groups' borrowing and investments. • Maintain long-term interest rate agreements. • Prudent treasury management. • Maintain an appropriate mix of floating rate and fixed rate debt structure. • Close monitoring of interest rate movement with an intention of restructuring the debt mix (fixed Vs floating and LTL Vs STL). • Persistent follow-up with debtors within the credit period to minimise finance costs.
6.	Refinancing / Liquidity Risk	• Potential for financial stress and impaired ability to meet future debt obligations. • Unavailability of sufficient funds impacting smooth functioning of day-to-day operations of the Group.	●	●	• Restructuring of debt and enhancement of adequate banking facilities. • Maintaining a sound cash position. • Cash flow forecasting and rescheduling of payment plans.
Market and Strategic Risks					
7.	Geopolitical Risk	• The threat of large regional players dumping cement into the local market. • Conflicts in the European and the Middle East regions impact global raw material supply chains and pricing.	●	●	• Long-term contracts with raw material suppliers. • Increase consumer awareness on quality standards and product differentiation to build brand loyalty. • Increase investments on local supply chains.

● High ● Medium ● Low

No.	Risk Exposure	Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Activities
8.	Local Political Risk	• Tensions surrounding the impending elections give rise to unreasonable expectations among people. • Changes in government or political leadership cause shifts in economic and industrial policy, leading to instability and business uncertainty. • Concerns around the fulfilment of international bilateral and multilateral agreements, in the event of changes in the political environment.	Medium	Low	• Actively participate in industry associations' policy advocacy efforts to influence the regulators. • Regular scenario planning to identify potential political risks and evaluate preparedness. • Continuous monitoring and analysis of the political landscape to identify potential risks and opportunities.
9.	Subdued Demand	• Growth in demand for cement and cement-based products stagnating due to reduced purchasing power as a result of the severely weakened Rupee, rising inflation, interest rates and tax hikes. • Suspension of Government and private sector construction projects due to post-pandemic economic volatility.	Medium	High	• Prudent price revisions to stimulate consumer demand. • Market development campaigns to grow customer base. • Strengthen distribution network to ensure uninterrupted order fulfilment. • Improve after-sales services, especially for value added products. • Work with banking partners for new financing opportunities for potential customers.
10.	Risks from Competitor Products	• Availability of low-quality imported products and other substitute brands at low prices. • Untenable marketing strategies deployed by competitors impacting market share.	Low	Medium	• Increase the strength of distribution channels. • Maintain uncompromising quality standards. • Build strong and reliable relationships with the sales and distribution network.
11.	Environmental Risks	• Extreme weather events and changing weather patterns, such as, floods and severe droughts affect construction activities and renewable energy generation.	Low	Medium	• Backward integration with own, self-sufficient renewable energy sources to run the entire manufacturing process. • Leverage peak sales cycles to compensate for off peak market conditions.
12.	Risks from Acquisitions and Investments	• Adverse impact due to changes to financial structure, and failure to integrate employees, processes, technologies and products, social and political changes.	Low	Low	• Rigorous forecasting and analysis of acquisitions, investments, due diligence, and methods of financing. • Maintain and uphold shareholder confidence. • Continuous study of macro environmental factors affecting shareholder dynamics. • Implementation of reward and recognition programs to ensure low employee turnover. • Retention programs focused on employees with long tenure with the company.

● High ● Medium ● Low

Risk Management

No.	Risk Exposure	Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Activities
Operational Risks					
13.	Reputational Risk	• Tokyo Cement's corporate position as the leading Cement manufacturer in Sri Lanka. • Impact of negative PR due to foreseen or unforeseen events impacting the Group's Brand Equity.	Low	Low	• Adhering to the strictest of standards across all business operations including environmental, employee welfare, financial and governance compliance. • Carryout impactful CSR programs that permeate the value created by the Group across multiple rungs of society (Please refer CSR overview in this report). • Maintain uncompromising quality standards.
14.	Business Interruption Risk	• Continuous follow-ups and alert on health and safety of the employees. • Extreme weather such as rains and floods causing significant damage to infrastructure, disrupt logistics, and halted operations. • Delays or denials in renewing operational licenses causing business disruptions. • Industrial actions, labour strikes, or disputes causing prolonged shutdowns. • Failure of critical machinery due to wear and tear, poor maintenance, or technological obsolescence.	Medium	Low	• Maintained protocols and enabled working environment to facilitate uninterrupted operations whilst upholding health and safety guidelines. • Deploy proactive measures to ensure uninterrupted operation of the supply network by working closely with Distributors and Dealers. • Maintain continuous reviews on renewal of respective license. • Develop robust employee engagement and communication programs to address grievances and prevent strikes. • Implement rigorous maintenance schedules for all critical equipment.
15.	Volatility of raw material prices, availability of raw materials and discontinuation of key supply chains	• Significant rises in raw material prices due to imposition of additional import and other taxes. • Absorption of cost increases to remain price competitive eroding margins. • Changes in import regulations, tariffs, or customs procedures delay the arrival of essential materials. • Port congestion, logistics bottlenecks, and inadequate infrastructure impede timely delivery of supplies. • Interruption to manufacturing process due to non-availability of raw materials.	High	Medium	• Enter long-term supplier contracts to reduce volatility of raw material prices. • Expand the supplier base. • Adopt efficient production methodologies via R&D to economise product designs for cement and cement-based products. • Product development to use locally sourced raw materials whilst maintaining stipulated product quality standards. • Maintaining a optimal level of inventory of raw materials to mitigate unplanned shortfalls. • Strict cost management measures in place.
16.	Disruptions and cost increases associated with inbound and outbound transportation and logistics	• Continuous increase in local transportation costs impacts both inbound and outbound logistics. • Fluctuating fuel prices impacting transportation costs, challenging the budgeting process.	Medium	Medium	• Negotiate with logistics operators for long-term fixed rate contracts. • Strengthen and build stronger, more reliable relationships with the outbound local distribution networks seeking mutual benefit.

● High ● Medium ● Low

No.	Risk Exposure	Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Activities
		• Imposition of VAT on fuel, leading to a significant rise in transportation costs. • Exponential increases in the cost of spare parts, tires, and vehicle maintenance services. • Heavy rains, floods, and landslides damaging transport infrastructure and disrupting supply lines.			• Expand operational engagement with VAT registered transporters. • Work closely with Distributors and Dealers to ensure uninterrupted operation of the supply network.
17.	Employee health and safety including occupational health	• Sickness, injury, or loss of life.	●	●	• Comprehensive safety protocols in place to manage health and safety hazards. • High levels of health and safety awareness nurtured as part of the Tokyo Cement culture. • Comprehensive health insurance program that covers all employees and dependants. • Fitness and well-being programs made available for staff.
18.	Staff turnover and employee retention	• The economic crisis and its knockoff effects on individual's savings, remuneration and purchasing power have pushed many to seek new employment opportunities through migration, thereby making retention challenging. • The lack of trained engineers, chemists, and technical managers, crucial for production process development, hinders innovation and efficiency.	●	●	• Progressive HR policies. • Maintaining amicable associations with employees across all employee categories. • Provision of competitive remuneration packages to counter inflation impact.
19.	Production Technology Related Risks	• Wear and tear, along with outdated machinery, lead to reduced efficiency. • Breakdowns and unplanned maintenance of plant and machinery resulting in loss of output. • Acceleration of competitive industry technology and intellectual property outpacing internal technological development.	●	●	• Scheduled maintenance and continuous evaluation of machinery. • Maintaining an inventory of spare parts for immediate repairs. • Timely replacement of deteriorated components. • In-house and overseas training for staff. • Regular and continuous technology transfer from Japanese technology partner, Mitsubishi UBE Cement Corporation.
20.	Quality Risks	• Variations in the quality of raw materials. • Adverse impact on sales volume due to returns and damages. • Deterioration of consumer trust in the case of product non-compliance.	●	●	• Strict quality maintenance in terms of ISO 9001 Quality Management System and compliance with SLS requirements. • Operating an ISO 17025: 2017 Certified cement and concrete laboratory. • Continuous stringent quality testing of raw materials and finished products before dispatch.

● High ● Medium ● Low

Risk Management

No.	Risk Exposure	Description of Risks and Potential Impact	Severity of Impact	Probability of Occurrence	Action Plan/Mitigating Activities
					• Independent testing at a regular frequency for external oversight. • Online Quality Management Systems for cross company review and real-time verification. • Product demonstrations and training provided at customers' sites to mitigate user error.
21.	Legal and Compliance Risk	• Possible legal fees, fines, penalties, and payouts, due to non-compliance with local and industry related regulations and laws.	Low	Low	• Multi-level review of contracts, compliance and statutory documentation. • Timely action and follow up with the legal consultation. • Objective and progressive engagement with policy makers and stakeholder organisations, such as industry representative associations and trade chambers.
22.	Data Protection Risk and IT Governance	• The risk of potential compromise or corruption of data. • Data protection laws are mandatory, and non-compliance can lead to severe fines and legal consequences.	High	Low	• Critical applications are continuously upgraded to meet the latest security standards. • Backup procedures, password controls, firewalls, malware, and anti-virus protections are implemented. • Conduct regular audits and training to ensure compliance and identify areas for improvement.
23.	Information System Availability Risk	• The global geopolitical situation may significantly impact the utilisation of web-based applications and platforms. • The possibility of equipment and infrastructure failure can impact the risk of specific IT products or systems becoming unavailable. • Adverse impact on loss of confidentiality, integrity, and non-availability of systems.	Medium	Low	• Hiring of certain IT equipment and/or infrastructure facilities/services, as a stop-gap measure. • Continuously test and upgrade applications, systems, and networks to safeguard against vulnerabilities and potential threats. • Continuous monitoring of network stability. • Maintain alternative back up connectivity with service providers. • High-level service agreements maintained with service providers.
24.	Cyber Security Risk	• Operational disruptions arising from data breaches, system failures, and malicious software. • Cyber-attacks or ransomware attacks on critical systems and websites.	High	Low	• Mitigation activities in place. • Implement disaster recovery protocols. • Deploy appropriate tools and teams to mitigate the risk. • Implementation of frequent awareness programs across organisation.

High Medium Low

A JOURNEY OF LIGHT

As we advance towards the future with an undying energy, we are illuminating our path with positivity and the potential for growth – seeking out new territories in which we can establish our presence and maximise value for the foreseeable future.

During their respective summers, the Arctic and the Antarctic enjoy nearly 24 hours of sunlight. The arctic tern is therefore renowned as the animal that possibly receives the most daylight in the world. This is a testament to its continuous pursuit of the summer sun, which provides the terns with the best conditions in which they can thrive.

FINANCIAL STATEMENTS

Financial Calendar

Interim Reports

Quarter ended 30th June 2023	11th August 2023
Quarter ended 30th September 2023	08th November 2023
Quarter ended 31st December 2023	07th February 2024
Quarter ended 31st March 2024	28th May 2024
Annual Report - 2023/24	26th July 2024
Forty-Second Annual General Meeting	22nd August 2024

Annual Report of the Directors to the Shareholders

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 Joint Venture between Japan's Nippon Coke and Engineering Company, (formerly Mitsui Mining Company) and Sri Lanka's St. Anthony's Consolidated (Private) Limited, under the aegis of the founder of Tokyo Cement, Deshamanya A.Y.S. Gnanam. In 2017, Tokyo Cement entered a new technical collaboration with UBE Singapore Holdings Private Limited to further enhance the quality of the product.

THE TOKYO CEMENT GROUP

Tokyo Cement Group Structure

As at 31st March 2024, the Tokyo Cement Group comprised five (05) subsidiaries.

TOKYO CEMENT COMPANY (LANKA) PLC

- 100% — Tokyo Cement Power (Lanka) (Private) Limited — Reneweable Engery
- 100% — Tokyo Eastern Cement Company (Private) Limited — Cement and Innovation
- 51% — Tokyo Super Aggregate (Private) Limited — Manufactured Sand
- 100% — Tokyo Supermix (Private) Limited — Readymix
- 100% — Tokyo Cement Industrial Park (Private) Limited - (Initial Stage)

PRINCIPAL ACTIVITIES

The Company's core activity is the manufacturing 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 to the Executive Reviews and the Operational Reviews for details of the Company's activities during the financial year 2023/24.

BOARD OF DIRECTORS AND BOARD SUBCOMMITTEES

Board of Directors

Director	Designation	Board Attendance
Dr. Harsha Cabral, PC	Chairman and Independent Non-Executive	8/8
Mr. S.R. Gnanam	Managing Director	8/8
Mr. W.C. Fernando	Director	8/8
Mr. A.S.G. Gnanam	Non-Executive Director-Resigned on 27th May 2024	5/8
Mr. E.J. Gnanam	Non-Executive Director	5/8
Mr. Ravi Dias	Independent Non-Executive Director	8/8
Mr. Asite Talwatte	Independent Non-Executive Director	8/8
Dr. Indrajit Coomaraswamy	Independent Non-Executive Director	8/8
Mr. S. Nakamoto	Non-Executive Director and Nominee Director of UBE Singapore Holdings Private Limited – Appointed on 01st April 2023	8/8
Mr. Praveen Gnanam	Executive Director Appointed on 04th September 2023	5/5

BOARD SUBCOMMITTEES

Four Board subcommittees existed to support the Board in its decision making and to improve the 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 subcommittees are:

- The Audit Committee
- The Remuneration Committee
- The Nomination and Governance 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.

Annual Report of the Directors to the Shareholders

CHANGES TO THE BOARD SUBCOMMITTEES

In compliance with the Colombo Stock Exchange directive on disclosures regarding changes to Board subcommittees, we have made provisions for automatic disclosures in case of any such changes. Therefore, all Board subcommittees and all members of Board subcommittee 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 subcommittees during the year other than the appointment of Directors Mr. S. Nakamoto and Mr. Praveen Gnanam with effect from 01st April 2023 and 04th September 2023 respectively.

DIRECTORS' MEETINGS

The Board of Directors met 08 times (Eight) during the year under review and 13 (Thirteen) circular resolutions were adopted by the Board of Directors of the Company. The composition of the Board of Directors of the Company is to be reconstituted in accordance with Corporate Governance rule, after the conclusion of the annual general meeting.

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 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 Dr. Harsha Cabral,PC has with the Company, and having considered all the facts and circumstances, determined that 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. Ravi Dias
3. Mr. Asite Talwatte
4. Dr. Indrajit Coomaraswamy

A signed declaration by the four 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.

RE-DESIGNATION OF DIRECTORS

The new Governance Code issued by the SEC limits the maximum term of a directorship as Independent non-executive directors of a listed company to nine years on the Board from the date of the first appointment and /or is above the age of 70. Nomination Committee having evaluated their suitability of skills, knowledge, acceptable experience, transparent working history, maturity, value addition and stability including qualifications has recommended the Re-Designation of Directorship as follows:

- Dr. Harsha Cabral, PC. who served as an Independent Non-Executive Director is re-designated as a Non-Executive Director of the Company with effect from 22nd August 2024
- Mr. Ravi Dias. who served as an Independent Non-Executive Director is re-designated as a Non-Executive Director of the Company with effect from 22nd August 2024
- Dr. Indrajit Coomaraswamy, who served as an Independent Non-Executive Director is re-designated as a Non-Executive Director of the Company with effect from 22nd August 2024

RECOMMENDATIONS FOR RE-ELECTION

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

1. To re-elect Dr. Harsha Cabral, PC who retires by rotation in terms of Article 114 of the Articles of Association.
2. To re-elect as a director Mr. Waranakulasuriya Christopher 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. Waranakulasuriya Christopher Fernando who is over 70 years and that he be re-elected a Director of the Company.
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 over 70 years and that he be re-elected a Director of the Company.
4. To re-elect as a director Mr. Ravi Dias 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. Ravi Dias who is over 70 years and that he be re-elected a Director of the Company.

Mr. Ravi Dias Independent Non-Executive Director reached the age of 70 years on 16th July 2024.

DIRECTORS' INTERESTS

The Directors' Interests in the Company contracts appear on pages 149 - 154 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 of the Listing Rules of the Colombo Stock Exchange regarding the minimum public holding's requirement set out in section 7.13.1. (a) as at end March 2024, 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 2024	No of Shares Held 31st March 2023	No of Shares Held 31st March 2024	No of Shares Held 31st March 2023
St. Anthony's Consolidated (Private) Limited	80,857,889	73,507,172	-	-
Mr. A.S.G. Gnanam	15	14	-	-
Mr. S.R. Gnanam - Managing Director/CEO	15	14	-	-
Mr. E.J. Gnanam	15	14	-	-
Mr. Praveen Gnanam	-	-	-	-
UBE Singapore Holdings Pte. Ltd	29,403,000	26,730,000	-	-
Mr. S. Nakamoto (Non-Executive and Nominee Director of UBE Singapore Pte. Ltd)	-	-	-	-
Mr. W.C. Fernando - Director	4,394	3,995	78,408	71,280
Independent Non-Executive Directors				
Dr. Harsha Cabral, PC	-	-	-	-
Mr. Ravi Dias	-	-	-	-
Mr. Asite Talwatte	-	-	-	-
Dr. I. Coomaraswamy	-	-	-	-
	110,265,328	100,241,209	78,408	71,280

Changes to shareholding is due to capitalising of reserves by issuing of one share for every ten shares held and approved at the extra Ordinary General Meeting held on 4th September 2023.

EQUITABLE TREATMENT TO SHAREHOLDERS

The Directors at all times ensured that all shareholders were 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

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing rules given in note 32 on pages 149-154 of the Annual Report.

Annual Report of the Directors to the Shareholders

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.

COMMITMENTS AND CONTINGENCIES

Information with regards to capital commitments and contingent liabilities as at 31st March 2024, is given in notes 29 and 30 on page 141 of the Annual Report.

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 98 of the 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.

The Company has 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 2024 have been audited by Messrs BDO Partners, Chartered Accountants.

MATERIAL ACCOUNTING POLICIES

The Company and the Group prepared the financial statements in accordance with the Sri Lanka Accounting Standards (SLFRS and LKAS). The Board of Directors wish to confirm that there were no changes to the accounting policies adopted by the Company and the Group during the year.

FINANCIAL PERFORMANCE

The financial performance and operating environment that influenced financial performance, of the Group and Company and plans for the future, have been discussed in detail by the Managing Director in the Managing Director's Review of Operations in pages 24 - 26 of this Annual Report. Therefore, we kindly request all interested stakeholders to refer this statement and also the Chairman's Message on pages 20 - 22 of the Annual Report.

SHAREHOLDERS' INFORMATION

This information is provided in pages 160 - 164 of this Annual Report.

SUBSTANTIAL SHAREHOLDINGS

The 20 major shareholders and the percentage held by each of them as at 31st March 2024 are given on pages 163 - 164.

