CHRISSWORLD

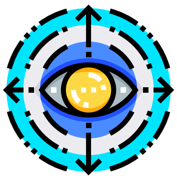
Unique Solutions - Winning Partnerships

# ANNUAL REPORT

## 2023-2024

Visit Our Website

**www.chrissworld.com**



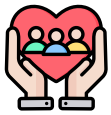
# Vision

**To provide innovative total logistics solutions across the globe with clear focus on our core values of high quality, respect, integrity and professionalism.**

# Mission

**To be ranked among Sri Lanka's top five "end to end" logistics service providers.**

# Corporate Values



**CONNECTED**

We invest in insight to get to the heart of our customers' challenges.

We are open and transparent in the way we work.

**COMMITTED**

Deeply involved in building relationships – everything we do is with the long-term in mind.

Our dedication to quality is the cornerstone of our success – we get every detail right.

**CREATIVE**

We are constantly developing better ways of working.

If we find a better way of working, we act upon it and proactively share it.

**FAIR TRADE**

We ensure we do the best and give the best through all our partnerships measuring ourselves against the highest standards of integrity and fiscal responsibility.

**HONESTY**

We are guided by solid moral compasses.

We stand for what is just and right, and hold ourselves to a high level of ethical standards.

**INTEGRITY**

Integrity creates trust. As an organization, collectively, it's our most valuable asset.

Individually, it's the constant choice to infuse every action with honesty, fairness, and respect for clients and colleagues alike.

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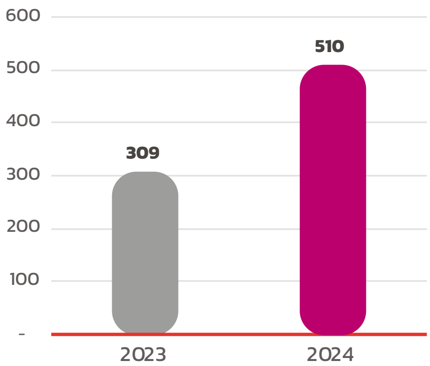
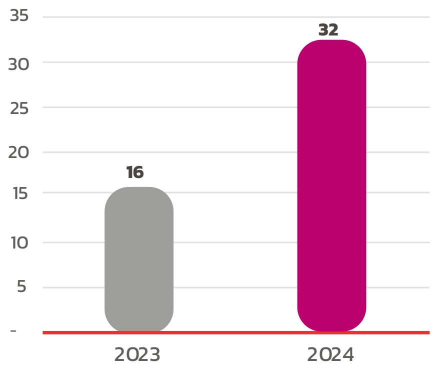
# FINANCIAL HIGHLIGHTS

| Year ended 31st March | 2024 | 2023 | Change (%) |
|---|---|---|---|
| **Results** | | | |
| Revenue | 509,757,428 | 308,603,867 | 65% |
| Gross Profit | 115,870,714 | 88,530,688 | 31% |
| Net Finance Income | 3,974,281 | 1,557,362 | 155% |
| Profir before Tax | 32,428,363 | 16,156,502 | 101% |
| Income Tax Expense | 10,435,069 | 3,639,600 | 187% |
| Net Profit for the Year | 22,840,572 | 13,075,737 | 75% |
| **Assets Employed** | | | |
| Non-Current Assets | 84,399,242 | 64,439,770 | 23% |
| Current Assets | 207,150,216 | 146,653,574 | 41% |
| Total Assets | 291,549,458 | 215,093,344 | 36% |
| **Funds Employed** | | | |
| Total Equity | 131,026,713 | 108,186,142 | 21% |
| Non-Current Liabilities | 27,970,918 | 12,260,081 | 128% |
| Current Liabilities | 132,551,827 | 94,647,121 | 40% |
| Total Liabilities | 160,522,745 | 106,907,202 | 50% |
| Total Equity and Liabilities | 291,549,458 | 215,093,344 | 36% |
| **Cash Flow** | | | |
| Cash flows from/(used in) Operating Activities | 10,576,207 | 49,909,846 | -79% |
| Cash flows from/(used in) Investing Activities | (16,738,587) | (48,179,052) | -65% |
| Cash flows from/(used in) Financing Activities | 12,311,974 | (24,985,759) | -149% |
| Net increase/(decrease) in Cash & Cash Equivalents | 6,149,594 | (23,254,965) | -126% |
| **Key Ratios** | | | |
| Gross Profit Margin (%) | 23% | 29% | -21% |
| Net Profit Margin (%) | 4% | 4% | 6% |
| Return on Assets (%) | 8% | 6% | 29% |
| Return on Equity (%) | 17% | 12% | 44% |
| Current Ratio (x) | 1.56 | 1.55 | 1% |
| Debt-to-Equity Ratio (%) | 36% | 16% | 128% |
| Earnings per Share (LKR) | 0.76 | 0.42 | 76% |
| Net Assets Value per Share (LKR) | 4.37 | 3.61 | 21% |

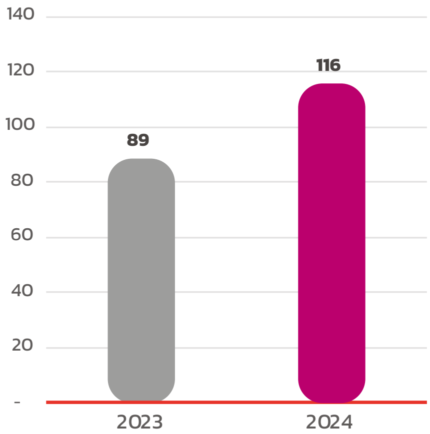
Revenue (LKR Mn.)



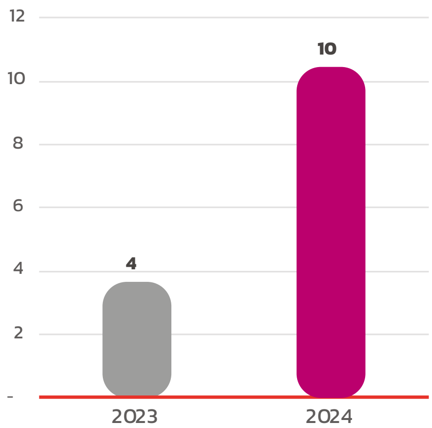

Profit Before Tax (LKR Mn.)



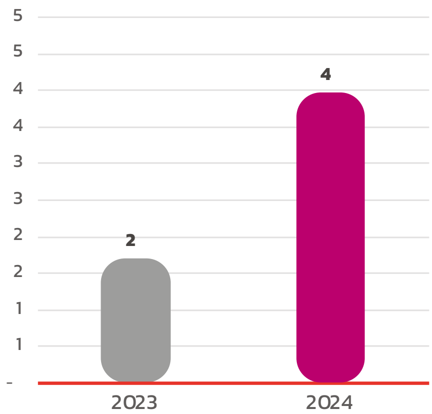

Gross Profit (LKR Mn.)



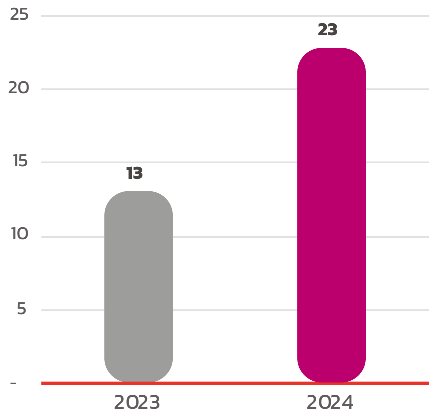

Income Tax Expense (LKR Mn.)




Net Finance Income (LKR Mn.)




Income Tax Expense (LKR Mn.)



# ABOUT US

Our story started exactly a decade ago in 2012, inspired by the vision to add

a new dimension to customer service in the logistics industry of Sri Lanka. Chrissworld commenced operations with 30,000 square feet of warehouse space situated in Kotikawatta, under the parent company Chrisslogix

(Pvt) Ltd. The steady growth of this business was the birth of Chrissworld. The company has grown by leaps and bounds over the years and is now a member of the esteemed Chartered Institute of Logistics & Transport, Sri Lanka, managing over half a million square feet of space. Spearheaded by a dynamic and a highly experienced Board of Executive Directors, each of whom counts between 25 - 35 years of experience in the logistics industry. Harnessing from this knowledge and expertise, the organization specializes in the two core areas of warehouse management services and inventory management, servicing clients across multiple verticals and industries.

The multi-faceted team is dedicated in providing an excellent service through the entire process, from detailed planning to precise implementation, and is geared in handling niche and specific shipments that require individual attention and effective integration. We provide an end-to- end solution to the client through our range of services which includes; storage solutions, both ambient

and temperature control; inventory management services, cross docking, distribution, packing, supply chain management consultancy,

3rd party facility management, last mile delivery, project cargo handling, door-to-door solutions, MHE supply and a range of value-added services. Recently the company commenced free port operation at the Katunayake free trade zone in collaboration

with a free port license holder. The main target markets is the ISC and Sea regions. This is purely targeting international markets to explore transshipment volume.

Our expertise in an array of services and projects enables us to deliver a unique value proposition to clients, which is not only superior in terms

of processes but also within project schedules and agreed resources. This is the reason we can pledge to a winning solution that will meet or go beyond your expectations.

# RESILIENT BUSINESS MODEL

From early 2019 to now, Sri Lanka has seen the worst phase of its history in recent times due to various reasons. The imminent threat to Chrisssworld, as with many other organizations was inevitable. Chrisssworld has made a commendable recovery after the carnage of the Easter Sunday Attack and the Outbreak of the Covid-19 virus, drastically paralyzed not only the local but also the global markets. Also, the recently experienced adverse waves such as tightening local monetary policy due to lack of foreign reserves, persistent inflation, import restrictions, high energy prices and geo political tensions along with the declaration of bankruptcy by the local government badly hit local businesses and the business community. Despite all these challenges the innovative leadership, passion and the hard work of the entire team helped to reach our goals and targets. This without doubt was the worst financial crisis the country faced in the last two centuries. Also, the world bank in its January 2024 report stated that Global growth would slow down to 2.4 percent in 2024, the third consecutive year of deceleration-reflecting the ongoing macro-economic conditions. Under such milieu, running a smooth operation in Chrisssworld was a challenge hard to master. Yet, with experience and the innate skills of the team, the company saw headway, strengthening its performance. The strategy used by the management was of paramount importance in this regard. The days ahead are bound to be tougher. One could however, be less worried knowing the repeated ability of the whole team in trying times.

## Despite to above facts Chrisssworld recorded following results in 2023/24,

Annual Turnover

Rs.**509,757,428**

Contribution to annual gross profit

Rs.**115,870,714**

Net Profit

Rs.**22,840,572**

Earnings Per Share

Rs.**0.73**

**Chrisssworld PLC has delivered a strong performance for the year 2024 financial year (FY23/24), through effective implementation of strategic initiatives, which has enhanced its operational alignment with market conditions.**

**Due to the outbreak of global & local economic crisis many industries were drastically paralyzed. However, battling with all challenges Chrissworld was able to record an increased revenue by 65%.YOY to Rs.509 Mn. Over 39% of this revenue was derived from inventory management & storage and 26% from Value added services. Profit after tax (PAT) increased by 75% YOY to Rs. 22 Mn.**

# OUR JOURNEY

## 2012 - 2016

- Journey began with a 30,000 sqft warehouse in Kotikawatta.
- Obtained Tea Board approval for bulk tea storage.
- Expanded to 60,000 sqft in the second year.
- Added air-conditioned and temperature-controlled storage.
- Diversified into agri products, paper, machinery storage.
- Install pallet racks to optimize capacity.
- Commence dry and air condition Pharma storage.
- Launched transport and delivery management services.
- Reached 100,000 sqft foot print in 3rd year of the operation.
- Operations disrupted and badly effected by 2016 heavy flood and standstill for 3 months.

## 2017 - 2018

- Restarted with 90,000 sqft, including 40,000 sqft indoor and 20,000 sqft outdoor for Telco industry.
- Increased staff by 30% for operations.
- Offered a food-grade warehouse for a multinational hotel chain.
- Reached 100,000 sqft within a year of post-restart.
- Introduced project cargo management as a new product to service portfolio.

## 2019 - 2020

- Expanded storage capacity to 250,000 sqft.
- Stepped into 3PL businesses in apparel, confectionery and dairy industry verticals.
- Achieved 200 million revenue milestone with 300% GP growth.
- Increased recruitment by 20% due to expansion.
- Introduced supply chain consultancy services.
- Upgraded to a new WMS for better customer service.

## 2021 - 2022

- Expanded warehouse capacity by 100,000 sqft, reaching 350,000 sqft.
- Secured a break bulk contract for a multinational in activated carbon business.
- Listed in the Colombo Stock Exchange under the SME category.
- Reached 300 million turnover with 30% growth.
- Recorded 50% GP and 100% NP growth compared to the previous year.
- Secured 3PL contract of a beverage giant and a confectionary market leader.
- Secured VAS operation of a leading global FMCG giant.
- Increased staff by 30% due to new VAS business.

## 2023 - 2024

- Scale down warehouse footprint by 50% due to adverse market condition in projects and telecom sector.
- Recorded a significant growth in VAS business due to service excellence.
- Launched a fully-fledged transport and distribution division.
- Introduced Freight services as a forward business integration.
- Introduce GPS tracking to offer real time information to customers.
- Start discussions to introduce TMS and a Advance WMS during the year to offer better customer service.
- Start ISO 9001:2015 certification process in order to standardize operations.

# OUR SERVICE OFFERING

## Contract Warehousing

We offer Storage and handling, inventory management and related logistics solutions, distribution fulfillment and any other business support in terms of managing clients' inventory.

As a warehousing and distribution specialist that offers a lot more than the ability to store and pack goods, we can administer your business operations in a cohesive package that is measured, managed and above all, understood. We offer a great deal of flexibility to make customers more convenient and our WMS support customers with real time and accurate information to make their decisions effectively.

We offer dry and chill storage to many industry verticals starting from FMCG, Telecommunication, engineering, energy, apparel, electronics, pharma and biomedical to over dimensional cargo storage at our cargo specific warehouses across the country. Well experienced highly motivated staff along with the high-tech machines and racking systems in place enable us to offer an exceptional service to our clients.

## Transportation Management

At Chrissworld we organized our business to meet the specific challenges of different industry sectors and its customers. Our specialist teams apply their genuine expertise in your market to provide the most appropriate solutions for your business.

We generally provide our services as an end-to-end 3PL logistics service provider covering inbound transportation and island wide distribution.

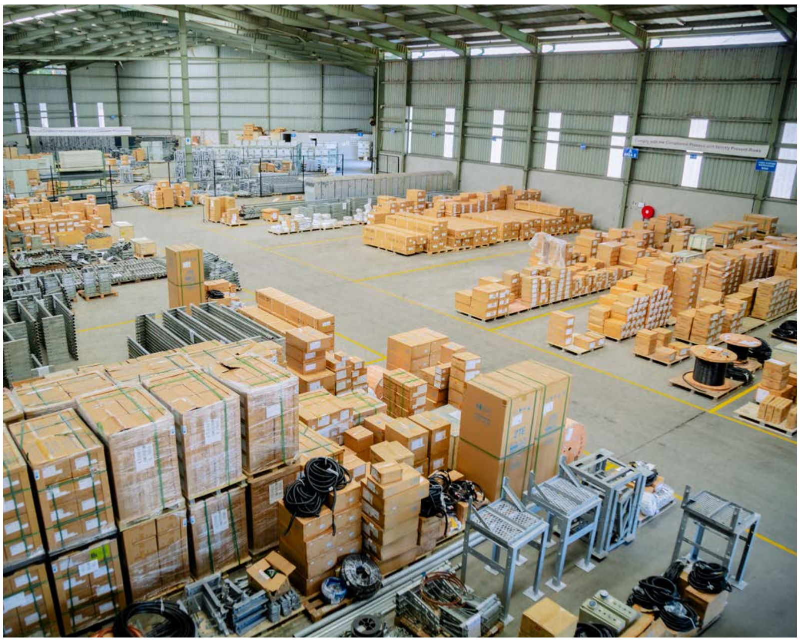
For a seamless fulfillment solution, combine order processing with distribution services to handle the last leg of your supply chain. We can handle product deliveries via Full Truck Loads (FTL), Less than Truck Loads (LTL) or parcels to suit your requirements; whether the delivery is to DCs, Wholesalers, Shop or end-consumer.

Clients enjoy the benefit of a professional and economical service where both storage and transportation are handled by a single party. We utilize cargo specific vehicles, load and route planning directed through our TMS (Transport Management System) software which could effectively and economically handle all transportation requirements, ranging from inbound containerized cargo to island wide re-distribution. In addition, vehicles could be customized on demand to suit different types of cargo as per the customer requirement as entire fleet is mapped in our TMS system.

Distribution and Transport related Key Performance Indicators along with the deployment of GPS tracking control to ensure delivery accuracy and accountability for maximum performance could be integrated into the client's distribution model as and when required through our TMS.

Considering customer convenience, cost competitiveness, efficiency and cargo visibility, we have invested on a TMS software apart from GPS tracking system this year, to add value to our distribution operation which enable us to improve our delivery efficiency, accuracy as well as costs which can be shared among our customers. Moreover, it helps us to maintain the best vehicle mix and optimum capacity utilization which will give us a competitive edge in the market.

## Project Cargo



Equipped with a professional team and MHE to solve the most demanding situations of our customers, we have the perfect solutions for all the unique logistical considerations, challenges and opportunities of our clients. With years of experience in the industry and tremendous know-how in dealing with logistically challenging cargo and industry-specific requirements, our transportation services are the pinnacle of our project cargo team.

We have the resources to efficiently get your cargo to the desired destinations and manage your special project reliably, regardless of commodity size, weight, complexity or configuration - from concept through delivery. Inland shipments and port operations, we offer comprehensive services that are tailored to customer specific requirements, leveraging our extensive distribution network and strategic partnerships. Our passionate and experienced team always meet given customer deadlines with a systematic and professional approach, added value to our success in projected cargo operations.

## Freight and customs brokerage Service

Our professional sea freight service includes attentive client service, enhanced paperwork, Ocean -B2B Shipping and Logistics Solutions, Domestic & Worldwide Supply Chain Solutions. Our logistic services encompass a comprehensive door-to-door transportation from the origin Supplier's/ Manufacturer's Premises to the ultimate destination, in addition to port-to-port shipments. When you choose sea freight, you benefit from our partnerships with leading global and regional carriers. We ensure you get the best deals on routes, prices, and schedules tailored to your needs. Enjoy the flexibility in shipping your cargo on your terms and the perfect carrier for your cargo transportation.

We provide a global network that can handle all of your air freight requirements. Shipments with larger dimensions and weights may be transported with ease using our freight connections to major and transit airports. Because of our extensive knowledge of air freight services and operations, we can provide our customers with detailed cargo updates. We can fly single or sophisticated goods to any destination at any time. Using our global network, we can manage and monitor your goods from loading at your supplier's warehouse to unloading at your client's door step.

Our experienced custom brokerage team is capable of handling all types of shipments in all ports of Sri Lanka. We are specialized in BOI and custom clearance processors in both sea and air irrespective of its volumes as we are well experienced with LCLs, FCLs, RORO, Bulk and break-bulk shipment handling.

## Supply chain and Logistic Consultancy services

We have gone an extra mile by introducing consultancy services in Logistics and supply chain for our valued customers in order to optimize their logistic and supply chain operations. Our team consist of well experienced and highly professional in-house team as well as a pool of industry professionals who add value to our customers by re-validating and optimizing their supply chain processors, systems and operations through observations and data analytic software. Our consultancy services range from warehouse construction, layout planning, infrastructure designs, Revamping projects and related engineered services to process improvements and supply chain operational optimization strategies and solutions along with transport and distribution optimization plans.

## Value added services (VAS)

Our specially trained and experienced staff at specially designed value-added facility offer wide variety of value-added services to customers which enable them to focus on their key business. We offer all kinds of value-added services ranging from labeling, packing, stickering, shrink wrapping, tunnel wrapping, bagging, corrugating, etc in house as well as on mobile basis. Our flexibility and experienced staff were able to attract many customers due to their operation excellence.

# CHAIRMAN'S MESSAGE

Dear Valued Shareholders,

I am proud to hereby present to you, the Annual Report and Financial Statements of Chrissworld PLC for the year ended 31st March 2024, a year of many strategic decisions and measures, to take Chrissworld onto a strong trajectory of growth.

Outstanding results have been achieved from our Value Added Services segment, generating a significant income to the company. This business segment has had a positive growth since its inception and promises an even brighter potential for the future.

Our strategic decision to internally divert international freight operations to Chrissworld has boosted the company's revenue and contributed well to it's bottom line. The Chrissworld brand, it's reputation in the market and the financial strength of the Company has been a great platform to be aggressive in sales and marketing and secure reputed clients in to our portfolio.

Chrissworld is now fully converted from a 3PL service provider to a total logistics solutions provider with a global reach. Our team is now completely geared and all required resources are in place to cover services from 3PL, international Freight, Customs Clearance, Value Added Services, Project Cargo Logistics and Inland Transportation. Our latest venture to provide industry related supplies and material has started off quite well and is most likely to be a good contributor to the future growth of the Company.

Hight standards and professionalism is key to our success and is an area of much focus. ISO certification process is making very good progress plus several key measures to bring in international best practices through technology and intense training of human resources are expected to raise the level of standard of the Company.

Our clients are undoubtedly the main key to our success. We are proud that our client portfolio includes some of the best brands in Sri Lanka. Our policy to handle ethical and reputed corporates even at the sacrifice of margins, has made Chrissworld earn and build a very strong reputation in Sri Lanka's logistics industry.

