



EX-PACK CORRUGATED CARTONS PLC
ANNUAL REPORT 2023/24

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A BALANCED FUTURE

As pioneers and leaders in the industry of corrugated carton manufacturing, today we at Ex-Pack are on a transformative era. We have refreshed our journey with fresh perspectives, focusing on redefining the industry with innovation and collaboration; sustainability lying at the core of it all. From eco-friendly materials to energy-efficient processes, we are expanding our capacity to make our company future-proof.

Fostering a culture of continuous improvement, today we are actively contributing to a circular economy with environmental stewardship and social responsibility. Through formidable collaborations, we are strengthening our internal capabilities while also building partnerships that will shape the future of our industry.

Contents

Overview

- About This Report **4**
- Who We Are **7**
- Financial and Non Financial Highlights **8**
- Our Corporate Journey **10**
- Awards and Accolades **12**
- Year in A Snapshot **14**

Leadership

- Chairman's Message **17**
- Managing Director's Review **21**
- Message from the Managing Director (Neptune) **25**
- Board of Directors **27**
- Corporate Management Team **31**

Strategy

- Value Creation Model **38**
- Stakeholder engagements **40**
- Stakeholder Engagement Initiatives During the Financial Year **42**
- Operating Environment Review **46**
- Material Matters **49**
- Strategic Focus **52**

Management Discussion & Analysis

- Financial Capital **56**
- Manufactured Capital **60**
- Human Capital **64**
- Social and Relationship Capital **73**
- Intellectual Capital **84**
- Natural Capital **88**
- Independent Practitioner's Assurance Report **93**

Governance & Risk

- Risk Management **96**
- Corporate Governance **103**
- Annual Report on the Board of Directors Affairs on the Company **128**
- Report of the Board Audit Committee **131**
- Report of the Board Remuneration Committee **134**
- Report of the Board Related Party Transactions Review Committee **135**
- The Statement of Directors' Responsibility **137**
- Managing Director's, Chief Executive Officer's and Chief Financial Officer's Statement Of Responsibility **138**
- Share Information **139**

Financial Statements

- Independent Auditor's Report **144**
- Statement of Financial Position **148**
- Statement of Profit or Loss **149**
- Statement of Comprehensive Income **150**
- Statement of Changes in Equity **151**
- Statement of Cash Flows **152**
- Notes to the Financial Statements **154**
- GRI Content index **196**
- SASB Index **202**
- Notice of Meeting **204**
- Form of Proxy **205**
- Registration Form **207**
- Corporate Information **208**



Our Vision

To be the most preferred corrugated cartons supplier in Sri Lanka



Our Mission

To lead the way in Corrugated Cartons manufacturing and add value to the stakeholders through operational excellence



Our Values

Be caring

We take pride in what we do and we care about our customers, our people and the world around us

Be challenging

We are not afraid to constructively challenge each other and ourselves to find a better way forward

Be responsive

We seek new ideas and understanding and are quick to react to opportunities

Be trusted

We can always be trusted to deliver on our promises

Be tenacious

We get things done

About This Report

Welcome to our first ever integrated annual report

Driven by its strategic growth agenda, Ex-pack Corrugated Cartons PLC (the Company) is forging ahead as one of Sri Lanka's leading corrugated cartons package manufacturing companies in Sri Lanka. The rapid evolution of the Company following it being listed in the Colombo Stock Exchange in November 2021, the changing dynamics of the operating environment and emerging needs of our key stakeholders have collectively incentivised us to enhance our annual corporate reporting and align same to international best practice reporting frameworks. Accordingly, we are pleased to present our first ever Integrated Report prepared in accordance with the International Integrated Reporting <IR> Framework of the IFRS Foundation. With this Report, we embark on a continually enhancing journey of corporate reporting dedicated to communicating our value creation process with clarity and conciseness whilst striking a deeper connection with our stakeholders.

What this Report presents

This Report is a coherent and concise communication of how the Company

has deployed its resources in making progress towards its strategic objectives. Multiple aspects that affect this journey, such as the operating environment, Company governance structure, vision, mission, values and prospects among others have been encapsulated in the discussions.

The Report covers the operations of Ex-pack Corrugated Cartons PLC and its fully owned subsidiary Neptune papers Pvt Ltd and includes material information up to the date of Board approval on 04th June 2024. The financial data contained in this Report is consolidated data, unless otherwise specified.

Sustainability reporting

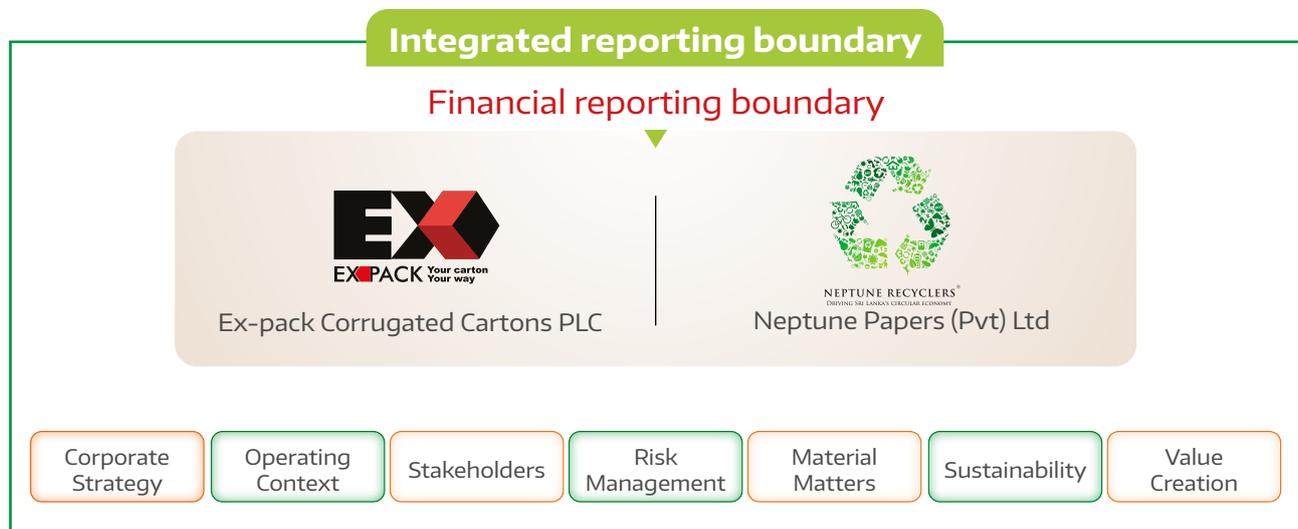
Prior annual reports of the Company featured a dedicated chapter on sustainability. From this Report on, sustainability aspects are seamlessly integrated in to the rest of the Reporting to better depict our value creation process and the outputs and outcomes we generate through such process.

Reporting boundary

There were no changes to the Company's organisational structure, size, or supply chain during the financial year 2023/24. Annual



reporting cycle for both financial and sustainability reporting cover the twelve months' period from 01 April 2023 to 31 March 2024. There are no major restatements of non-financial information reported in the prior financial year ended 31 March 2023. The integrated reporting boundary is as depicted below.



Reporting frameworks

This Report is structured and presented using a set of mandatory and voluntary reporting frameworks, key ones being the requirements of the Sri Lanka Financial Reporting Standards (SLFRS), the International Integrated Reporting <IR> Framework and the Global Reporting Initiative's (GRI) Reporting Standards. We embark on the journey of enhanced non-financial reporting at a pivotal movement. As Sri Lanka gears up for the mandatory adoption of SLFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2: Climate-related Disclosures issued by the Institute of Chartered Accountants of Sri Lanka, from 01 January 2025, we at Ex-pack are also making every effort to aligning our reporting towards same. A critical step towards this is disclosures made under SASB Standards – Industry Sustainability Accounting Standard for Multiline and Specialty Retailers & Distributors.

Key frameworks and assurances shaping this Report

Financial Statements and related disclosures	
	Reporting frameworks <ul style="list-style-type: none"> • Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka • Companies Act No. 7 of 2007 (as amended) • Listing Rules of Colombo Stock Exchange
	Internal Assurance <ul style="list-style-type: none"> • Independent Auditors' Report by Messrs KPMG - Chartered Accountants • Internal controls mechanisms • Oversight of the Board Audit Committee and the Board of Directors
	External Assurance <ul style="list-style-type: none"> • Independent Auditors' Report by Messrs. Ernst and Young - Chartered Accountants
Non-financial reporting	
	Reporting frameworks <ul style="list-style-type: none"> • Integrated Reporting Framework of the IFRS Foundation • "Guidelines for Presentation of Annual Reports" issued by the Institute of Chartered Accountants of Sri Lanka • Non-Financial Reporting Guideline issued by the Institute of Chartered Accountants of Sri Lanka • Global Reporting Initiative (GRI) Standards - 2023 • SASB Standards – Industry Sustainability Accounting Standard for Multiline and Specialty Retailers & Distributors • Sustainable Development Goals (SDGs)
	Internal Assurance <ul style="list-style-type: none"> • Review of the Board of Directors
	External Assurance <ul style="list-style-type: none"> • Independent Assurance on GRI Reporting by Messrs. Ernst and Young - Chartered Accountants
Corporate governance	
	Reporting frameworks <ul style="list-style-type: none"> • Listing Requirements of the Colombo Stock Exchange. • Code of Best Practices on Corporate Governance compiled by the Securities and Exchange Commission of Sri Lanka in collaboration with the Institute of Chartered Accountants of Sri Lanka
	Internal Assurance <ul style="list-style-type: none"> • Company governance framework built on applicable regulations and internal best practices

About This Report

Navigating our Report

The Management Discussion and Analysis of this Report is built on the six capitals as prescribed in the International Integrated Reporting <IR> Framework. Matters identified as "material" to the business and operations of the Company serve as the basis on which disclosures are made. Where possible, the Company's key strategic pillars are linked to the discussions to established the link between strategy and performance.

Operating environment (Page 96 to 127)					
Key inputs (56 - 92 Pages)		Stakeholders (Pages 40-83)		Strategic pillars (Pages 53 – 94)	
	Financial capital		Shareholders		Market position
	Manufactured capital		Employees		Partner of choice
	Human capital		Customers		Operational excellence
	Intellectual capital		Business partners		Investment in human capital
	Social and relationship capital		Government and regulatory bodies		Capital allocation
	Natural capital		Communities		ESG considerations

Outputs & Outcomes
Page 56 to 92

Corporate governance and risk management (Page 96 to 127)

Forward looking statements

Where possible and as an improvement in disclosures, certain forward looking statements are included in the discussions under the "Way Forward" sections found across the non-financial disclosures as follows.

Reflections from the Chairman	Page 17
Managing Director's Review	Page 21
Management Discussion and Analysis	Page 56

These forward-looking statements can provide greater insights into the Company's expectations and strategic plans, and should be interpreted with caution, given the uncertainty inherent in predicting future outcomes, and the potential that actual results may differ from projections. These forward-looking statements have not been reviewed by the Company's auditors.

Board responsibility statement

Ex-pack Corrugated Cartons PLC's Board of Directors is ultimately responsible for ensuring the integrity of this Report. We hereby confirm that this Annual Report for the financial year ended 31 March 2024 addresses all relevant material matters and fairly represents the Company's performance. The Board also confirms that the Report has been prepared in accordance with the requirements of the International <IR> Framework.

Signed on behalf of the Board

Mr.Zulficar Ghouse
4th June 2024

Accessibility of this Report In PDF

Colombo Stock Exchange - <https://www.cse.lk/> - CSE Stock Code – PACK.N0000
ISIN : LK0473N00005
Corporate website - Ex-pack Corrugated Cartons PLC - <https://www.expack.lk/reports/>



Scan and read

In print – For all securities holders of Ex-pack Corrugated Cartons PLC are eligible to receive a printed version of this Report via the submission of the Request Letter



Feedback

We like to hear from you about our first integrated annual report and on how we can further enhance the readability and relevance of it. Please direct your feedback to Mr. Abdul Latiff Ahamed – Head Of Finance (Email - latiff@expack.lk)



Who We Are



Ex-pack Corrugated Cartons PLC specialises in custom manufacture of printed corrugated cartons of the highest quality, tailor-making to an endless range of specification. Our inception dates back to 1994 and hence we now count close to thirty years of empowering service to our clientele. As a subsidiary of the Aberdeen Group, one of Sri Lanka's most diversified and dynamic conglomerates, we are focused on a clearly articulated growth strategy centred on excellence and underpinned by high quality and customer satisfaction

Our Core Strengths

- Close liaison with the customer from project conception, design and prototyping to high volume production
- Timely deliveries powered by comprehensive computerised manufacturing and stock managing systems linked with our own extensive storage facilities
- Wide coverage across the island in product distribution carried out through our own fleet of vehicles with complete control in transit, assuring prompt delivery
- Empowered staff with sustained tenures and a wide pool of tacit knowledge

Our Dynamic Sector Penetration

- FMCG
- Home & Appliance
- Fruits/ Vegetables exporters
- Tea Exporters
- Garments & Accessory suppliers
- Boards
- Seafood Exporters
- Bicycle
- Manufacturers
- Rubber & Coir
- Others

Our Mission

To lead the way in Corrugated Cartons manufacturing and add value to the stakeholders through operational excellence

Our Vision

To be the most preferred corrugated cartons supplier in Sri Lanka

Our Values

- Be caring
- Be challenging
- Be responsive
- Be trusted
- Be tenacious

Our Innovative Product Portfolio

- Corrugated Cartons
- Storage solutions covering the garment industry
- Paper based environmental and eco- friendly warehousing accessories



Aberdeen Holdings (Pvt) Limited

65.02%
direct holding

Ex-pack Corrugated Cartons PLC

100%
direct holding

Neptune Papers (Pvt) Limited

Financial and Non Financial Highlights

Group	2023/24 (LKR' 000)	2022/23 (LKR' 000)	YoY % INC / (DEC)
FINANCIAL PERFORMANCE			
Revenue	9,875,059	13,451,044	(-26)
Gross Profit	2,155,721	3,509,082	(-39)
EBIT	1,016,884	2,365,001	(-57)
Profit Before Tax	810,616	1,895,202	(-57)
Net Profit for the year	580,489	1,412,959	(-59)
Total Comprehensive Income	570,953	1,753,963	(-68)
FINANCIAL POSITION			
Non – Current Assets	2,735,406	2,732,595	-
Total Current Assets	4,002,924	4,131,028	(-3)
Total Assets	6,738,329	6,863,623	(-2)
Stated Capital	1,200,000	1,200,000	-
Total Equity	3,178,831	2,831,211	12
Total Non- Current Liabilities	599,032	606,327	(-1)
Total Current Liabilities	2,960,467	3,426,085	(-14)
Total Liabilities	3,559,498	4,032,412	(-12)
Total Equity & Liabilities	6,738,329	6,863,623	(-2)
CASHFLOW			
Net Cash Flow from / (used in) Operating activities	802,638	1,011,877	(-21)
Net Cash Flow from / (used in) Investing activities	(127,978)	260,920	(-149)
Net Cash Flow from / (used in) Financial activities	(633,650)	(1,559,191)	60
Cash and Cash Flow Equivalents at the end of the year	717,798	676,788	6
KEY INDICATORS			
PROFITABILITY RATIOS			
Revenue Growth Rate	(-27%)	58%	(147)
GP Margin	22%	26%	6
NP Margin	6%	11%	(15)
ROA	15%	34%	(85)
ROE	18%	50%	(64)
ROCE	19%	45%	(58)
LIQUIDITY RATIOS			
Current Ratios (Times)	1.35	1.21	12
Debt/Equity Ratios (Times)	0.72	0.93	(23)
INVESTOR RATIOS			
Earnings Per Share (Rs)	1.74	4.24	(-59%)
Net Asset Per Share (Rs)	9.54	8.49	12%
Market Price Per Share (Rs)	14.30	14.60	(-2%)
P/E Ratio	8.21	3.44	139
Float Adjusted Market Capitalisation	1,645,072	1,680,606	(-2%)



Revenue

9.9 Bn

Gross Profit

2.1 Bn

Net Assets Value per share

Rs. **9.54**

Debt to Equity

72%

Total Training Hours

4,294

Female Representation of Employees

14%

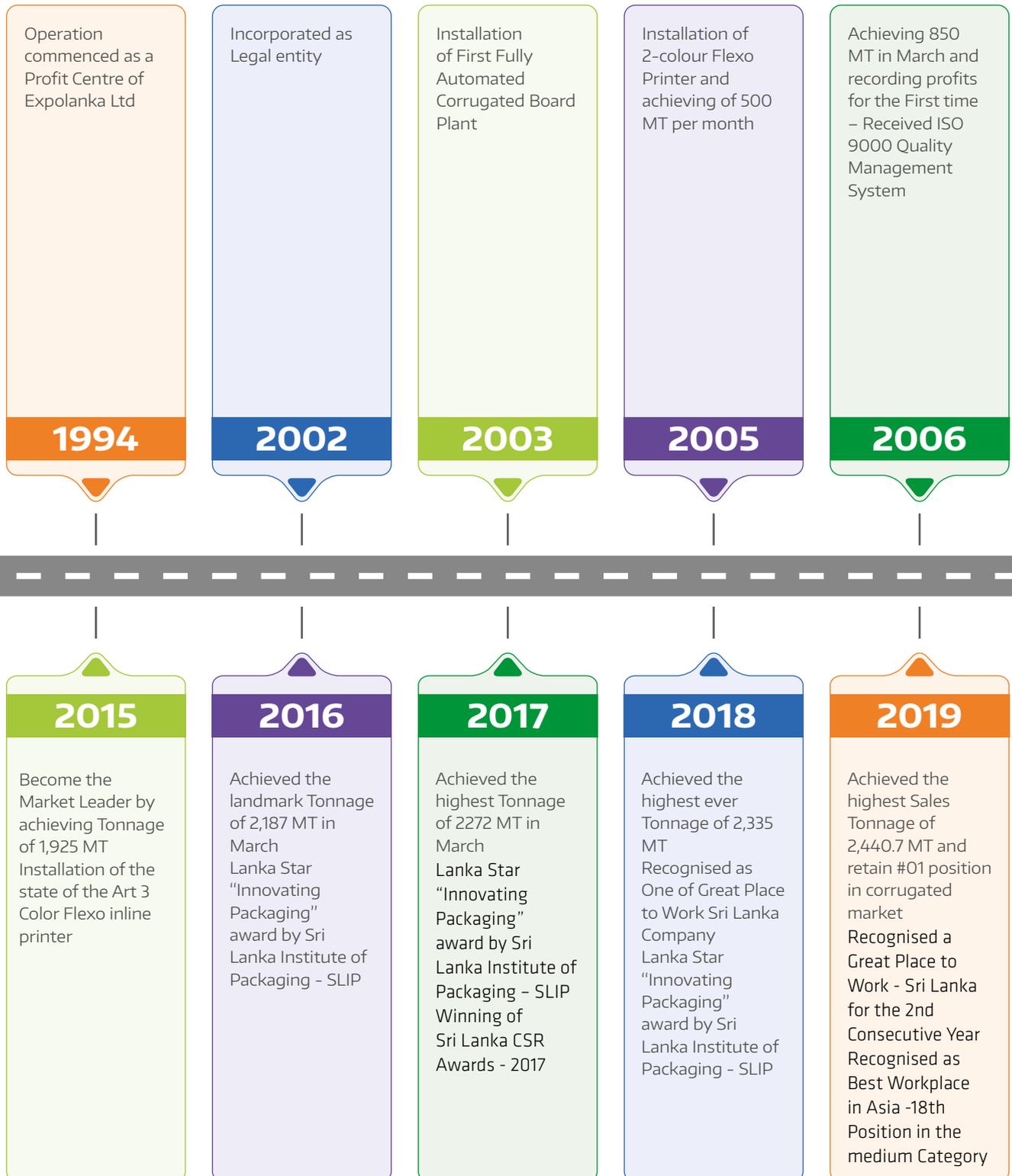
Total Medicare Beneficiaries

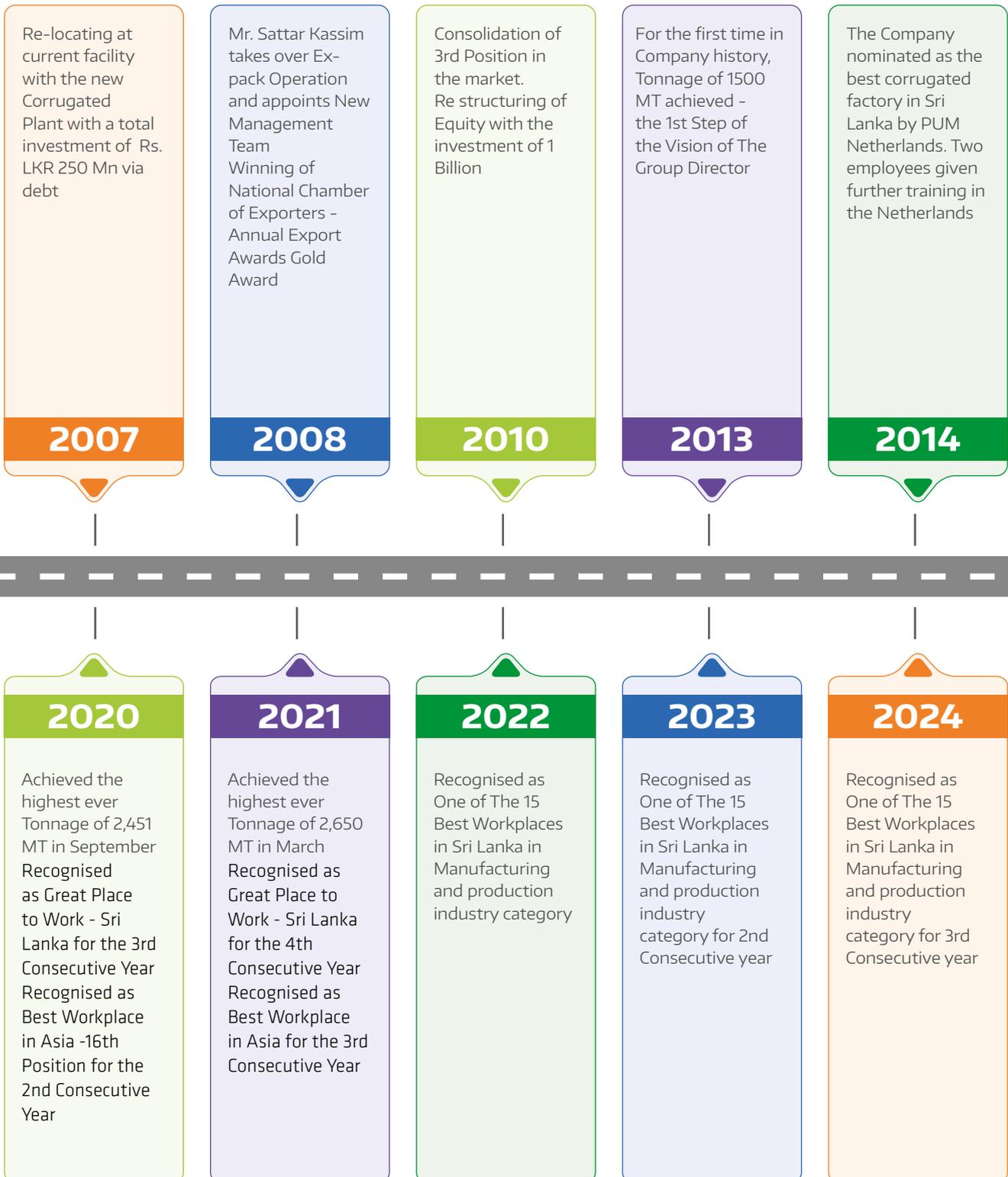
55,000
(Since Inception 2011)

Total School Books Beneficiaries

220
(During the Year)

Our Corporate Journey





Awards and Accolades

The Company has been a constant recipient of multiple awards over the years, affirming the excellence with which it functions. The following were the key awards won by the Company.



Area of excellence	Awarding body	Award
Human resources 	Great Place To Work®	One of the 50 best workplace in small and medium sized category award 2023 One of the 100 best workplace in Asia in small and medium sized category Asia award 2023 Top 15 workplaces in Manufacturing and Production Industry in Sri Lanka 2023
ESG 	Islamic Finance Forum of South Asia (IFFSA)	ESG Gold award of the year 2022-2023
ESG 	Sri Lanka Islamic Banking and Finance Industry (SLIBFI)	ESG Gold award of the year 2022/2023
Finance 	CA Sri Lanka – TAGS Award	Compliance Certificate under the Emerging Listed Companies category - 2023

Year in A Snapshot

Value creation highlights

	KPI	Measure	2023/24	2023/22	YoY % change
	Property, Plant, and Equipment	Rs. Mn	2,238	2,234	-
	Capital expenditure	Rs. Mn	135	131	3.51%
	Fixed Assets Turnover Ratio		2	3	
	Total production volume	MT	21,591	19,542	11%
	Total employees	No.	306	260	
	Female representation	%	13	12	
	Expenses to employees	Rs. Mn	697.38	746.49	
	Investments in training	Rs. Mn	1.2	1.4	
	Total training hours	No.	4,294	3,278	
	Training hours per employee	No.	14	12	
	Employee retention ratio	%	97.0	96.5	
	Employee promotions	No.	23	5	
	Total work-place injuries	No.	4	12	
	Awards won	No.	6	6	
	Average tenure of service of employees	No. in years	6	6	
	Strength of the R&D Team	No.	13	10	
	Investments in computer software	Rs. Mn	2.4	1.7	
	Payment to suppliers	Rs. Mn	4,418	5,407	
	Total customers	No.	532	374	
	Average tenure of relationship with customers		Over 10 years	Over 10 years	
	Investment in CSR initiatives	Rs. Mn	2.8	1.7	
			2023/24	2023/22	
	Carbon footprint	tCO2e	3,078	2,660	16
	Energy consumption	Kwh	6,653,611	4,885,416	36
	Water consumptions	m3	1,001	853	17
	Solid waste generated	MT	2,318	1,584	46
Water Recycled	m3	11,212	12,009	-7	

PIONEERING LEADERSHIP





Chairman's Message

As a fully home-grown, mature company in existence for almost three decades, which has weathered Sri Lanka's deepest economic, social and political woes, the Company continued its mission of providing end to end tailor made packaging solution to our esteemed customers.

Our operation afforded employment opportunity to 306 employees with 145 new job opportunities created during the year

Dear stakeholders

It gives me immense pleasure to welcome you to the 3rd Annual General Meeting of Ex-pack Corrugated Cartons PLC (the Company) and present to you the audited financial statements and the integrated annual report for the financial year ended 31 March 2024.

A year of remarkable recovery

The Sri Lankan economy recorded marked recovery during the financial year under review, having withstood unprecedented shocks since 2019. Closely in line with forecasts, the Gross Domestic Production (GDP) for 2023 recorded a de-growth 2.3%, and compared with a deeper de-growth of 7.3% in 2022. Industry sector posted a de-growth of 9.2% for the



Revenue

9.9 Bn

year, however with a resilient bounce back to positive territories of 7.9% for Q4 2023. Inflation declined to record low levels having reached a historic peak in September 2022 following the economic crisis. Headline inflation as measured by the Colombo Consumer Price Index for the month of March 2024 was 0.9%, whilst the core inflation was 3.10%. The Central Bank of Sri Lanka (CBSL) adopted a relaxing monetary policy by reducing the policy rates viz. Standing Lending Facility Rate and Standing Deposit Facility Rate by seven percentage points during the twelve months period ended 31 March 2024. The impact of the policy rate reduction permeated across the economy with key market rates reducing in tandem. External sector performance also posted notable improvement. By end 2023 the trade deficit reduced to USD 4,900 Mn one of the lowest levels in the country's recent history, whilst the current account balance reached positive territories at USD 1,559 Mn. Exchange rate stabilised in the range of Rs. 325/- further improving to the Rs. 300.44/- range by 31st March 2024, however considerably higher than pre-economic crisis levels.

Macro-economic performance brought forth both challenges and opportunities for Ex-pack Corrugated Cartons PLC.

Playing our part with passion

As a fully home-grown, mature company in existence for almost three decades, which has weathered Sri Lanka's deepest economic, social and political woes, the Company continued its mission of providing end to end tailor made packaging solution to our esteemed customers. Placing exceptional value in what we do, which is well beyond a mere corrugated carton, we aligned the impact we create to the reviving national economy. With 37% of our revenue sourced from exports, our operations brought in much-needed foreign currency into Sri Lanka. We power an entire spectrum of businesses in the country ranging from SMEs to blue-chip multinational corporates, including exporters. They required renewed packaging solutions requirements time and again, due to intrinsic and external reasons, and we ensured that their unique demands were swiftly met, thereby keeping their operations running smoothly and their contribution to the economy live.

Our operation afforded employment opportunity to 306 employees with 152 job opportunities created during the year. Investments in employee skills development continued unabated, whilst their benefits were matched to the pressing financial difficulties. We also continued to patronise local suppliers wherever possible, with 60% of our main raw material (paper) being sourced from local mills.

Chairman's Message

As we look ahead to the coming year, Ex-pack Corrugated Cartons PLC remains dedicated to delivering on our commitments and driving sustainable growth.

Nurturing strong ties with stakeholder

The value generated to shareholders is reflected in the Group post-tax profit of Rs. 580.5 Mn for the 12 months ended 31 March 2024. Consequently, the Return on Average Shareholder Funds was 19%, and Earnings per Share was Rs. 1.74. A more detailed analysis of our financial performance can be found in the Managing Director's Review on page 21.

Throughout the year, we strengthened our relationships with customers, employees, and the community by intensifying our engagement efforts. This allowed us to truly understand their needs and provide tailored support to help them navigate ongoing challenges. We leveraged technology to enhance customer service, offering prototypes for new solutions with market-leading turnaround times. Our precise packaging solutions were delivered with exceptional on-time delivery records, ensuring smooth and timely deliveries of our customers' goods

across the country and multiple continents around the globe.

To address employee concerns and maintain continuous dialogue, we implemented numerous engagement mechanisms. These efforts motivated our employees and strengthened morale amid uncertain economic and social conditions. In response to ongoing financial pressures faced by our employees, we enhanced both financial and non-financial benefits.

Our holistic Corporate Sustainability agenda further strengthened our relationships with the wider community through meaningful strategic interventions, such as the Ex-pack Medicare Medical Centre. Since its launch in 2011, this free medical clinic in Pattiwila Kelaniya has provided medical care to over 55,000 individuals.

A robust governance structure

Our robust governance framework has been invaluable in guiding the Company through the complexities of the operating environment. Throughout the year, the Board vigilantly monitored emerging macroeconomic, regulatory, political, and social developments to assess their impact on the Company's financial performance. This proactive approach enabled us to develop appropriate responses to safeguard stakeholder interests. Some key areas of focus of the Board were agile responses to social and economic conditions, performance oversight, strong risk management and caring for our employees. The Board of Directors was adeptly supported by the three subcommittees, who diligently executed their mandates to the highest standards. Their expertise and commitment were instrumental in ensuring that we upheld our governance principles and achieved our strategic objectives. Through these concerted efforts, we continue to navigate challenges effectively while protecting and enhancing value for our stakeholders.

Geared for growth

As we look ahead to the coming year, Ex-pack Corrugated Cartons PLC remains dedicated to delivering on our commitments and driving sustainable growth. Our strategic priorities will focus on several key areas to ensure we continue to create value for our stakeholders. We are firmly committed to fulfilling the revised Initial Public Offering (IPO) objective of re-structuring the present factory floor owned by the Company located in Kelaniya in order to increase its capacity and facilitating the machinery

“Our employees are our greatest asset. We will continue to invest in their development, providing opportunities for growth, skill enhancement, and career progression.”

replacement plan. The anticipated timeline to pursue the restructured objectives and commence commercial production is Q4 of FY 2025/2026.

We will continue to implement eco-friendly practices across our operations, reduce our carbon footprint, and develop sustainable packaging solutions. Our goal is to contribute positively to

the environment while meeting the needs of our customers. We will expand our corporate social responsibility initiatives, focusing on health, education, and economic empowerment. Our ongoing projects, such as the Ex-pack Medicare Medical Centre, will scale up to reach even more people in need.

Our employees are our greatest asset. We will continue to invest in their development, providing opportunities for growth, skill enhancement, and career progression, whilst creating a supportive and inclusive work environment that motivates and retains top talent. Last but not least we will fortify our focus on achieving sustainable financial performance through prudent management, strategic investments, and continuous improvement in our operational efficiencies.

Appreciation

I would like to extend my heartfelt gratitude to my fellow Board members for their unwavering support and insightful guidance during these challenging times. On behalf of the Board, I commend the Company's executive leadership team and the entire Ex-pack team, led by the Managing Director for their relentless dedication and hard work, which have allowed us to achieve commendable results despite numerous obstacles. I also wish to express my sincere thanks to our esteemed customers, business partners, and all other stakeholders who have played a crucial role in our success. Your continued trust and collaboration are deeply valued and appreciated.

Wishing you well

(Sgd.)

Sattar Kassim

Chairman

04th June 2024

Colombo



Managing Director's Review

Our commitment to delivering quality and effective products is unwavering. We view our end product not merely as a corrugated carton, but as a tool that empowers our customers' businesses and operations.

Dear stakeholders

It is my pleasure to pen this message to you, in reflection of what was truly an extraordinary year at Ex-pack Corrugated Cartons PLC (the Company), which was made possible by the tenacity of the team and all other stakeholders who trusted in us.

Financial performance

As was elaborated under the Reflections of the Chairman in page 17, the economic conditions of the country improved at gratifying pace, having suffered deep scars from the

At Ex-pack Corrugated Cartons PLC, we firmly believe that our people are our greatest asset. Their knack for innovation, willingness to learn, and forward-thinking mindset drive our major initiatives to enhance productivity.

unprecedented economic crisis. In such a backdrop however, demand for corrugated cartons remained moderate, the main reason being our key customers experiencing a lag in recovery of their business operations and demands. This led to a year on year reduction in the manufacturing tonnage of cartons by 19,542MT to 21,591 MTs for the 12 months period ended 31 March 2024. Resultantly, Group revenue for the year was Rs.

9.9 Bn, a 27% reduction over the prior year. Revenue categories of domestic operations and export revenue both declined year on year, the latter attributable to the appreciation of the Sri Lankan rupee. Costs also reduced in tandem, leading to a post-tax profitability of Rs. 580 Mn. The Group assets stood at Rs. 6,738 Mn, 47% of which was funded by equity capital. The Group generated a net assets value per share of Rs. 9.54 for shareholders. We drew deep comfort from the strength of our equity capital base as market interest rates reached exponentially high levels over last 12-18 months making debt capital very expensive.

Nurturing our people

At Ex-pack Corrugated Cartons PLC, we firmly believe that our people are our greatest asset. Their knack for innovation, willingness to learn, and forward-thinking mindset drive our major initiatives to enhance productivity. Our employees demonstrate remarkable dedication, and their growth within the Company is a testament to our commitment to their development.

When employees first join us, they often start as unskilled labor. However, through their years with us, they become proficient not only in factory-related tasks but also in a diverse

range of skills, including presentation, communication, and leadership. We are proud to offer our employees opportunities to grow into competent and versatile professionals and individuals.

During the year, we prioritised on the well-being of our employees. We continued to provide all three meals daily, with salaries and bonuses paid on time, even amidst the economic crisis. We also extended well-being initiatives to their families, that way ensuring their quality of life. This holistic approach to employee welfare underscores our dedication to nurturing a supportive and empowering work environment. Our success as a company is a direct result of the hard work and commitment of our team. Their continuous growth and well-being remain at the heart of our operations, driving us forward as leaders in the industry.

Cutting-edge technology

Our commitment to delivering quality and effective products is unwavering. We view our end product not merely as a corrugated carton, but as a tool that empowers our customers' businesses and operations.

Our customer base is diverse and discerning, representing various industries, including leading multi-national companies, with unique packaging demands. To meet these diverse needs, we have embraced technological advancements throughout our operations, ensuring premium output and precise solutions. Our state-of-the-art Research and Development center enabled the provision of innovative packaging solutions within the shortest turnaround time throughout the year.



Net Profit

580 Mn

Managing Director's Review

The integration of technological advancements into our processes has yielded significant benefits, driving efficiencies and optimising the cost of our production. This strategic approach enhances the quality and efficacy of our products and also strengthens our position as a leader in the industry. As we continue to innovate and evolve, our dedication to meeting the dynamic needs of our customers remains at the forefront of our operations.

Embedding sustainability, every step of the way

Sustainability lies at the core of our operations, guiding every step we take. Throughout the year, we have remained steadfast in our commitment to reducing our environmental footprint and fostering responsible practices. Our dedication to sustainability extends beyond emissions reduction; we also ensure zero landfill waste, responsibly disposing of all waste materials generated throughout our processes.

One of our proudest achievements in sustainability is the pioneering initiative led by one of our own research and development technicians. This initiative focuses on turning sludge waste generated in our manufacturing process into bricks, showcasing innovation intertwined with sustainability at its core.

As paper constitutes a key input in our operations, we recognise the heavy reliance on trees and exercise utmost responsibility in our sourcing practices. All our paper supplies are sourced from either recycled paper or suppliers certified by the Forestry Stewardship Council (FSC). It is heartening to note the growing demand from our customers for raw materials sourced from FSC-certified suppliers, demonstrating our shared commitment to environmentally friendly practices. We embrace such shifts in customer preferences as a motivation to look beyond for greener processes.

Awards and accolades

I am delighted to share that your Company has been honored with numerous awards over the years, underscoring the excellence of our performance across multiple segments. Among the highlights were being awarded as one of the 50 best workplace in small and medium sized category award 2023 and one of the 100 best workplace in Asia in small and medium sized category award 2023 from Great Place To Work and ESG Gold award of the year 2022-2023 from the Islamic Finance Forum of South Asia (IFFSA).

These accolades serve as powerful validation of our commitment to excellence and innovation. We draw deep motivation from these independent external endorsements, using them as catalysts to continuously improve our performance and set industry standards.

Succession planning

As a listed entity, we recognise the increased responsibility we bear in governance and sustainability. We embrace this responsibility wholeheartedly, understanding the imperative of fostering talent and leadership for the future. In line with this commitment, we are actively investing in building the next generation of leaders within our organisation, gradually nurturing them to assume lead roles as they become available.

While we are fortunate to have longstanding leaders within our ranks, individuals who have grown with the company and possess a wealth of organisation-specific knowledge, we are also mindful of the importance of preparing the second layer of leadership. This ensures continuity, resilience, and adaptability in the face of evolving challenges and opportunities.

Way forward

As we reflect on the past year, Ex-pack Corrugated Cartons PLC stands poised at the threshold of a promising future. Our optimism is buoyed by the anticipated growth trajectory of the economy, presenting ample business opportunities and improving the purchasing power of customers.

We eagerly anticipate political stability and policy clarity, along with consistency, which are essential for businesses to effectively plan and execute their growth strategies. Such an environment will be conducive for all enterprises, fostering an atmosphere of confidence and enabling sustainable development.

“Sustainability lies at the core of our operations, guiding every step we take. Throughout the year, we have remained steadfast in our commitment to reducing our environmental footprint.”

We remain steadfast in our commitment to achieving the objectives outlined in our revised Initial Public Offering (IPO) targets, as elaborated in the Reflections of the Chairman. Meeting these objectives will position us strongly to enhance our quality, capacity, and time-to-customer exponentially, cementing our competitive foothold within the industry.

We are dedicated to maximising value for our valued shareholders, who have placed their trust in Ex-pack Corrugated Cartons PLC and its potential. Nurturing our workforce and continuing to support our communities will remain integral components of our strategic roadmap, as we strive to create enduring value for all stakeholders.

Acknowledgement

Achievements of this nature against a challenging backdrop could not have been possible if not for the tireless contribution of many. I extend my gratitude to the Chairman and the Board of Directors for their guidance. The Chief Executive Officer, the executive management and our employees are also deeply appreciated for the passion and will. Customers, shareholders, and community partners also deserve our appreciation for their unwavering support and commitment.

Together, we will navigate the challenges and capitalise on the opportunities that lie ahead, emerging stronger and more resilient than ever before.

Wishing you well

(Sgd.)

Zulficar Ghouse

Managing Director

04th June 2024

Colombo



Message from the Managing Director

Neptune Papers (Pvt) Ltd

Our business is unlike any other. It creates a profound impact on the environment, as we are committed to responsible management of waste, and value addition to waste by readying them to be processed at paper mills in to recycled paper.

Dear stakeholders

Neptune Papers (Pvt) Limited (the Company) takes great pride in being one of the leading resource recovery and waste management entities in Sri Lanka, creating an impactful and sustainable difference in how our customers manage their waste. We are also privileged to be a part of Ex-pack Corrugated Cartons PLC (parent company), as it's fully owned subsidiary and draw strength from the various synergies that exist between the two corporates. I am pleased to share this message with you, which is a

As an export business, we make direct contribution towards foreign exchange inflows to the country, playing our part in the reviving national economy.

concise review of how we navigated a challenging year and generated value to our stakeholders.

Operating environment

In 2023, global paper prices experienced notable fluctuations influenced by various economic and market factors. Initially, the year saw a stabilisation in the paper market following the disruptions caused

by the pandemic. With printers and merchants holding excess inventory from previous years, there was less demand for new paper orders, leading to improved availability and more stable pricing during the first half of the year.

However, the overall decline in demand for printing and writing paper, particularly in North America and Europe, contributed to a significant drop in pulp prices, which fell by 5-15% from late 2022 to early 2023. This decline was part of a broader trend as the industry continued to adjust to lower consumption levels and shifts towards digital media.

Towards the latter half of 2023, the paper market faced additional volatility due to rising expenses, supply chain challenges, and economic instability. These factors included high interest rates, the ongoing impact of Brexit, and conflicts affecting global trade dynamics. Despite these challenges, the market showed signs of potential tightening and stricter allocations as inventory levels normalised and demand began to pick up again.

Impact on our operations

As one of the most traded commodities in the world, price fluctuations of paper in the global market have a direct impact on our

pricing as well. Given the drop in paper prices in the world market, our pricing saw a considerable downward revision in tandem, impacting our top line. Accordingly, revenue declined by 38% to Rs. 3,431 Mn for the financial year ended 31 March 2024. Being an export oriented operation, the strengthening of the Sri Lankan Rupee also affected our top line adversely. The Company posted a pre-tax profit of Rs. 88 Mn for the financial year.

Environmental, social and economic impact

Our business is unlike any other. It creates a profound impact on the environment, as we are committed to responsible management of waste, and value addition to waste by readying them to be processed at paper mills in to recycled paper. The Company thus creates the dual impact of reducing waste discarded to the environment and reducing reliance on virgin paper manufactured from felled trees.

Our operation directly employs over 140 individuals and partners with thousands of SMEs across the entire value chain, dispersed throughout the island. By supporting these businesses, we uplift their families and communities, thereby creating a significant positive social impact. As an export business, we make direct contribution towards foreign exchange inflows to the country, playing our part in the reviving national economy.

Making inroads to new aspects of recycling

During the past few years, we diversified our operations in to management of fabric waste as well. Fabric waste has emerged as a significant global issue, driven by the fast fashion industry and increased consumer demand, leading



Net Profit (Neptune)

80Mn

Message from the Managing Director

Neptune Papers (Pvt) Ltd

// we intend to explore new aspects of waste management, thereby diversify our operations and sources of income, which in turn will enhance the resilience of our operations. //

to negative outcomes across social, economic and environmental aspects. We are confident that our efforts in waste fabric management will make sustainable impact in fighting this issue. We also intend to further diversify our operations by entering in to recycling of plastic waste, preliminary steps towards which are currently being taken.

Driving synergies with our parent company

Given our expertise in paper business and paper being the key input material of Ex-pack Corrugated Cartons PLC, we continually advise the parent company on global paper pricing trends, purchasing patterns and timing, so as to optimise costs. We are also able to harness strength from the deep relationships we have forged with leading paper mills at home and overseas, towards securing quality and competitively priced paper as raw material for the parent company's operations. At the consolidated level, Neptune Papers Pvt Limited provides a natural hedge for group-level

revenue and profitability, as Neptune Papers and the parent company have reciprocal interests in the paper supply chain.

Way forward

As previously mentioned, we intend to explore new aspects of waste management, thereby diversify our operations and sources of income, which in turn will enhance the resilience of our operations. The Company envisages enhanced business volumes and revenue in the ensuing year and beyond. We will continue to place the interests of our customers, employees, suppliers and the parent company at the core of all that we do, in our journey ahead.

Appreciation

I wish to extend my appreciation to our parent company, customers, suppliers, and employees for the trust they have placed on us and varied contributions, which ensure the sound performance of our Company.

Wishing you well

(Sgd.)