DIVIDENDS

The Board of Directors have recommended a First and Final Dividend for the year 2023/24 of Rs. 2.00 per share.

STATED CAPITAL

The total issued stated capital stood at Rs. 5,526,661,250 as at end March 2024 and consists of 294,030,000 ordinary voting shares and 147,015,000 ordinary non-voting shares.

RESERVES

The Group's total reserves increased from Rs. 21.6 Bn to Rs. 21.9 Bn by 31st March 2024.

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.

EVENTS AFTER THE REPORTING PERIOD

Please refer note 36 on page 158.

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 98.

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 - 90 of this report.

AUDITORS

The independent auditor's 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 122 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, are the auditors of the Company and are also the auditors of all subsidiaries of the group. All the subsidiary companies are audited by them.

ANNUAL GENERAL MEETING

The Forty-Second Annual General Meeting will be held at the Auditorium, The Institute of Chartered accountants of Sri Lanka, No. 30A, Malalasekara Road, Colombo 07, Sri Lanka on Thursday 22nd August 2024 at 4.00 p.m. The Notice of the Annual General Meeting appears on page 170.

Mr. S.R. Gnanam
Managing Director

Dr. Harsha Cabral, PC
Chairman/Independent Non-Executive Director

Seccom (Private) Limited
Company Secretaries

18th July 2024

Statement of Directors' Responsibilities

The Statement of Directors' 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) and 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 , conform to the Sri Lanka Accounting Standards (SLFRS and LKAS), the Companies Act No 7 of 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 Profit or Loss and Other Comprehensive Income of the Company and its subsidiaries, which presents 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 2024 and The Statement of Profit or Loss and Other Comprehensive Income for the Company and the Group for the financial year ended 31st March 2024 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.

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

18th July 2024

Independent Auditor's Report

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Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
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 2024, 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 material accounting policies as set out on pages 107 to 158.

In our opinion, the accompanying Financial Statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of 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, we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Measurement of Inventories The Company and the Group had inventories of Rs. 3,017,158,785/- and Rs.5,685,180,628/- respectively as at 31st March 2024, which represented 33% and 38% respectively of the Company and the Group's current assets. The inventory management and control system relating to inventory maintenance and recording is 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. Therefore, the significance of the inventory balance, together with the significant management judgment involved, has resulted in the measurement of inventories being identified as a key audit matter.	Our audit procedures amongst others included the following: • Understanding and evaluating the key internal controls surrounding the management's estimate on inventory calculation. • Assessing the competency, capability and objectivity of the external surveyor engaged by the Group. • Examining the external surveyor's report and understanding the key estimates made and the approach taken by the surveyor in determining the calculation. • 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 set out on note 16 to the financial statements.

Independent Auditor's Report

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and 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 whether it appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 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 Companies 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 these Financial Statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that 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

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and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of 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
18th July 2024
HSR/cc

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Revenue from contracts with customers	4	49,823,790,136	56,481,677,281	37,374,746,252	35,665,412,644
Cost of sales		(34,261,294,491)	(35,964,303,381)	(26,170,799,095)	(24,201,584,961)
Gross profit		15,562,495,645	20,517,373,900	11,203,947,157	11,463,827,683
Other income	5	529,994,736	882,758,393	382,524,698	864,948,375
		16,092,490,381	21,400,132,293	11,586,471,855	12,328,776,058
Selling and distribution expenses		(8,040,342,824)	(7,235,064,673)	(5,766,225,318)	(4,355,652,058)
Administrative expenses		(3,164,918,040)	(2,356,592,814)	(2,281,432,191)	(1,411,567,833)
Profit from operations		4,887,229,517	11,808,474,806	3,538,814,346	6,561,556,167
Dividend income		-	-	-	1,000,000,026
Profit before interest and taxation		4,887,229,517	11,808,474,806	3,538,814,346	7,561,556,193
Finance income	6	161,090,250	184,810,314	110,336,185	75,032,801
Finance expenses	7	(1,599,883,361)	(5,220,848,008)	(1,594,402,649)	(4,291,528,013)
Profit before taxation	8	3,448,436,406	6,772,437,112	2,054,747,882	3,345,060,981
Tax expense	9	(1,025,940,689)	(1,773,746,339)	(688,285,465)	(1,227,653,162)
Profit for the year		2,422,495,717	4,998,690,773	1,366,462,417	2,117,407,819
Other comprehensive income					
Items that will not be re-classified to profit or loss					
Re-measurement of defined benefit obligation	24	(130,052,986)	(44,084,251)	(88,256,992)	(40,758,879)
Tax impact on other comprehensive income	9.B	36,115,218	12,987,860	26,477,098	12,227,664
Other comprehensive income for the year, net of tax		(93,937,768)	(31,096,391)	(61,779,894)	(28,531,215)
Total comprehensive income for the year, net of tax		2,328,557,949	4,967,594,382	1,304,682,523	2,088,876,604
Profit for the year attributable to:					
Owners of the parent		2,418,650,246	4,988,685,368	1,366,462,417	2,117,407,819
Non-controlling interest		3,845,471	10,005,405	-	-
Profit for the year		2,422,495,717	4,998,690,773	1,366,462,417	2,117,407,819
Total comprehensive income for the year attributable to:					
Owners of the parent		2,325,486,300	4,957,692,759	1,304,682,523	2,088,876,604
Non-controlling interest		3,071,649	9,901,623	-	-
Total comprehensive income for the year		2,328,557,949	4,967,594,382	1,304,682,523	2,088,876,604
Basic/Diluted earnings per share (Rs.)					
- Voting	10	5.48	11.31	3.10	4.80
- Non-voting	10	5.48	11.31	3.10	4.80
Dividend per share (Rs.)					
- Voting	11	-	-	2.00	1.50
- Non-voting	11	-	-	2.00	1.50

Figures in brackets indicate deductions.
The accounting policies and notes from pages 107 to 158 form an integral part of these financial statements.

Colombo
18th July 2024

Statement of Financial Position

As at 31st March	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	12	34,183,833,304	30,308,654,320	20,435,128,422	16,009,091,689
Intangible assets	13	77,152,985	53,807,426	43,116,398	18,115,955
Investments in subsidiaries	14	-	-	12,790,907,043	12,237,177,043
Right-of-use assets	15	1,445,513,855	1,300,425,716	1,149,694,509	1,146,209,461
Total non-current assets		35,706,500,144	31,662,887,462	34,418,846,372	29,410,594,148
Current assets					
Inventories	16	5,685,180,628	8,352,187,190	3,017,158,785	3,856,339,547
Trade and other receivables	17	7,008,769,169	5,776,355,813	5,116,095,643	3,609,467,702
Amount due from subsidiaries	18	-	-	37,342,953	683,815,191
Financial assets at amortised cost	19	10,561,487	9,518,969	-	-
Cash and cash equivalents	20	2,221,583,623	1,673,751,907	1,054,151,724	1,237,821,538
Total current assets		14,926,094,907	15,811,813,879	9,224,749,105	9,387,443,978
Total assets		50,632,595,051	47,474,701,341	43,643,595,477	38,798,038,126
EQUITY AND LIABILITIES					
Equity					
Stated capital	21	5,526,661,250	4,239,611,750	5,526,661,250	4,239,611,750
Retained earnings		21,990,957,495	21,553,945,695	12,334,584,959	12,918,376,936
Equity attributable to the owners of the parent		27,517,618,745	25,793,557,445	17,861,246,209	17,157,988,686
Non-controlling interest		97,489,586	94,417,937	-	-
Total equity		27,615,108,331	25,887,975,382	17,861,246,209	17,157,988,686
Non-current liabilities					
Interest bearing borrowings	22	4,599,706,232	1,162,433,532	6,392,500,000	3,427,917,300
Deferred tax liabilities	23	3,675,307,275	3,081,156,004	2,094,280,220	1,553,803,096
Defined benefit obligation	24	514,086,948	342,970,200	389,498,597	271,092,394
Lease creditors	25	419,959,414	284,114,225	190,966,868	191,480,010
Total non-current liabilities		9,209,059,869	4,870,673,961	9,067,245,685	5,444,292,800
Current liabilities					
Trade and other payables	26	4,693,527,207	4,818,332,936	3,774,268,009	5,214,879,097
Tax payables	27	330,603,260	507,452,033	113,734,992	160,682,879
Amount due to subsidiaries	28	-	-	3,866,942,812	4,509,697,138
Interest bearing borrowings	22	8,325,502,005	10,646,498,007	8,685,572,005	5,763,176,545
Lease creditors	25	78,730,977	53,807,836	31,916,550	22,706,392
Bank overdrafts	20	380,063,402	689,961,186	242,669,215	524,614,589
Total current liabilities		13,808,426,851	16,716,051,998	16,715,103,583	16,195,756,640
Total equity and liabilities		50,632,595,051	47,474,701,341	43,643,595,477	38,798,038,126
Net assets value per share		62.39	58.48	40.50	38.90

Figures in brackets indicate deductions.
The accounting policies and notes from pages 107 to 158 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
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
18th July 2024

Statement of Changes in Equity

For the year ended 31st March 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 2022	4,239,611,750	16,596,252,936	20,835,864,686	84,516,314	20,920,381,000
Comprehensive income for the year					
Profit for the year	-	4,988,685,368	4,988,685,368	10,005,405	4,998,690,773
Other comprehensive income					
Re-measurement of defined benefit obligation	-	(43,935,990)	(43,935,990)	(148,261)	(44,084,251)
Tax relating to other comprehensive income	-	12,943,381	12,943,381	44,479	12,987,860
Total comprehensive income for the year	-	4,957,692,759	4,957,692,759	9,901,623	4,967,594,382
As at 31st March 2023	4,239,611,750	21,553,945,695	25,793,557,445	94,417,937	25,887,975,382
Comprehensive income for the year					
Profit for the year	-	2,418,650,246	2,418,650,246	3,845,471	2,422,495,717
Other comprehensive income					
Re-measurement of defined benefit obligation	-	(128,947,526)	(128,947,526)	(1,105,460)	(130,052,986)
Tax relating to other comprehensive income	-	35,783,580	35,783,580	331,638	36,115,218
Total comprehensive income for the year	-	2,325,486,300	2,325,486,300	3,071,649	2,328,557,949
Dividend to equity holders	-	(601,425,000)	(601,425,000)	-	(601,425,000)
Capitalisation of reserves	1,287,049,500	(1,287,049,500)	-	-	-
As at 31st March 2024	5,526,661,250	21,990,957,495	27,517,618,745	97,489,586	27,615,108,331

For the year ended 31st March Company	Stated capital Rs.	Retained earnings Rs.	Total Rs.
As at 01st April 2022	4,239,611,750	10,829,500,332	15,069,112,082
Comprehensive income for the year			
Profit for the year	-	2,117,407,819	2,117,407,819
Other comprehensive income			
Re-measurement of defined benefit obligation	-	(40,758,879)	(40,758,879)
Tax relating to other comprehensive income	-	12,227,664	12,227,664
Total comprehensive income for the year	-	2,088,876,604	2,088,876,604
As at 31st March 2023	4,239,611,750	12,918,376,936	17,157,988,686
Comprehensive income for the year			
Profit for the year	-	1,366,462,417	1,366,462,417
Other comprehensive income			
Re-measurement of defined benefit obligation	-	(88,256,992)	(88,256,992)
Tax relating to other comprehensive income	-	26,477,098	26,477,098
Total comprehensive income for the year	-	1,304,682,523	1,304,682,523
Dividend to equity holders	-	(601,425,000)	(601,425,000)
Capitalisation of reserves	1,287,049,500	(1,287,049,500)	-
As at 31st March 2024	5,526,661,250	12,334,584,959	17,861,246,209

Figures in brackets indicate deductions.
The accounting policies and notes from pages 107 to 158 form an integral part of these financial statements.

Colombo
18th July 2024

Statement of Cash Flows

For the year ended 31st March	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Cash flow from/(used in) operating activities					
Profit before taxation		3,448,436,406	6,772,437,112	2,054,747,882	3,345,060,981
Adjustments for :					
Depreciation of property plant and equipment	12 A,B	1,389,696,829	1,480,108,118	732,237,048	674,087,019
Amortisation of intangible assets	13.1A,B	12,859,708	22,934,764	11,000,023	19,717,892
Depreciation of right-of-use assets	15	119,188,857	108,536,743	57,550,021	51,445,727
Provision for defined benefit obligation	24	89,864,007	66,966,337	66,378,661	48,781,796
Profit on disposal of property, plant and equipment	5	(156,879,967)	(14,844,997)	(14,625,996)	(9,065,000)
Interest expense	7	1,524,650,383	1,619,989,022	1,552,553,269	1,997,016,844
Lease interest	7	75,232,978	38,874,846	41,849,380	19,484,709
Write-off of ESC receivables		-	10,465,178	-	-
Unrealised exchange loss /(gain)		192,543,757	(86,900,019)	192,566,080	(86,900,019)
Interest income	6	(97,362,735)	(184,810,314)	(70,521,399)	(75,032,801)
Dividend income		-	-	-	(1,000,000,026)
Restatement of liabilities	5	(8,654,403)	(19,402,359)	(7,807,470)	(19,402,359)
Operating profit before working capital changes		6,589,575,820	9,814,354,431	4,615,927,499	4,965,194,763
(Increase)/decrease in inventories		2,667,006,562	(2,892,645,310)	839,180,762	10,087,308
(Increase)/decrease in trade and other receivables		(1,426,489,689)	(422,969,832)	(1,699,194,021)	(422,759,926)
Increase/(decrease) in trade and other payables		(123,590,764)	(12,130,538,772)	(976,038,345)	(6,179,144,438)
Increase/(decrease) in amount due to/from related parties		-	-	(550,012,088)	1,144,271,099
Cash generated from/(used in) operations		7,706,501,929	(5,631,799,483)	2,229,863,807	(482,351,194)
Interest paid		(1,524,650,383)	(1,619,989,022)	(2,016,757,981)	(1,532,812,132)
Income tax paid	27	(570,990,397)	(190,647,911)	(168,279,130)	(132,174,385)
Defined benefit obligation paid	24	(48,800,245)	(44,005,695)	(36,229,450)	(34,624,840)
Net cash flow from/(used in) operating activities		5,562,060,904	(7,486,442,111)	8,597,246	(2,181,962,551)
Cash flow from/(used in) investing activities					
Purchase and construction of property, plant and equipment	12.A,B	(5,396,525,847)	(3,245,150,605)	(5,158,277,785)	(3,098,191,838)
Intangible assets acquired	13.1A,B	(36,205,267)	(836,998)	(36,000,466)	(836,998)
Interest received	6	96,320,217	183,677,879	70,521,399	75,032,801
Proceeds from sale of property, plant and equipment		288,530,000	14,844,997	14,630,000	9,000,000
Investment in shares - subsidiary	14	-	-	-	(100)
Dividend received		-	-	-	1,000,000,026
Net cash used in investing activities		(5,047,880,897)	(3,047,464,727)	(5,109,126,852)	(2,014,996,109)
Cash flow from/(used in) financing activities					
Repayments of interest bearing borrowings	22	(25,455,252,585)	(11,625,212,570)	(19,123,064,660)	(10,994,316,570)
Receipts of interest bearing borrowings	22	26,571,529,283	17,897,127,459	25,010,042,820	12,500,843,100
Dividend paid		(593,985,560)	(266,226)	(593,985,560)	(266,226)
Lease rentals paid	25	(178,741,645)	(121,058,041)	(94,187,434)	(52,039,415)
Net cash flow from financing activities		343,549,493	6,150,590,622	5,198,805,166	1,454,220,889
Net increase/(decrease) in cash and cash equivalents		857,729,500	(4,383,316,216)	98,275,560	(2,742,737,771)
Cash and cash equivalents at the beginning of the year	A	983,790,721	5,367,106,937	713,206,949	3,455,944,720
Cash and cash equivalents at the end of the year	B	1,841,520,221	983,790,721	811,482,509	713,206,949

Figures in brackets indicate deductions.

The accounting policies and notes from pages 107 to 158 form an integral part of these financial statements.

Colombo
18th July 2024

Notes to Statement of Cash Flows

For the year ended 31st March	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Note					
A. Cash and cash equivalents at the beginning of the year					
Bank balances and cash in hand	20	1,673,751,907	6,349,580,090	1,237,821,538	4,072,997,493
Bank overdrafts	20	(689,961,186)	(982,473,153)	(524,614,589)	(617,052,773)
		983,790,721	5,367,106,937	713,206,949	3,455,944,720
B. Cash and cash equivalents at the end of the year					
Bank balances and cash in hand	20	2,221,583,623	1,673,751,907	1,054,151,724	1,237,821,538
Bank overdrafts	20	(380,063,402)	(689,961,186)	(242,669,215)	(524,614,589)
		1,841,520,221	983,790,721	811,482,509	713,206,949

Figures in brackets indicate deductions.
The accounting policies and notes from pages 107 to 158 form an integral part of these financial statements.

Colombo
18th July 2024

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting entity – Domicile and legal form

Tokyo Cement Company (Lanka) PLC (the Company) is a public limited liability Company incorporated and domiciled in Sri Lanka and the Ordinary shares of the Company are 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, Trincomalee and PVQ Jetty, Colombo Port.

1.2 Consolidated financial statements

The consolidated financial statements for the year ended 31st March 2024 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:

Entity	Effective holding percentage	Country of incorporation	Nature of business
Company (Parent entity)			
Tokyo Cement Company (Lanka) PLC		Sri Lanka	Manufacturing, importing and marketing of cement and operation of bio-mass power plant.
Subsidiaries			
Tokyo Eastern Cement Company (Pvt) Ltd	100%	Sri Lanka	Manufacturing and marketing of cement and value added products and operation of bio-mass power plant.
Tokyo Cement Power (Lanka) (Pvt) Ltd	100%	Sri Lanka	Generation of power and distributing to the Ceylon Electricity Board.
Tokyo Super Aggregate (Pvt) Ltd	51%	Sri Lanka	Manufacturing and marketing of aggregate.
Tokyo Supermix (Pvt) Ltd	100%	Sri Lanka	Manufacturing and marketing of ready mix concrete.
Tokyo Cement Industrial Park (Pvt) Ltd	100%	Sri Lanka	Exploratory development project for the manufacturing of cement (initial stage).

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

1.4 Parent enterprise

Tokyo Cement Company (Lanka) PLC is the holding company of the Group.

1.5 Financial period

The financial period of the Company and its Group represents twelve months from 01st April 2023 to 31st March 2024.

1.6 Date of authorisation for issue

The consolidated financial statements of the Group for the year ended 31st March 2024 were authorised for issue by the Board of Directors on 18th July 2024.