No company is bigger than its biggest asset – the people. Our people, a big part of the Chrissworld Family, has contributed so much with hard work, dedication, focus and determination and a strong will and desire to achieve positive results, even in extremely challenging circumstances. I bow down in respect to our people, without whom this Company would not have achieved the final results reflected in our financial statements for the year under review.

The Board of Directors, including the independent directors, has continued to responsibly and collectively contribute well in steering the Company on a progressive journey, with brilliant ideas, suggestions and strategies, supporting the Company's CEO to efficiently and professionally manage the team and the business.

As stated in my message of last year, Chrissworld desires to be 'different in all aspects of our business' and to be recognized and acknowledged as a Company that can be trusted on our commitments to our stakeholders.

In conclusion I sincerely thank you, our shareholders, for your trust and confidence in us and I sincerely and positively look forward to a greater year ahead.

**Christopher Perera**
*Chairman*
*13th August 2024*

# GROUP CEO'S REVIEW

Dear Stakeholders, Partners, and Team Members,

As we conclude another year, I am filled with a deep sense of pride and gratitude for the remarkable progress we have made as an organization. Despite the unique challenges that came our way, we have demonstrated resilience, adaptability, and a commitment to excellence that has been truly inspiring.

Over the past year, we have achieved significant milestones that are a testament to our strategic vision and collective effort. Our commitment to innovation has seen the introduction of new services, expanding our footprint in existing markets while exploring new opportunities. This growth has not only solidified our position within the industry but also reinforced our reputation for quality and reliability.

## Financial Results

The company posted a revenue of Rs 510Mn which is year on year growth of 65% compared to previous year from the 3PL segment. Guided by our proactive strategies on operation and quick responses to inquiries the company was able to achieve Gross Profit of 116Mn as opposed to 88Mn during the previous year. Although this signifies a 31% growth in GP from previous year, despite to the devastating effects of economic downfall both local and global economies, to that extent we are indeed proud of our achievements. Our performance during the year was our dedicated service and close relationship with our all stakeholders, which enabled us to deliver a PAT of Rs 22.8Mn whereas 75% growth compared to the previous financial year.

This stability allows us to continue investing in new ventures, our people, infrastructure, and technology, ensuring that we remain competitive and forward-looking.

## Business Overview

Amidst an Economic downfall that has a large impact on supply chain customers need flexibility, cost effective and robust solution for their requirements. With our integrated approach, we are supporting their end-to-end logistics needs, while controlling the most central assets and offering tailor-made solutions.

In 2023/24, we will continue to focus on growing our warehouse and distribution, by expanding our product and services to all relevant business verticals. We have established freight forwarding business by getting A class license in Director Merchant Shipping and joining hands with JCTrans global freight forwarding Network. In addition to that, we expect to join hands with industry expertise to go for more synergizing methodologies with our partners particularly in 3PL segment to gain more organic growth to the company. Apart from that we will remain focused on further strengthening our integrated product offerings to mitigate costs to both the company and our valued customers.

All in all the past years have been remarkable in many ways. Despite the challenges, the company has shown sustainable growth and managed to retain our client portfolio within the company. It has opened many avenues to explore our logistics business locally and internationally.

The current performance gives us reasons to believe that the investment and strategies adopted during the past years along with our ability to demonstrate our strengths as a trusted, reliable, and dependable warehousing and logistics service provider. We have laid the foundation to enhance the human capital and strong technology platform for future growth of the company.

This is the only start of the journey, and I sincerely believe that Chrissworld has much more to achieve over the next several years as we surge ahead with our growth plans. We will continue our growth journey focusing on developing our infrastructure, further strengthening our competencies, expand into new markets, developing our technologies, attracting right resources across the organization, all with the aim of delivering strong, sustainable returns to all our stakeholders.

Furthermore, Chrissworld has invested in the development of IT infrastructure mainly to the operations and transport division. In the transport division we have developed a Transport Management System (TMS) which enable us to give real time information to our valued client. In order to further enhance its service offering, Chrissworld Re-Wamp it's WMS system.

## Gratitude

I would like to take this opportunity to acknowledge the dedication and hard work of our employees. Your talent, passion, and unwavering commitment are the backbone of our success. To our partners and customers, thank you for your continued trust and support. Your confidence in us drives us to constantly strive for excellence.

Looking ahead, we recognize the rapidly changing landscape of our industry. Our focus will remain on innovation, customer satisfaction, and sustainable growth. We will continue to invest in our workforce, enhance our operational efficiency, and pursue opportunities that align with our strategic objectives.

In closing, I am optimistic about the future and confident that together, we will navigate the challenges ahead and seize new opportunities. Thank you for your ongoing support, and I look forward to another successful year.

**Suraj Suraweera**
*MD/CEO*
*13th August 2024*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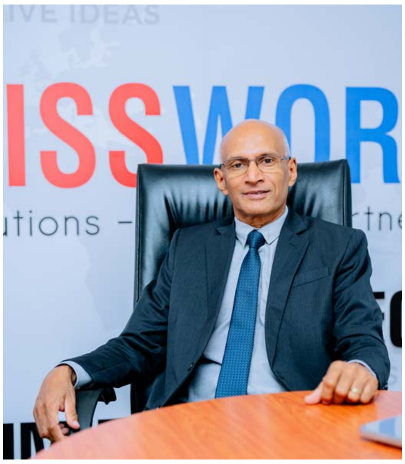
1. MR. CHRISTOPHER PERERA (Chairman)
2. MR. SURAJ SURAWEERA (MD/CEO)
3. MR. SITHIRA WICKRAMASEKERA
4. MR. SHANAKA LANSAKARA
5. MR. MELANGA DOOLWALA
6. MR. ROHAN LADDUWAHETTY

# BOARD OF DIRECTORS

**The Board of Directors of the Company comprises of experienced and professional individuals where there are 4 Executive Directors, and 2 non-executive independent directors. The Board is responsible to oversee the business affairs of the Company and provides leadership via formulating business strategies.**



## Mr. Christopher Perera

*– Chairman, Executive Director*

Mr Perera counts over 38 years of experience in the shipping & logistics industry. His career started at Hayleys Group in 1986, with ship agency and port operations in the initial period and moving later to feeder agency and freight forwarding. He completed a 20-year service period at Hayleys Group in 2006, after being elevated as Director of Lanka Orient Express Lines (Pvt) Ltd, a feeder agency representing Orient Express Lines, Dubai and as Director of NYK Logistics & Kusuhara Lanka (Pvt) Ltd, a joint venture in freight forwarding between Hayleys, NYK Logistics, Japan and Kusuhara Transportation Company, Japan.

He was the Founder Chairman / Managing Director and majority shareholder of Air Marine Logistics (Pvt)Ltd, incorporated in 2006 to pursue his ambition as an entrepreneur. The Company was developed as a strong customs clearance agency and an international freight forwarder. Disposing his shares of the Company in 2012, he formed Chrisslogix (Pvt) Ltd, the parent Company of Chrissworld Ltd and has provided strong leadership towards the growth of the group.

Mr Perera was a former Chairman of the Association of Clearing & Forwarding Agents (ACFA) and a former Consultant to Ceylon Freight & Logistics Association (CEYFFA). He was also the former Hon'y General Secretary of the 80 Club of Colombo. His key strengths are in administration, public relations, network building and strategic management.

## Mr.S.A.D.Niranjan Suraj

*– Managing Director/ Chief Executive Officer*

Mr. Suraj has 32 years of experience in the shipping & logistics industry. Commencing his career in 1992 at Hayleys Group, he was involved in several subsidiaries of the Group covering finance, freight forwarding, shipping, NVOCC and 3PL, during a span of 2 decades. During the period 2006 – 2012 he headed the logistics operations of the FMCG sector of Logiwiz (Pvt) Ltd, a subsidiary of Hayleys.

He holds an Advanced Diploma in Logistics & Transport from the Chartered Institute of Logistics & Transport (UK) and is a member of the Chartered Institute of Logistics & Transport (UK) and Alumni from Indian Institute of Management, Ahmedabad. His key strengths are in logistics management, finance, strategic management and HR management.


## Mr. Sithira Wickramasekera

*- Senior Executive Director*

Mr. Wickramasekera has experience of over 35 years in the fields of exports, trading and logistics. Starting his career in 1989 at Forbes & Walker Ltd, he was a Founder Vice President of Asia Siyaka Commodities Ltd and a Director of Asia Siyaka Warehousing (Pvt) Ltd and was part of a robust team involved in providing modern warehousing solutions for the tea industry of Sri Lanka and one of the pioneers of export of gherkins from sri lanka.

He also heads the leisure segment of the Chriss Group and manages Kirala Island, an island resort on the Bolgoda Lake under Chrissleisure (Pvt) Ltd.

Mr. Wickramasekera holds a Post Graduate Diploma in Business Administration from the University of Colombo and is also a member of the Chartered Institute of Marketing (UK) and of The Chartered Institute of Logistics & Transport.

He is an ardent water sports enthusiast and is the Founder President of the Bolgoda Lake Rowing Club, Chairman of the Diyawannawa Rowing Academy,Vice President of The Amateur Rowing Association of Sri Lanka and serves on the committee of the Canoeing & Kayaking Association of Sri Lanka.


## Mr. Shanaka Lansakara

*- Executive Director*

Mr. Lansakara has over 26 years of broad-based senior management level exposure in the logistics and supply chain industry in Sri Lanka and India, with leading players such as Hayleys and Sierra Construction who started his career with setting up Sierra Construction Indian operations.

He holds an MBA from Manipal University India, BSc Management Business Administration Special Degree from University of Sri Jayewardenepura and Graduate Advanced Diploma in Logistics & Transport from the Chartered Institute of Logistics & Transport (CILT). He is a chartered member of the CILT.

Mr. Lansakara is a visiting lecturer at CINEC Maritime Campus, CINEC Metro Campus since 2013 and also lectures at many leading academic institutes including the GIZ-Germany, University of Sabaragamuwa, Shipper's academy and also a well-known corporate trainer.

## Mr. Melanga A. Doolwala

*Non-Executive Independent Director*

Mr Doolwala brings a wealth of experience in finance, operations, and strategic management, underscored by a career spanning over two decades in diverse sectors. His extensive experience extends to board positions at Maharaja Foods PLC where he leads as the Chairman of the Audit Committee, Omee Products (Pvt) Ltd and AMD Holdings (Pvt) Ltd. He has held Many Senior Management positions at Arpico Insurace PLC, X-Ont Software (Pvt) Ltd and Janashakthi Insurance PLC.

Mr. Doolwala holds an MBA from Cardiff Metropolitan University, UK and is an Associate Member of the Chartered Institute of Management Accountants (CIMA) UK.

## Mr. Rohan Ladduwahetty

*- Non-Executive Independent Director*

Mr Ladduwahetty's expertise is in the Tea Industry of Sri Lanka with over 39 Years on hands on experience.

Having completed his education in Business and Finance in the UK, he returned back home in 1985 and joined the prestigious Van Rees Group, an investment from a private entity in Netherlands that created one of the largest Tea Traders in the world.

He later moved onto Almar Group, a traditional Rubber Exporter as the founder CEO of its Tea division.

In 2012, Mr Ladduwahetty formed Ramico International (Pvt) Ltd, in partnership with an overseas investor. The Company functions as an exporter of value-added Tea to various destinations.

# SENIOR MANAGEMENT TEAM

**Mr. Samudra Ratnayake** – *Senior Manager Operations*

Mr. Ratnayake has been engaged in Supply Chain industry with over 12 years' experience including employment in Logiwiz (Pvt) Ltd (Hayleys group). He demonstrates exposure to multiple operations in the logistics industry, multiple clients, and world leading WMS such as SAP warehouse management system etc.

He holds an M.Sc in Logistics and Supply Chain Management from Global Institute of Project Management at Asia University and a Diploma in Business and Information Technology from the Siksil Institute of Business and Technology in Sri Lanka.

**Mr. P Jayakody Arachchi** – *Manager Marketing*

Mr. Jayakody Arachchi is an experienced senior management level professional in logistics, supply chain management, leisure and tourism industries, with a career spanning over 27 years. He has served in leading organizations in the apparel manufacturing industry and food & beverage industry in Sri Lanka.

He holds a Higher National Diploma in Business and Finance (B-TEC) and is also a qualified quality auditor for ISO 9000 Standards series.

**Mr.P.G.Dhanushka Chamara Dushyantha**
– *Manager Operations & Value Added Services*

Mr. Dushyantha has been engaged in the Supply chain industry with over 16 years' experience including employment at Hayleys Advantis and Spectra Logistics. He demonstrates exposure to multiple operations in the logistics industry, multiple clients. He has vast knowledge in warehouse management systems including SAP. Moreover, he serves in SAP WMS consultancy for our warehouse clients and is actively engaged in digitalization projects. He holds an Advanced diploma in logistics management from the Natinal Institute of Business Management and the MBA in Logistics and Administration from Kothalawala Defense university.

**Mrs. Umesha Liyanarachchi** – *Head of Finance*

Mrs. Liyanarachchi possesses over 7 years of experience in auditing and accounting. She started her career at WIJEYERATNE & COMPANY that provides professional services in the fields of Auditing, Taxation, Management Advisory and Information Risk Management. She holds a B.Sc. (Special) Degree in Accountancy & Business Finance from the Wayamba University of Sri Lanka. At present, Mrs. Liyanarachchi is responsible for accounting and financial reporting activities of Chrissworld

# COMPANY PERFORMANCE

## Economic Value Creation

We at Chrissworld give utmost importance to our shareholders, employees and other stakeholders thereby ensuring that the Company's financial capital and the economic performance is sustainable.

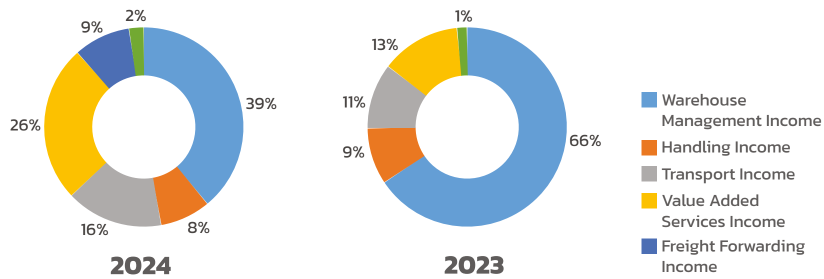
We believe that the success of our organisation depends on creating financial value for our shareholders, economic value to the economy, repayment of borrowing from financial institutions and creating value for our employees.

## Management Approach

We have adopted a value creation process that supports the well- being of the economy by ensuring that all our business transactions create positive economic impact. This is strengthened by the Company's focus on having strong financial management, which will eventually increase the economic value. We are committed to create value to our shareholders, which is also demonstrated in the Company's financial statements. A performance centric culture is created for our employees, thus opening avenues for increased efficiency and effectiveness.

## Revenue

The Company's Revenue recorded an increase of 65%, closing the books at to Rs. 510 million during the year, however the increase of direct cost by a margin of 79% to Rs. 394 million this year. Revenue from the Company's core businesses which include, warehouse management income of Rs. 198 million, contributed 39% to revenue, while value added services income generated a sum of Rs. 130 million, contributing 26% and  the income from transport charges was Rs. 80 million, contributing 16% to the company's revenue. The areas of contribution are as follows;




## Profitability

The Company's profitability increased to Rs.22.8 million, from the previous year's 13 million. This was mainly due to the increase in inventory management, value added services, special projects and also finance income in comparison to the previous year.

## Gross profits and margins

The Company's Gross Profits increased only by 31% to Rs.116 million despite the 65% increase in revenue.

## Direct, Other Costs and Earnings Before Interest and Tax

Direct cost of the Company amounted to Rs. 394 million, a 79% increase from last year. It was mainly due to increase in Labour related cost and Transport expense from the previous year and also increase in fuel, utility and other operational direct costs. During the year administrative expenses amounting to Rs. 77 million was recorded, which was a 18% increase from the previous year. Finance expenses increased by 71%. Profit before taxes recorded Rs. 32 million.

Finance income of Rs. 10 million comprises with interest income received during the year.

## Taxation

Income tax expenditure of Rs. 10.3 million, increased by 186% compared to last year. Taxation has been computed according to the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments.

## Profit After Tax

The Company profit after tax was recorded at Rs. 22.8 million, a 75% increase from last year and it was mainly due to 31% increase in gross profit for the period and 97% increase in finance income.

## Other Financial Review

The company has carried out an Initial Public offer (IPO) of 7,500,000 Ordinary voting shares at an offer price of Rs. 7.50 per share, successfully raising Rs 56.25 million. Accordingly, 30 million Ordinary Voting shares being the entirety of the issued shares post IPO were listed on the empower Board of the Colombo Stock Exchange on May 18, 2021.

# Cashflow

**d Cashflow from operating activities**

For operating activities Rs. 11 million generated from the during the year and it was mainly due to expansion of operational activities.

**d Cashflow from investment activities**

For investment activities Rs. 16 million used for the during the year and it was mainly due to purchase of Property Plant and Equipment and Investment in Fixed Deposits.

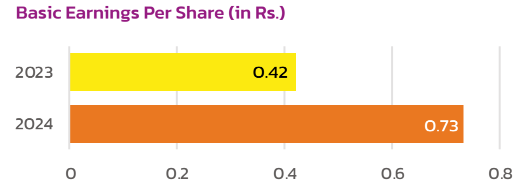
**d Cashflow from finance and other activities**

For financing activities Rs. 12 million generated from the during the year and it was mainly due to loans and lease obtained during the year.

# Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

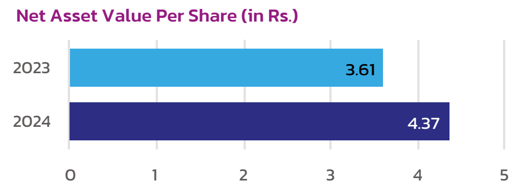
| Rs | 2024 | 2023 |
|---|---|---|
| Profit Attributable to Ordinary Shareholders (Rs.) | 21,993,294 | 12,516,902 |
| Weighted Average Number of Ordinary Shares | 30,000,000 | 30,000,000 |
| Basic Earnings Per Share (in Rs.) | 0.73 | 0.42 |




# Net Asset per share

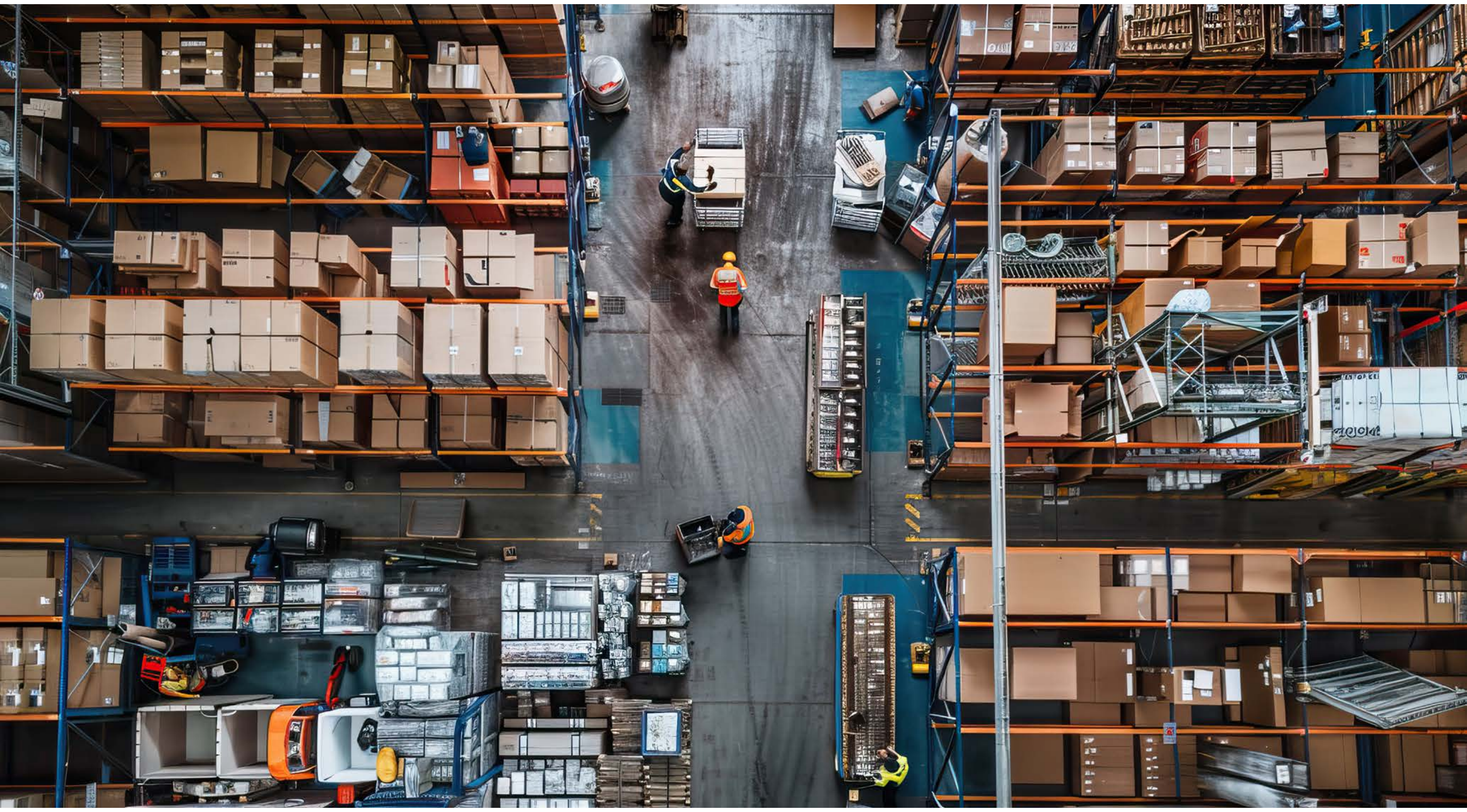
The net asset value represents a fund's market value. When expressed at a per-share value, it represents a fund's per unit market value. The per-share value is the price at which investors can buy or sell fund units. Net asset value (NAV) is defined as the value of a fund's assets minus the value of its liabilities.

| Rs | 2024 | 2023 |
|---|---|---|
| Net Asset Value | 131,026,713 | 108,186,141 |
| Weighted Average Number of Ordinary Shares | 30,000,000 | 30,000,000 |
| Net Asset Value Per Share (in Rs.) | 4.37 | 3.61 |



# LOCAL ECONOMY/ LOCAL LOGISTICS INDUSTRY

## Market Review of the Logistics Industry in Sri Lanka in 2023 and 2024.



## Sri Lankan Logistic Market overview

The logistics market in Sri Lanka is experiencing significant growth, driven by the country's strategic location, infrastructure developments, and increasing export activities. Sri Lanka's strategic location among the main marine and air navigation routes within the South Asian region makes the country a lucrative destination for entrepot and logistic development.