Abdullah Kassim
Managing Director, Neptune Papers
Pvt Limited
04 June 2024
Colombo

Board of Directors



SATTAR KASSIM

Non-Executive
Non-Independent Director / Chairman



ZULFICAR GHOUSE

Executive Non-Independent Director /
Managing Director



SHAFIK KASSIM

Non-Executive
Non-Independent Director



ABDULLAH KASSIM

Executive
Non-Independent Director



THULCI ALUWIHARE

Non-Executive
Independent Director



DINESH DHARMADASA

Non-Executive
Independent Director



SHEHARA DE SILVA

Non-Executive
Independent Director



U D W CHATHURANGA ABEYRATNE

Non-Executive
Non-Independent Director

Board of Directors

SATTAR KASSIM

**Non-Executive
Non-Independent Director /
Chairman**

Mr. Sattar Kassim is a founding director of Expolanka Holdings PLC, which today is a global diversified conglomerate with interests in Logistics, Leisure, International Trade, and Technology. He is a Founder and Group Director of Aberdeen Holdings (Pvt) Ltd, yet another diversified conglomerate with a portfolio spanning across various industry sectors including Aviation, Commodities, Agriculture and Farming, Tea and Coffee, Pharmaceuticals, Packaging, Power and Energy, Recycling, Transport, Logistics, Courier and Supply Chain. The group also has strategic investments, including the country's pioneers in Oceanic Fish Farming, along with numerous international partner- ships and ventures spanning over 30 countries.

Mr. Sattar Kassim is a Non-Executive Director of Vidullanka PLC and serves as the Chairman of the Board for many organisations namely Bio Extracts (Pvt) Ltd, the Largest Black Seed Extractor in South-East Asia; Roar Media (Pte) Ltd, a South Asian Multilingual Media Platform; Ruhunu Farms (Pvt) Ltd, a 15-acre state-of-the-art poultry farm; Globe Air (Pvt) Ltd, General Sales Agents (GSA) for Saudi Arabian Airlines' Cargo; Hienergy Services (Pvt) Ltd, a leading solar energy service provider; Lanka Commodity Holdings (Pvt) Ltd, an end-to-end supply chain solution of importing and distribution of Agriculture Commodities and owner of 'Expo Cement' brand of ordinary Portland cement; and Expo Commodities Global (Pvt) Ltd; a leading supply chain specialist for the spice industry.

He also holds directorships in Fits Aviation (Pvt) Ltd, Fits Retail (Private) Limited, Lanka Commodity Holdings (Pvt) Ltd, Expoceylon pharmaceuticals (Pvt) Ltd, Expoteas Ceylon (Pvt) Ltd, Lanka Commodity Trading (Pvt) Ltd, Aberdeen Produce (Pvt) Ltd, Colombo

Realty (Pvt) Ltd, Classic Enterprises (Pvt) Ltd, Neptune Recyclers (Pvt) Ltd, Denshun Industries (Pvt) Ltd, Fairfax Holdings Pte. Ltd, Antler Foundry (Pvt) Ltd, Expo Commodities DMCC, Roar Advertising (Pvt) Ltd, and Expoasia Holdings (Pvt) Ltd among others.

ZULFICAR GHOUSE

**Executive Non-Independent
Director / Managing Director**

Mr. M. Zulficar Ghouse currently functions as the Managing Director of Ex-pack Corrugated Cartons Limited, a leading Corrugated Carton Manufacturer in Sri Lanka. He also serves as the Group Director of Aberdeen Holdings (Pvt) Ltd and as the Chairman of Amana Takaful PLC.

A Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants, trained at KPMG, Zulficar has over 35 years of extensive expertise in the Senior Management position in private sector organisations, in overseas and local multi-national and listed companies .

Zulficar held many directorships in his career spanning over 35 years. These include Country Manager EDS Philippines, and Managing Director of EDS Lanka (Pvt) Limited, subsidiaries of Royal Clicks Limited, a company listed on the Singapore Stock Exchange. Director/CEO of Colombo Land & Development Co Limited, a company listed in the Colombo Stock Exchange. Asiabike Industrial Limited, pioneers in bicycle manufacturing and exporting mainly to countries in the European Union. He also served as an Independent Director at Vidullanka PLC, a company listed in the Colombo Stock Exchange, from 2007 to January 2019, Muvumbe Hydro (Uganda) Limited, Norfolk Foods (Pvt) Ltd, Vidul Engineering (Pvt) Ltd, Gurugoda Hydro Pvt Limited, Muvumbe Hydro (Uganda) Limited & Lower Kotmale Oya Hydro (Pvt) Ltd.

Zulficar is a professional of wide interests and held several positions at the International Chamber of

Commerce Sri Lanka Branch from 2002 to 2017, including Senior Vice President and Treasurer. He also held the post of Treasurer of the National Chamber of Exporters in 2016 & 2017. He served as a Founding Committee Member of the Philippines-Sri Lanka Business Council and the IT Faculty of the Institute of Chartered Accountants of Sri Lanka.

He also served the Institute as a member of the Strategic Management and Accounting Faculty and the Public Lectures Committee. He is an Industrial Specialist for the Annual Accounts Awards conducted by the Institute of Chartered Accountants of Sri Lanka in 2005 and 2007. Zulficar has been a visiting lecturer at the Keel University – UK , MSC Program on Entrepreneurship and given numerous lectures on Balanced Scorecard at the Postgraduate Institute of Management, Sri Jayewardenepura, IT Faculty of Colombo University, and the Chartered Institute of Management Accountants.

In addition, Zulficar has been the nominee representative of the Institute of Chartered Accountants of Sri Lanka in the panel of Judges at the Sri Lankan Entrepreneur of the Year Award for 2003 and 2004 and the National Best Quality Software Awards organised by the British Computer Society from 2005 to 2014.

SHAFIK KASSIM

**Non-Executive
Non-Independent Director**

Mr. Shafik Kassim is a widely renowned icon and pioneer in the domestic air travel industry. He presently serves as the Chairman of Fits Air (formerly Expo Air), the country's largest private airline operating scheduled passenger service within Sri Lanka as well as international cargo flights to several cities across countries in three continents.

Mr. Shafik Kassim is a founding director of Expolanka Holdings PLC, a global diversified conglomerate with interests in Logistics, Leisure, International Trade, and Technology.

Today, the group's Logistics arm is a leader in global supply chain solutions with 60+ owned offices in 29 countries. He is a founding Director of Aberdeen Holdings (Pvt) Ltd, a privately held conglomerate formed by the Kassim family prior to Expolanka's travel and transport sector going public, with a growing portfolio spanning across various industry verticals including Aviation, Commodities, Agriculture, and Farming, Tea and Coffee, Pharmaceuticals, Packaging, Power and Energy, Recycling, Transport, Logistics, Courier and Supply Chain. The group also has strategic investments along with numerous international partnerships and ventures spanning over 30 countries.

He holds a degree in Commerce. Also he is well known for his strong business acumen and exceptional negotiation skills which helped transform the former Expolanka Holdings and currently Aberdeen Holdings to the pinnacle in their respective industrial sectors.

ABDULLAH KASSIM

**Executive
Non-Independent Director**

Abdullah Kassim is a young business leader with over 15 years of experience in Senior Management, specialising in Business Process Re-Engineering, Mergers & Acquisitions, High-Level Strategy, and General Management. His experience spans several industries, including Environment Management, Sustainability, Financial Services & Insurance, among others.

Abdullah is the Managing Director of Neptune Papers (Pvt) Ltd, Sri Lanka's Premier Resource Recovery, Environment Management, and Recycling Company with interests in the Paper, Fabric, and Plastic Recycling Spaces. His interests and passion in Environment Management led him to transform the company from a small recycler to the largest company in the country over a 10-year period. He has added on several verticals to the business, which is expected to gather steam over the upcoming years.

Abdullah is also a Director of Aberdeen Holdings (Pvt) Ltd, a diversified conglomerate with operations spread across the world. He also serves as a Director at Amana Takaful PLC, Sri Lanka, and Amana Takaful Maldives PLC. Previously he played the role of Head of Business Development of Expo Lanka Holdings PLC and was part of the core team that floated the company in the Colombo Stock Exchange.

THULCI ALUWIHARE

**Non-Executive
Independent Director**

An experienced business strategist and an Investment professional with international experience in corporate wealth creation, specialised in investment strategy, transaction advisory, divestiture, capital raising and restructuring. +23 years of work experience in London, Melbourne and Colombo.

Thulci is the Deputy Managing Director of CHEC Port City Colombo (Pvt) Ltd and was a member of the Colombo International Financial Centre (CIFIC) – Steering Committee Task Force and worked closely with the Presidential Secretariat to set up the first foreign currency designated multi services Special Economic Zone (SEZ) in Sri Lanka. With the enactment of the Colombo Port City Economic Commission Act, Thulci's primary role now is to promote FDIs and create a destination appeal for International businesses to set up in Port City. Port City project is a USD 15 billion new township development, an extension of the existing Colombo CBD.

Prior to joining CHEC Port City Colombo (Pvt) Ltd, Thulci was the Director, Head of Mergers & Acquisitions at PwC, Sri Lanka and Maldives. He spent 14 years with PwC including at PwC Melbourne office where he was involved in large cross-border MNC transactions. Thulci was also selected to the Global PwC Panel of Trainers for Mergers & Acquisitions and successfully conducted training for

managers in the Advisory University Program held in Copenhagen, Stockholm, Dublin, Rome, Warsaw and Abu Dhabi.

He is currently serving as a Non – Executive Independent Director of Abans Finance PLC. He also served as a member of the Investment Advisory Panel of Soft Logic Asset Management Company from 2021-2023. Thulci is also a member of the Ceylon Chamber of Commerce Investment Promotion Sector Committee and Infrastructure Sector Committee.

Thulci is an Economics graduate from the University of West London, UK, and holds an MSc in Financial Economics from the University of Colombo.

DINESH DHARMADASA

**Non-Executive Independent
Director**

Mr. Dinesh Dharmadasa a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accounts – UK, commenced his career as a finance professional at KPMG. He subsequently joined Ceylon Tobacco Ltd Plc (CTC), a subsidiary of British American Tobacco (BAT) in 1990 at the level of Finance Manager and rose to the position of Director – Legal and External Affairs in 2005. He completed his illustrious career at CTC in 2019.

As Director of Legal and External Affairs and also as a Senior Member of the Executive Committee/Company Secretary, Dinesh oversaw the areas of regulatory and legal affairs, trade and fiscal affairs, internal and external communications, CSR, and sustainable business initiatives.

Dinesh also served as the Chairman of the Industrial Association of Sri Lanka from 2016 to 2018. During his tenure, he developed strong links with stakeholders, public sector officials, multilateral agencies based in Sri Lanka, and local and overseas Chambers formulating strategies for a

Board of Directors

balanced and steady industrial growth. He also served as a board member of the Ceylon Chamber of Commerce during the periods 2012 – 2014 and 2016 to 2018 and also a Board Member of CIMA – Sri Lanka in 2016.

Since March 2023, Dinesh is functioning as non-Executive Director of HNB General Insurance Company.

SHEHARA DE SILVA

**Non-Executive
Independent Director**

Shehara De Silva has over 40 years of experience in media, marketing, strategic planning, advocacy and competitiveness consultancy in Malaysia, Sri Lanka and East Asian markets. She has held senior-level posts in private, multinational, Government and development organisations with a focus on Public-Private Partnerships, Strategic social responsibility, and Gender equality. She holds Non-Executive Board Directorships at Keells Foods PLC, Sarvodaya Development Finance, The Neelan Tiruchelvan Trust (NTT), The Family Planning Association, Amana Takaful life Insurance, Informatics Institute of Technology (IIT), Optima Design PVT. Ltd and Quickshaws (Pvt) Ltd. She has been previously on the board of the Arthur C. Clarke Centre for Science and Technology, Eagle Fund Management and Tharuna Aruna (Sri Lanka National Youth Employment Network). The Environment Foundation Limited,

She was formerly Deputy Director General of the BOI (Board of Investment), Marketing Director of New Zealand Milk Products and GM-Sales and Marketing Janashakthi Insurance.

She has also helped manage the brand transformations of Singer in retailing,

Janashakthi in Insurance, and NDB in banking. Shehara spent over a decade in Malaysia where she headed strategy in several Omnicom-related companies of Foetus International Malaysia's leading diversified advertising and communication group. She was also Managing Director of Interbrand Malaysia one of the world's leading brand consultancies.

Most recently, she was Deputy Program Director USAID/IESC You lead program. She has also worked in the development sector with ILO, Internews, USAID, NORAD, GIZ, and Plan International.

She has sat on several advisory boards and think tanks, judged and mentored several start-ups and Innovation and Leadership awards from the Eisenhower fellowship and Ray awards to MIT global start-ups and the Roger Herschel Creativity Award, WIM NG Awards, GIZ Historical Dialogue Film Awards etc.

She has spoken extensively at international conferences on branding, strategy and gender issues and won several international marketing and women in leadership awards. 'Women & Leadership: Top 50 Power Women' (Echelon Magazine), Woman Leader in Finance and Woman on Boards (Women in Management), World Women Super Achiever (World Women Leadership Congress), Brand Leadership (CMO Asia), and DDB Pinnacle Award amongst others.

U D W CHATHURANGA ABEYRATNE

**Non-Executive Non-Independent
Director**

Mr. Chathuranga Abeyratne possesses over 15 years of experience in various multinational and public quoted companies in diverse industries, providing strategic and operational leadership to drive the transformational journeys of many organisations.

He served as the Group CFO at Aberdeen Holdings (Private) Limited while functioning as a Non independent, Executive Director of Neptune Papers (Pvt) Ltd from 2021 to 2023. He was the Group CFO of Bairaha Farms PLC from 2018 to 2021 and Hoodvian Ltd from 2012 to 2018.

Mr. Abeyratne is a Fellow Member of both ACCA (UK) and CIMA (UK) and an associate member of CA Sri Lanka. He is also a Certified Tax Advisor and holds an MBA from Cardiff Metropolitan University (UK) and a B.Sc from the University of Colombo, Faculty of Science.

Corporate Management Team



ZULFICAR GHOUSE
Managing Director



MOHAMED RIYAZ
Chief Executive Officer



DEEPAL PERERA
Head of Sales



AZHAR SHERIFF
Head of Human Resources and Compliance



AHAMED MURSHID
Head of Process Improvement



ABDUL LATIFF AHAMED
Head of Finance



SHARFAZ ABDEEN
Head of Credit Management



JUMARDEEN DHARWESH
Head of Factory Operations



MOHAMED SHAMIL
Finance Manager & Compliance



SUDATH SERASUNDARA
Senior Sales Manager



JERAD PERERA
Production Manager



NISANKA WEERASEKARA
Quality Assurance Manager



SHIHAM ISSADEEN
Manager - Customs House Services



ABDUL HAKEEM
Manager - Procurement

Corporate Management Team

ZULFICAR GHOUSE

Managing Director

Zulficar joined the organisation in 2009. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants. Having more than 35 years of experiences in senior management positions overseas, and locally in multinational & listed companies.

Zulficar currently holds Directorships in Aberdeen Holding PLC, Amana Takaful Plc, and several other companies. He has held the positions of Senior Vice President of the International Chamber of Commerce - Sri Lanka and served as a member of the Judging Panel for the Sri Lankan Entrepreneur in 2003 and 2004 and The Best Quality Software Award organised by the British Computer Society in 2004 – 2012. He had also been the Hon. Treasurer of the National Chamber of Exporters of Sri Lanka (NCE) for many years. Visiting lecturer for the Keel University (UK), MSC program on Entrepreneurship. Zulficar has played a pivotal role and been instrumental in transforming Ex-pack Corrugated Cartons Plc to be one of most respected entities in Sri Lanka. (The detailed profile is given under the Board of Directors).

MOHAMED RIYAZ

Chief Executive Officer

Riyaz Joined the organisation in 2008 and counts over 27 years of Management Experience and exposure in the areas of Operations Management, Production, Sales & Marketing and Customer Service among varying industries in entities both Locally and Overseas. While serving as the Chief Executive Officer at Ex-pack currently, he has also held the positions of President and Secretary of the Lanka Corrugated Cartons Manufacturers Association

(LCCMA) the industry association in Sri Lanka. LCCMA is a member of the Asian Corrugated Case Association – (Members are from Singapore, Malaysia, Indonesia, Taiwan, Thailand & China). He also functions as the Hon. Treasurer of the Association of Packaging Consultants (APC), Executive Committee member at Sri Lanka Institute of Packaging (SLIP), Advisory Committee member at Ministry of Industry and National packaging Center (NPC)

DEEPAL PERERA

Head of Sales

Deepal joined the organisation in 2002 initially and then 2013. He is a member of the Chartered Institute of Marketing, (CIM, UK) possesses the Post Graduate Diploma in Marketing with "Chartered Marketer" status, and has also obtained his Master of Business Administration, (MBA) from American City University, USA. Deepal received his Doctor of Philosophy (PhD) in Management thesis based on "Entrepreneurship of Small & Medium sized Enterprises" from ICFAI University, India. He also gained more than 22 years of experience in blue chip and multinational corporations both local and overseas covering the whole gamut of strategic management functions of Sales & Marketing, Human Resource Management, Operations Management, and Administration. He is also a fellow member of the Chartered Profession- al Managers of Sri Lanka (CPM) and a member of the Sri Lanka Institute of Marketing (SLIM).

AZHAR SHERIFF

Head of Human Resources and Compliance

Azhar joined Ex-Pack in 2007. He has obtained the degree of Master of Business Administration (MBA) from Cardiff Metropolitan University in the UK and is currently reading for

the MSc in Sustainable Management from the University of Bedfordshire (UK). He is an Associate member of the Association of Human Resources Professionals in Sri Lanka, and holds memberships in National Institute of Occupational Safety and Health (NIOSH) and Chartered Institute of Professional Managers (CPM). a HR Generalist with experience spanning over 26 years, having served mostly for international companies based in Sri Lanka, Azhar currently heads the Human Resources, Learning and Development, Health and Safety, Social and Ethical Compliance, Sustainability, and CSR activities of the Company. He was the past Secretary and Vice President - Membership of Expolanka Toastmasters Club.

AHAMED MURSHID

Head of Process Improvement

Ahamed joined Ex-Pack in the year 2000 in the field of sales & marketing. He is a practicing Six Sigma professional and specialist, subsequently promoted to improve technology and develop key functions of production, industrial engineering, and operations management in the total manufacturing process. He was selected by PUM Netherlands (The PUM is Programma Uitzending Managers institution) to undergo extensive industrial training in corrugated packaging manufacturing factories in Netherland, France, and Belgium in productivity and process re-engineering. Ahamed, currently serving as the Head of Process Improvement and Innovations has over 23 years of experience and possesses sound knowledge in manufacturing practices and key member of the management team on strategy development. Further he specialises in international industrial procurement & Sourcing processes and strategies related to packaging while maintaining strong business networking with global manufacturers and supplier base.

ABDUL LATIFF AHAMED

Head of Finance

Abdul Latiff joined the company in 2008. He is a Licentiate member of the Institute of Chartered Accountants of Sri Lanka (ICASL) & completed his internship and audit training at Price Waterhouse Coopers (PWC). Has more than 20 years in the field of accounting and finance management in both local & overseas organisations. Latiff has spearheaded & was instrumental in organising the accounting & finance functions to be more efficient and effective in its process where preparing periodical financial information, organised and presented promptly. He also acted effectively as a coordinator for the Holding Company during the implementation of Oracle ERP amongst line companies. Latiff is a result-oriented team player with strong inter personnel skills with all stakeholders in the business.

SHARFAZ ABDEEN

Head of Credit Management

Sharfaz is one of few employees who has served the organisation for over 25 years by now & ladder up from Customer Service Executive & today to be the Head of Credit Management of the company. He has played a significant role in setting up Ex-pack Credit Management team with the guidance and directions from the Directors/CEO. A truly loyal and trustworthy member of the Ex-pack Team who strives to be accomplishing the task assigned.

Sharfaz has obtained the degree of Master of Business Administration (MBA) from University of Bedfordshire in UK. He has completed the Advance Diploma in Credit Management from The Institute of Credit Management of Sri Lanka while he is also an associate member of the same Institution being professionally qualified.

Further Sharfaz has attended several important workshops & training sessions both locally & overseas held in expanding his knowledge horizons.

JUMARDEEN DHARWESH

Head of Factory Operations

Dharwesh joined the company in 2009. He counts over 23 years of diverse experience in the management of manufacturing concerns in several companies in Sri Lanka and overseas. He was selected by PUM Netherlands (The PUM is Programma Uitzending Managers institution) to undergo extensive training in packaging manufacturing factories in the Netherlands, France, & Belgium in productivity & process re-engineering. He has also contributed quite significant manner to upgrade the current Ex-pack manufacturing process & factory environment through his exposure to industrial engineering in different industries. An excellent communicator, motivator, & change agent. Dharwesh is currently heading the Manufacturing process, being head of the factory operations successfully. He has also attended many overseas workshops, training sessions & capacity building events to further & update his skills & knowledge in corrugated packaging technology & manufacturing.

MOHAMED SHAMIL

Finance Manager & Compliance

Joined the company in 2014 & has been serving the company for over 10 years. An Associate Member of the Chartered Institute of Management Accountants of the United Kingdom (ACMA – the UK) & having obtained an MBA (Master of Business Administration) from Cardiff Metropolitan University, UK. He completed his internship & audit training at Ernst & Young. He has more than 15 years' experience in the field of Finance.

SUDATH SERASUNDARA

Senior Sales Manager

A veteran & champion corrugated packaging sales personnel having over 30 years of industry experience. Sudath has achieved a Diploma in Sales Management and has been with the Ex-pack Sales Team for over 17 years now. He has a remarkable passion & commitment to B2B selling & has been a consistent achiever having been recognised as “Best Sales Performer” for the last 10 continuous years. Sudath's client management & relationship building have always been excellent. Sudath has also been exemplary to his team utilising his strong industry network to benefit selling process & with strong sense of perseverance.

JERAD PERERA

Production Manager

Corrugated packaging production specialist having been in the industry for over 35 years. Technical personnel with impressive track records having exposure to the whole gamut of production & operations processes in corrugated packaging currently serving as the Production Manager. His contributions have been remarkable to recent operational improvements at Ex-pack. His vast corrugated packaging knowledge and innovative approach has well supported the Ex-pack sales team to penetrate niche marketings in the packaging industry. Jerad also displays a strong sense of customer orientation in his work though being a production specialist.

Corporate Management Team

NISANKA WEERASEKARA

Quality Assurance Manager

Nisanka initially commenced as a production specialist and turned into a Quality Assurance professional. Joined Ex-pack in the year 2007 and served for the last 17 years with dedication and commitment in the capacity of Quality Assurance Manager and he has been industry for last 35 years. He has undergone extensive in-house and external training in Quality Assurance and technical aspects and being knowledgeable in his expertise. Nisanka works effectively and quite successfully along with the Production team to create a formidable Product Development Team to extend remarkable support to the Sales & Marketing team to penetrate new markets. He also possesses a sharp flair towards customer care and service.

SHIHAM ISSADEEN

Manager - Customs House Services

Shiham Issadeen has been a dedicated member of the Ex-pack Corrugated Cartons PLC team since 2014. With over 30 years of experience in the clearance field, Shiham brings a wealth of knowledge and expertise to his role. As Assistant Manager Customs House Services, he is responsible for overseeing all import clearance-related procedures, ensuring smooth and efficient operations.

Shiham manages the clearance process for a substantial volume of imports, playing a critical role in the company's supply chain. Additionally, he handles the GRN (Goods Received Note) cancellation process for nearly 100 BOI (Board of Investment) and TIEP (Temporary Import for Export Processing) customers, showcasing his attention to detail and commitment to customer satisfaction.

His extensive experience and meticulous approach make him an invaluable asset to Ex-pack Corrugated Cartons PLC, contributing significantly to the company's ongoing success and growth.

ABDUL HAKEEM

Manager – Procurement

Joined the company in 2014 as procurement executive & has been serving the company for over 10 years. Hakeem also displays a strong sense of purchasing orientation in his work though being a procurement specialist. he has been instrumental in driving the success of Ex-Pack Corrugated Cartons PLC's procurement operations. Holding an OTHM Postgraduate Diploma in Logistics and Supply Chain, and as an Associate Member of the Institute of Supply and Materials Management (ISMM) combines advanced expertise with practical industry knowledge.

Hakeem has spearheaded strategic procurement initiatives, leading to significant cost reductions and improved supplier relationships. His focus on process optimisation and risk management has enhanced the efficiency and reliability of our supply chain, ensuring continuity and high standards.

His commitment to excellence continues to contribute significantly to our operational success and aligns with our company's vision for sustainable growth and efficiency.

Corporate Management Team

Neptune Papers (Pvt) Ltd



ABDULLAH KASSIM
Managing Director



RIZAN JAUFFER
Executive - Director



FAZLEEN MAJEED
Chief Executive Officer

Corporate Management Team

Neptune Papers (Pvt) Ltd

ABDULLAH KASSIM

Executive
Non-Independent Director

Abdullah Kassim is a young business leader with over 15 years of experience in Senior Management, specialising in Business Process Re-Engineering, Mergers & Acquisitions, High-Level Strategy, and General Management. His experience spans several industries, including Environment Management, Sustainability, Financial Services & Insurance, among others.

Abdullah is the Managing Director of Neptune Papers (Pvt) Ltd, Sri Lanka's Premier Resource Recovery, Environment Management, and Recycling Company with interests in the Paper, Fabric, and Plastic Recycling Spaces. His interests and passion in Environment Management led him to transform the company from a small recycler to the largest company in the country over a 10-year period. He has added on several verticals to the business, which is expected to gather steam over the upcoming years.

Abdullah is also a Director of Aberdeen Holdings (Pvt) Ltd, a diversified conglomerate with operations spread across the world. He also serves as a Director at Amana Takaful PLC, Sri Lanka, and Amana Takaful Maldives PLC. Previously he played the role of Head of Business Development of Expo Lanka Holdings PLC and was part of the core team that floated the company in the Colombo Stock Exchange.

RIZAN JAUFER

Executive Director

Rizan Jauffer is a seasoned business professional equipped with experience of over one and half decades in the Paper Industry and he is considered as a pioneer and a forerunner in the Waste Management Industry in Sri Lanka with significant contributions to the industry over the years. He joined the group in 2005 as the Manager - of Commercial and Finance. Rizan holds a BBA in Business Administration from the University of Colombo and Associate Member of Certified Management Accountants Australia.

FAZLEEN MAJEED

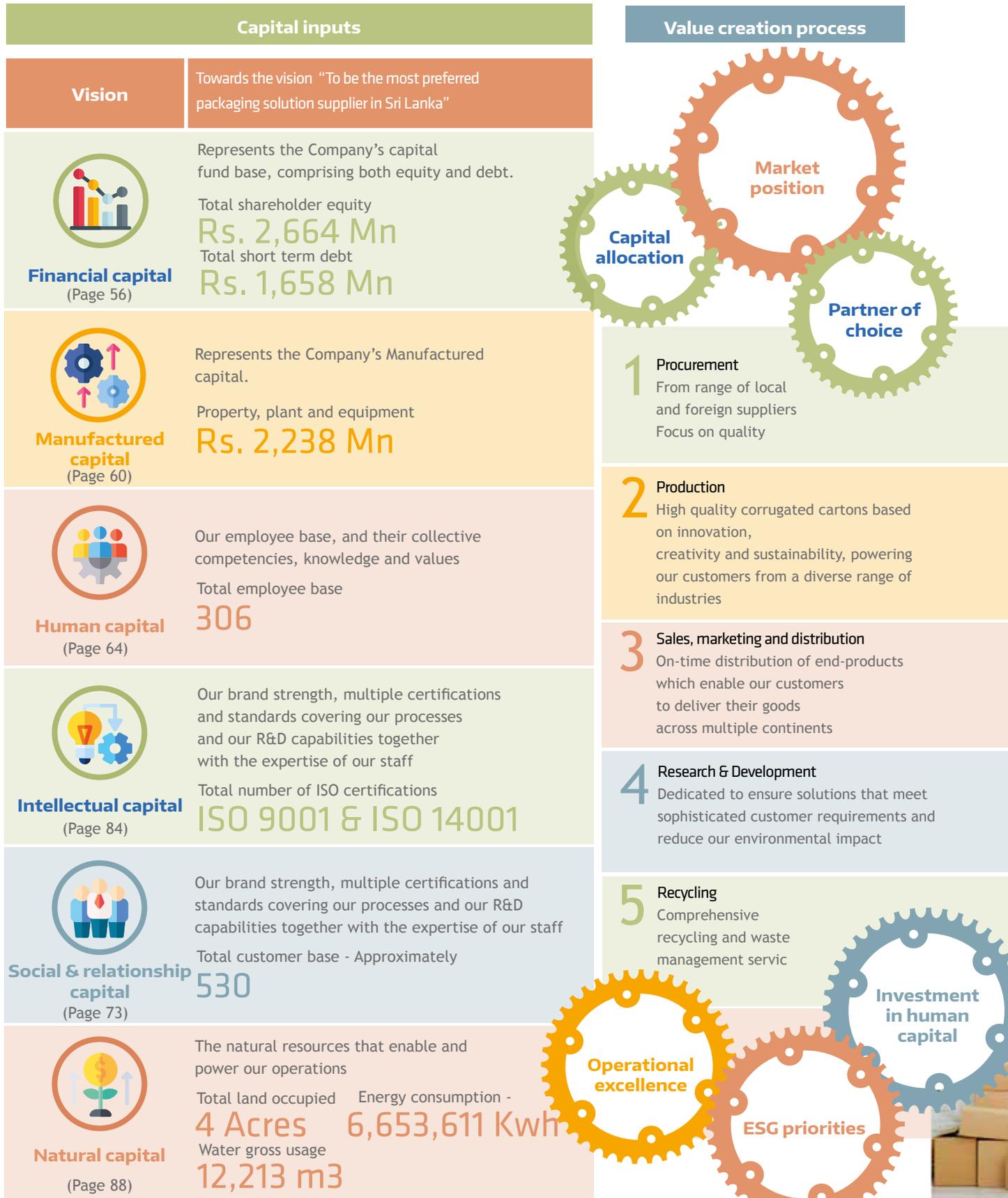
Chief Executive Officer

Fazleen Majeed joined the Group in 2003 and has gained diverse exposure in the Holding Company's Group Finance Division by spearheading wide-ranging Group Finance-related activities including Group Restructure, Financial Policy Development, and Group Financial Reporting. Qualified in the fields of Business Administration, Finance, Marketing, and Human Resources Management, Fazleen's experience and contribution gained momentum at Neptune Papers where he showcased smart operational, people management, change management, and leadership skills. He has played a pivotal role in the company's cultural transformation, strategy implementation, and sustainable growth.



OPERATING CONTEXT AND STRATEGY

Value Creation Model



Key Outcomes

Key Outputs	Capital outcomes	Impact on stakeholders	SDGs
<p>High quality corrugated cartons catering to</p> <p>Over 500 customers</p> <p>Diverse packaging solutions</p> <p>Total Production tonnage - 21,591 MT</p>	 <p>Profit after tax (Company) Rs. 537 Mn</p>	<p>Shareholders Sustained value through appreciation in capital investment and dividends commensurate to Company performance. Strong governance and risk management processes ensuring wealth preservation.</p>	
	 <p>Capital expenditure (Company) Rs.143 Mn Depreciation and amortisation (Company) Rs.140 Mn</p>	<p>Customers and Business partners Ever-enhancing manufacturing capabilities ensuring the Company's capacity to innovate and deliver packaging solutions that meet evolving customer needs.</p>	
	 <p>Investment in training and developments (Company) Rs.0.736 Mn Payments to employees (Company) Rs.592 Mn Employee retention ratio(Company) 97%</p>	<p>Employees Rewarding and enriching employment opportunities with focus on all-round well-being and development of employees whilst ensuring long-term relationships with them</p>	  
<p>Waste and emissions generated in the process</p> <p>Total GHG emissions 3,078 tCO2e</p> <p>Total waste generated 12,213 MT</p>	 <p>ISO 9001-2015 Quality Management System Certification Worldwide Responsible Accredited Production (WRAP) Certification Forest Stewardship Council (FSC) Certification</p>	<p>Employees and Customers Strong entity-specific knowledge base and technical know-how of our employees. Research and development efforts leading to superior quality products to customers</p>	
	 <p>Total payments to suppliers Rs. 4,418.2 Mn Investments in CSR initiatives Rs.2.8 Mn Taxes paid to the Government of Sri Lanka Rs. 1,189.3 Mn</p>	<p>Customers, Business partners, Government and Communities Healthy, transparent and mutually rewarding relationships with our customers and business partners based on strong governance aspects and responsible practices encompassing relationships with them.</p>	 
	 <p>Material recycled 2,247 MT</p>	<p>Communities Responsible use of natural resources without compromising the rights of the future generation</p>	  

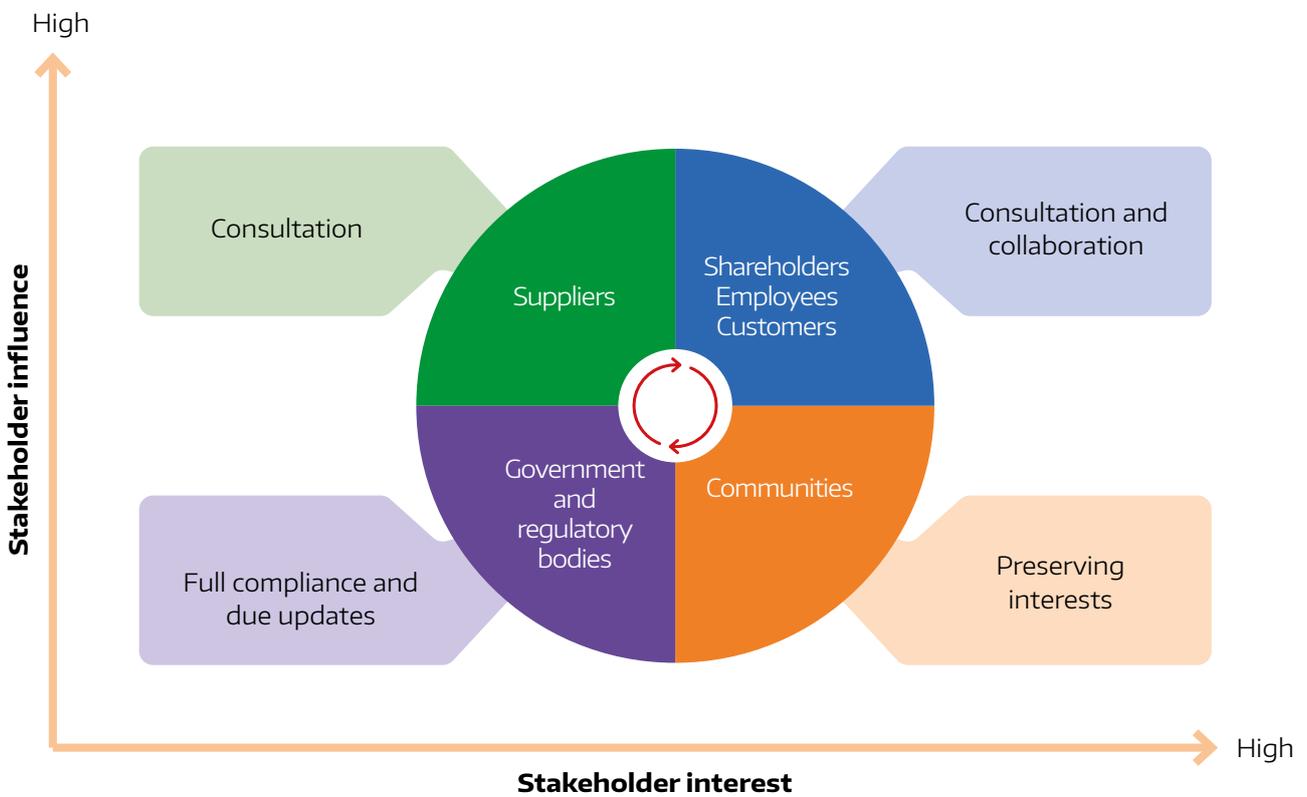
Stakeholder engagements

As depicted in our Value Creation Process, stakeholder engagements is embedded in to the way of Ex-pack Corrugated Cartons PLC. We have placed accented emphasis on deeper and more meaningful engagements with our stakeholders, amidst the rapidly evolving operating environment and the impact of same on stakeholder expectations.

Stakeholder engagement mechanism

Given the large universe of stakeholders that we engage in, we have prioritised them based on dual factors in ascertaining the extent of engagement required, viz. the level of stakeholder interest and the level of influence they can exert on the

Company's value creation, decision-making process and strategy. Such prioritisation is as per the graphical depiction below. All stakeholder engagements are governed by internal policies and procedures which ensure timeliness, transparency and efficiency in such engagements.





Stakeholder engagements

Stakeholder Engagement Initiatives During the Financial Year

Stakeholder Group					
	Profile	Refer more information	Internal ranking of strength of relationship	Engagement mechanism	Engagement modes
SHAREHOLDERS	Share Holders	Page 40	Strong	Consultation and collaboration	<ul style="list-style-type: none"> • Annual and Extraordinary General Meetings • Quarterly financial results reports • Annual reports • Announcements made to the Colombo Stock Exchange • Corporate website https://www.expack.lk
EMPLOYEE	306 employees, 14% females	Page 64	Strong	Consultation and collaboration	<ul style="list-style-type: none"> • Employee satisfaction surveys • Virtual questions and small group sessions with Ex-pack C-Level Executives • Career website and social media presence • Induction and training programmes • Staff appreciation/ service recognition initiatives • Periodic meetings within and across functions • HR system - Microimage
CUSTOMERS	Over 500 customers, all corporate customers (B2B) comprising SMEs, exporters and large-scale multi-national firms. Both local and foreign customers	Page 73	Strong	Consultation and collaboration	<ul style="list-style-type: none"> • Customer meetings and briefs • On-going communications via emails • Print, electronic and social media presence on a needs basis • Bi-annual customer surveys in line with ISO 9001 requirements, extended up to quarterly surveys where necessary • Periodic hosting of customers/ their global representatives at Company factory premises for observation of production and R&D processes

Key concerns during the year	How we responded	KPIs indicating value generated	Link to our strategy
<ul style="list-style-type: none"> Company's financial performance, strength and stability amidst macro-economic headwinds Adequate capital gains and dividends on the investments made Strong governance and risk management practices enabling sound performance Quality of the top management team Embedding ESG elements in to Company performance 	<ul style="list-style-type: none"> Concerted efforts in delivering on the Company's strategy with tactical Strengthened governance and risk management practices 	Return on equity – 21.8% (Company) Dividends – Rs. 223.3 Mn (Group) Total shareholder return ratio – 42% (Company)	
<ul style="list-style-type: none"> Job security and assurance on un-disrupted payment of remunerations and other benefits Timely performance appraisals and resultant upward adjustments to remuneration Training and development opportunities Career enhancement opportunities Maintaining sound work-life balance Physical and emotional well-being amidst multiple external challenges 	<ul style="list-style-type: none"> Uncompromised remunerations paid to employees Continued training, development and career enhancement opportunities Additional support extended covering family members of employees Multiple initiatives to ensure mental well-being and satisfaction of employees 	Payments to employees – Rs. 592 Mn Average training hours per employee: 14 Hours Annual	
<ul style="list-style-type: none"> Un-interrupted provision of products of high quality amidst challenges Modification to packaging to match customers' evolving demand patterns Pricing of products at levels meaningful to the customer's overall costing equation Requests for extended credit periods Ability to meet new packaging requirements in a timely manner as per specifications ESG considerations in the production process 	<ul style="list-style-type: none"> Continuous dialog with customers in understanding their unique requirements Strengthened R&D efforts in developing sophisticated packaging solutions to our customers Fair pricing reflecting internal cost structures Responsible sourcing and production practices 	Zero lapses in customer quality requirements 100% timely deliveries	  

Stakeholder engagements

Stakeholder Engagement Initiatives During the Financial Year

Stakeholder Group						
	Profile	Refer more information	Internal ranking of strength of relationship	Engagement mechanism	Engagement modes	
BUSINESS PARTNERS	Strong network of local and international suppliers and other business partners	Page 73	Good	Consultation	<ul style="list-style-type: none"> • Supplier assessments, meetings • Information sources of suppliers such as their websites • Trade exhibitions, conventions 	
GOVERNMENT AND REGULATORY BODIES	The Government of Sri Lanka, related regulatory bodies such as the CSE, Central Environment Authority, Inland Revenue Department, etc.	Page 73	Good	Full compliance and due updates	<ul style="list-style-type: none"> • Announcements and other reports released to the CSE • Renewal of Environmental Protection Licenses • Payment of taxes, submission of periodic tax returns and schedules, etc. 	
COMMUNITIES	The diverse communities within which we operate	Page 73	Good	Preserving interests	<ul style="list-style-type: none"> • Via various programmes conducted targeting the community • Social media posts 	

Key concerns during the year	How we responded	KPIs indicating value generated	Link to our strategy
<ul style="list-style-type: none"> Timely and full payments Static demand and continued relationships Ease of communication and conducting transactions 	<ul style="list-style-type: none"> Timely servicing of payments in full Continued patronage where quality and pricing were beneficial Streamlined processes in supplier engagements for enhanced efficiency 	Total payments to local suppliers - Rs. 2,245 Mn	Partner of choice 
<ul style="list-style-type: none"> Full compliance with all applicable laws, rules and regulations Alignment to and contribution towards national economic development Responsible behaviour towards the environment and contribution towards social upliftment 	<ul style="list-style-type: none"> Full compliance with all applicable laws, rules and regulations Timely and accurate tax payments Contribution to economic development through creation of employment opportunities, contribution to gross national production and generation of foreign exchange income 	Total taxes paid - Rs. 1,189 Mn	
<ul style="list-style-type: none"> Contribution by the Company towards hardships faced by the communities Managing impact of the environment arising from Company operations Affording employment opportunities to citizens within the community 	<ul style="list-style-type: none"> Corporate sustainability initiatives carried out Opening up job vacancies and fair recruitment process at all times Vocational training provided for students of higher education institutions Managing the Company's environmental impact as per clearly set plans 	Total investments in corporate social responsibility initiatives - Rs. 2.8 Mn Number of school children benefitted - 220	

Operating Environment Review

During the financial year under review, the Sri Lankan economy showed signs of recovery following a prolonged period of economic hardships on account of multiple internal and external shocks. Other aspects of the operating environment also evolved affording various opportunities and posing threats to the operations of Ex-pack Corrugated Cartons PLC. The Company was agile in identifying these changes, and adapting its strategy in minimising potential risks and deploying resources in generating value through capitalising on the opportunities.

Macro-economic environment

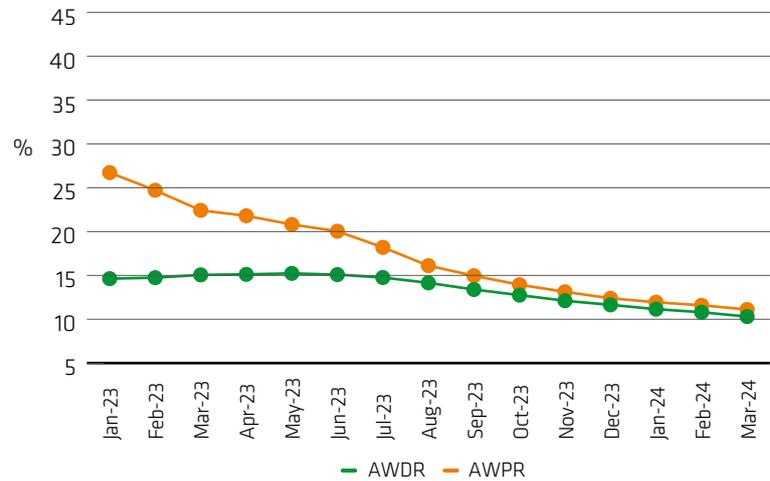
Key indicators

Inflation continued to ease out through the year in the aftermath of having reached historic highs in later part of 2022. Inflation also ranged within the target mid-single digits level bringing in greater confidence on broader price levels within the economy.

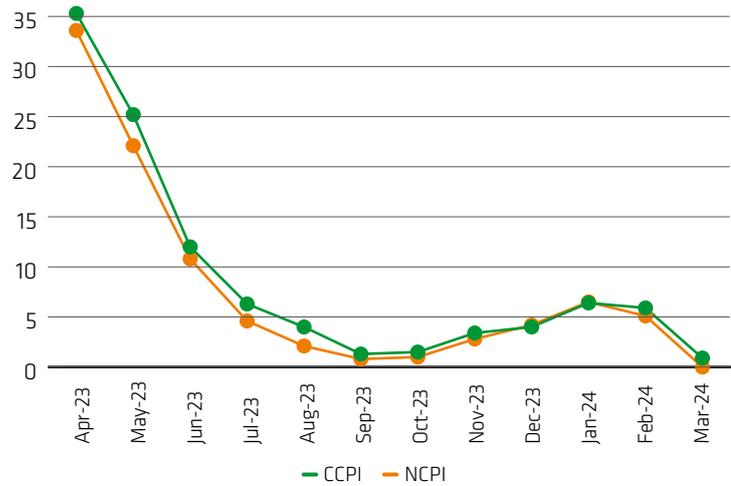
Interest rates – The Central Bank of Sri Lanka (CBSL) relaxed its monetary policy commencing June 2023 and during the financial year ended 31 March 2024, the CBSL reduced the two main policy rates of Standing Deposit Facility Rate and Standing Lending Facility Rate by seven percentage points closing in at 8.50% and 9.50% respectively. Government security rates and commercial bank lending and deposit rates followed the macro rate directions and saw considerable reductions by the end of the financial year.

GDP growth – Stimulated by the CBSL's relaxing monetary policies and easing inflation, Sri Lanka's GDP growth entered positive territories during the third quarter of 2023 ending deep contraction, with growth recorded in all three sectors of Services, Industries and Agriculture. However, on a yearly basis, GDP recorded a 2.3% contraction in 2023.