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 and 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, except for the defined benefit obligation (Gratuity), which is measured at the present value of obligation.

Notes to the Financial Statements

2.2 Presentation and functional currency

The consolidated financial statements have been presented in Sri Lankan 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 Lankan 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 flows, together with the accounting policies and notes ("financial statements") of the Company and the Group as at 31st March 2024 and for the year then ended have been prepared in compliance with the Sri Lanka Accounting Standards (SLFRS and LKAS) 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.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Company and the Group's ability to continue to operate as a going concern. The Management has assessed the anticipated implications of macro-economic conditions, exchange rate volatilities, foreign exchange market limitations and its effect on the Group and the Company appropriateness of use of going concern basis. In determining the above, significant management judgements, estimates and assumptions including the impact of the current macroeconomic challenges have been considered as of the reporting date and specific disclosures have been made under the relevant notes to the financial statements.

The Directors are satisfied that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and hence have adopted the going concern basis in preparing and presenting these financial statements. Further, Directors have confirmed that there is no immediate fund requirement to settle the existing liabilities and the Company intend to obtain continuous support from the fully owned subsidiaries whenever necessary. Nonetheless, the Company and the Group are vigilantly following the current developments and approaching the current challenges and constraints with greater agility and open-mindedness.

2.5 Offsetting

Assets and liabilities or income and expenses, are not offset unless it is required or permitted by Sri Lanka Accounting Standards.

2.6 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.

2.7 Materiality and aggregation

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

2.8 Changes in accounting standards

The Group has considered that, the changes in accounting standards during the financial year do not have a significant impact on the Group's financial statements.

The group has applied following accounting standards, interpretations and amendments which are effective for annual periods beginning on or after 1st April 2023.

i) Disclosure of Accounting Policies (Amendments to LKAS 1 Presentation of Financial Statements and SLFRS Practice Statement 2).

The amendments to LKAS 1 and SLFRS Practice Statement 2 Making Materiality Judgements, providing guidance to help entities meet the accounting policy disclosure requirements.

The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

ii) Definition of Accounting Estimates (Amendments to LKAS 8 Accounting policies, Changes in Accounting Estimates and Errors)

The amendment to LKAS 8, which added the definition of accounting estimates, clarifies that the effect of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between the changes in accounting estimate, changes in accounting policy and prior period errors.

iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12 Income Taxes)

The amendments to LKAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of SLFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

2.9 Standard issued but not yet effective

The following amendments and improvements are not expected to have a significant impact on the Group's financial statements.

- Liability in a Sale and Leaseback (Amendments to SLFRS 16 Leases) – Mandatorily effective for periods beginning on or after 1st January 2024
- Classification of Liabilities as Current or Non-Current (Amendments to LKAS 1 Presentation of Financial Statements) - Mandatorily effective for periods beginning on or after 1st January 2024)
- Non-current Liabilities with Covenants (Amendments to LKAS 1 Presentation of Financial Statements) – Mandatorily effective for periods beginning on or after 1st January 2024
- Supplier Finance Arrangements (Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures) - Mandatorily effective for periods beginning on or after 1st January 2024

a) The following amendments are effective for the period beginning 01st January 2025

- Lack of Exchangeability (Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates) – Mandatorily effective for period beginning on or after 1st January 2025.

2.10 Current versus non-current classification

The Company and the Group present assets and liabilities in the statement of financial position based on current/non-current classification.

An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- Expected to be settled in the normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company and the Group classify all other liabilities as non-current.

2.11 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31st March 2024. (A list of subsidiaries is disclosed in note 14 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 the 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 affect 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 relative 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 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 profit or loss as a gain on bargain purchase.

Notes to the Financial Statements

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, reflect 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 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 have been 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 2024.

Non-controlling interest

The profit or loss and net assets of subsidiaries attributable to equity interest 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 interest 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, Raddella Engineering & Earth Movers (Pvt) Ltd which has 49% of shareholding in Tokyo Super Aggregate (Pvt) Ltd.

2.12 Significant accounting judgements, estimates and assumptions

The preparation of the financial statements of the Company and 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 Company and 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, estimation and assumptions are as follows:

Critical accounting estimate / judgment	Disclosure note
Useful life of property, plant and equipment	3.3
Impairment of non-financial assets	3.9
Impairment of financial assets	3.10.3
Retirement benefit obligation	3.18.1
Leases	3.19
Deferred tax liabilities	3.20.2
Taxes	3.20

3. SUMMARY OF MATERIAL 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 reporting 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 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 Company and the Group decide whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the 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 Company and the Group acquire 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 the 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. 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 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 asset will flow to the Company and the Group and the cost of the asset can be reliably measured.

Basis of measurement

Initial measurement

Property, plant and equipment are initially measured at cost.

Subsequent measurement

Property, plant and equipment are subsequently measured 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 Company and the Group de-recognise 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. Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale is capitalised as part of the cost of respective assets.

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

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. Freehold land is not depreciated. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives.

If an asset has several components, which can be physically separated from the principal asset and have significantly different useful lives, those shall be recognised separately and depreciated based on their respective useful lives. Significant components are identified based on the components which have a significant cost out of the total value of the principal asset and the components which have significantly different useful economic lives.

Notes to the Financial Statements

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

Category	Years
Buildings and jetty	5 - 60/ Over the lease period
Furniture and fittings, and equipment	4 - 10
Motor vehicles	4 - 22
Plant and machinery, and equipment	8 - 50
Vessels	2 1/2 - 32

Useful lives of property, plant and equipment

The Company and the Group review 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

Property that is being constructed or developed for future use as property, plant and equipment is classified as capital work-in-progress and stated at cost until the construction or development is completed. The cost of capital work-in-progress is the cost of purchase or construction together with any related expenses thereon.

An item is included as Capital work-in-progress upon satisfying the recognition criteria stipulated in LKAS 16.

Capital work-in-progress is 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 Company and 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 and the Group consist of the Goodwill and Computer Software.

a) Goodwill

The 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.

The 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 the cash generating unit (or group of cash generating units) is less than the carrying amount of cash generating unit (or 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 – ERP 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 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 statement of profit or loss.

c) Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognised as an intangible asset, when the Company and the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- its intention to complete and its ability to use or sell the assets,

- how the assets will generate future economic benefits,
- the availability of resources to complete the assets,
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure of an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit from the use or expected future sales from the related project. During the period of development, the asset is tested for impairment annually.

3.6 Investment in subsidiaries

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in profit or loss. After the initial recognition, investments in subsidiaries are carried at cost less any accumulated impairment losses.

3.7 Right-of-use assets recognised under SLFRS 16

a) Right-of-use assets

The Company and the Group recognise the 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 Company and the Group are reasonably certain to obtain the 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.

Any excess of sales proceeds over the carrying amount of assets in respect of a sale and leaseback transaction that results in a finance lease is deferred and amortised over the lease term.

b) Short-term leases and low value assets

The Company and the Group apply the short-term lease recognition exemption to leases that have a 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.

3.8 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.

3.9 Impairment of non-financial assets

The Company and the Group assess 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 Company and the Group make 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 corroborated by valuation multiples, quoted share prices or other available fair value indicators.

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

Notes to the Financial Statements

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 Company and 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 amortisation or depreciation), had no impairment loss been recognised for the asset in prior years.

3.10 Financial instruments - Initial recognition and subsequent measurement

3.10.1 Initial recognition and measurement

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

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 Solely Payments of Principal and Interest (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 and the Group have applied the practical expedient and others are measured at the transaction price.

At initial recognition, the Company and the Group measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

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

Subsequent measurement

The Company and the Group classify 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

A financial asset is classified at fair value through profit or loss, if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss, if the Company and the Group manage such investments and make purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, transaction costs are recognised in profit or loss as incurred.

Financial assets at FVTPL are initially measured at fair value, and subsequent therein are recognised in statement of 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 the 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 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 in the statement of profit or loss and other 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 Company and the Group elect to renegotiate the terms of trade receivable due from customers with which it has previously had a good trading history. Such re-negotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the 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. When financial asset is de-recognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equal to profit or loss recognised in other gain/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 Company and the Group have 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 the payments of principal and interest on the principal amount outstanding.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement the 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.

3.10.2 Financial assets – derecognition

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

3.10.3 Impairment of financial assets

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

For trade receivables, the Company and the Group apply the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company and the Group have 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.

3.11 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 Company and the Group classify 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 interest bearing borrowings, trade and other payables and bank overdraft.

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 de-recognition 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.

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 as 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 profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains or losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance expenses in profit or loss.

Notes to the Financial Statements

3.12 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 currently an enforceable legal right to offset the recognised amounts and intend to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.13 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 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.

3.14 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.

3.15 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand and at bank and short-term deposits.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and at bank and short- term deposits net of outstanding bank overdrafts. Cash and cash equivalents include cash in hand and at bank, 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 net of bank overdrafts.

The statement of cash flow is reported based on the indirect method.

3.16 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 inventories to their present location and condition is accounted using the following cost formula:

Raw materials	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 materials	At cost determined on first-in first-out basis (FIFO).
Goods in transit	At actual cost.

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

3.17 Liabilities and provisions

3.17.1 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. Trade payables are the aggregate amount of obligations to pay for goods and services, that have been acquired in the ordinary cause of business.

3.17.2 Short term borrowings

Short-term borrowings are interest bearing borrowings of the Company and the Group which fall due within 12 months of the end of financial year.

3.17.3 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event and it is probable that the Company and 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.

3.18 Retirement benefit obligations

3.18.1 Defined benefit plans – gratuity

Provision has been made for retirement gratuities in conformity with LKAS 19 and 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 other comprehensive income in the period in which they arise.

The retirement benefit obligations of the Company and the Group are based on the actuarial valuation carried out by Messrs. Actuarial and Management Consultants (Pvt) Ltd. 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 contain in note 24. 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. Gratuity is presented as non-current liability.

3.18.2 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 the Group contribute 12% and 3% of gross emoluments of the employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively.

3.19 Lease liabilities

At the commencement date of the lease, the Company and the Group recognise 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 Company and the Group use 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.

3.20 Taxes

3.20.1 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 are enacted or substantively enacted, at the reporting date in the countries where the Company and the Group operate and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and items recognised in other comprehensive income are recognised in other comprehensive income and not in profit or loss.

The 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.

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

Notes to the Financial Statements

3.20.2 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 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.

Deferred tax asset / liability is presented as non-current asset / liability without discounting.

3.20.3 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.

IFRIC interpretation 23 uncertainty over income tax treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately.
- the assumptions an entity makes about the examination of tax treatments by taxation authorities.
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, and tax rates.
- how an entity considers changes in facts and circumstances.
- the Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company and the Group apply significant judgment in identifying uncertainties over income tax treatments. Since the Company and the Group operate in a complex environment, it assesses whether the Interpretation has an impact on its financial statements.

Upon adoption of the Interpretation, the Company and the Group consider whether it has any uncertain tax positions, and the Company and the Group determined that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Group.

3.21 Commitments

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

3.22 Revenue recognition

3.22.1 Revenue from contracts with customers

a) Revenue recognition

The Company and the Group recognise the revenue when the Company and the Group satisfy a performance obligation transferring promised goods or services to a customer, i.e. when the customer obtains the control of those goods or services.

b) Performance obligations and timing of revenue recognition

The Group's revenue is mainly derived from selling goods with revenue recognised at a point in time when the control of the goods has been transferred to the customer. This is generally when the goods are delivered to the customer. There is limited judgment needed in identifying the point at which the control passes: once physical delivery of the products to the agreed location has occurred, the Company and the Group no longer have physical possession, usually will have a present right to payment (as a single payment on delivery) and retain none of the significant risks and rewards of the goods.

Under SLFRS 15, the Company and the Group determine, at contract inception, whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Company and the Group recognise the revenue over time by measuring the progress towards the complete satisfaction of that performance obligation.

c) Determining the transaction price

Most of the Group's revenue is derived from fixed price contracts and, therefore, the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

d) Allocating amounts to performance obligations

For contracts with customers, there is a fixed unit price for each product sold. Therefore, there is no judgment involved in allocating the contract price to each unit in such contracts. Where a customer orders more than one product line, the Company and the Group are able to determine the split of the total contract price between each product line by reference to each product's stand-alone selling prices (all product lines are capable of being, and are, sold separately).

3.22.2 Other source of income

a) Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established and is shown in profit or loss.

b) Interest income

Interest income is recognised on an accrual basis unless the collectability is in doubt.

c) Charter hire income

Charter hire income is recognised on an accrual basis.

d) Other income

All other income is recognised on an accrual basis.

3.23 Expenditure recognition

Expenses are recognised in 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 has been charged to income in arriving at the profit for the year.

For the purpose of presentation of the statement of profit or loss and other comprehensive income, the directors are of the opinion that the function of expenses method presents fairly the elements of the Group's performance and hence, this presentation method has been adopted.

3.24 Finance Expenses

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of fair value through OCI financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the statement of profit or loss and other comprehensive income. Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

3.25 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.

Notes to the Financial Statements

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.

3.26 Events after the reporting period

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.

3.27 Related party transactions

Disclosures are made in respect of the transactions in which the Company and the Group have 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.

Transactions with related parties are carried out in the ordinary course of business. Sales and purchases from related parties are made on terms equivalent to those that prevail in arm's length transaction. Intercompany interest bearing borrowings/receivables are included in the financial statements.

3.28 Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the number of voting or non-voting ordinary shares.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

For the year ended 31st March	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Goods transferred at a point in time	49,823,790,136	56,481,677,281	37,374,746,252	35,665,412,644
	49,823,790,136	56,481,677,281	37,374,746,252	35,665,412,644

5. OTHER INCOME

For the year ended 31st March	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Profit on disposal of property, plant and equipment	156,879,967	14,844,997	14,625,996	9,065,000
Profit on power export	66,527,742	-	66,527,742	-
Rent income	-	-	9,330,000	-
Charter hiring income	275,306,473	818,024,905	275,306,473	818,024,905
Restatement of liabilities	8,654,403	19,402,359	7,807,470	19,402,359
Sundry income	22,626,151	30,486,132	8,927,017	18,456,111
	529,994,736	882,758,393	382,524,698	864,948,375

6. FINANCE INCOME

For the year ended 31st March	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Interest on treasury bills	1,042,518	1,132,435	-	-
Interest on money market deposits	96,320,217	183,677,879	59,172,947	75,032,801
Interest on amount due from subsidiaries	-	-	11,348,452	-
	97,362,735	184,810,314	70,521,399	75,032,801
Exchange gain	63,727,515	-	39,814,786	-
	161,090,250	184,810,314	110,336,185	75,032,801

7. FINANCE EXPENSES

For the year ended 31st March	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Interest on borrowings		1,893,314,575	1,580,342,596	1,408,426,044	1,318,317,926
Less: Borrowing cost capitalisation		(382,474,501)	(94,623,156)	(382,474,501)	(94,623,156)
Interest on related party borrowings		-	-	205,665,750	209,999,997
Interest on amount due to subsidiaries		-	-	314,415,730	464,204,712
Interest on bank overdrafts		13,810,309	134,269,582	6,520,246	99,117,365
		1,524,650,383	1,619,989,022	1,552,553,269	1,997,016,844
Interest on lease	25	75,232,978	38,874,846	41,849,380	19,484,709
Exchange loss		-	3,561,984,140	-	2,275,026,460
		1,599,883,361	5,220,848,008	1,594,402,649	4,291,528,013

Notes to the Financial Statements

7.1 (a) Borrowing cost capitalised

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 no. 12 property, plant and equipment. 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 import 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 borrowings during the period less any investment income on the temporary investment of those borrowings.

8. PROFIT BEFORE TAXATION

	Group		Company	
For the year ended 31st March	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Profit before taxation is stated after charging all expenses including the following:				
Depreciation on property, plant and equipment	1,389,696,829	1,480,108,118	732,237,048	674,087,019
Depreciation of right-of-use assets	119,188,857	108,536,743	57,550,021	51,445,727
Amortisation of intangible assets	12,859,708	22,934,764	11,000,023	19,717,892
Directors' emoluments	60,679,500	50,530,502	60,679,500	50,530,502
Auditors' remuneration - Audit services	7,837,115	7,289,358	4,843,125	4,500,000
Charity and donations	4,865,032	2,335,926	4,608,532	-
Staff cost	2,302,799,089	1,766,636,670	1,323,041,880	923,083,364
Defined benefit cost	89,864,007	66,966,337	66,378,661	48,781,796
Defined contribution plan cost - E.P.F. and E.T.F.	206,355,991	163,593,113	114,432,417	85,679,866
Research cost	22,338,644	8,802,887	20,823,984	8,677,349
Legal expenses and professional charges	91,512,038	73,260,729	73,578,260	53,933,220
Repairs and maintenance	1,444,497,911	1,195,503,744	1,083,877,345	779,053,728
Social security contribution levy (SSCL) expenses	1,124,702,070	586,939,190	779,978,498	326,373,765
Sales commission	1,123,231,220	1,428,272,910	915,899,138	941,418,595
Advertisement expenses	237,249,478	126,235,308	215,237,918	113,775,596

9. TAX EXPENSE

For the year ended 31st March	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Current year income tax expense	9.A.1	428,159,565	501,659,695	118,014,648	165,888,860
Under provision/(reversal) in respect of previous years		(32,485,365)	37,397,837	3,316,595	-
Deferred tax expense	9.B	630,266,489	1,234,688,807	566,954,222	1,061,764,302
		1,025,940,689	1,773,746,339	688,285,465	1,227,653,162

9.A.1 Current year income tax expense

Reconciliation between the current year tax expense and accounting profit

For the year ended 31st March	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Profit before taxation	3,448,436,406	6,772,437,112	2,054,747,882	3,345,060,981
Income considered separately	(644,582,503)	(1,869,328,382)	(79,851,399)	(1,077,366,160)
Consolidation adjustment	-	1,001,870,019	-	-
Aggregate disallowable items	3,702,687,054	4,327,687,827	2,755,940,921	3,071,156,145
Aggregate allowable items	(3,266,381,472)	(6,393,926,218)	(2,338,715,243)	(5,329,602,902)
Tax exempt profit	(264,905,861)	(3,264,069,895)	-	-
Adjusted income from business	2,975,253,624	574,670,463	2,392,122,161	9,248,064
Tax loss not utilised	17,922,457	64,222,457	-	-
Tax loss utilised	(2,151,731,605)	(128,296,757)	(2,078,591,400)	(9,248,064)
Taxable income from business	841,444,476	510,596,163	313,530,761	-
Income considered separately	644,582,503	1,869,328,382	79,851,399	1,077,366,160
Tax loss utilised	(19,063,396)	(7,980,435)	-	-
Taxable income	1,466,963,583	2,371,944,110	393,382,160	1,077,366,160
Income tax @ 30%	416,230,055	213,554,981	118,014,648	11,604,920
Income tax @ 24%	-	97,151,055	-	9,283,936
Income tax @ 18%	-	45,953,655	-	-
Income tax @ 15%	11,929,510	75,000,000	-	75,000,000
Income tax @ 14%	-	70,000,004	-	70,000,004
Total tax expense	428,159,565	501,659,695	118,014,648	165,888,860

9.A.2 Current tax attributable to profit or loss and other comprehensive income

For the year ended 31st March	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Tax attributable to profit or loss	9 .A.1	428,159,565	501,659,695	118,014,648	165,888,860
Tax attributable to other comprehensive income	9. B	(36,115,218)	(12,987,860)	(26,477,098)	(12,227,664)

Notes to the Financial Statements

9. TAX EXPENSE (CONTD.)

9.A.3 Tax loss carried forward

For the year ended 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Tax loss brought forward	2,530,485,388	2,602,540,123	2,167,187,688	2,176,435,752
Adjustment for tax loss	(84,464,162)	-	(88,596,288)	-
Tax loss arising during the year	17,922,457	64,222,457	-	-
Tax loss utilised during the year	(2,170,795,001)	(136,277,192)	(2,078,591,400)	(9,248,064)
Tax loss carried forward	293,148,682	2,530,485,388	-	2,167,187,688

9.A.4 Exempt profit

Trading profit from the business of Tokyo Eastern Cement Company (Pvt) Ltd was exempted from income tax under Section 16D of the Inland Revenue Act No 10 of 2006.