During the last five years, the World Shipping Council has consecutively ranked Sri Lanka's Colombo Port among Top 50 World Container Ports above other South Asia ports based on the volume of the containers handled.

### Strategic Location and Infrastructure:

Sri Lanka's position along major shipping routes between South Asia, Europe, and the Far East gives it a unique advantage. The Port of Colombo and the Hambantota Port are key hubs for transshipment, handling millions of TEUs (twenty-foot equivalent units) annually. The Colombo Port is undergoing an expansion project to increase its capacity, aiming to handle up to 12 million TEUs per year, enhancing its role as one of the largest container ports globally. Additionally, investments such as the $392 million project by China Merchants Group to construct a logistics complex in Colombo further boosts the country's logistics capabilities.

In addition to the expansion of its seaports, the country also has the highest road density in South Asia, with 173.9 km of roads per 100 square km of land, connecting all major seaports and airports. The country also has 22 international and domestic airports, with five international airports situated in Batticaloa, Colombo, Hambantota, and Jaffna.

In its ambitious plan for the future, the country is aiming at becoming a multimodal logistics hub providing integrated services and facilities by developing physical, telecommunication, and information technology infrastructure between the air and seaport facilities in Sri Lanka.

### Market Growth and Trends:

The Sri Lankan freight and logistics market is projected to grow at a Compound Annual Growth Rate (CAGR) of around 5.01%, expected to reach approximately USD 9.93 billion by 2029. This growth is supported by robust sea and air freight transport segments, with significant investments in port infrastructure playing a critical role.

The total port traffic in Sri Lanka is forecasted to be 7.96m TEU inhabitants in 2024. The total number of air freights in Sri Lanka is forecasted to be 0.48qn TKM inhabitants in 2024. The total number of registered carrier departures in Sri Lanka is forecast to be 39.06k inhabitants in 2024.

### Economic Impact:

The logistics sector is poised to become a major contributor to Sri Lanka's GDP, potentially accounting for 8%-10%. However, Sri Lankan logistics services contribute 2.5% of gross domestic product, which represents around USD 2 billion. Logistics services include container trucking, warehousing, ports and shipping, but exclude domestic transport of passengers, fisheries and inter-regional domestic cargo transportation.

The total share of logistics in national exports is estimated at 7%. The industry provides full-time direct employment to over 40,000–50,000 people. Around 70% of registered service providers are of local origin while the rest are multinational. Currently, there are 130 shipping agencies and 120 freight forwarders in associations, and 500+ companies registered with the Merchant Shipping Secretariat (MSS), which also includes clearing agents.

## Adoption of Technology

Prominent 3PL providers in Sri Lanka which has been at the forefront of integrating advanced technologies to enhance logistics efficiency. Leading 3PL Companies have has embraced innovations such as solar-powered facilities, digital dashboards, and mobile applications for real-time monitoring and supply chain management. The company's efforts in sustainability and technological integration have set new standards in the industry, highlighting the importance of a resilient and efficient logistics system.

## Challenges and Opportunities

While the industry recorded substantial growth, it faced several challenges that impacted operations. Sri Lanka's ongoing economic crisis and currency volatility have made it challenging for 3PL and other logistic companies to manage costs and pricing effectively, fluctuating fuel prices and transportation costs have put pressure on profit margins. Infrastructure bottlenecks, such as congested roads, poor road conditions, lack of interconnections, outdated equipment due to current import restrictions and outdated transportation networks in some regions, posed limitations to provide efficient logistic services. The shortage of skilled professionals and talent gaps within the industry due to unexpected volume of brain drains experienced in recent past also presented challenges for companies as well as for the nation.  Moreover, regulatory hurdles and bureaucratic delays hindered the ease of doing business.The challenges, however, also presented opportunities for innovation and growth. Recognizing the need for skilled labor, the government and private sector collaborated on vocational training programs, aiming to develop a skilled workforce to meet industry demands. Additionally, regulatory reforms aimed at simplifying customs procedures and reducing red tape were introduced to enhance efficiency and encourage investment apart from the trade agreements initiated by government with many Asian countries.

## Major Offerings

### TRANSHIPMENT SERVICES

For the last ten years, the Port of Colombo reported a steady growth of 4.5% in container traffic and transshipment volume accounted for more than 75% of the total container quantity.

There are three types of trans-shipment methods practised in Sri Lanka:

Hub-and-spoke (hub/feeder) – between deep-sea and feeder Interlining/intersection –between deep-sea and deep-sea along shipping routes Relay –between deep-sea and large deep-sea as an interface between shipping routes along with the same maritime range but servicing different ports of call.

Sri Lanka is the main transshipment hub for the Indian subcontinent, mainly to Indian Peninsular and other South Asian Countries, to take the best advantage out of the free trade agreements between South Asian countries (SAFTA), Sri Lanka and Singapore, and the country's participation in the Generalized System of Preferences (GSP).

Colombo Port focuses on container trans-shipment largely for the textile industry while Magampura International Port in Hambantota provides services mainly for vehicle transhipment (roll-on/roll-off operations) and recently start container handling operations with the investments made on handling machines. Japanese, Korean and Indian carmakers use these ports for trans-shipping vehicles built in India, Thailand, Japan and China to markets in Africa, the Middle East, Europe and the Americas.

## ENTREPOT TRADE

Entrepót trade or the re-export trade involves importing goods from one country and re-exporting to another, with or without any additional processing or repackaging. Goods are exempt from duties at the point of import and re-exports.

With the introduction of the commercial hub regulations through amendments made to the Finance Act No 12 of 2012 of Sri Lanka in the year 2013, a wide range of possibilities for entrepot trade in Sri Lanka, namely;

## COMMERCIAL HUB OPERATION

The Indian Ocean is an emerging as a growth pole and one of the busiest East-West trade corridors. Over ⅔ of global oil shipments and ⅓ of bulk cargo are transported through the Indian Ocean while ⅓ of the global bulk shipping trade, including petroleum products and coal transit across this region are transported through the Indian Ocean.

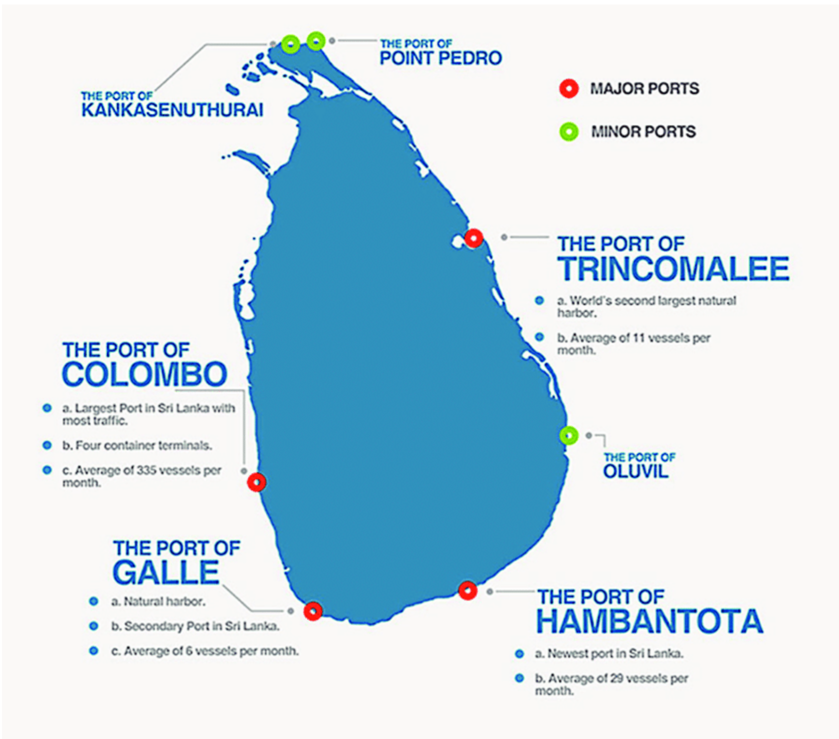
Positioned between the two leading logistic hubs in Singapore and Dubai, Sri Lanka handles over 25% of the regional container throughput, which makes the development and expansion of commercial logistic hubs an obvious future to the Sri Lankan logistic sector.

## MULTI-COUNTRY CONSOLIDATION

With a view to reducing costs and increasing the efficiency of shipments, Sri Lanka has liberalised multi-country consolidation (MCC) and has ambitious plans to develop a logistic distribution centre in the South Harbour in collaboration with the China Merchants (CM) Port. Those projects will focus on the needs of the MCC operators who prefer to receive space within the port itself. A new pilot project also focuses on implementing a Warehouse Management System (WMS) and improving the cargo management system, in order to provide electronic payment and delivery facilities.

## MARINE SERVICES

Sri Lanka's growing reputation as a marine engineering hub in the South Asian region and our growing capacity in offshore engineering has also added to the country's reputation as an emerging logistics hub providing a complete suite of logistic services.



# CORPORATE GOVERNANCE PRACTICES

Corporate Governance at Chrissworld PLC comprehends promoting corporate impartiality, transparency, accountability and responsibility in directing and controlling the company in the best interest of the stakeholders. All structures, principles and policies are focused on ensuring that the company is governed in a manner that safeguards the best interest of all stakeholders and this report aims to provide details of how this is done in practice.

## COMPANY'S BRIEF AND COMMITMENT TOWARDS CORPORATE GOVERNANCE

We firmly believe that good Corporate Governance is not only fundamental in ensuring that the Company is well managed in the interest of all its stakeholders, but is also essential to attain long term sustainable growth. Corporate Governance is of utmost importance in driving the company towards its high standards of managing the company in an ethical, efficient and effective manner whilst fostering an entrepreneurial culture.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODES

Chrissworld PLC practices are consistent with the requirements given in the Code of Best Practice on Corporate Governance issued jointly by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka (SEC) as well as Rule Number 7.6 and 7.10 of Listing Rules issued on Corporate Governance by the Colombo Stock Exchange (CSE). The principles set out in these codes have been adopted by us to shape our corporate governance stance.

## STATEMENT OF COMPLIANCE

We aim to ensure that good corporate governance provides a solid basis for our business, in promoting transparent and ethical business conduct at all levels and add value for our stakeholders. Thus, we continue to be committed to the highest standards of corporate governance across all dimensions of our operations and these standards are encapsulated in our governance policies and documents.

The Board of Directors also wishes to confirm that, to the best of their knowledge and belief, the Company has complied with all requirements under the Companies Act No 07 of 2007 and satisfied all its statutory payment obligations to the Government and other statutory/ regulatory bodies.

## GOVERNANCE STRUCTURE

The Governance Structure of Chrissworld PLC allows effective and efficient decision making while interconnecting elements in governance. It is enabled by having the right balance of authority and power throughout the organization. It comprises process and structures which affect the way an organization is directed, managed and monitored and its activities are reported.

## ANNUAL GENERAL MEETINGS

An AGM is held each year as required by the provisions of the companies Act. The Shareholders are allowed to directly communicate with the Board of Directors, it is regarded as the most effective mode of communication with all Shareholders.

## ANNUAL REPORT

The Company's Annual Report is the main document that is used to disclose corporate information to the Shareholders. The Company discloses financial and non-financial information.

Further quarterly financial statements, dividend declarations and other required information is published in the CSE website for the reference of all shareholders statements.

## BOARD OF DIRECTORS

The Company's commitment to uphold the highest standards of corporate governance is driven by the Board of Directors which is led by the Chairman. Each Director identifies himself with a duty to act in good faith and in the best interests of the Company. The Board is responsible for the Shareholders for creating and delivering sustainable shareholder value through management of it's business activities.

The Company as a part of its transformation to a public company has identified the importance of good corporate governance practices that would enhance corporate transparency by having a robust system of internal controls, procedures and financial reporting systems.

Board meetings held at once in every quarter in a financial year 2023/24 in order to effectively execute the board's responsibilities, while providing information to the board.

As such, the Company has appointed two Non-Executive Independent Directors to the Board namely:

Mr. Melanga A. Doolwala

Mr. Rohan Ladduwahetty

| Names of the Directors | Board Attendance |
|---|---|
| **Mr. Christopher A.M. Perera**<br>Chairperson | 4/4 |
| **Mr. Suraj Suraweera**<br>Managing Director / Chief Executive Officer | 4/4 |
| **Mr. Sithira Wickramasekera**<br>Executive Director | 4/4 |
| **Mr. Shanaka Lansakara**<br>Executive Director | 4/4 |
| **Mr. Melanga A. Doolawala**<br>Non-Executive Independent Director | 4/4 |
| **Mr. Rohan Ladduwahetty**<br>Non-Executive Independent Director | 4/4 |

## ROLE OF THE CHAIRMAN AND MANAGING DIRECTOR

Our Company acknowledges and respects the clear distinction between the roles and responsibilities of the Chairman and the Managing Director. This ensures a balance of power and no one person has unconstrained power in decision making and implementation.

## APPOINTMENT OF DIRECTORS

The Nomination Committee recommends the appointment of Directors to the Board. Upon the appointment of a new Director to the Board, the Company informs the Colombo Stock Exchange with a brief resume of the Director, containing the nature of his/ her expertise in relevant functional areas, other directorships held, memberships on Board Committees and the nature of the appointment.

## RE-ELECTION OF DIRECTORS

Directors, except those who are over 70 years of age are appointed by the Board and are eligible for re-election at the next Annual General Meeting by the shareholders.

## BOARD COMMITTEES

Three Board Committees are established by the Board to assist with discharging its duties and responsibilities effectively and efficiently. Namely the Audit Committee, Related Party Transactions Review Committee and Remuneration Committee. The committees are provided with all essential resources to empower them to undertake their duties in an effective manner. The Company Secretaries act as the Secretary to the committees, and the recorded minutes of each committee meeting are circulated to all directors on completion.

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

## AUDIT COMMITTEE

Audit Committee comprises of two non-executive independent directors where they are empowered to oversee the financial reporting processes, internal controls, internal audit, whistle blowing activities, and assess the independence and performance of external auditors:

The Committee comprises of following directors:

| Names of the Directors | Board Attendance |
|---|---|
| **Mr. Melanga A. Doolawala**<br>Chairman of the committee<br>Non-Executive Independent Director | 4/4 |
| **Mr.Rohan Ladduwahetty**<br>Non-Executive Independent Director | 4/4 |

Functions of the Audit Committee include the following:

- Overseeing of the preparation, presentation and adequacy of disclosures in the financial statements of a Listed Entity, in accordance with Sri Lanka Accounting Standards.
- Overseeing of the Entity's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.

- Overseeing the processes to ensure that the Entity's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.
- Assessment of the independence and performance of the Entity's external auditors.
- To make recommendations to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.

## REMUNERATION COMMITTEE

The Remuneration Committee of the Company is established to assist the Board and provide guidance the remuneration (cash and non-cash benefits) payable to the executive and non- executive directors of the Company.

The committee constitutes the following non- executive independent directors:

| Names of the Directors | Board Attendance |
|---|---|
| **Mr.Rohan Ladduwahetty**<br>Chairman of the committee<br>Non-Executive Independent Director | 1/1 |
| **Mr. Melanga A. Doolawala**<br>Non-Executive Independent Director | 1/1 |

The remuneration policy of the Company is to maintain a balance between providing a suitable compensation to the employees and their performance for the best interest of the Company and the shareholders. The remuneration packages recommended by the Board will be reviewed by the members of the Remuneration Committee to provide required guidance when required.

## RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The scope of the committee is to provide independent review, approval and oversight of related party transactions to ensure such transactions are executed in a transparent manner whilst being compliant with applicable regulations upon listing. The committee comprises of non-executive independent directors, together with an executive director as follows:

| Names of the Directors | Board Attendance |
|---|---|
| **Mr. Melanga A. Doolawala**<br>Chairman of the committee<br>Non-Executive Independent Director | 4/4 |
| **Mr.Rohan Ladduwahetty**<br>Non-Executive Independent Director | 4/4 |
| **Mr.Suraj Suraweera**<br>Managing Director / Chief Executive Officer | 4/4 |

## STATEMENT OF COMPLIANCE ON RELATED PARTY TRANSACTIONS

The Borad of Directors declare that the company has complied with the rules applicable on related party transactions as per CSE listing rules.

# HUMAN CAPITAL

We remain fully aware that the people are the chrissworld's most valuable asset and investing in their development is paramount to our long term success, hence set industry best practices to manage them effectively and be competitive in the industry. As usual we always consider employees as our partners and empowered them upon their capabilities, recognize and reward accordingly. Our Human Capital Management policies focused on optimizing human value to the company by Hiring right talent with needed skill sets, training and development, reward and recognition to increase human productivity. Also recognize that nurturing talent and empowering our employees not only enhance individual capabilities, but also drives collective excellence.

The unique and open culture we practice has given utmost freedom to our employees which they have taken positively, hence we were able to get the best out of our employees. Due respect and equal opportunities the management has given across the company, been highly recognized by our employees. Though we couldn't accomplish our annual training and development initiatives towards talent retention due to factors such as economic unrest, we managed to retain our employee turnover ratio far below the industry bench mark due to our employee centric initiatives. We always encourage employees towards accomplishing their academic and professional education qualifications and will not hesitate to reward and recognize on such achievements.

## Key Highlights

we raised employee standard to take them to the next level where we recognized and promoted some of our staff to managerial level considering their contribution to the company. Also we made new crucial managerial level recruits to bring more focus to ongoing and new business segments. Several high calibre professionals were recruited to fill these positions while a broad based succession plan made to groom the next level of leaders internally. Our open and unique culture offers fair play and equal opportunities across the board including hiring , promotions and compensation. We were able to maintain 98% employee retention ratio while maintaining the full carder without any layoffs during the year despite adverse economic conditions. As a usual practice we were strict on child labor policy and adhere to same across all sites.

## Challenges

In the 21st century we too have faced common challengers in retaining skilful employees due to competition towards talents and skills which we have managed professionally. We consider heavy human dependency as a risk and a challenge in our part of the work due to various reasons, hence we have start working towards certain technological upgrades to mitigate same. Though we had a minimum impact due to Skilled human migration, it become a trend during past few years which impacted all industries adversely. We had to curtail training budgets during the year to strict cost control policy implemented due to adverse market and economic conditions of the country.

## Employee Benefits

We have created an open door culture across our facilities offer freedom to our employees under certain guidelines which have been highly admired by them. We have introduced many programs for the employees for self leaning and developing new business concepts which will be duly recognized and rewarded has shown a good progress. Employee career development is a priority of the company where we encourage them to complete their academic and professional exams which are linked to their Appraisals. As to motivate staff towards education, we offer partial and full sponsorships on professional educational programs and we sponsor all kinds of professional memberships and renewals. Training is a must for the staff, hence will offer required training , mentoring to ensure their personal development as well. Our open culture creates equal opportunities to all levels to perform freely and the remarkable performers will be duly recognized and rewarded . Safety and quality are our priorities which create employee confidence towards their personal safety and security. Our employee rotations towards multi sector operations offers wider exposure to each individual. Our regular gatherings , events and annual excursion , new year and Christmas celebrations creates more opportunities for them to showcase their talents and strengthen staff relationships. We have taken care of our employees health via corporate insurance policies considering it as a corporate responsibility.

## Way Forward

Though we are in an highly uncertain environment mainly due to political and economic unrest our focus and investment towards human development has unchanged, hence many training programs have been identified and career succession plans been developed to uplift our employee standard. Ongoing ISO certification and newly undergoing WMS system implementation will enhance employee knowledge and create more employee opportunities in respective areas. Our plans on business expansions in new avenues as well as in 3pl sector continues where existing staff will be given first preference and will surely offer decent number of opportunities to outsiders as well.