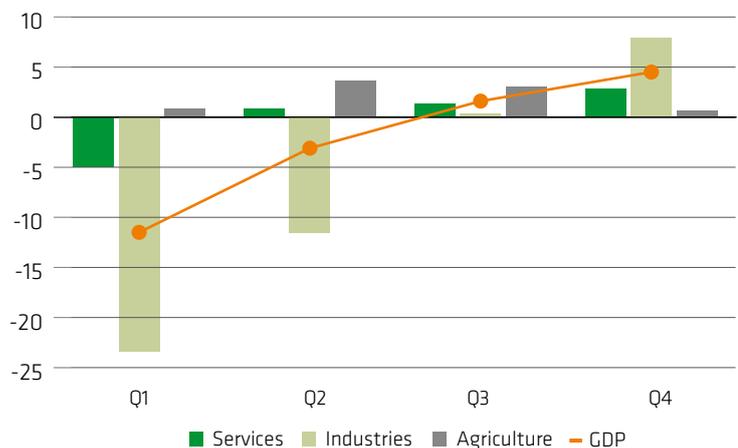
Commercial bank lending and deposit rates



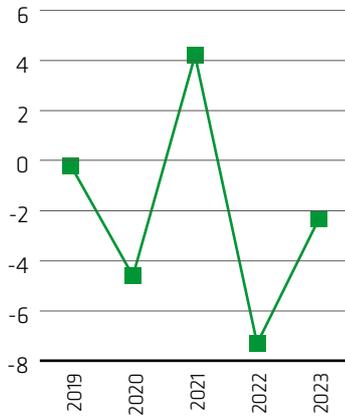
Headline inflation



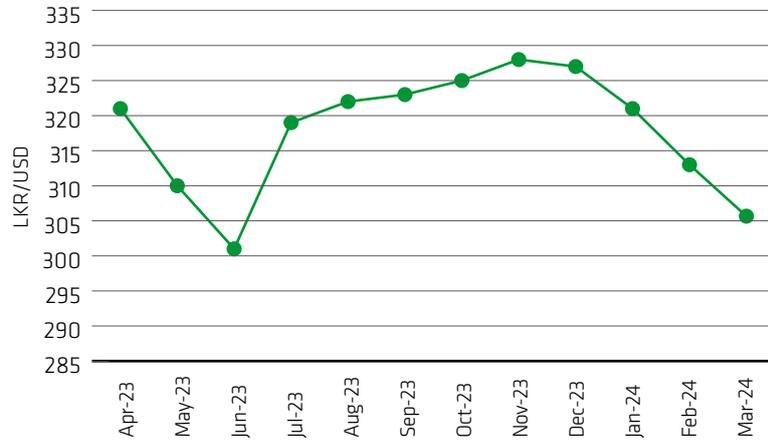
Quarterly GDP Growth Q1 - Q4 2023



Annual GDP Growth



Monthly average exchange rate



External sector stability

Exchange rate - The Sri Lanka rupee continued on its appreciating trend with a 7.6% appreciation against the US dollar during the year up to 28 March 2024. The Sri Lanka rupee also appreciated against other major currencies, such as the euro, the pound sterling, the Japanese yen, the Indian rupee, and the Australian dollar during the same period. Monthly average exchange rate for March 2024 was Rs. 305.66 for USD, the second lowest since the economic crisis in March 2022. The relative stabilisation of the exchange rate allowed greater confidence in planning for businesses.

Gross official reserves – Gross official reserves continued to improve throughout the year. The merchandise trade deficit contracted during 2023 reaching one of the lowest levels in the past 15 years, resulting from lower expenditure on merchandise imports. Worker remittances which reached USD 6.0 Bn and earnings from tourism which reached USD 2.1 Bn bolstered gross official reserves, and the trend is expected to continue.

Political stability and Government policies

The year under was notable for political stability compared to the prior year. The monetary policy was effectively deployed in controlling key economic indicators, with the contractionary policy approach

Impact	Company response
<ul style="list-style-type: none"> Dis-inflationary movement easing pressure on cost of raw material and other inputs Exchange rate stability allowing greater confidence in costing in imported raw material and pricing of products Lowering interest rates lifting pressure on cost of borrowed funds and benefiting overall cost of capital Gradual uptick in the economy stimulating more demand and enhanced repayment capacities of our customers 	<p>The Company attuned its operations to leverage evolving favourable conditions thereby achieve greater revenue, competitive pricing for customers and strengthen the overall performance of the Company.</p>

Impact	Company response
<ul style="list-style-type: none"> Higher taxes having an impact on profitability of the Bank Political stability and revival of economic activity increasing business confidence Enhanced profile of the country in overseas markets 	<ul style="list-style-type: none"> Focus on avenues for profitability enhancement such as cost rationalisation Strategising towards more business volumes amidst recovering economic conditions

adopted ending in June 2023, given positive movement and stabilisation of inflation. The fiscal policy focused on enhancing fiscal revenue with upward revisions introduced to taxes applicable. Withholding tax of 5% was introduced effective 01 January 2023. Corporate taxes of 24% was increased to 30%, effective from the second half of the financial year, whilst value added taxes (VAT) rate increased from 15% to 18%. The Government of Sri

Lanka secured major foreign inflows during the year, including the second tranche of the Extended Fund Facility of the International Monetary Fund amounting to USD 337 Mn and other credit lines from the World Bank and the Asian Development Bank. Funds thus received have been channelled towards reviving various sectors of the economy.

Operating Environment Review

Evolving employee expectations

With the hardships faced by the economic crisis employee concerns were mostly concentrated on job security and certainty in remunerations and benefits. Mental well-being was also a key concern as employees were subject to various challenges stemming from high cost of living. The country also continued to experience migration of labour to foreign countries in pursuit of more lucrative employment opportunities and better living conditions.

Impact	Company response
<ul style="list-style-type: none"> Need for further focused employee relations attuned in response to evolving employee expectations Negligible impact of the Company staff cadre stemming from migration 	<ul style="list-style-type: none"> Job security of all employees were assured, together with timely payment of salaries and benefits. Employee mental well-being was ensured through various initiatives including employee engagement activities. The Company's corporate sustainability initiatives were also aligned towards extending added support to our employees' families.

Climate change

Businesses around the world are grappling with the impact of climate change in varying degrees. Impact could be direct, such as physical damage and closure of business from extreme and erratic weather conditions like floods, droughts, bushfires, etc. Indirect effects can include such weather conditions disrupting supply chain thereby affecting continuity of business operations. Additionally, businesses are coming under increased scrutiny to reduce their carbon footprint, reduce waste and align operations to environmentally friendly means.

Impact	Company response
<ul style="list-style-type: none"> Increasing demand from customers for environmentally responsible products Potential impact on customers, for example those based in the Maldives due to rising sea levels Scope in migration to clean energy Scope for installing machinery that is more resource efficient 	<ul style="list-style-type: none"> Environmentally friendly processes adopted in manufacturing and waste disposal Engaging suppliers who are certified for environmentally friendly practices (e.g. Forest Stewardship Council Certification) Plans under way to migrate to new state-of-the-art machinery which are resource efficient

Material Matters

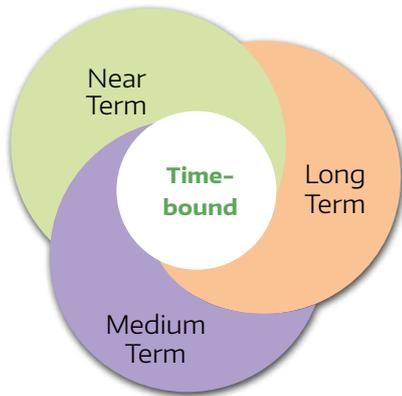
Determining our material topics

Since embarking on a significant milestone in its growth journey in 2021 by listing the Company in the Colombo Stock Exchange, Ex-pack Corrugated Cartons PLC has continually explored avenues for enhancing its reporting to provide meaningful information to all report users. Accordingly, this year marks our first time adoption of the GRI reporting framework for sustainability related reporting.

With this progressive step in reporting in mind and also being cognizant of the benefits that mapping material topics could derive, viz. greater engagement with relevant stakeholders and experts, identification of actual and potential impacts of the topics, assessment of the significance of such impacts and alignment of strategic priorities and actions accordingly; we mapped our material topics at the outset of the financial year.

How we arrived at our material topics

Step 1



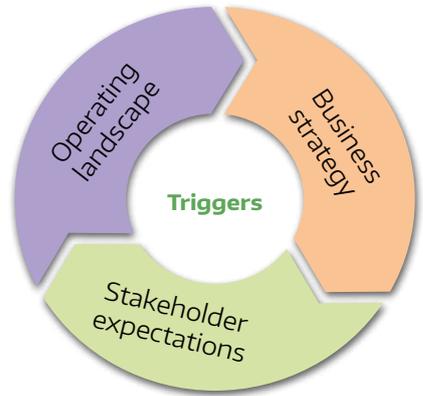
The Company, Our stakeholders including the environment



Double-materiality

Impacts on the Company - Economic, social and environmental impact on our stakeholders

Identification of topics that can potentially impact the Company's value creation process with following focus



Resultant material topics identified are as follows.

- 1 Sound financial performance
- 2 Macro-economic headwinds
- 3 Motivated and competent staff
- 4 Employee health and safety
- 5 Diversity and equal opportunity
- 6 Ethical procurement practices
- 7 Customer health and safety
- 8 Superior, innovative and quality products
- 9 Input material
- 10 Energy consumption
- 11 Water and effluents
- 12 Emissions and waste
- 13 Community engagement
- 14 Good governance and compliance to all Laws and regulations applicable

Step 2

Evaluate the significance of topics considering both probability and potential impact

Step 3

Prioritisation of topics according to their financial impact on the Company and economic, social and environmental on stakeholders and summarising them in the materiality matrix.

Material Matters

	Material topic	Justification for materiality	Topic boundary	Relevant GRI Topic	Stakeholder group impacted	Further reference
1	Sound financial performance	Shareholder value creation, establishing business resilience	Internal	GRI 207- Tax GRI 201- Economic Performance	Shareholders	page 56 - 59
2	Macro-economic headwinds	Turbulences in the economy and unfavourable movement in key economic factors such as inflation, exchange rate, interest rates and economic growth rates have direct impact on the operational and financial performance of the Company thereby affect value creation process	Internal/ External	-	Shareholders, employees, customers	page 46 to 48
3	Motivated and competent staff	Our employees are a critical factor in delivering our strategy and they also drive intellectual capacity of the Company and is linked to the strategic pillar Investment in Human Capital	Internal	GRI 401: Employment GRI 402: Labor/ Management Relations GRI 404: Training and Education, CG-MR-310a.1, CG-MR-310a.2, CG-MR-310a.3	Employees	Page 64 to 70
4	Employee health and safety	Our employees' health, safety and well-being are integral components of managing a motivated team and ensuring their retention	Internal	GRI 403: Occupational Health and Safety	Employees	page 70 to 71
5	Diversity and equal opportunity	We believe in the strength in diversity and how performance can be enhanced by affording equal opportunities	Internal	GRI 405: Diversity and Equal Opportunity, CG-MR-330a.1, CG-MR-330a.2	Employees	page 72
6	Ethical procurement practices	As a responsible corporate - fair and transparent procurement processes are important to us in ensuring multiple aspects such as sound supplier relations and quality input	Internal/ External	GRI 204: Procurement Practices	Business partners	Page 80
7	Customer health and safety	Ensuring our customers well-being fosters long term relationships with them, drives value for business and enhances our strategic pillar Market Position	External	GRI 416: Customer Health and Safety	Customers	Page 79
8	Superior, innovative and quality products	Quality products drive our strategic priorities of Market Position and Partner of Choice, and enables us to foster healthy and mutually beneficial relationships with our customers	Internal/ External		Customers	Page 85 to 86
9	Input material	Quality input material and energy as well as those sourced in favour of the natural environment drive our strategic priorities of Operational Excellence and ESG Priorities	Internal/ External		Customers, Communities	Page 92

Material topic	Justification for materiality	Topic boundary	Relevant GRI Topic	Stakeholder group impacted	Further reference	
10	Energy consumption	As a manufacturing company we rely heavily on energy from various sources. Both uninterrupted access to energy and optimised energy usage with growth in our production volumes are important to us. Energy efficiency is also linked to our strategic pillar ESG Priorities	Internal/ External	GRI 302: Energy, CG-MR-130a.1	Communities	Page 89
11	Water and effluents	We are deeply concerned of our environmental footprint, linked to our strategic pillar ESG Priorities and as a responsible corporate citizen we take all measures to reduce/ manage our environmental foot-print	Internal/ External	GRI 303: Water and Effluents	Communities	Page 91
12	Emissions and waste	Stemming from our concern over our environmental foot print, emission and waste we generate are material to us. We continually strive to reduce our emissions and manage our waste in the most responsible manner.	Internal/ External	GRI 305: Emissions GRI 306: Waste	Communities	Page 90, Page 91
13	Community engagement	This ensures that we act in the best interest of our communities, empower their progress and stay aligned to our strategic pillar ESG Priorities	Internal/ External	GRI 413: Local Communities	Communities	Page 80 to 83
14	Good governance and compliance to all laws and regulations applicable	Through this we affirm our corporate stewardship and make due contributions to fiscal revenue in form of taxation	Internal/ External		Government and regulatory bodies	Page 105, Pages 44-45

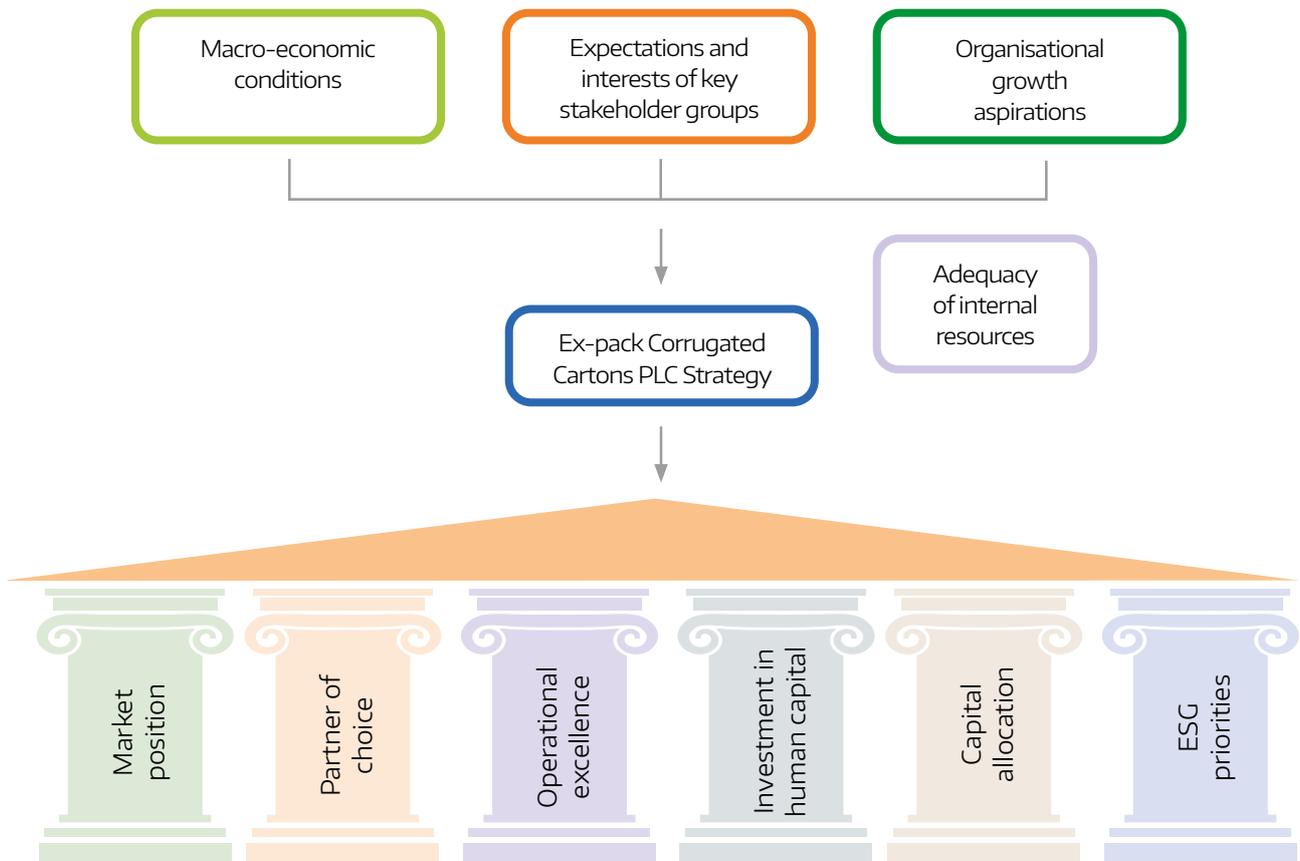
Materiality Matrix



Strategic Focus

Ex-pack Corrugated Cartons PLC is driven on a clearly articulated strategy which guides it towards a number of strategic aspirations. With the Company being listed in the Colombo Stock Exchange, the strategic blueprint was further attuned to provide impetus in the accelerated growth mode. The Company has devised its strategy in consideration of a number of critical aspects that affect the performance of the Company. Furthermore, given the volatile conditions seen in the macro-economic environment, the Company, when and where necessary has deviated from the set strategy with tactical adjustments to suit such conditions.

Strategy formulation



Strategy execution

Strategic pillar 1		Market position
Strategic focus	Expand our market positions in Sri Lanka, Middle East, South Asian and African countries through selective focused growth	
Related specific objectives	Achieving organic growth by expanding market share through the creation of innovative solutions for a sustainable future	
	Strategic new market development by identifying potential off shore destinations to embark on	
Macro-economic dynamics that impacted performance	Geo-political tensions, rising inflation and contractionary monetary policies of governments leading to subdued global economic growth, thereby affecting global demand	
Strategic initiatives carried out during the year	Securing over 150 customers thereby expanding our reach and market position both at home and overseas	
KPIs achieved	Market share of 19 % from the current Sri Lankan market which is being No 1 in ranking	
Link to capital inputs	Financial capital, social and relationship capital	
Strategic pillar 2		Partner of choice
Strategic focus	Become the most preferred supplier/ partner of choice	
Related specific objectives	Deepening our understanding of our customers' expectations and developing proactive initiatives to improve their offering	
	Consistently innovating and customising our products, service, quality and delivery to develop and/or maintain preferred supplier status	
	Continuously and consistently pursuing superior performance measured against clearly defined metrics in all aspects of our business and at all levels of our organisation	
Macro-economic dynamics that impacted performance	Continued high input prices affected by exchange rate, thereby affecting sourcing of quality raw material at competitive prices	
Strategic initiatives carried out during the year	Close liaison with our customers in identifying their needs and providing precise solutions	
KPIs achieved	Over 250 Active main customers (out of 500 total client base) in diverse industries and adding minimum of 10 new customers per month to the list .	
Link to capital inputs	Manufactured capital, Intellectual capital, Social & relationship capital	
Strategic pillar 3		Operational Excellence
Strategic focus	Enhance our operational excellence through continuous upgrade of our customer offering	
Related specific objectives	Improving productivity by utilising high quality assets base through judicious capital investment, continuous improvement programmes, execution of industry best practices, industrial engineering and other progressive initiatives	
	Fostering a culture of continuous improvement within our organisation by initiating innovative concepts through our research and development center, such as product differentiation, , sustainability initiatives, exploration of new technologies to enhance manufacturing operations, and streamline production processes	
Macro-economic dynamics that impacted performance	High construction costs compelling the setting up of a manufacturing plant as per Initial Public Offering objectives in 2021 to be delayed	
Strategic initiatives carried out during the year	Reforecasting ipo initiative	
KPIs achieved	Being the most preferred corrugated cartons supplier	
Link to capital inputs	Manufactured capital, Intellectual capital	

Strategic Focus

Strategic pillar 4	Investment in human capital
Strategic focus	Recruit, retain, develop and motivate our staff members to create a positive and engaging work environment
Related specific objectives	Attract qualified professional graduates and skilled industry professionals Progressive goal setting and performance appraisal programmes Focused job training and coaching Cross-divisional in-house development programmes to enhance skills and knowledge Promote safety and ergonomics Mentorship and coaching
Macro-economic dynamics that impacted performance	Economic hardships having an impact on employee retention, greater concerns of employees on job security, remuneration and benefits, impact on overall employee well-being
Strategic initiatives carried out during the year	100% job security ensured, timely payment of salaries with no retrenching, continued investments in human capital development
KPIs achieved	Payments to employees - Rs. 592 Mn, employee retention ratio - 97%
Link to capital inputs	Human capital, financial capital
Strategic pillar 5	Capital allocation
Strategic focus	Maintain a disciplined approach to capital allocation and maintain the focus on cash generation to ensure the financial health and sustainability
Related specific objectives	Capital spending to facilitate organic growth, optimise our asset base and enhance operating efficiency Acquiring strategically attractive and accretive assets Progressive dividend supported by strong free cash flow
Macro-economic dynamics that impacted performance	Relative stabilisation of key economic indicators enabled near term planning. However uncertainties on both economic and political aspects have left long term planning a challenge.
Strategic initiatives carried out during the year	Reducing the interest charges by closely monitored the dept capital and rates negotiation with banks
KPIs achieved	Dividends - Rs. 223.3 Mn, capital investments - Rs. 143 Mn
Link to capital inputs	Financial capital
Strategic pillar 6	ESG considerations
Strategic focus	Embedding environmental, social and governance aspects in to all our operations, including at the strategy formulation stage
Related specific objectives	Reduction of carbon emissions and other waste matters Community upliftment through targeted initiatives Strong governance through all economic cycles, and continuous improvement to risk and governance frameworks
Macro-economic dynamics that impacted performance	Growing demand from customers and other stakeholders to align operations along ESG considerations
Strategic initiatives carried out during the year	Continued efforts in being resource efficient, continued investments in community empowerment projects
KPIs achieved	investment in corporate sustainability initiatives - Rs. 0.9 Mn
Link to capital inputs	Financial capital, social and relationship capital, natural capital

MANAGEMENT DISCUSSION AND ANALYSIS





Financial Capital

Significance of financial capital in our value creation process:

Our substantial financial capital base, which includes both equity and debt capital, ensures we have the necessary resources to support our expansion plans and manage day-to-day operations effectively. This strong financial foundation enhances our ability to increase revenue and profitability, allowing us to pursue growth opportunities and maintain operational stability.



Adequacy of financial capital:

The Company has a robust base of equity capital enhanced through the recent initial public offering and also debt capital, which is adequate in taking the Company's operations forward.

Key capital inputs:

- Equity – Rs. 3,179 Mn
- Debt – Rs. 2,295 Mn

Value delivered:

- Profit for the year – Rs. 580 Mn
- Return on equity – 18%
- Earnings per share – Rs. 1.74

Income, cost and profitability analysis

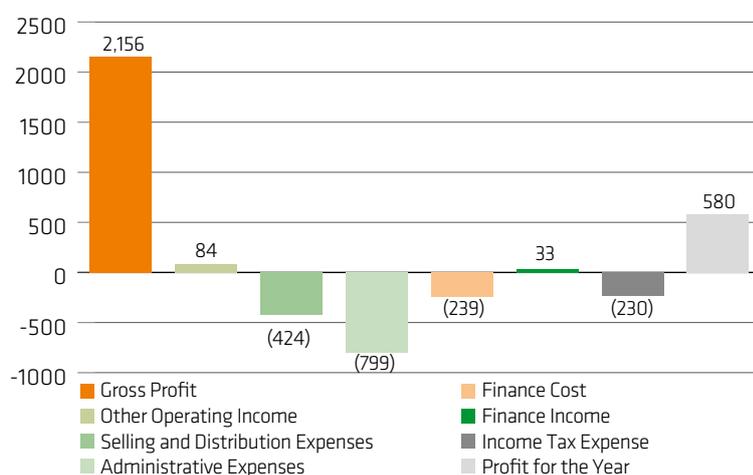
In Rs. Mn for the year ended 31 March	2024	2023	YoY change
Revenue from Contracts with Customers	9,875	13,451	-27%
Gross Profit	2,156	3,509	-39%
Other Operating Income	84	127	-34%
Selling and Distribution Expenses	(424)	(451)	-6%
Administrative Expenses	(799)	(820)	-3%
Results from operating activities	1,017	2,365	-57%
Finance Cost	(239)	(511)	-53%
Finance Income	33	41	-19%
Profit Before Tax	811	1,895	-57%
Income Tax Expense	(230)	(482)	-52%
Profit for the Year	580	1,413	-59%

Reflecting the challenges faced during the year, financial performance moderated at Ex-pack Corrugated Cartons PLC. Revenue for the 12 months ended 31 March 2024 was Rs. 9,875 Mn. Compared to the prior period of 12 months ended 31 March 2023, this was a de-growth of 27%. De-growth in revenue was predominantly attributable to the exchange rate impact of an appreciating Sri Lankan rupee against the US dollar, impacting our export revenue. Gross profit for the year under review was Rs. 2,156 Mn. The gross profit margin was 22%.

In terms of selling & distribution expenses and administrative expenses both expenses classes reduced compared to the prior year, by 6% and 3% respectively. Consequently results from operating activities was Rs. 1,017 Mn, a reduction of 57% over the prior year.

Finance cost for the year was Rs. 239 Mn a notable reduction of 53%. This movement was on account of the interest rates which saw a considerable reduction compared to the prior year, in response to the Central Bank of Sri Lanka reducing policy rates as a part of its relaxing monetary policy to stimulate economic growth.

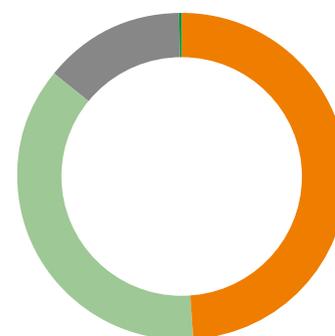
Income and profitability



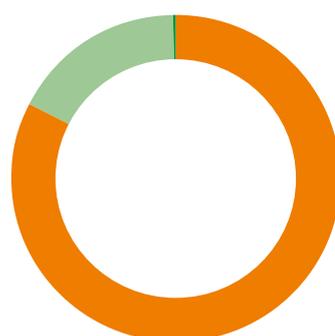
The quantum of interest bearing borrowings under both long and short term categories also reduced causing the finance expenses to come down. Finance income followed the same trend and saw a 19% reduction to Rs. 33 Mn.

The resultant profit before tax was Rs. 811 Mn whilst profit after tax was Rs. 580 Mn.

Revenue by source



Revenue by geography



Financial Capital

Tax management

The Company's tax strategy is formulated and implemented by the Finance Division with skilled finance professionals. A tax consultant has been engaged to compute the income tax liability and handle the administrative functions relating to filing of income tax returns. Tax compliance is consistently monitored by Internal Audit and the external auditors. The team liaises with the tax authorities on a regular basis, while engagement is also supported by the tax consultant. The Company was fully compliant with all tax related regulations during the year.

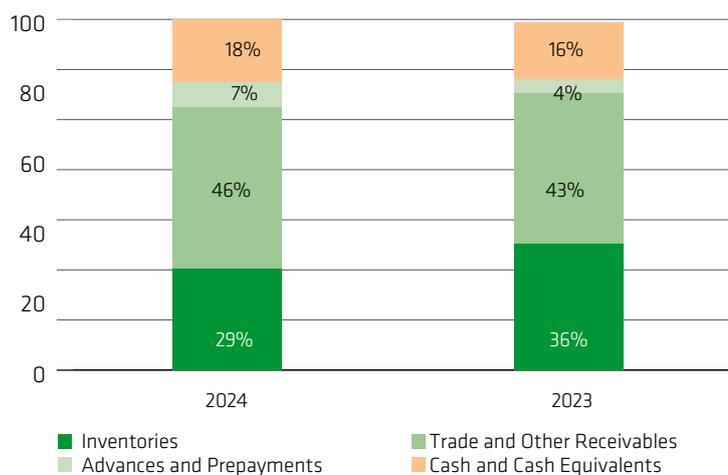
Financial position

In Rs. Mn for the year ended 31 March	2024	2023	YoY change
ASSETS	6,738	6,864	-2%
Non-Current Assets	2,735	2,733	0%
Current Assets	4,003	4,131	-3%
EQUITY AND LIABILITIES	6,738	6,864	-2%
Total Equity	3,179	2,831	12%
Non-Current Liabilities	599	606	-1%
Current Liabilities	2,960	3,426	-14%

Assets

The balance sheet of the Ex-pack Corrugated Cartons PLC remained diversified and resilient throughout the year. Total assets closed in at Rs. 6,738 Mn which was a 2% de-growth over the prior year. Within total assets non-current assets based broadly remained at the same level. Current assets saw a 3% de-growth to Rs. 4,003 Mn. Trade and other receivables continued to dominate the current assets class. The Company ensured prudent management of its working capital to ensure a healthy mix in liquidity and profitability.

Composition of current assets



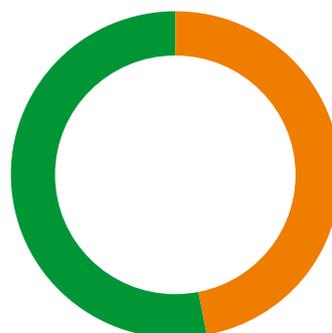
Balance sheet funding

The Balance Sheet continued to be funded by a healthy mix of debt and equity capital. The equity capital base increased by 11% during the year to Rs. 3,146 Mn due to increase in retained earnings. Equity capital accounted for 47% of the funding base.

Within liabilities, current liabilities component was considerably larger, accounting for 83% of the total liabilities, with the trend remaining the same from last year. There was a 13% reduction in the interest bearing loans and borrowings under the current liabilities category, which also helped drive down the finance cost.

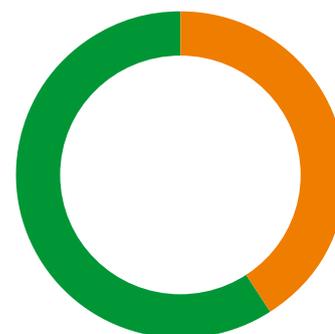
The gearing ratio of the Company was 72%.

Balance Sheet funding composition - 2024



■ Total equity
■ Debt

Balance Sheet funding composition - 2023



■ Total equity
■ Debt

Cash flows

In Rs. Mn	2024
Cash and Cash Equivalents at the Beginning of the Year	677
Net Cash (Used in)/From Operating Activities	803
Net Cash Flows Used in Investing Activities	(128)
Net Cash Flows From/(Used in) Financing Activities	(634)
Cash and Cash Equivalents at the End of the Year	718

The Company had a healthy cash and cash equivalent position of Rs. 721 Mn by the end of the year. Operating activities were able to generate a positive cash flow. Acquisition of property, plant and equipment and intangible assets were two key drivers of cash outflows under investing activities which netted Rs. 170 Mn. The repayment of interest bearing loans and borrowings of Rs. 21,000 Mn was a major outflow under financing activities, the impact of which was negated via borrowings of Rs. 20,676 Mn.

Key investor ratios

	Measure	2024	2023
Return on equity	%	18	50
Earnings per share	Rs.	1.74	4.24
Net assets value per share	Rs.	9.54	8.49
Dividend per share	Rs.	0.67	2.47
Dividend payout ratio	%	38	58
Closing share price	Rs.	14.30	14.60
Price earning ratio	Times	8.21	3.44
Price to book value	Times	1.50	1.72
Total shareholder returns	%	3	64

Other Key Financial Ratio

	Measure	2024	2023
Debt/ equity ratio	%	72	93
Interest cover	Times	4.39	4.71
Quick asset ratio	Times	0.97	0.77

Way forward

With the evolving external economic conditions, we will continue on our prudent financial management efforts. The forthcoming years will see investments made on new machinery, funded by initial public offering (IPO) funds. The anticipated timeline to pursue the restructured IPO objectives and commence commercial production is Q4 of FY 2024/2025. We are cognizant of the movement in exchange rate will have on our financial performance which is two pronged, as we are reliant on imported raw material and as our export revenue accounts for over 50% of our total revenue. With the reducing market interest rates we will manage the composition of our balance sheet funding between debt capital and equity capital, so as to optimize the overall cost of our funds. We remain committed to generating sound and sustainable returns to our providers of capital.



Manufactured Capital

Significance of Manufactured Capital in our value creation process:

The Company's manufactured capital comprising its property, plant and equipment is the heart of operations. Collectively, the same ensures a continuous and uninterrupted flow of produced good all year around, as per our meticulous quality specifications and enables timely supply to all our customers.



Adequacy of manufactured capital:

The flawless functionality of machinery, plants and other equipment proved adequate in sustaining our operations through the year, and will remain so in the ensuing years.

Key capital inputs:

(Company)

- Property, plant and equipment – Rs. 2,237.5 Mn
- Capital expenditure during the year – Rs.143mn

Value delivered:

- 21,591 MTs of output
- Quality returns less than 0.01% on average during the year.
- Machine down time monthly average less than 8 hours per month (Corrugator)

Our manufactured capital portfolio

Item	Extent/ quantum	Capacity	Location
Factory premises	<ul style="list-style-type: none"> Over 145,000 sq feet factory premises established on a plot of 4.25 acre plot of land Rented factory premises for 38,000 sq feet area 	2,750 MTs per month	Kelaniya
Warehouses	Rented Storage facility for raw material and finished goods covering a 22,000 sq feet area	11,000 m3	Kelaniya
Research and development laboratory	State of the art machinery of latest technology facilitating quality checks of our products and new product development		Kelaniya

Machinery

Factory 1

- 5 Ply Automatic Board Production Line
- 2 Colour Flexo Printer with Rotary Die Function
- 4 Colour Flexo Printer Stacker
- 3 Colour Flexo Folder Gluer with Rotary Die and Automatic Bundling Function
- Automatic Die Cutter
- Digital Cutter
- Laminator
- Auto Folder Gluer
- Auto Folder Stitcher
- Double Head Stitching Machine
- Semi Auto Gluer

Factory 2

- 2 Colour Flexo Printer with Rotary Die and Vibrator function
- Patern punch Die cutter with auto feeding and collection
- Bottom Lock Multipoint gluer
- Semi Auto Gluer

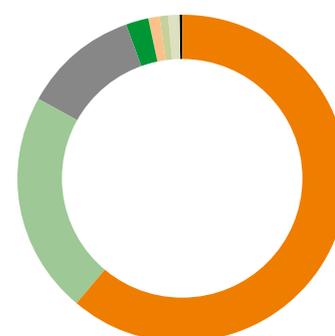
Vehicles/ other equipment

- Forklifts
- Buses
- Cars
- Van
- Bikes

Vehicles fleet

- Lorry

Composition of property, plant and equipment



Performance of our manufacturing capital during the year

With the economy regaining momentum, we experienced steady demand for corrugated cartons. Our production facilities well supported

this demand pattern, with the production per month peaking at 2,650 MTs in the month of March 2021. Additionally, we experienced demand for revised sizes of cartons as some of our customers introduced stock keeping units (SKU) of

smaller sizes, and we were swift in responding to such evolving demand patterns.

Our production lines functioned 97% of the time, other than for mandatory shuts downs for periodic maintenance.

	2023/24	2022/23	YoY movement
Total corrugates cartons production	21,591	19,797	10% increase
Factory waste	6.33%	6.13%	3.2% Increase
Furnace oil & Diesel usage	592,896	640,149	7.4% saving

Manufactured Capital



Operational Excellence

Ex-pack Corrugated Cartons PLC is committed to operational excellence every step of the way. Core focus areas in this regard are maximising productivity, minimising waste, optimising cost and ensuring full compliance with our quality standards. We take pride in the discerning portfolio of customers that we serve including multinational corporates, and also those engaged in food and beverages sector which require packaging of stringent quality standards. Our operational excellence has enabled the adherence to such stringent requirements and has thereby enabled satisfied customers as reflected in very long term relationships we have maintained with some of our largest customers.

Work place safety

Significant emphasis is placed on work place safety in ensuring a hazard and accident free environment for our employees as well as third party visitors. Work place safety extends beyond a mere checklist and is embedded in to the culture of the Company, and employees are encouraged to adopt safety measures as a way of life at Ex-pack. Efforts in this regard are backed by a clearly established Occupational Safety and health Policy. Following measures were deployed all year round, and on a continuous basis.

1. Imagery display of health and safety measures/ alerts in all prominent places within factory premises as visual drivers and reminders

2. Adherence to the 5S concept of Seiri (Sort), Seiton (Straighten), Seiso (Shine), Seiketsu (Standardise), and Shitsuke (Sustain) which ensures orderly and well maintained spaces, which reduce the incidence of error and accidents
3. Provision of appropriate Personal Protective Equipment to all workers together with training in using them
4. Safety being discussed as a mandatory topic in all the internal meetings
5. Monthly safety audits conducted with concerns captured and risk assessment conducted for same
6. Accident statistics recorded and immediate/ short term/ long term solutions provided
7. Premises marked for safety zones and the responsibility of each zone assigned to an Executive
8. Yearly comprehensive occupational health and safety awareness given to the employees
9. Setting up of an Emergency Response Team (ERT) and training the team
10. Regular fire prevention and First Aid trainings conducted to ERT team members
11. Fire certificate obtained from the Colombo Fire Brigade of the Colombo Municipal Council

Standards and certificates that govern our manufacturing processes



ISO 9001-2015 - Quality management systems



ISO 14001-2015 - Environmental management systems



Worldwide Responsible Accredited Production (WRAP) Certification



Our Research and Development facility

Our R&D capabilities are critical in keeping our customers satisfied thereby sustain market position. We have a fully-fledged R&D laboratory with all modern testing equipment. Further the state-of-the-art Digital Cutting machine for prototype and model development is a game changer in developing new packaging solutions to our customers in shorter turnaround times. This facility yields an edge over competitors as we generate a sample or a prototype in few minutes, which would take up to two days in a conventional set-up. Please refer page 84 for more information.

Way forward

We will be investing the capital raised through the initial public offering in the following machinery and equipment by the end of Q3 2025 within the current factory premises which will largely enhance our production capacities.

- Fully Automatic 5ply Corrugated Board Production Line
- 4 Colour Flexo Printer
- Automatic Die cutter with Stripping unit
- Automatic Folder Gluer
- Automatic Baling Machine
- Steam Boiler



Human Capital

Significance of human capital in our value creation process:

The knowledge, skills and attitude of the Ex-pack team have been an immense strength in affirming the sustainability of our business and preserving resilience through tumultuous times. We are also committed to support each and every employee of ex-pack with a holistic value proposition, aligned to both personal and organisational goals.



Adequacy of manufactured capital:

During the year we continued training and development in enhancing the capacity of our employees. We also rolled out a number of initiatives in ensuring their all-round well-being. We are confident of the competencies and capabilities of our team in delivering the future strategies of the Company. We will continue to nurture them in ensuring they remain agile and well equipped with emerging knowledge.

Key capital inputs:

- Ex-pack team comprising 306 skilled, knowledge-based employees which serves as a key differentiator
- 14% female representation reflecting our efforts to create a gender balanced organisation
- The combined expertise and experience of our team over the years with employees with long tenures

Value delivered:

- Rs.592 Mn Annual Expenses on Employees
- 4,294 training hours
- 23 promotions

Management approach

Our approach to managing our most valued asset, our employees is guided by a comprehensive set of HR policies and procedures which are compliant with the ISO 9001: 2015 standard and compares well with industry best practices. The policies and procedures operationalise the deep philosophy of treating our employees with dignity and mutual respect whilst creating inclusive employment in a conducive environment which fosters employee wellbeing. All employees are required

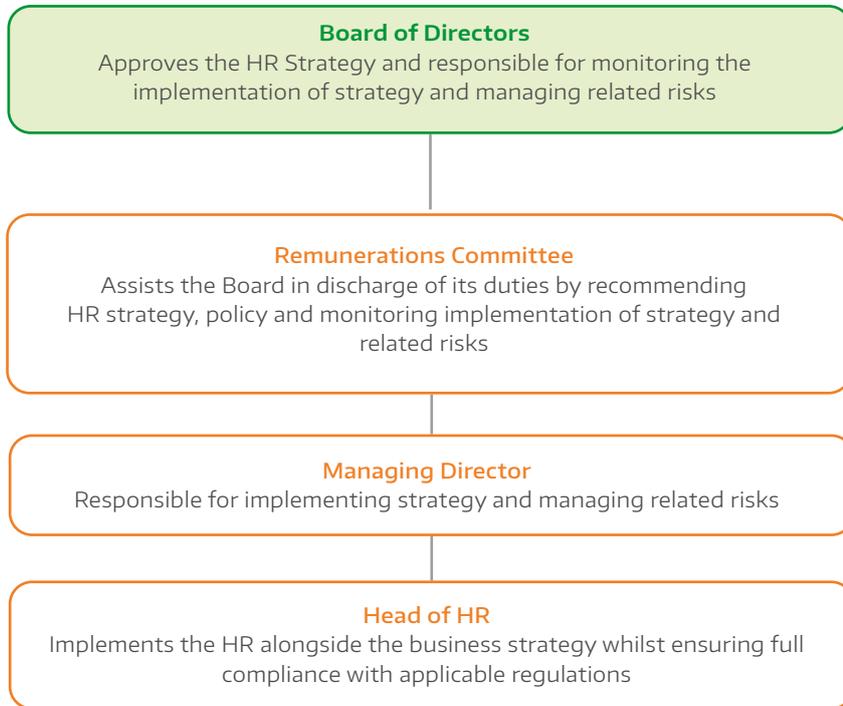
to adhere to the Company’s Code of Conduct which sets out the professional and ethical conduct expected from our employees.

HR policy framework

- Recruitment and selection policy
- Performance management policy
- Reward and recognition policy.
- Leave policy
- Compensation and benefits policy
- Code of conduct
- Policy against sexual harassment

- Diversity, Equity and Inclusion related policies
- Gender policy
- Policy on equal opportunity and non-discrimination
- Anti-fraud policy
- Grievance handling policy
- Disciplinary procedure
- Whistle blowing policy

Ex-pack HR Governance Structure



Board of Directors

Approves the HR Strategy and responsible for monitoring the implementation of strategy and managing related risks

Remunerations Committee

Assists the Board in discharge of its duties by recommending HR strategy, policy and monitoring implementation of strategy and related risks

Managing Director

Responsible for implementing strategy and managing related risks

Head of HR

Implements the HR alongside the business strategy whilst ensuring full compliance with applicable regulations



External endorsements and certifications

Best Work Place in Asia - Sri Lanka

Ex-Pack was honoured with the “ONE OF THE BEST WORKPLACES IN ASIA” in medium category in 2019, 2020, 2021, and 2023.

Great Place To Work - Sri Lanka

The first corrugated cartons manufacturer to be recognised as one of the “TOP 25 BEST WORKPLACES IN SRI LANKA” - awarded in 2018, 2019, 2020, 2021, and 2023.



Human Capital

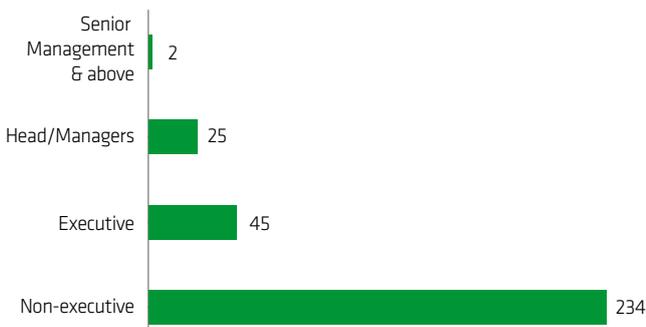
Team profile

Team Ex-pack 306 employees, all of whom are full time employees.

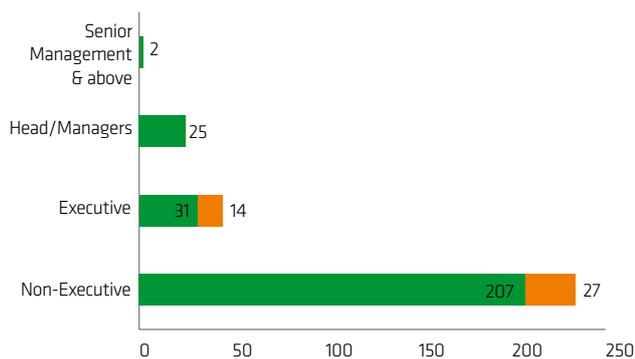
Employees by Staff Category & Gender - Number

Item	Male	Female	Total
Senior Management & above	2	0	2
Head/Managers	25	0	25
Executive	31	14	45
Non-executive	207	27	234
Total	265	41	306

Employees by Staff Category



Employees by Staff category & Gender



Employees by Region/ Contract - 2024

Item	Permanent	Contract	Probation
Western	149	15	19
Southern	11	1	2
North Western	7	0	1
Central	38	0	4
Sabaragamuwa	15	0	3
Northern	0	0	0
Eastern	7	0	2
North Central	7	0	4
Uva	16	0	5
Total	250	16	40

82% of the staff cadre is engaged on a permanent basis while the remainder is engaged on a contract basis.