9.B Deferred tax expense

For the year ended 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Origination/ (reversal) of temporary differences arising from				
Profit or loss				
Accelerated depreciation for tax purposes on property, plant and equipment	58,487,256	1,006,789,624	14,404,975	794,890,948
Accelerated depreciation for tax purposes on Right-of-use assets	(5,178,117)	105,617,485	(2,318,492)	106,851,657
Defined benefit obligation	(11,265,227)	(36,485,512)	(9,044,763)	(30,188,273)
Benefit arising from tax losses	672,065,086	(278,908,066)	647,752,332	(255,993,897)
Impairment of trade receivables	-	(18,235,937)	-	(9,707,346)
Unrealised exchange differences	(83,842,509)	455,911,213	(83,839,830)	455,911,213
Tax expense charged to profit or loss	630,266,489	1,234,688,807	566,954,222	1,061,764,302
Other comprehensive income				
Actuarial loss on defined benefit obligation	(36,115,218)	(12,987,860)	(26,477,098)	(12,227,664)
Tax expense charged to other comprehensive income	(36,115,218)	(12,987,860)	(26,477,098)	(12,227,664)
Total deferred tax expense	594,151,271	1,221,700,947	540,477,124	1,049,536,638

9.B.1 Deferred tax has been calculated at 30%, 15% and 12% assuming that the tax rate will not be changed over the specified period.

10. BASIC/DILUTED EARNINGS PER SHARE

10.1 Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

For the year ended 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Amount used as the numerator:				
Profit attributable to equity holders of the parent	2,418,650,246	4,988,685,368	1,366,462,417	2,117,407,819
	2,418,650,246	4,988,685,368	1,366,462,417	2,117,407,819
Number of ordinary shares used as the denominator:	Nos.	Nos.	Nos.	Nos.
Weighted average number of shares	441,045,000	441,045,000	441,045,000	441,045,000
- Voting ordinary shares	294,030,000	294,030,000	294,030,000	294,030,000
- Non-voting ordinary shares	147,015,000	147,015,000	147,015,000	147,015,000
Basic earnings per share (Rupee per share)				
- Voting ordinary shares	5.48	11.31	3.10	4.80
- Non-voting ordinary shares	5.48	11.31	3.10	4.80

During the year, the company capitalised its reserves of Rs 1,287,049,500/- and issued 26,730,000 voting ordinary shares and 13,365,000 non-voting ordinary shares, both at Rs. 32.10 per share. The earnings per share have been retrospectively adjusted, according to LKAS-33, paragraph 64.

10.2 Diluted earnings per share

The calculation of diluted earnings per share is calculated by profit attributable to equity holders of the parent and the weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares.

There is no potentially diluted ordinary shares outstanding at any time during the year and previous year and as a result, the diluted earnings per share (diluted EPS) is as same as the basic EPS shown above.

11. DIVIDEND PER SHARE

For the year ended 31st March	Company	
	2024 Rs.	2023 Rs.
First and Final dividend		
- Voting ordinary shares	2.00	1.50
- Non-voting ordinary shares	2.00	1.50

The Directors have proposed the payment of first and final dividend of Rs. 2.00 per share for the year ended 31st March 2024 and the due dates to make payments are as follows:

- Where accurate dividend mandates are given (digital payment) the dividend is payable on 29th August 2024.

- In other cases, payment would be on 11th September 2024.

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT

12.A Group

	Cost				
Item	As at 01.04.2023 Rs.	Additions during the year Rs.	Transferred (from)/to Rs.	Disposals during the year Rs.	As at 31.03.2024 Rs.
Freehold assets					
Land	1,306,866,452	-	-	-	1,306,866,452
Buildings and jetty	13,557,885,733	20,994,241	266,664,759	43,932,418	13,801,612,315
Plant and machinery, and equipment	18,609,355,722	214,308,799	313,472,291	167,403,978	18,969,732,834
Vessel	1,695,921,556	-	-	-	1,695,921,556
Furniture, fittings and equipment	627,447,531	124,795,272	2,215,456	1,998,331	752,459,928
Motor vehicles	2,557,108,735	45,489,603	38,150,000	68,971,386	2,571,776,952
Sub Total	38,354,585,729	405,587,915	620,502,506	282,306,113	39,098,370,037
Leasehold assets					
Motor vehicles	38,150,000	-	(38,150,000)	-	-
Sub Total	38,392,735,729	405,587,915	582,352,506	282,306,113	39,098,370,037
Capital work-in progress	3,685,488,716	4,990,937,932	(582,352,506)	-	8,094,074,142
Grand Total	42,078,224,445	5,396,525,847	-	282,306,113	47,192,444,179

12.B Company

	Cost				
Item	As at 01.04.2023 Rs.	Additions during the year Rs.	Transferred (from)/to Rs.	Disposals during the year Rs.	As at 31.03.2024 Rs.
Freehold assets					
Land	486,168,136	-	-	-	486,168,136
Buildings and jetty	8,775,232,911	9,194,325	265,884,965	-	9,050,312,201
Plant and machinery, and equipment	7,881,287,577	169,195,778	286,211,989	-	8,336,695,344
Vessel	1,695,921,556	-	-	-	1,695,921,556
Furniture, fittings and equipment	503,162,359	115,827,586	2,215,456	150,761	621,054,640
Motor vehicles	866,521,074	18,000,000	38,150,000	17,371,000	905,300,074
Sub Total	20,208,293,613	312,217,689	592,462,410	17,521,761	21,095,451,951
Leasehold assets					
Motor vehicles	38,150,000	-	(38,150,000)	-	-
Sub Total	20,246,443,613	312,217,689	554,312,410	17,521,761	21,095,451,951
Capital work-in progress	3,651,145,780	4,846,060,096	(554,312,410)	-	7,942,893,466
Grand Total	23,897,589,393	5,158,277,785	-	17,521,761	29,038,345,417

Depreciation					Written down value	
As at 01.04.2023 Rs.	Charge for the year Rs.	Transferred (from)/to Rs.	Disposals during the year Rs.	As at 31.03.2024 Rs.	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
-	-	-	-	-	1,306,866,452	1,306,866,452
3,165,925,049	470,726,115	-	14,827,948	3,621,823,216	10,179,789,099	10,391,960,684
5,854,296,861	592,277,037	-	66,180,531	6,380,393,367	12,589,339,467	12,755,058,861
405,071,464	115,654,163	-	-	520,725,627	1,175,195,929	1,290,850,092
457,410,108	48,907,736	-	676,214	505,641,630	246,818,298	170,037,423
1,852,084,804	158,763,617	38,150,000	68,971,386	1,980,027,035	591,749,917	705,023,931
11,734,788,286	1,386,328,668	38,150,000	150,656,079	13,008,610,875	26,089,759,162	26,619,797,443
34,781,839	3,368,161	(38,150,000)	-	-	-	3,368,161
11,769,570,125	1,389,696,829	-	150,656,079	13,008,610,875	26,089,759,162	26,623,165,604
-	-	-	-	-	8,094,074,142	3,685,488,716
11,769,570,125	1,389,696,829	-	150,656,079	13,008,610,875	34,183,833,304	30,308,654,320

Depreciation					Written down value	
As at 01.04.2023 Rs.	Charge for the year Rs.	Transferred (from)/to Rs.	Disposals during the year Rs.	As at 31.03.2024 Rs.	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
-	-	-	-	-	486,168,136	486,168,136
2,375,287,692	321,051,701	-	-	2,696,339,393	6,353,972,808	6,399,945,219
3,869,153,919	251,194,625	-	-	4,120,348,544	4,216,346,800	4,012,133,658
405,071,464	115,654,163	-	-	520,725,627	1,175,195,929	1,290,850,092
371,846,699	28,756,693	-	146,757	400,456,635	220,598,005	131,315,660
832,356,091	12,211,705	38,150,000	17,371,000	865,346,796	39,953,278	34,164,983
7,853,715,865	728,868,887	38,150,000	17,517,757	8,603,216,995	12,492,234,956	12,354,577,748
34,781,839	3,368,161	(38,150,000)	-	-	-	3,368,161
7,888,497,704	732,237,048	-	17,517,757	8,603,216,995	12,492,234,956	12,357,945,909
-	-	-	-	-	7,942,893,466	3,651,145,780
7,888,497,704	732,237,048	-	17,517,757	8,603,216,995	20,435,128,422	16,009,091,689

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

12.C Other Information

a) During the year the Group paid Rs.5,396,525,847/- (2023 - Rs.3,245,150,605/-) and the Company paid Rs. 5,158,277,785/- (2023 - Rs.3,098,191,838/-) in relation to acquisition of property, plant and equipment and construction of capital work-in-progress.

b) The cost of fully depreciated property, plant and equipment which are still in use as at the reporting date for the Group is Rs.2,579,825,349/- (2023 - Rs.1,991,621,963/-) and for the Company is Rs.1,935,260,013/- (2023 - Rs.1,823,728,340/-).

c) Borrowing costs of Rs.382,474,501/- have been capitalised under property, plant and equipment during the year ended 31st March 2024 (2023 - Rs.94,623,156/-).

d) Details relating to property, plant and equipment kept as security for borrowings are disclosed in note 31.

12.D Value of land and ownership

Company	Location	Land extent (Acres)	Number of buildings	Building cost Rs.	Land cost Rs.
Tokyo Cement Company (Lanka) PLC	Elpitiya	7.50	2	25,322,760	17,906,600
	Colombo	0.26	-	-	180,982,714
	Negombo	2.04	-	-	15,638,902
	Dambulla	5.00	2	104,690,457	14,675,000
	Trincomalee (leasehold)	44.10	17	3,006,514,992	-
	Peliyagoda (leasehold)	1.90	5	36,574,092	-
	Colombo Port - 01 (leasehold)	1.06	1	46,694,838	-
	Colombo Port - 02 (leasehold)	0.95	1	14,518,965	-
	Wattala	1.65	-	-	256,964,920
Tokyo Cement Power (Lanka) (Pvt) Ltd	Mahiyanganaya	19.00	8	715,228,101	13,338,695
Tokyo Eastern Cement Company (Pvt) Ltd	Trincomalee (leasehold)	11.79	9	1,385,610,407	-
Tokyo Super Aggregate (Pvt) Ltd	Dompe	10.50	1	111,194,123	60,584,300
Tokyo Supermix (Pvt) Ltd	Jaffna	6.50	2	6,429,703	8,835,685
	Negombo	1.97	1	13,059,773	32,859,000
	Kandy	1.52	-	-	49,933,848
	Weligama	12.00	1	10,867,509	93,682,327
	Meethotamulla	2.10	-	-	246,579,102
	Anuradhapura	1.31	-	-	45,816,160
	Naula	10.31	-	-	19,469,800
	Ratmalana	1.00	2	41,664,402	249,599,400

13. INTANGIBLE ASSETS

13.A Group

As at 31st March Item	Note	Written down value Group 2024 Rs.	2023 Rs.	Company 2024 Rs.	2023 Rs.
Goodwill		32,995,007	32,995,007	-	-
ERP and other software	13.1	44,157,978	20,812,419	43,116,398	18,115,955
		77,152,985	53,807,426	43,116,398	18,115,955

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 an 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 Control Combinations 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 the 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 13% per annum, inflation and general price rate 10% per annum, exchange rate considered from Rs.300/- to Rs.325/- through the period made by considering the past experience and external source of information which have been approved by the Board of Directors.

13.1 ERP and other software

13.1.A Group

Item	Cost As at 01.04.2023 Rs.	Cost Additions Rs.	Cost As at 31.03.2024 Rs.	Amortisation As at 01.04.2023 Rs.	Amortisation For the year Rs.	Amortisation As at 31.03.2024 Rs.	Written down value As at 31.03.2024 Rs.	Written down value As at 31.03.2023 Rs.
ERP and other software	187,217,734	36,205,267	223,423,001	166,405,315	12,859,708	179,265,023	44,157,978	20,812,419
	187,217,734	36,205,267	223,423,001	166,405,315	12,859,708	179,265,023	44,157,978	20,812,419

13.1.B Company

Item	Cost As at 01.04.2023 Rs.	Cost Additions Rs.	Cost As at 31.03.2024 Rs.	Amortisation As at 01.04.2023 Rs.	Amortisation For the year Rs.	Amortisation As at 31.03.2024 Rs.	Written down value As at 31.03.2024 Rs.	Written down value As at 31.03.2023 Rs.
ERP and other software	163,889,436	36,000,466	199,889,902	145,773,481	11,000,023	156,773,504	43,116,398	18,115,955
	163,889,436	36,000,466	199,889,902	145,773,481	11,000,023	156,773,504	43,116,398	18,115,955

13.1.C During the year the Group paid Rs. 36,205,267/- (2023- Rs. 836,998/-) and the Company paid Rs. 36,000,466/- (2023 - Rs. 836,998/-) in relation to acquisition of intangible assets.

Notes to the Financial Statements

14. INVESTMENTS IN SUBSIDIARIES

As at 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 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 (2,747,426,688 shares)	-	-	2,747,426,688	2,193,696,688
Tokyo Cement Industrial Park (Pvt) Ltd				
Ordinary shares (100 shares)			100	100
	-	-	12,790,907,043	12,237,177,043

14.1 During the year Tokyo Supermix (Pvt) Ltd issued 553,730,000 shares to Tokyo Cement Company (Lanka) PLC for Rs 553,730,000.

14.2 Partly- owned subsidiaries

As at 31st March	2024	2023
Name of the Company		
Tokyo Super Aggregate (Pvt) Ltd	51%	51%
Accumulated balances of non-controlling interest:		
Tokyo Super Aggregate (Pvt) Ltd	97,489,586	94,417,937

The summarised financial information of the above subsidiary is provided below. This information is based on amounts before inter-company eliminations.

14.2.1 Summarised statement of profit or loss and other comprehensive income

For the year ended 31st March	2024 Rs.	2023 Rs.
Revenue from contracts with customers	487,957,939	516,825,030
Cost of sales	(394,691,924)	(412,916,789)
Other income	5,245,053	1,652,196
Expenses	(86,693,026)	(74,737,880)
Tax expense	(3,970,140)	(10,403,363)
Profit for the year	7,847,902	20,419,194
Other comprehensive income	(1,579,229)	(211,801)
Total comprehensive income for the year	6,268,673	20,207,393

14.2.2 Summarised statement of financial position

As at 31st March	2024 Rs.	2023 Rs.
Non-current assets		
Property, plant and equipment	420,618,717	410,481,736
Total non-current assets	420,618,717	410,481,736
Current assets		
Inventories	185,626,216	158,783,048
Trade and other receivables	65,956,051	98,508,871
Cash and cash equivalents	314,053	430,911
Total current assets	251,896,320	257,722,830
Total assets	672,515,037	668,204,566
Equity		
Stated capital	180,612,245	180,612,245
Retained earnings	18,346,095	12,077,423
Total equity	198,958,340	192,689,668
Non-current liabilities		
Interest bearing borrowings	251,816,232	303,416,232
Defined benefit obligation	9,399,235	5,635,411
Deferred tax liabilities	15,045,866	11,752,537
Total non-current liabilities	276,261,333	320,804,180
Current liabilities		
Trade and other payables	57,732,928	52,930,411
Interest bearing borrowings	45,600,000	33,000,000
Amount due to related parties	7,270,103	23,270,103
Bank overdraft	86,692,333	45,510,204
Total current liabilities	197,295,364	154,710,718
Total equity and liabilities	672,515,037	668,204,566

14.2.3 Summarised statement of cash flow information

For the year ended 31st March	2024 Rs.	2023 Rs.
Cash flows from operating activities	34,517,113	40,158,262
Cash flows used in investing activities	(36,816,099)	(14,133,378)
Cash flows used in financing activities	(39,000,000)	(30,812,103)

Notes to the Financial Statements

15. RIGHT-OF-USE ASSETS

As at 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
At the beginning of the year	1,300,425,716	1,408,962,459	1,146,209,461	1,197,655,188
Additions during the year	264,276,996	-	61,035,069	-
Depreciation for the year	(119,188,857)	(108,536,743)	(57,550,021)	(51,445,727)
At the end of the year	1,445,513,855	1,300,425,716	1,149,694,509	1,146,209,461

The Group recognises the 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.

15.1 The following are the amounts recognised in profit or loss for the year ended 31st March.

For the year ended 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Depreciation of right-of-use assets	119,188,857	108,536,743	57,550,021	51,445,727
Interest on lease	75,232,978	38,874,846	41,849,380	19,484,709
	194,421,835	147,411,589	99,399,401	70,930,436

16. INVENTORIES

As at 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Raw materials	2,474,325,605	3,675,280,407	1,481,885,358	817,083,823
Finished goods	545,193,723	2,065,711,690	363,977,642	1,519,872,973
Packing materials	858,767,563	642,830,379	396,077,756	409,320,263
Spares and consumables	1,788,086,816	1,767,746,042	775,218,029	923,464,245
Goods-in-transit	18,806,921	200,618,672	-	186,598,243
	5,685,180,628	8,352,187,190	3,017,158,785	3,856,339,547

The inventories have been pledged against borrowings as disclosed in note 31.