**Total Employees**


*Annual Trip*


*Women's day celebration 2024*

# INTELLECTUAL CAPITAL

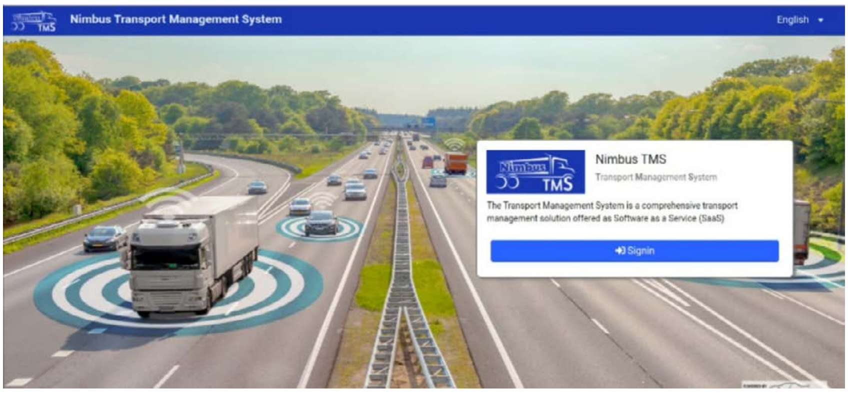
Intellectual Capital (IC) is the intangible value of a business, such as employee knowledge, skills, business training ,innovation and relationships that may provide a company a competitive advantage. We Chrissworld PLC has embarked in improving its overall services through structured investments in building its intellectual capital base on key three pillars;

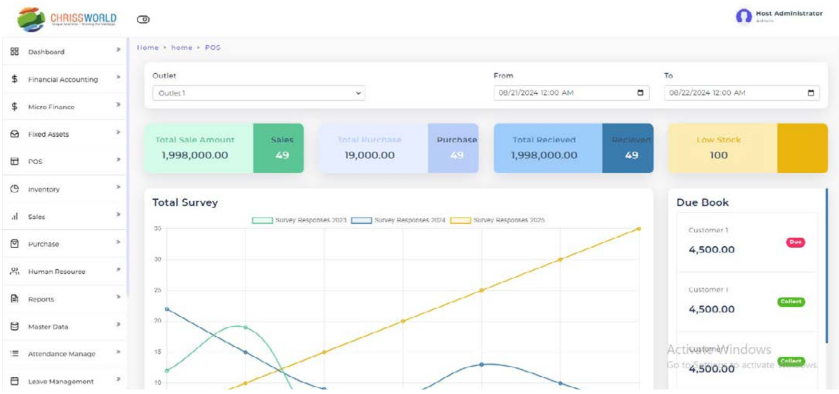
a) **Human capital; Enhancing knowledge, skills, creativity and motivation of the employees and managers of our team.**

b) **Structural capital; Continuous improvements through new process introductions and existing process improvements, systems, technologies and infusing new trends to our organizational culture that supports the effective and efficient delivery of its services to our customers.**

c) **Customer capital; Building trust, relationships, loyalty and satisfaction of the customers and partners of the company.**

Chrissworld PLC strives to consciously increase knowledge, skills, creativity and motivation of the employees and managers through continuous investment in training and exposing our team to latest trends both in operational and customer service which believes to be an integral part of the overall service deliverability and satisfaction levels of its customers. Hence we have implemented training on key digitization platforms and IoT based (internet of things) real time information accessibility to its customers servicing in key service segments such as inventory




management and distribution management services. Chrissworld PLC with the expansion of its transport and distribution services has implemented a transport management system (TMS) to bring forth the integration of digitization to the next level by sharing information on a ready to access dashboard to the customers in providing visibility of their product movement from any Chrissworld warehouse locations to customer delivery points, be it to any part of the island. Furthermore, use of GPS – Global Positioning System tools the fleet is optimally managed ensuring the customer gets transparency in all the functions with information to his cargo delivery times, adhering to compliance such as temperature and humidity sensors ,route optimization, product safety and overall journey efficiency. Chrissworld is reaping benefits of its newly introduced WMS solution ease out employee efforts and customers via real time accessibility and visibility to their valuable inventory alone company to improve their efficiency via process optimization and new process implementation. Also it ensure our customers consistently receive high quality with dashboards and other critical information for faster and accurate decision making .

Also the ongoing process of ISO 9001:2015 quality management certification helped all divisions of the company to streamline their operations and improve service levels which in turn satisfy our customers, management and employees while optimizing our overheads. As per our employees they feel it reduce their workload, simplify the processors and improve employee efficiencies which motivate them to a great extent. It ensure standardization and consistency in our service levels to customers ended up with customer satisfaction.

# SUSTAINABILITY STRATEGY

**Sustainability is defined as development that provides the needs of the people today while making sure people's needs in the future are also ensured. It has three pillars:**

**Environmental**
(planet)
Refers to reducing carbon footprint and minimizing waste.

**Social**
(people)
Represents activities that serve and are supported by various stakeholders;

**Economic**
(purpose and profits)
Aside from actual earnings, this also pertains to honesty and accountability in terms of rules and regulations.

Transport, the top requirement in logistics, is one of the biggest causes of carbon dioxide emissions. But it isn't the only driving force of greenhouse gas production in this industry.

Chrissworld PLC as a responsible entity always aims at reducing the environmental and social impact of its operations, such as emissions, noise, waste and accidents and ensuring the processes are built on and monitored.

Gathering and analyzing data to measure and improve the environmental performance of Chrissworld assets and facilities, adopting green technologies and practices, such as electric operated material handling equipment (MHE), renewable energy such as solar generated lighting systems , improving fuel efficiency of vehicles and periodic emission testing , recycling and waste management are some of the initiatives taken by the company . Also newly introduced WMS and TMS was to make our operations paperless which lead to reduce our waste to a greater amount. Our new TMS system Lowers our overall emissions by a great number with the best practices such as route optimization,return journey arrangement and optimization of truck utilization. Every mile we traveled equals additional greenhouse gas in the atmosphere. So we have greatly reduced the carbon footprint by implementing such sound best practices along with ecological initiatives such as converting our diesel forklift fleet to battery operated trucks.

Chrissworld PLC has aligned its CSR projects engaging with customers, suppliers, regulators and communities to promote sustainability awareness and collaboration, by way of engaging in regular training and collaborative functions with regulatory bodies such as local authorities (Grama Niladhari Division), PHIs (Physical Health Inspectors) and initiating community cleaning programs to keep a healthy environment in and around Chrissworld locations. Chrissworld PLC has its sustainability strategy aligned with the corporate strategy and implementing it systematically across the organization.

## Key Highlights

- TMS implementation optimized of running milage, trips as well an the fleet in-return reduced carbon foot print to a great level.
- WMS implementation reduce machine travel time reduces carbon foot print
- TMS and WMS creates a paperless environment and greatly reduces our waste.
- Regular awareness programs and market case studies during weekly floor meetings
- More focus and training on operation and environmental safety
- KPI based maintenance followup will ensure a safe and pollution free operation.
- Implementation of regular waste management schedules

## Challenges

- Rising transport and operating cost and its impact of profitability
- Complexity in quantifying certain measurements and figures leads the need to go for costly systems
- Internal and external resistance for change management
- Empty miles
- Traffic congestion
- Poor road conditions and lack of infrastructure

# RISK MANAGEMENT REPORT

## ENTERPRISE RISK MANAGEMENT PROCESS

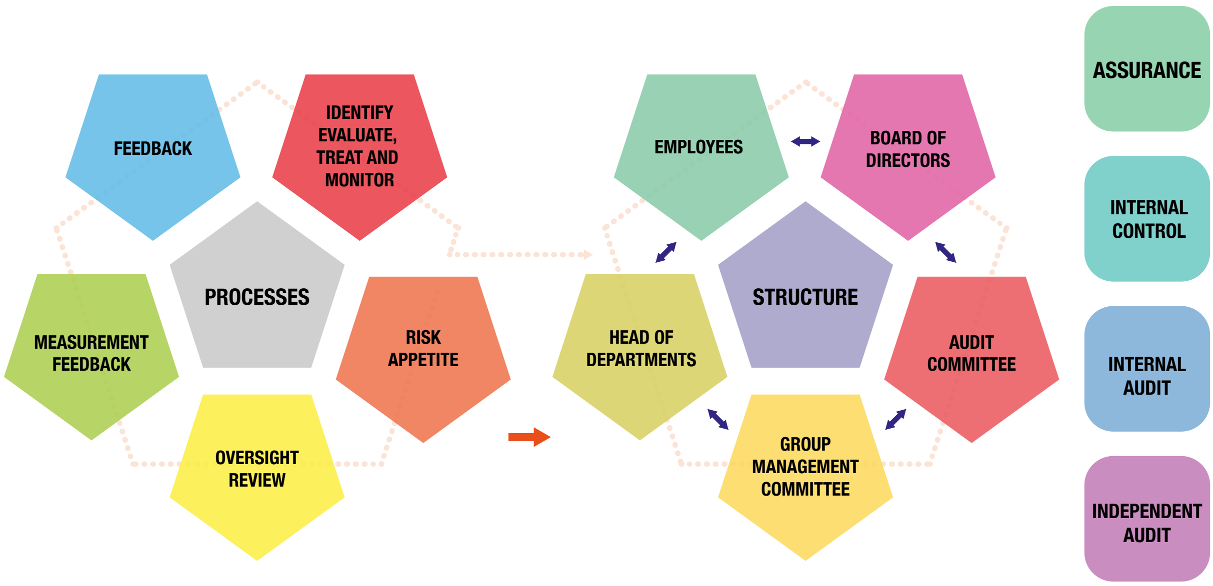
## OVERVIEW

Risk arises in all our business activities. Risk, in our context, is the component, which has the potential to negatively affect business or an organization. Its' significance is measured in terms of the probability of occurrence. Therefore an integrated risk management frame work has become a mandatory existence, which provides the guide line for managing risks.Managing risk is a key aspect of the Board's stewardship obligations and a component of the 'performance' dimension of Enterprise Governance. The risk management framework illustrates our approach to risk management, reflecting the risk management process, the structure in place to administer the process and sources of comfort with regard to its effectiveness.

## RISK MANAGEMENT FRAMEWORK

A risk cannot be viewed in isolation as it is inter connected and also one aspect might give rise to various other factors. Chrissworld PLC has a structured risk management process to address different risk categories: Strategic, Operational, Compliance and Financial. The Board is responsible for ensuring effective risk management and recognizes that the proper management of risk is a core leadership function that must be practiced throughout the Organization.

Internal Audit process coordinates the identification and documentation of control risk areas throughout the Company, enhancing the risk management system and monitoring its effectiveness at regular intervals. In addition, during the year-end, the External Auditor issues a Management Letter and informs the Group Management Committee, Audit Committee and the Board of Directors of the outcome of these evaluations. These outcomes are taken into account in the continuing enhancement of our risk management system. Further the Audit Committee constantly evaluates risk, its impact and measures taken to manage risk. The principal aim of the company's risk management governance structure and system of Internal Control is to manage business and operational risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. We have put in place a number of key policies, processes and independent controls to provide assurance to the Board on the integrity of our reporting and effectiveness of our systems of Internal Control and risk management.



## RISKS RELATED TO THE 3PL INDUSTRY

Supply/ Demand fluctuation – Entire logistics industry is driven by the supply and demand created for goods since the industry links the providers and end users to fulfil their requirements. 3PL service providers are also a part of this chain hence the storage and handling operations have a direct impact from the demand and supply. These fluctuations have an impact on returns of the business and businesses that have the flexibility in cost structures are able to better manage any downside risks.

Loss/ damage to the cargo – it is natural that stored or transit cargo could be lost or damaged due to intentional or natural disasters. Possible causes could be by theft, negligence in handling, damage due to fire, floods etc. As 3PL service providers are responsible for proper management of third-party cargo, such losses create negative monetary and reputational impact. In order to mitigate these risks. We have enhanced our insurance cover, that adequately cover the losses while internal security and procedural controls are implemented to prevent intentional threats.

## RISKS RELATED TO BUSINESS OPERATIONS OF THE COMPANY

Fluctuation in Volumes Stored/ Handled – It is an inherent feature in the warehousing business that volumes handled do fluctuate according to the requirements of clients. As a result, the revenues of the Company are subjected to inconsistency. Having a broader clientele covering different industry verticals without heavy dependence on few could mitigate this revenue volatility. In addition, given that the company has outsourced key resources such as man power, it provides the flexibility to reduce such costs when there are drops in volumes.

Third party Owned warehouses – All of the warehouses used by the Company are obtained on rent basis. Therefore, in the event a landlord requires the warehouse to be returned, Chrissworld PLC is required to seek another suitable premise to move the cargo. This could lead to a disruption to business until another property is obtained on rent basis and stocks moved to the new location, which also incur additional costs of loading, unloading and transportation. As per the rent agreements, a termination clause is provided which require 3 months' notice to be given by the landlord to the Company which enables the Company to effectively plan for alternatives and to the extra costs.

Potential discontinuation of services obtained by clients within the period of agreement – Clients that obtain storage and related facilities could discontinue the services obtained by them due to a non-compliance by Chrissworld PLC with required standards or due to commercial disputes. In such circumstances the Company would lose corresponding revenues from such clients.

To ensure compliance standards required by the regulators or clients are properly followed, Chrissworld PLC maintains best warehousing practices, conduct on-site reviews with major clients on a quarterly basis, thus any non-compliances are rectified to avoid termination of services.

## MACROECONOMIC RISKS

Contraction in economies – since logistics is a support service for effective operation of manufacturing and trading activities, drops in demand for goods, raw material etc. due to economic recession has a direct impact on the business. The economy contracted by 7.8 percent in 2022 and 7.9 percent in the first half of 2023. Construction, manufacturing, real estate, and financial services suffered the most amid shrinking private credit, shortages of inputs, and supply chain disruptions, worsening the negative welfare impacts of income contractions and job losses registered in 2022. Headline inflation, measured by the Colombo Consumer Price Index, peaked at 69.8 percent in September 2022 and subsequently declined sharply to 4 percent in August 2023 from a high base amid subdued demand. This led to a drastic drop in manufacturing and trading business which affect us significantly with drastic drop in our operation volumes. These types of risks are not within the control of the Company; however, a persistent economic recession can cause long term revenue declines and shrink the margins.

# LOGISTICS GLOBAL MARKET REVIEW

**In the dynamic landscape of global trade and commerce the logistics market plays a pivotal role in ensuring the smooth flow of goods from manufacturers to consumers. In recent years, this industry been considered as crucial for global trades success in terms of cost and efficiency. It has undergone significant transformations due to increasing demand, technological advancements, changing consumer behaviour, and the impact of global events, such as pandemics and natural disasters.**

## Industry Size and Growth:

According to the report, the global logistics market reached a value of USD 9407.5 billion in 2023, the market is projected to further grow at a CAGR of 6.4% between 2023 and 2032 to reach a value of USD 15978.2 billion by 2032.

## Key Drivers:

Several factors are driving the growth of the logistics industry worldwide:

**a) E-commerce and last-mile Boom:**

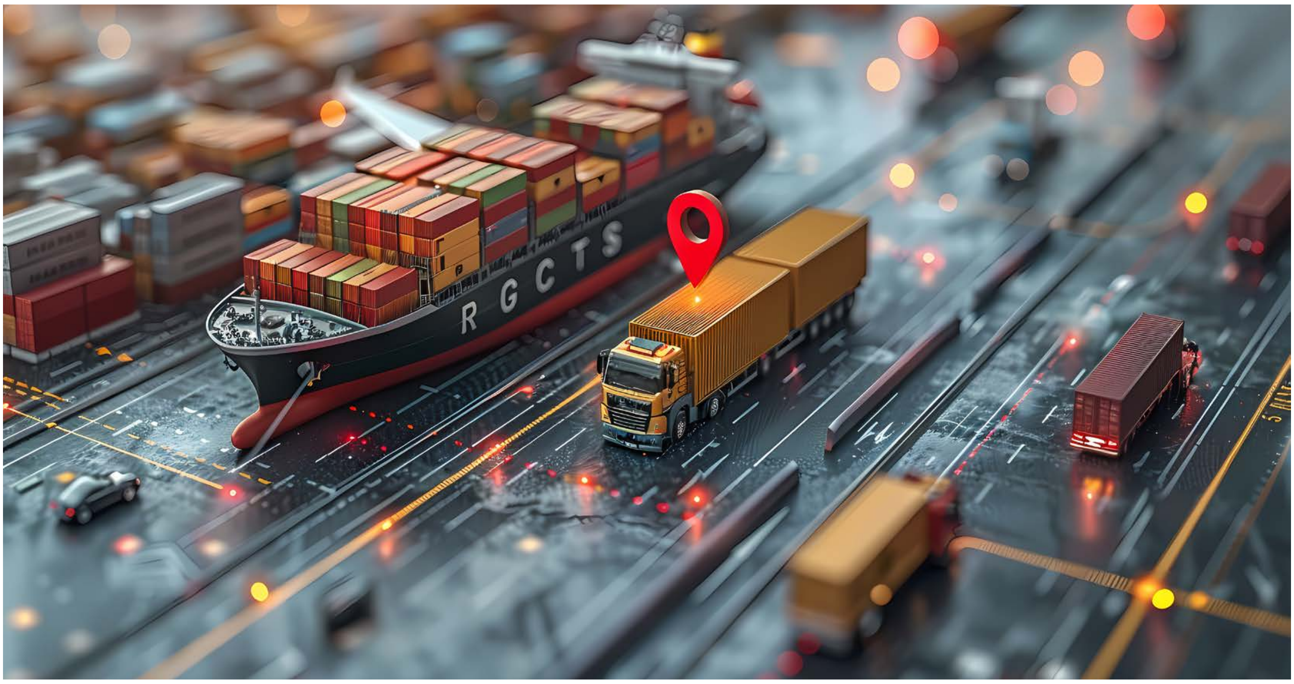
As per the logistics market analysis, the proliferation of e-commerce is a significant driver in the global market's upswing. As consumers increasingly pivot towards online shopping, retailers and e-commerce giants require robust logistical support to ensure timely and accurate deliveries. This shift towards online shopping is not just limited to B2C markets; B2B e-commerce platforms are also leveraging logistics to streamline their operations, facilitating smoother trade flows.

**b) Globalization and Trade:**

Another driving factor in logistics market growth is the increasing globalization of industries. As businesses expand their footprints across borders, there's an ever-growing need for comprehensive logistics solutions that can seamlessly manage cross-border transactions and deliveries.

**c) Technological Advancements:**

Moreover, the logistics market is also witnessing tailwinds from the introduction of advanced technologies such as Artificial Intelligence (AI), Machine Learning (ML), and the Internet of Things (IoT). These technologies enhance route optimization, warehouse management, and predictive analytic, further refining the logistics process.



**d) Emerging markets:**
Emerging markets, with their burgeoning middle-class and increasing internet penetration, present a significant opportunity to propel the logistics market demand. These regions, previously seen as challenging to penetrate due to infrastructural constraints or regulatory issues, are now becoming viable markets, thanks to investments in infrastructure and a more welcoming regulatory environment. The shift in manufacturing bases to countries with lower operational costs is further stimulating the demand for efficient logistics solutions in these areas.

**e) Demand for sustainability**
Sustainability is another frontier that the logistics market is navigating. As the world grapples with the challenges of climate change, there's a pressing need for greener logistics solutions. This has led to the emergence of electric delivery vehicles, sustainable packaging, and the optimization of delivery routes to reduce carbon footprints and further increase the logistics market size. Companies that successfully integrate these eco-friendly solutions will not only contribute to a greener planet but also position themselves favorably in an increasingly Eco-conscious global marketplace.

## Challenges:

2024 will see a heightened focus on building resilient supply chains capable of withstanding unforeseen disruptions. Risk mitigation strategies will be integral to maintaining the flow of goods in the face of geopolitical uncertainties, natural disasters or public health crises. Anticipated challenges in coming years can be listed as follows.

**a) Infrastructure Limitations:**
Inadequate transportation infrastructure, including roads, ports, and airports, in many regions can hinder the smooth flow of goods. Governments and industry players need to invest in infrastructure development to address these limitations.

**b) Natural disasters and global pandemics**
Natural disasters and pandemics drastically delay the delivery process which lead to increase the end product costs. Disasters like floods, cyclones, and droughts badly effect efficient logistic movements.

**c) Regulatory Compliance:**
Complying with evolving regulations and customs requirements can be a complex task for logistics companies. Adapting to changing trade policies and ensuring compliance with international standards is crucial to avoid disruptions in operations.

**d) Sustainability and Environmental Concerns:**
With increased focus on sustainability, logistics companies are under pressure to reduce their carbon footprint and adopt eco-friendly practices. The industry is exploring alternative energy sources, optimizing transportation routes, and implementing greener packaging solutions which increase its cost.

**e) Fluctuating demands and behavioral changes:**
Consumer demands been in drastically dropped and shifted due to economic recessions and poor buying behaviors due to various reasons.

**f) Geopolitical uncertainties:**
Trade and political wars within and between countries are anticipated which will have a significant impact of supply chain consistencies.

# AUDIT COMMITTEE REPORT

The Audit Committee Charter, approved by the Board of Directors defines the purpose, authority, composition, meetings and responsibilities of the Committee.

## Purpose

The purpose of the Audit Committee is to:

- Assist the Board of Directors in fulfilling its overall responsibilities for the financial reporting process.
- Review the system of internal control and risk management procedures.
- Monitor the effectiveness of internal audit function.
- Review the Company's process for monitoring compliance with laws and regulations.
- Assess the independence and performance of the Company's external auditors.
- Make recommendations to the Board on the appointment of external auditors, their remuneration and their terms of appointment.

## Composition

The Audit Committee consisted of two Independent Non-Executive Directors namely, Mr. Melanga A Doolwala – Chairman and Mr Rohan Ladduwahetty. Their brief profiles are given on page 20 of the Annual Report.

The Company Secretary functioned as secretary to the Audit Committee.

## Meetings

The Committee held 4 meetings during the year under review.