Staff movements



Recruitments by Region

Recruitment by Region	Number	Percentage
Western	68	44.73%
Southern	4	2.63%
North Western	14	9.21%
Central	24	15.78%
Sabaragamuwa	7	4.61%
Northern	0	0.00%
Eastern	10	6.57%
North Central	12	7.89%
Uva	13	8.55%
Total	152	100.00%

Turnover by Region	Number	Percentage
Western	49	47.12%
Southern	2	1.92%
North Western	12	11.54%
Central	18	17.31%
Sabaragamuwa	8	7.69%
Northern	2	1.92%
Eastern	4	3.85%
North Central	7	6.73%
Uva	2	1.92%
Total	104	100.00%

Total payments to employees during the year

Rs. **592** Mn.

Recruitment by Gender	Number	Percentage
Male	143	93.79%
Female	9	6.21%
Total	152	100.00%

Recruitment by Age	Number	Percentage
Under 30 Years	135	88.82%
Between 30 - 55 Years	17	11.18%
Over 55 Years	0	0.00%
Total	152	100.00%

Turnover by Gender	Number	Percentage
Male	143	93.79%
Female	9	6.21%
Total	152	100.00%

Turnover by Age	Number	Percentage
Under 30 Years	135	88.82%
Between 30 - 55 Years	17	11.18%
Over 55 Years	0	0
Total	152	100.00%

Remuneration, recognition and rewards

Ex-pack has been able to attract and retain skilled individuals with the right attitude by offering transparent, unbiased, and consistent remuneration and reward schemes. Our remuneration and rewards compare well with the industry. Permanent employees receive a base salary with a variable pay component tied to performance, as well as guaranteed fixed pay. Alongside base compensation, we offer a range of statutory and other benefits to retain and motivate our employees.

Human Capital

Benefits provided to full-time employees.

- Accommodations for outstation employees
- meals provided free of charge
- Provision of Uniforms and personal protection gear
- Locker room / Dormitory
- Doctor and Clinic facility
- Welfare facility
- Annual medical tests
- Provision of transport for all staff
- Provision of essential commodities on concessionary rates
- Provision of Indoor and Outdoor Medical coverage to all employees
- Provision of distress loans to employees
- Death donation
- Employee professional study assistance scheme

Extended benefits to family members

At Ex-pack the relationship we maintain with our employees are one that permeates beyond a mere contractual agreement. As an employer, we are committed to the well-being of our employees' family members as well. It is due to this reason that we extend numerous benefits to all our employees' family members as listed below.

- The donations continued for the twelfth consecutive year, and comprised a full set of stationary, school bag, water bottle, lunch box and cash voucher to buy school shoes, given away to 220 school children who are children of our employees both permanent and contract
- Number of beneficiaries during the year: 220
- Investment: Approximately Rs. 3.1 Mn

- We have extended further assistance to children entering universities, by offering an annual scholarship during their study period

Performance management

At Ex-pack, we cultivate a performance-driven culture by conducting annual performance appraisals for all (100% of all employees) eligible employees. These appraisals are meticulously linked to predetermined key performance indicators (KPI's) against which employees' actual performance is measured, ensuring maximum objectivity. Employees who meet or exceed their targets are recognised and rewarded impartially, thereby boosting morale and motivation. This system encourages high performance and fosters a sense of fairness and equality in the workplace.

Performance appraisals are a crucial component of our employee management process, offering a structured framework for delivering constructive feedback and engaging in career discussions. These appraisals involve one-on-one meetings between employees and supervisors, providing a platform for comprehensive reviews of individual contributions, areas for improvement, and growth potential.

Through these evaluations, employees and supervisors collaboratively identify training needs and opportunities for skill development. This continuous process supports employees in achieving their full potential and advancing their careers within the Company. Additionally, performance appraisals allow employees to express their career aspirations and goals. By aligning individual objectives with organisational needs, the company creates clear paths for

advancement and promotes a culture of continuous improvement.

Training and development

Providing opportunities for continuous learning and development is a cornerstone of our HR strategy. We prioritise a competency-based learning approach to enhance our talent pool and equip employees with essential technical, digital, and soft skills necessary for organisational success.

To implement this strategy, we conducted role-based competency mapping for all critical business functions. This process involved evaluating the specific skills and knowledge required for each role, allowing us to tailor training programs that address the precise needs of our employees. By mapping competencies across various roles, we identified skill gaps and development areas, enabling us to design targeted training initiatives directly aligned with our business objectives. These customised programs help employees gain expertise and master the skills essential for their positions.

In addition to formal training sessions, our learning and development opportunities include workshops, seminars, online courses, and on-the-job training. This diverse range of offerings ensures that employees have access to continuous growth opportunities throughout their careers.

Our focus on continuous learning and development not only enhances individual performance but also contributes to the overall success of the organisation. By nurturing a skilled and adaptable workforce, we achieve higher levels of productivity, innovation, and competitiveness.

Investments in training and development

Investment in employee development fosters a culture of lifelong learning, engagement, and job satisfaction.



Truly nurturing our employees through skills development

We are proud of the all-round grooming and skills upliftment we offer our employees.

Our factory workers and sales teams continually gather added skills beyond the scope of their routine mandates, such as presentation skills, linguistic skills, technology, IT device handling, etc.

They present to the top management, monthly performance updates via presentations they develop themselves. Grooming of this nature stimulates them to think beyond and seek greater opportunities at work, which they often replicate at their personal lives as well.



Human Capital

Training topics

Training topics/ Type of training	Number of training hours	% of training hours
Monthly employee Engagement Activity	2,120	49.37
Defensive Driving Training Program	329	7.66
Microsoft Office training - Powerpoint and Excel	232	5.40
ISO 9001,14001,WRAP,FSC COC, SEDEX	201	4.68
ETI and Human Rights	199	4.63
Occupational Health and Safety	198	4.61
Job Card Training Program	195	4.54
First Aid Training	145	3.38
Business Communication	131	3.05
Root Cause analysis Training Program	126	2.93
Fire Prevention Training Program	116	2.70
Telephone Etiquette and presentation Skills	72	1.68
Personality and Grooming Session- Womens Day	53	1.23
Flexo Printing Technology	48	1.12
One Point Lesson	34	0.79
Chemical handling and Safety Program	26	0.61
Emergency Preparedness Training Program	24	0.56
Machine Breakdown Analysis	16	0.37
Waste Water and Sludge Treatment	15	0.35
Statistical Process Control	8	0.19
Essential labor Law	7	0.16
Total	4,294	100

We prioritise the holistic well-being of our employees by supporting their physical, mental, emotional, and social wellness. Key initiatives in place to achieve this include:

- Financial well-being - Ensured through a wide range of benefits besides the designation-based basic salary and performance-based bonuses. We have continued to maintain zero gender-based pay discrepancy.
- Medical care - Convenient, accessible, and affordable medical care together with health insurance benefits for all permanent employees and annual medical checks

Occupational health and safety



Given the nature of our business which involves machinery, equipment, vehicles, etc., occupational health and safety is a number one priority at our work place. It is an integral part of our culture and the way we function. All employees are given training at the time of commencing their employment with the Company, and refreshers are conducted on a regular basis. All employees in designated areas are provided personal safety

gear. There are clear visual indicators places across designated areas, alerting employees and visitors for caution. Occupational Health and Safety management system covers 100% of employees.

We have a fully trained pool of 25 employees representing all divisions of the company who constitute the "Emergency Response team". They are given comprehensive training on how to attend to any emergency related incidents in the Company.

Occupational health and safety related training

Training topic	Number of training hours
Occupational Health and Safety	198
First Aid Training	145
Fire Prevention Training Program	116
Chemical handling and Safety Program	26
Emergency Preparedness Training Program	24

Employee safety record 2023/24	
Workplace related accidents and incidents	13
Workplace related fatalities	0
No. of lost workdays due to workplace related injuries	70.5



Employee engagement

Employee engagement activities play a major role in creating a sense of belonging and directly contributing to our employees' emotional well-being. By offering opportunities for employees across the entire network to interact informally, we create a supportive work environment where employees feel connected to one another and the Company.

- New Year celebrations
- Long Service appreciation & School books presentation
- Earth day celebrations
- Ex-pack Employees day – day outing
- International Womens day celebrations
- Employee birthday and work anniversary celebrations

Handling employee grievances

The Company has a robust employee grievance handling mechanism that allows grievances to be communicated verbally or in writing. Employees can report grievances to their immediate supervisor or the Head of the Department. Once a grievance is raised, it will be addressed within 48 hours, though the timeline may vary based on the urgency and nature of the issue. If the employee does not receive an adequate response, they can escalate the matter to higher authorities. This process, which includes clearly defined service level timelines, is well-communicated to all employees.

Protecting human rights

We are committed to adhering to both local and international labour regulations in our operations and those of our suppliers. Our governance framework and work practices enforce a zero-tolerance policy for sexual harassment, child labor, and forced labor, supported by stringent human rights policies. Continuous training programs raise awareness of fair work practices and human rights. We also maintain an open-door policy to encourage

Human Capital

transparent communication and foster a culture of trust and respect among team members. Additionally, our whistle-blowing policy provides a confidential and secure avenue for reporting concerns or violations, ensuring accountability and reinforcing our commitment to ethical practices. We prioritise the well-being and rights of our colleagues, promoting a workplace environment characterised by integrity, fairness, and accountability.

There were no reported incidents of human rights violations, child labour, forced or compulsory labour during the year.

Commitment to diversity and inclusion

Inclusivity and compassion are core values we strive to instill in all employees by fostering a culture that appreciates and celebrates diversity. We actively combat workplace discrimination based on ethnicity, gender identity, sexual orientation, age, or ability. Additionally, we challenge ingrained biases and discrimination against women, promoting a level playing field and empowering women.

We consistently implement practices to support and encourage more women to join and remain in the workforce, and we strive to create more opportunities for people with disabilities to succeed. We are pleased to report that no incidents of discrimination were reported during the year.

We are pleased to report that there were no incidents of discrimination reported during the year.



Maternity Leave	Female
Employees entitled to Maternity leave	40
Employees that took Maternity leave	1
Number of employees that returned to work in the reporting period after Maternity leave ended	1
Total number of employees that returned to work after Maternity leave ended that were still employed 12 months after their return to work	1

Average Training Hours per Gender	Male
Male	14
Female	15

Gender pay parity

The ratio of basic salary between women and men was 1:1 (Equal pay exercised)

Employees' right to unionise

No labour unions have been formed within our Company, primarily due to our open-door culture and ongoing efforts to foster a collaborative work environment. Major projects are developed and implemented with

contributions from cross-functional teams, allowing employees ample opportunity to share their views and feedback. We affirm that we have not imposed any restrictions or barriers preventing our employees from exercising their right to form or join labour unions if they choose to do so.

All employees are given adequate notice regarding any significant operational changes.

Way forward

We will continue to offer a holistic value proposition to employees in line with our overall company strategy. Our focus is on building a skilled, motivated, and future-ready team capable of navigating the volatilities of the operating environment. Additionally, we aim to equip our employees to prosper in their personal lives. We will also invest in initiatives that empower and uplift their families, ensuring comprehensive support for our workforce



Social and Relationship Capital

Significance of social and relationship capital in our value creation process:

Social and Relationship Capital of the Company embodies the connections we have cultivated with our customers, business partners, wider communities, and other connected stakeholders. Their requirements are deeply integrated into our strategy and decision-making processes.



Adequacy of social and relationship capital:

The Company has nurtured strong relationships with its customers, business partners and communities, considering them as partners for mutual success, and being empathetic towards their unique requirements thereby ensuring the adequacy of this capital to forge ahead in the Company's growth journey.

Key capital inputs:

- Strong relationships with a B2B customer base exceeding 500
- Diverse supplier base exceeding 500, dispersed across Sri Lanka and the globe catering to our specific quality requirements
- Other industry stakeholders engaged towards meaningful collaborations
- The wider community

Value delivered:

- Zero lapses in timely delivery to our customers
- Rs. 4,418.19 Mn in payments to suppliers
- Rs. 2.8 Mn spent in community empowering initiatives
- Collaboration with educational institutions in technical and management training to their students

Social and Relationship Capital

Our approach to managing Social and Relationship Capital

Stemming from the aforementioned significance we place on social and relationship capital in our value creation process, we have a clearly articulated processes in managing our relationships with customers, business partners and the community. The relevant ISO certifications we have obtained also guide our actions in ensuring how we maintain quality relationships with our customers and suppliers. As Sri Lanka gradually emerged from the effects of the economic crisis through the financial year, our customers, business partners and communities continued to face unique challenges. The Management was empathetic towards such issues and ensured the best course of mutually beneficially solutions devised for them, through close conversation and other modes of engagement methods as needed. Partnering for success, extending beyond a mere business relationship remained at the core of our engagements.



Our Customers

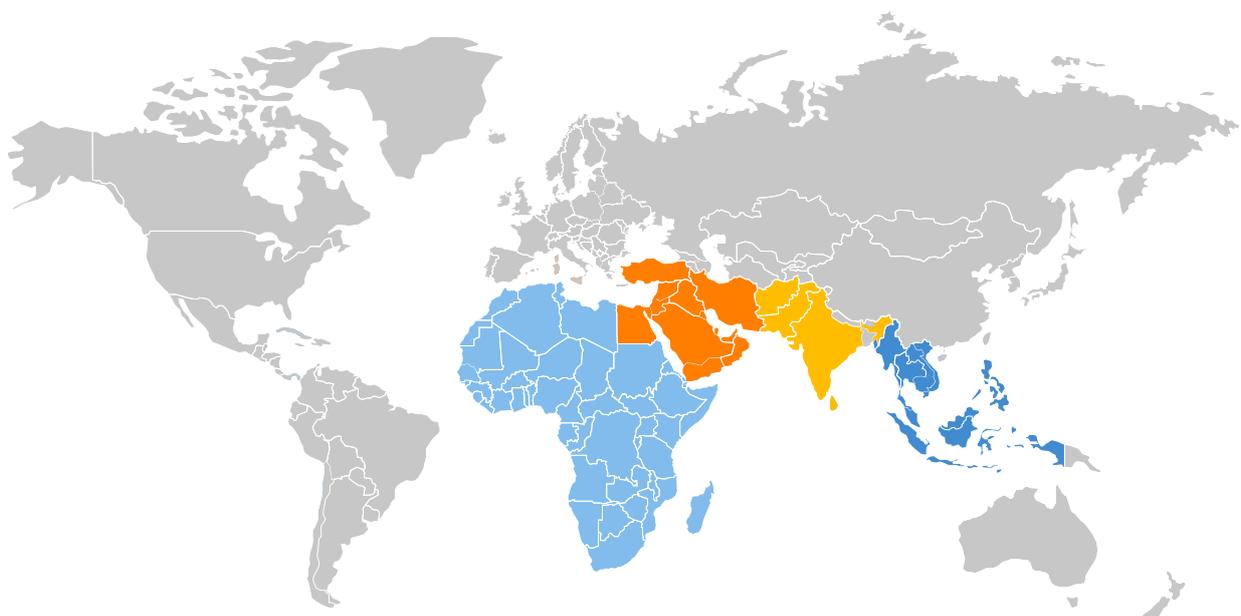
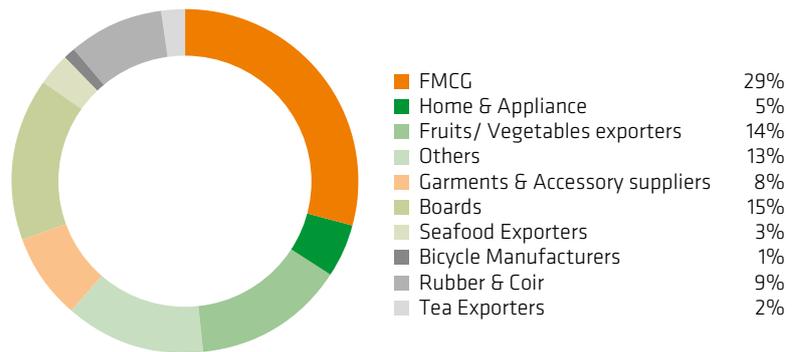
The strength of our customer relationships is denoted by the customer base exceeding 500, spread across multiple regions across the globe. All of our customers are business customers (B2B) and represent a diverse range of sectors.

Our Customer Reach

- Africa
- Southeast Asia
- South Asia
- Middle East

Sector classification of our customers

Sector classification of customers Based on percentage of revenue



Our Dynamic Product Profile

Regular slotted cartons - The most common box style with flaps that meet in the centre at both top and bottom. This carton is suitable for packaging any type of product from FMCG to horticultural to industrial products.



Die-Cut Boxes

Facilitates intricate designs and shapes to protect and promote products in a variety of ways. These cartons are used for packaging of food, vegetables, as well as livestock and can withstand extreme temperatures. Die-cut cartons can be plain or printed and with a range of print options.



Value-Added Boxes

Our state-of-the-art laminating process enables the provision of value adding services relating to branding thereby allowing us to fulfill customer requirements for direct shelf storage of finished products.



Other Packaging

As a part of our "Go Green" initiative, we have developed several products such as wardrobe cartons, pallets, tea chest cartons, tuna cartons and ballot boxes. Our research and development division is continually engaged in developing innovative products using recycled material.



Social and Relationship Capital

Meeting our customer expectations

Our customers constantly seek relationships that extend beyond a simple transaction to one that empowers their growth journey and adds meaningful value to their unique market propositions over the long-term. We have placed this at the core of our operations and serve all our customers with the highest level of excellence. Accordingly, our engagement commences prior to product development. i.e. at the product conceptualisation stage and extends up to post sale service. The ability we have demonstrated over the years in meeting their unique requirements have earned us strong relationships with leading corporates in the country, including multi-nationals, extending over decades.

Our customer engagement framework makes organising and deploying various customer engagement strategies easier along the customer journey. There are five customer engagement stages as depicted below.



Modes of engagement with our customers

Given the B2B/ industrial setting relationships maintained and also the nature and specific characteristics of the markets and business models, we maintain mainstream communications with our customers. Hence as an engagement strategy, personal selling is deployed as the most effective form, commencing from customer lead generation to closure of a sale and then sustaining the relationship for an extended period. Workshops, seminars, exhibitions, trade fairs, industry related magazines and our official website <https://www.expack.lk/> also serve as key engagement modes.

We also use social media platforms such as LinkedIn and Facebook to connect with our customers, and other stakeholders. We ensure that all our communications are accurate, non-offensive and easily accessible.

Key development over the year

The year saw competition intensifying for our business, which propelled us to seek new markets and forge partnerships with new customers. Benefitting from the strong reputation and respect we garner as a customer-centric producer of corrugated packaging, we were able to secure over 150 new customers during the year, comprising both domestic and international customers. This enabled us to diversify the sources of our revenue, mitigate the risk of over-concentration and extend our expertise to a wider range of industries.

Handling customer complaints

The Company has a comprehensive process in handling customer complaints and ensuring quality of products, guided by the provisions set out in ISO:9001 standard.

First point of contact

The Client Service Manager and the Sales co-ordinator act as the first point of contact for customers to raise any complaints



Validation of complaints

Complaints received are validated prior to escalation for solutions. The Sales Department raises a Non-Conformity Report (NCR) to Quality Assurance Department for further investigation regarding validated complaints.



Assessment of complaints by Quality Assurance team

All NCR's are assessed by our Quality Assurance (QA) team to identify any lapses or deviations from set standards



Resolving complaints on an immediate basis

All complaints are attended to on an immediate basis and resolved within the shortest turnaround time possible with due notifications to the customer

Sales and QA Team Representatives visit the customer and will make further investigations

Post-investigations and diagnosis, corrective actions and preventive measurements are proposed to the Sales Department by the QA Department and in return Sales Department will inform the customer

Any customers returns/ rejects, with QA approval to be recalled to the factory and kept separately in an identified area

Subsequently if items are corrected/ reworked, re-deliver to the customer. Otherwise, classified as scrap



Documentation/Records

All complaints and corrective action are duly recorded for future improvements

Social and Relationship Capital

Listening to our customers and embedding feedback

The Company engages and carries out strong customer relationship management through frequent visits, exchange of knowledge and insights important to both parties, innovation and new developments, technical awareness and knowledge sharing sessions as well as bi-annual and quarterly customer surveys.

We also visit customer operations to understand their own manufacturing process which are basic, semi-automated or highly technical with full automation where technologies such as Robotic Process Automation, Artificial Intelligence or nano technology is in place. After understanding such processes and inbound and out bound process in value chain, we tailor-make solutions to our valued customers in various market segments or industries.

Additionally, we host them at our factory premises for a first-hand experience on how their packaging is produced at our factories. All these interactions allow us to gather wide intelligence on specific customer requirements around multiple aspects such as carton features, pricing, delivery time, quality, etc., which we treat with due care and embed in to our processes towards aligning our output to customer expectations.



Visit by Silvermil Pvt Ltd and technical and procurement teams together with their overseas buyers Mr. Nicho Afiandi – Global Optimisation Manager of The Vita Coco Company – 21st September 2023

Key areas of discussion: How Ex-pack can enhance support to the customer in meeting their increasing sales volumes.

Length of relationship with customer: 20 years



Visit by Ms. Smitha Rao, Regional Procurement & Technical Head of Tesco and the team - 20th October 2023

Key areas of discussion: Appointment of Ex-pack as preferred corrugated packaging supplier to Sri Lankan markets – TESCO

Length of relationship with customer: Three Years

Measuring customer satisfaction

We have established well defined key performance indicators (KPI's) to measure and review customer relationship, involvements, and satisfaction.

A few such KPI's are:

1. Customer satisfaction level Measured on a Likert scale)
2. Number of customer complaints received and resolved
3. Customer retention percentage
4. On Time Delivery (OTD) percentage
5. Short delivery percentage
6. Analysis of best 50 and 100 customers based on purchased volumes

Key concerns raised by customers and our response

Amidst continued challenges stemming from macro-economic conditions in the country, our customers raised certain specific concerns, to which we deployed productive and mutually beneficial solutions as follows.

- Request for extended credit periods – Given stresses on customer cash-flows owing to slowdown in economic activity for the most part of the financial year, a common request received was extended credit periods. This was facilitated to our customers in allowing them the flexibility to enjoy un-disrupted supplies and continue their business in consideration of their relationship with the Company and history of settlements.
- Request for currency conversion in settlements - In instances where our customers were to settle their dues

in foreign currency and they faced foreign currency liquidity issues, we accepted settlements in Sri Lankan Rupees as per their request.

- Request for bulk discounts – This was facilitated based on meeting pre-agreed order quantities which assisted in our customers in driving down their cost.
- Request for changes in product dimensions - Given the decreased purchasing power of consumers across the island, certain of our FMCG customers experienced reduced demand for large stock keeping units (SKUs). They responded to this situation by manufacturing SKUs of smaller volumes priced lesser, which in turn required revised corrugated packaging, which we swiftly responded to.

Product responsibility and instances of non-compliance

Our products are manufactured in the highest quality as guided by ISO 9001 quality Management System . We also have constantly met quality requirements specified by authorities related to the Government of Sri Lanka, especially for packaging produced for our customers in food and beverages sector.

Certifications and standards enduring quality, responsibility and safety of our products

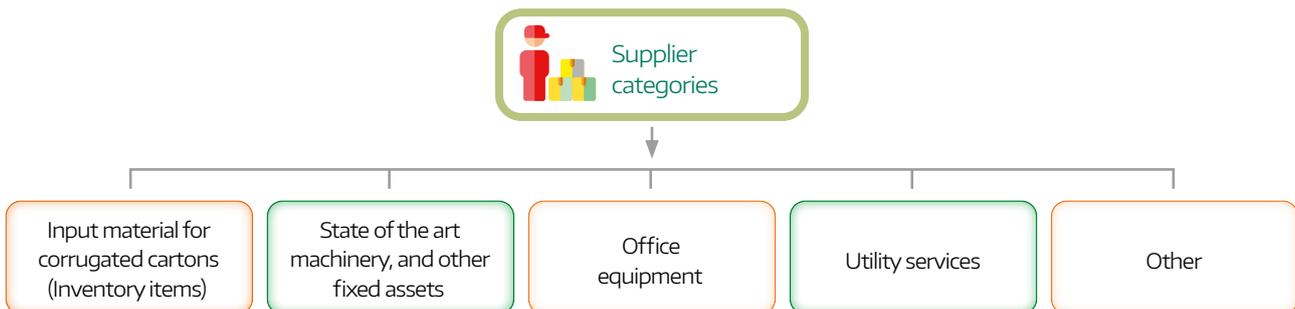
	<p>ISO 9001-2015 QUALITY MANAGEMENT SYSTEM CERTIFICATION</p>
<p>Ex-Pack is certified with ISO 9001-2015 Quality Management system since 2006</p>	
	<p>WRAP-WORLDWIDE RESPONSIBLE ACCREDITED PRODUCTION</p>
<p>Ex-Pack is the first Corrugated Carton manufacturer in Sri Lanka to receive WRAP Certification. The Certification ensures that all Ex-Pack products are manufactured under 12 Principles including stipulated conditions, which cover ethical labour, health and safety, environmental protection and supply chain security.</p>	

There were no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period.

Our Business Partners

Our business partners representing our suppliers are a critical stakeholder group in our overall value delivery process in ensuring quality, fair pricing and timely products to our customers. Our supplier base comprises both local and foreign suppliers who meet our quality specification and are aligned to our environmental and social goals. We have nurtured long-term relationships with a number of suppliers, some being the best in the world. Additionally we forge fresh relationships with suppliers based on emerging market trends, volatilities experienced in supplies, etc., to ensure uninterrupted supply of input material.

Our supplier profile



- Total suppliers towards input material for corrugated cartons > 35 nos
- Total suppliers towards machinery > 16
- Geographies - Europe, Oceania, South Asia, Middle East
- Total payments to suppliers during the financial year – Rs. 4,418.2 Mn

Social and Relationship Capital

Governance in procurement

Ex-pack's procurement process is guided by a clearly established Standard Operating Procedure (SOP). This SOP clearly defines the process to be followed in procuring items locally and from overseas (imports), organisational structure which facilitates procurement, competencies required including detailed job descriptions of persons engaged in/ responsible for the procurement function, communication matrix towards ensuring timely supply of items, process monitoring procedures and approving authorities. Approving authorities range from the Board

of Directors downwards and are determined based on the value of purchases and type of purchases viz. fixed assets, inventory and other. We also ensure that all major suppliers comply with laws and regulations concerning labor, human rights, the environment, and ethical business practices.

Given the nature of our input there is limited scope to offer opportunities to SME suppliers. Wherever possible, we do procure material from local paper mills.

Supplier relations are also subject to ISO:9000 certification.

Our suppliers are evaluated along following KPIs with data recorded as per supplier evaluation templates, and used for future decision making and ISO audits.

- Quality specifications
- Pricing
- On time delivery

Above leading to an overall supplier rating ranging from 1 (Poor) to 5 (Best).

Our Community Engagements

As a responsible corporate citizen Ex-pack carries out a number of corporate sustainability initiatives, structured along five key pillars. These initiatives are designed to channel support to the neediest segments of our community to ensure maximum positive impact. We also endeavour to contribute towards the United Nation's Sustainability Development Goals and align them towards triple bottom line aspects of Economy, Environment and Society.



Strategic objectives of our corporate sustainability initiatives

- Creating shared value for the business as well as the community
- Creating long-lasting and sustained impact instead of feel-good isolated initiatives
- Strengthening relationships with community and connected stakeholders

There were no significant negative impacts on local communities through the Company's operations during the year.

Presented below are the corporate sustainability (CS) initiatives conducted by the Company in engagement with the local community together with impact assessment.

Ex-pack Medicare Medical Centre

Ex-pack Medicare Medical Centre is in operation in its 13th year, having inaugurated since its launch in 2011. Ex-pack identified a need to setup a medical clinic in Pattiwila area to cater to the low income families and the elderly population who were deprived of proper medical attention due to high cost of medical treatment from private medical institutions outside the village of Pattiwila. As a CS initiative and in consultation with the Chief Prelate of the Pattiwila Sri Shailaramaya temple, Ven. Ariyadhamma Thero Ex-pack Medicare was initiated in June 2011, which has been operating until now at the premises of the temple. Ex-pack Medicare Medical Centre provides consultations and medicine free of charge to the Pattiwila village community three times a week on Monday, Wednesday and Friday.

- Total number of beneficiaries to date >55,000
- Number of beneficiaries during the year >5,500
- Investment: Approximately Rs. 2.4 Mn per annum



Donation of books, stationery and other items required by school children.

The donations continued for the twelfth consecutive year, and comprised a full set of stationery, school bag, water bottle, lunch box and cash voucher to buy school shoes, given away to 220 school children. The beneficiaries were from needy families – who are children of our own employees and contract staff. The support extended has been a major contributor in ensuring continued schooling for the children, amidst the high cost of living. It is encouraging to note beneficiary children excelling in their education, including at milestone competitive exams such as Grade 5 scholarship, G.C.E Ordinary Level and G.C.E Advanced Level examinations and entering the national university system for higher education.

We have extended further assistance to children entering universities, by offering an annual scholarship during their study period.

- Number of beneficiaries during the year: 220
- Investment: Approximately Rs. 3.1 Mn



Social and Relationship Capital

Other initiatives

Erection and maintenance of bus shelters

Ex-pack has erected two bus shelters at Pattiwila junction and Sapugaskanda junction in 2011 and 2017 respectively to serve commuters of public transport. The shelter in Sapugaskanda was designed and constructed by volunteerism of our own engineering staff. Our staff is also maintaining the two bus shelters in presentable condition at all times.

- Maintenance cost and payment to the Road Development Authority – Approximately Rs. 150,000/= per annum



Provision of notice boards

In a bid to contribute towards a clean and tidy surrounding, Ex-pack erected Two notice boards at Two locations of pattiwila scheme, Maguruwila Junction to facilitate all notices to be pasted on these boards thereby avoid pasting of posters elsewhere leading to environment pollution. Currently the people in surrounding areas have the opportunity to paste all their notices on these boards.

- Annual maintenance cost per notice boards per annum - Rs. 25,000/-





Industry collaborations

We engage proactively with industry stakeholders to contribute to the industry's growth and development which in turn add value to our various stakeholders. The Company maintains membership in numerous industry associations, collaborating to mutual advantage. Here are a few examples:

- a. Lanka Corrugated Cartons Manufacturers Association (LCCMA)
- b. Asian Corrugated Case Association – ACCA
- c. National Chamber of Exporters – NCE
- d. Ceylon National Chamber of Industries – CNCI
- e. International Chamber of Commerce
- f. Export Development Board
- g. Sri Lanka Institute of Packaging
- h. Ceylon Chamber of Commerce

Way forward

Ex-pack corrugated cartons PLC will seek to further strengthen its relationships with customers by delivering customer centricity and fulfilling their packaging solutions requirements with precision. Our research and development capabilities will auger well in this regard. The planned installation of new machinery will further enhance our capabilities in to the long-run. We will continue to forge fulfilling and rewarding relationships with our suppliers at home and abroad, supporting mutual growth agendas. We are also committed to uplifting and empowering our community and its people via our corporate sustainability initiatives, with added investments and efforts.



Intellectual Capital

Significance of intellectual capital in our value creation process

Our intellectual capital encompasses our strong brand, organisational tacit knowledge, established systems and processes, and our ability to create distinctive value to all our stakeholders through all conditions. Together, these have been central to differentiating the Company and setting it apart from competitors.

Adequacy of intellectual capital

Our intellectual capital base proved

highly adequate throughout the year, enabling us to reach out to new markets and meet new expectations of existing clients. It also consolidated our organisational culture as a corporate committed to “redefining solutions for a sustainable future”.

Key capital inputs:

- Ex-pack Corrugated Cartons brand name
- Distinctive base of tacit knowledge and collective experience of the staff
- Robust systems and processes

- Standards and certifications
- IT infrastructure
- R&D capabilities
- Strong leadership

Value delivered:

- 06 awards won during the year
- 06 years of average service of employees

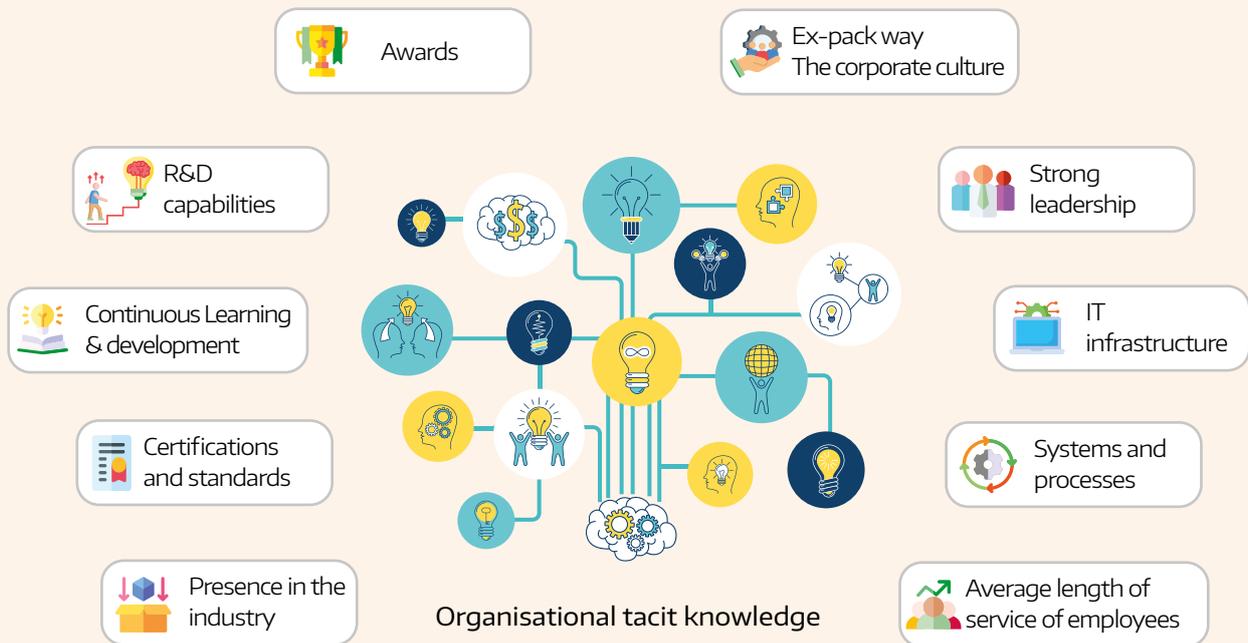
A number of target initiatives continued through the year which further strengthened our intellectual capital base.



Our brand is synonymous with quality, durable and innovative packaging solutions that are manufactured in consideration of a wide scope of social and environmental elements as well. We are the most preferred cartons provider for a wide range of clients including large scale multinational corporates. The trust, respects and preference we garner from our discerning clientele lie in the strength of our brand. The brand is driven by the brand promise of “Your carton Your way”, meaning we are always dedicated to delivering curated and specialised solutions to our customers.

Organisational tacit knowledge

We derive unmatched organisational tacit knowledge from following sources.



Ex-pack way, the corporate culture

Our corporate culture drives the Ex-pack ethos of "Redefining solutions for a sustainable future". This culture identity guides all Ex-pack staff members towards our vision "To be the most preferred packaging solution supplier in Sri Lanka". The path is flagged by key focus areas towards the vision, viz., delighting our customer, realising the potential of our people, leading the way in sustainability and expanding our size and priority. Our mission "To lead the way in Corrugated Cartons manufacturing and add value to the stakeholders through operational excellence" together with the five corporate values of Be caring, Be challenging, Be responsive, Be trusted and Be tenacious further shape our culture.

Strong leadership

Our leadership at Board level and top management level also drive our intellectual capital base. Our Board of directors represent a wide range of disciplines such as business management, economics, communication, brand building, legal

affairs, strategic transformation, etc. essential in sound navigation of the business through all times, including those of unprecedented challenges as was seen over the past few years. The Board is ably supported by the qualified and experienced team of top management who ensure the meticulous execution of the business strategy.

IT infrastructure

Our operations are supported by a robust IT infrastructure which supports our entire operations process covering procurement, production, inventory management, etc. In addition to the core enterprise resource system there are a number of other systems covering critical functions such as HR and Finance, which connect seamlessly in generating meaningful information that support sound decision making for the management.

R&D capabilities

Research and development capabilities are critical in driving our business. The function extends vital support in ensuring the high quality of our products and that they meet

the stringent specifications of our customers both local and international. The R&D laboratory is fully equipped with all necessary items and infrastructure and is functioned by qualified staff.

Our R&D team extends critical business support in analysing new technologies, new machinery, equipment and processes that are available at a global scale and make recommendations where necessary. The planned expansion of our factory operations, financed by the Initial Public Offering which successfully concluded in 2022, was a notable instance where the R&D team made recommendations on the type of machinery that should be installed in achieving the intended capacity enhancements. Such recommendations were made following visits to overseas countries and inspection of numerous machinery options available, which was then carefully assessed for options most suitable to the Company.



Intellectual Capital

The strength of Ex-pack R&D arm – Driving innovation and delivering product excellence

Primary goal: Powering product solutions that meet unique customer requirements thereby satisfy our customers and sustain the market position as a leading corrugated cartons manufacturer in Sri Lanka

Our resources:

Machinery

- Fully-fledged R&D laboratory with all modern testing equipment
- State-of-the-art Digital Cutting machine for prototype and model development with turnaround time not exceeding six hours

Technical expertise

- Extensively trained R&D staff with overseas exposure in Europe, Taiwan, China and Malaysia
- Head of Factory Operations and the Head of Process Improvement given extensive training at leading corrugated packaging giant Smurfit Kappa in Netherlands with first had experience in Manufacturing Management and Process Improvement
- Dedicated chemical engineer to strengthen the R&D department with regards to sustainable production processes and innovations

Our specialties:

- Close liaison and partnering with our customers from the inception of the new prototype and engaging them throughout the development process of designing and testing thereby ensuring the product that best meets customer requirements at reasonable costs
- Swift turnaround time in producing innovative packaging solutions within a matter of hours, whereas conventional methods would take up to two days. This has enabled us to meet urgent and unplanned packing material requirements of customers in a seamless manner



- Conducting training and capacity building on both theoretical and practical aspects of packing to Quality Assurance and production staff of our key customers in order to optimise their packing process and transfer technical know-how
- Ability to deliver packaging products with specific functionalities and quality to varying industries, particularly fisheries industry
- Process strengthened by on-time deliveries (OTD), quick response time to customer calls, effective compliant management with true and practical solutions to create value for our customers
- Partnering our customers beyond the contractual obligation of provision of goods and powering their value chain with the most suitable packing solutions
- Delivering augmented value to customers at more competitive prices and also creating cost reductions in areas like weight of the cartons, resulting in reduced shipping or air freight costs, enhanced shelf lives and brand values

Notable achievement of the R&D team in sustainability related aspect

- Successfully completed the manufacturing of Sludge to Brick, where the sludge generated through the waste water treatment process is converted into paving/cement bricks. The commercial viability of this by-product is also verified

Future plans

- Setting up of a dedicated team with professionals to drive innovative, cost effective and sustainable packing solutions which will benefit both Ex-pack and the customers with minimum impact on the environment
- Investment in a digital printer where complex, high-resolution prints can be developed in minimum turnaround time which will facilitate accurate and prompt sampling and cost-effective printing solutions.
- Investment in latest testing equipment and automatic ink kitchen to have the flexibility in catering to the changing needs of the customers

Systems and processes

Operations and support functions within the Company are clearly guided by set systems and processes often documents as Standard Operating Procedures (SOPs). All employees are duly enlightened on such SOPs at the time of being inducted to the organisation, whilst current employees are given refreshers on the matters. Clearly established systems and processes ensure consistency in our delivery and avoid deviations and misalignments in delivery.

Certifications and standards

Our already robust systems and processes are further strengthened by external certifications and verifications we have obtained covering multiple performance aspects as listed below.

HR – Certified as a Great Place To Work

Production processes

- ISO 9001-2015 Quality Management System Certification – Ex-Pack is certified with ISO 9001-2015 Quality Management system since 2006
- ISO 14001-2015 Environment Management System – As a responsible manufacturer, the Company adopts an environmentally friendly manufacturing process, has taken steps to identify and control their environmental impact and constantly improve their environmental performance.
- Worldwide Responsible Accredited Production (WRAP) – We are the first corrugated cartons manufacturer in Sri Lanka to receive WRAP certification. The certification ensures that all Ex-Pack products are manufactured under stipulated conditions, which cover ethical labour, health and safety, environmental protection and supply chain security.
- Forest Stewardship Council® (FSC®) Certification – FSC defines standards based on agreed principles for responsible forest

stewardship that are supported by environmental, social and economic stakeholders. As a responsible manufacturer, the Company has ensured its commitment to environmental sustainability through obtaining FSC certification.

Awards

Ex-pack Corrugated Cartons PLC has been the recipient of a large number of awards over the years, solidifying our stand as a market leader in the corrugated cartons space. Listed below are some of such awards

- 15 Best workplaces - Honoured with the title "One of The 15 Best Workplaces in Sri Lanka" in Manufacturing and production industry category in 2022 & 2023
- Best Work Place in Asia - Honoured with the title "One of The Best Workplaces in Asia" in medium category in 2019, 2020, 2021 and 2023.
- Great Place To Work - Sri Lanka - The first corrugated cartons manufacturer to be recognised as one of the "Top 25 Best Workplaces in Sri Lanka" - awarded in 2018, 2019, 2020, 2021, and 2023.

Presence in the industry

We have been present in the industry since 1998 and now count over 25 years of expertise in producing corrugated cartons. Over the years, we have gathered vast business acumen and technical know-how related to the business and have often shared our knowledge via forums, discussions, etc., in accelerating the growth of the entire industry.

Continuous learning & development

Our staff goes through continuous learning and development opportunities, both on the job and off the job thereby enhance their skills and competencies. Their collective knowledge serves as an unmatched source of technical-know-how which largely benefits the smooth running of our operations.



One of The 15 Best Workplaces in Sri Lanka



of 284 staff members is 6 years



over 25 years of expertise



Learning and development opportunities

Average length of service of employees

The average length of service of our employee base of 284 staff members is 6 years. The years of knowledge and experience our team has amassed have not only given us a competitive advantage but have also played a role in advancing the industry.

Way forward

In an increasingly competitive and complex operating landscape, a key focus will be to enhance brand equity among our diverse customer base. We also aim to bolster our extensive organisational tacit knowledge by nurturing a culture centered around data and innovation.



Natural Capital

Significance of natural capital in our value creation process:

The Company uses a variety of natural resources such as energy, water, and land in its value creation process. We undertake multiple initiatives in greening our processes guided by a structured approach with robust governance, to focus our efforts on promoting a healthier planet.



Adequacy of manufactured capital:

The Company has access to required natural capital inputs in sustaining its operations. The Company exercises maximum efforts in resource efficiency and in minimising waste and effluents.

Key capital inputs:

- 4.25 Acre land extent
- 12,213 m3 water
- 21,190,194 kg material (paper)
- 1,663,724 KWh electricity
- Diesel Fuel - 137 069.542
- Furnace oil - 455 941L

Value delivered:

- 100% of waste generated recycled without leading to landfills
- 10.5% reduction in total GHG emissions compared to the base year 2021/22

Our approach to managing Natural Capital

As an entity engaged in manufacturing operations with considerable reliance on natural resources, we are well aware of the footprint we leave on the environment. Simultaneously we are also aware of the triple planetary crisis, viz., climate change, pollution, and biodiversity loss. Accordingly, we have in place, robust systems which manage our resource consumption, efficiency enhancements, waste and effluent management and greenhouse gas emissions management. The cross-functional team "Green Team" functioning with the oversight of the top management is dedicated to ensuring our environmental footprint is minimised.

Standards and certifications that guide our actions

- ISO 14001:2015 – Environmental Management System
- Environmental Protection License from the Central Environmental Authority (CEA), which is duly renewed on an annual basis and with all specified conditions adhered to
- Scheduled waste management licenses from the CEA
- Carbon Neutral Certification from the NCPC Sri Lanka
- WRAP – Worldwide Responsible Accredited Production
- The Forest Stewardship Council (FSC) Certification

Climate consciousness

There is growing emphasis on climate change as it affects all regions around the world. Polar ice shields

melting, rising sea levels, extreme weather events such as rainfall becoming more common while others experiencing more extreme heat waves and droughts - are all direct outcomes of climate change. The world is in need of climate action now, before these impacts will only intensify.

Broader consequences of climate change are wide ranging and involve threats to business as well. In such a scenario, Ex-pack Corrugated Cartons PLC has mapped the following climate related risks and opportunities which helps us assess the impact of climate change on our business operations. We note this as an important step in enhancing our non-financial reporting as well, given our plans to fully adopt SLFRS S2 – Climate Related Disclosures from the next reporting cycle.

Climate related risks	Climate related opportunities
Extreme droughts, storms, fires, pests, and diseases disturbing forest health which may disrupt the supply of paper which form key inputs in our operations	Shifting raw materials to more recycled paper and reducing reliance on paper manufactured from felled trees which may be more cost effective
	Decarbonise the manufacturing process by resorting to renewable energy sources and achieve long term energy cost benefits
	Ability to secure low cost funding from financial institutions who have green funding plans
	Experience greater demand from climate conscious customers

Energy Management and Emissions Management

Energy consumption by source

	2023/24	2022/23	YoY change (%)
Grid electricity - GW	1.663	1.352	23%
Diesel - L	137,069	129,863	5.5%
Petrol - L	489.5	560	-12.6%
LPG	-	-	
Furnace oil -Kwh	4,960,961.31	3,197,784.34	55.13
Generator -KWh	28,926.57	361,890	-92%
Total energy consumption - conversion in KWh (1KWh = 0.0036 GJ)	6,653,611.1 KWh (23,953GJ)	4,885,416.66Kwh (17,587GJ)	36.20%

Natural Capital

Environmental impact - Emissions

In tCO2e	FY 2023/24 (Pending Verification)	FY 2022/23	YoY change (%)
Direct (scope 1) GHG emissions	1,859.57	1607.32	15.69%
Indirect (scope 2) GHG emissions	1,219.32	1052.94	15.80%
Total carbon footprint	3,078.89	2660.26	15.70%

Ex-pack Corrugated Cartons PLC is an ISO 9001-2015, ISO 14001-2015 and WRAP certified facility.