17. TRADE AND OTHER RECEIVABLES

As at 31st March		Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Trade receivables	- Related parties	17.1	605,735,652	781,274,144	611,102,375	800,378,633
	- Others		3,467,306,334	3,283,578,911	2,046,256,609	1,628,042,918
			4,073,041,986	4,064,853,055	2,657,358,984	2,428,421,551
Less: Provision for impairment		17.2	(162,647,569)	(162,647,569)	(80,894,554)	(80,894,554)
			3,910,394,417	3,902,205,486	2,576,464,430	2,347,526,997
Deposits, advances and pre-payments			1,230,058,691	1,403,951,890	888,364,289	1,105,209,349
Other receivables			1,868,316,061	470,198,437	1,651,266,924	156,731,356
			7,008,769,169	5,776,355,813	5,116,095,643	3,609,467,702

17.1 Trade receivables - Related parties

As at 31st March Name of the related party	Nature of the relationship	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Tokyo Eastern Cement Company (Pvt) Ltd	Subsidiary	-	-	2,068,093	16,420,785
Tokyo Super Aggregate (Pvt) Ltd	Subsidiary	-	-	151,603	110,161
Tokyo Supermix (Pvt) Ltd	Subsidiary	-	-	3,233,877	2,573,543
Rhino Roofing Products Ltd	Affiliate Company	313,201,135	370,765,744	313,201,135	370,765,744
Rhino Products Ltd	Affiliate Company	173,816,592	293,353,690	173,816,592	293,353,690
St. Anthony's Homemart (Pvt) Ltd	Affiliate Company	86,850	-	-	-
El-Toro Roofing Products (Pvt) Ltd	Affiliate Company	118,623,814	117,154,710	118,623,814	117,154,710
St. Anthony's Hardware (Pvt) Ltd	Affiliate Company	7,261	-	7,261	-
		605,735,652	781,274,144	611,102,375	800,378,633

17.2 Provision for impairment

As at 31st March	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
At the beginning of the year	162,647,569	162,647,569	80,894,554	80,894,554
Provision recognised during the year	-	-	-	-
At the end of the year	162,647,569	162,647,569	80,894,554	80,894,554

17.3 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.

Notes to the Financial Statements

18. AMOUNT DUE FROM SUBSIDIARIES

As at 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Tokyo Cement Power (Lanka) (Pvt) Ltd	-	-	30,072,850	106,794,779
Tokyo Super Aggregate (Pvt) Ltd	-	-	7,270,103	23,270,103
Tokyo Supermix (Pvt) Ltd	-	-	-	553,750,309
	-	-	37,342,953	683,815,191

19. FINANCIAL ASSETS AT AMORTISED COST

As at 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Investment in treasury bills	10,561,487	9,518,969	-	-
	10,561,487	9,518,969	-	-

20. CASH AND CASH EQUIVALENTS

As at 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Favourable balances				
Cash at bank	431,573,862	602,381,228	277,771,864	189,697,726
Money market deposits	1,725,166,609	1,037,245,890	735,672,187	1,037,245,890
Cash in hand	64,843,152	34,124,789	40,707,673	10,877,922
	2,221,583,623	1,673,751,907	1,054,151,724	1,237,821,538
Unfavourable balances				
Bank overdrafts	380,063,402	689,961,186	242,669,215	524,614,589

21. STATED CAPITAL

Description	Company			
	At the beginning of the year 01st April 2023 Rs.	Share issue during the year Rs.	At the end of the year 31st March 2024 Rs.	At the end of the year 31st March 2023 Rs.
Value of ordinary shares	4,239,611,750	1,287,049,500	5,526,661,250	4,239,611,750
	4,239,611,750	1,287,049,500	5,526,661,250	4,239,611,750

21.1 Movement in number of ordinary shares

Description	Company			
	At the beginning of the year 01st April 2023	Share issue during the year	At the end of the year 31st March 2024	At the end of the year 31st March 2023
Ordinary shares				
- Voting	267,300,000	26,730,000	294,030,000	267,300,000
- Non-voting	133,650,000	13,365,000	147,015,000	133,650,000
	400,950,000	40,095,000	441,045,000	400,950,000

21.2 During the year, the Company capitalised reserves of Rs. 1,287,049,500/- and issued 26,730,000 voting ordinary shares and 13,365,000 non-voting ordinary shares, both at Rs. 32.10 per share.

21.3 The above shares are quoted in the Colombo Stock Exchange. The non-voting ordinary shares rank pari passu in respect of all rights with the voting ordinary shares of the Company except for the voting rights.

22. INTEREST BEARING BORROWINGS

22.1 Long-term interest bearing borrowings

As at 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
At the beginning of the year	2,631,658,532	4,302,449,335	4,957,917,300	6,450,000,000
Add: Loans obtained during the year	4,192,082,700	1,310,105,197	4,192,082,700	1,207,917,300
	6,823,741,232	5,612,554,532	9,150,000,000	7,657,917,300
Less: Settlements during the year	(1,470,825,000)	(2,980,896,000)	(1,490,000,000)	(2,700,000,000)
At the end of the year	5,352,916,232	2,631,658,532	7,660,000,000	4,957,917,300
Current maturity portion	753,210,000	1,469,225,000	1,267,500,000	1,530,000,000
Non-current maturity portion	4,599,706,232	1,162,433,532	6,392,500,000	3,427,917,300
	5,352,916,232	2,631,658,532	7,660,000,000	4,957,917,300
Analysis of long-term loans by the year of repayment				
Repayable between one and five years	5,330,196,232	2,519,462,000	7,660,000,000	4,657,917,000
Repayable after five years	22,720,000	112,196,532	-	300,000,300
	5,352,916,232	2,631,658,532	7,660,000,000	4,957,917,300

Long-term interest bearing borrowing of the Company as at 31st March 2024 include Rs.2.7 Bn loan payable to its fully owned subsidiary, Tokyo Eastern Cement Company (Pvt) Ltd.

Notes to the Financial Statements

22. INTEREST BEARING BORROWINGS (CONTD.)

22.2 Current maturity portion of interest bearing borrowings

As at 31st March	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Current maturity portion of long-term interest bearing borrowings		753,210,000	1,469,225,000	1,267,500,000	1,530,000,000
Short-term borrowings	22.2.1	7,572,292,005	9,177,273,007	7,418,072,005	4,233,176,545
Total current portion of interest bearing borrowings		8,325,502,005	10,646,498,007	8,685,572,005	5,763,176,545

22.2.1 Short-term borrowings

As at 31st March	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Import demand loans	22.2.2	5,583,968,786	9,177,273,007	5,429,748,786	4,233,176,545
Working capital loans	22.2.3	1,988,323,219	-	1,988,323,219	-
Total short-term borrowings		7,572,292,005	9,177,273,007	7,418,072,005	4,233,176,545

22.2.2 Import demand loans

As at 31st March	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
At the beginning of the year	9,177,273,007	1,234,567,315	4,233,176,545	1,234,567,315
Add: Loans obtained during the year	18,626,123,364	16,287,022,262	17,064,636,901	10,992,925,800
Less: Settlements during the year	(22,219,427,585)	(8,344,316,570)	(15,868,064,660)	(7,994,316,570)
At the end of the year	5,583,968,786	9,177,273,007	5,429,748,786	4,233,176,545

22.2.3 Working capital loans

As at 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
At the beginning of the year	-	-	-	-
Add: Loans obtained during the year	3,753,323,219	300,000,000	3,753,323,219	300,000,000
Less: Settlements during the year	(1,765,000,000)	(300,000,000)	(1,765,000,000)	(300,000,000)
At the end of the year	1,988,323,219	-	1,988,323,219	-

23. DEFERRED TAX LIABILITIES

As at 31st March	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
At the beginning of the year		3,081,156,004	1,859,455,057	1,553,803,096	504,266,458
Charged to statement of profit or loss and other comprehensive income	9.B	594,151,271	1,221,700,947	540,477,124	1,049,536,638
At the end of the year		3,675,307,275	3,081,156,004	2,094,280,220	1,553,803,096

	As at 31st March	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
23.1	Tax effect on property, plant and equipment	3,723,547,813	3,665,060,557	2,015,124,662	2,000,719,687
	Tax effect on right-of-use assets	278,915,766	284,093,883	278,043,327	280,361,819
	Tax effect on defined benefit obligation	(145,351,960)	(97,971,515)	(116,849,579)	(81,327,718)
	Tax effect on tax losses	(75,237,572)	(747,302,658)	-	(647,752,332)
	Tax effect on impairment of trade receivables	(48,794,269)	(48,794,269)	(24,268,366)	(24,268,366)
	Tax effect on unrealised exchange differences	(57,772,503)	26,070,006	(57,769,824)	26,070,006
		3,675,307,275	3,081,156,004	2,094,280,220	1,553,803,096

23.2 Deferred tax for tax holiday companies

Deferred tax has been recognised for temporary differences, when reversals of such differences extend beyond the BOI tax exemption period, taking into account the requirements of LKAS-12 for Tokyo Eastern Cement Company (Pvt) Ltd.

Notes to the Financial Statements

24. DEFINED BENEFIT OBLIGATION

As at 31st March	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
At the beginning of the year	342,970,200	275,925,307	271,092,394	216,176,559
Expenses recognised in profit or loss				
- Current service cost	57,712,286	25,577,543	46,085,707	16,355,312
- Interest cost	32,151,721	41,388,794	20,292,954	32,426,484
	89,864,007	66,966,337	66,378,661	48,781,796
Expenses recognised in other comprehensive income				
- Actuarial loss arising from change in assumptions	130,052,986	44,084,251	88,256,992	40,758,879
Others				
Payments made during the year	(48,800,245)	(44,005,695)	(36,229,450)	(34,624,840)
At the end of the year	514,086,948	342,970,200	389,498,597	271,092,394

24.1 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 defined benefit obligation for the year.

Increase/ (decrease) in discount rate	Increase/ (decrease) in salary escalation rate	Group effect on defined benefit obligation Rs.	Company effect on defined benefit obligation Rs.
1%	-	(37,102,553)	(23,298,221)
-1%	-	43,191,651	26,747,236
-	1%	46,119,917	28,851,504
-	-1%	(40,175,702)	(25,513,028)

The defined benefit obligation 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 defined benefit obligation as recommended by LKAS-19.

The principal assumptions used in determining the cost of defined benefits were as follows:

	2024 Rs.	2023 Rs.
a) Discount rate	12.4%	17%
b) Salary increment rate	10%	12%
c) Retirement age	60 years	60 years
d) Employee turnover ratio	2%	2%

Assumptions regarding future mortality are based on the A1967/70 mortality table issued by the Institute of Actuaries, London.

25. LEASE CREDITORS

As at 31st March	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Gross lease creditor				
At the beginning of the year	1,810,794,778	1,931,852,819	966,043,214	1,018,082,629
Add: Obtained during the year	900,011,348	-	611,059,319	-
Less: Payments made during the year	(178,741,645)	(121,058,041)	(94,187,434)	(52,039,415)
At the end of the year	2,532,064,481	1,810,794,778	1,482,915,099	966,043,214
Interest in suspense				
At the beginning of the year	1,472,872,717	1,511,747,563	751,856,812	771,341,521
Add: Obtained during the year	635,734,351	-	550,024,249	-
Less: Charged to profit or loss	(75,232,978)	(38,874,846)	(41,849,380)	(19,484,709)
At the end of the year	2,033,374,090	1,472,872,717	1,260,031,681	751,856,812
Net liability to lease creditor	498,690,391	337,922,061	222,883,418	214,186,402
Current maturity portion	78,730,977	53,807,836	31,916,550	22,706,392
Non-current maturity portion	419,959,414	284,114,225	190,966,868	191,480,010
	498,690,391	337,922,061	222,883,418	214,186,402

25.1 Current and non-current portions of finance lease obligation over finance charges and capital repayable have been apportioned between the finance lease repayable within one year and repayable after one year.

Notes to the Financial Statements

26. TRADE AND OTHER PAYABLES

As at 31st March	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Bills payable		773,866,399	1,392,939,535	757,142,303	1,392,939,535
Creditors - Related parties	26.1	129,279,794	212,332,815	95,641,168	1,632,273,279
- Others		2,778,035,990	2,345,006,418	2,353,868,642	1,773,284,330
Other creditors		1,012,345,024	868,054,168	567,615,896	416,381,953
		4,693,527,207	4,818,332,936	3,774,268,009	5,214,879,097

26.1 Payable to related parties

As at 31st March Name of the related party	Nature of the relationship	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Tokyo Eastern Cement Company (Pvt) Ltd	Subsidiary	-	-	-	1,531,408,801
Tokyo Super Aggregate (Pvt) Ltd	Subsidiary	-	-	-	307,225
Tokyo Supermix (Pvt) Ltd	Subsidiary	-	-	330,105	13,016,712
St. Anthony's Consolidated (Pvt) Ltd	Affiliate Company	94,869,474	109,078,774	91,077,827	72,938,441
South Asian Investment (Pvt) Ltd	Affiliate Company	3,803,971	14,597,276	3,803,971	14,597,276
St. Anthony's Homemart (Pvt) Ltd	Affiliate Company	413,077	29,500	413,077	-
St. Anthony's Hardware (Pvt) Ltd	Affiliate Company	30,193,272	88,627,265	16,188	4,824
		129,279,794	212,332,815	95,641,168	1,632,273,279

27. TAX PAYABLES

As at 31st March	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
At the beginning of the year		507,452,033	159,042,411	160,682,879	126,968,404
Under/(over) provision in respect of previous years		(32,485,365)	37,397,837	3,316,595	-
Tax expense for the year	9 A.1	428,159,565	501,659,696	118,014,648	165,888,860
		903,126,233	698,099,944	282,014,122	292,857,264
Transferred from other receivables		(1,532,576)	-	-	-
Income tax paid		(570,990,397)	(190,647,911)	(168,279,130)	(132,174,385)
At the end of the year		330,603,260	507,452,033	113,734,992	160,682,879

28. AMOUNT DUE TO SUBSIDIARIES

As at 31st March	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Tokyo Eastern Cement Company (Pvt) Ltd	-	-	3,866,575,193	4,509,697,138
Tokyo Supermix (Pvt) Ltd	-	-	367,619	-
	-	-	3,866,942,812	4,509,697,138

29. CAPITAL AND OTHER COMMITMENTS

29.1 Capital commitments

The approximate amount of capital expenditure approved by the directors and no provision is made as at 31st March 2024 in the financial statements for the Group is Rs.1,623,247,474 /- (2023 - Rs. 4,631,859,572/-) and for the Company is Rs.1,568,649,927/- (2023 - Rs. 4,631,859,572/-).

29.2 Other commitments

29.2.1 Company

i) The Company has entered into an agreement with the Ceylon Electricity Board (CEB) to export Biomass power for a period of 20 years commencing from year 2008.

29.2.2 Subsidiary companies

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 commencing from the year 2011.

ii) The Company has entered into an agreement with the Ceylon Electricity Board (CEB) to export Solar power for a period of 20 years commencing from the year 2019.

30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

30.1 Contingent liabilities

There were no material contingent liabilities for the Company and the Group as at the reporting date.

30.2 Contingent assets

There were no material contingent assets for the Company and the Group as at the reporting date.

Notes to the Financial Statements

31. 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 31.03.2024 Rs.	Balance outstanding as at 31.03.2023 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC	a.	Term loans					
	i.	Commercial Bank of Ceylon PLC	6,000,000,000	-	750,000,000	Repayable in 48 equal monthly instalments of Rs.125,000,000/- plus interest.	(a) Primary concurrent mortgage Bond for Rs. 110 Mn executed over stock and book debts of the company equal and pari passu with the primary mortgage bond. (b) General terms and conditions documents/ contract forms relating to term loans.
	ii.	Commercial Bank of Ceylon PLC	2,400,000,000	1,960,000,000	1,207,917,300	Repayable in 60 equal monthly instalments of Rs.40,000,000/- plus interest. (After a capital grace period of 01 year).	(a) Primary Mortgage bond to be executed for Rs. 2,767 Mn over the machinery owned by Tokyo Eastern Cement Company (Pvt) Ltd. (b) General terms and conditions documents/contract forms relating to term loans.
	iii.	DFCC Bank PLC	1,500,000,000	1,500,000,000	-	Repayable in 36 equal monthly instalment of Rs.41,666,666/- plus interest. (After a capital grace period of 02 years).	(a) General terms and conditions documents/ contract forms relating to term loans.
	iv.	Sampath Bank PLC	1,500,000,000	1,500,000,000	-	Repayable in 48 equal monthly instalment of Rs.31,250,000/- plus interest. (After a capital grace period of 01 year).	(a) Term Loan Agreement of Rs.1,500 Mn. (b) Corporate Guarantee of Tokyo Eastern Cement Company (Pvt) Ltd., for Rs.1,500 Mn.
	v.	Inter-company loan from Tokyo Eastern Cement Company (Pvt) Ltd	3,000,000,000	2,700,000,000	3,000,000,000	Repayable in 60 equal monthly instalment of Rs.50,000,000/- plus interest. (After a capital grace period of 02 years).	None

Name of the company		Nature of liabilities and the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2024 Rs.	Balance outstanding as at 31.03.2023 Rs.	Repayment	Security pledged
Tokyo Cement Company (Lanka) PLC	b.	Import demand loan					
	i.	Commercial Bank of Ceylon PLC (Combined limit with Tokyo Eastern Cement Company (Pvt) Ltd)	8,000,000,000	1,806,441,738	2,810,321,320	Each loan to be settled within 120 days from date of loan obtained.	(a) General terms and conditions documents/ contract forms relating to import demand loans. (b) Stock and book debt of the Company.
	ii.	Hatton National Bank PLC	1,600,000,000	740,278,183	-	Each loan to be settled within 60 days from date of loan obtained.	(a) Documents of title goods/ duly accepted usance drafts.
	iii.	Sampath Bank PLC	4,200,000,000	568,231,600	1,422,855,224	Each loan to be settled within 120 days from date of loan obtained.	(a) Hypothecation bonds totalling to Rs.4,200 Mn over stocks and book debts held at the warehouse / factory premises of the company. (b) Short term import loan agreement for Rs. 4,200 Mn.
	iv.	DFCC Bank PLC	3,000,000,000	2,314,797,265	-	Each loan to be settled within 120 days from date of loan obtained.	(a) General terms and conditions documents/ contract forms relating to import demand loans.
	c.	Short-term loans					
	i.	Commercial Bank of Ceylon PLC	2,000,000,000	501,200,000	-	Each loan to be settled within 120 days from date of loan obtained.	(a) General terms and conditions documents/ contract forms relating to import demand loans. (b) Stock and book debt of the Company.
	ii.	Seylan Bank PLC	1,000,000,000	891,389,620	-	Each loan to be settled within 120 days from date of loan obtained.	(a) General terms and conditions documents/ contract forms relating to import demand loans. (b) Stock and book debt of the Company.
	iii.	DFCC Bank PLC	3,000,000,000	295,733,599	-	Each loan to be settled within 120 days from date of loan obtained.	(a) General terms and conditions documents/ contract forms relating to import demand loans.