The Managing Director, the Finance Manager were generally invited to attend audit committee meetings. The key management personnel and the external auditors were invited to attend the audit committee meetings when their presence was considered necessary. Minutes of the meetings were tabled at meetings of the Board to ensure that all Directors were kept informed of the activities.

## Financial Statements and Related Disclosures

The Committee, in line with its responsibility to oversee the Company's process of financial reporting, reviewed the following areas to the extent it deemed necessary and appropriate, in discussion with the external auditors and the management:

I. Significant financial issues and judgements made in connection with the preparation of the Company's Financial Statements.

II. Consistency of the accounting policies and methods adopted and their compliance with the Sri Lanka Financial Reporting Standards (SLFRS/LKAS).

III. Requirements of the Companies Act No 07 of 2007.

The Audit Committee has reviewed the Annual Financial Statements for the year ended 31st March 2024 before their issuance.

## External Auditors

The Audit Committee met with the External Auditors, reviewed the Audited Financial Statements and discussed all matters of relevance and significance. The Committee ensured that the non-audit services provided by the External Auditors did not impair their independence and objectivity and such services were assigned in a manner to prevent any conflict of interest. The Audit Committee has recommended to the Board of Directors that Wijeyeratne & Company be reappointed as Auditors for the financial year ending 31 March 2025 subject to approval of shareholders at the next Annual General Meeting.

## Conclusion

The Audit Committee is satisfied regarding the reliability of financial reporting of the company, that the assets are safeguarded and that all relevant laws, rules, regulations, code of ethics and standards of conduct have been followed.

**Melanga A Doolwala**
*Chairman – Audit Committee*
*Colombo, Sri Lanka.*

*13th August 2024*

# RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related party Transactions Review Committee, appointed by and responsible to the Board of Directors, consists of two independent Non Executive Directors, Melanga A Doolwala, Mr Rohan Ladduwahetty.

## The Objectives of the Committee

1. To exercise oversight on behalf of the Board, that all Related Party Transactions ("RPTs" Other than those exempted by the CSE listing rules on the Related Party Transactions) of Chrissworld PLC are carried out and disclosed in a manner consistent with CSE Listing rules.

2. To advise and update the Board of Directors on related party transactions of Chrissworld PLC on quarterly basis.

3. To ensure compliance with the CSE listing rules on Related Party Transactions.

4. To review policies and procedures of Related Party Transactions of Chrissworld PLC

5. To ensure shareholders interests are protected and that fairness and transparency are maintained.

## Policies and Procedures Adopted by the Committee

Head of Finance is responsible for reporting the information set out under 'Appendix 9 A' of the listing rules with regard to each related party transactions proposed to be entered into by the Company with the exception of information listed in the section 9.5 of the listing rules for the committee to review and to grant approval or disapproval.

The Committee held 4 meetings during the year 2023/2024.

Committee was appointed at the time of listing the company. Committee had advised the board and the management on the polices and procedures to be adopted in the forthcoming year.

The directors have disclosed the transactions with related parties in terms of Sri Lanka Accounting Standard (LKAS 24). All details of such related party transactions entered into during the year are given in Note 26 to the Financial Statements on page 79 to 80 of this Annual Report.

**Melanga A Doolwala**
*Chairman*
*13th August 2024*

# REMUNERATION COMMITTEE REPORT

The Remuneration Committee, appointed by and responsible to the Board of Directors, consists of two independent Non Executive Directors Mr Rohan Ladduwahetty, Mr Melanga A Doolwala. Committee is chaired by Mr Rohan Ladduwahetty.

The Committee had one meeting during the year 2023/2024. Committee was appointed at the time of listing the company.

The Remuneration Committee will review on the existing structure of the remuneration and will recommend the following to the Board of Directors:

## Policy on remuneration of the Executive Staff.

The committee will take into account the competitive environment in the 3PL sector in determining the salary structure.

**Mr Rohan Ladduwahetty**
*Chairman*
*13th August 2024*

W&Co
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# INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CHRISSWORLD PLC

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of CHRISSWORLD PLC ("the Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 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 Company in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

For the matter below, our description of how our audit addressed the matter is provided in that context. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond

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P.A. Nadeeka Suranjana ACA,Bsc(Acc)Sp
R.G. Saman Ranasinghe ACA,ACMA,CTA

HLB WE ARE AN INDEPENDENT MEMBER OF THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

**Actuarial Valuation of Gratuity Obligations**

**Risk description:**
The Company's gratuity obligation is a significant item in the financial statements, requiring complex actuarial assumptions and estimates. The actuarial valuation of gratuity obligations involves judgmental assumptions, including discount rates, salary escalation rates, employee turnover rates, and mortality rates. Due to the sensitivity of these assumptions, even small changes can have a material impact on the valuation of the gratuity obligation. Consequently, this has been identified as a key audit matter.

**How our audit addressed the key audit matter**

- We evaluated the competence, capabilities, and objectivity of the Company's external actuary involved in the valuation process.
- We tested the key assumptions used in the actuarial valuation by comparing them with industry benchmarks and economic forecasts. This included:
    - Comparing the discount rate used with our independently derived rate based on the yield of high-quality corporate bonds.
    - Assessing the reasonableness of the salary escalation rate by considering the Company's historical data, current salary structures, and expected future economic conditions.
    - Evaluating the assumptions related to employee turnover and mortality by comparing them with the Company's historical data and industry standards.

We have also assessed the adequacy of the disclosures made in Note 21 to the financial statements.

## Other Information

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls 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 internal controls of the Company.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the company financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4515.

**COLOMBO,**
*13TH AUGUST 2024*

**WIJEYERATNE & CO.,**
*Chartered Accountants*

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| For the Year Ended 31st March | Notes | 2024<br>Rs. | 2023<br>Rs. |
|---|---|---|---|
| **Revenue** | (05) | 509,757,428 | 308,603,867 |
| Direct cost | | (393,886,714) | (220,073,179) |
| **Gross profit** | | **115,870,714** | **88,530,688** |
| Other income | (06) | 105,850 | 156,861 |
| Selling and distribution expenses | | (10,895,983) | (9,266,292) |
| Administrative expenses | | (76,626,500) | (64,822,117) |
| **Profit from operations** | | **28,454,081** | **14,599,140** |
| Finance income | (7.1) | 10,221,421 | 5,200,885 |
| Finance cost | (7.2) | (6,247,140) | (3,643,523) |
| **Net finance income** | **(07)** | **3,974,282** | **1,557,362** |
| | | | |
| **Profit before tax** | **(08)** | **32,428,363** | **16,156,502** |
| Income tax expense | (09) | (10,435,069) | (3,639,600) |
| **Profit for the year** | | **21,993,294** | **12,516,902** |
| **Other comprehensive income** | | | |
| Remeasurement of gain on retirement benefit obligation | | 847,278 | 558,835 |
| **Total other comprehensive income** | | **847,278** | **558,835** |
| **Total comprehensive income for the year** | | **22,840,572** | **13,075,737** |
| Basic / Diluted earnings per share | (10) | 0.73 | 0.42 |

The significant accounting policies and notes from pages 50 to 88 from an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION

| As At 31st March | Notes | 2024 Rs. | 2023 (Reclassified) Rs. |
|---|---|---|---|
| **ASSETS** | | | |
| **Non current assets** | | | |
| Property, plant & equipment | (12) | 21,689,778 | 19,477,003 |
| Capital work-in-progress | (13) | 16,261,153 | 11,156,678 |
| Right-of-use asset | (14) | 9,023,413 | 24,455,979 |
| Intangible assets | (15) | 731,469 | 787,797 |
| Other financial assets | (16) | 36,355,096 | 12,000,000 |
| Deferred tax asset | (17) | 338,333 | 562,313 |
| **Total non current assets** | | **84,399,242** | **68,439,770** |
| **Current assets** | | | |
| Trade and other receivables | (18) | 185,234,271 | 118,333,003 |
| Other financial assets | (16) | 15,000,000 | 26,653,174 |
| Cash & cash equivalents | (19.1) | 6,915,945 | 1,667,397 |
| **Total current assets** | | **207,150,216** | **146,653,574** |
| **Total Assets** | | **291,549,458** | **215,093,344** |
| | | | |
| **EQUITY & LIABILITIES** | | | |
| **Equity** | | | |
| Stated capital | (20) | 78,750,000 | 78,750,000 |
| Retained earnings | | 52,276,713 | 29,436,141 |
| **Equity attributable to owners of the company** | | **131,129,174** | **108,186,141** |
| **Non current liabilities** | | | |
| Employee benefits | (21) | 4,874,265 | 4,327,611 |
| Lease liability on right to use asset | (22.1) | - | 7,932,470 |
| Interest bearing borrowings | (25) | 23,096,653 | - |
| **Total non current liabilities** | | **27,970,918** | **12,260,081** |
| **Current liabilities** | | | |
| Trade and other payables | (23) | 100,995,765 | 66,828,119 |
| Income tax payable | (24) | 8,616,662 | 1,126,348 |
| Interest bearing borrowings | (25) | 10,903,328 | 5,893,774 |
| Lease liability on right to use asset | (22.2) | 10,077,302 | 17,939,065 |
| Bank overdrafts | (19.2) | 1,958,770 | 2,859,816 |
| **Total current liabilities** | | **132,551,827** | **94,647,122** |
| **Total Liabilities** | | **160,522,745** | **106,907,203** |
| **Total Equity & Liabilities** | | **291,549,458** | **215,093,344** |

It is certified that the Financial Statements have been prepared and presented in compliance with the requirements of the Companies Act, No 07 of 2007.

Umesha

**Mrs. T L A Umesha Sachithrani**
*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 of Directors of Chrissworld PLC;

**Mr. C A M Perera**
*Chairman*

**Mr. S A D N Suraj**
*Managing Director / Chief Executive Officer*

*Colombo, 13th AUGUST 2024*

The significant accounting policies and notes from pages 50 to 88 from an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

| | Stated Capital | Retained Earnings | Total Equity |
|---|---|---|---|
| | Rs. | Rs. | Rs. |
| **Balance as at 01st April 2022** | 78,750,000 | 22,360,404 | 101,110,404 |
| **Total Comprehensive Income** | | | |
| Profit for the year | - | 12,516,902 | 12,516,902 |
| Other Comprehensive Income for the year | - | 558,835 | 558,835 |
| **Total Comprehensive Income** | **-** | **13,075,737** | **13,075,737** |
| | | | |
| **Transactions with Owners of the Company** | | | |
| **Contribution / Distribution** | | | |
| Dividend (Note 11.1) | - | (6,000,000) | (6,000,000) |
| **Total Transactions with Owners of the Company** | **-** | **(6,000,000)** | **(6,000,000)** |
| **Balance as at 31st March 2023** | **78,750,000** | **29,436,141** | **108,186,141** |
| Balance as at 01st April 2023 | 78,750,000 | 29,436,141 | 108,186,141 |
| | | | |
| **Total Comprehensive Income** | | | |
| Profit for the year | - | 21,993,294 | 21,993,294 |
| Other Comprehensive Income for the year | - | 847,278 | 847,278 |
| **Total Comprehensive Income** | **-** | **22,840,572** | **22,840,572** |
| | | | |
| **Balance as at 31st March 2024** | **78,750,000** | **52,276,713** | **131,026,713** |

The significant accounting policies and notes from pages 50 to 88 from an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

| For the Year Ended 31st March | Notes | 2024 Rs. | 2023 Rs. |
|---|---|---|---|
| **Cash flows from Operating Activities** | | | |
| Profit before tax | | 32,428,363 | 16,156,502 |
| **Adjustment for non-cash income and expenses :** | | | |
| Depreciation of property, plant and equipment | (12) | 6,429,776 | 5,261,319 |
| Depreciation of right of use assets | (14) | 15,432,566 | 12,907,638 |
| Amortization of intangible assets | (15) | 252,291 | 230,857 |
| Provision for employee benefits | (21) | 1,393,932 | 1,202,727 |
| Loss on disposal of intangible assets | | 341,538 | - |
| Finance costs | (07) | 5,810,648 | 3,524,250 |
| Interest income | (07) | (10,247,861) | (5,199,228) |
| | | **19,412,890** | **17,927,563** |
| | | | |
| **Operating cash flows before working capital changes** | | **51,841,253** | **34,084,065** |
| **Changes in working capital** | | | |
| (Increase) / decrease in trade and other receivables | (18) | (66,901,268) | 7,599,974 |
| Increase in trade and other payables | (23) | 34,167,646 | 14,475,843 |
| | | **(32,733,622)** | **22,075,817** |
| **Cash flows from operating activities** | | 19,107,631 | 56,159,882 |
| Interest paid | | (5,810,648) | (1,808,494) |
| Income tax paid | (24) | (2,720,776) | (4,441,542) |
| | | **(8,531,424)** | **(6,250,036)** |
| | | | |
| **Net cash generated from operating activities** | | 10,576,207 | 49,909,846 |
| **Cash flows from investing activities** | | | |
| Interest received | (07) | 10,247,861 | 5,199,228 |
| Proceeds from sale investment in unit trusts | | - | 3,336,936 |
| Investment in fixed deposits | (16) | (12,701,922) | (38,653,174) |
| Investment in capital work-in-progress | (13) | (5,104,475) | (11,156,678) |
| Acquisition of property, plant and equipment | (12) | (8,642,551) | (6,848,821) |
| Acquisition of intangible assets | (15) | (537,500) | (56,543) |
| **Net cash flows used in investing activities** | | **(16,738,587)** | **(48,179,052)** |
| **Cash flows from financing activities** | | | |
| Loans obtained during the year | (25) | 40,432,550 | - |
| Loans repaid during the year | (25) | (12,326,343) | (4,392,095) |
| Payment for lease liability | (22) | (15,794,233) | (14,593,664) |
| Dividend paid | | - | (6,000,000) |
| **Net cash flows generated from / (used in) financing activities** | | **12,311,974** | **(24,985,759)** |
| **Net increase / (decrease) in cash & cash equivalents** | | **6,149,594** | **(23,254,965)** |
| Net cash & cash equivalents at the beginning of the year | | (1,192,419) | 22,062,546 |
| Increase / (decrease) | | 6,149,594 | (23,254,965) |
| **Net cash & cash equivalents at the end of the year** | | **4,957,175** | **(1,192,419)** |
| **Analysis of cash & cash equivalents at the end of the year** | | | |
| Cash & cash equivalents | | 6,915,945 | 1,667,397 |
| Bank overdrafts | | (1,958,770) | (2,859,816) |
| | | **4,957,175** | **(1,192,419)** |

The significant accounting policies and notes from pages 50 to 88 from an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## (01) REPORTING ENTITY

### 1.1 Domicile & legal form

Chrissworld PLC ("the Company") is a Quoted Public Limited Liability Company incorporated and domiciled in Sri Lanka under the provision of Companies Act, No. 07 of 2007 and listed on the Colombo Stock Exchange during 2022. The registered office of the Company and the principal place of business is situated in No. 199/29, Obeysekera Crescent, Rajagiriya.

The Company has changed its status to a Public Company with effect from 23rd January 2020. The Ordinary Shares of the Company were listed in Colombo Stock Exchange on 18th May 2021.

### 1.2 Principal activities and nature of operations

The principal activity of the Company is providing Warehouse Management and other logistics. There were no significant changes in the nature of principal activities of the Company during the financial year under review.

The number of employees at the end of the year was 33 (2023 – 25)

### 1.3 Ultimate holding company

The Company is a quoted public Company with 73% of themShare Capital held by Chrisslogix (Pvt) Limited.

### 1.4 Financial year

The Company's financial year ends on 31st March.

### 1.5 Components of financial statement

The financial statement includes the following components:

- Statement of Profit or Loss and Statement of Comprehensive Income providing the information on the financial performance of the Company for the year under review.

- Statement of Financial Position providing the information on the financial position of the Company as at the year end.

- Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Company.

- Statement of Cash Flows providing the information to the users, the amount of cash and cash equivalents inflows to and outflows from the Company.

- Notes to the Financial Statements comprising material accounting policy information and other explanatory information.

## (02) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 General

#### 2.1.1 Basis of preparation statement of compliance

The statement of financial position, statement of comprehensive income, statements of changes in equity and cash flows, together with the notes, (the "Financial Statements") thereto have been prepared in accordance with the Sri Lanka Accounting Standards (LKASs and SLFRSs) as laid down by the Institute of Chartered Accountants of Sri Lanka, and in compliance with the requirements of the Companies Act No 7 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

**Approval of financial statements by directors**

The Financial Statements of the Company for the year ended 31st March 2024 were approved and authorized for issue by the Board of Directors on 13th August 2024.

#### 2.1.2 Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and as per the provisions of the Companies Act No. 07 of 2007. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. This has been further set out in the statement of directors ' responsibility report in the annual report.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2.1.3. Comparative information

The accounting policies have been consistently applied by the company and are consistent with those used in the previous year. Further, comparative information is reclassified wherever necessary to comply with the current year presentation.

### 2.1.4 Basis of measurement

The financial statements of the company have been prepared on the historical cost basis, unless otherwise stated in the relevant section to these financial statements.

### 2.1.5 Materiality and Aggregation

Each material class of similar item is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 01 on 'Presentation of Financial Statements' and amendments to the LKAS 1 on 'Disclosure Initiative' which was effective from January 01, 2016.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different nature or function.

### 2.1.6 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standard and as specially disclosed in the Significant Accounting Policies of the company.

### 2.1.7 Rounding

Financial information presented in Sri Lankan rupees has been rounded to the nearest thousand, unless indicated otherwise.

The preparation of the company's Financial Statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the company's accounting policies, Management has made various judgments. Those which Management has assessed to have the most significant effect on the amounts recognized in the 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 of the related Financial Statement line items below. The company 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 company. Such changes are reflected in the assumptions when they occur.

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

- Measurement of defined benefit obligation: key actuarial assumptions – Note 21
- Income Tax (current tax and deferred tax) – Note 24 & 17
- Fair value measurement of financial instruments – Note 32
- Impairment of financial assets: key assumption underlying recoverable amount – Note 3.3.2.3

### 2.1.8 Going concern

The company has prepared the Financial Statements for the year ended 31st March 2024 on the basis that it will continue to operate as a going concern. In determining the

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

basis of preparing the Financial Statements for the year ended 31st March 2024, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the company and the appropriateness of the use of the going concern basis.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the company's ability to continue to operate as a going concern. In determining the above, significant management judgments, 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 has adequate resources to continue in operational existence for the foreseeable future and hence has adopted the going concern basis in preparing and presenting these Financial Statements.

### 2.1.9 Functional and Presentation Currency

The financial statements are prepared and presented in Sri Lankan Rupees (Rs.).

# (03) SIGNIFICANT ACCOUNTING POLICIES

## 3.1 Foreign currency transaction and balances

Transactions in foreign currencies are initially recorded by the company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the Statement of Profit or Loss. Tax charges and credit attributable to exchange differences on those monetary items are also recognized in Other Comprehensive Income.

Non-monetary assets and liabilities which are measured in terms of historical cost in a foreign currency are translated using exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of nonmonetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e., translation differences on items of which fair value gain or loss is recognized in OCI or Profit or Loss are also recognized in OCI or Profit or Loss, respectively). In determining the spot exchange rate to use on initial recognition of the related asset, expense, or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the company determines the transaction date for each payment or receipt of advance consideration.

Foreign currency differences arising on re-translation is recognized in the Statement of Comprehensive Income.

## 3.2 Current versus non-current classification

The company presents assets and liabilities in a statement of financial position based on current/non-current classification. An asset as current when it is :

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

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in a normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
- It does not have a right at the reporting date to defer the settlement of the liability for at least twelve months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The company classifies all other liabilities as non-current.

## 3.3 Financial Instruments

### 3.3.1 Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

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

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

### 3.3.2 Financial Assets

#### 3.3.2.1 Classification and Measurement

On initial recognition, a financial asset is classified as measured at amortized cost, Fair Value Through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designed as at FVTPL:

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

This assessment is referred to as the SPPI test and it is performed at an instrument level. The company's financial assets classified under amortized cost includes trade and other receivable and cash and cash equivalents.

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

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

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

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

| | |
|---|---|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. The Company did not classify any instrument under this category as of 31 March 2024. |
| Financial assets at amortized cost | These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss. The Company's financial assets at amortized cost includes trade receivables, loans to an employees and other investments included under other financial assets. |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

| | |
|---|---|
| Debt investments at FVOCI | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss. The Company elected to classify irrevocably its listed and non-listed equity investments under this category. The Company did not classify any instrument under this category as of 31 March 2024. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. The Company did not classify any instrument under this category as of 31 March 2024. |

**3.3.2.2 Business model assessment**

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

The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
- transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the company's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**3.3.2.3 Impairment**

For trade receivables, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

In certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**3.3.2.4 Presentation of allowance for ECL in the statement of financial position**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the trade receivables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 3.3.2.5 Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures to recovery of amounts due.

#### 3.3.2.6 Derecognition

- The company derecognizes a financial asset when:
- The contractual rights to the cash flows from the financial asset expire; or
- It transfers the rights to receive the contractual cash flows in a transaction in which either:
- Substantially all of the risk and rewards of ownership of the financial assets transferred; or
- The company enters into transactions where by it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risk and rewards of the transferred assets.

In these cases, the transferred assets are not derecognized.

### 3.3.3 Financial Liabilities

#### 3.3.3.1 Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

#### 3.3.3.2 Derecognition

The company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The company also derecognizes a financial liability when it terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and consideration paid (including any non - cash assets transferred or liabilities assumed) is recognized In profit or loss.