Continuing their journey towards a sustainable manufacturing facility, Ex-pack initiated a commitment to become "Carbon Neutral" by 2022 and they are continuing the commitment with the 3rd inventory year in 2023. co-energi (Pvt) Ltd. joined hands with Ex-Pack to do the GHG assessment and help achieve carbon neutrality to the company.

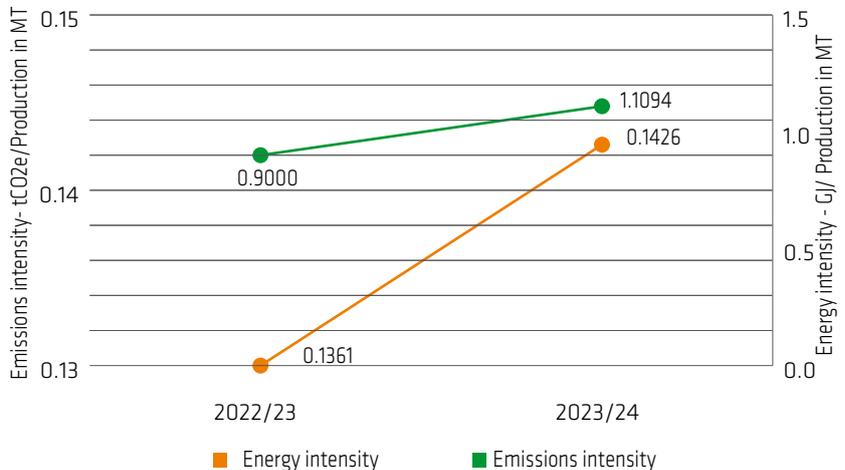
co-energi (Pvt) Ltd. is an independent engineering consultancy company promoting, energy and resource efficiency in buildings and industrial processes among Sri Lankan and regional businesses. They are specialised in Green Building Consultancy, Building Design Assessment, carbon neutral consultancy and complete MEP and HVAC Design works.

The GHG assessment boundary included all operations of Ex-pack Corrugated Cartons PLC. The geographic scope entitled Ex-pack Corrugated Cartons PLC manufacturing facility located in No.79, Pattiwila road, Gonawala, Kelaniya. The consolidation approach, control was selected and facility level GHG emissions as per operational control of Ex-pack Corrugated Cartons PLC. All operations and processes that has the ability to influence the operational decisions and policies of the Ex-pack Corrugated Cartons PLC were considered for the assessment.

The first GHG inventory was prepared in year from 01st March 2021 to 28th February 2022 which was considered

Energy and emissions intensity

Monthly average exchange rate



as the base year for this inventory reduction calculations.

Energy conservation efforts during the year

- Energy assessments - We carefully track energy use and efficiency in our factory to identify and address inefficiencies in our systems
- Continued replacing of light bulbs with LED lights
- Sent disposal waste to Aitken spence PVT (Ltd) for Incineration - Aitken spence is the company who produce electricity from Heat (Waste to energy concept)
- Encourage our employees to use company transport rather than their own vehicles.

Emissions reductions initiatives during the year

- Monitoring of electricity, LPG, furnace oil, diesel, and petrol consumption on a continuous

	2023/24	2022/23
Emission Intensity (tCO2e)	0.1426	0.1361
Energy intensity	1.1094	0.9000

basis to identify any major variations.

There were no any emissions of ozone depletion substances (NOx and SOx or any other significant emissions substances) through out our production on 2023/2024

Water Management and Effluent Management

Water is a key natural resource deployed in our manufacturing process as well as for employee usage. The main source of water is pipe-borne water from the municipality. We have a conscious commitment towards reducing water usage.

Water conservation efforts during the year

- Water recycling system
- Efficient equipment leading to reduced water usage
- Regular maintenance of equipment
- Employee training and awareness on the significance of water saving

Water withdrawn by source

In m3	FY 2023/24	FY 2022/23	YoY change (%)
Pipe-borne water from the municipality	12,213	12,862	-5%
Groundwater	-	-	-
Surface water (rivers, lakes, etc.)	-	-	-
Sea water	-	-	-
Total water withdrawn	12,213	12,862	-5%

Water withdrawn by source

In m3	FY 2023/24	FY 2022/23	YoY change (%)
Total water withdrawn	12,213	12,862	-5%
Total water discharged	11,212	12,009	-6.6%
Total water consumed	1,001	853	17.3%

Initiatives on effluent during the year

The Company treats its waste water which is then utilised in the greenhouse maintained at our factory premises. The sludge generated is handed over to INSEE Eco-Cycle (Pvt) Ltd for responsible disposal - INSEE Eco-Cycle (Pvt) Ltd is the only authorised person by the Central Environmental Authority to dispose of sludge waste. We do not release any untreated waste water or sludge to the environment.

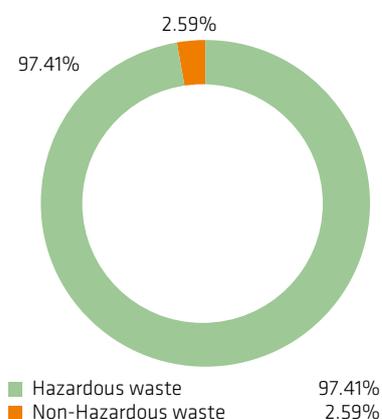
In m3	FY 2023/24	FY 2022/23	YoY change (%)
Surface water (rivers, lakes, etc.)	None	None	None
Groundwater	None	None	None
Municipality	None	None	None
Sea	None	None	None
Total effluents discharge	None	None	None

Waste Management

Waste generated

In t	FY 2023/24	FY 2022/23	YoY change (%)
Total hazardous waste	59.97	40.45	48.25 (59.97-40.45/40.45)
Total non-hazardous waste	2,258.82	1,544.32	46.22
Total waste generated	2,318.79	1,584.77	46.33

Waste Composition



■ Hazardous waste 97.41%
 ■ Non-Hazardous waste 2.59%

Natural Capital

Our waste and what happens to our waste

We generate both hazardous and non-hazardous waste, with non-hazardous waste being the majority. Types of waste that our operation generates is sludge, plastic waste, cardboard and paper waste, e-waste, food waste, scrap metal, etc. We are proud to state that zero waste generated by our operations ends up in landfills as we have an established methodology in disposing of all waste generated in our operations.

- Paper waste – In our production process, approximately 7% of our waste comprises paper. The vast majority of this waste paper is exported to India. In India again, these waste paper does not make it to landfills but get repurposed in various value added products.

WASTE PAPER DETAILS	AMOUNTS (MT's)
EXPORT	1,734.99
LOCAL / INDIRECT EXPORT	512.44
Total	2,247.43

- Polythene, cans, e-waste, etc. – All other waste types are sorted and handed over to responsible parties registered with the Central Environment Authority
- Food waste – With food provided to employees all three meals a day we ensure food waste is minimum. On average food waste is about 6 - 8 kgs per day. We drive conscious awareness amongst employees on the significance of avoiding food waste.

Our products – A green solution to packaging

Every year, we produce on average over 1,800 tones of cardboard boxes to our dynamic customer range, spread across multiple industries. Our packaging products enter offshore markets as well. We pride ourselves in the fact that our product is 99% recyclable and 100% bio-degradable.

Waste to value

Ex-pack Corrugated Cartons PLC experimented on converting sludge waste in to paving cement blocks during the financial year. This was carried out by one of our own chemical engineer, who successfully invented a formula in turning sludge to a solid cement block which can be used in paving. Necessary quality checks regarding the product has also been successfully conducted and test bulks of the paving blocks manufactured with its commercial viability affirmed.



This also empowers our customers to green their process. Given the ergonomics, innovative features and high quality of our packaging solutions, our customers have placed trust in us and resorted to a recyclable and less energy-intense packaging solution as opposed to resorting to more environmentally degrading products such as plastic/regifoam.

Responsible sourcing

Paper being our key input, which has heavy reliance on trees, we exercise utmost responsibility in our sourcing. The majority of our paper supplies are certified by the Forestry Stewardship Council (FSC).

It is encouraging to experience growing demand from our own



The mark of responsible forestry

customers to use raw material sourced from FSC certified suppliers, which ensure end-to-end integration of the supply chain to environmentally friendly goals.

Way forward

- Installation of state-of-the-art machinery of latest technology which will enable technologies such as robotic process automation, lead to greater efficiencies and less functional hours, thereby lead to considerable energy savings and emissions reductions.
- Implementation of a carbon footprint management plan, with reduction targets in footprint, measures to achieve targets, responsibilities, etc., clearly established
- Design and implementation of biodiversity preservation projects
- Moving to green energy through premises solarisation project (in the medium term)

Independent Practitioner's Assurance Report



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TO THE SHAREHOLDERS OF EX-PACK CORRUGATED CARTONS PLC

on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2023/24

Scope

We have been engaged by Ex-pack Corrugated Cartons PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Ex-pack Corrugated Cartons PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Ex-pack Corrugated Cartons PLC's (the "Entity's") Integrated Annual Report/ Annual Report/ Sustainability Report for the year ended 31 March 2024 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Ex-pack Corrugated Cartons PLC

In preparing the Subject Matter, Ex-pack Corrugated Cartons PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at <https://www.globalreporting.org>

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Ex-pack Corrugated Cartons PLC's responsibilities

Ex-pack Corrugated Cartons PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the Ex-pack Corrugated Cartons PLC on 03 April 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and have the required competencies and experience to conduct this assurance engagement.

Independent Practitioner's Assurance Report

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organisation through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organisation's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

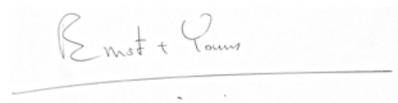
Emphasis of matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Entity's Report.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Ex-pack Corrugated Cartons PLC for the year ended 31 March 2024, in order for it to be in accordance with the Criteria.



4 June 2024

Colombo.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

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CORPORATE GOVERNANCE & RISK MANAGEMENT

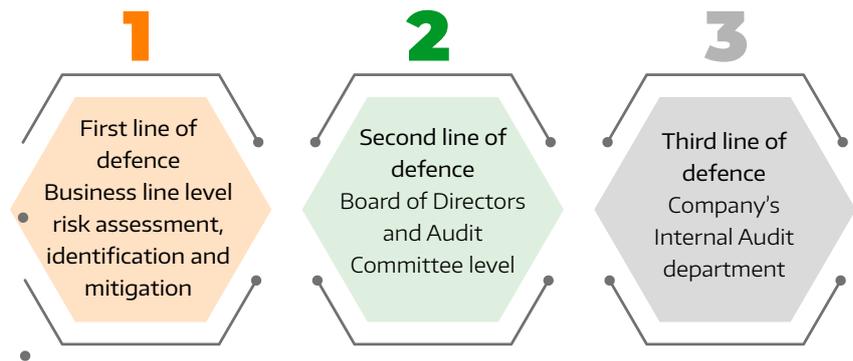


Risk Management

Ex-pack Corrugated Cartons PLC adopts an enterprise-wide approach to risk management and has a robust risk management process. This process establishes governance structures, responsibilities, policies, processes, and procedures for managing risks in ensuring an equitable balance between profitability and stability. This risk management process continues to guide the Company amidst numerous unprecedented shocks stemming from the external environment, enabling the pursuit of the Company's strategic goals with ability and prudence. The Company's Board of Directors holds the ultimate responsibility for risk management, ensuring that the organisation's risk exposure is managed effectively and aligns with its strategic objectives. To support the Board in these duties, the Audit

Committee plays a crucial role. The Audit Committee provides oversight and ensures that risk management practices are robust and effective, aligning with regulatory requirements and best practices.

The risk management framework is based on the three lines of defence model which establishes responsibilities and duties in risk management.



Risk landscape of 2023/24

Several factors contributed to the risk landscape to be though the financial year. Broader economic conditions in Sri Lanka, continued to pose a risk although key economic indicators were improving. High costs of production and low consumer spending capacity affected the entire value chain. Additionally, the global economic

slowdown and reduced purchasing power of consumers also affected the Company's operations and profitability.

Ex-pack risk management process

Process in a snapshot

The Board determine the nature and extent of the principal risks it is willing to accept to achieve its

strategic objectives. Risk are identified and evaluated and appropriate risk management strategies are implemented at each level in the organisation.

Note to Agency – this is last year layout – please do a different layout with different icons, colours, etc.

Risk identification

The initial step in the risk management process is to identify the risks that the business is exposed to, stemming from the operating environment, internal processes, people, climate, etc.



Risk assessment and evaluation

After risks have been defined, the next step is to analyse their criticality in order to determine which actions that should be taken further.



Risk treatment

The Company develops a risk treatment plan to mitigate or avoid each risk as much as possible, starting with the highest-priority risks.



Risk monitoring and review

The Board of directors considers risk management as an integral part of its business operation.

They oversee the implementation of the framework and periodically review the risk management processes.



Risk Identification

Risk identification involves documenting any risks that could prevent the Company from reaching its strategic objectives. This first step in the risk management process helps understand and plan for potential risks. Examples include macro-economic shocks, theft, business downturns, accidents, lawsuits, and data breaches.

The approach for risk identification consists of the following

1. System Definition
2. Provision of information
3. Examination of known risks
4. Identification of new risks
5. Detailed Analysis

Risk assessment and evaluation

In this step, risks are assessed based on their probability of occurrence and severity of impact using the most recent data available. Risk evaluation involves comparing these assessment results with established risk criteria to determine where additional actions are needed.

Risk Treatment

Risk treatment is an essential component of an effective risk management plan at Ex-Pack Corrugated Cartons PLC. It outlines the Company's response to identified potential risks, detailing strategies to address risks of varying impact levels and acceptability. Effective risk treatment depends on the commitment of key stakeholders and the development of realistic objectives and timelines for implementation.

Risk treatment, also known as risk control, involves making decisions on how to manage risks in both external and internal environments. Options include risk reduction, avoidance, acceptance, and transfer.

1. Specify the Treatment Option: Decide whether to avoid, reduce, share/transfer, or accept the risk.
2. Document the Treatment Plan: Outline the approach to treat the risk, highlighting any relationships or interdependencies with other risks.
3. Assign an Appropriate Owner: Designate an individual responsible for monitoring and reporting on

the progress of the treatment plan implementation. The risk owner remains ultimately accountable for ensuring the treatment plan is executed, even if a different person is managing the plan.

4. Specify a Target Resolution Date: Set a deadline for resolving the risk. For long lead times, consider developing interim measures to manage the risk effectively.

Risk Monitor and Review

The purpose of regular risk monitoring and review is to ensure the continued relevance and effectiveness of the risk management treatment plan. This involves tracking progress and making necessary adjustments if there are significant changes in internal or external factors affecting the intervention. The importance and urgency of each risk may change over time, making it crucial to regularly review and update risk assessments to identify new risks and address any emerging threats.

Key elements of Ex-pack Corrugated Cartons PLC's risk management framework

Segregation of responsibility

Board of directors

- Holds overall responsibility for the Company's risk management and internal control systems. These systems are designed to manage risks and provide reasonable assurance against significant misstatements or losses. The Board continuously reviews the effectiveness of these systems to safeguard shareholder investments and company assets.
- The Board also determines the acceptable level of risk to achieve strategic objectives, with risk assessment and evaluation integrated into the management process.

The executive management team

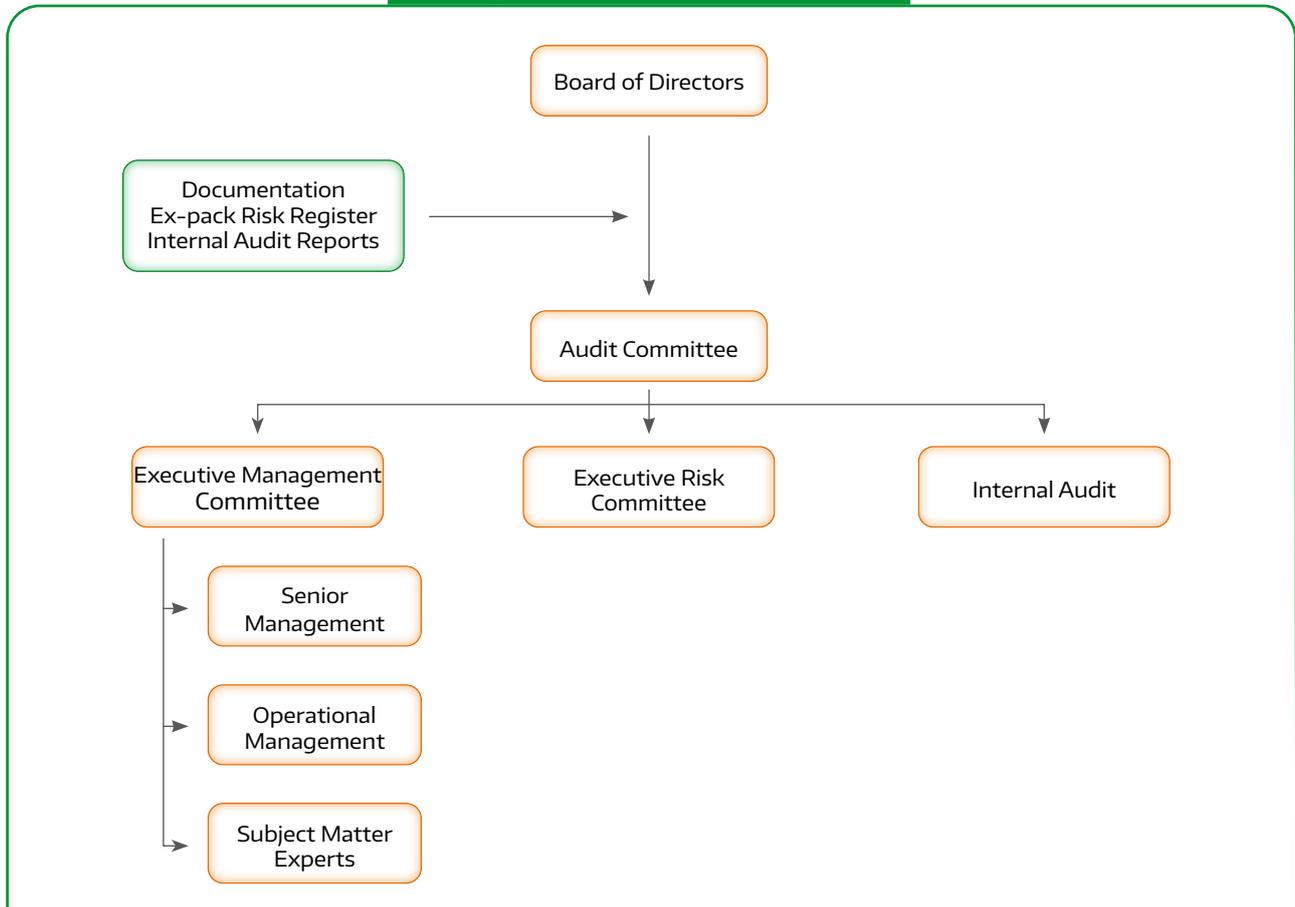
- Identifies and evaluates key business risks
- Implements strategy and develops operations within Board parameters, with day-to-day management delegated to operational managers. All management levels are responsible for internal control over their respective areas, ensuring quick responses to operational and business risks and prompt reporting of significant issues

Audit Committee

- Audit Committee, along with the Board and senior management, reviews the risks identified by the Executive Management Team and determines appropriate management actions.
- The Audit Committee also reviews the effectiveness of the internal control system and reports significant matters to the Board.

Risk Management

Organisational structure



Risk register and risk rating

Ex-Pack's risk register process follows a standardised approach to risk identification, assessment, and review, emphasising mitigating factors and assigning responsibility to risk owners. The registers categorise risks into strategic, operational, environmental, legal, economic/political/market, technological, HR and financial areas. Each risk is assessed based on its probability of occurrence and severity of impact. New and emerging risks are added to the registers as they are identified and assessed.

5	Medium	Medium	High	Very high	Very high
4	Low	Medium	High	High	Very high
3	Low	Medium	Medium	High	High
2	Low	Low	Medium	Medium	Medium
1	Low	Low	Low	Low	Medium
	1	2	3	4	5

Severity of impact

Risk register and risk rating

The Company faced noticeable changes in its risk landscape due to shifting challenges from both domestic and global operating environments. The table below summarises the significant risk exposures for the year under review, detailing their potential impacts on the Company and the strategies employed to manage these risks. This comprehensive overview highlights the proactive measures the Company has taken to navigate a complex and evolving risk environment.

Risk/ Risk rating	Risk description	Mitigation measures	Connectivity to strategy	Stakeholders impacted						
<p>Economic challenges</p> <table border="1"> <tr> <td>Probability of occurrence</td> <td>5</td> </tr> <tr> <td>Severity of impact</td> <td>5</td> </tr> <tr> <td>Risk classification</td> <td>Very high</td> </tr> </table>	Probability of occurrence	5	Severity of impact	5	Risk classification	Very high	Adverse movement of key economic factors such as inflation, interest rates and exchange rate can affect several aspects of the Company viz., procuring raw material at competitive prices, demand for goods, cost of capital, etc. and ultimately profitability.	<ul style="list-style-type: none"> Diversification of supplier base to both local and foreign parties Strengthened relationships with a robust and diverse range of customers ranging from SMEs, exporters, multi-national corporates which is resilient to macro-economic shocks Strengthening the capital position of the Company and optimise cost of funds even amidst rising interest rate levels Cost optimisation through internal process efficiencies to preserve profitability amidst shocks beyond the control of the Company 	Market position	Shareholders Customers Suppliers
Probability of occurrence	5									
Severity of impact	5									
Risk classification	Very high									
<p>Pricing of corrugated cartons</p> <table border="1"> <tr> <td>Probability of occurrence</td> <td>3</td> </tr> <tr> <td>Severity of impact</td> <td>5</td> </tr> <tr> <td>Risk classification</td> <td>High</td> </tr> </table>	Probability of occurrence	3	Severity of impact	5	Risk classification	High	The cyclical nature of packaging industry could result in overcapacity and consequently threaten the pricing structure	<ul style="list-style-type: none"> Strengthened relationships with a robust and diverse range of customers ranging from SMEs, exporters, multi-national corporates which will ensure year round demand for products of the Company Product innovations, rapid time to market for innovative products, 100% on time delivery, etc., in ensuring healthy demand from our customers thereby reduce potential of overcapacity 	<ul style="list-style-type: none"> Market position Operational excellence 	Shareholders Customers
Probability of occurrence	3									
Severity of impact	5									
Risk classification	High									
<p>Operational disruptions at manufacturing plants</p> <table border="1"> <tr> <td>Probability of occurrence</td> <td>2</td> </tr> <tr> <td>Severity of impact</td> <td>5</td> </tr> <tr> <td>Risk classification</td> <td>Medium</td> </tr> </table>	Probability of occurrence	2	Severity of impact	5	Risk classification	Medium	Operational disruptions may occur due to malfunctioning machinery and equipment which may delay production or stoppages if severe and affect profitability	<ul style="list-style-type: none"> Operational contingency plans in place in the event of plant damage or temporary shutdown Continues investment in rigorous programmes of preventive maintenance for all key plants All facilities adequately covered by insurance to mitigate the impact of significant interruptions 	<ul style="list-style-type: none"> Market position Operational excellence 	Customers Shareholders Employees
Probability of occurrence	2									
Severity of impact	5									
Risk classification	Medium									

Risk Management

Risk/ Risk rating		Risk description	Mitigation measures	Connectivity to strategy	Stakeholders impacted
Raw materials and other input costs Probability of occurrence: 5 Severity of impact: 5 Risk classification: Very high		Price fluctuation in energy and raw material costs could adversely affect the Ex-pack's manufacturing process	<ul style="list-style-type: none"> Dedicated purchasing function in place responsible for all input costs and ongoing cost reduction programmes Strong supply arrangement in place for approximately 80% of material requirements which provides assurance of supply for its primary raw material while maintaining an optimal level of flexibility with respective pricing and quantity Continuous invests in a range of cost reduction projects, primarily in the areas of energy and raw material efficiency that can deliver demonstrable economic returns 	<ul style="list-style-type: none"> Market position Operational excellence 	Suppliers
Talent management and retention Probability of occurrence: 4 Severity of impact: 4 Risk classification: High		Socio-economic uncertainties have triggered a notable migration of skilled labor, presenting challenges in recruiting and retaining employees. This shift underscores the urgency for the Company to review talent attraction and retention strategies. Adapting to the evolving workforce landscape has necessitated the Company to provide competitive incentives and cultivate engaging work environments for employee loyalty and longevity.	<ul style="list-style-type: none"> Robust HR strategy to attract, engage, train, motivate and retain our people Continuous development of talent Process is in place to identify and develop high potential staff Enhancements to our existing competitive remuneration and recognition packages and review processes Various non-monetary benefits available for staff such as all three meals a day, extended benefits to employees' children in school and higher education Strong succession planning in place for top leadership in ensuring the continuity of quality leadership 	Employees	Investment in human capital

Risk/ Risk rating	Risk description	Mitigation measures	Connectivity to strategy	Stakeholders impacted						
<p>Health and safety</p> <table border="1"> <tr> <td>Probability of occurrence</td> <td>2</td> </tr> <tr> <td>Severity of impact</td> <td>5</td> </tr> <tr> <td>Risk classification</td> <td>Medium</td> </tr> </table>	Probability of occurrence	2	Severity of impact	5	Risk classification	Medium	<p>Failure to maintain good health and safety and employee wellbeing practices may have an adverse effect on the business.</p>	<ul style="list-style-type: none"> Health and safety of all our employees as well as third parties who visit our premises are a core consideration in all management reviews The protection of the health and safety of the workforce is a continual focus in an industry with a broad profile of hazards Formally established practices of investigating accidents, near-misses, registry and preparing safety bulletins which are shared across the divisions Strong auditing process based on current high-risk activities Annual safety improvement planning Strong culture of health and safety inculcated amongst employees across all levels 	<ul style="list-style-type: none"> Operational excellence Investment in human capital 	<p>Employees Customers</p>
Probability of occurrence	2									
Severity of impact	5									
Risk classification	Medium									
<p>Legislation and regulation – environmental</p> <table border="1"> <tr> <td>Probability of occurrence</td> <td>3</td> </tr> <tr> <td>Severity of impact</td> <td>4</td> </tr> <tr> <td>Risk classification</td> <td>High</td> </tr> </table>	Probability of occurrence	3	Severity of impact	4	Risk classification	High	<p>The Company is subject to a growing number of environmental laws and regulations, and the cost of compliance or the failure to comply with current and future laws and regulations may negatively affect the business.</p>	<ul style="list-style-type: none"> Strong governance process in place to ensure compliance with all applicable laws and regulations 	<p>ESG priorities</p>	<p>Government and regulatory bodies</p>
Probability of occurrence	3									
Severity of impact	4									
Risk classification	High									

Risk Management

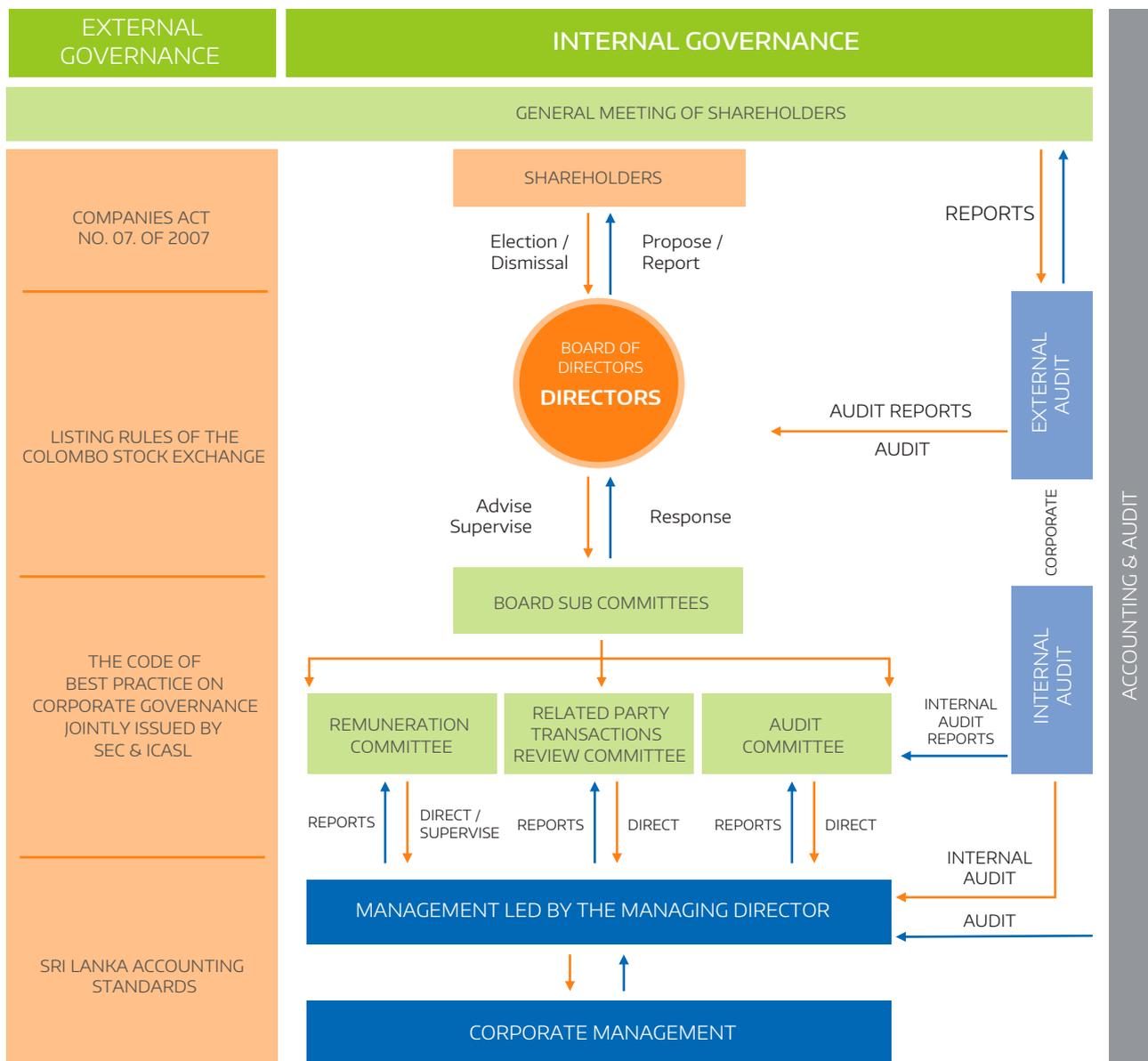
Risk/ Risk rating		Risk description	Mitigation measures	Connectivity to strategy	Stakeholders impacted
Cyber and Information Security Probability of occurrence: 3 Severity of impact: 5 Risk classification: High		In the era of technology and digitization, the Company is susceptible to cyber-attacks with potential threats to confidentiality, integrity and availability of data compromised in its systems	<ul style="list-style-type: none"> Formally documented policies in relation to information security including cyber security are in place Robust framework established to ensure awareness at each level of the organisation regarding the implementation of cyber security Regular audits of control mechanisms Specific controls in place to prevent and detect security issues relating to critical business systems Defined business continuity and IT disaster recovery plans in place with frequent tests Cyber security training for all employees 	Operational excellence	Employees Customers
Climate change and environmental linked risks Probability of occurrence: 5 Severity of impact: 5 Risk classification: Very high		With growing implications of climate change and global movement towards greening the planet, industries that are having a large eco-foot print is coming under increasing scrutiny for their activities. The Company also has a considerable reliance on paper as raw material which is manufactured from felled trees. The Company also creates various types of emissions and effluent.	<ul style="list-style-type: none"> Responsible sourcing of paper from supplies certified by the Forestry Stewardship Council (FSC). Scientific tracking of carbon foot print and measures to reduce same Responsible discharge of emissions with zero landfills Organisation-wide initiatives taken to reduce waste Innovative use of sludge created in the manufacturing process wherein same is converted to bricks that can be used in construction 	ESG priorities	Community

Corporate Governance

Governance Framework

Strong corporate governance is essential for the effective management and oversight of an organisation's operations. It ensures that Directors meet their responsibilities to all stakeholders, including shareholders, customers, employees, and the broader community. The Board of Directors of Ex-Pack Corrugated Cartons PLC has implemented comprehensive guidelines that delineate fiduciary duties and establish high standards of conduct for all Directors.

These guidelines are designed to promote transparency, accountability, and integrity within the organisation. They outline the ethical and legal responsibilities of Directors, ensuring that their actions align with the best interests of the company and its stakeholders. By adhering to these stringent standards, the Board of Directors commits to upholding the principles of good governance, fostering a culture of trust and ethical behaviour throughout Ex-Pack Corrugated Cartons PLC. This commitment enhances the organisation's reputation and contributes to its long-term success and sustainability.



Corporate Governance

Corporate Governance Highlights

Appointment of a new director: On 2nd August 2023, Mr. Uduwage Don Wadeepa Chathuranga Abeyratne was appointed as a Non-Executive Non-Independent Director after ceasing his role as an alternative director for Mr. Shafik Kassim.

Reporting to shareholders

- ▶ Quarterly financial reporting on 07 August 2023, 15 November 2023, 07 February 2024 and 22 May 2024
- ▶ Annual general meetings
 - 02nd Annual General Meeting held on 26 September 2023
 - 03rd Annual General Meeting to be held on 28 June 2024

Board sub committees – All sub committees discharged of their responsibilities effectively, supporting the Board maintain effectiveness of governance

Key governance mechanisms

- ▶ Clearly articulated policies and Code of Conduct in place
- ▶ 6 out of the 8 directors are non-executives
- ▶ Equal voting rights for all shareholders
- ▶ Distinct organisational culture founded on values of being caring, embracing challenges, being responsive, being trustworthy and tenacious
- ▶ Self-assessments of Board and subcommittees
- ▶ Commitment to integrating sustainability considerations

Driven on a robust strategy

Strategic pillars

- ▶ Market position
- ▶ Partner of choice
- ▶ Operational excellence
- ▶ Investment in human capital
- ▶ Capital allocation
- ▶ ESG priorities

Board Of Directors and Profiles

As at 04th June 2024, The Board comprised 8 Directors of whom 3 are Non-Executive Independent Directors, 3 Non-Executive Non-Independent Directors, and 2 Executive Non-Independent Directors. The profiles of the Directors are on pages 27 to 30.

Name	Designation
Sattar Kassim	Non-Executive Non-Independent Director / Chairman
Shafik Kassim	Non-Executive Non-Independent Director
Zulficar Ghouse	Executive Non-Independent Director / Managing Director
Abdullah Kassim	Executive Non-Independent Director
Thulci Aluwihare	Non-Executive Independent Director
Dinesh Dharmadasa	Non-Executive Independent Director
Shehara De Silva	Non-Executive Independent Director
Uduwage Don Wadeepa Chathuranga Abeyratne	Non-Executive Non-Independent Director (Appointed W.E.F 2nd August 2023)

Annual Corporate Governance Report

Ex-Pack ensures the adoption of the highest standards of Corporate Governance requirements recommended by the Code of Best Practices on Corporate Governance compiled by the Securities and Exchange Commission of Sri Lanka in collaboration with the Institute of Chartered Accountants of Sri Lanka and the principles of corporate governance set out in the Code on Corporate Governance.

The Board of Directors is fully responsible to its shareholders and statutory bodies and all other stakeholders of the Company to ensure that the Company is growing sustainably while creating a strong Corporate Governance environment and a framework to ensure investor protection and confidence. Hence, the Board of Directors provides strategic direction to the management to develop short-term, medium-term, and long-term corporate business strategies, while providing the necessary guidance on each element of business operations to ensure the sustainable development of the Company, thereby ensuring investor protection, confidence, and the best interest of other stakeholders.

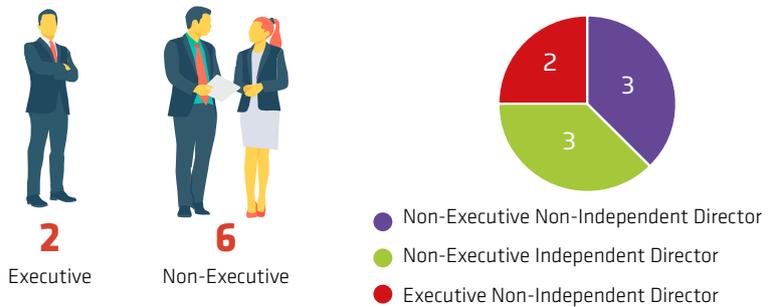
The primary role of the Board is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises executive management. It also ensures that good corporate governance policies and practices are implemented within the Group. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interests of the company and its shareholders.

Members of the Board collectively and individually recognise their duty to comply with the legal and regulatory provisions applicable to the Company and the Board ensures that procedures

and processes are in place to ensure that the Company and its subsidiaries comply with all applicable legal and regulatory provisions respectively.

Board Composition

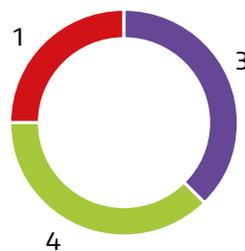
The Board of Directors during the year 2024 comprised 8 Directors of whom 3 are Non-Executive Independent Directors, 3 Non-Executive Non-Independent Directors, and 2 Executive Non-Independent Directors. The names and profiles of the Directors are given in pages 27 to 30 of this annual report. They possess the skill, experience, and knowledge, to set the directions and oversee the operations of the company. The Board has determined that the 3 Independent Non-Executive Directors, satisfy the criteria for Independence set out in the Listing Rules, and annually each Non-Executive Director declares her/his independence/non-independence compliance with the relevant statutory regulations.



Gender composition of the Board of Directors

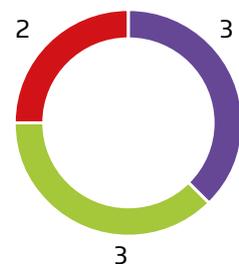


Tenure on the Board



- Over 5 years
- Between 1 to 5 years
- Less than one year

Age diversity



- Above 60 years
- Between 45 - 60 years
- Below 45 years

Corporate Governance

Independence

In accordance with the CSE Listing Rules (Section 9.8.5), the Independent Non-Executive Directors have submitted declarations of their independence up on appointments and during the year as required.

The Independence of all its Non-executive directors were reviewed on the basis of criteria given by the CSE Listing Rules 9.8.3. of the Listing Rules and the three Independent Non Executive Directors mentioned in pages 27 to 30 meet the said criteria.

Responsibilities of the Board

The core responsibility of the Directors is to exercise their judgment to act in what they reasonably believe to be the best interest of the Company and for the creation of long-term value and return for shareholders. Further, the Board seeks independent professional advice when deemed necessary. The Board is responsible for the achievement of the Group's overall performance objectives, accurate and efficient financial plans, annual budgets, major investments, divestment, evaluation, and assessment of funding proposals, risk management, and ensuring corporate governance practices are adhered to.

To ensure the efficiency and effectiveness of the delegation of responsibilities and to provide independent oversight of Management, the Board has established a number of Board Sub Committees, including the Audit Committee, the Remuneration Committee, and the Related Party Transactions Committee. These committees are primarily consisting of Non-Executive Directors. The respective roles and responsibilities of each Board Sub-Committees are included in this report.

The Chairman and Chief Executive Officer

There is a clear demarcation of the responsibilities between our Chairman and our Chief Executive Officer. The functions performed by each are distinct and separated, ensuring the balance of power and authority within the organisation that no person has unfettered powers of decision-making implementation.

The role of Chairman

The Chairman is responsible for leading the Board and focusing it on strategic matters, overseeing the company's business, and setting effective and efficient governance standards. He plays a pivotal role in fostering the effectiveness of the Board and individual Directors, both inside and outside the board room.

Despite the chairman's non-independent position, Ex-pack remain committed to upholding the highest standards of corporate governance. Ex-pack's governance practices, including regular board evaluations, independent committee structures, and transparent reporting, are designed to foster integrity, ethical conduct, and responsible decision-making. The Chairman meets with the Independent Non-Executive Directors as and when necessary.

The role of Chief Executive Officer

The managing director executes the role of Chief Executive Officer at Ex-Pack where he directs and oversees the business's overall strategic direction by developing effective and competitive business strategies. Also, Managing Director reports to the Chairman and the Board and is responsible for leading the day-to-day operation of the company within the authority delegated by the Board

Role of the highest governance body in sustainability reporting

There is strategic commitment from the Board of Directors on conducting the operations of the business in a sustainable manner. Triple bottom line concept of People, Planet and Profits guide the Company's sustainability initiatives. The Company's corporate sustainability initiatives also drive its sustainability initiatives. There is continuous commitment towards enhancing sustainability reporting. Accordingly, this year's annual report is prepared in accordance with a number of voluntary disclosure reporting frameworks as outlined in page 93 of the Report.

The Board Balance

Coming from diverse business and professional backgrounds, the non-executive directors (including independent non-executive directors) of the Company have shared their valuable experiences with the Board for promoting the best interests of the Company and its shareholders. The non-executive directors have actively participated in the board committees of the Company, and they have made significant contributions to their skills and expertise to these committees. The composition of the Executive and Non-Executive Directors in the Board satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange.

Financial Acumen

The Board of Ex-pack consists of professionals as well as entrepreneurs who have many years of experience in the corporate world. Their proficiency in the diverse areas of business, academic and/or entrepreneurial financial skills, business acumen, broad practical wisdom, and unique perspectives enable the efficient and effective decision-making and leadership of the Group

Board Meetings

The Board meets regularly at least 04 times a year at quarterly intervals and holds additional meetings as and when the Board thinks appropriate. In addition to these Pre-Board meetings, the Board of Directors communicates, as appropriate, when issues of strategic importance requiring extensive discussions arise. During the year under review, 04 Board meetings were held. All meetings were presided over by the Chairman.

The attendance of individual Directors at Board meetings during the year is set out in the table below,

Dates of the Meetings						
Attendance	29/05/2023	07/08/2023	15/11/2023	07/02/2024	%	
Executive Non-Independent Director						
Mohamed Zulficar Mohamed Ghouse	4/4	✓	✓	✓	✓	100%
Abdullah Osman Kassim	4/4	✓	✓	✓	✓	100%
Non-Executive Non-Independent Director						
Sattar Kassim	4/4	✓	✓	✓	✓	100%
Shafik Kassim*	1/4	✓	✗	✗	✗	25%
Uduwage Don Wadeepa Chathuranga Abeyratne**	2/3	-	✗	✓	✓	
Non-Executive Independent Director						
Ukwatte Kankanamage Dinesh Dharmadasa	4/4	✓	✓	✓	✓	100%
Wanigasekara Bandaranayake Wasala Mudiyanse Ralahamilage Aluwihare Mahawalawwe Thulci Goutham Aluwihare	4/4	✓	✓	✓	✓	75%
Shehara De Silva	4/4	✓	✓	✓	✓	100%

* Includes 01 meeting attended by alternate Director Mr. U D W Chathuranga Abeyratne

** Mr. U D W Chathuranga Abeyratne ceased to be an alternate Director to Mr. Shafik Kassim with effect from 2nd August 2023 and was appointed as a Director on the Board on 2nd August 2023.

Communication of critical concerns to the Board

The Board has set in place a number of mechanisms to facilitate communication of critical concerns to the Board as follows

- Meetings of the Board and sub committees

These provide a regular platform for communicating critical concerns to the Board. Independent reporting lines such as Internal Audit to the Audit Committee, further reinforce this mechanism. Additionally, critical concerns can be circulated via a Board paper to the Board or relevant subcommittee if deemed sufficiently important and time-sensitive.

- Whistleblower Mechanism – This is an effective mechanism available for any employee to raise important matters/concerns to identified Board and management personnel of the Company. All whistle blowing complaints received during the year have been evaluated and as appropriate, investigated and action taken via a process managed by the Head of Human Resource & Compliance.
- Company Secretary – Shareholders may contact the Company Secretary to bring critical concerns to the attention of the Board which are then informed to the Chairman for suitable action

Policy commitments

The Board ensures that risk management, compliance, and controls are integrated into all key processes, striking an appropriate balance between seizing opportunities for gain and mitigating potential risks. The Company's control environment encompasses an enterprise-wide suite of internal controls and risk management frameworks, processes, and activities, providing a robust framework for maneuvering through both internal and external challenges and opportunities.

The policy framework, outlined below, offers reasonable assurance for the effective delivery of the Company's

Corporate Governance

strategic objectives. Policies are reviewed and revised when needed to ensure they remain relevant to evolving operating conditions.

In accordance with recent revisions to the CSE Listing Rules, the Company is currently enhancing its policy framework and improving transparency concerning several key policies. This initiative is expected to be completed by the third quarter of 2024.