Notes to the Financial Statements

31. ASSETS PLEDGED (CONTD.)

Name of the company	Nature of liabilities and the name of bank		Loan/Facility granted Rs.	Balance outstanding as at 31.03.2024 Rs.	Balance outstanding as at 31.03.2023 Rs.	Repayment	Security pledged
	iv.	Sampath Bank PLC	1,500,000,000	300,000,000	-	Each loan to be settled within 120 days from date of loan obtained.	(a) Short term loan agreement for Rs. 1,500 Mn. (b) Corporate guarantee of Tokyo Eastern Cement Company (Pvt) Ltd for Rs. 1,000 Mn. (c) Additional corporate guarantee of Tokyo Eastern Cement Company (Pvt) Ltd for Rs. 50 Mn.
	d.	Overdraft facility					
	i.	Commercial Bank of Ceylon PLC	511,000,000	1,546,060	-	On demand	(a) General terms and conditions relating to overdraft.
	ii.	Sampath Bank PLC	50,000,000	-	112,500	On demand	(a) Corporate guarantee of Tokyo Eastern Cement Company (Pvt) Ltd for Rs. 1,000 Mn. (b) Additional corporate guarantee of Tokyo Eastern Cement Company (Pvt) Ltd for Rs. 50 Mn.
Tokyo Eastern Cement Company (Pvt) Ltd	a.	Import demand loan					
	i.	Commercial Bank of Ceylon PLC (Combined limit with Tokyo Cement Company (Lanka) PLC	8,000,000,000	-	2,600,284,320	Each loan to be settled within 120 days from date of loan obtained.	(a) Corporate guarantee Bond for Rs. 8,000 Mn executed by Tokyo Cement Company (Lanka) PLC .
	ii.	Sampath Bank PLC	4,000,000,000	-	2,343,812,142	Each loan to be settled within 120 days from date of loan obtained.	(a) Corporate guarantee Bond for Rs. 4,000 Mn executed by Tokyo Cement Company (Lanka) PLC. (b) Hypothecation Bond for Rs. 4,000 Mn over stock and book debts held at the warehouse/ factory premises of the company.
	iii.	Seylan Bank PLC	1,000,000,000	154,220,000	-	Each loan to be settled within 120 days from date of loan obtained.	(a) General terms and conditions documents/ contract forms relating to import demand loans. (b) Facility agreement for Rs. 1,000 Mn.

Name of the company	Nature of liabilities and the name of bank		Loan/Facility granted Rs.	Balance outstanding as at 31.03.2024 Rs.	Balance outstanding as at 31.03.2023 Rs.	Repayment	Security pledged
	b.	Overdraft facility					
	i.	Commercial Bank of Ceylon PLC	75,000,000	3,949,908	-	On demand	(a) General terms and conditions relating to overdraft. (b) Corporate guarantee Bond for Rs. 8,000 Mn executed by Tokyo Cement Company (Lanka) PLC .
Tokyo Cement Power (Lanka) (Pvt) Ltd	a.	Term loan					
	i.	Sampath Bank PLC	70,000,000	56,240,000	60,800,000	Repayable in 144 monthly instalments as follows: First 24 equal months Rs. 180,000/- Next 12 equal months Rs. 280,000/- Next 24 equal months Rs. 380,000/- Next 12 equal months Rs. 495,000/- Next 11 equal months Rs. 660,000/- Next 01 equal months Rs. 680,000/- Next 12 equal months Rs. 575,000/- Next 12 equal months Rs. 600,000/- Next 12 equal months Rs. 625,000/- Next 12 equal months Rs. 700,000/- Next 11 equal months Rs. 770,000/- and final instalment of Rs. 850,000/-	(a) Corporate guarantee Bond for Rs. 95 Mn executed by Tokyo Cement Company (Lanka) PLC. (b) Loan agreement for Rs. 75 Mn.
	ii.	Sampath Bank PLC	25,000,000	8,010,000	11,850,000	Repayable in 84 monthly instalments as follows: First 6 equal months Rs. 5,000/- Next 72 equal months Rs. 320,000/- Next 05 equal months Rs. 321,000/- and final instalment of Rs. 325,000/-	

Notes to the Financial Statements

31. ASSETS PLEDGED (CONTD.)

Name of the company	Nature of liabilities and the name of bank	Loan/Facility granted Rs.	Balance outstanding as at 31.03.2024 Rs.	Balance outstanding as at 31.03.2023 Rs.	Repayment	Security pledged
Tokyo Super Aggregate (Pvt) Ltd	a. Term loans					
	i. Commercial Bank of Ceylon PLC	127,000,000	101,800,000	112,300,000	Repayable in 84 monthly instalments as follows: First 12 equal months Rs. 800,000/- Next 12 equal months Rs. 850,000/- Next 12 equal months Rs. 900,000/- Next 12 equal months Rs. 1,050,000/- Next 12 equal months Rs. 1,500,000/- Next 12 equal months Rs. 1,600,000/- Next 11 equal months Rs. 3,800,000/- and final instalment of Rs. 4,800,000/-	(a) Mortgage bond for Rs. 50 Mn to be executed over machinery. (b) Insurance policy for Rs. 57 Mn executed over machinery. (c) Corporate guarantee for Rs. 585 Mn of Tokyo Cement Company (Lanka) PLC. (d) General terms and conditions relating to respective facilities.
	ii. Commercial Bank of Ceylon PLC	258,000,000	195,616,232	224,116,232	Repayable in 84 monthly instalments as follows: First 12 equal months Rs. 1,700,000/- Next 12 equal months Rs. 2,150,000/- Next 12 equal months Rs. 2,600,000/- Next 12 equal months Rs. 3,050,000/- Next 12 equal months Rs. 3,500,000/- Next 12 equal months Rs. 3,950,000/- Next 12 equal months Rs. 4,550,000/-	
	b. Overdraft facility					
	i. Commercial Bank of Ceylon PLC	50,000,000	52,254,978	-		

Name of the company	Nature of liabilities and the name of bank		Loan/Facility granted Rs.	Balance outstanding as at 31.03.2024 Rs.	Balance outstanding as at 31.03.2023 Rs.	Repayment	Security pledged
Tokyo Supermix (Pvt) Ltd	a.	Term loans					
	i	Commercial Bank of Ceylon PLC	450,000,000	-	60,000,000	Repayable in 60 equal monthly instalments of Rs.7,500,000/-.	(a) Primary mortgage Bond for Rs. 118 Mn executed over the property situated at Rathmalana Land owned by Tokyo Supermix (Pvt) Ltd. (b) Mortgage bond for Rs.106 Mn executed over machinery installed at Maligawa road Ratmalana. (c) Mortgage bond for Rs. 74 Mn executed over vehicles installed at Maligawa road Ratmalana. (d) Insurance policy for Rs. 251 Mn executed over machinery and vehicles (e) Mortgage bond for Rs. 17.5 Mn executed over land marked lot 1 depicted in plan No 217/119 dated 11/11/2017 situated at Naula, Matale containing an extent of A11-R2-P36.5. (f) Mortgage bond for Rs. 273.3 Mn executed over 10 Nos. of mixture trucks and 4 Nos. of pump cars.
	ii	Commercial Bank of Ceylon PLC	20,000,000	-	2,840,000	Repayable in 59 equal monthly instalments of Rs.330,000/- a final instalments of Rs.530,000/-.	
	iii	Commercial Bank of Ceylon PLC	273,333,000	-	22,305,000	Repayable in 8 equal monthly instalments of Rs.10,000,000/-, a final instalment in 51 equal monthly instalments of Rs.3,718,000/-, and a final instalment of Rs. 3,175,000/-.	
	iv.	Commercial Bank of Ceylon PLC	225,000,000	31,250,000	106,250,000	Repayable in 36 equal monthly instalments of Rs. 6,250,000/-.	

Notes to the Financial Statements

31. ASSETS PLEDGED (CONTD.)

Name of the company	Nature of liabilities and the name of bank		Loan/Facility granted Rs.	Balance outstanding as at 31.03.2024 Rs.	Balance outstanding as at 31.03.2023 Rs.	Repayment	Security pledged
	v.	Commercial Bank of Ceylon PLC	200,000,000	-	73,280,000	Repayable in 59 equal monthly instalments of Rs. 3,340,000/- and a final instalment of Rs. 2,940,000/-.	(g) Mortgage bond for Rs. 33.5 Mn executed over 7 Nos. of mixture trucks. (h) Mortgage bond for Rs. 33.6 Mn executed over 4 Nos. of mixture trucks. (i) Mortgage bond for Rs. 259.57 Mn executed over trucks and pumpcars when they were imported. (j) Insurance policy for Rs. 376.8 Mn executed over vehicle. (k) Corporate guarantee Bond for Rs. 1,670 Mn executed by Tokyo Cement Company (Lanka) PLC for all term loan facilities in Tokyo Supermix (Pvt) Ltd. (l) General terms and conditions relating to respective facilities.
	b.	Overdraft facility					
	i	Commercial Bank of Ceylon PLC	200,000,000	-	1,703,248	On demand	

32. RELATED PARTY TRANSACTIONS

32.1 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. Praveen Gnanam	Mr. Ravi Dias	Mr. W.C. Fernando	Mr.Asite Talwatte	Dr.Indrajit Coomaraswamy	Mr.Shuichi Nakamoto
Tokyo Cement Power (Lanka) (Pvt) Ltd	X	X	X	X	X	X	X	-	-	-
Tokyo Eastern Cement Company (Pvt) Ltd	X	X	X	X	X	X	X	-	-	-
Tokyo Super Aggregate (Pvt) Ltd	X	X	-	-	X	-	X	-	-	-
Tokyo Supermix (Pvt) Ltd	X	X	X	X	X	X	X	-	-	-
Tokyo Cement Industrial Park (Pvt) Ltd	-	X	-	-	-	-	X	-	-	-
St. Anthony's Consolidated (Pvt) Ltd	-	X	X	X	X	-	-	-	-	-
St. Anthony's Hardware (Pvt) Ltd	-	X	-	-	X	-	-	-	-	-
South Asian Investment (Pvt) Ltd	-	X	-	-	-	-	-	-	-	-
Rhino Roofing Products Ltd	-	X	X	X	-	-	-	-	-	-
Rhino Products Ltd	-	X	X	X	-	-	-	-	-	-
Escas Diggalla (Pvt) Ltd	-	X	-	-	-	-	-	-	-	-
St. Anthony's Industries Group (Pvt) Ltd	-	-	X	-	-	-	-	-	-	-
Orion City Ltd	-	-	X	X	-	-	-	-	-	-
St. Anthony's Homemart (Pvt) Ltd	-	X	-	-	X	-	-	-	-	-
EL Toro Roofing Products Ltd	-	X	X	X	-	-	-	-	-	-
UBE Singapore Pte Ltd	-	-	-	-	-	-	-	-	-	X

Mr. Shuichi Nakamoto was appointed as non-executive director of the company with effect from 01st April 2023.

Mr. Praveen Gnanam was appointed as a director of the Company with effect from 04th September 2023.

Mr. A.S.G. Gnanam resigned from the post of a director from Parent Company and its Subsidiaries with effect from 27th May 2024.

Notes to the Financial Statements

32. RELATED PARTY TRANSACTIONS (CONTD.)

32.2 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.

For the year ended 31st March	Nature of the relationship	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Subsidiary Companies					
(a) Tokyo Cement Power (Lanka) (Pvt) Ltd	Subsidiary Company				
i. Fund transfers from/(to)		76,721,930	108,293,603	76,721,930	108,293,603
ii. Reimbursement of expenses		897,045	1,189,463	-	810,306
iii. Interest income		9,916,040	-	9,916,040	-
iv. Sale of ready-mix concrete		-	151,764	-	-
v. Purchase of raw materials		-	17,911,998	-	12,671,763
vi. Rent income		1,580,000	1,560,000	-	-
vii. Settlements received		7,142,403	1,479,505	7,142,403	-
viii. Payments made		-	22,818,818	-	21,352,060
(b) Tokyo Eastern Cement Company (Pvt) Ltd	Subsidiary Company				
i. Fund transfers from/(to)		1,584,803,683	2,963,036,705	1,584,803,683	2,963,036,705
ii. Reimbursement of expenses		156,630,958	162,552,964	156,630,958	162,210,534
iii. Sale of raw materials		1,672,023,725	1,441,979,207	1,672,023,725	1,432,841,297
iv. Income from lab testing		9,648,222	5,652,944	9,648,222	5,652,944
v. Sales of ready-mix concrete		1,011,500	5,636,675	-	-
vi. Purchase of cement		1,712,149,944	2,243,200,341	-	-
vii. Purchase of raw materials		1,919,559,486	1,630,238,981	1,919,559,486	1,630,238,981
viii. Purchase of innovation products		-	111,077	-	111,077
ix. Interest expenses		520,081,480	674,204,709	520,081,480	674,204,709
x. Dividend received		-	1,000,000,026	-	1,000,000,026
xi. Sales incentive		108,175,900	90,840,760	-	-
xii. Settlements received		215,493,836	245,239,465	87,279,535	153,708,962
xiii. Payments made		3,253,787,007	2,896,564,813	1,185,666,813	260,247,330
(c) Tokyo Super Aggregate (Pvt) Ltd	Subsidiary Company				
i. Reimbursement of expenses		888,100	4,782,067	888,100	364,977
ii. Fund transfers from/(to)		16,000,000	12,733,922	16,000,000	12,733,922
iii. Sale of CLC blocks		182,326	-	182,326	-
iv. Interest income		1,432,412	-	1,432,412	-
v. Rent income		1,933,200	-	778,200	-
vi. Sundry income		634,320	-	634,320	-
vii. Income from lab testing		374,244	166,350	374,244	166,350

For the year ended 31st March	Nature of the relationship	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
viii. Aggregate purchases		433,865,162	416,148,497	69,537	266,880
ix. Sale of ready-mix concrete		217,125	1,677,900	-	-
x. Settlements received		3,554,596	2,031,004	3,554,596	212,176
xi. Payments made		525,540,443	485,655,471	372,553	55,471
(d) Tokyo Supermix (Pvt) Ltd	Subsidiary Company				
i. Investment in shares		553,730,000	-	553,730,000	-
ii. Reimbursement of expenses		3,077,536	10,139,381	2,180,491	5,000,704
iii. Fund transfers from/(to)		239,691	13,287,425	239,691	13,287,425
iv. Sales of cement		1,726,385,357	2,311,610,940	14,235,413	68,410,599
v. Sale of other raw materials and spare parts		-	3,897,675	-	-
vi. Income from lab testing		702,996	179,200	702,996	179,200
vii. Rent Income		8,551,800	-	8,551,800	-
viii. Sundry income		1,662,000	-	1,662,000	-
ix. Sale of fixed assets		-	303,703	-	303,703
x. Purchase of ready-mix concrete		16,735,745	26,103,679	15,724,245	18,637,335
xi. Sale of aggregate		433,795,625	415,881,617	-	-
xii. Sales incentive		109,689,749	90,840,760	1,513,849	-
xiii. Rent expenses		6,459,837	5,670,000	3,724,837	4,110,000
xiv. Purchase of fixed assets		-	8,381,320	-	8,381,320
xv. Settlements received		2,619,395,918	3,237,733,198	26,107,834	114,348,957
xvi. Payments made		170,325,452	122,811,033	35,794,305	27,982,197
(e) Tokyo Cement Industrial Park (Pvt) Ltd	Subsidiary Company				
i. Investment in shares		-	-	-	100
Other Related Companies					
(a) St. Anthony's Consolidated (Pvt) Ltd	Affiliate Company				
i. Sales commission		1,074,791,095	1,386,583,967	867,459,013	912,912,536
ii. Reimbursement of expenses		105,892,950	88,885,979	80,736,327	66,992,842
iii. Payments made		1,251,478,668	1,612,990,486	1,012,209,426	1,095,372,869
(b) St. Anthony's Hardware (Pvt) Ltd	Affiliate Company				
i. Purchase of consumables and fixed assets		501,077,860	994,910,157	225,864,262	541,331,423
ii. Income from lab testing		245,887	-	245,887	-
iii. Settlements received		277,971	-	277,971	-
iv. Payments made		599,280,646	1,021,490,815	259,651,264	541,357,790

Notes to the Financial Statements

32. RELATED PARTY TRANSACTIONS (CONTD.)

For the year ended 31st March	Nature of the relationship	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
(c) South Asian Investment (Pvt) Ltd	Affiliate Company				
i. Sales commission		48,440,125	28,506,058	48,440,125	28,506,058
ii. Payments made		67,432,440	33,249,039	67,432,440	33,249,039
(d) Rhino Roofing Products Ltd	Affiliate Company				
i. Sale of cement		1,835,568,449	2,388,306,792	1,835,568,449	2,388,306,792
ii. Settlements received		2,171,161,836	2,718,552,000	2,171,161,836	2,718,552,000
(e) Rhino Products Ltd	Affiliate Company				
i. Sale of cement		1,435,696,497	2,401,374,936	1,435,696,497	2,401,374,936
ii. Settlements received		1,774,438,952	2,746,291,648	1,774,438,952	2,746,291,648
(f) Escas Diggala (Pvt) Ltd	Affiliate Company				
i. Sale of ready-mix concrete		37,578,663	30,885,571	-	-
ii. Settlements received		42,825,302	65,695,484	-	-
(g) St. Anthony's Industries Group (Pvt) Ltd	Affiliate Company				
i. Sale of cement		17,826	-	17,826	-
ii. Purchase of consumables		1,293,171	484,027	867,602	377,029
iii. Settlements received		20,500	213,613	20,500	99,225
iv. Payments made		1,497,318	491,417	997,742	377,029
(h) Orion City Ltd	Affiliate Company				
i. Rent expense		7,475,687	10,734,092	7,475,687	10,734,092
ii. Reimbursement of Expenses		3,390,371	2,700,974	3,390,371	2,700,974
iii. Payments made		9,694,125	14,352,510	9,694,125	14,352,510
(i) St. Anthony's Homemart (Pvt) Ltd	Affiliate Company				
i. Sale of cement		176,087	-	176,087	-
ii. Sale of CLC blocks		-	145,413	-	145,413
iii. Sale of innovation products		1,106,344	3,288,150	-	-
iv. Purchase of consumables		18,679,701	9,478,087	9,825,696	8,508,267
v. Settlements received		1,416,589	2,464,240	202,500	1,207,900
vi. Payments made		20,884,633	18,794,164	10,881,991	8,714,417
(j) EL Toro Roofing Products Ltd	Affiliate Company				
i. Sale of cement		310,974,931	520,188,912	310,974,931	520,188,912
ii. Settlements received		359,734,202	525,171,011	359,734,202	525,171,011
(k) UBE Singapore Pte Ltd	Affiliate Company				
i. Purchase of raw materials		2,106,787,341	-	2,106,787,341	-
ii. Payments made		1,779,799,391	-	1,779,799,391	-

32.3 Collaterals or corporate guarantees given to related parties

The Company and the Group have not provided assets as collaterals or corporate guarantees for subsidiaries or other related companies for borrowing purposes except as referred to in note no 31.