### 3.3.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## 3.4 Fair value Measurement

SLFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A Fair value measurement requires an entity to determine all the following:

1) The particular asset or liability that is the subject of the measurement.
2) For a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use.)
3) The principal (or most advantageous) market for the asset or liability
4) The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorized

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same, to estimate the price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under current market

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

When a price for an identical asset or liability is not observable, an entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

When an asset is acquired or a liability is assumed in an exchange transaction for that asset or liability, the transaction price is the price paid to acquire the asset or received to assume the liability (an entry price). In contrast, the fair value of the asset or liability is the price that would be received to sell the asset or paid to transfer the liability (an exit price).

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

### 3.4.1 Determining Fair Values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumption and other risks affecting the specific instrument.

- Level 1 – Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Fair value measurements using 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 – Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

## 3.5 Taxation

Tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in the Statement of Profit or Loss except to the extent that it relates to a business combination, or items recognized directly in Equity or in Other Comprehensive Income.

**a) Current taxes**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. 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 country where the Company operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity and not in the Statement of Profit or Loss.

Provision for taxation is made on the basis of the accounting profit for the year, as adjusted for taxation purposes, in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 and the subsequent amendments thereto. This Note also includes the major components of tax expense and a reconciliation between the Profit Before Tax and Tax Expense, as required by the Sri Lanka Accounting Standard – LKAS 12– Income Taxes..

**b) Deferred taxation**

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

Deferred income tax liabilities are recognized for all taxable temporary differences except;

- Where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in Subsidiaries, Associates and interests in Joint Ventures, except 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 income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred income tax asset 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 only recognized 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 utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

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

Deferred tax relating to items recognized outside the Statement of Profit or Loss is recognized outside the Statement of Profit or Loss. Deferred tax relating to items recognized 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 current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

**(c) Sales tax**

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3.6 Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used during more than one accounting year.

### 3.6.1. Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

If significant parts of an item of property or equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized within other income in profit or loss.

### 3.6.2 Subsequent Costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits of the expenditure will flow to the company. Ongoing repairs and maintenance are expensed as incurred.

### 3.6.3 Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment are as follows:

| Type of assets | % |
|---|---|
| Furniture and fittings | 20% |
| Office equipment | 20% |
| Computer equipment | 20% |
| Motor vehicles | 20% |
| Racking system | 15% |

No depreciation is provided on freehold land.

The depreciation charges are determined separately for each significant part of an item of property, plant and equipment and begin to depreciate when it is available for use and cease on disposal of such assets.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

### 3.6.4 De-recognition

The carrying amount of an item of property, plant and equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from de-recognition of an item of property, plant and equipment is included in profit or loss when the item is de-recognized.

When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is de-recognized.

### 3.6.5 Impairment of property, plant and equipment

At each reporting date, the Company evaluates whether there are indications that an asset may be impaired. If there is any such indication, or if annual impairment testing is required for an asset, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

of those from other assets or groups 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.

Estimated future cash flows are discounted to present value using a pre-tax discount rate that incorporates current market assessments of the time value of money and the risks specific to the asset when determining value in use. Impairment losses are recorded in the Statement of Profit or Loss, with the exception that impairment losses in respect of previously revalued property, plant, and equipment are recorded against the revaluation reserve through the Statement of Other Comprehensive Income to the extent that they reverse a previous revaluation surplus.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized 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 recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit or Loss, unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### 3.6.6 Borrowing cost

Borrowing costs are recognized as expense in the year in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale, are capitalized as part of the respective asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 3.7 Right – of – use – assets

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if contract corves the right to control the use of an identified asset for a period of time in exchange for consideration.

### 3.7.1 Right-of-use assets and Lease liabilities

Company as a lease the company applies a single recognition and measurement approach for all leases, except the short – term lease and lease of law value assets. The company recognizes lease liabilities to make lease payments and right-of-use-assets representing the right to use the underlying assets.

The company only re-assesses whether a contract is, or contains, a lease subsequent to initial recognition if the terms and conditions of the contract are changed.

The company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the cost of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Generally, the company uses its incremental borrowing rate as the discount rate.

The company determines its incremental borrowing rate by obtaining interest rates from debt financing arrangements at the inception of the lease period.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate.

When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### 3.7.2. Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

## 3.8 Intangible assets

#### 3.8.1 Software

Software acquired by the company is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software is 5 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

## 3.9 Impairment of non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired.

If any indication exists, or when the annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or CGU's fair value less cost of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU 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 assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuous operations are recognized in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset, except for the property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognized in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date to ascertain as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of the recoverable amount. A previously recognized 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 recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit or Loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

## 3.10 Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### 3.10.1 Defined benefit plans – Gratuity

The employee benefit liability of the company is based on the actuarial valuation carried out by independent actuarial specialists. The actuarial valuations are involved in making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### 3.10.2 Defined Contribution Plan

Defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay any further amounts. Obligations for contributions to Employees Provident Fund and Employees Trust Fund covering all employees are recognized as an expense in the statement of comprehensive income, as incurred.

#### 3.10.3 Employees' Provident Fund

The company and employees contribute 12% and 8% respectively on the salary of each employee to the Employees' Provident Fund.

#### 3.10.4 Employees' Trust Fund

The company contributes 3% of the salary of each employee to the Employees' Trust Fund. The total amount recognized as an expense to the company for contribution to ETF and EPF is disclosed in the Note 08 to the financial statements.

#### 3.10.5 Short-Term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

## 3.11 Related Party Disclosures

#### 3.11.1 Transactions with Related Parties

The company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard No. 24. The Pricing applicable to such transactions is based on the assessment of the risk and pricing model of the company and is comparable with what is applied to transactions between the company and its unrelated Customers.

#### 3.11.2 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard No. 24 "Related Party Disclosures", Key management personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including executive and non-executive Directors), and their immediate family members have been classified as Key Management Personnel of the company.

# STATEMENT OF COMPREHENSIVE INCOME

## 3.12 Revenue and income

**SLFRS 15 – Revenue from contracts with customers**

Revenue represents the amounts derived from the construction contracts, sale of goods and provision of services, which fall within the Company's ordinary activities net of trade discounts and turnover-related taxes. Revenue from contracts with customer is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Timing of transferring the goods and services to the customer is determined based on judgments taking into the consideration of the nature of the goods and services that offers to the customers.

A five-step model with reference to SLFRS 15, Revenue from contracts with customers is applied before the revenue is recognized;

1) Identify the contract with customers.
2) Identify the separate performance obligations
3) Determine the transaction price of the contract
4) Allocate the transaction price to each of the separate performance obligations and;
5) Recognize the revenue as each performance obligation is satisfied.

**Accounting judgement, estimate and assumptions**

SLFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

In determining the transaction price for the revenue contracts, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer (if any).

**Services Transferred Over Time**

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

The following specific criteria are used for the purpose of recognition of revenue:

Costs incurred that are likely to be recoverable. By considering loss making contracts, a provision is immediately made in profit or loss for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price when the forecast costs are greater than the forecast revenue.

#### 3.12.2.1 Interest income

Interest income is recognized as it accrues. Interest income is included under finance income in the statement of comprehensive income.

## 3.13 Expenses recognition

Expenses are recognized in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the presentation of the statement of comprehensive income, the directors are of the opinion that the nature of the expenses method presents fairly the element of the company's performance, and hence, such presentation method is adopted.

## 3.14 Earnings per share (EPS)

The company presents Basic Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year.

## 3.15 Statement of cash flows

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits and money market investments with a maturity of three months or less.

The Statement of Cash Flows has been prepared using the "Indirect Method" of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard 07-Statement of Cash Flows.

Interest paid are classified as operating cash flows, interests received are classified as investing cash flows while dividends paid are classified as financing cash flows for the purpose of presenting of statement of cash flows.

## 3.16 Events occurring after the reporting period

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in respective notes to the financial statements.

## 3.17 Segment reporting

An operating segment is a component within the company that engage in business activities for which it may earn distinguish revenue and expenses for such segment.

The operating results arising from warehouse management and other logistics activities as a whole is reviewed regularly by the company's Chief Operating Decision Maker to make decisions about resource to be allocated and to assess its performance. The company has only one segment hence no separate disclosure is given for operating segment.

## 3.18 Stated capital

Stated capital consists solely of ordinary share capital. Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds.

Dividends on ordinary shares are recognized in equity in the period in which they are approved by the company's shareholders.

## 3.19 Contingent liabilities and commitments

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard- LKAS 37 on 'Provisions, Contingent Liabilities and Contingent Assets'. Contingent Liabilities are not recognized in the statement of financial position but are disclosed unless its occurrence is remote.

Details of the commitments and contingencies are given in Note 27 & 28 to the financial statements.

# (04) STANDARDS ISSUED BUT NOT YET EFFECTIVE

## 4.1 New accounting standards, amendments and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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

**Amendment to LKAS 1: Non-current liabilities with covenants.**

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

**Amendment to LKAS 16: Lease liability in a sale and leaseback.**

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

**Amendment to LKAS 12: International tax reform – Pillar two model rule.**

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

**Amendment to LKAS 21: Lack of exchangeability.**

The amendments are effective for annual periods beginning on or after 01st January 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# (05) REVENUE

| For the Year Ended 31st March | Notes | 2024 Rs. | 2023 Rs. |
|---|---|---|---|
| Consultancy fee income | | 1,000,000 | - |
| Freight forwarding income | | 46,930,000 | 442,969 |
| Handling fee | | 41,853,128 | 28,360,804 |
| Other sales income | | 4,351,541 | 1,643,039 |
| Overtime fee income | | 4,465,487 | 1,781,637 |
| Project income | | 2,434,483 | 1,338,985 |
| Transport income | | 80,222,941 | 32,751,758 |
| VAS operation income | | 129,765,727 | 39,831,527 |
| Warehouse management income | | 198,734,122 | 202,453,148 |
| | | **509,757,428** | **308,603,867** |

# (06) OTHER INCOME

| For the Year Ended 31st March | Notes | 2024 Rs. | 2023 Rs. |
|---|---|---|---|
| Sundry income | | 105,850 | 156,861 |
| | | **105,850** | **156,861** |

# (07) NET FINANCE INCOME / (COST)

| For the Year Ended 31st March | Notes | 2024 Rs. | 2023 Rs. |
|---|---|---|---|
| **(07.1) Finance income** | | | |
| Interest income | | 10,247,861 | 5,199,228 |
| Net foreign exchange (loss) / gain | | (26,440) | 1,657 |
| | | **10,221,421** | **5,200,885** |
| **(07.2) Finance cost** | | | |
| Interest expense on borrowings | | (2,978,325) | (617,106) |
| Interest expense on bank overdrafts | | (687,492) | (433,760) |
| Interest cost on lease liability | Note - 22 | (2,144,831) | (2,473,384) |
| Bank charges & surcharges | | (436,492) | (119,273) |
| | | **(6,247,140)** | **(3,643,523)** |
| **Net Finance Income** | | **3,974,281** | **1,557,362** |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (08) PROFIT BEFORE TAX

Is stated after charging all expenses including the following:

| For the Year Ended 31st March | Notes | 2024 Rs. | 2023 Rs. |
|---|---|---|---|
| Auditors' remuneration – Audit services | | 240,000 | 240,000 |
| Staff cost | Note - 8.1 | 33,366,574 | 25,987,171 |
| Depreciation of property, plant and equipment | Note - 12 | 6,429,776 | 5,261,319 |
| Depreciation of right of use asset | Note - 14 | 15,432,566 | 12,907,638 |
| Amortization of intangible assets | Note - 15 | 252,291 | 230,857 |

### (08.1) Staff cost

| | | | |
|---|---|---|---|
| Salaries, wages and other benefits | | 27,952,521 | 21,733,976 |
| Defined contribution plans - EPF | | 3,216,096 | 2,439,887 |
| Defined contribution plans - ETF | | 804,024 | 610,581 |
| Defined benefit plans | Note - 21.1 | 1,393,932 | 1,202,727 |
| | | **33,366,574** | **25,987,171** |

## (09) TAX EXPENSE

Under the provision of the Inland Revenue Act No.24 of 2017 and amendments thereto, the Company is liable for income tax at the rate of 30% on its business income and investment income

### (09.1) Tax expense

| For the Year Ended 31st March | Notes | 2024 Rs. | 2023 Rs. |
|---|---|---|---|
| Current income taxes | Note - 09.2 | 10,211,089 | 4,200,808 |
| Deferred tax charge / (reversal) | Note - 09.3 | 223,980 | (561,208) |
| | | **10,435,069** | **3,639,600** |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (09.2) Reconciliation between accounting profit and taxable profit

| For the Year Ended 31st March | 2024<br>Rs. | 2023<br>Rs. |
|---|---|---|
| Profit before income tax expenses | 32,428,363 | 16,156,502 |
| Income from other sources and exempt income | (10,247,861) | (5,199,228) |
| Aggregated allowable expenses | 27,495,836 | 23,154,027 |
| Aggregated disallowable expenses | (25,887,234) | (21,538,809) |
| **Assessable income from business** | **23,789,104** | **12,572,492** |
| Assessable income from investment | 10,247,861 | 5,199,228 |
| **Taxable income** | **34,036,965** | **17,771,720** |
| | | |
| **Taxation** | | |
| Income tax at 14% | - | 880,074 |
| Income tax at 24% | - | 499,634 |
| Income tax at 30% | 10,211,089 | 2,821,100 |
| **Current income tax expenses** | **10,211,089** | **4,200,808** |

## (09.3) Deferred tax reversal recognized in comprehensive income

| For the Year Ended 31st March | Notes | 2024<br>Rs. | 2023<br>Rs. |
|---|---|---|---|
| Statement of profit or loss | Note - 17 | (223,980) | 561,208 |
| Other comprehensive income | Note - 17 | - | (237,262) |
| | | **(223,980)** | **323,946** |

# (10) BASIC / DILUTED EARNINGS PER SHARE

## (10.1) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares in issue during the previous year are adjusted for events that have changed the number of ordinary shares in issue without a correspoding changes in the resources.

| For the Year Ended 31st March | 2024<br>Rs. | 2023<br>Rs. |
|---|---|---|
| Profit attributable to Ordinary Shareholders (Rs.) | 21,993,294 | 12,516,902 |
| Weighted Average Number of Ordinary Shares | 30,000,000 | 30,000,000 |
| Basic and Diluted Earnings per Share (Rs.) | 0.73 | 0.42 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (10.2) Diluted earnings per share

The calculation of diluted earning per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effect of all diluted ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year and previous year. Therefore, Diluted Earnings per Share is same as Basic Earnings per share shown above.

## (11) DIVIDEND PER SHARE

The following dividend was proposed by the Board of Directors and approved by the shareholders during the Annual General Meeting.

| For the Year Ended 31st March | 2024 | 2023 |
|---|---|---|
| Dividend for the year (Rs.) | – | – |
| Weighted average number of ordinary shares | – | – |
| Dividend per share (Rs.) | – | – |

**(11.1)** 2021/22 Company has declared a first and final Dividend amount of Rs. 6,000,000/- was paid during 2022/23.

## (12) PROPERTY, PLANT & EQUIPMENT

| | Cost | | | |
|---|---|---|---|---|
| For the Year Ended 31st March 2024 | As at 01st April 2023 Rs. (Reclassified) | Additions Rs. | Disposals / Transfers Rs. | As at 31st March 2024 Rs. |
| Furniture & fittings | 8,659,693 | 866,180 | – | 9,525,873 |
| Office equipment | 5,913,949 | 703,040 | – | 6,616,989 |
| Computer | 4,744,946 | 2,267,722 | – | 7,012,668 |
| Motor vehicle | 180,000 | 4,011,100 | – | 4,191,100 |
| Machinery | 9,512,490 | 640,311 | – | 10,152,801 |
| Racking system | 3,300,000 | 154,198 | – | 3,454,198 |
| | **32,311,078** | **8,642,551** | **-** | **40,953,629** |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

| | Accumulated Depreciation | | | |
|---|---|---|---|---|
| | As at 01st April 2023 Rs. | Charge for the year Rs. | On Disposal Rs. | As at 31st March 2024 Rs. |
| Furniture & fittings | 4,583,889 | 1,429,243 | - | 6,013,132 |
| Office equipment | 3,384,394 | 915,405 | - | 4,299,799 |
| Computer | 1,754,854 | 1,083,589 | - | 2,838,443 |
| Motor vehicle | 114,000 | 570,814 | - | 684,814 |
| Machinery | 2,391,938 | 1,935,726 | - | 4,327,664 |
| Racking system | 605,000 | 495,000 | - | 1,100,000 |
| | **12,834,075** | **6,429,776** | **-** | **19,263,851** |
| **Carrying value** | **19,477,003** | | | **21,689,778** |

**(12.1)** Property, Plant & Equipment included fully depreciated assets that are still in use having a gross amount of Rs. 4,205,167/- (2022/23 - Rs. 2,965,303/-).

**(12.2)** During the financial year, the Company purchased Property, Plant and Equipment aggregate value of Rs. 8,642,551/- for cash.

**(12.3)** There is no permanent fall in the value of Property, Plant and Equipment which require a provision for impairment.

**(12.4)** There were no restrictions existed on the title to the Property, Plant and Equipment of the Company as at the reporting date.

**(12.5)** There were no capitalized borrowing costs related to the acquisition of Property, Plant and Equipment during the year (2022/23 - Nil).

**(12.6)** The company reviewed the carrying values of property, plant and equipment as at the reporting date especially the potential impact the current economic crisis.- Current economic crisis could have impact on the company's assets and determined that no impairment is necessary, after evaluating their business continuity plans and is satisfied the steps taken to safeguard the assets.

**(12.7)** There were no assets pledged by the company as security for facilities obtained.(2022/23 - Nil).

## (13) CAPITAL WORK-IN-PROGRESS

| | 2024 Rs. | 2023 Rs. |
|---|---|---|
| Balance at the beginning of the year | 11,156,678 | - |
| Add : Expense incurred during the year | 5,104,475 | 11,156,678 |
| | **16,261,153** | **11,156,678** |
| Less : Capitalized during the year | - | - |
| **Balance at the end of the year** | **16,261,153** | **11,156,678** |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (14) RIGHT-OF-USE ASSETS

| As At 31st March | 2024 Rs. | 2023 Rs. |
|---|---|---|
| **Cost** | | |
| Balance as at beginning of the year | 60,495,715 | 58,401,977 |
| Additions | - | 21,266,506 |
| Transferred / disposal / adjustments during the year | - | (19,172,768) |
| **Balance as at the end of the year** | **60,495,715** | **60,495,715** |
| | | |
| **Accumulated Amortization** | | |
| Balance as at the beginning of the year | 36,039,736 | 23,132,098 |
| Charge for the year | 15,432,566 | 12,907,638 |
| Transferred / disposal / adjustments during the year | - | - |
| **Balance at end of the year** | **51,472,302** | **36,039,736** |
| **Carrying value as at 31st March** | **9,023,413** | **24,455,979** |

## (15) INTANGIBLE ASSETS

| As At 31st March | 2024 Rs. | 2023 Rs. |
|---|---|---|
| **Cost** | | |
| Balance as at the beginning of the year | 1,233,339 | 1,176,796 |
| Additions | 537,500 | 56,543 |
| Disposal | (683,075) | - |
| **Balance as at the end of the year** | **1,087,764** | **1,233,339** |
| | | |
| **Accumulated Amortization** | | |
| Balance as at the beginning of the year | 445,542 | 214,685 |
| Charge for the year | 252,291 | 230,857 |
| Disposal | (341,538) | - |
| **Balance as at the end of the year** | **356,295** | **445,542** |
| **Carrying Value as at 31st March** | **731,469** | **787,797** |

Software in intangible assets mainly consists of warehouse management system acquired by the company.

There were no intangible assets pledged by the company as security for facilities obtained.(2022/23 - Nil).