List of key policies

- Internal Code of Business conduct and Ethics for Management & Employees
- Group accounting procedures and policies
- Remuneration Policy
- Risk Management & Internal Controls
- Information Technology (IT) policies and procedures including data protection, classification and security
- Policy on product and services
- Recruitment and selection, rewards and recognition, and learning and development policies
- Policy against sexual harassment
- Policy on forced, compulsory child labour and child protection
- Group environmental & sustainability policies including policies on energy, emissions, water, waste management and biodiversity conversion
- Supplier code of conduct

Policy on health & safety
Social Compliance Policies

Conflict of Interest

The company is dedicated to upholding the highest standards of ethical conduct and transparency. Recognising the potential impact of conflicts of interest on decision-making and governance, company is committed to manage such situations proactively. Company's commitment to ethical conduct remains unwavering. By fostering a culture of transparency and accountability, aim to protect the interests of stakeholders and maintain the trust placed in investors, customers, and employees. This approach ensures that the business decisions are made objectively and in the best interests of the company, supporting long-term success and sustainability.

Board Sub Committees

The Board delegates its powers and authorities from time to time to committees in order to ensure the operational efficiency and specific issues are being handled with relevant expertise. Three board committees have been established and each of them has its specific duties and authorities set out in its own terms of reference.

a. Audit Committee

The Audit Committee consists of Non-Executive and Independent Directors. The role of the Committee is to review the accounting principles, policies, and practices adopted in the preparation of financial information. The Committee is responsible for the consideration and the appointment of the external auditors. Further, the Committee supports the Board in discharging their responsibilities in areas such as overseeing internal controls, business risk, and statutory compliances. The Audit Committee report including the subjects reviewed during the financial

year 2023/24 is reported in detail on pages 131 to 133.

b. Remuneration Committee

The Remuneration Committee consists of two Independent Non-Executive Directors and a Non-Executive Director. The role of the Committee is to determine the remuneration policy for the Chief Executive Officer and the Senior Managers and to ensure that the statutory and legal requirements pertaining to the remuneration are complied with. The Remuneration Committee report and the subjects reviewed during the financial year are presented in pages 134 to 136.

c. Related Party Transactions Review Committee

The Related Party Transactions Review Committee consists of Non-Executive and Independent Directors. The objective of the Committee is to exercise oversight on behalf of the Board, that all Related Party Transactions are taken note of and dealt with in a manner consistent with the code of listing rules.

The Related Party Transactions Review Committee report and the subjects reviewed during the financial year are presented in pages 135 to 136

All related party transactions as defined by the applicable accounting standards are disclosed on note 24 & 27 of the Financial Statements on pages 144 to 195 of this Annual Report.

Access to Independent Professional Advice

The Directors obtains independent professional advice whenever required to assist in discharging their duties.

Company Secretary

All directors have access to the advice and services of the Company Secretary,

who is responsible to the Board for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with. Any question of the removal of the Company Secretary should be a matter of to the Board as a whole.

Independent Judgement of The Directors

The Independent Directors remain independent from day-to-day management and are free from any business and/or other relationship which may hinder their exercise of unbiased judgment. This enables them to act critically and independently in the best interest of the Company.

Dedication of Adequate Time & Effort

Adequate time is devoted at every meeting to ensure that the Board's responsibilities are discharged satisfactorily.

Training for the Directors

The policy on Directors' training is to provide adequate opportunities for continuous development subject to requirements and relevance for each Director.

Supply of Information

The notices of Board Meetings are provided along with the agenda well ahead of the scheduled meeting. The Board Papers are circulated among the Directors ahead of the meeting providing adequate time to review and call for any additional information and clarification to assist them to formulate independent views.

Availability of a Nomination Committee

The Company has not formed a specific Nomination Committee. However, the performance of the Board and its composition are being evaluated annually.

Appointments to the Board

The Company has a formal and transparent procedure for the appointment of new Directors to the Board. Mr. U D W Chathuranga Abeyratne Appointed as a Non-Executive Non-Independent Director W.E.F from 2nd August 2023.

Re-Election of Directors

The Board of Directors focuses on maintaining continuity and infusing new knowledge and perspectives via an enhanced succession planning process. As per Article 78 of the Articles of Association of the Company, At each Annual General Meeting one third of the Directors for the time being, or if their number is not a multiple of three the number nearest to (but not greater than) one third shall retire from office, Provided however that any Managing Director appointed shall not, whilst holding that Office be subject to retirement by rotation or be taken into account in determining the Directors to retire in each year. A Director retiring at a meeting shall retain office until the close of the meeting including any adjournment thereof.

Accordingly the following resolutions are to be passed at the 3rd Annual General Meeting to be held on 4th June 2024, towards the appointment of two directors.

To re-elect as a Director, Mr. Abdulah Osman Kassim who retires by rotation in terms of Article 78 of the Articles of Association of the Company and being eligible, offers himself for re-election as a Director.

To re-elect as a Director, Mr. Wanigasekara Bandaranayake Wasala Mudiyanse Ralahamilage Aluwihare Mahawalawwe Thulci Goutham Aluwihare who retires by rotation in terms of Article 78 of the Articles of

Association of the Company and being eligible, offers himself for re-election as a Director.

Appraisal of Board Performance

The performance of the Board, its sub-committees, and individual Directors are being evaluated annually.

Appraisal of Chief Executive Officer

The performance of the Chief Executive Officer is evaluated annually.

Constructive Use of Annual General Meeting

We ensure that all proxy votes are counted, and the quantum of proxies lodged on each resolution is conveyed to the chairman. A separate resolution is proposed at an Annual General Meeting on each substantially separate issue. At the Annual General Meeting, the respective Chairman of the Remuneration Committee and Audit Committee are present to provide any clarification to shareholders as necessary. The notice and the agenda for the Annual General Meeting together with the Annual Report of the Company containing the relevant documents are sent to the shareholders giving 15 working days notice prior to the date of the Annual General Meeting.

Communication with Shareholders

All shareholders are invited and encouraged to be present, actively participate and vote at the Annual General Meeting. The Annual General Meeting provides an opportunity for shareholders to seek and obtain clarifications and information on the performance of the Company. The external Auditors are invited to attend the Annual General Meeting, for any professional assistance that may be requested. Shareholders who are not in the position to attend the Annual General Meeting in person are entitled to have their voting rights exercised by a proxy of their own choice.

Corporate Governance

Major Transactions

There were no major transactions during the financial year

that materially altered our Company's net asset base.

Directors' Interest in Contracts with the company

Related party disclosures as per the Sri Lanka Accounting Standard – LKAS 24 on "Related Party Disclosures" is disclosed in Note 26 & 27 to the Financial Statements on pages 189 to 192 of this Annual Report. In addition, the Company carries out transactions in the ordinary course of business on an arm's length basis with entities where the Chairman or a Director of the Bank is the Chairman or a Director of such entities.

Financial Reporting

The Board's responsibility to present the Financial Statements accepted in the Statement of Directors' Responsibility shown on page 137. The report of the directors on the state of affairs of the Company is given on this Annual Report on pages 128 to 130. The Auditor's Report on the Financial Statements for the year ended 31st March 2024 is presented on pages 144 to 195 of this Annual Report. The management discussion and analysis of the Company is available on pages 56 to 92 of this Annual Report. The Board is satisfied that the Company will continue its operations in the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the Financial Statements.

Code of Business Conduct & Ethics

The Company has developed and institutionalised a strong set of corporate values and code of conduct that

is circulated to Directors and all employees. The Board ensures that Directors and employees strictly comply

with the code of Business Conduct and Ethics at all levels in the performance of their official duties, communications, role modeling, and in any other circumstances, so as to prevent the tarnishing of our Company's image in any manner. The violation of the code of ethics is an offense that is subject to disciplinary action.

Material Issues pertaining to Employees & Industrial Relations of the Entity

There are no material issues reported pertaining to employees and industrial relations of the entity during the financial year ended 31st March 2024. There is no employee labour union within the company.

Processes to remediate negative impacts

Furthermore clearly defined grievance mechanisms are in place to identify negative impacts of the Company on employees, business partners and the community we operate in.

Internal Controls

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board's policy is to have systems in place which optimise the Company's ability to manage risk in an effective and appropriate manner. The Board has delegated to the Audit Committee responsible for identifying, evaluating, and monitoring the risks facing the Company and for deciding how these are to be managed. In addition to an internal audit carried out by an external professional body, members of the Audit Committee are expected to report to the Board as necessary the occurrence of any material control issues, serious incidents, or events that have had a major commercial

impact, or any significant new risks which have been identified.

Compliance with laws and regulations

The Company ensured full compliance with all laws and regulations applicable, and there were zero lapses in this regard.

Disclosures to the Public, SEC and CSE

The Board of Directors, in conjunction with the Audit Committee where applicable, is responsible for ensuring the accuracy and timeliness of published information. The quarterly financial statements along with the explanatory notes are disclosed and published to all company's stakeholders by the Company in accordance with the SLAS, Listing Rules of the Colombo Stock Exchange, and Securities and Exchange Commission of Sri Lanka.

Furthermore, any other material and financial and non-financial information which are price sensitive information about the Company is promptly communicated to the CSE, and such information is also released to all stakeholders including employees, shareholders and regulatory authorities, and the press.

The Board took cognizance of the revised Corporate Governance Rules issued by the Colombo Stock Exchange which came into effect from 1st October 2023 with certain rules applicable with effect from 1st October 2024. The Company took immediate measures to assess the gaps and has already complied with certain requirements. Further the Company has set up a date plan to work towards ensuring compliance with the balance requirements within the stipulated time period given in the Corporate Governance rules. This is to further strengthen the Company's Governance Frameworks, as and when needed.

The areas where the Company is already in compliance with the revised corporate Governance Rules are given below;

- Board composition and the minimum number of Independent Directors.
- The Independent Directors comply with the criteria for determining independence.
- The Composition of the Audit Committee and the Related Party Transactions Review Committee
- The Chairman of the Board is a Non- Executive and the position of Chairman and CEO are not held by the same individual. Further Chairman and the CEO are not close family members or related parties. Hence there is no requirement for a Senior Independent Director in terms of the Listing Rules.
- Each Director on the Board and the CEO has given a signed declaration in March 2024 confirming that they meet the Fit & Proper Criteria of Directors (as per the criteria given under 9.7.3 if the listing rules) and necessary steps are in place to monitor that they are Fit & Proper at all times.
- Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with Shareholders.

In terms of Section 9.16 of the Listing Rules the undernoted additional Disclosures are made;

CSE rules	Compliance Status	Reference within the Annual Report
Directors have disclosed all material interests in contracts and have refrained from voting when materially involved.	Yes	Directors make a disclosure of interests at appointment, at the beginning of every financial year and during the year as required
Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence	Yes	Board takes steps to ensure the integrity of internal control systems remain effective via the review and monitoring of such systems on a periodic basis.
Directors are aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable capital market provisions	Yes	The Board of Directors are notified promptly of any new developments in regulations applicable to the Company.
Disclosure of material non-compliance with laws/ regulations and fines by relevant authorities where the Entity operates	Yes	There were no material non-compliance with laws/ regulations and fines during the period.

The Code of Best Practice on Corporate Governance 2017 issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA) and the Securities Exchange of Sri Lanka forms the nexus of the Company's Corporate Governance Framework. In addition, the Company is also aware of the new developments/update in the Corporate Governance that has been introduced by CA through the Code of Best Practice on Corporate Governance 2023 (Code 2023). The Company has already complied with some of the new requirements stipulated therein while safeguarding that the necessary steps are in place to comply with the best practices of the aforementioned Code 2023 as applicable to the Company.

Corporate Governance

Statement of Compliance

Level of compliance with Section 168 of Companies Act, No. 07 of 2007, pertaining to Corporate Governance.

Rule No.	Disclosure Requirement	Page Reference to the Annual Report
Section 168 (1) a	Changes during the accounting period in the nature of the business of the Company.	128
Section 168 (1) b	Financial Statements for the accounting period completed and signed in accordance with section 151.	148
Section 168 (1) c	Auditor's report on the Financial Statements	144-147
Section 168 (1) d	Change in accounting policies made during the accounting period.	154-165
Section 168 (1) e	Particulars of entries in the interests register made during the accounting period.	129
Section 168 (1) f	Remuneration and other benefits of directors during the accounting period	119
Section 168 (1) g	Amount of donations made by the Company during the accounting period.	130
Section 168 (1) h	Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period.	27-30
Section 168 (1) i	Amounts payable by the Company to the auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that firm.	129
Section 168 (1) j	Particulars of any relationship (other than that of auditor) which the auditor has with or any interests which the auditor has in, the Company.	129
Section 168 (1) k	Sign the Annual Report on behalf of the Board by two Directors of the Company and the Secretary of the Company.	130

Level of compliance with Section 7.6 of Listing Rules of the Colombo Stock Exchange.

Rule No.	Disclosure Requirement	Page Reference to the Annual Report
Rule 7.6 (i)	Names of persons who during the financial year were Directors of the Entity.	27-30
Rule 7.6 (ii)	Principal activities of the Entity during the year and any changes therein.	128
Rule 7.6 (iii)	The names and the number of shares held by the 20 largest holders of shares and the percentage of such shares held.	139
Rule 7.6 (iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	141
Rule 7.6 (v)	Director's and Chief Executive Officer's holding in shares of the Entity at the beginning and end of the financial year.	141
Rule 7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity.	96
Rule 7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	110
Rule 7.6 (viii)	Extent, locations, valuations of land and buildings and investment properties.	166
Rule 7.6 (ix)	Number of shares presenting the Entity's stated capital.	139
Rule 7.6 (x)	Distribution schedule of the number of holders in each class of security, and the percentage of their holding as per given categories	140
Rule 7.6 (xi)	Ratios and market price information	08
Rule 7.6 (xii)	Significant changes in the Entity's fixed assets and the market value of land if differs substantially from the book value.	166
Rule 7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules	103-111
Rule 7.6 (xvi)	Details of Related party transactions as per the specified criteria.	189

Corporate Governance

Code of best practices on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities Exchange Commission of Sri Lanka (2017)

The Company		
A. Directors		
<p>A.1 The Board</p> <p>Every public company should be headed by an effective Board, which should lead and control the Company. The Board should include a balance of Executive and Non-Executive Directors such that no party can dominate the Board's decision making. The Board of a Listed Company includes two or one third of Non-Executive Directors appointed to the Board of Directors as "independent director".</p>	Complied	<p>The Board consists of 8 Directors out of which 6 are non-executive directors. The names and profiles of the Directors are given on page 27 to 30 of this Annual Report. They Possess the skill, experience and knowledge, to set the directions and oversee the operations of the Company. The composition of the Executive and Non-executive Directors satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange.</p> <p>The Board has determined that the 3 Independent Non-Executive Directors, satisfy the criteria for Independent set out in the Listing Rules and annually each Non-Executive Director declares his independence/ non independence i .e compliance with the relevant statutory regulations.</p> <p>Requirement to appoint a "Senior Non-Executive Director" is not relevant to the Company as the Chairman's and the Chief Executive Officer's roles are segregated.</p> <p>The Chairman meets with the Independent Nonexecutive Directors as and when necessary.</p>
<p>A.1.1 Frequency of Board Meetings</p> <p>The Board should meet regularly and the Board Meeting should be held at least once a quarter of a financial year.</p>	Complied	<p>The Board generally meets on a quarterly basis, but more frequently whenever it is necessary. During the year under review, 4 Board meetings were held. The meetings were presided over by the Chairman. The attendance by each of the Directors is set out on page 131 to 136.</p>
<p>A.1.2 Responsibilities of the Board</p> <p>The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed.</p>	Complied	<p>Please refer "Responsibilities of the Board of Directors" on page 137.</p>
<p>A.1.3 Compliance with laws and access to independent professional advice.</p> <p>There should be a procedure agreed by the Board of Directors, in furtherance of their duties to take professional advice if necessary.</p>	Complied	<p>The Board collectively and the Directors individually act in accordance with the laws of the country of operation which are applicable to the business enterprise. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws & regulations.</p> <p>A procedure has been established for Directors to seek independent professional advice from external parties when necessary, at the expense of the Company.</p>

<p>A.1.4 Board Secretary</p> <p>All Directors should have access to the advice and services of a Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.</p>	<p>Complied</p>	<p>The Directors have access to the advice and services of the Board Secretary. The Board Secretary ensures that Board procedures, relevant statutory obligations and other applicable rules and regulations are complied with.</p> <p>The Board Secretary had provided the Board with support and advice relating to Corporate Governance matters, Board procedures, and applicable rules and regulations during the financial year. The Board Secretary ensures that the Board members are provided with timely and accurate information to fulfill their duties.</p> <p>The appointment and removal of the Board Secretary is a decision taken by the Board as a whole.</p> <p>Business Intelligence (Private) Limited functions as the Secretary of the Board.</p>
<p>A.1.5 Independent judgement</p> <p>All Directors should bring independent judgement to bear, in discharging their duties and responsibilities on matters relating to the Board including strategy, performance, resource allocation, risk management, compliance and standards of business conduct.</p>	<p>Complied</p>	<p>which may hinder their exercise of unbiased judgement. This enables them to act critically and independently in the best interest of the Company.</p>
<p>A.1.6 Dedication of adequate time and effort by the Board and Board Committees</p> <p>Every Director should dedicate adequate time and effort to matters of the Board and the Company.</p>	<p>Complied</p>	<p>Adequate time is devoted at every meeting to ensure that the Board's responsibilities are discharged satisfactorily.</p>
<p>A.1.7 Ability to present resolution to the Board</p> <p>One third of directors can call for a resolution to be presented to the Board where they feel it is in best interest to the company to do so.</p>	<p>Complied</p>	<p>This was not exercised during the financial year 2023/24.</p>
<p>A.1.8 Induction and Training for Directors</p> <p>Every Director should receive appropriate training on the first occasion that he or she is appointed to the Board of a listed Company and subsequently as necessary.</p>	<p>Complied</p>	<p>The policy on Director's training is to provide adequate opportunities for continuous development subject to requirement and relevance for each Director.</p>

Corporate Governance

<p>A.2 & A.2.1 Chairman and Chief Executive Officer</p> <p>There should be a clear division of responsibilities between the Chairman and the Chief Executive Officer to ensure a balance of power and authority, in such a way that any individual has no unfettered powers of decisions</p>	<p>Complied</p>	<p>There is a clear demarcation of the responsibilities between our Non - Executive Chairman and our Chief Executive Officer. The functions performed by our Chairman and our Chief Executive Officer are distinct and separate, ensuring the balance of power and authority within the organisation, so that no person has unfettered powers of decision-making implementation.</p>
<p>A.3 Chairman's Role</p> <p>The Chairman should lead and manage the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully, and preserves order, and facilitates the effective discharge of the Board function.</p>	<p>Complied</p>	<p>The Chairman of the Board facilitates the effective discharge of Board proceedings. All the Directors are encouraged to participate in decision making and their views are obtained to ensure that the Board functions in an efficient manner which is beneficial to the stakeholders and the Company.</p> <p>Please refer page 106 for the Chairman's role.</p>
<p>A.4 Financial Acumen</p> <p>The Board should ensure the availability within of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.</p>	<p>Complied</p>	<p>The Board consists of professionals as well as entrepreneurs who have many years of experience in the corporate world. Their proficiency in the diverse areas of business, academic and/or entrepreneurial financial skills, business acumen, broad practical wisdom and unique perspectives enable the efficient and effective decision making and leadership of the company as well as the Group.</p>
<p>A.5 Board Balance</p> <p>There should be balance of Executive and Non-Executive Directors so that no individual or small group of individuals can dominate the Board's decision making.</p>	<p>Complied</p>	<p>All Directors are Non-Executive Directors except Managing Director and Mr. Abdullah Kassim. Each of them brings vast experience and the ability to exercise independence and judgement when taking informed decisions.</p>
<p>A.5.1 Presence of Non-Executive Directors</p> <p>One third of directors can call for a resolution to be presented to the Board where they feel it is in best interest to the company to do so.</p>	<p>Complied</p>	<p>Please refer "Board of Directors" profile on page 27 to 30.</p>
<p>A.5.2 Independent Directors</p>	<p>Complied</p>	<p>Three out of the Six Non-Executive Directors were considered independent. The requirement as per the Code has been complied with throughout the financial year.</p>
<p>A.5.3 Criteria to evaluate Independence of Non-Executive Directors</p>	<p>Complied</p>	<p>The Board considers Non-Executive Directors' independence on an annual basis and concluded for the financial year that each of them continues to be free from any business or other relationship that could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.</p>

A.5.4 Signed declaration of independence by the Non-Executive Directors	Complied	Independent Directors have submitted written declarations of their independence as required by Schedule K of the Code and section 9.8.3 of the Listing Rules.
A.5.5 Determination of independence of the Directors by the Board	Complied	The Board annually determines the independence of each Non-Executive Independent Director based on the declarations submitted by them. Circumstances have not arisen for the determination of independence by the Board, beyond the criteria set out in the Code.
A.5.6 Alternate Directors	Complied	No alternative directors have been appointed during the year. Mr. U. K. D. Chaturanga Abeyratne appointed as a Non-Executive Non-Independent Director W.E.F 02nd August 2023.
A.5.7 Senior Independent Directors The Chairman should lead and manage the Board, ensuring that it discharges its legal and regulatory responsibilities effectively and fully, and preserves order, and facilitates the effective discharge of the Board function.	Not Applicable	A senior Independent Director has not been appointed by the Board as the Chairman and the Chief Executive Officer roles are separated. The requirement to appoint a Senior Independent Director does not arise under this Code.
A.5.8 Confidential discussion with the Senior Independent Director	Not Applicable	Please refer the comments in A 5.7 above.
A.5.9 Meeting of Non-Executive Directors The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present, as necessary and at least once each year.	Complied	The Chairman meets with the Non-Executive Directors without the presence of the Executive Director on a need basis. However, there were no formal specific meetings held with Non-Executive Directors during the year.
A.5.10 Recording of concerns in Board Minutes Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board Minutes.	Complied	All concerns raised by the Directors on matters of the Company and wished to be recorded have been duly recorded in the Board minutes in sufficient detail.
A.6, A.6.1 & A.6.2 Supply of Information Obligation of the Management to provide appropriate and timely information and adequate time for circulation of respective Board documents.	Complied	The notices of Board Meetings are provided along with the agenda well ahead of the scheduled meeting. The Board Papers are circulated among the Directors ahead of the meeting providing adequate time to review and call for any additional information and clarification to assist them to formulate independent views.
A.7 Appointments to the Board A formal and transparent procedure should be followed for the appointment of new Directors to the Board.	Complied	The Board assesses the suitability of the prospective nominees to the Board and approves the persons as "fit and proper" to serve as a member of the Board.

Corporate Governance

A.7.1 Appointments to the Board	Complied	The Board has not established a Formal Nominations Committee to make recommendations on Board appointments. Hence, appointments to the Board are made collectively and with the consent of all the Directors.
A.7.2 Assessment of Board composition	Complied	An assessment is made of the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company when considering new appointments to the Board.
A.7.3 Disclosure of details of new Directors to shareholders	Complied	<p>Details of new Directors are disclosed to the shareholders at the time of their appointment by way of public announcements to the Colombo Stock Exchange as well as in the Annual Report, along with a brief resume of the Director which includes;</p> <p>The nature of his expertise in relevant functional area.</p> <p>Other Directorships or memberships in Board Sub-Committees.</p> <p>Whether the Director is considered “Independent”</p> <p>Mr. U D W Chathuranga Abeyrathne Appointed as a Non-Executive</p> <p>Non-Independent Director W. E. F. from 2nd August 2023.</p>
A.8, A 8.1 & A 8.2 Re-election	Complied	According to the Articles of association of the company, Director retire by rotation and being eligible for re-election will stand for re-election by shareholders at the Annual General Meeting.
A.8.3 Resignation	Complied	No Directors were resigned during the financial year 2023/2024.
A.9, A.9.1, A.9.2, A.9.3 & A.9.4 Appraisal of board performance	Complied	The performance of the Board, its sub-Committees and individual Directors are being evaluated annually.
		The Board should periodically appraise its own performance against the preset targets in order to ensure that the Board responsibilities are satisfactorily discharged.

<p>A.10 Disclosure of Information in respect of Directors</p> <p>Details in respect of each Director should be disclosed in the Annual Report for the benefit of the shareholders.</p>	Complied	<p>The biographical details of the Directors including their qualifications, nature of expertise in relevant functional areas, and other directorships are given on page 131 to 136 Directors' attendance at Board and Board Sub-Committee meetings are given on page 107 to 135 and Directors' interest in contracts with the Company are disclosed on page 189 of this Report.</p>
<p>A.11, A.11.1 & A.11.2 Appraisal of the Chief Executive Officer</p> <p>Setting of the annual targets and the appraisal of the CEO.</p>	Complied	<p>The performance of the Chief Executive Officer is being evaluated annually.</p>
B. Directors' Remuneration		
<p>B.1 Remuneration Procedure</p> <p>The Company should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.</p>	Complied	<p>The Company has a formal and transparent procedure for developing policy on executive remuneration and fixing the remuneration packages of individual Directors. No Director has been involved in deciding his remuneration in order to avoid the self-review threat.</p>
<p>B.1.1 Remuneration Committee</p> <p>To avoid potential conflicts of interest, the Board of Directors should set up a Remuneration Committee to make recommendations to the Board, within agreed terms of reference, on the Company's framework of remunerating executive directors.</p>	Complied	<p>The Remuneration Committee makes recommendations to the Board on remuneration policy for the Executive Director and the corporate management that is consistent with the objectives of the Company. The Committee determines and agrees with the Board the broad policy framework for the remuneration of the Chief Executive Officer.</p> <p>The Chief Executive Officer participates at meetings when deciding the remuneration of the corporate management in order to recruit, retain and motivate the corporate management team.</p>
<p>B.1.2 & B.1.3 Composition of the Remuneration Committee</p> <p>Remuneration Committee should consist exclusive of Non-Executive Directors. The members of the Remuneration Committee should be listed in the Board's remuneration report to the shareholders.</p>	Complied	<p>The Remuneration Committee comprises of the following Non-Executive Directors.</p> <p>Further details of the Remuneration Committee are given on this Annual Report on pages 134.</p>

Corporate Governance

<p>B.1.4 Remuneration of the Non-Executive Directors</p> <p>The Board as a whole, or where required by the Articles of Association, the shareholders should determine the remuneration of Non-Executive Directors, including members of the Remuneration Committee, within the limits set in the Articles of Association. Where permitted by the Articles, the Board may delegate this responsibility to a subcommittee of the Board, which might include the CEO.</p>	<p>Complied</p>	<p>Non-Executive Directors are remunerated in accordance with the Articles of Association of the Company. The fees and reimbursable expenses are payable in consideration of the basis of contribution/ services performed at the Board and Committee Meetings, and the Company's year-end financial performance.</p>
<p>B.1.5 Consultation of the Chairman and access to professional advice</p> <p>Remuneration Committee should consist exclusive of Non-Executive Directors who are Independent of Management. The members of the Remuneration Committee should be listed in the Board's remuneration report to the shareholders.</p>	<p>Complied</p>	<p>The Committee consults the Chairman on proposals relating to the remuneration of the Executive Director and has access to professional advice in discharging their duties.</p>
<p>B.2 Level and make-up of Remuneration</p> <p>The level of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to the corporate and individual performance.</p>	<p>Complied</p>	<p>Please refer Remuneration Committee Report on page 134.</p>
<p>B.2.1& B.2.2 Level and make-up of the remuneration of the Executive Director</p> <p>The Remuneration Committee should provide the packages needed to attract, retain and motivate Executive Directors of the quality required but should avoid paying more than is necessary for this purpose.</p> <p>Executive directors' remuneration should be designed to promote the long-term success of the company.</p>	<p>Complied</p>	<p>The Board makes assessments on the fact that the remuneration of Executive and the Non-Executive Directors reflects the market expectations and is sufficient to attract and retain the quality of Directors needed to run the Company.</p> <p>The remuneration package of the Chief Executive Officer is structured to link rewards to corporate and individual performance, ensuring there is strong alignment between the short-term and long-term interests of the Company.</p>

<p>B.2.3 Comparison of remuneration with other companies</p> <p>The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies. It should be aware what comparable companies are paying and should take account of relative performance, but should use such comparisons with caution, mindful of the risk that they can result in an increase of remuneration levels with no corresponding improvement in performance.</p>	Complied	<p>The Committee ensures that remuneration of executives at each level of management is competitive and in line with their performance. Surveys are conducted as and when necessary to ensure that the remuneration is on par with those of competitive companies.</p>
<p>B.2.4 Comparison of remuneration with other companies in the Group</p>	Complied	<p>It also takes into consideration data concerning executive pay among the related group companies when determining annual salary increases.</p>
<p>B.2.5 Performance related payments to the Chief Executive Officer</p>	Complied	<p>Performance based incentives have been determined to ensure that the total earnings of the Chief Executive Officer is aligned with the achievement of objectives and budgets of the Company.</p>
<p>B.2.6 Executive share options</p>	Complied	<p>The Company has no share option made available to the Directors, Executives or employees of the Company.</p>
<p>B.2.7 Deciding the Executive Directors' Remuneration</p>	Complied	<p>In deciding the remuneration of the Chief Executive Officer, the Committee takes note of the provisions set out in Schedule E of the Code.</p>
<p>B.2.8 Early termination of Directors</p> <p>Remuneration Committees should consider what compensation commitments (including pension contributions) their Directors' contracts of service, if any, entail in the event of early termination. Remuneration Committees should in particular, consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct, in initial contracts.</p>	Complied	<p>Not applicable to the Board except for the Executive Directors including Chief Executive Officer who is an employee of the Company and his terms of Employment is governed by the employment contract.</p>
<p>B.2.9 Early termination not included in the initial contract</p> <p>Where the initial contract does not explicitly provide for compensation commitments, Remuneration Committees should, within legal constraints, tailor their approach in early termination cases to the relevant circumstances. The broad aim should be, to avoid rewarding poor performance while dealing fairly with cases where departure is not due to poor performance.</p>	Complied	<p>Please refer comment in B.2.8 above.</p>
<p>B.2.10 Remuneration of Non-Executive Director</p>	Complied	<p>Please refer details of the Compliance given in B.1.4 on page 119.</p>

Corporate Governance

B.3 & B 3.1 Disclosure of Remuneration The Company should disclose the Remuneration Policy and the details of Remuneration of the Board as a whole.	Complied	The names of the members of our Remuneration Committee are indicated in page 119. Please refer Note 24.4 to the Financial Statements for the details of remuneration paid to Board of Directors and Key Management Personnel.
C. Relations with Shareholders		
C.1 Constructive use of the Annual General Meeting and Conduct of General Meetings The Board should use the AGM to communicate with shareholders and should encourage their participation.	Complied	The Company conducts Annual General Meeting on effective manner to communicate with shareholders and encourage their active participation.
C.1.1 Notice of the AGM Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting.	Complied	The notice and the agenda for the Annual General Meeting together with the Annual Report of the Company containing the relevant documents are sent to the shareholders giving 15 working days' notice prior to the date of the Annual General Meeting as required by section 135 (1) of the Companies Act No 7 of 2007.
C.1.2 Separate resolutions for all separate issues	Complied	Separate resolutions are proposed at an Annual General Meeting on each substantial separate issue.
C.1.3 Use of proxy votes	Complied	We ensure that all proxy votes are counted and the quantum of proxies lodged on each resolution is conveyed to our Chairman.
C.1.4 Availability of all Board Sub-Committee Chairmen at the Annual General Meeting	Complied	At the Annual General Meeting the respective Chairmen of the Subcommittees are present to provide any clarification to shareholders as necessary.
C.1.5 Adequate notice of Annual General Meeting and summary of procedure	Complied	Please refer comment C.1.1 above.
C.2.1 to C2.7 Board should use the Annual General Meeting to communicate with investors and encourage their participation	Complied	All shareholders are invited and encourage to be present, actively participate and vote at the Annual General Meeting. The Annual general Meeting provides an opportunity for shareholders to seek and obtain clarifications and information on the performance of the Company. The external Auditors are invited to attend the Annual General Meeting, for any professional assistance that may requested. Shareholders who are not in the position to attend the Annual General Meeting in person are entitled to have their voting rights exercised by a proxy of their own choice.

C.3, C.3.1 & C 3.2 Major and Material Transactions		There were no major transactions during the financial year 2023/2024 that materially altered our Company's net asset base or the consolidated Group net asset base.
Directors should disclose to shareholders all proposed material transactions which would materially alter the net asset position of the Company, if entered into.		
D. Accountability and Audit		
D.1 Financial Reporting	Complied	Ex-pack has reported a true and fair view of its financial position and performance for the year ended 31st March 2024 and at the end of each quarter of 2023/24 financial year.
The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.		The Board ensures that the quarterly and annual Financial Statements of the Company and Group are prepared and published in compliance with the requirements of the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards (LKASs and SLFRSs) and the Rules of the Colombo Stock Exchange.
D.1.1 & D.1.2 Board responsibility to present the Financial Statements and Annual Report of the Directors	Complied	Please refer the Statement of Directors' Responsibility shown on page 137 and the Directors have made the required declaration on pages 106 of this Annual Report.
D.1.3 Before approve financial statements for a financial period, A declaration should be made by Chief Executive Officer and Chief Financial Officer to the Board	Complied	The required declaration has been given to the board for the financial year of 2023/2024.
In their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the system of risk management and internal control was operating effectively.		
D.1.4 Directors Report	Complied	Please refer the Report of the Directors on the State of Affairs of the Company on page 137.
D.1.5 Statement by the Directors and the Auditors	Complied	The Statement of Directors' Responsibilities is on page 106 of this Annual Report. The Auditor's Report on the Financial Statements for the year ended 31st March 2024 is presented on pages 144 to 195 of this Annual Report.
D.1.6 Management discussion and analysis	Complied	The management discussion and analysis of the company is covered from Chairman's Review on page 17 of this Annual Report.
D.1.7 Requirement for an Extraordinary General Meeting in a situation of serious loss of capital	Complied	This is not applicable to us however subsidiary company has an issue of such and EGM was held to notify this to share holder accordingly.

Corporate Governance

D.1.8 Disclosure of related party transactions	Complied	<p>The Directors disclose their interest in transactions in companies in as and when basis.</p> <p>However, they make disclosures of their interest in transactions with the Company in compliance with the requirements of the companies act and other statutory requirements. The Company maintains an interest register as stipulated in the Companies Act No 07 of 2007.</p>
<p>D.2 Risk Management and Internal Control</p> <p>The Board should have a process of risk management and a sound system of internal controls to safeguard shareholders' investments and Company's assets.</p>	Complied	<p>The Board of Directors acknowledges its overall responsibility for maintaining a process of risk management and a sound system of internal controls, to safeguard shareholders' investment and the Company's assets.</p>
D.2.1 Annual evaluation of the risks facing the Company and the effectiveness of the system of internal controls	Complied	<p>The Board has appointed an Audit Committee comprising of Non-Executive Directors. The Audit Committee meets quarterly basis monitor the company's risk management system and internal control system in the context of likelihood and their impact to the Group along with the effectiveness of the system of internal controls to address them to a satisfactory level.</p>
D.2.2 Robust assessment of the principal risks facing	Complied	<p>The assessment of the principal risks facing the company and risk mitigation strategies have been discussed on Risk Management Report on pages 96 to 102.</p>
D.2.3 Internal audit function	Complied	<p>The internal auditors under the direction of the Audit Committee are tasked with reviewing the adequacy and the effectiveness of the internal controls of the Company. Internal audit function is outsourced to a firm of Chartered Accountants.</p>
<p>D.2.4 Review of the process and effectiveness of risk management and internal controls by the Audit Committee</p> <p>The Board should have a process of risk management and a sound system of internal controls to safeguard shareholders' investments and Company's assets.</p>	Complied	<p>The Audit Committee monitors, reviews and evaluates the effectiveness of the risk management and internal control system including the internal controls over financial reporting. The internal auditors review the adequacy and effectiveness of the Internal control system and report their findings to the Audit Committee.</p> <p>In the financial year under review, the Board of Directors was satisfied with the effectiveness of the system of internal controls of the Company. Please refer Audit Committee Report on pages 131 to 133.</p>
D.2.5 Responsibilities of Directors in maintaining a sound system of internal control	Complied	<p>Please refer Report of the Directors on the State of Affair of the Company on page 137.</p>

D.3, D.3.1 & D.3.2 Audit Committee, Composition, Duties & Responsibilities and Disclosures of Audit Committee	Complied	Please refer Audit Committee Report on pages 131 to 137.
<p>The Board should have a formal and transparent arrangement in selecting and applying the accounting policies, financial reporting and internal control & risk management principles and maintaining an appropriate relationship with the Company's External Auditors.</p>		
D.4, D.4.1 to D.4.3 Related Party Transaction Review Committee, Composition, Duties & Responsibilities and Disclosures of Related Party Transaction Review Committee	Complied	Please refer Related Party Transactions Review Committee Report on pages 135 to 136.
<p>The Board should establish a procedure to ensure that the Company does not engage in transactions with "related parties" in a manner that would grant such parties "more favourable treatment" than that accorded to third parties in the normal course of business.</p>		
D.5, D.5.1 to D.5.4 Code of Business Conduct and Ethics	Complied	<p>The Company has developed and institutionalised a strong set of corporate values and code of conduct that is circulated to Directors and all employees. The Board ensures that Directors and employees strictly comply with the code of Business Conduct and Ethics at all levels in the performance of their official duties, communications, role modeling and in any other circumstances, so as to prevent the tarnishing of our Company's image in any manner. The violation of the code of ethics is an offence that is subject to disciplinary action.</p>
D.5 & D.5.1 Corporate Governance Disclosures	Complied	<p>We are adhering to the highest standards of corporate governance as is evident in this Annual Report on page 103 to 127.</p>
E. Institutional Investors		
E.1 & E.1.1 Shareholders voting	Complied	<p>The Company is committed to maintain good communications with investors. The Chairman conducts a structured dialogue with the shareholders based on the mutual understanding of objectives and ensures that the views of the shareholders are communicated to the Board as a whole.</p> <p>The Annual General Meeting is used to have an effective dialogue with the shareholders on matters which are relevant and concern to the general membership.</p>
<p>Institutional shareholders are required to make considered use of their votes and encouraged to ensure their voting intentions are translated into practice.</p>		

Corporate Governance

E.2 Evaluation of Corporate Governance initiatives	Complied	Institutional investors are encouraged to give due weight to all relevant factors drawn to their attention when evaluating the governance arrangements particularly in relation to Board structure and composition.
F. Other Investors		
F.1 & F.1.1 Investing/ Divesting decision by Individual Shareholders	Complied	Individual shareholders are encouraged to carry out adequate analysis and seek the independent advice prior to make investing or divesting directly in shares of the Company.
F.2 Individual shareholders voting	Complied	All shareholders are encouraged to participate at meetings of the Company and a Form of Proxy accompanies each Notice providing shareholders who are unable to attend such meeting the opportunity to cast their vote.
G. Internet of Things and Cyber-Security		
G.1 The Board should have a process to identify how in the organisation's business model, IT devices within and outside the organisation can connect to the organisation's network to send and receive information and the consequent cyber security risks that may affect the business. Internal and external parties could have computing devices embedded in everyday objects which may enable them to interconnect with the Company's network to send and receive data. Such access could be authorised or unauthorised.	Complied	The board assigned this responsibility to the Information Technology Division which ensures security of the IT system.
G.2 The Board should appoint a Chief Information Security Officer (CISO) with sufficient expertise, authority and budgetary allocation to introduce and implement a cyber-security risk management policy which should be approved by the Board. The policy should include a robust cyber security. Risk management process, incident response system, vendor management system, disaster recovery plan and a governance structure to monitor effective implementation, reporting and the need for cyber security insurance.	Not Applicable	IT Manager performs the duties of Chief Information Security Officer.

H. Environment, Society and Governance (ESG)

<p>H.1 & H.1.1 Companies should provide information in relation to:</p> <p>The relevance of environmental, social and governance factors to their business models and strategy.</p> <p>How ESG issues may affect their business.</p> <p>How risks and opportunities pertaining to ESG are recognised</p> <p>managed, measured and reported.</p>	Complied	Sustainability principles related to Environment, Social and Governance factors are embedded in the operations of the Company and initiatives implemented to ensure adherence by the Company.
<p>H.1.2 Environmental governance of an organisation should adopt an integrated approach that takes into consideration the direct and indirect economic, social, health and environmental implications of their decisions and activities.</p>	Complied	Refer H.1 & H.1.1 above.
<p>H.1.4 Companies should establish a governance structure to support its ability to create value and manage risks in the short, medium and long-term, recognising managing and reporting on all pertinent aspects of ESG.</p> <p>The Company should recognise the key resources/ capitals deployed in its business and establish financial and non-financial measures for resource/capital management and related outputs and outcomes.</p> <p>The Company should have a process to ascertain, assess and manage risks which have an impact on the sustainability of the Company.</p> <p>The company should have a process to recognise material matters relating to significant stakeholders and a method of engagement relevant to their level of interest and influence.</p> <p>The disclosures should deal with how the Company has complied with the mandatory and voluntary codes of corporate governance and how its leadership structure, organisational culture, code of conduct and business model supports sustainability of the company in the short, medium and long-term.</p>	Complied	Process of managing risks in line with ESG aspects is discussed in the Risk management report on pages 96 to 102.

Annual Report on the Board of Directors Affairs on the Company – 2023/24

The Directors of Ex-Pack Corrugated Cartons PLC have the pleasure in presenting to the Shareholders their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2024, conforming to the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The report also includes certain disclosures required to be made under the Listing Rules of the Colombo Stock Exchange and the guideline-recommended best practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Colombo Stock Exchange.

Company Overview

The Company is a Public Limited Liability Company Incorporated and

domiciled in Sri Lanka and was listed on the Colombo Stock Exchange on 10th November 2021.

The registered office of the Company and the principal place of business is situated at No.11 A, Milepost Avenue, Colombo 03.

Principal Activities

During the year the principal activities of the Company were the manufacturing and selling of Corrugated Cartons to local and foreign markets. The principal activity of its subsidiary was engaging in the business of exporting all types of waste papers. There were no changes in the principal activities of the Company and its subsidiary during the year.

Review of Operations

The Chairman's Review on Pages 17 which forms an integral part of these reports provides an overall assessment of the financial performance and the financial position of the company.

Financial Statements

The financial statements of the Group and Company are given on pages 144 to 195. Summarised Financial Results for the year ended 31st March 2024 are duly certified by the Chief Financial Officer and approved by the Board of Directors. The approved Financial Statements have been signed on behalf of the Board by two Directors in compliance with the Companies Act No. 07 of 2007.

GROUP & COMPANY				
	Group (Rs'000)		Company (Rs'000)	
Y/E 31 March	2024	2023	2024	2023
Revenue	9,875,058	13,451,044	6,441,083	7,956,542
Profit / (Loss) before tax for the year	810,616	1,895,201	753,516	1,427,763
Net Profit / (Loss) after tax for the year	580,489	1,412,959	536,594	1,099,113

Auditors' Report

The Independent Auditors' Report on the financial statements is given on Page 144.

Accounting Policies

The accounting policies adopted by the Company in the preparation of financial statements are given on pages from 154 to 165 which are consistent with those of the previous period.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group to reflect a true and fair view of the financial position and the performance of the Company and the Group. Please refer page 137 for the Directors' Responsibility on Financial Reporting.

Directors

The names of the Directors who held office as at the end of the accounting period and Directors who ceased to hold office during the accounting period are given below and their brief profiles appear on pages from 27 to 30.

Name Of Director		Date of Appointment	Date of Resignation
Sattar Kassim – Chairman	Non - Executive Non - Independent Director	19.03.2002	
Shafik Kassim	Non - Executive Non - Independent Director	19.03.2002	
Mohamed Zulficar Mohamed Ghouse - Managing Director	Executive Non - Independent Director	10.12.2012	
Abdulah Osman Kassim	Executive Non - Independent Director	25.06.2021	
Wanigasekara Bandaranayake Wasala Mudiyanse Ralahamilage Aluwihare Mahawalawwe Thulci Goutham Aluwihare	Non - Executive Independent Director	15.06.2021	
Shehara De Silva	Non - Executive Independent Director	25.06.2021	
Ukwatte Kankanamage Dinesh Dharmadasa	Non - Executive Independent Director	25.06.2021	
*U D W Chathuranga Abeyrathne	Non-Executive Non-Independent Director	02.08.2023	
*Mr. U D W Chathuranga Abeyrathne ceased to be an alternate Director to Mr. Shafik Kassim with effect from 2nd August 2023.			

Interest Register

In terms of the Companies Act No. 7 of 2007 an Interests register was maintained during the accounting period under review. This Annual Report also contains particulars of entries made in the Interests register.

Directors' Attendance of the Board Meeting

The details of Directors' attendance of the Board meeting on page 107.

Directors' Remuneration

The Director's remuneration is

disclosed in Note B.1 to the financial statements on page 119.

The Auditors

The financial statements for the year ended 31st March 2024 have been audited by Messrs Ernst & Young (Chartered Accountants), and the Independent Auditors' Report thereon is given on page 144 of the Annual Report. As far as directors are aware the auditors do not have any relationship (other than that of an Auditor) with the Company except for

those disclosed below. The auditors also do not have any interest in the Company.