32.4 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, 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2023 - 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.

32.4.1 Amounts due from/to related parties

The amounts due from/to related parties are disclosed in note nos. 17.1, 18, 26.1 and 28.

32.5 Transactions with key management personnel of the Company or its parent

32.5.1 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.

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:

For the year ended 31st March	2024 Rs.	2023 Rs.
a) Short-term employee benefits	257,494,960	180,904,582
b) Post-employment benefits	-	-
c) Other long-term benefits	-	-
d) Termination benefits	-	-
e) Share-based payments	-	-
	257,494,960	180,904,582

32.6 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 per the 31st March 2023 audited financial statements of the Company, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing rule 9.14.8 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 given directions to make immediate disclosure to Colombo Stock Exchange in respect of the non-recurrent transactions.

Notes to the Financial Statements

32. RELATED PARTY TRANSACTIONS (CONTD.)

32.7 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 2023 audited financial statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing rule 9.14.8 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.

32.8 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 Cement Industrial Park (Pvt) Ltd (initial stage)	100%
Tokyo Super Aggregate (Pvt) Ltd	51%

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

33.1 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 interest bearing borrowings, investments and trade payables.

(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.)
2024	1%	(68,227,647)	(68,227,647)
	-1%	68,227,647	68,227,647
2023	1%	(41,991,414)	(41,991,414)
	-1%	41,991,414	41,991,414

Company	Increase/ (Decrease) in interest rate	Effect on profit before tax (Rs.)	Effect on equity (Rs.)
2024	1%	(49,555,807)	(49,555,807)
	-1%	49,555,807	49,555,807
2023	1%	(36,165,424)	(36,165,424)
	-1%	36,165,424	36,165,424

(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 Group successfully navigated the liquidity challenges by aligning its obligations with foreign currency inflows whenever possible and permitted. Additionally, the strength of the Group's statement of financial position played a vital role in managing the situation effectively.

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 profit before tax and the equity for the Group and the Company respectively.

Notes to the Financial Statements

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

33.1 Introduction (Contd.)

Group

For the year ended 31st March Exchange rate	Increase/ (Decrease) in exchange rate	2024 Effect on profit before tax Rs.	2024 Effect on equity Rs.	2023 Effect on profit before tax Rs.	2023 Effect on equity Rs.
USD	1%	(138,122,311)	(138,122,311)	(147,020,291)	(147,020,291)
	-1%	138,122,311	138,122,311	147,020,291	147,020,291

Company

For the year ended 31st March Exchange rate	Increase/ (Decrease) in exchange rate	2024 Effect on profit before tax Rs.	2024 Effect on equity Rs.	2023 Effect on profit before tax Rs.	2023 Effect on equity Rs.
USD	1%	(126,384,181)	(126,384,181)	(108,496,342)	(108,496,342)
	-1%	126,384,181	126,384,181	108,496,342	108,496,342

(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 current economic 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 and the Company's financial liabilities as at 31st March 2024, 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	8,325,502,005	1,420,045,000	1,426,225,000	1,445,400,000	285,316,232	22,720,000	12,925,208,237
Lease creditors	78,730,977	64,104,195	67,671,592	76,191,852	32,683,314	179,308,461	498,690,391
Trade and other payables	4,693,527,207	-	-	-	-	-	4,693,527,207
Tax payables	330,603,260	-	-	-	-	-	330,603,260
Bank overdrafts	380,063,402	-	-	-	-	-	380,063,402
	13,808,426,851	1,484,149,195	1,493,896,592	1,521,591,852	317,999,546	202,028,461	18,828,092,497

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	8,685,572,005	1,955,000,000	1,955,000,000	1,955,000,000	527,500,000	-	15,078,072,005
Lease creditors	31,916,550	21,002,731	17,362,187	15,942,820	13,945,010	122,714,120	222,883,418
Amount due to subsidiaries	3,866,942,812	-	-	-	-	-	3,866,942,812
Trade and other payables	3,774,268,009	-	-	-	-	-	3,774,268,009
Tax payables	113,734,992	-	-	-	-	-	113,734,992
Bank overdrafts	242,669,215	-	-	-	-	-	242,669,215
	16,715,103,583	1,976,002,731	1,972,362,187	1,970,942,820	541,445,010	122,714,120	23,298,570,451

Notes to the Financial Statements

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 short-term deposits without a specific maturity period.

35. 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.

36. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no events that occurred after the reporting period which require adjustments, or disclosures in these financial statements except for those disclosed below.

Dividend declaration

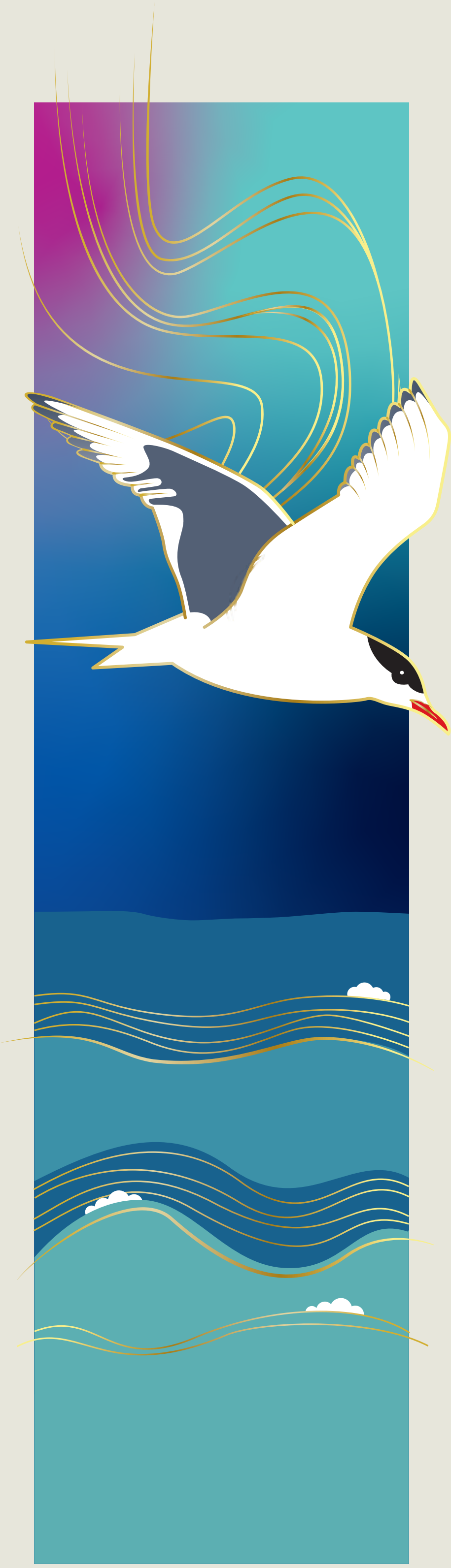
The directors have recommended the payment of a first and final dividend of Rs. 2.00 per share amounting to Rs. 588,060,000/- on issued stated capital of Ordinary voting shares and Rs. 2.00 per share amounting to Rs. 294,030,000/- on issued stated capital of Non-voting ordinary shares for the year ended 31st March, 2024, which require the approval of the shareholders at the Annual General Meeting to be held on 22nd August, 2024.

In accordance with Sri Lanka Accounting Standards (LKAS - 10) events after the reporting period, this proposed 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 the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007.The Company has obtained the certificate of solvency from the auditors prior to payment of the dividend of Rs. 2.00 per Voting ordinary shares and Rs. 2.00 per Non-voting ordinary shares for the financial year under review.

37. COMPARATIVE INFORMATION

Comparative figures have been re-classified where necessary to be in line with the presentation requirements for the current year.



A SPIRIT OF ENDURANCE

Within us resides a tenacious will to move steadfastly onwards against all odds. Our unwavering dedication has created an inherent ability to weather extreme conditions, face challenges that lie before us, and conquer the storm.

The artic tern demonstrates remarkable resilience and endurance against the elements, undertaking an ambitious journey that spans between 60,000 – 82,000 km every year. The migration often consists of a 8,000 km, 24-day, non-stop flight over the ocean, and it is estimated that the bird will fly approximately 2.4 million km over the course of its lifetime, equating to three return journeys to the moon.

SUPPLEMENTARY INFORMATION

Shareholder and Investor Information

DISTRIBUTION OF VOTING ORDINARY SHARES AS AT 31ST MARCH 2024

Category	Number of Shareholders	Number of Shares Held	Holding %
1 - 1,000	3,530	779,375	0.27
1,001 - 10,000	2,007	6,751,667	2.30
10,001 - 100,000	633	18,319,387	6.23
100,001 - 1,000,000	113	32,820,239	11.16
1,000,001 - 99,999,999	18	235,359,332	80.04
TOTAL	6,301	294,030,000	100.00

DISTRIBUTION OF NON-VOTING ORDINARY SHARES AS AT 31ST MARCH 2024

Category	Number of Shareholders	Number of Shares Held	Holding %
1 - 1,000	2,784	725,726	0.49
1,001 - 10,000	1,928	6,673,518	4.54
10,001 - 100,000	732	21,054,260	14.32
100,001 - 1,000,000	153	40,681,109	27.67
1,000,001 - 99,999,999	19	77,880,387	52.98
TOTAL	5,616	147,015,000	100.00

CHIEF EXECUTIVE OFFICER'S SHAREHOLDING

	Voting Ordinary Shares		Non-voting Ordinary Shares	
	No. of Shares Held 31st March 2024	No of Shares Held 31st March 2023	No of Shares Held 31st March 2024	No of Shares Held 31st March 2023
St. Anthony's Consolidated (Pvt) Limited	80,857,889	73,507,172	-	-
South Asian Investment (Pvt) Limited	59,202,831	53,820,756	-	-
Capital City Holdings (Pvt) Limited	8,821,303	8,019,367	-	-
St. Anthony's Hardware (Pvt) Limited	599,821	545,292	-	-
TOTAL	149,481,844	135,892,587	-	-

DIRECTOR'S / CEO'S SHAREHOLDINGS

	Voting Ordinary Shares		Non-voting Ordinary Shares	
	No of Shares Held 31st March 2024	No of Shares Held 31st March 2023	No of Shares Held 31st March 2024	No of Shares Held 31st March 2023
St. Anthony's Consolidated (Private) Limited	80,857,889	73,507,172	-	-
Mr. A.S.G. Gnanam	15	14	-	-
Mr. S.R. Gnanam - Managing Director/CEO	15	14	-	-
Mr. E.J. Gnanam	15	14	-	-
Mr. Praveen Gnanam	-	-	-	-
UBE Singapore Holdings Pte. Ltd	29,403,000	26,730,000	-	-
Mr. S. Nakamoto (Non-Executive and Nominee Director of UBE Singapore Pte. Ltd)	-	-	-	-
Mr. W.C. Fernando - Director	4,394	3,995	78,408	71,280
Independent Non-Executive Directors				
Dr. Harsha Cabral, PC	-	-	-	-
Mr. Ravi Dias	-	-	-	-
Mr. Asite Talwatte	-	-	-	-
Dr. I. Coomaraswamy	-	-	-	-
	110,265,328	100,241,209	78,408	71,280
Total shares in issue	294,030,000	267,300,000	147,015,000	133,650,000

MARKET PRICE PER SHARE

	Voting Ordinary Shares		Non-voting Ordinary Shares	
	31st March 2024 Rs.	31st March 2023 Rs.	31st March 2024 Rs.	31st March 2023 Rs.
Highest for the period	59.50	51.90	53.30	48.20
Lowest for the period	41.00	20.00	32.00	14.50
Value as at the end of the year	51.50	50.00	43.90	45.50

Shareholder and Investor Information

SHARE TRADING FROM 01ST APRIL 2023 TO 31ST MARCH 2024

	Voting Ordinary Shares		Non-voting Ordinary Shares	
	31st March 2024	31st March 2023	31st March 2024	31st March 2023
No. of transactions	11,596	16,577	14,555	24,820
No. of shares traded	37,581,845	35,809,196	43,061,336	83,576,770
Value of share traded (Rs.)	1,962,222,676	1,291,909,646	1,924,202,530	2,560,851,351

PERCENTAGE OF PUBLIC SHAREHOLDING

	Voting Ordinary Shares		Non-voting Ordinary Shares	
	31st March 2024	31st March 2023	31st March 2024	31st March 2023
The percentage of shares held by public	39.16%	39.16%	100%	100%
No. of public shareholders	6,292	6,858	5,616	6,166

MARKET CAPITALISATION

	Voting Ordinary Shares		Non-voting Ordinary Shares	
	31st March 2024	31st March 2023	31st March 2024	31st March 2023
Market Capitalisation (Rs. Bn)	15.14	13.37	6.45	6.08
Total Market Capitalisation of the CSE (Rs. Bn)	4,543.29	3,903.53	4,543.29	3,903.53
As a Percentage of the total Market Capitalisation (%)	0.33	0.34	0.14	0.16

Total float adjusted market capitalisation of voting ordinary shares as at 31st March 2024 was Rs. 5,929,820,622/- 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 2024 was Rs. 6,453,958,500/- 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. 7.5 Bn for the voting ordinary and non-voting shares, Tokyo Cement Company (Lanka) PLC complies with option 3 for the minimum requirement of public share holding (as per the rule no. 7.13.1 (a) of continuing listing requirement of the CSE).

TWENTY LARGEST VOTING SHAREHOLDERS

	As at 31st March 2024 No of Ordinary Shares	%	As at 31st March 2023 No of Ordinary Shares	%
St. Anthonys Consolidated (Pvt) Ltd	80,857,889	27.5	73,507,172	27.5
South Asian Investment (Pvt) Ltd	59,202,831	20.1	53,820,756	20.1
UBE Singapore Holdings Pte. Ltd	29,403,000	10.0	26,730,000	10.0
Marina Bay Holding And Investment Pte.Ltd.	17,641,800	6.0	16,038,000	6.0
J.B. Cocoshell (Pvt) Ltd	9,404,745	3.2	8,538,729	3.2
Capital City Holdings (Private) Limited	8,821,303	3.0	8,019,367	3.0
Citibank Newyork S/A Norges Bank Account 2	6,464,572	2.2	3,994,769	1.5
Employees Trust Fund Board	4,572,184	1.6	3,550,469	1.3
Northern Trust Company S/A Apollo Asia Fund Limite	3,570,163	1.2	3,245,603	1.2
Invenco Capital Private Limited	2,673,505	0.9	Not in Top 20 List	-
Amana Bank PLC/Hi-Line Trading Pvt Ltd.	2,259,056	0.8	3,174,147	1.2
Union Assurance PLC - Universal Life Fund	2,065,727	0.7	Not in Top 20 List	-
DFCC Bank Plc A/C 1	2,005,076	0.7	1,028,768	0.4
Peoples Leasing & Finance Plc/Mr. D.M.P. Disanayake	1,710,195	0.6	1,429,458	0.5
Mr. R. Maheswaran (Deceased)	1,256,134	0.4	1,141,940	0.4
Miss M.P. Radhakrishnan	1,206,632	0.4	1,096,939	0.4
Miss A. Radhakrishnan	1,206,632	0.4	1,096,939	0.4
Hatton National Bank Plc A/C No.4 (Hnb Retirement)	1,037,888	0.4	Not in Top 20 List	-
Mr. K. Balendra	886,176	0.3	1,449,093	0.5
Union Assurance PLC - Traditional Life Participating	877,967	0.3	Not in Top 20 List	-
TOTAL	237,123,475	80.7	207,862,149	77.6

Shareholder and Investor Information

TWENTY LARGEST NON-VOTING SHAREHOLDERS

	As at 31st March 2024 No of Ordinary Shares	%	As at 31st March 2023 No of Ordinary Shares	%
Citibank Hong Kong S/A Hostplus Pooled Superannuat	12,890,810	8.8	5,783,901	4.3
Northern Trust Company S/A Apollo Asia Fund Limite	11,617,967	7.9	10,561,789	7.9
Ssbt-Sunsuper Pty. Ltd. As Trustee for Sunsuper Su	10,911,751	7.4	6,401,937	4.8
Serendip Investments Limited	7,269,024	4.9	6,608,204	4.9
Employees Provident Fund	6,207,876	4.2	5,643,524	4.2
Northern Trust Company S/A Hosking Global Fund Plc	5,555,834	3.8	4,068,032	3.0
GF Capital Global Limited	3,350,232	2.3	2,826,000	2.1
Citibank Newyork S/A Norges Bank Account 2	3,268,817	2.2	Not in Top 20 List	-
Deutsche Bank Ag As Trustee For Jb Vantage Value E	2,495,402	1.7	3,343,706	2.5
Mercantile Investments And Finance Plc	2,000,128	1.4	1,818,299	1.4
DFCC Bank Plc A/C 1	1,871,026	1.3	1,840,417	1.4
Union Assurance Plc- Universal Life Fund	1,424,237	1.0	Not in Top 20 List	-
Odyssey Capital Partners (Private) Limited	1,417,000	1.0	Not in Top 20 List	-
Deutsche Bank Ag-National Equity Fund	1,320,301	0.9	1,200,274	0.9
Bank of Ceylon No. 1 Account	1,319,935	0.9	1,199,941	0.9
Mr. K.A.S.R. Nissanka	1,309,210	0.9	1,190,191	0.9
Mr. Y.A.H. Rajkotwala	1,253,698	0.9	1,139,726	0.9
Deutsche Bank Ag Trustee to Lynear Wealth Dynamic	1,225,639	0.8	Not in Top 20 List	-
Mr. M.H.M. Fawsan	1,171,500	0.8	1,065,000	0.8
Jafferjee M.A.	945,808	0.6	Not in Top 20 List	-
TOTAL	78,826,195	53.7	54,690,941	40.9