Intangible Assets included fully amortized assets that are still in use having a gross amount of Rs. 60,000 as at 31st March 2024 (2022/23 -Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# (16) OTHER FINANCIAL ASSETS

| As At 31st March | Notes | 2024<br>Rs. | 2023<br>Rs. |
|---|---|---|---|
| **Investment in fixed deposits** | | | |
| Non-current (Matured after one year) | Note 16.1 | 36,355,096 | 12,000,000 |
| Current (Matured within one year) | Note 16.2 | 15,000,000 | 26,653,174 |
| | | **51,355,096** | **38,653,174** |

## 16.1 Investment in fixed deposits - Non-current

| As At 31st March | 2024<br>Rs. | 2023<br>Rs. |
|---|---|---|
| Nations trust bank PLC | 33,650,000 | 5,000,000 |
| Sampath bank PLC | 2,705,096 | 7,000,000 |
| | **36,355,096** | **12,000,000** |

## 16.2 Investment in fixed deposits - Current

| As At 31st March | 2024<br>Rs. | 2023<br>Rs. |
|---|---|---|
| LB finance PLC | 15,000,000 | 26,653,174 |
| | **15,000,000** | **26,653,174** |

# (17) DEFERRED TAX ASSETS / (LIABILITIES)

| As At 31st March | Notes | 2024<br>Rs. | 2023<br>Rs. |
|---|---|---|---|
| Balance as at the beginning of the year | | 562,313 | 238,367 |
| **Provision / (reversal) for the year:** | | | |
| Recognised in other comprehensive income | | - | (237,262) |
| **Recognised in profit or loss statement** | | | |
| Deferred tax (charge) / reversal resulting from the reversal and origination of temporary difference | Note 17.1 | (223,980) | 561,208 |
| **Balance as at the end of the year** | | **338,333** | **562,313** |

## (17.1) Recognised in Profit or Loss

| | | |
|---|---|---|
| Deferred tax (charge) / reversal resulting from the reversal and origination of temporary difference | (223,980) | 561,208 |
| | **(223,980)** | **561,208** |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (17.2) Deferred tax assets / (liabilities) arising from :

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Temporary difference Rs. | Tax effect on temporary difference Rs. | Temporary difference Rs. | Tax effect on temporary difference Rs. |
| **Deferred tax provision;** | | | | |
| **Deferred tax liabilities** | | | | |
| On Property, plant and equipment / Intangible assets | (4,800,377) | (1,440,113) | (3,875,810) | (1,162,743) |
| **Deferred tax assets** | | | | |
| On retirement benefit obligation | 4,874,265 | 1,462,280 | 4,327,611 | 1,300,389 |
| On Right-of-use asset / Lease liability | 1,053,890 | 316,167 | 1,415,557 | 424,667 |
| **Net deferred tax asset** | **1,127,778** | **338,333** | **1,867,358** | **562,313** |

# (18) TRADE AND OTHER RECEIVABLES

| As At 31st March | Notes | 2024 Rs. | 2023 Rs. |
|---|---|---|---|
| Trade debtors | Note - 18.1 | 91,117,289 | 61,302,311 |
| Warehouse rent deposits | | 39,409,164 | 24,467,608 |
| Amounts due from related parties | Note - 18.2 | 45,542,357 | 30,101,190 |
| Prepayments | | 996,344 | 1,940,265 |
| Other receivables | Note - 18.3 | 8,169,117 | 521,629 |
| | | **185,234,271** | **118,333,003** |

## (18.1) Trade debtors

| As At 31st March | 2024 Rs. | 2023 Rs. |
|---|---|---|
| **Age analysis of trade debtors** | | |
| 0 - 30 Days | 64,051,816 | 37,452,311 |
| 31 - 90 Days | 26,282,711 | 16,900,140 |
| Less than one year | - | 2,089,347 |
| More than one year | 782,762 | 4,860,513 |
| | **91,117,289** | **61,302,311** |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (18.2) Amounts due from related parties

| As At 31st March | 2024 | 2023 |
|---|---|---|
| | Rs. | Rs. |
| Chrisslogix (Pvt) Ltd | 35,228,697 | 23,167,520 |
| Chrissleisure (Pvt) Ltd | 10,313,660 | 6,933,670 |
| | **45,542,357** | **30,101,190** |

## (18.3) Other receivables

| As At 31st March | 2024 | 2023 |
|---|---|---|
| | Rs. | Rs. |
| Accrued income | 6,600,000 | – |
| Bank guarantee | 500,000 | – |
| Medical insurance recovery | 171,785 | 48,714 |
| Other | 145,375 | 145,375 |
| Refundable deposit | 75,200 | 21,200 |
| Staff loan | 636,667 | 266,250 |
| BDI bond | 40,090 | 40,090 |
| | **8,169,117** | **521,629** |

# (19) CASH & CASH EQUIVALENTS

## (19.1) Favourable balances

| As At 31st March | 2024 | 2023 |
|---|---|---|
| | Rs. | Rs. |
| Cash in hand | 1,409,842 | 552,586 |
| Cash at banks | 5,339,881 | 1,114,811 |
| Money market savings account | 166,222 | – |
| | **6,915,945** | **1,667,397** |

## (19.2) Unfavourable balances

| | | |
|---|---|---|
| Bank overdrafts | (1,958,770) | (2,859,816) |
| | **(1,958,770)** | **(2,859,816)** |
| **Cash & cash equivalents for the purpose of statement of cash flows** | **4,957,175** | **(1,192,419)** |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (20) Stated capital

| As at 31st March | 2024 | | 2023 | |
|---|---|---|---|---|
| | No of Shares | Value of Shares | No of Shares | Value of Shares |
| | Rs. | Rs. | Rs. | Rs. |
| Balance as at the beginning of the year | 30,000,000 | 78,750,000 | 30,000,000 | 78,750,000 |
| Issue of shares | - | - | - | - |
| **Balance as at the end of the year** | **30,000,000** | **78,750,000** | **30,000,000** | **78,750,000** |

(20.1) The company's stated capital consist with fully paid ordinary shares which provides entitlement to its holders to receive dividends as declared from time to time and to vote per share at a meeting of the company.

## (21) RETIREMENT BENEFIT OBLIGATION

| As At 31st March | Notes | 2024 | 2023 |
|---|---|---|---|
| | | Rs. | Rs. |
| Balance as at the beginning of the year | | 4,327,611 | 3,920,981 |
| Loss recognised in profit or loss | Note 21.1 | 1,393,932 | 1,202,727 |
| Gain recognised in other comprehensive income | Note 21.2 | (847,278) | (796,097) |
| Payments made during the year | | - | - |
| **Balance as at the end of the year** | | **4,874,265** | **4,327,611** |

The Gratuity liability as at 31st March 2024, amounting to Rs. 4,874,265 was based on actuarial method.

### (21.1) (Gain/Loss) recognised in profit or loss

| For the Year Ended 31st March | 2024 | 2023 |
|---|---|---|
| | Rs. | Rs. |
| Current service cost | 788,066 | 698,841 |
| Interest cost | 605,866 | 503,886 |
| | **1,393,932** | **1,202,727** |

### (21.2) (Gain/Loss) recognised in other comprehensive income

| For the Year Ended 31st March | 2024 | 2023 |
|---|---|---|
| | Rs. | Rs. |
| Actuarial gain | (847,278) | (796,097) |
| | **(847,278)** | **(796,097)** |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (21.3) Accounting judgements,estimates and assumptions

The Management tested several scenarios based calculations on possible changes of the assumptions due to the prevailing macroeconomic conditions. Based on those calculations,the management has concluded that there is no material impact to retirement benefit obligation liability of the company.

The principal actuarial assumptions used in determining the cost are given below;

| As At 31st March | 2024 | 2023 |
|---|---|---|
| Discount rate | 12% | 14% |
| Expected annual average salary increment | 10% | 10% |
| Staff turnover factor | 20% | 16.00% |
| Retiring age | 60 Years | 60 Years |

**(21.3.1)** The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. In the absence of a deep market in long term corporate bonds in Sri Lanka, the discount rate has been derived, and approximation of a long term interest rate of a 12% p.a. (2022/23 – 14% p.a) has been used to discount future liabilities. All assumptions are reviewed at each reporting date.

## (21.4) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are the discount rate and the expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes in the respective assumption that may occur at the end of the reporting period.

| As At / For the Year Ended 31st March | 2024 | | 2023 | |
|---|---|---|---|---|
| | PVODBO | Benefit / (Expense) | PVODBO | Benefit / (Expense) |
| | Rs. | Rs. | Rs. | Rs. |
| 1% Increase in discount rate | 4,684,338 | 189,927 | 4,182,088 | 145,523 |
| 1% Decrease in discount rate | 5,080,327 | (206,062) | 4,482,245 | (154,634) |
| 1% Increase in salary increment rate | 5,104,557 | (230,292) | 4,486,557 | (158,946) |
| 1% Decrease in salary increment rate | 4,658,648 | 215,617 | 4,175,621 | 151,990 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Statement of Financial Position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (22) LEASE LIABILITY

### The company's leasing activities

The company occupies lease hold properties to carry out warehouse operations.

| As At 31st March | Notes | 2024 | 2023 |
|---|---|---|---|
| | | Rs. | Rs. |
| Balance as at the beginning of the year | | 25,871,535 | 36,655,705 |
| Leases acquired during the year | | - | 21,266,506 |
| Lease modification | Note 22.2 | - | (19,172,768) |
| Interest expense recognised in profit or loss | | 2,144,831 | 2,473,384 |
| Rrepayments made during the year | | (17,939,064) | (15,351,292) |
| **Balance as at 31st March** | | **10,077,302** | **25,871,535** |

(22.1) The lease liability and right of use assets were remeasured due to revisions in the future lease payments for some lease contracts during the finacial year. 2022/2023.

(22.2) Lease Liabilities included in the Statement of Financial Position

| As At 31st March | 2024 | 2023 |
|---|---|---|
| | Rs. | Rs. |
| Payable between one year and five years | - | 7,932,470 |
| Payable within one year | 10,077,302 | 17,939,065 |
| | **10,077,302** | **25,871,535** |

### (22.3) Amounts recognised in profit or loss

| For the Year Ended 31st March | 2024 | 2023 |
|---|---|---|
| | Rs. | Rs. |
| Interest on lease liabilities | 2,144,831 | 2,473,384 |
| **Recognised in finance cost** | **2,144,831** | **2,473,384** |
| Expenses relating to short-term and low-value assets | - | 103,684,128 |
| Depreciation - Right-of-use assets | 15,432,566 | 12,907,638 |
| **Recognised in direct cost** | **15,432,566** | **116,591,766** |
| **Total Amount recognised in Profit or Loss** | **17,577,397** | **119,065,150** |

### (22.4) Amounts Recognised in Statement of Cash Flows

| | | |
|---|---|---|
| **Payment for lease liabilities** | **17,939,064** | **15,351,292** |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (22.5) Maturity analysis – contractual undiscounted cash fows

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date.

| | 2024 | 2023 |
|---|---|---|
| | **Rs.** | **Rs.** |
| Less than one year | 10,077,302 | 17,939,065 |
| One to five years | - | 7,932,470 |
| | **10,077,302** | **25,871,535** |

# (23) AND OTHER PAYABLES

| **As At 31st March** | **Notes** | **2024** | **2023** |
|---|---|---|---|
| | | **Rs.** | **Rs.** |
| Trade payables | Note 23.1 | 62,483,642 | 37,927,878 |
| Accrued expenses | Note 23.2 | 35,335,441 | 16,349,338 |
| Other payables | Note 23.3 | 109,112 | - |
| Advances received | | - | 8,333,333 |
| SIM card deposit | | 13,000 | 13,000 |
| Rent deposit payable | | 3,054,570 | 4,204,570 |
| | | **100,995,765** | **66,828,119** |

## (23.1) Trade payables

| **As At 31st March** | **2024** | **2023** |
|---|---|---|
| | **Rs.** | **Rs.** |
| **Age analysis of trade payables** | | |
| 0 - 30 Days | 48,093,214 | 24,469,396 |
| 31 - 90 Days | 11,443,583 | 13,063,834 |
| Less than one year | 474,570 | 77,531 |
| More than one year | 2,472,274 | 317,117 |
| | **62,483,642** | **37,927,878** |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (23.2) Accrued expenses

| As At 31st March | 2024 | 2023 |
|---|---|---|
| | Rs. | Rs. |
| Audit fee payable | 240,000 | 240,000 |
| EPF payable | 471,183 | 338,870 |
| ETF payable | 70,677 | 50,831 |
| Other accrued expenses | 18,363,249 | 13,450,057 |
| PAYE payable | 91,008 | – |
| SSCL payable | 1,941,956 | – |
| VAT payable | 11,696,382 | – |
| WHT payable | 2,460,986 | 2,269,580 |
| | **35,335,441** | **16,349,338** |

## (23.3) Other payables

| As At 31st March | 2024 | 2023 |
|---|---|---|
| | Rs. | Rs. |
| Dividend payable | 13,096 | – |
| Salary & wages payable | 96,016 | – |
| | **109,112** | **–** |

# (24) INCOME TAX PAYABLE

| As At 31st March | Notes | 2024 | 2023 |
|---|---|---|---|
| | | Rs. | Rs. |
| Balance at the beginning of the year | | 1,126,348 | 1,367,082 |
| **Add : Provision for the year** | | | |
| Income tax | Note 10.2 | 10,211,089 | 4,200,808 |
| | | **11,337,437** | **5,567,890** |
| **Less : Payment made during the year** | | | |
| Income tax | | (2,592,142) | (4,441,542) |
| WHT | | (128,634) | – |
| **Balance at the end of the year** | | **8,616,662** | **1,126,348** |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# (25) INTEREST BEARING BORROWINGS

| As At 31st March | Note | 2024<br>Rs. | 2023<br>Rs. |
|---|---|---|---|
| **Amounts payable between one year and five years** | | | |
| Long term loan payables | Note 25.1 | 23,096,653 | - |
| | | **23,096,653** | **-** |
| **Amounts payable withing one year** | | | |
| Long term loan payables | Note 25.1 | 10,903,328 | 5,893,774 |
| | | **10,903,328** | **5,893,774** |

## (25.1) Term loans

| As At 31st March | Note | 2024<br>Rs. | 2023<br>Rs. |
|---|---|---|---|
| Balance at the beginning of the year | | 5,893,774 | 10,285,869 |
| Add: Obtained during the year | | 40,432,550 | - |
| Less: Repayments made during the year | | (12,326,343) | (4,392,095) |
| **Balance at the end of the year** | **Note 25.2** | **33,999,981** | **5,893,774** |
| | | | |
| Payable within one year | | 23,096,653 | 5,893,774 |
| Payable between one year and five years | | 10,903,328 | - |
| | | **33,999,981** | **5,893,774** |

## (25.2) Analysis of loans and borrowings and assets pledged as securities

### Loan term

| Lending institution | Loan No | Rate of interest | Maturity | Loan value | Amount outstanding as at 31.03.2024<br>Rs. | Amount outstanding as at 31.03.2023<br>Rs. |
|---|---|---|---|---|---|---|
| Sampath Bank PLC | 307065000175 | 20% | 21.07.2023 | 10,000,000 | - | 2,030,886 |
| Sampath Bank PLC | 307065000223 | 20% | 21.07.2023 | 6,500,000 | - | 3,631,888 |
| Sampath Bank PLC | 307065000239 | 4% | 26.06.2023 | 2,400,000 | - | 231,000 |
| Nations trust bank PLC | 640110002638 | 12.66% | 26.06.2025 | 10,000,000 | 6,542,697 | - |
| Nations trust bank PLC | 640110002611 | 12.66% | 26.06.2028 | 28,672,550 | 26,283,951 | - |
| LOLC Lease | G3-03-003CXR | 24% | 10.07.2025 | 1,760,000 | 1,173,333 | - |
| | | | | | **33,999,981** | **5,893,774** |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

# (26) RELATED PARTY DISCLOSURE

**Related party transactions**

The Company carries out transactions with parties who are defined as related parties by LKAS 24 "Related Party disclosures", the details of which are reported below. The transactions were carried out in the ordinary course of the business and arms length in nature.

## (26.1) Recurrent Related Party Transactions

| Name of th Company | Names of Directors | Nature of Interest | Nature of the Transaction | 2024 Rs. | 2023 Rs. |
|---|---|---|---|---|---|
| Chrisslogix (Pvt) Ltd | Mr. C A M Perera | Parent Company | Receivable as at 01st April 2023 | (8,775,068) | (325,990) |
| | Mr. S A D N Suraj | | Services Provided / (Received) | 14,236,244 | (8,449,078) |
| | Mr. S Wickramasekera | | Shared Services | 2,400,000 | 2,400,000 |
| | Mr. P M L Nonis | | Administration & Management Fee | 10,800,000 | 10,800,000 |
| | | | Business Development and Marketing Expenses | 4,800,000 | 4,800,000 |
| | | | Cash Payments | (18,000,000) | (18,000,000) |
| | | | **Balance as at 31st March 2024** | **5,461,176** | **(8,775,068)** |
| Aggregate Value of Related Party Transactions During the Year | | | Services Provided / (Received) | 32,236,244 | 9,550,922 |
| Aggregate Value of Related Party Transactions as a % of Net Revenue | | | Services Provided / (Received) | 6.31% | 3.09% |

| Name of th Company | Names of Directors | Nature of Interest | Nature of the Transaction | 2024 Rs. | 2023 Rs. |
|---|---|---|---|---|---|
| Chrissleissure (Pvt) Ltd | Mr. C A M Perera | Common Directors | Balance as at 01st April 2023 | 4,591,585 | 3,847,044 |
| | Mr. S A D N Suraj | | Services Provided | (3,130,588) | 744,541 |
| | Mr. S Wickramasekera | | **Balance as at 31st March 2024** | **1,460,997** | **4,591,585** |
| | Mr. H D Kodagoda | | | | |
| Aggregate Value of Related Party Transactions During the Year | | | Services Provided | **(3,130,588)** | **744,541** |
| Aggregate Value of Related Party Transactions as a % of Net Revenue | | | Services Provided | **-1.01%** | **0.24%** |

## (26.2) Non-Recurrent Related Party Transactions

| Name of th Company | Names of Directors | Nature of Interest | Nature of the Transaction | 2024 Rs. | 2023 Rs. |
|---|---|---|---|---|---|
| Chrisslogix (Pvt) Ltd | Mr. C A M Perera | Parent Company | Balance as at 01st April 2023 | 35,054,950 | 23,167,520 |
| | Mr. S A D N Suraj | | Loans Given | 9,000,000 | 11,887,430 |
| | Mr. S Wickramasekera | | Settlement | (14,287,429) | - |
| | Mr. P M L Nonis | | **Balance as at 31st March 2024** | **29,767,521** | **35,054,950** |
| Chrissleissure (Pvt) Ltd | Mr. C A M Perera | Common Directors | Balance as at 01st April 2023 | 433,670 | 6,933,670 |
| | Mr. S A D N Suraj | | Loans Given | 8,418,993 | - |
| | Mr. S Wickramasekera | | Repayment of Loans | - | (6,500,000) |
| | **Mr. H D Kodagoda** | | **Balance as at 31st March 2024** | **8,852,663** | **433,670** |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**(26.3)** Recurrent Related party transactions exceeding 10% of the Equity or 5% of the Total Assets of the entity as per latest audited Financial Statements, whichever is lower (CSE Ruling 9.3.2 (a))

| Name of th Company | Relationship | Nature of Transaction | Amount Rs. | As a % of Total Assets | As a % of Total Equity |
|---|---|---|---|---|---|
| Chrisslogix (Pvt) Ltd | Parent Company | Loans Given | 9,000,000 | 4% | 8% |

## (26.4) Terms and conditions of Related Party Transactions

The terms and conditions of the transactions with related entities were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non related entities on an arm's length basis. The loans given to related party are no more favorable than those available for ordinary loan transactions.

## (26.5) Non Recurrent Related Party Transactions

During the year there was an instance where aggregated non-recurrent related party transactions exceeded the threshold which required the disclosure in Financial Statements as per Section 9 of the Listing Requirements of the Colombo Stock Exchange. Accordingly, the required disclosure is given in note 26.3 to the Financial Statements.

During the year there were no other non-recurrent related party transactions which exceeded the threshold stipulated in section 9 of the listing requirements, other than individual transaction disclosed in the note 27 to the Financial Statements

## (26.6) Recurrent Related Party Transactions

During the year there were no recurrent related party transactions that exceeded the thresholds that required the immediate market disclosure or shareholder approval as required under Section 9 of the Continuing Listing Requirements of the Colombo Stock Exchange.

## (26.7) Compensation of Key Management Personnel

According to LKAS 24 "Related Party Disclosures", Key Management Personnel, are those having authority and responsibility for planning,directing and controlling the activities of the entity. Accordingly board of directors (including executive Non - executive directors) have been classified as key management personal of the company.

## (26.8) Transactions, Arrangements and Agreements Involving KMP and Their Close Family Members (CFM)

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include;

(a) the individual's domestic partner and children;

(b) children of the individual's domestic partner; and

(c) dependants of the individual or the individual's domestic partner

CFM are related parties to the entity. There were no transactions with CFM during the year.

## (26.9) Loans to Directors

No loans have been given to the Directors of the Company.

## (26.10) Terms and Conditions of the Transactions with KMPs

The terms and conditions of the transactions with Key Management Personnel and their related entities were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non Key Management Personnel related entities.

## (27) CAPITAL COMMITMENTS

There were no material capital expenditure approved by the Board of Directors as at 31st March 2024.

## (28) CONTINGENT LIABILITIES

There were no material Contingent Liabilities, which require adjustments to or disclosures in the Financial Statements as at 31st March 2023.

## (29) LITIGATIONS AND CLAIMS

Based on the available information, the Management is of the view that there are no material litigation or clams that could have material impact on the financial position on the Company. Accordingly, no provision has been made for legal claims in the Financial Statements.

## (30) EVENTS AFTER REPORTING PERIOD

There were no other material events occurring after the reporting period that requires adjustments to or disclosure in the Financial Statements.

## (31) COMPARATIVE FIGURES

To facilitate comparison relevant balances pertaining to the previous year have been re-classified to confirm to current classification and presentation.

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statement.

As a result, certain line items have been amended in the statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and the related notes to the financial statement. Comparative figures have been adjusted to conform to the current year's presentation.