The audit fee payable to the auditors for the year under review is Rs.1,500,000. (Group – Rs.2,150,000)

Stated Capital

The Stated Capital of the Company as at 31st March 2024 was Rs.1,199,999,997.20/- (333,333,333 Shares).

Directors' and Chief Executive Officers' Shareholding The shareholdings of the Directors and the Chief Executive Officer (CEO) of the Company are as follows.

Name Of Director	31.03.2024	31.03.2023
Mr. Sattar Kassim	94,800	94,800
Mr. Shafik Kassim	14,400	14,400
Mr. M. Z. M. Ghouse	14,400	14,400
Mr. Abdullah Osman Kassim	234,400	164,400
Mr. W. B. W. M. R. A. M. T. G. Thulci Aluwihare	-Nil-	-Nil-
Mr. U. K. Dinesh Dharmadasa	37,400	37,400
Ms. Shehara De Silva	13,100	13,100
Mr. U D W Chathuranga Abeyratne	-Nil-	-Nil-
Mr. Mohamed Riyaz Valli Mohamed (CEO)	85,910	85,910

Annual Report on the Board of Directors Affairs on the Company – 2023/24

Major Shareholders, Distribution Schedule And Other Information

Information on the twenty largest shareholders of the company, distribution schedule of the number of shareholders, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on page 139 under Investor Information.

Public Holding

The percentage of public shareholding as at the 31st March 2024 was 34.51%.

Capital Commitments

There were no material capital expenditure commitments as at 31st March 2024 other than those disclosed in Note 21.

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory dues have been paid up to date, or have been provided for in the financial statements.

Donations

There were no donations made by the Company during the year.

Events Occurring After the Reporting Period

No circumstances have arisen after the reporting period which would require adjustment to or disclosure in the financial statements other than those disclosed in Note 23 on page 189 of the financial statements.

Going Concern

The Board of Directors is satisfied that the company has adequate resources to continue its operations in the foreseeable future. Accordingly, the financial statements are prepared based on the going concern concept.

Corporate Governance

Corporate Governance practices and principles with respect to the management and operations of the Company are set out on pages from 103 of the Corporate Governance Report. The Corporate Governance Report also includes the requirements of rules of Section 9 of the CSE Listing Rules as applicable.

Board Sub Committees

Audit Committee, Related Party Transactions Review Committee and Remuneration Committee, function as sub-committees of the Board and they are composed of Directors with the requisite qualifications and experience. The composition of the said Committees are given under page 107 in the Corporate Governance Report.

Related Party Transactions Review Committee

The Board of Directors has given the following statement in respect of the related party transactions review committee

The Related Party Transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee and are in compliance with the Section 09 of the CSE Listing Rules.

Related Party Transactions Review Committee report is given on page 135 to 136 of the Annual Report.

Employee Share Ownership Plans

The Company did not have any employee share ownership/option plans during the year.

Annual General Meeting

The Annual General Meeting of the Company will be held on 28th June 2024. The Notice of the Annual General meeting appears on page 204.

Acknowledgment of the Contents of the Annual Report As required by the Companies Act no 7 of 2007, the Board of Directors hereby acknowledge the contents of the Annual Report.

By Order of the Board

EX-PACK CORRUGATED CARTONS PLC

(Sgd.)

Sattar Kassim
Chairman

(Sgd.)

Zulficar Ghouse
Managing Director

(Sgd.)

Business Intelligence (Pvt) Ltd.
Company Secretaries

04 June 2024

Report of the Board Audit Committee

I am pleased to present the report of the Audit Committee for the financial year ended 31st March 2024. During the year under review, the committee has successfully reviewed and reported to the Board on its functions in order to ensure accurate and timely disclosure and transparency, integrity, and quality of financial reporting. Further, the Audit Committee has a formal Audit Charter and also assesses the effectiveness of the risk review process and systems of internal control on a regular basis and this report describes its key functions and performance during the year ended 31st March 2024.

Composition of the Committee

During the year under review, the Board Audit Committee is comprised of the following members. Profiles of the members as at 31st March 2024 are given on pages 27 to 30.

Name Of The Director	Designation	Committee Designation
Ukwatte Kankanamage Dinesh Dharmadasa	Non- Executive Independent Director	Chairman
Wanigasekara Bandaranayake Wasala Mudiyanse Ralahamilage Aluwihare Mahawalawwe Thulci Goutham Aluwihare	Non- Executive Independent Director	Member
Shehara De Silva	Non- Executive Independent Director	Member

Regular attendees by invitation

NAME	Designation
Mr. Zulficar Ghose	Managing Director
Mr. Mohamed Riyaz	Chief Executive Officer
Mr. Abdullah Kassim	Director
Mr. Abdul Latiff Ahamed	Head of Finance
Mr. Mohamed Shamil	Finance Manager & Compliance

Secretary of the Committee

The Assistant Manager – Corporate Secretarial and Compliance of the Group is served as the Secretary of the Committee.

Meetings

The Audit Committee meets as often as may be deemed necessary or appropriate in its judgment and at least quarterly each year.

During the year under review, there were four (04) meetings, and the attendance of the Committee members are given below;

Dates of the Meetings						
Name of the Director	Attendance	29/05/2023	07/08/2023	15/11/2023	07/02/2024	%
Ukwatte Kankanamage Dinesh Dharmadasa	4/4	✓	✓	✓	✓	100%
Wanigasekara Bandaranayake Wasala Mudiyanse Ralahamilage Aluwihare Mahawalawwe Thulci Goutham Aluwihare	4/4	✓	✓	✓	✓	100%
Shehara De Silva	4/4	✓	✓	✓	✓	100%

√ Present

x Excused

Report of the Board Audit Committee

Role of the Audit Committee

The primary purpose of a company's audit committee is to provide oversight of the financial reporting process, the audit process, the company's mechanism of internal controls, identification of risk and measurements and compliance with laws and regulations. Hence the responsibilities of the committee are

- ▶ Review the quarterly and annual financial statements, including quality, transparency, integrity, accuracy, and compliance with accounting standards, laws, and regulations.
- ▶ Assess the adequacy and effectiveness of the internal control environment in the Group and ensure appropriate action is taken on the recommendation of the internal auditors.
- ▶ Evaluate the competence and effectiveness of the risk management systems of the Group and ensure robustness and effectiveness in monitoring and controlling risks.
- ▶ Review the adequacy and effectiveness of internal audit arrangements.
- ▶ Recommend the appointment, re-appointment, and removal of the External Auditors including their remuneration and terms of engagement by assessing qualifications, expertise, resources, and independence.

Activities of the Committee

Overseeing the preparation, presentation, and adequacy of disclosures in the financial statements of the company in accordance with Sri Lanka Accounting Standards.

- ▶ Overseeing the company's compliance with financial reporting requirements, information

requirements of the Companies Act and other relevant financial reporting-related regulations.

- ▶ Overseeing the processes to ensure that the company's internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.
- ▶ Assess the independence and performance of the external auditors.
- ▶ To propose 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.

Compliance with Rules and Regulations

Rules on Corporate Governance under listing rules of the Colombo Stock Exchange and Code of Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka further regulate the composition, role and functions of the Audit Committee.

Financial Reporting

- ▶ The Committee has reviewed and deliberated the Interim and Annual Financial Statements of the Company prior to publication and has recommended the same to the Board for approval and publication.
- ▶ Review of the preparation of the Annual report to ensure the reliability of the process, consistency of the accounting policies and methods, and compliance with Sri Lanka Accounting Standards.

External Audit / Independent Auditors

The Committee has reviewed the services provided by the External Auditors to the Company to ensure their independence as Auditors has not been compromised. As far as the Directors are aware, the Auditors don't have any relationship (other than that of an Auditor) with the Company other than disclosed above. The Auditors also do not have any interest in the Company. For the said reasons the Committee determined that the Auditors are Independent.

The performance of the External Auditors has been evaluated and the Audit Committee has recommended to the Board of Directors that Ernst & Young, Chartered Accountants be re-appointed as Auditors for the financial years ending 31st March 2024 at a remuneration to be determined by the Board, subject to the approval of the Shareholders at the Annual General Meeting.

Internal Audit function

The company is enhancing its organisational governance and risk management through a robust internal audit function. The internal audit function plays a crucial role in evaluating and improving the effectiveness of risk management, control, and governance process. It provides independent and objective assurance to the audit committee and senior management, helping to identify potential risks and recommending improvements. The internal audit process is designed to be proactive, focusing on risk prevention and promoting a culture of continuous improvement within the organisation.

through these efforts, the company aimed to strengthen its governance framework, enhance transparency, and ensure that all regulatory and

compliance requirements are met this strategic initiative underscores the companies commitment to maintaining high standards of accountability and integrity, ultimately supporting sustainable growth and value creation for all stakeholders.

Identification of Risks and Control Measures:

Formal confirmations and assurances were obtained from the senior management of Group companies on a quarterly basis regarding the efficacy and status of the internal control systems and risk management systems and compliance with applicable laws and regulations. The committee discussed and reviews remedial measures taken to manage risks that have been identified by the management.

Mechanism of Internal Controls:

The Committee is satisfied that the control environment prevailing in the Company provides reasonable but not absolute assurance that the financial position of the Company is adequately monitored and that the systems are in place to minimise the impact of identifiable risks.

The Committee also monitors the timely payments of all statutory obligations.

The Committee also monitors the effectiveness of the internal and financial control procedures on the basis of the reports and findings submitted by the Internal and External Auditors of the Company.

Conclusion

The Committee reviewed the adequacy of the Internal Audit coverage for the Company and the Internal Audit Plans during the year ended 31st March 2024. The Internal Audit function of the Company is outsourced to KPMG and Reports of the Internal Auditors on the operations of the Company were also reviewed by the Committee. Follow-up action taken on the recommendations of the Internal Auditors and any other significant follow-up matters were documented and presented to the Committee on a quarterly basis.

The External Auditors' Letter of Engagement, including the scope of the audit, was reviewed and discussed by the Committee with the External Auditors and management prior to the commencement of the audit. Also, the External Auditors' final management reports on the audit of the Company and group financial statements for the year were discussed with management and the auditors.

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the Auditors. Further, the Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest.

The performance of the External Auditors has been evaluated with the aid of a formal assessment process with input provided by the senior management of the Company and the Committee has recommended to the Board that Ernst & Young be reappointed as the Auditor of the company for the financial year ending 31 March 2024, subject to approval by the shareholders at the Annual General Meeting.

The Committee also has received assurance from the CEO & Head of Finance in regards to all operations and finances.

(Sgd.)

Dinesh Dharmadasa

Chairman of the Audit Committee

04 June 2024

Colombo

Report of the Board Remuneration Committee

I am pleased to present the report of the Remuneration Committee which describes its key functions and performance during the year ended 31st March 2024.

The Composition of the Committee

The Remuneration Committee comprises of two (02) Independent Non-Executive Directors and one (01) Non-Executive Director.

Name of the Director	Designation	Committee Designation
Sattar Kassim	Non-Executive Non-Independent Director	Chairman
Ukwatte Kankanamage Dinesh Dharmadasa	Non-Executive Independent Director	Member
Shehara De Silva	Non-Executive Independent Director	Member

Sattar Kassim served as the Chairman of the Remuneration Committee while The Assistant Manager – Corporate Secretarial and Compliance of the Group are the Secretary of the Committee functioned as the Secretary to the Remuneration Committee except when own evaluation and remuneration was under discussion. The accountant assisted the Committee by providing the relevant information for their decision within the terms of reference approved by the Board.

Role of the Committee

The Remuneration Committee is responsible for recommending remuneration payable to Executive Directors, Non-executive Directors, and Key managerial personnel including the Chief Executive Officer based on performance parameters. Also, the Committee is responsible for the remuneration structure of the employees of the Company. Responsibilities of the Committee include a review of and recommendation to the Board on;

Remuneration policy and framework

Senior executive's remuneration and incentives schemes.

Meeting Attendance

The attendance of the Committee members of the Remuneration Committee during the year under review is tabulated below;

Name of the Director	Dates of the Meetings		
	Attendance	06/04/2023	%
Sattar Kassim	1/1	✓	100%
Ukwatte Kankanamage Dinesh Dharmadasa	1/1	✓	100%
Shehara De Silva	1/1	✓	100%

✓ Present

X Excused

The Managing Director attended meetings by invitation.

Remuneration Policy

The Remuneration Committee works closely with the Board of Ex-pack and is responsible for recommending remuneration policies to the members of the Board. In terms of the Articles of Association of the Company, remuneration of the Directors must be a sum the Board determines as being fair and reasonable to the Company. The Committee ensures transparency and fairness in remuneration policy, as no Director can decide their remuneration as transparency and fairness are ensured and the policy framework set out by the Company's Human Resources and Finance teams are regularly reviewed. Furthermore, compensation payments to any Executive Directors or members of Senior Management are followed through accordingly to the legal context of the country. The recommendations of the Committee are implemented with the approval of the Board of Directors.

Procedure

The Committee is fulfilling the above tasks by reviewing the information relating to the retirement and remuneration of employees. Extension of services not exceeding one year is considered on a case-by-case basis over the retirement age of 55 years. The Remuneration packages are decided on par with market rates and practices and are similar to other establishments. The Committee determines the revision/increments based on performance and makes recommendations to the Board of Directors and upon consideration of such recommendations the Board makes the final determination.

(Sgd.)

Sattar Kassim

Chairman of the Remuneration Committee

04 June 2024

Colombo

Report of the Board Related Party Transactions Review Committee

I am pleased to present the report of the Related Party Transactions Review Committee for the financial year ended 31st March 2024. During the year, the Committee has continued to review and report to the Board on the company's as well as Group's Related Party Transactions in order to maintain the best interest of our shareholders. The Related Party Transactions Review Committee was established in terms of the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Continuous Listing Rules of the Colombo Stock Exchange.

The Composition

The Related Party Transactions Review Committee comprises Three (03) Independent Non-Executive Directors during the year under review and members of the Ex-pack Related Party Transactions Review Committee are as follows:

Name of the Director	Designation	Committee Designation
Wanigasekara Bandaranayake Wasala Mudiyanse Ralahamilage Aluwihare Mahawalawwe Thulci Goutham Aluwihare	Non- Executive Independent Director	Chairman
Shehara De Silva	Non- Executive Independent Director	Member
Ukwatte Kankanamage Dinesh Dharmadasa	Non- Executive Independent Director	Member

Thulci Aluwihare served as the Chairman of the Related Party Transactions Review Committee.

The objective of the Committee

The objective of the Committee is to exercise oversight on behalf of the Board to ensure compliance with the Code on Related Party Transactions, as issued by the Securities and Exchange Commission of Sri Lanka (The Code) and with the Listing Rules of the Colombo Stock Exchange (CSE).

Role of the Committee

The role of the Related Party Transactions Review Committee is to ensure there is firm adherence to the guidelines surrounding related party transactions. The Committee ensures that industry best practices are followed and that the interests of all stakeholders are considered.

Meeting Attendance

The attendance of the Committee members of the Related Party Transactions Review Committee during the year under reviewed is tabulated below;

Name of the Director	Dates of the Meetings					%
	Attendance	29/05/2023	07/08/2023	15/11/2023	07/02/2024	
Ukwatte Kankanamage Dinesh Dharmadasa	4/4	✓	✓	✓	✓	100%
Wanigasekara Bandaranayake Wasala Mudiyanse Ralahamilage Aluwihare Mahawalawwe Thulci Goutham Aluwihare	4/4	✓	✓	✓	✓	100%
Shehara De Silva	4/4	✓	✓	✓	✓	100%

✓ Present

X Excused

The Managing Director, Chief Executive Officer, Chief Financial Officer and the Finance Manager are permanent invitees for all Committee meetings.

Report of the Board Related Party Transactions Review Committee

Policies and Procedures

The members of the Board of Directors of the Company have identified Key Management Personnel. In accordance with the Related Party Transactions Policy, the declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the database the Company.

All related party transactions must be reported to the Related Party Transactions Committee and referred for approval by the Committee either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

As at 01st January 2014, LKAS 24 – 'Related Party Disclosures' defines the 'related party transactions' as follows;

"A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged".

Such transactions are also disclosed to stakeholders through the Company's Financial Statements.

Duties of the Committee

- Reviewing in advance all proposed related party transactions of the Company except those explicitly exempted by the terms of Rule 9.14.10 of the Listing Rules of the Colombo Stock Exchange.
- Reviewing if there are any proposed material changes of previously reviewed related party transactions before the completion of the transaction.

- To determine whether related party transactions require the approval of the Board or shareholders of the Company. Review and revise policies and procedures on related party transactions as and when require.
- Establishing guidelines for the Senior Management to follow regarding dealings with recurrent related party transactions.
- To ensure that immediate market disclosures and disclosures in the Annual Report are made as required by the applicable rules and regulations in a timely manner.

Related party transactions during the year ended 31st March 2024

During the year the Committee reviewed the Related Party Transactions during the financial year ended 31st March 2024 and communicated their comments and observations to the Board. Details of other related party transactions entered into by the Company during the above period are disclosed in Note 24 to the Financial Statements on pages 189 to 192.

Declaration

The Board of Directors have also declared in the Annual Report that there were no Recurrent and Non-Recurrent related party transactions that exceeded the respective thresholds mentioned in Section 9 of the CSE Listing Rules and that the Company has complied with the requirements of the Listing Rules on Related Party Transactions.

(Sgd.)

Thulci Aluwihare
Chairman of the Related Party
Transactions Committee
04 June 2024
Colombo

The Statement of Directors' Responsibility

The responsibility of the Directors in relation to the Financial Statements of the Company and the Consolidated Financial Statements of the Company and its Subsidiaries are set out in the following statement. These differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors given on page 144 to 195.

In accordance with the provisions of the Companies Act No.7 of 2007, the financial statements comprise a Statement of Financial Position of the Company and its Subsidiaries which present a true and fair view of the state of affairs at the end of the financial year.

- Accordingly, the Board of Directors also wishes to confirm that in preparing the financial statements.
- Appropriate accounting policies have been selected and applied in a consistent manner.
- Reasonable and prudent judgments and estimates have been made and applicable accounting standards have been followed.

- Presented in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS).

Further, the Board Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy of the financial position of the Company and of the Group for ensuring that the financial statements comply with the Companies Act No. 07 of 2007.

The Directors are also responsible for taking reasonable measures to safeguard the assets of the Company and of the Group, and in that context to have proper regard to the establishment of appropriate systems of internal control to prevent and detect frauds and other irregularities.

The Directors of the Company are of the view that they have discharged their responsibilities as set out in this statement. By Order of the Board

(Sgd.)
Company Secretaries
04 June 2024
Colombo

Managing Director's, Chief Executive Officer's and Chief Financial Officer's Statement Of Responsibility

Responsibility

In line with Section D.1.3 of Code of Best Practice on Corporate Governance jointly issued by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka, the Board of Directors presents this report on Internal Control.

The Board of Directors are responsible for the adequacy and effectiveness of the Ex-pack corrugated Cartons PLC systems of Internal Controls. However, the Board recognises that such systems are designed to manage the Company's key areas of risk within an acceptable risk profile, rather than to eliminate the risk of failure to achieve the strategies and corporate objectives of the Company. Accordingly, the systems implemented can provide only reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses of fraud.

Whilst the board has overall responsibility for the company's system of internal controls, it has delegated the implementation of these internal control systems to the management. The board has established an ongoing process for identifying, evaluating and managing the risks faced by the Company as stated in the section of Integrated Risk Management in this annual report. Moreover, the monitoring process includes enhancing the systems of internal controls as and when there are changes to business environment or regulatory guidelines. The Management assists the Board in the implementation of the Board's policies and procedures to mitigate and control risks. Further to implement the recommendation, the internal control systems are subject to the board's regular review with a view

towards appraising the effectiveness of these systems within the Company.

Key Features of the process adopted in applying and reviewing the design and effectiveness of the Internal Control

System on Financial Reporting

The key processes that have been established in reviewing the adequacy and integrity of the system of internal controls with respect to financial reporting include the following;

- The Board Committees established by the Board of the Company assists the Board in ensuring the effectiveness of the Groups' daily operations and that the Group operations are in accordance with the corporate objectives, strategies and the annual budget as well as the policies and business directions that have been approved.
- The Board and employees of the Company are committed to adhere to the best practice in corporate governance and observing the highest standards of integrity and behavior in all activities conducted by the Company, including relationships with its customers, suppliers, shareholders, employees, business partners and within the community and environment in which company operates.
- Risk Management is vital for continued profitability and enhancement of shareholder value; hence Risk Management is practiced within the Group on an interactive basis. The Board regards risk management as an integral part of its business operation where oversee the implementation of the risk management framework, periodically review the risk management processes and ensure that on-going measures taken

were adequate to manage, address or mitigate the identified risks. All new and major investments have to observe a process of approval that includes an evaluation of the associated risks. A Corporate Risk Management Framework was developed by highlighting the process adopted by the Company towards risk identification, evaluation and control, and monitoring. Further detailed information on the Company's risk management activities is highlighted in the Integrated Risk Management Report on pages 96 to 102 of this Annual Report

Confirmation

Based on the above processes, the Board of Directors confirms that the financial reporting system of the Group has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and other regulatory requirements.

By order of the Board of Directors of Ex-pack corrugated Cartons PLC,

(Sgd.)
Zulficar Ghouse
Managing Director

(Sgd.)
Mohamed Riyaz
Chief Executive Officer

(Sgd.)
Abdul Latiff Ahamed
Chief Financial Officer

04 June 2024
Colombo

Share Information

1.1 Stated capital

The Stated Capital of the Company comprises 333,333,333 Ordinary Voting Shares representing a value of rupees 1,199,999,997.20 as at the end of 31st March 2024.

As at	31st March 2024		31st March 2023	
Name of the Director	No of Shares	Value of Shares (LKR)	No of Shares	Value of Shares (LKR)
At the beginning of the financial year	333,333,333	1,199,999,997.20	333,333,333	1,199,999,997.20
At the end of the financial year	333,333,333	1,199,999,997.20	333,333,333	1,199,999,997.20

1.2 Twenty largest shareholders of the company

Name of the Shareholder		As at 31/03/2024		As at 31/03/2023	
Name of the Director	Number of Shares	%	Number of Shares	%	
1	Aberdeen Holdings (Private) Limited	216,733,334	65.02	216,733,334	65.02
2	Sri Lanka Insurance Corporation Ltd-Life Fund	12,112,605	3.63	12,112,605	3.63
3	Bank of Ceylon A/C Ceybank Unit Trust	5,529,896	1.66	5,529,896	1.66
4	Mr. Saifullah Yusoof	2,528,021	0.76	1,200,000	0.36
5	Mr. Mohamed Naleem Mohamed Mubarak	2,060,000	0.62	2,060,000	0.62
6	Bank of Ceylon A/C Ceybank Century Growth Fund	2,000,000	0.6	2,000,000	0.60
7	Mr. Mohomed Faizer Hashim	1,991,510	0.6	1,029,000	0.31
8	Mr. Mohomed Zuraish Hifaz Hashim / Mr. N.R.M. Hashim	1,793,342	0.54	1,200,000	0.36
9	Commercial Bank Of Ceylon Plc/W. Jinadasa	1,684,706	0.51	1,479,810	0.44
10	Deutsche Bank Ag Trustee To Lynear Wealth Dynamic Opportunities Fund	1,284,544	0.39		
11	Mr. Palliya Guruge Nadeeshan Danidu Gunathilake	1,200,000	0.36		
12	Merchant Bank Of Sri Lanka & Finance Plc / K.L.K.M. Indika	1,187,435	0.36		
13	Development Interplan (Ceylon) Limited	1,100,000	0.33	1,100,000	0.33
14	Phoenix Ventures Pvt Ltd	1,000,000	0.3	1,300,000	0.39
15	Commercial Bank Of Ceylon Plc A/C No.03	977,000	0.29		
16	Mr. Athula Prabath Chandima Gunasekara	919,919	0.28		
17	People's Leasing & Finance Plc/Hi Line Towers (Pvt) Ltd	800,000	0.24		
18	DFCC Bank Plc/Mr.p.pranavan	777,000	0.23		
19	Mr. Dinesh Nirosh Pradeep Rathnayake	771,067	0.23		
20	Mr. Shanmugan Senthilnathan	766,288	0.23	1,427,952	0.43
		257,216,667	77.17	260,191,420	78.06
	Others	76,116,666	22.83	73,141,913	21.94
	Total	333,333,333	100.00	333,333,333	100.00

Share Information

1.3 Distribution shareholders

As of 31st March 2024									
Value Band	Resident			Non – Resident			Total		
	No of Share Holders	No of Shares	%	No of Share Holders	No of Shares	%	No of Share Holders	No of Shares	%
1 - 1,000	2103	782,236	0.23	3	1,050	0.00	2106	783,286	0.23
1,001 - 10,000	2033	8,872,840	2.66	6	26,100	0.01	2039	8,898,940	2.67
10,001 - 100,000	1118	32,822,525	9.85	7	266,768	0.08	1125	33,089,293	9.93
100,001 - 1,000,000	153	38,127,944	11.44	6	1,228,477	0.37	159	39,356,421	11.81
Over 1,000,000	13	251,205,393	75.36	0	0	0.00	13	251,205,393	75.36
TOTAL	5420	331,810,938	99.54	22	1,522,395	0.46	5,442	333,333,333	100

As of 31st March 2023									
Value Band	Resident			Non – Resident			Total		
	No of Share Holders	No of Shares	%	No of Share Holders	No of Shares	%	No of Share Holders	No of Shares	%
1 - 1,000	2,084	800,787	0.24%	3	1,050	0.00%	2,087	801,837	0.24%
1,001 - 10,000	2,075	9,090,285	2.73%	7	32,100	0.01%	2,082	9,122,385	2.74%
10,001 - 100,000	1,103	32,343,481	9.70%	8	266,668	0.08%	1,111	32,610,149	9.78%
100,001 - 1,000,000	127	33,448,781	10.03%	4	695,581	0.21%	131	34,144,362	10.24%
Over 1,000,000	17256	654,600	77.00%	0	0	0.00%	17256	654,600	77%
TOTAL	5,406	332,337,934	99.70%	22	995,399	0.30%	5,428	333,333,333	100.00%

1.4 Composition of shareholders

As at	31st March 2024			31st March 2023		
Categories of Shareholders	No of Shares	Holding %	No of Share Holders	No of Shares	Holding %	No of Share Holders
Individuals	77,265,765	23.18	5202	69,872,629	20.96	5,152
Institutions	256,067,568	76.82	240	263,460,704	79.04%	276
Total	333,333,333	100.00%	5,442	333,333,333	100.00%	5,428

1.5 Directors and CEO's shareholding

As at	As at 31/03/2024		As at 31/03/2023	
Name of the Director	Number of Shares	Holding % as of total no of Issued Shares	Number of Shares	Holding % as of total no of Issued Shares
Mr. Sattar Kassim	94,800	0.03%	94,800	0.03%
Mr. Shafik Kassim	14,400	0.00%	14,400	0.00%
Mr. M. Z. M. Ghouse	14,400	0.00%	14,400	0.00%
Mr. Abdullah Osman Kassim	234,400	0.07%	164,400	0.05%
Mr. W. B. W. M. R. A. M. T. G. Thulci Aluwihare	-Nil-	-Nil-	-Nil-	-Nil-
Mr. U. K. Dinesh Dharmadasa	37,400	0.01%	37,400	0.01%
Ms. Shehara De Silva	13,100	0.00%	13,100	0.00%
Mr. Mohamed Riyaz Valli Mohamed (CEO)	85,910	0.03%	85,910	0.03%
Mr. U D W Chathuranga Abeyratne	-Nil-	-Nil-		
Total	494,410	0.14%	424,410	0.13%

1.6 Public shareholders

As at	31st March 2024			31st March 2023		
	No of Shares	Holding %	No of Share Holders	No of Shares	Holding %	No of Share Holders
Individuals Shares held by Public-shareholders	115,110,018	34.51%	5,419	115,110,018	34.53%	5,405
Shares held by Non- public shareholders	218,223,315	65.49%	23	218,223,315	65.47%	23
Total	333,333,333	100%	5,442	333,333,333	100%	5,428

As at	31st March 2024	31st March 2023
	Rs.	Rs.
Highest Price Per Share	14.90	18.80
Lowest Price Per Share	11.70	7.00
Closing Price Per Share	14.30	14.60

Share Information

7.8 Utilisation of IPO funds

Ex-pack raised Seven Hundred Million (LKR 700,000,000) via Initial Public Offering in October 2022 in order to set up a manufacturing facility. The status of Utilisation of Funds Raised Via IPO Proceeds as of 31st March 2024 is tabulated below,

Objective No.	Objective as per Prospectus	Amount allocated as per Prospectus in Rs	Proposed Date of Utilisation as per Prospectus	Amount allocated upon the receipt of proceeds in Rs. [A]	As a % of Total Proceeds	Amount Utilised in the Objective Rs. [B]	% of Utilise against allocation [B/A]	Clarification if not fully Utilised including where the funds are invested
1	Invest in a new state of the art manufacturing facility.	700,000,000	Q3 of FY22- Q4 of FY 24	100%	100%	Purchase of Land 252.5 M	36%	The Funds raised has been deposited in a 3-month Wakala Deposit account at Seylan Bank

1. Disclosure regarding Status of fund utilisation consequent to the Shareholders approving the new objectives at the EGM held on 5h April 2024 (the relevant disclosures have been made to the CSE on 5th April 2024 itself) and up to the date the Interim Financial Statements have been approved by the Board of Directors.

Objective No.	New Objective as per EGM held on 5th April 2024	Amount allocated as per Prospectus in Rs.	Proposed Date of Utilisation as per Prospectus	Amount allocated upon the receipt of proceeds in Rs. [A]	As a % of Total Proceeds	Amount Utilised in the Objective after the EGM Rs. [B]	% of Utilise against allocation [B/A]	Clarification if not fully Utilised including where the funds are invested
1	Invest in a new state of art Machineries and Expansion to existing facility.	700,000,000	Q1 of FY25- Q4 of FY 25	700,000,000	100%	Made Advances to Machinery suppliers and Building Contractors 257.5 M Purchase of Land 252.5 M (Land to be sold subsequently and funds to be utilised for the new objective)	72.86%	The Funds raised has been deposited in a 3-month Wakala Deposit account at Seylan Bank.



FINANCIAL STATEMENTS

Independent Auditor's Report



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Chartered Accountants
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TO THE SHAREHOLDERS OF EX-PACK CORRUGATED CARTONS PLC

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Ex-Pack Corrugated Cartons PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2024, and statements of Profit or Loss and Other Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Key audit matters

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

matters. For each 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 these matters. Accordingly, our audit included the performance of procedures designed to respond 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 matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

Key audit matter	How our audit addressed the key audit matter
<p>Existence and carrying value of Trade Receivables</p> <p>As at 31 March 2024, the carrying value of trade receivables amounted to Rs. 1.6 Bn net of a provision for impairment of Rs. 20 Mn, as disclosed in Notes 8, 2.2.5 and 2.4 to the financial statements.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> the materiality of the reported trade receivable balance which represents 24% of the Group's total assets as of the reporting date; and the degree of management judgements and assumptions associated with evaluating the recoverability of the trade receivable balance as disclosed in notes 8, 2.2.5 and 2.4 to the financial statements. 	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> Tested the existence of trade receivables through confirmations, and where appropriate, examined cash receipts and other supporting documentation Obtained an understanding of and evaluated the process used by the management to assess impairment of trade receivables Tested the aged analysis of trade receivables by referring to the source documents Tested the calculation of the provision for impairment and evaluated the reasonableness of the judgements and assumptions used by the management in determining the provision. <p>We also evaluated adequacy of the disclosure of notes 8, 2.2.5 and 2.4 to the financial statements.</p>
<p>Existence and carrying value of Inventories</p> <p>As at 31 March 2024, the carrying value of inventories amounted to Rs. 1.141 billion net of provision for slow moving inventories of Rs.4.80 million as disclosed in notes 7, 2.2.13 and 2.4 to the financial statements.</p> <p>Existence and carrying value of inventories was a key audit matter due to:</p> <ul style="list-style-type: none"> the materiality of the reported inventory balance which represented 17% of the Group's total assets as of the reporting date; and judgements applied by the management on identifying inventories requiring write down to net realisable value (NRV), and estimates applied in the determination of the provision for slow moving inventories as disclosed in notes 7, 2.2.13 and 2.4 to the financial statements. 	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> Observed physical inventory counts and reconciled the count results to the inventory listings compiled by management to support amounts reported Evaluated the design and tested the relevant key controls over inventory valuation Tested whether inventories were stated at the lower of cost and net realisable value, by comparing cost with subsequent selling prices Assessed the reasonableness of management judgements applied in determining the provision for slow-moving inventories. Our procedures included testing the completeness and accuracy of inventory age reports used as a basis to estimate the provision. <p>We also evaluated the adequacy of the disclosures in notes 7, 2.2.13 and 2.4 to the financial statements.</p>

Other Information included in the 2023/24 Annual Report

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 for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as

Independent Auditor's Report

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 financial reporting process of both Company and Group.

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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify

our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on

our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 4184.



4 June 2024

Colombo

Statement of Financial Position

As at 31 March 2024	Note	GROUP		COMPANY	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	3	2,344,109,330	2,333,272,134	2,237,510,796	2,234,152,153
Right to Use of Assets	4	181,466,763	194,730,454	86,585,663	55,999,404
Intangible Assets	5	204,972,018	204,592,706	946,131	989,139
Investment in Subsidiary	6	-	-	205,000,000	205,000,000
Deferred Tax Assets	18.2	4,857,439	-	-	-
		2,735,405,550	2,732,595,294	2,530,042,590	2,496,140,696
Current Assets					
Inventories	7	1,141,690,730	1,493,744,514	727,134,228	989,947,772
Trade and Other Receivables	8	1,847,398,604	1,788,874,888	1,264,604,100	1,329,782,615
Advances and Prepayments		293,003,506	169,025,325	287,353,976	67,530,974
Cash and Cash Equivalents	9	720,830,738	679,383,289	690,226,195	582,575,158
		4,002,923,578	4,131,028,016	2,969,318,499	2,969,836,519
Total Assets		6,738,329,128	6,863,623,310	5,499,361,089	5,465,977,215
EQUITY AND LIABILITIES					
Stated Capital					
	10	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Revaluation Reserves					
		623,223,435	623,223,435	623,223,435	623,223,435
Retained Earnings					
		1,356,650,126	1,008,801,126	840,419,842	537,839,412
Equity Attributable to Equity Holders of the Parent					
		3,179,873,561	2,832,024,561	2,663,643,277	2,361,062,847
Non Controlling Interest					
		(1,042,792)	(813,228)		
Total Equity		3,178,830,769	2,831,211,333	2,663,643,277	2,361,062,847
Non-Current Liabilities					
Deferred Tax Liability	18.2	311,096,758	357,179,687	311,096,758	336,353,221
Retirement Benefit Liability	12	149,261,444	109,957,821	108,350,043	76,781,699
Interest Bearing Loans and Borrowings	11	138,673,466	139,189,730	73,755,847	51,243,314
		599,031,668	606,327,238	493,202,648	464,378,234
Current Liabilities					
Interest Bearing Loans and Borrowings	11	2,156,793,945	2,482,640,478	1,657,931,057	1,953,052,414
Trade and Other Payables	13	634,996,306	753,118,661	553,136,731	544,524,975
Income Tax Payable		168,676,440	190,325,600	131,447,376	142,958,745
		2,960,466,691	3,426,084,739	2,342,515,164	2,640,536,134
Total Equity and Liabilities		6,738,329,128	6,863,623,310	5,499,361,089	5,465,977,215

I certify that these financial statements comply with the requirements of the Companies Act No. 07 of 2007.



Chief Finance Officer

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by;



Director



Director

04 June 2024
Colombo

Statement of Profit or Loss

Year ended 31 March 2024	Note	GROUP		COMPANY	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Revenue from Contracts with Customers	14	9,875,058,464	13,451,044,424	6,441,082,584	7,956,541,717
Cost of Sales		(7,719,337,095)	(9,941,962,892)	(4,759,285,698)	(5,609,995,118)
Gross Profit		2,155,721,369	3,509,081,532	1,681,796,886	2,346,546,599
Other Operating Income	15	83,886,913	127,198,237	101,335,377	454,927,988
Selling and Distribution Expenses		(423,976,734)	(450,975,841)	(371,476,056)	(392,220,809)
Administrative Expenses		(798,747,118)	(820,302,836)	(562,565,326)	(626,118,051)
Results from operating activities		1,016,884,430	2,365,001,092	849,090,881	1,783,135,727
Finance Cost	16	(239,422,575)	(510,563,282)	(128,229,809)	(395,063,926)
Finance Income		33,154,335	40,763,680	32,655,346	39,691,404
Profit Before Tax	17	810,616,190	1,895,201,490	753,516,418	1,427,763,205
Income Tax Expense	18	(230,126,822)	(482,242,115)	(216,922,275)	(328,650,625)
Profit for the Year		580,489,368	1,412,959,375	536,594,143	1,099,112,580
Profit for the period attributable to:					
Equity holders of the parent		580,718,932	1,413,663,995		
Non-controlling interests		(229,564)	(704,620)		
		580,489,368	1,412,959,375		
Basic/Diluted earnings per share	19	1.74	4.24	1.61	3.30
Dividend per share	20			0.67	2.47

The accounting policies and notes on pages 154 through 195 form an integral part of the Financial Statements.

Statement of Comprehensive Income

Year ended 31 March 2024	Note	GROUP		COMPANY	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Profit for the year		580,489,368	1,412,959,375	536,594,143	1,099,112,580
Other comprehensive income/ (loss)					
Other comprehensive income/ (loss) not to be classified to statement of profit or loss in subsequent period					
Revaluation of land	3	-	306,462,299	-	306,462,299
Income tax effect on revaluation on land		-	(91,938,690)	-	(91,938,690)
		-	214,523,609	-	214,523,609
Revaluation of buildings	3	-	236,247,570	-	236,247,570
Income tax effect on revaluation of buildings		-	(70,874,271)	-	(70,874,271)
		-	165,373,299	-	165,373,299
Tax effect on revaluation of Land & Building due to change in tax rate		-	(48,665,305)	-	(48,665,305)
Actuarial (loss)/gains on defined benefit plans	12	(13,623,713)	13,960,588	(15,257,686)	13,889,976
Income tax effect on actuarial (loss)/gains		4,087,114	(4,188,177)	4,577,306	(4,166,993)
		(9,536,599)	9,772,411	(10,680,380)	9,722,983
Other comprehensive income/(loss) for the year, net of tax		(9,536,599)	341,004,014	(10,680,380)	340,954,587
Total comprehensive income/(loss) for the year, net of tax		570,952,769	1,753,963,389	525,913,763	1,440,067,167
Attributable To					
Equity holders of the Parent		571,182,333	1,754,668,009		
Non Controlling Interests		(229,564)	(704,620)		
		570,952,769	1,753,963,389		

The accounting policies and notes on pages 154 through 195 form an integral part of the Financial Statements.

Statement of Changes in Equity

Group	Stated Capital	Revaluation Reserve	Retained Earnings /Loss	Non Controlling Interests	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2022	1,200,000,000	291,991,832	408,698,053	(108,608)	1,900,581,277
Proceeds from Share Issue	-	-	-	-	-
Transaction costs for issued share capital	-	-	-	-	-
Profit for the year	-	-	1,413,663,995	(704,620)	1,412,959,375
Other Comprehensive (Loss)/Income	-	331,231,603	9,772,411	-	341,004,014
Dividends to equity holders	-	-	(823,333,333)	-	(823,333,333)
Non controlling interest acquired in business combination	-	-	-	-	-
Balance as at 31 March 2023	1,200,000,000	623,223,435	1,008,801,126	(813,228)	2,831,211,333
Profit for the year	-	-	580,718,932	(229,564)	580,489,368
Other Comprehensive Income/(Loss)	-	-	(9,536,599)	-	(9,536,599)
Dividends to equity holders	-	-	(223,333,333)	-	(223,333,333)
Balance as at 31 March 2024	1,200,000,000	623,223,435	1,356,650,126	(1,042,792)	3,178,830,769

Company	Stated Capital	Revaluation Reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2022	1,200,000,000	291,991,832	252,337,182	1,744,329,014
Proceeds from Share Issue	-	-	-	-
Transaction costs for issued share capital	-	-	-	-
Profit for the year	-	-	1,099,112,580	1,099,112,580
Other Comprehensive Income/(Loss)	-	331,231,603	9,722,983	340,954,586
Dividends to equity holders	-	-	(823,333,333)	(823,333,333)
Balance as at 31 March 2023	1,200,000,000	623,223,435	537,839,412	2,361,062,847
Profit for the year	-	-	536,594,143	536,594,143
Other Comprehensive Income	-	-	(10,680,380)	(10,680,380)
Dividends to equity holders	-	-	(223,333,333)	(223,333,333)
Balance as at 31 March 2024	1,200,000,000	623,223,435	840,419,842	2,663,643,277

The accounting policies and notes on pages 154 through 195 form an integral part of the Financial Statements.

Statement of Cash Flows

Year ended 31 March 2024	Note	GROUP		COMPANY	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cash Flows From / (Used in) Operating Activities					
Profit Before Tax		810,616,190	1,895,201,490	753,516,418	1,427,763,205
Adjustments for					
Depreciation of Property, Plant and Equipment	3	158,044,916	94,676,875	139,568,645	81,258,129
Amortisation of Right of Use Assets	4	58,649,350	55,437,227	14,799,400	12,554,004
Amortisation of Intangible Assets	5	845,448	499,717	663,008	468,467
Provision for Retirement Benefit Liability	12	30,291,632	25,666,619	20,513,008	18,180,457
Allowance/(Reversal) of Doubtful debt/Bad debt write off		-	(13,531,610)	-	-
Loss Allowance for Other Receivables		-	124,584,253	-	124,584,253
Profit/(Loss) on Disposal of Property, Plant and Equipment	15	(8,975,063)	(1,202,000)	(8,940,063)	(575,000)
Profit/(Loss) on Derecognition of ROUA	15	-	(10,218,707)	-	(5,014,109)
Allowance for slow moving Inventories	7	4,800,000	2,400,000	-	-
Dividend Income	15	-	-	(30,037,474)	(349,897,481)
Lease Interest	16	38,130,994	33,696,836	16,680,277	14,310,827
Finance Income		(33,154,335)	(40,763,680)	(32,655,346)	(39,691,404)
Finance Cost	16	201,291,581	476,866,446	111,549,532	380,753,099
		1,260,540,713	2,643,313,465	985,657,405	1,664,694,447
Working Capital Changes					
(Increase)/Decrease in Inventories		347,253,784	(418,953,018)	262,813,544	(142,863,502)
(Increase)/Decrease in Trade and Other Receivables		(58,523,714)	79,358,884	65,178,516	156,764,253
(Increase)/Decrease in Advances and Prepayments		(123,978,181)	(83,166,639)	(219,823,002)	(19,572,382)
Increase/ (Decrease) in Trade and Other Payables		(118,122,355)	(414,570,099)	8,611,756	(297,514,593)
Cash Generated from Operations		1,307,170,247	1,805,982,593	1,102,438,218	1,361,508,223
Gratuity Paid	12	(4,611,722)	(4,174,846)	(4,202,350)	(2,605,271)
Tax Paid		(298,629,237)	(313,064,231)	(249,112,801)	(198,682,126)
Finance Cost Paid		(201,291,581)	(476,866,446)	(111,549,532)	(380,753,099)
Net Cash (Used in)/From Operating Activities		802,637,707	1,011,877,070	737,573,535	779,467,727

Year ended 31 March 2024	Note	GROUP		COMPANY	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cash Flows From / (Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	3	(169,167,049)	(226,458,538)	(143,212,225)	(130,713,068)
Advanced Paid on Acquisition Right of Use Assets		-	(21,366,000)	-	-
Acquisition of Intangible Assets	5	(1,224,760)	(519,000)	(620,000)	(519,000)
Proceeds from Sale of Property Plant and Equipment		9,260,000	1,525,000	9,225,000	575,000
Upliftment of / (Investment in) Fixed Deposit			466,974,657	-	466,974,657
Finance Income		33,154,335	40,763,680	32,655,346	39,691,404
Dividend Income Received from Subsidiary		-	-	30,037,474	349,897,481
Net Cash Flows Used in Investing Activities		(127,977,474)	260,919,799	(71,914,405)	725,906,474
Cash Flows From / (Used in) Financing Activities					
Proceeds From Interest Bearing Loans and Borrowings	11	20,675,782,711	16,047,982,502	18,220,149,619	14,255,721,422
Repayment of Interest Bearing Loans and Borrowings	11	(21,000,344,129)	(16,714,754,464)	(18,527,332,379)	(15,140,282,242)
Payment of Lease Liabilities	11	(85,754,848)	(69,085,327)	(27,492,000)	(20,862,000)
Dividends paid		(223,333,333)	(823,333,333)	(223,333,333)	(823,333,333)
Net Cash Flows From/(Used in) Financing Activities		(633,649,599)	(1,559,190,622)	(558,008,093)	(1,728,756,153)
Net (Decrease)/Increase in Cash and Cash Equivalents					
		41,010,634	(286,393,753)	107,651,037	(223,381,952)
Cash and Cash Equivalents at the Beginning of the Year					
	9	676,787,636	963,181,389	582,575,158	805,957,110
Cash and Cash Equivalents at the End of the Year					
	9	717,798,270	676,787,636	690,226,195	582,575,158

The accounting policies and notes on pages 154 through 195 form an integral part of the Financial Statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Ex-Pack Corrugated Cartons PLC (Company) is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the company at No 11A Milepost Avenue, Colombo 03 and the principal place of the business is situated at No. 79, Pattiwila Road, Gonawala, Kelaniya.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Group as follows,

The Company's principal activity included the manufacturing and selling of Corrugated Cartons to local and foreign markets.