Five Year Summary

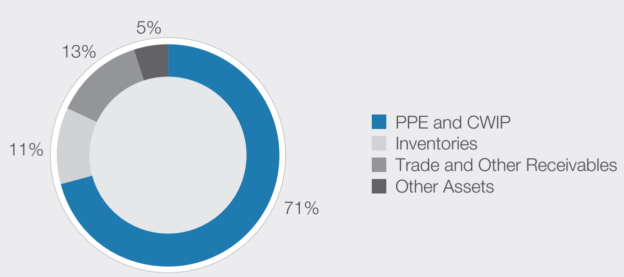
For the year ended 31st March Rs. Mn	2024	2023	2022	2021	2020
OPERATING RESULTS					
Turnover	49,824	56,481	52,477	42,962	35,768
Gross profit	15,562	20,517	11,412	12,457	10,256
Profit before taxation	3,448	6,772	(289)	5,209	2,629
Income tax expense	1,026	(1,774)	(68)	202	(312)
Profit after taxation	2,422	4,999	(358)	5,411	2,318
Non-controlling interest	4	10	20	(29)	-
Profit attributable to ordinary shareholder	2,418	4,989	(378)	5,440	2,318

As at 31st March Rs. Mn	2024	2023	2022	2021	2020
STATEMENT OF FINANCIAL POSITION					
Assets					
Non-Current Assets					
Property, plant and equipment	34,184	30,309	28,555	28,249	27,494
Intangible assets	77	54	64	76	94
Right-of-use assets	1,446	1,300	1,409	1,518	1,346
Total non-current assets	35,707	31,663	30,028	29,843	28,934
Current Assets					
Inventories	5,685	8,352	5,460	3,240	3,493
Trade and other receivable	7,019	5,786	5,372	4,562	5,291
Cash and cash equivalent	2,222	1,674	6,350	1,489	430
Total current assets	14,926	15,812	17,182	9,291	9,214
Total assets	50,633	47,475	47,210	39,134	38,148
Equity and Liabilities					
Capital and Reserves					
Stated capital	5,527	4,240	4,240	4,240	4,240
Retained earnings	21,991	21,554	16,596	17,743	12,917
	27,518	25,794	20,836	21,983	17,157
Non-controlling interest	97	94	84	64	93
Total equity	27,615	25,888	20,920	22,047	17,250

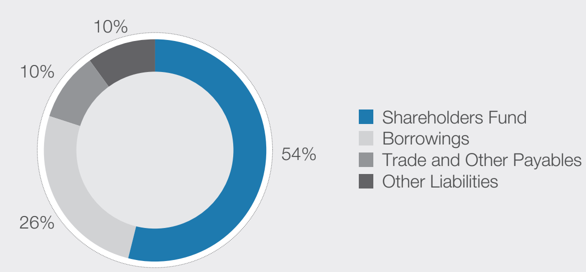
Five Year Summary

As at 31st March Rs. Mn	2024	2023	2022	2021	2020
Non-Current Liabilities					
Interest bearing borrowing	4,600	1,163	1,350	3,963	7,215
Deferred tax liabilities	3,675	3,081	1,859	2,218	2,859
Retirement benefit obligations	514	343	276	359	297
Lease creditors	420	284	334	426	294
Total non-current liabilities	9,209	4,871	3,819	6,966	10,665
Current Liabilities					
Trade and other payables	5,024	5,326	17,215	5,377	2,507
Short term borrowings	8,326	10,646	4,187	4,213	6,296
Lease creditors	79	54	86	94	42
Bank overdrafts	380	690	983	437	1,388
Total current liabilities	13,809	16,716	22,471	10,121	10,233
Total equity and liabilities	50,633	47,475	47,210	39,134	38,148
INVESTOR INFORMATION					
Earnings per share - Voting ordinary share (Rs.)	5.48	11.31	(0.94)	13.57	5.78
Earnings per share - Non-voting ordinary share (Rs.)	5.48	11.31	(0.94)	13.57	5.78
Dividend per share - Voting ordinary share (Rs.)	2.00	1.50	-	2.10	1.50
Dividend per share - Non-voting ordinary share (Rs.)	2.00	1.50	-	2.10	1.50
Return on equity (%)	8.76	19.27	(1.81)	24.68	13.44
Interest cover (Time)	3.16	5.08	0.47	5.67	2.39
Market price per share (Rs.) - Voting	51.50	50.00	33.90	66.70	22.50
Market price per share (Rs.) - Non-voting	43.90	45.50	26.30	60.60	20.00
Price earnings ratio (Times) - Voting	9.40	4.42	(36.06)	4.92	3.89
Price earnings ratio (Times) - Non-voting	8.01	4.02	(27.98)	4.47	3.46
Assets turnover ratio (Times)	0.98	1.19	1.11	1.10	0.94
Net asset per share (Rs.)	62.39	58.48	51.97	54.83	42.79

Composition of Assets

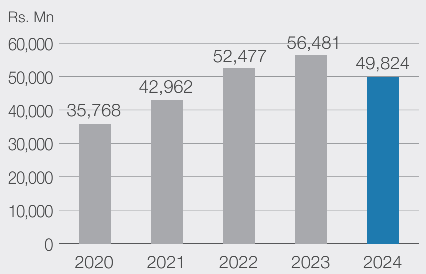


Composition Liabilities

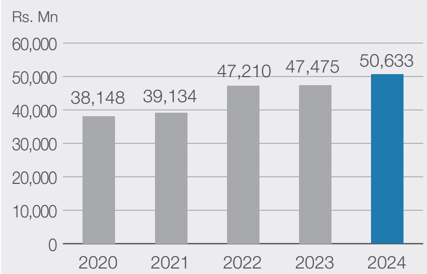


Five Year Summary Graphical Review

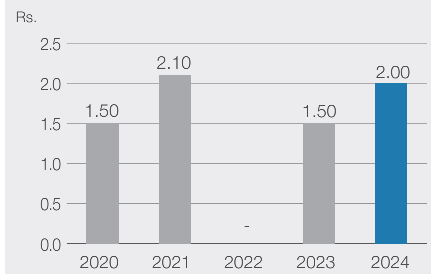
Group Revenue



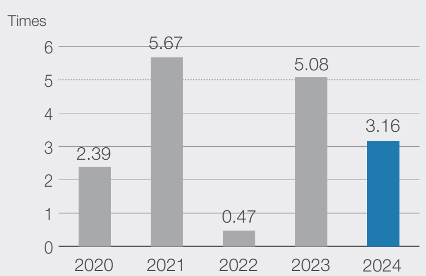
Total Assets



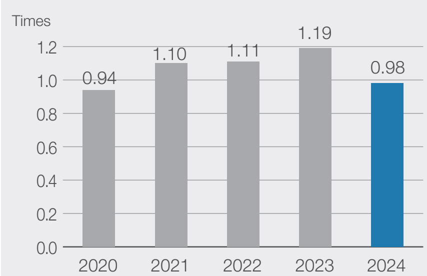
Dividend Per Share



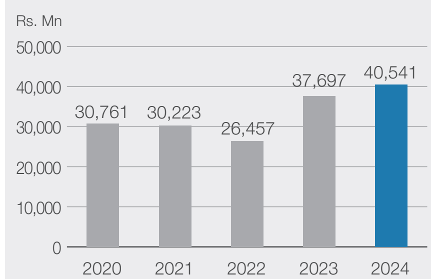
Interest Cover



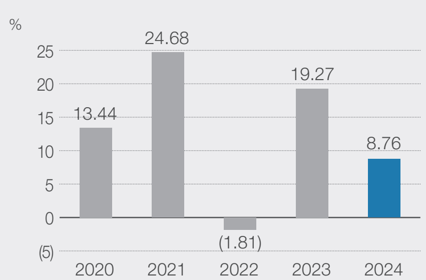
Assets Turnover



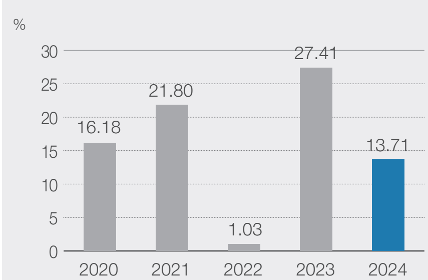
Capital Employed



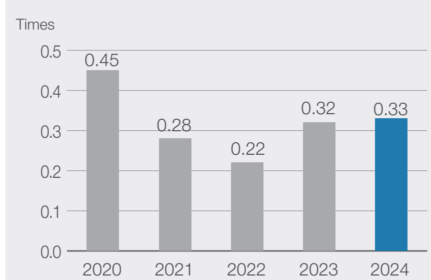
Return on Equity



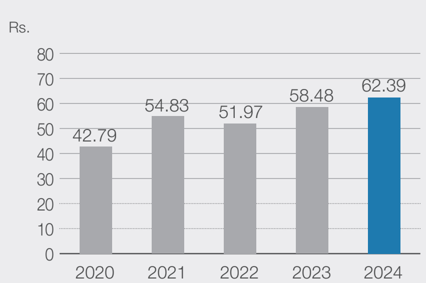
Return on Capital Employed



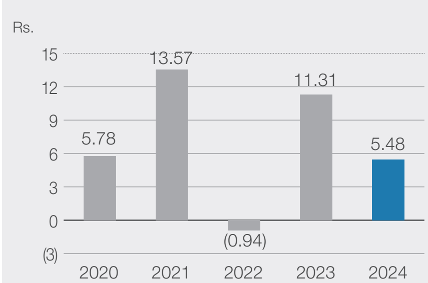
Gearing Ratio



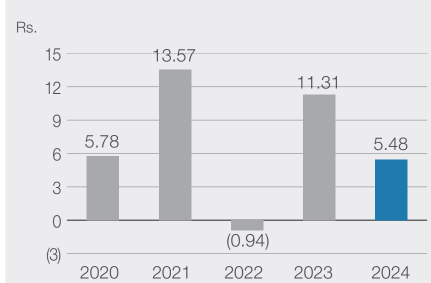
Net Assets Per Share



Earning Per Share - (Voting)



Earning Per Share - (Non-voting)



Notes

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Forty-Second Annual General Meeting of the Shareholders of Tokyo Cement Company (Lanka) PLC will be held on Thursday 22nd August 2024 at 4.00 p.m. at the Auditorium, Institute of The Chartered Accountants of Sri Lanka, 30A, Malalasekera Mawatha, Colombo 7, Sri Lanka. The business to be brought before the Meeting to transact will be :

AGENDA

Ordinary Business

1. To receive and **adopt** the Report of the Directors, the Statement of Audited Accounts for the year ended 31st March 2024 and the Report of the Auditors thereon.

2. To declare a First and Final dividend of Rs. 2.00 per share (voting and non-voting) in respect of the Financial Year ending 31st March 2024 as recommended by the directors.

3. **Directorship**

   3.1 To **re-elect** Dr. Harsha Cabral, PC who retires by rotation in terms of Article 114 of the Articles of Association.

   3.2 To **re-elect** as a director Mr. Waranakulasuriya Christopher 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. Waranakulasuriya Christopher Fernando who is over 70 years and that he be re-elected a Director of the Company.

   3.3 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 over 70 years and that he be re-elected a Director of the Company.

   3.4 To **re-elect** as a director Mr. Ravi Dias 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. Ravi Dias who is over 70 years and that he be re-elected a Director of the Company.

   3.5 Shareholders to note :

   3.5.1 Re-designation of Directors

   The new Governance Code issued by the Securities Exchange Commission (SEC) limits the maximum term of a directorship as Independent Non-Executive Directors of a listed company to nine years on the Board from the date of the first appointment and/or is above the age of 70. Nomination Committee having evaluated their suitability of skills, knowledge, acceptable experience, transparent working history, maturity, value addition and stability including qualifications has recommended the Re-Designation of Directorship as follows :

   - Dr. Harsha Cabral, PC. who served as an Independent Non-Executive Director is re-designated as a Non-Executive Director of the Company with effect from 22nd August 2024.
   - Mr. Ravi Dias. who served as an Independent Non-Executive Director is re-designated as a Non-Executive Director of the Company with effect from 22nd August 2024.
   - Dr. Indrajit Coomaraswamy, who served as an Independent Non-Executive Director is re-designated as a Non-Executive Director of the Company with effect from 22nd August 2024.

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. To transact any other business of which due notice has been given.

Special Business

The revised Corporate Governance Rules implemented by the Colombo Stock Exchange ("Listing Rules") has mandated that the Articles of Association of Listed Entities be amended to reflect the requirements set forth in Section 9.9 of the Listing Rules pertaining to the Board Composition and Alternate Directors.

IT IS PROPOSED TO AMEND THE ARTICLES OF ASSOCIATION OF THE COMPANY TO BE IN LINE WITH THE REVISED CORPORATE GOVERNANCE RULES OF THE COLOMBO STOCK EXCHANGE ("CSE")

1 To consider and if thought fit to pass the following Resolution No.1 by way of a SPECIAL RESOLUTION -:

Resolution 1 THAT Articles (i) to (v) in Article 125 be deleted

THAT the Article 125 (ALTERNATE DIRECTORS Provisions for appointing and removing Alternate Directors) of the Articles of Association be amended by insertion of the following paragraphs and numbered (1)

(1) (a) Alternate Directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.

(b) If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an executive of the Listed Entity.

(c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence specified in these Rules and the Listed Entity shall satisfy the requirements relating to the minimum number of Independent Directors specified in these Rules. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made.

(d) To make an immediate Market Announcement regarding the appointment of an Alternate Director. Such Market Announcement to include the following.

i) The exceptional circumstances leading to such appointment;

ii) The information on the capacity in which such Alternate Director is appointed, i.e., whether as an Executive, Non-Executive or Independent Director;

iii) The time period for which he/she is appointed, which shall not exceed one (1) year from the date of appointment; and,

iv) A Statement indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity.

(e) The attendance of any Alternate Director at any meeting, including a Board Committee Meeting shall be counted for the purpose of quorum.

By Order of the Board
TOKYO CEMENT COMPANY (LANKA) PLC

Seccom (Private) Limited
Company Secretaries

18th July 2024

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. Please produce your National Identity Card as proof of your identity.

Text of Resolutions to be Passed at the Annual General Meeting

ORDINARY BUSINESS

Resolution 1 — **Adoption of Accounts**

THAT the Directors' Report and Statement of Accounts for the year ended 31st March 2024 as audited and reported by the Company's Auditors be and they are hereby received and adopted.

Resolution 2 — **Dividends**

Resolved That a First and Final dividend of Rs. 2.00 per share (voting and non-voting) be declared in respect of the financial year ending 31st March 2024 as recommended by the directors, out of dividends received on which AIT has been paid.

Resolution 3 — **Re-election of Directors**

3.1 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.

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. Waranakulasuriya Christopher Fernando who is 75 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 73 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. Ravi Dias who is 70 years and that he be re-elected a 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 and contributions to charities for good cause and as a corporate responsibility to the society.

Noting — **Re-designation of Directors**

- Dr. Harsha Cabral, PC, who served as an Independent Non-Executive Director is re-designated as a Non-Executive Director of the Company with effect from 22nd August 2024.
- Mr. Ravi Dias, who served as an Independent Non-Executive Director is re-designated as a Non-Executive Director of the Company with effect from 22nd August 2024.
- Dr. Indrajit Coomaraswamy, who served as an Independent Non-Executive Director is re-designated as a Non-Executive Director of the Company with effect from 22nd August 2024.

Form of Proxy
Voting Ordinary Shares

For Forty-Second 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. Praveen Gnanam
- ☐ Mr. Elijah Jeyaseelan Gnanam
- ☐ Mr. W.C. Fernando
- ☐ Mr. Shuichi Nakamoto
- ☐ 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 Forty-Second Annual General Meeting of the Company to be held on Thursday 22nd August 2024 at 4.00 p.m. at the Auditorium, The Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera Mawatha, Colombo 7, Sri Lanka 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 2024 and the Report of the Auditors thereon.		
2.	Resolved That a First and Final dividend of Rs 2.00 per share on voting and non-voting for the financial year ended 31st March 2024 be paid out for the year 2023/24.		
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. Waranakulasuriya Christopher Fernando 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 Dr. Indrajit Coomaraswamy 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 Mr. Ravi Dias and being over the age of 70 years for which special notice has been received from a member for the purpose.		
9.	Special Business - Amendments to Articles of Association.		

....
Signature of Shareholder/s

Dated : ……………….............. August 2024

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 advise 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, 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 Forty-Second 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. Praveen Gnanam	of Colombo	or failing him
Mr. Elijah Jeyaseelan Gnanam	of Colombo	or failing him
Mr. Ravi Dias	of Colombo	or failing him
Mr. W. C. Fernando	of Colombo	or failing him
Mr. Asite Talwatte	of Colombo	or failing him
Mr. Shuichi Nakamoto	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 Forty-Second Annual General Meeting of the Company to be held on Thursday 22nd August 2024 at 4.00 p.m. at the Auditorium, The Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera Mawatha, Colombo 7, Sri Lanka and at any adjournment thereof.

....
Signature of Shareholder/s

Dated : …………………............. 2024

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. 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.
4. 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.

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2. In perfecting the form of proxy please ensure that all details are legible.
3. 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
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	Executive Director
Mr. A.S.G. Gnanam	Non-Executive Director (Resigned on 27th May 2024)
Mr. E.J. Gnanam	Non-Executive Director
Mr. Shuichi Nakamoto	Non-Executive Director (Nominee Director of UBE Singapore Pte. Ltd)
Mr. Ravi Dias	Non-Executive Independent Director
Mr. Asite Talwatte	Non-Executive Independent Director
Dr. I. Coomaraswamy	Non-Executive Independent Director
Mr. Praveen Gnanam	Executive Director

COMPANY SECRETARY : Seccom (Private) Limited,
(Company Secretaries)
1E - 2/1, De Fonseka Place, Colombo 5
Phone: +9411 2590176, Fax: +9411 2581618
Email: kmaahamed@hotmail.com
kmaahamed@yahoo.com

HEAD OFFICE : 469 - 1/1, Galle Road, Colombo 3
Phone +9411 2558100, Fax: +9411 2500897
Web Site: www.tokyocement.com
Email: agm@tokyocement.lk

SUBSIDIARY COMPANIES : Fully Owned
Tokyo Cement Power (Lanka) (Private) Limited (Power Generation)
Tokyo Eastern Cement Company (Private) Limited (Cement Mill)
Tokyo Supermix (Private) Limited (Ready-Mix)
Tokyo Cement Industrial Park (Pvt) Ltd. (Initial Stage)

51 % Owned
Tokyo Super Aggregate (Private) Limited (Aggregates)

AUDITORS : BDO Partners,
(Chartered Accountants)
65/2, Sir Chittampalam A Gardiner Mawatha,
Colombo 2

BANKERS : Commercial Bank of Ceylon PLC
Sampath Bank PLC
Hatton National Bank PLC
Seylan Bank PLC
DFCC Bank PLC

Designed & produced by
emagewise
Digital Plates & Printing by Softwave Printing and Packaging (Pvt) Ltd

TOKYO CEMENT COMPANY (LANKA) PLC