# (32) FINANCIAL INSTRUMENTS – FAIR VALUES

## (32.1) Accounting Classifications and Fair Values

The following table shows the categories of the financial assets and financial liabilities under SLFRS 9 including their levels in the fair value hierachy of the company.

| | | Financial assets and liabilities by categories in accordance with SLFRS 9 | | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Amortize cost | Fair value through other comprehensive income | Fair value through profit or loss | Total | Level 01 | Level 02 | Level 03 | Total |
| As at 31st March 2024 | Notes | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **Non current financial assets** | | | | | | | | | |
| **Other financial assets** | | | | | | | | | |
| – Fixed deposits | (16) | 36,355,096 | – | – | 36,355,096 | – | – | – | – |
| | | **36,355,096** | **-** | **-** | **36,355,096** | | | | |
| **Current financial assets** | | | | | | | | | |
| **Other financial assets** | | | | | | | | | |
| – Fixed deposits | (16) | 15,000,000 | | | 15,000,000 | – | – | – | – |
| Trade debtors | (18) | 91,117,289 | | | 91,117,289 | – | – | – | – |
| Receivable from related parties | (18) | 45,542,357 | | | 45,542,357 | – | – | – | – |
| Cash & cash equivalents | (19) | 6,915,945 | | | 6,915,945 | – | – | – | – |
| | | **158,575,591** | **-** | **-** | **158,575,591** | | | | |

| | | Financial assets and liabilities by categories in accordance with SLFRS 9 | | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Amortize cost | Fair value through other comprehensive income | Fair value through profit or loss | Total | Level 01 | Level 02 | Level 03 | Total |
| **Non current financial liabilities** | | | | | | | | | |
| Interest bearing borrowings | (25) | 23,096,653 | – | – | 23,096,653 | – | – | – | – |
| Lease liabilities | (22) | – | – | – | – | – | – | – | – |
| | | **23,096,653** | **-** | **-** | **23,096,653** | | | | |
| **Current financial liabilities** | | | | | | | | | |
| Trade Payable | (23) | 62,483,642 | – | – | 62,483,642 | – | – | – | – |
| Interest Bearing Borrowings | (25) | 10,903,328 | – | – | 10,903,328 | – | – | – | – |
| Lease Liabilities | (22) | 10,077,302 | – | – | 10,077,302 | – | – | – | – |
| Bank Overdrafts | (19) | 1,958,770 | – | – | 1,958,770 | – | – | – | – |
| | | **85,423,042** | **-** | **-** | **85,423,042** | | | | |

## (32) FINANCIAL INSTRUMENTS – FAIR VALUES (CONTINUED)

| | | Financial assets and liabilities by categories in accordance with SLFRS 9 | | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Amortize cost | Fair value through other comprehensive income | Fair value through profit or loss | Total | Level 01 | Level 02 | Level 03 | Total |
| As at 31st March 2023 | Notes | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **Non current financial assets** | | | | | | | | | |
| **Other financial assets** | | | | | | | | | |
| – Fixed deposits | (16) | 12,000,000 | – | – | 12,000,000 | – | – | – | – |
| | | **12,000,000** | **-** | **-** | **12,000,000** | | | | |
| **Current financial assets** | | | | | | | | | |
| **Other financial assets** | | | | | | | | | |
| – Fixed deposits | (16) | 26,653,174 | – | – | 26,653,174 | – | – | – | – |
| Trade debtors | (18) | 61,302,311 | – | – | 61,302,311 | – | – | – | – |
| Receivable from related parties | (18) | 30,101,190 | – | – | 30,101,190 | – | – | – | – |
| Cash & cash equivalents | (19) | 1,667,397 | – | – | 1,667,397 | – | – | – | – |
| | | **119,724,072** | **-** | **-** | **119,724,072** | | | | |

| | | Financial assets and liabilities by categories in accordance with SLFRS 9 | | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Amortize cost | Fair value through other comprehensive income | Fair value through profit or loss | Total | Level 01 | Level 02 | Level 03 | Total |
| | Notes | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **Financial Assets Measured at Fair Value** | | | | | | | | | |
| **Non current financial liabilities** | | | | | | | | | |
| Interest bearing borrowings | (25) | – | – | – | – | – | – | – | – |
| Lease liabilities | (22) | 7,932,470 | – | – | 7,932,470 | – | – | – | – |
| | | **7,932,470** | **-** | **-** | **7,932,470** | | | | |
| **Current financial liabilities** | | | | | | | | | |
| Trade Payable | (23) | 37,927,878 | – | – | 37,927,878 | – | – | – | – |
| Interest Bearing Borrowings | (25) | 5,893,774 | – | – | 5,893,774 | – | – | – | – |
| Lease Liabilities | (22) | 17,939,065 | – | – | 17,939,065 | – | – | – | – |
| Bank Overdrafts | (19) | 2,859,816 | – | – | 2,859,816 | – | – | – | – |
| | | **64,620,533** | **-** | **-** | **64,620,533** | | | | |

# (33) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

## Introduction and overview

The Company has exposure to the following risks arising from financial instruments;

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

This note presents qualitative and quantitative information about the company's exposure to each of the above risks, the company's objectives, policies and procedures for measuring and managing risk and the company's management of capital. Further, quantitative disclosures are included throughout these financial statements.

## Risk Management Framework

The Board of Directors has the overall responsibilities for the establishment and oversight of the company's risk management framework.
The company's risk management policies are established to identify and analyses the risk faced by the company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the company's activities.

The Audit Committee oversees how management monitors compliance with their risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Audit Committee is assisted in its oversight role by Internal Audit department. Internal Audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

## (33.1) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's investments and deposits with bank.

The company is exposed to credit risk from its investing and financing activities, including deposits with banks and other financial assets.

**Management of credit risk includes the following components**

The company does an extensive and continuous evaluation of credit worthiness of its customers / financial institutions by assessing external credit ratings (if available) or historical information about default rates and change the credit limits and payment terms where necessary.

**Impairment of financial assets**

The Company has a well-established credit control policy & process to minimize credit risk. company has established policies & procedures to ensure that the Group held cash and cash equivalents of Rs. 6.9Mn at 31st March 2024 (2023 - Rs.1.6 Mn), which represents its maximum credit exposure on these assets.

The cash and cash equivalents are held with banks, which are rated A (lka), based on Fitch ratings.

However, management also considers the default risk of the industry in which customers operate, as this factor may have an influence on credit risk. Each new customer is analysed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered. The company's review includes external ratings, when available and in some cases bank references.

## (33) FINANCIAL RISK MANAGEMENT (CONTINUED)

### Exposure to Credit Risk

The net carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the reporting date was as follows;

| As At 31st March | 2024<br>Rs. | 2023<br>Rs. |
|---|---|---|
| Trade debtors | 91,117,289 | 61,302,311 |
| Receivable from related parties | 45,542,357 | 30,101,190 |
| Other financial assets | 51,355,096 | 26,653,174 |
| Cash & cash equivalents | 6,915,945 | 1,667,397 |
| **Total** | **194,930,687** | **119,724,072** |

### Cash at banks

The Company held cash at banks of Rs. 20.33 Mn. as at 31st March 2024 (2022/23: Rs. 39.76 Mn.), which represents its maximum credit exposure on these assets.

Respective credit ratings of banks with Company cash balances held are as follows;

| | | Cash at Bank | |
|---|---|---|---|
| **As at 31st March** | | **2024** | **2023** |
| **Bank** | **Credit Rate** | **Rs.** | **Rs.** |
| Commercial Bank of Ceylon PLC | AA – (lka) | 17,796 | 29,445 |
| LB Finance | A – (lka) | 15,000,000 | 26,653,174 |
| Sampath Bank | A (lka) | 565,161 | 7,248,017 |
| HNB Bank | A (lka) | 3,591,059 | 787,974 |
| NTB Bank | A (lka) | 1,162,361 | 5,049,375 |
| | | **20,336,377** | **39,767,985** |

## (33.2) Liquidity risk

Liquidity risk is the risk of facing difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or affecting the Company's reputation.

The Company also monitors the level of expected cash inflows from trade and other receivables together with expected cash outflows on trade and other payables.

The following are the contractual maturities of financial liabilities at its Carrying Value;

| | Carrying Amount | Contractual Cash Flows | | | |
|---|---|---|---|---|---|
| | | Total | 0 - 30 Days | 31 - 90 Days | More than 90 Days |
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| **As at 31st March 2024** | | | | | |
| Trade payables | 62,483,642 | 62,483,642 | 62,483,642 | - | - |
| Interest bearing borrowings | 33,999,981 | 33,999,981 | 33,999,981 | - | - |
| Lease liability | 10,077,302 | 10,077,302 | 4,484,766 | 4,484,766 | 1,107,770 |
| Bank overdrafts | 1,958,770 | 1,958,770 | 1,958,770 | - | - |
| **Total** | **108,519,695** | **108,519,695** | **102,927,159** | **4,484,766** | **1,107,770** |
| **As at 31st March 2023** | | | | | |
| Trade payables | 37,927,878 | 37,927,878 | 37,927,878 | - | - |
| Interest bearing borrowings | 5,893,774 | 5,893,774 | 5,893,774 | - | - |
| Lease liability | 25,871,535 | 25,871,535 | 4,484,766 | 4,484,766 | 16,902,003 |
| Bank overdrafts | 2,859,816 | 2,859,816 | 2,859,816 | - | - |
| **Total** | **72,553,003** | **72,553,003** | **51,166,234** | **4,484,766** | **16,902,003** |

## (33.3) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises two types of risks;

- **Foreign exchange risk**
- **Interest risk**

### (33.3.1) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's sanitary ware trading activities.

The Company carefully monitored the implications and took preventive measures to early settle the liabilities when ever possible.

Sri Lankan Rupee has been depreciated significantly due to changes of exchange rate policy to free float status by the Central Bank of Sri Lanka (CBSL).

### (33.3.2) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's debt obligations with floating rates.

The Company manages its interest rate risk by monitoring interest rate fluctuations to enable necessary back-up plans to be ready in advance to mitigate the risk and by ensuring that the import loans are settled within a shortest possible period by improving the working capital cycle and negotiating best possible rates with the Banks.

### Cash Flow Sensitivity Analysis for Variable-Rate Instruments

The following details demonstrate the sensitivity to a reasonably possible change in the interest rate with all other variables held constant. 1% increase or decrease is used when reporting interest rate risk and represents management's assessment of the reasonably possible change in interest rates.

### (33) FINANCIAL RISK MANAGEMENT (CONTINUED)

The impact on the Company's Profit before tax due to the change in the interest rate is as follows;

| Variable-Rate Instruments | Profit before Tax | |
|---|---|---|
| | Favorable | Un-Favorable |
| Import Loans | Rs. | Rs. |
| **2023/24** | | |
| Interest Rate (1% movement) | 58,106 | (58,106) |
| **2022/23** | | |
| Interest Rate (1% movement) | 2,988,128 | (2,988,128) |

## (33.4) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to adress operational risk is assigned to management within the company. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- Requrements for appropriate segregation of duties, including the independent authorization of transactions.
- Requrements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Risk mitigation, including insurance when this is effective.
- Requrements for reporting of operational losses and proposed remedial action.
- Training and professional development.
- Ethical and business standards.
- Diversification of business activities.

**Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business.

Capital consists of stated capital and reserves of the company. The Board of Directors monitors the return on capital, which the company defines as a result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The company manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the company may issue new shares, have a right issue or buy back of shares.

## (33) FINANCIAL RISK MANAGEMENT (CONTINUED)

Company's debt to equity ratio at 31st March was as follows;

| As at 31st March | 2024 | 2023 |
|---|---|---|
| | Rs. | Rs. |
| Interest Bearing Borrowings | 35,958,751 | 8,753,590 |
| Total Equity | 131,026,713 | 108,186,141 |
| Equity and Debts | 166,985,464 | 116,939,731 |
| Gearing Ratio | 22% | 7% |

# SHARE INFORMATION

## Stock Exchange Listing

The Issued Ordinary Shares of the company are listed with the Colombo Stock Exchange.

Symbol – CWL.N0000

ISIN – LK0463N00006

Market Sector – Transportation (Under Empower Board)

## Distribution of Shareholding

| | As at 31st March 2024 | | | As at 31st March 2023 | | |
|---|---|---|---|---|---|---|
| | No. of Holders | No. of Shares | % | No. of Holders | No. of Shares | % |
| 1-1,000 | 608 | 161,496 | 1% | 560 | 163,803 | 1% |
| 1,001-10,000 | 301 | 1,163,098 | 4% | 292 | 1,106,563 | 4% |
| 10,001-100,000 | 110 | 3,236,748 | 11% | 111 | 3,174,750 | 11% |
| 100,001-1,000,000 | 16 | 3,688,658 | 12% | 14 | 3,804,884 | 13% |
| Over 1,000,000 | 1 | 21,750,000 | 73% | 1 | 21,750,000 | 73% |
| | **1036** | **30,000,000** | **100%** | **978** | **30,000,000** | **100%** |

## Twenty Major Shareholders

| Name | No. of Shares | Percentage |
|---|---|---|
| CHRISSLOGIX (PVT) LTD | 21,750,000 | 73% |
| BANK OF CEYLON A/C CEYBANK UNIT TRUST | 775,000 | 3% |
| MR.LANSAKARA MUDIYANSELAGE SHANAKA NILAKSHA LANSAKARA | 385,000 | 1% |
| MR.DON DILAN LASITHA NANAYAKKATA | 375,000 | 1% |
| BANK OF CEYLON A/C CEYBANK CENTURY GROWTH FUND | 362,896 | 1% |
| MR.YOOSUF LEBBE FAROOK | 254,750 | 1% |
| DR.SAMARAPPULIGE SUNIL LAKSHMAN PERERA | 222,458 | 1% |
| MR.UYANA KUMARAGE SUDEEPA MADHUSANKHA | 168,446 | 1% |
| MR.MAHANAMA JAYAWEERA | 148,629 | 0% |
| MRS.FIRTHOUSE MARINA AHAMED | 143,000 | 0% |
| MR.RANDIKA DILSARA WIJESINHE | 138,244 | 0% |
| MR.MOHAMED SHAFNI RIFAI | 137,758 | 0% |
| LOLC FINANCE PLC/M.K.C. PERERA | 137,199 | 0% |
| MR.ASARAPULIGE SURANGA AVANTHA FERNANDO | 119,033 | 0% |
| PEOPLE'S LEASING & FINANCE PLC/C.D.KOHOMBANWICKRAMAGE | 109,932 | 0% |
| MR.WARNAKULASOORIYA DEHIWALA ARACHCHIGE MANOJ ASANKA COSTA | 107,000 | 0% |
| PEOPLE'S LEASING & FINANCE PLC/MRS.S.M.PERUMAL | 104,313 | 0% |
| MR.HEWA KODIPPILIGE OLIVER | 100,000 | 0% |
| MR.DINESH NIROSH PRADEEP RATHNAYAKE | 100,000 | 0% |
| MR.DAN PATHIRANA | 88,140 | 0% |

## Director's Shareholding

| | No. of Shares |
|---|---|
| Mr. Christopher A. M. Perera | 19,686 |
| Mr. S. A. D. Niranjan Suraj | NIL |
| Mr. Sithira Wickramasekera | NIL |
| Mr. Shanaka Lansakara | 385,000 |
| Mr. Melanga A. Doolwala | NIL |
| Mr. Rohan Ladduwahetty | NIL |

## Share Price Movement

| | 2024.03.31 | 2023.03.31 |
|---|---|---|
| Highest Price LKR | 11.90 | 15.20 |
| Lowest Price LKR | 8.50 | 9.70 |
| Close Price LKR | 10.50 | 10.60 |
| Last Traded Price LKR | 10.60 | 10.60 |

# NOTES

# NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Fourth (4th) Annual General Meeting (Post Listing) of CHRISSWORLD PLC will be held at the Royal Colombo Golf Club , 223, Model Farm Road, Colombo 08 on Thursday 26th September 2024 at 3.00 p.m for the following purposes

1. To receive and consider the Report of the Directors for the year ended 31st March 2024
2. To receive and consider the Financial Statements of the Company for the year ended 31st March 2024 together with the Auditors' Report thereon
3. To re-elect Mr. Rohan Ladduwahetty who retires by rotation at the Annual General Meeting in terms of Article 84 of the Articles of Association as a Director of the Company and has offered himself for re-election.
4. To re-elect Mr. Melanga Asiri Doolwala who retires by rotation at the Annual General Meeting in terms of Article 84 of the Articles of Association as a Director of the Company and has offered himself for re-election.
5. The Auditors of the Company Messers Wijeyeratne & Company Auditors have consented to act as Auditors of the Company for the year 2024/2025 and accordingly to be re-elected and to authorize the Directors to determine the remuneration of the Auditors,

sgd
By order of the Board
**F. SHAMA ISMAIL**
*Company Secretary*
*27 August 2024*
*Colombo*

# FORM OF PROXY

I/We.........................................................................................................................of.........................................

..........................................................................................................................................being a member /members of Chrissworld PLC hereby

Appoint..............................................................of.............................................................. whom failing.

| | |
|---|---|
| CHRISTOPHER ANGELO MELVILLE PERERA | or failing him |
| SURAWEERA ARACHCHIGE DON NIRANJAN SURAJ | or failing him |
| SITHIRA WICKRAMASEKERA | or failing him |
| ROHAN LADDUWAHETTY | or failing him |
| MELANGA ASIRI DOOLWALA | or failing him |
| LANSAKARA MUDIYANSELAGE SHANAKA NILAKSHA LANSAKARA | or failing him |

as my/our proxy to represent me/us and speak/ vote on my/our behalf at the Annual General Meeting of the Company to be held at Royal Colombo Golf Club, 223, Model Farm Road, Colombo 08 on Thursday 26th September 2024 at 3.00 p.m. and at any adjournment thereof and at every poll which may be taken in consequence of the above said meeting. I/We the undersigned hereby authorize my/our Proxy to vote on my/our behalf in accordance with the preference indicated below:

• Please delete the inappropriate words

| | For | Against |
|---|---|---|
| 1) To receive and consider the Report of the Directors for the year ended 31st March 2024 together with the Auditors' Report thereon | ☐ | ☐ |
| 2) To receive and consider the Financial Statements of the Company for the year ended 31st March 2024 together with the Auditors' Report thereon | ☐ | ☐ |
| 3) To re-elect Mr. Rohan Ladduwahetty who retires by rotation at the Annual General Meeting in terms of Article 84of the Articles of Association as a Director of the Company. | ☐ | ☐ |
| 4) To re-elect Mr. Melanga Asiri Doolwala who retires by rotation at the Annual General Meeting in terms of Article 84 of the Articles of Association as a Director of the Company. | ☐ | ☐ |
| 5) To the re-appointment of and to authorize the Directors to determine the remuneration of the Auditors, Messrs Wijeyerathna & Company who have been appointed as Auditors in terms of Section 154 of the Companies Act No.07 of 2007. | ☐ | ☐ |

Signed on this ..............................day of ...................................Two Thousand and Twenty Four.

..................................

Signature/s

**Instructions for Completion of Form of Proxy**

1. Kindly perfect the Form of Proxy by filling in the mandatory details required above, signing in the space provided and filling in the date of signature.
2. If the Form of Proxy is signed by an Attorney, the relative power of attorney should also accompany the proxy form for registration, if such power of attorney has not already been registered with the Company.
3. In the case of a Company/Corporation, the Form of Proxy shall be executed in the manner specified in the Articles of Association.
4. In the absence of any specific instructions as to voting, the proxy may use his/her discretion in exercising the vote on behalf of his appointor.
5. Duly filled Forms of Proxy should be sent to reach the Company Secretary via e-mail to cwagm@chrissworld.com or by post to the registered address of the Company, CHRISSWORLD PLC No: 199/29, Obeysekera Crescent, Rajagiriya, Sri Lanka not less than forty eight (48) hours before the time fixed for the meeting.

**Please provide the following details (mandatory):**

NIC/PP/Company Registration No. of the Shareholder/s : ..............................

Folio No : ..............................

E.mail address of the Shareholder/(s) or proxy holder
(other than a Director appointed as proxy) : ..............................

Mobile No : ..............................

Fixed Line : ..............................

# CORPORATE INFORMATION

## NAME OF THE COMPANY

CHRISSWORLD PLC

## REGISTERED OFFICE

199/29 Obeysekara Crescent
Rajagiriya.

## BUSINESS ADDRESS

199/29 Obeysekara Crescent Rajagiriya

## BOARD OF DIRECTORS

**Mr Christopher A M Perera**
(Chairman)

**Mr Suraj Suraweera**
(Chief Executive Officer/ Managing Director

**Mr Sithira Wickramsekera**
(Senior Executive Director)

**Mr Shanaka Lansakara**
(Executive Director)

**Mr Melanga A Doolwala**
(Non-executive Independent Director)

**Mr Rohan Ladduwahetty**
(Non- executive Independent Director)

## COMPANY SECRETARY

Ms SHAMA ISMAIL MOHAMED -
Attorney At Law And Registered
Company Secretary - RCS1000087
168/5 Elvitigala Mawatha,
Colombo 08

## COMPANY REGISTAR

CENTRAL DOPOSITORY SYSTEMS
PRIVATE LIMITED
04-01 West, block, World trade entrer
echelon square, Clombo 01

## EXTERNAL AUDITORS

WIJEYERATNE & COMPANY,
CHARTERED ACCOUNTANTS
'RNH HOUSE' 622/B, Kotte Road,
Kotte.

## TAX CONSULTANT

DINITWAY PARTNERS, CHARTERED ACCOUNTANTS
7 ½ Devanampiyatissa Mawatha
Colombo 10

## BANKERS

SAMPATH BANK PLC
COMMERCIAL BANK PLC
NATIONS TRUST BANK PLC
HATTON NATIONAL BANK PLC

## LAWYERS

Ms SHAMA ISMAIL MOHAMED –
ATTORNEY AT LAW AND REGISTERED
COMPANY SECRETARY – RCS1000087
168/5 Elvitigala Mawatha,
Colombo 08

## ACCOUNTING YEAR

1st April to 31st March

## TAX IDENTIFICATION NO

174932603

## LEGAL STATUS

Incorporated under the Companies Act no. 7 of 2007 Date of Incorporation 30th August 2021.

A Public Limited Liability Company listed on the Colombo Stock Exchange

The company was re- registered under the Companies Act No 7 of 2007 on 30th August 2021 and the Company Registration No is PQ 00244471