The Company had two fully owned subsidiaries, Neptune Papers (Private) Limited and Denshun Industries (Private) Limited. On 25 March 2021, the Company disposed its entire shareholding of Denshun Industries (Private) Limited to its parent, Aberdeen Holdings (Private) Limited.

Neptune Papers (Private) Limited has acquired 100% shares of Neptune Services (Private) Limited on 31 December 2021 from Aberdeen Holdings (Private) Limited. The Saffron Food Services (Private) Limited name changed to Neptune Services (Private) Limited effect from 01 April 2022. Neptune Papers (Private) Limited also acquired Neptune Recycles (Private) Limited on 01 April 2021. Neptune Recycles has acquired 80% of shares of Neptune Eco Friends (Private) Limited on 31 December 2021.

Neptune Papers (Private) Limited - The principal activities of the company were engaging in the business of exporting of all type of waste papers.

The principal activity of Neptune Services (Private) Limited purchasing and reselling of wastepaper to the local mills.

Neptune Recycles (Private) Limited - The principal activities of the company were purchasing and reselling of wastepaper to the local mills.

Neptune Eco Friends (Private) Limited - The principal activities of the company were collecting and selling wastage via mobile application software.

All the subsidiary companies are incorporated in Sri Lanka and no subsidiaries that are incorporated outside Sri Lanka.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is Aberdeen Holdings (Private) Limited which is incorporated in Sri Lanka.

1.4 Date of Authorisation for Issue

The Consolidated Financial Statements of Ex-Pack Corrugated Cartons PLC, for the year ended 31 March 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 4 June 2024.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 GENERAL ACCOUNTING POLICIES

2.1.1 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis unless stated otherwise and accounting policies are applied consistently.

2.1.2 Basis of Preparation and Statement of Compliance

These Financial Statements, comprising of both the Company's separate Financial Statements and the Consolidated Financial Statements of the Company and its Subsidiaries ("Group"), comprise the Statements of Financial Position, Statements of Profit or Loss, Statements of the Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows together with the Accounting Policies and Notes to the Financial Statements.

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards (SLFRS's and LKAS's) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

2.1.3 Functional and Presentation Currency

The Financial Statements of the Group are presented in Sri Lankan Rupees, which is the Group's functional currency.

2.1.4 Comparative Information

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The previous years' figures and phrases have been rearranged wherever necessary to confirm to the current presentation.

2.1.5 Going Concern

The Board of Directors has made an assessment of the Group's ability to continue as a going concern in the foreseeable future and they do not intend either to liquidate or to cease trading.

2.2 Summary Of Significant Accounting Policies

2.2.1 Basis of Consolidation

The Consolidated Financial Statements (referred to as the 'Group') comprise the financial statements of the Company and its Subsidiaries. Subsidiaries are disclosed in Notes 08 to the financial statements. The financial statements of the

Subsidiaries are prepared in compliance with the Group's accounting policies unless stated otherwise.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the Statement of Profit or Loss.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, which is 12 months ending 31 March, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. If the Group retains any interest in the previous subsidiary then such interest is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

Investments in Subsidiaries are recognised at cost less impairment in the separate financial statements of the Company.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount

Notes to the Financial Statements

recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.2.2 Current/Non-Current Classification

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

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

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading

- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2.3 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and building. Involvement of external valuers is decided upon annually by the Board of Directors, where selection criteria would include market knowledge, reputation, and independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.2.4 Foreign Currency Translations

The financial statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.2.5 Financial Instruments – Financial assets

Initial Recognition and Measurement

Financial assets are recognised at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivable that do not contain significant financing component for which Group has applied the practical expedient, the Group initially measures

a financial asset at its fair value plus, in the case of financial asset not a fair value through profit or loss, transaction costs. Trade receivable that do not contain a significant financing component for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows selling the financial assets or both.

Purchases or sales of financial assets that require delivery of financial assets within a time frame established by regulation or convention in the market place are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Company's financial assets include cash and bank balances, fixed deposits, trade and other receivables including amount due from related parties, and advances and prepayments.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Notes to the Financial Statements

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at amortised cost (debt instruments)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

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

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Financial assets at amortised cost (debt instruments)

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of

collateral held or other credit enhancements that are integral to the contractual terms.

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

The Group considers financial asset is default when contractual payments are 365 days due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

2.2.6 Financial Instruments – Financial Liabilities Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables including amount due to related parties, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments

entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SLFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

De-recognition

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

2.2.7 Offsetting of Financial Instruments

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

2.2.8 Determination of Fair values

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. When there is no active market, direct observation of a trade price may not be possible. In these circumstances, the Group uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair value are determined according to the following hierarchy.

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

Level 2: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

2.2.9 Property, Plant and Equipment

Basis of measurement

Property, Plant and equipment is stated at cost/revaluation, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Significant accounting judgments, estimates and assumptions and provisions for further information about the recorded decommissioning provision. The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Land and buildings are subsequently measured at fair value, less accumulated depreciation on buildings, and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure

Notes to the Financial Statements

that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

Depreciation

Depreciation is calculated by using a straight-line method on the cost of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period end and adjusted prospectively, if appropriate.

2.2.10 Borrowing Costs

Borrowing costs 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 capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the reporting period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.2.11 Intangible assets

Computer software acquired is separately measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful life of computer software is assessed and amortised over the useful economic life of 4 years.

2.2.12 Cash and Cash Equivalents

Cash and Cash Equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.2.13 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials:

- Purchase cost on a Weighted Averaged Cost (WAC) basis.

Work in Progress:

- Cost of direct materials

Finished goods:

- Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.2.14 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.2.15 Retirement Benefit Obligations

The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions to a separate entity. A defined benefit plan, define an amount of pension benefit that an employee will receive on retirement, based on the years of service and compensation.

a) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations in Sri Lanka. The Group contributes 14% and 3% of basic emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

b) Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated using Projected Unit Credit (PUC) method as recommended by LKAS 19 – “Employee benefits”. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 12. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The Group’s accounting policy for defined benefit plans is to recognise actuarial gains and losses in the period in which they occur in full in other comprehensive income in accordance with LKAS 19. Accordingly, the Group recognised all cumulative actuarial gains and losses at the date of transition to SLFRS. Further details are disclosed in financial statements.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefits. However, for entities of the Group operating in Sri Lanka, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability is not externally funded. The settlement of the liability is based on legal liability method or the following basis as applied by the respective entities.

The Retirement Benefit Obligation of the Company is based on the Actuarial Valuation carried out by Messrs., Actuarial and Management Consultants (Private) Limited, a firm of Professional Actuaries.

2.2.16 Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

l) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 03 to 06 years
- Plant and machinery 05 to 10 years
- Motor vehicles and other equipment 04 to 05 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

II) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to

Notes to the Financial Statements

determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings (Note 11).

III) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

2.2.18 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group is the principal in its revenue arrangements, as it typically controls the goods before transferring them to the customer. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

a) Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the goods are transferred to the customer, generally on sold of the goods.

The Group's contracts with customers sales include one performance obligation. The Group has concluded that revenue from sales should be recognised at the point in time when control of the asset is transferred to the customer, generally on sold of goods (Local Sales) or delivery of the goods based on shipping terms (Export Sales). Therefore, the adoption of SLFRS 15 did not have an impact on the timing of revenue recognition. However, in determining the transaction price for the sales, the Group considers the effects of variable consideration and the existence of significant financing components.

b) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial instruments – initial recognition and subsequent measurement.

c) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

d) Gains and Losses

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

e) Finance income

Finance income comprises interest income on funds invested and gain arisen from the foreign exchange translation of financial assets and liabilities.

Finance income is recognised on a time proportion basis that takes in to account the effective interest rate (EIR) on asset. EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

f) Dividend Income

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

g) Rental Income

Rental income arising from operating leases on investment properties or renting out of premises are recognised as income on a straight-line basis over the term of the lease or agreement.

h) Others

Other income is recognised on an accrual basis.

2.2.19 Taxation**Current Taxes**

Current income tax assets and liabilities for the current reporting period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Taxation

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

Deferred tax liabilities are recognised 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 the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised 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 utilised, 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 the carrying

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

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

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

2.2.20 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method".

Interest paid are classified as operating cash flows, interest received is classified as investing cash flows for the purpose of presenting Statement of Cash Flows.

2.3 Changes In Accounting Policies and Disclosures**2.3.1 Changes in Accounting standards**

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024.

The following amendments and improvements did not have a significant impact on the Company Financial Statements.

Amendments to LKAS 17: Insurance Contracts

Standards, amendments and interpretation issued but not yet effective

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below.

Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

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

Notes to the Financial Statements

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.

The amendments are effective for annual periods beginning on or after 1 January 2024.

Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information.

about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 1 January 2024.

Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

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 recognise 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.

The amendments are effective for annual periods beginning on or after 1 January 2024.

International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising 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 recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 1 January 2024.

2.4. Significant Accounting Judgments, Estimates & Assumptions

The preparation of Financial Statements in conformity with accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and disclosure of contingent liabilities of the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.

In the process of applying the Group’s accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are included below;

a) Revaluation of land and buildings

The Group uses the revaluation model of measurement of land and buildings. The Group engaged independent expert valuers, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The date of the most recent revaluation was on 31 March 2023. The changes in fair value recognised in other comprehensive income and in the statement of changes in equity. The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property.

b) Measurement of the Recoverable Amount of Cash-Generating Units Containing Goodwill and Impairment Test on Investment in Subsidiary:

The Group tests annually whether goodwill requires impairment, in accordance with the accounting policy stated in Note 2.2.1. The recoverable value of Goodwill together with the related investment in subsidiary has been assessed considering its value in use discounting future cash flows generated from containing the operations of the unit.

c) Defined Benefit Plans

The cost of the defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases, and mortality rates more fully described in Note 14. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the weighted average cost of capital. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

d) Deferred Tax Asset

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probably that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits can be utilised.

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

e) Valuation of Inventories

The Group has applied judgement in the determination of impairment in relation to inventories that are slow moving or obsolete. The Group's impairment assessment in relation to such inventories take into account factors such as the use of

significant judgement over identifying inventories requiring write down to NRV, including consideration of product life cycles, nature of inventories, future inventory demand and quality grading assessments, and the existence of significant estimates applied in the determination of NRV considering expected sales prices and allowance policies based on historical sales.

f) Allowances for Doubtful Debt

Company reviews at each reporting date all receivables to assess whether an allowance should be recorded in the Statement of Profit or Loss. Management uses judgment in estimating such allowance considering the past due status of outstanding and any other factors management is aware of that indicates uncertainty in recoverability. Refer Note 8 for more details.

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Group

3.1.1 Cost / Valuation

Year ended 31 March 2024	Land	Building	Motor Vehicles	Office Equipment	Furniture and Fittings		Technological Equipment		Plant & Machinery	Tools and Equipment	Spare Parts	Stores & Equipment		Capital WIP	Total
					Rs.	Rs.	Rs.	Rs.				Rs.	Rs.		
As at 01 April 2023	1,437,119,000	575,601,000	204,578,236	12,045,677	5,579,868	41,613,237	700,969,121	3,007,283	53,155,620	9,803,644	-	3,043,472,686	-	-	-
Additions	3,277,135	-	38,004,000	18,397,195	3,061,911	10,420,711	87,583,481	-	-	512,000	7,910,616	169,167,049	-	-	-
Revaluation	-	-	-	-	-	-	5,237,087	-	-	-	-	-	-	-	5,237,087
Disposals	-	-	(8,200,000)	-	-	(588,000)	-	-	-	-	-	-	-	-	(8,788,000)
As at 31 March 2024	1,440,396,135	575,601,000	234,382,236	30,442,872	8,641,779	51,445,948	793,789,689	3,007,283	53,155,620	10,315,644	7,910,616	3,209,088,822	-	-	-

3.1.2 Accumulated Depreciation

As at 01 April 2023	-	-	167,399,567	5,382,243	2,516,113	19,238,376	459,507,635	2,111,976	53,155,620	889,022	-	710,200,552	-	-	-
Charge for the year	-	59,910,830	22,053,232	2,370,759	776,634	9,677,148	61,796,315	202,959	-	1,257,039	-	158,044,916	-	-	-
Transfer	-	-	-	-	-	-	5,237,087	-	-	-	-	5,237,087	-	-	-
Disposals	-	-	(8,200,000)	-	-	(303,063)	-	-	-	-	-	(8,503,063)	-	-	-
As at 31 March 2024	-	59,910,830	181,252,799	7,753,002	3,292,747	28,612,461	526,541,037	2,314,935	53,155,620	2,146,061	-	864,979,492	-	-	-

As at 31 March 2023	1,437,119,000	575,601,000	371,78,669	6,663,434	3,063,755	22,374,861	241,461,486	895,307	-	8,914,622	-	2,333,272,134	-	-	-
As at 31 March 2024	1,440,396,135	515,690,170	53,129,437	22,689,870	5,349,032	22,833,487	267,248,652	692,348	-	8,169,583	7,910,616	2,344,109,330	-	-	-

3.1.3 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 169,167,049/-, (2023 - Rs. 226,458,538/-). Total cash payments amounting to Rs.169,167,049/-, (2023 - Rs. 226,458,538/-) were made during the year for purchase of Property, Plant and Equipment.

3.1.4 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs. 518,092,095/- (2023 - Rs. 478,789,187/-).

3.1.5 The Group's lands which are reflected at revalued amounts have been determined based on active market price method. The revaluation was last carried out on 31 March 2023 by A. A. M. Fatihu, an independent valuer.

3. PROPERTY, PLANT AND EQUIPMENT

3.2 Company

3.2.1 Cost / Valuation

Year ended 31 March 2024	Land		Building		Motor Vehicles		Office Equipment		Furniture and Fittings		Technological Equipment		Plant & Machinery		Tools and Equipment		Spare Parts		Stores & Equipment		Capital WIP		Total	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
As at 01 April 2023	1,437,119,000	575,601,000	575,601,000	145,216,581	4,741,357	4,686,401	32,298,124	592,995,896	1,281,572	531,155,620	-	-	-	-	-	-	-	-	-	-	-	-	2,847,097,551	
Additions	3,277,135	-	34,924,000	1,637,040	2,628,612	6,809,841	86,024,981	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	143,212,225	
Disposals	-	-	(8,200,000)	-	-	(472,500)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,672,500)	
As at 31 March 2024	1,440,396,135	575,601,000	171,942,581	6,378,397	7,315,013	38,635,465	679,020,877	1,281,572	531,155,620	-	-	-	-	-	-	-	-	-	-	-	-	-	2,981,637,276	
Accumulated Depreciation																								
As at 01 April 2023	-	-	123,713,384	2,054,595	2,225,557	13,210,402	418,047,274	538,566	531,155,620	-	-	-	-	-	-	-	-	-	-	-	-	-	-	612,945,398
Charge for the year	-	59,910,830	17,025,156	626,745	615,302	7,891,793	53,338,619	160,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	139,558,645
Disposals	-	-	(8,200,000)	-	-	(187,563)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,387,563)
As at 31 March 2024	-	59,910,830	132,538,540	2,681,340	2,840,859	20,914,632	471,385,893	698,766	531,155,620	-	-	-	-	-	-	-	-	-	-	-	-	-	-	744,126,480
As at 31 March 2023	1,437,119,000	575,601,000	21,505,197	2,686,762	2,460,844	19,087,722	174,948,622	743,006	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,234,152,153
As at 31 March 2024	1,440,396,135	515,690,170	39,404,041	3,697,057	4,474,154	17,720,833	207,634,984	582,806	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,237,510,796

3.2.3 The carrying amount of revalued Freehold Land, Freehold Buildings & Buildings on Leasehold Land if they were carried at cost less depreciation would be as follows

Year ended 31 March 2024	Land		Building	
	Rs.	Rs.	Rs.	Rs.
Cost	860,760,032	460,694,176	-	(194,510,414)
Accumulated Depreciation	-	-	-	-
Carrying Amount as at 31 March 2024	860,760,032	266,183,762	-	-
Carrying Amount as at 31 March 2023	854,205,762	288,975,471	-	-

Notes to the Financial Statements

3.2.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 143,212,225/- (2023 - Rs. 130,713,068/-). Cash payments amounting to Rs. 143,212,225/- (2023 - Rs. 130,713,068/-) were made during the year for purchase of Property, Plant and Equipment.

3.2.5 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs. 431,777,476/- (2023 - Rs. 402,148,407/-).

3.2.6 The Group/Company uses the revaluation model of measurement of land and buildings. The Group/Company engaged A.A.M. Fathinu, an accredited independent valuer, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence. Valuations are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent revaluation for Land and building was 31 March 2023.

Location and Date of Last Revaluation	Sub-Category	Total area	Valuation Technique	Significant Unobservable Inputs		Fair Value - 31 Mar 2024	Fair value Measurement Sensitivity to Unobservable Inputs Measurement
				Inputs	Rate Applied		
Land No. 79, Pattiwila Road, Gonawala, Kelaniya. (31st March 2023)	1 Main Land Development Cost	679.30 Perch	Direct Capital Comparison Method	Per perch price	800,000	543,224,000	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value.
	2 Car Park Land	19.13 Perch		Per perch price	1,500,000	28,695,000	
						575,196,135	
Land Samurthi Mawatha, Heyantuduwa, Biyagama.(31st March 2023)	1 Undevelopment Land 1A	321.5 Perch	Direct Capital Comparison Method	Per perch price	1,000,000	321,500,000	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value.
	2 Undevelopment Land 1B	22.25 Perch		Per perch price	831,461	18,500,000	
	3 Undevelopment Land 1C	28 Perch		Per perch price	900,000	25,200,000	
						365,200,000	
Land Location - No 151, Samurthi Mw, Heyanthuduwa, Biyagama.. (31st March 2023)	1 Main Land	5275 Sq.Ft	Direct Capital Comparison Method	Per perch price	985,000 - 1,250,000	500,000,000	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value.
						500,000,000	
Building No. 79, Pattiwila Road, Gonawala, Kelaniya. (31st March 2023)	1 Main Factory & Store	199,418 Sq.Ft	Replacement Cost	Per square foot value	3,500	487,963,000	Significant increases (decreases) in estimated replacement cost per perch would result in a significantly higher (lower) fair value.
	2 Two Story Building 1	17,362 Sq.Ft			4,020	69,448,000	
	3 Two Story Building 2	1,400 Sq.Ft			5,100	7,140,000	
	4 Car Park Garage	5,200 Sq.Ft			2,125	11,050,000	
						575,601,000	

3.3 The useful lives of the assets is estimated as follows

Year ended 31 March 2024	2024 Rs.	2023 Rs.
Building	20 Years	20 Years
Tools and Equipment	8 Years	8 Years
Plant and Machinery	5-10 Years	5-10 Years
Office Equipment	4-8 Years	4-8 Years
Furniture and Fittings	8 Years	8 Years
Motor Vehicle	5 Years	5 Years
Technical Equipment	4 Years	4 Years
Spare Parts	3 Years	3 Years
Stores & Equipment	3-8 Years	3-8 Years

4. LEASES

4.1 Right to Use of Assets

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the Company's incremental borrowing rate) adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The movement of Right of Use Lease assets of the Group/Company is as follows;

4.1.1 Group

Cost	Balance As at 01.04.2023 Rs.	Additions during the year Rs.	Disposals during the year Rs.	De- Recognition Rs.	Balance As at 31.03.2024 Rs.
Buildings	259,181,183	29,306,121	-	-	288,487,304
Motor Vehicle	11,033,499	-	-	-	11,033,499
Plant and Machinery	30,706,289	-	-	(5,237,087)	25,469,202
Land	-	16,079,538	-	-	16,079,538
	300,920,971	45,385,659	-	(5,237,087)	341,069,543

Amortisation	Balance As at 01.04.2023 Rs.	Charge for the year Rs.	Disposals during the year Rs.	De- Recognition Rs.	Balance As at 31.03.2024 Rs.
Buildings	81,672,008	53,057,318	-	-	134,729,326
Motor Vehicle	3,799,592	2,206,700	-	-	6,006,292
Plant and Machinery	20,718,917	2,983,344	-	(5,237,087)	18,465,174
Land	-	401,988	-	-	401,988
	106,190,517	58,649,350	-	(5,237,087)	159,602,780

Notes to the Financial Statements

Net book values	Balance	Balance
	As at 31.03.2024	As at 31.03.2023
	Rs.	Rs.
Buildings	153,757,978	177,509,175
Motor Vehicle	5,027,207	7,233,907
Plant and Machinery	7,004,028	9,987,372
Land	15,677,550	-
	181,466,763	194,730,454

4.1.2 Company

Cost	Balance As at	Additions	De-	Balance As at
	01.04.2023	during the year	Recognition	31.03.2024
	Rs.	Rs.	Rs.	Rs.
Buildings	65,881,647	29,306,121	-	95,187,768
Land	-	16,079,538	-	16,079,538
	65,881,647	45,385,659	-	111,267,306

Amortisation	Balance As at	Additions	De-	Balance As at
	01.04.2023	during the year	Recognition	31.03.2024
	Rs.	Rs.	Rs.	Rs.
Buildings	9,882,243	14,397,412	-	24,279,655
Land	-	401,988	-	401,988
	9,882,243	14,799,400	-	24,681,643

Net book values	Balance	Balance
	As at 31.03.2024	As at 31.03.2023
	Rs.	Rs.
Buildings	70,908,113	55,999,404
Land	15,677,550	-
	86,585,663	55,999,404

4.2 Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the initial application date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Company's incremental borrowing rate. The movement of Lease creditor for the period is described in Note 11.

5. INTANGIBLE ASSETS

5.1 Computer Software

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cost				
As at 1 April	2,751,000	2,232,000	1,794,652	1,275,652
Additions	1,224,760	519,000	620,000	519,000
Disposals	-	-	-	-
As at 31 March	3,975,760	2,751,000	2,414,652	1,794,652
Amortisation				
As at 1 April	1,701,965	1,202,248	805,513	337,046
Amortisation for the year	845,448	499,717	663,008	468,467
Disposals	-	-	-	-
As at 31 March	2,547,413	1,701,965	1,468,521	805,513
Net book value	1,428,347	1,049,035	946,131	989,139

Goodwill acquired through business combinations have been allocated to cash generating unit for impairment testing as follows,

5.2 Goodwill

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Neptune Papers (Private) Limited	203,543,671	203,543,671	-	-
	203,543,671	203,543,671	-	-
Total Intangible Assets	204,972,018	204,592,706	946,131	989,139

The recoverable amount of cash generating unit has been determined based on the value in use (VIU) calculation (Note 5.3)

Notes to the Financial Statements

5.3 Key assumption used in the VIU calculation.

Gross margins

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount rates

The discount rate used is the WACC (16%) (2023 - (17.3%))

Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

Volume growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to five years immediately to the budgeted year based on Industry growth rates. Cash flows beyond the five year period are extrapolated using 1.2% growth rate (2023 - 2.5%)

6 INVESTMENT IN SUBSIDIARY

Company	2024		2023	
	Holding %	Rs.	Holding %	Rs.
Non Quoted				
Neptune Papers (Private) Limited	100%	205,000,000	100%	205,000,000
		205,000,000		205,000,000
Less : Provision for impairment				
		-		-
		205,000,000		205,000,000

6.1 Details of Sub-Subsidiaries held;

Company	Investor	2024		2023	
		Holding %	Rs.	Holding %	Rs.
Neptune Recyclers (Private) Limited		100%	500	100%	500
Neptune Eco Friends (Private) Limited		80%	800	80%	800
Neptune Services (Private) Limited		100%	1,000	100%	1,000

6.2 Acquisition made by the Group during the year 2022

Company	Investor	Purchase Consideration	% Acquired	Date Acquired
Neptune Recyclers (Private) Limited	Neptune Papers (Private) Limited	500	100%	01 April 2021
Neptune Services (Private) Limited	Neptune Papers (Private) Limited	1,000	100%	31 December 2021

Further, an amount of Rs. 800/- was invested in 80% of shares of Neptune Eco Friends (Private) Limited, which was incorporated in 2022.

6.3 Asset acquired and liabilities assumed through the acquisitions are summarised below;

Year ended 31 March 2024	Neptune Services (Private) Limited	Neptune Recyclers (Private) Limited	Total
	Rs.	Rs.	Rs.
Trade and Other Receivables	48,042,105	500	48,042,605
Bank Balances	48,910	-	48,910
Trade and Other Payables	(46,623,851)	-	(46,623,851)
Tax Payable	(147,824)	-	(147,824)
Identifiable net assets at fair value	1,319,340	500	1,319,840
Non-controlling Interest	-	-	-
Gain on bargain purchase	(1,318,340)	-	(1,318,340)
Purchase consideration transferred	1,000	500	1,500

6.4 Satisfied by

Cash Consideration to be paid	1,500
	1,500
Analysis of cash and cash equivalents on acquisition of subsidiary	
Cash at bank acquired on business combination	48,910
Net cash inflow on acquisition	48,910

7. INVENTORIES

Year ended 31 March 2024	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Raw Material	554,336,412	789,012,412	554,336,412	789,012,412
Work-in-Progress	16,558,799	27,797,641	16,558,799	27,797,641
Finished Goods	473,917,501	585,372,237	54,639,540	76,886,537
Goods-in-Transit	3,678,108	217,372	3,678,108	217,372
Consumables	97,999,910	96,144,852	97,921,369	96,033,810
Less: Allowance for obsolete inventory	(4,800,000)	(4,800,000)	-	-
	1,141,690,730	1,493,744,514	727,134,228	989,947,772

Notes to the Financial Statements

8. TRADE AND OTHER RECEIVABLES

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade Debtors - Other	1,606,440,315	1,542,186,692	1,106,012,385	1,164,957,253
- Related Parties (8.1)	7,288,054	5,974,709	8,574,329	6,103,642
Less: Allowances for Doubtful Debt (8.3)	(20,227,052)	(16,044,918)	(14,524,593)	(14,524,593)
	1,593,501,317	1,532,116,483	1,100,062,121	1,156,536,302
Staff Debtors	3,565,423	3,265,620	3,565,423	3,265,620
Other Debtors - Others	63,940,301	37,321,825	23,610,696	21,070,292
- Related Parties (8.2)	112,201,588	178,017,964	89,914,784	133,131,467
Less: Allowances for NBT	(3,214,870)	-	(3,214,870)	-
Less: Allowances for Doubtful Debt	(24,803,599)	(24,803,599)	(24,803,599)	(24,803,599)
	151,688,843	193,801,810	89,072,435	132,663,780
VAT Receivable	201,989,098	162,574,971	175,250,198	140,363,187
Less: Allowances for Impairment	(99,780,654)	(99,780,654)	(99,780,654)	(99,780,654)
Income Tax Receivable	-	162,278	-	-
	102,208,444	62,956,595	75,469,544	40,582,533
	1,847,398,604	1,788,874,888	1,264,604,100	1,329,782,615

8.1 Trade Debtors - Related Parties

Year ended 31 March 2024	Relationship	GROUP		COMPANY	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Bio Extracts (Pvt) Ltd	Fellow Subsidiary	2,473,704	3,811,476	2,473,704	3,811,476
Expoteas Ceylon (Pvt) Ltd	Fellow Subsidiary	2,674,426	239,093	2,674,426	239,093
Fits Express (Pvt) Ltd	Fellow Subsidiary	874,595	1,924,140	874,595	1,924,140
Fits Retail (Pvt) Ltd	Fellow Subsidiary	1,265,329	-	1,265,329	-
Neptune Papers (Pvt) Ltd	Subsidiary	-	-	1,286,275	128,933
		7,288,054	5,974,709	8,574,329	6,103,642

8.2 Other Debtors - Related Parties

Year ended 31 March 2024	Relationship	GROUP		COMPANY	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Aberdeen Holdings (Pvt) Ltd	Parent	21,957,685	24,010,302	-	-
Lanka Commodity Trading (Pvt) Ltd	Fellow Subsidiary	74,725	69,985	-	61,215
Expoteas Ceylon (Pvt) Ltd	Fellow Subsidiary	-	88,000	-	-
Hi Energy Services (Pvt) Ltd	Fellow Subsidiary	65,157,685	108,342,653	65,111,185	108,266,653
Neptune Services (Pvt) Ltd	Sub -Subsidiary	-	19,986,477	-	-
Lanka Food Solutions (Pvt) Ltd	Fellow Subsidiary	24,803,599	24,803,599	24,803,599	24,803,599
Bio Extract (Pvt) Ltd	Fellow Subsidiary	35,729	485,495	-	-
Fits Aviation (Pvt) Ltd	Fellow Subsidiary	-	18,994	-	-
Lanka Commodity Holdings (Pvt) Ltd	Fellow Subsidiary	-	212,459	-	-
Expoceylon Pharmaceuticals (Pvt) Ltd	Fellow Subsidiary	172,165	-	-	-
		112,201,588	178,017,964	89,914,784	133,131,467

8.3 Movements in the allowance for impairment of Trade Receivables;

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
At the beginning of the year	16,044,918	29,576,528	14,524,593	14,524,593
Provision (reversal) / made during the year	4,182,134	(13,531,610)	-	-
Balance at the end of the year	20,227,052	16,044,918	14,524,593	14,524,593

8.4 Trade receivables are non-interest bearing and are generally on times of 30-90 days.

As at 31 March, the ageing analysis of trade receivables, is as follows:

Group	Total	< 30 days	31-90 days	91-180 days	181-360 days	>360 days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2024	1,613,728,369	963,242,174	556,602,482	48,518,983	27,039,387	18,325,342
2023	1,548,161,401	944,960,824	379,332,557	138,667,262	71,055,835	14,144,923

Company	Total	< 30 days	31-90 days	91-180 days	181-360 days	>360 days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2024	1,114,586,714	616,269,106	440,287,894	30,468,517	14,501,099	13,060,097
2023	1,171,060,895	618,770,483	332,873,621	137,721,356	67,550,512	14,144,923

Note 25.4 on credit risk of all trade receivables, which discusses how the Group/Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

Notes to the Financial Statements

9. CASH AND CASH EQUIVALENTS

9.1 Favourable Cash and Cash Equivalents balance

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cash at Bank	210,614,993	168,048,308	189,226,195	81,650,791
Cash in Hand	10,215,745	11,334,981	1,000,000	924,367
Short-term Deposit	500,000,000	500,000,000	500,000,000	500,000,000
	720,830,738	679,383,289	690,226,195	582,575,158
9.2 Unfavourable Cash and Cash Equivalents balance				
Bank overdrafts	(3,032,468)	(2,595,653)	-	-
	(3,032,468)	(2,595,653)	-	-
Net Cash & Cash Equivalent balance for the purpose of Cash Flow Statement	717,798,270	676,787,636	690,226,195	582,575,158

10. STATED CAPITAL

Year ended 31 March 2024	GROUP/COMPANY			
	2024		2023	
	Number of shares	Rs.	Number of shares	Rs.
Issued and fully-paid - ordinary shares				
Balance at the beginning of the year	333,333,333	1,200,000,000	333,333,333	1,200,000,000
	333,333,333	1,200,000,000	333,333,333	1,200,000,000

The company has issued Eighty three million three hundred thirty three thousand three hundred thirty three (83,333,333) new ordinary voting shares each at Rs. 8.40/- to the general public on 31 October 2021 by way of an offer for subscription in the Colombo Stock Exchange.

11. INTEREST BEARING LOANS AND BORROWINGS

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Non-current interest bearing loans and borrowings				
Lease - Motor Vehicle and Plant and Machinery (11.1)	9,734,826	13,849,842	-	-
Lease - Buildings (11.2)	113,522,369	125,339,888	58,339,576	51,243,314
Lease - Land (11.2)	15,416,271	-	15,416,271	-
	138,673,466	139,189,730	73,755,847	51,243,314
Current interest bearing loans and borrowings				
Lease - Motor Vehicle and Plant and Machinery (11.1)	4,115,017	4,549,240	-	-
Lease - Buildings (11.2)	48,019,206	49,845,325	22,136,225	10,613,234
Lease - Land (11.2)	538,412	-	538,412	-
Term Loans (11.3)	2,101,088,842	2,425,650,260	1,635,256,420	1,942,439,180
Bank overdrafts (9.2)	3,032,468	2,595,653	-	-
	2,156,793,945	2,482,640,478	1,657,931,057	1,953,052,414
Total interest bearing loans and borrowings	2,295,467,411	2,621,830,208	1,731,686,904	2,004,295,728

11.1 Lease - Motor Vehicle and Plant and Machinery

Group	Balance as at 01.04.2023 Rs.	New leases Rs.	Repayments Rs.	Balance as at 31.03.2024 Rs.	Current as at 31.03.2024 Rs.	Non-current as at 31.03.2024 Rs.
Commercial Bank of Ceylon PLC	23,002,965	-	(6,485,555)	16,517,410	5,528,836	10,988,574
Finance Charges Allocated to Future Periods	(4,603,883)	-	1,936,316	(2,667,567)	(1,413,819)	(1,253,748)
Net Liability	18,399,082	-	(4,549,239)	13,849,843	4,115,017	9,734,826

11.2 Lease - Buildings and Land

Group	Balance as at 01.04.2023 Rs.	Interest Expense Recognised in Profit or Loss Rs.	New lease Rs.	Repayments Rs.	De- Recognition Rs.	Balance as at 31.03.2024 Rs.	Current as at 31.03.2024 Rs.	Non-current as at 31.03.2024 Rs.
Buildings	175,185,213	35,719,533	29,306,121	(78,669,292)	-	161,541,575	48,019,206	113,522,369
Land	-	475,145	16,079,538	(600,000)	-	15,954,683	538,412	15,416,271
	175,185,213	36,194,678	45,385,659	(79,269,292)	-	177,496,258	48,557,618	128,938,640

Notes to the Financial Statements

Company	Balance as at 01.04.2023	Interest Expense Recognised in Profit or Loss	New lease	Repayments	De- Recognition	Balance as at 31.03.2024	Current as at 31.03.2024	Non-current as at 31.03.2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Buildings	61,856,548	16,205,132	29,306,121	(26,892,000)	-	80,475,801	22,136,225	58,339,576
Land	-	475,145	16,079,538	(600,000)	-	15,954,683	538,412	15,416,271
	61,856,548	16,680,277	45,385,659	(27,492,000)	-	96,430,484	22,674,637	73,755,847

11.3 Term Loans

Group	Balance as at 01.04.2023	New Loan Obtained	Repayments	Balance as at 31.03.2024	Current as at 31.03.2024	Non-current as at 31.03.2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank of Ceylon	12,000,000	1,822,091,069	(1,424,898,134)	409,192,935	409,192,935	-
National Development Bank - LKR	240,239,180	2,359,400,000	(2,416,339,180)	183,300,000	183,300,000	-
National Development Bank - USD	39,911,080	1,150,329,242	(1,119,507,900)	70,732,422	70,732,422	-
Hatton National Bank PLC	735,000,000	3,851,000,000	(4,425,200,000)	160,800,000	160,800,000	-
Seylan Bank PLC	850,000,000	3,083,500,000	(3,454,500,000)	479,000,000	479,000,000	-
COM Loans - LKR	-	52,000,000	-	52,000,000	52,000,000	-
Amana Bank - LKR	548,500,000	7,288,600,000	(7,487,600,000)	349,500,000	349,500,000	-
Amana Bank - USD	-	1,068,862,400	(672,298,915)	396,563,485	396,563,485	-
	2,425,650,260	20,675,782,711	(21,000,344,129)	2,101,088,842	2,101,088,842	-

Company	Balance as at 01.04.2023	New Loan Obtained	Repayments	Balance as at 31.03.2024	Current as at 31.03.2024	Non-current as at 31.03.2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Bank of Ceylon	12,000,000	1,822,091,069	(1,424,898,134)	409,192,935	409,192,935	-
National Development Bank - LKR	61,939,180	1,250,600,000	(1,282,539,180)	30,000,000	30,000,000	-
National Development Bank - USD	-	779,496,150	(779,496,150)	-	-	-
Hatton National Bank PLC	470,000,000	2,981,000,000	(3,451,000,000)	-	-	-
Seylan Bank PLC	850,000,000	3,029,500,000	(3,429,500,000)	450,000,000	450,000,000	-
Amana Bank - LKR	548,500,000	7,288,600,000	(7,487,600,000)	349,500,000	349,500,000	-
Amana Bank - USD	-	1,068,862,400	(672,298,915)	396,563,485	396,563,485	-
	1,942,439,180	18,220,149,619	(18,527,332,379)	1,635,256,420	1,635,256,420	-

12. RETIREMENT BENEFIT LIABILITY

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Defined Benefit Obligation - Gratuity				
Defined Benefit Obligation as at the Beginning of the Year	109,957,821	102,426,637	76,781,699	75,096,489
Interest cost	19,792,408	15,363,995	13,820,706	11,264,473
Current service cost	10,499,224	10,302,623	6,692,302	6,915,984
Benefits paid	(4,611,722)	(4,174,846)	(4,202,350)	(2,605,271)
Actuarial (gains)/losses on obligation	13,623,713	(13,960,588)	15,257,686	(13,889,976)
Defined Benefit Obligation as at the End of the Year	149,261,444	109,957,821	108,350,043	76,781,699

12.1 The Retirement Benefit Obligation of the Company as at 31st March 2024 is based on the Actuarial Valuation carried out by Messrs, Actuarial and Management Consultants (Private) Limited, a firm of Professional Actuaries.

12.2 Principal assumption used in determining post employment benefit obligation for the group are shown below:

	GROUP		COMPANY	
Discount rate:	12.00%	18.00%	12.00%	18.00%
Salary Increase Rate	12.00%	16.00%-18.00%	12.00%	16.00%
Retirement age	60 Years	60 Years	60 Years	60 Years

The Retirement Benefit Plan of the Company was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021.

12.3 Sensitivity of assumptions employed in actuarial valuation

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
1% Increase in Discount Rate	(9,574,313)	(7,272,203)	(7,426,959)	(5,231,194)
1% Decrease in Discount Rate	10,757,580	8,213,266	8,378,912	5,888,865
1% Increase in Salary Increment Rate	10,232,402	7,919,945	7,717,546	5,543,569
1% Decrease in Salary Increment Rate	(9,288,070)	(7,134,486)	(6,979,196)	(5,011,047)

Notes to the Financial Statements

12.4 The following are the expected payments to the defined benefit plan in future years

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Within the next 12 months	16,014,604	10,665,056	10,094,000	7,411,435
Between 2 and 5 years	39,332,010	25,738,335	25,441,098	16,813,120
Between 5 and 10 years	54,632,382	41,508,434	39,976,820	29,473,286
Beyond 10 years	39,282,449	32,045,996	32,838,125	23,083,858
Total expected payments	149,261,445	109,957,821	108,350,043	76,781,699

13. TRADE AND OTHER PAYABLES

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade Payables - Others	413,210,926	409,429,274	335,556,482	237,690,589
	413,210,926	409,429,274	335,556,482	237,690,589
Other Payables - Others	44,745,082	87,735,780	44,074,154	63,291,868
- Related Parties (13.1)	3,946,394	523,217	3,413,274	633,045
Sundry Creditors including accrued expenses	173,093,904	255,430,390	170,092,821	242,909,473
	634,996,306	753,118,661	553,136,731	544,524,975

13.1 Other Payables - Related Parties

Year ended 31 March 2024	Relationship	GROUP		COMPANY	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Aberdeen Holdings (Pvt) Ltd	Parent	3,145,240	-	3,075,000	-
Amana Takaful Ltd	Affiliate Company	13,899	178,017	13,899	178,017
Antler Foundry (Pvt) Ltd	Fellow Subsidiary	787,255	345,200	198,375	198,375
Neptune Papers (Pvt) Ltd	Fellow Subsidiary	-	-	126,000	256,653
		3,946,394	523,217	3,413,274	633,045

14. REVENUE FROM CONTRACTS WITH CUSTOMERS

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Local Sales	4,798,491,884	6,025,531,089	3,293,385,341	3,772,503,956
Export Sales	3,645,033,496	6,400,947,625	3,053,131,031	4,067,714,284
Waste Sales - Export	1,426,794,750	1,020,408,364	94,566,212	116,323,477
Service Income	4,738,334	4,157,346	-	-
	9,875,058,464	13,451,044,424	6,441,082,584	7,956,541,717

14.1 Set out below is the disaggregation of the Group/Company revenue from contracts with customers:

a) Based on the nature of the product sold

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Types of Products and Services				
Manufacture and sale of Corrugated Cartons	8,141,052,023	10,508,908,576	6,346,516,372	7,840,218,240
Manufacture of papers / paper reels	1,141,164,151	2,397,870,278	-	-
Recycling of fabric export sales	402,962,367	351,978,246	-	-
Waste sales	133,130,466	188,046,143	94,566,212	116,323,477
Service Income	56,749,457	4,241,181	-	-
	9,875,058,464	13,451,044,424	6,441,082,584	7,956,541,717

b) Based on the geographical locations of the customers

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Sri Lanka	8,146,649,272	10,640,949,364	6,219,813,473	7,479,944,307
Other South Asia	1,715,869,254	2,801,380,047	213,316,719	476,597,410
Other	12,539,938	8,450,703	7,952,393	-
	9,875,058,464	13,451,044,424	6,441,082,584	7,956,541,717

15. OTHER OPERATING INCOME

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Profit on Disposal of Property, Plant and Equipment	8,975,063	1,202,000	8,940,063	575,000
Profit/(Loss) on Derecognition of ROUA	-	10,218,707	-	5,014,109
Exchange Gain	13,223,387	47,998,074	13,227,846	40,746,936
Sundry Income	57,115,577	63,495,339	49,129,994	58,694,462
Income from Weighbridge Inhouse	4,572,886	4,284,117	-	-
Dividend Income	-	-	30,037,474	349,897,481
	83,886,913	127,198,237	101,335,377	454,927,988

Notes to the Financial Statements

16. FINANCE COST

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Interest on Banking Finance	112,025,915	380,919,739	111,549,532	380,753,099
Finance Charge on Murabaha Loans	-	7,503,247	-	-
Finance Charge on Wakala Loans	89,265,664	88,443,460	-	-
Interest on Finance Lease (Ijara)	1,936,318	2,467,943	-	-
Lease Interest	36,194,678	31,228,893	16,680,277	14,310,827
	239,422,575	510,563,282	128,229,809	395,063,926

17. PROFIT/(LOSS) BEFORE TAX

Stated after Charging,

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Included in Cost of Sales				
Employees Benefits including the following,				
- Defined Benefit Plan Costs - Gratuity	14,334,869	9,881,653	9,798,869	6,683,490
- Defined Contribution Plan Costs - EPF and ETF	25,430,478	26,891,303	21,302,671	19,044,807
Depreciation & Amortisation	133,385,262	72,055,607	113,409,649	60,477,665
Included in Administrative & Distribution Expenses				
Employees Benefits including the following,				
- Defined Benefit Plan Costs - Gratuity	15,956,763	18,496,967	10,714,139	11,496,967
- Defined Contribution Plan Costs - EPF and ETF	30,973,834	27,439,051	21,473,479	19,592,555
Depreciation & Amortisation	30,695,146	23,089,736	26,822,004	21,248,932
Auditor's Fees and Expenses - External	1,390,000	1,390,000	1,500,000	1,000,000
- Other	2,034,430	2,034,430	3,585,686	1,525,760

18. INCOME TAX

The major components of income tax expense for the years ended 31 March are as follows :

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Income Statement				
Current Income Tax				
Current Income Tax Charge (Note 18.1)	265,888,483	375,205,144	226,509,838	285,357,220
Under/(Over) Provision of Income Tax for the Previous Year	11,091,594	(682,000)	11,091,594	-
	276,980,077	374,523,144	237,601,432	285,357,220
Deferred Income Tax				
Deferred Taxation Charged (Note 18.2)	(46,853,255)	88,619,416	(20,679,157)	43,293,405
	(46,853,255)	88,619,416	(20,679,157)	43,293,405
Tax on Dividend Income	-	19,099,555	-	-
Income tax expense reported in the Income Statement	230,126,822	482,242,115	216,922,275	328,650,625

18.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Accounting Profit (Profit before Tax)	810,616,190	1,895,201,490	753,516,418	1,427,763,205
Aggregate Disallowed Items	440,560,965	433,515,600	328,230,169	261,734,316
Aggregate Allowable Items	(413,732,398)	(1,149,530,387)	(326,713,797)	(591,279,777)
Adjustments for intra group transactions	30,037,474	349,897,481	-	-
Income from other Sources	-	280,341,355	-	281,340,940
Taxable Profit	867,482,231	1,809,425,539	755,032,790	1,379,558,684
(From 01 April 2022 - 30 September 2022)				
Tax on taxable income	14%	-	105,155,850	-
Tax on taxable income	24%	-	31,109,068	-
Tax on Interest income	14%	-	3,269,262	-
Tax on Dividend income	14%	-	9,333,333	-
(From 01 October 2022 - 31 March 2024)				
Tax on taxable income	30%	250,963,781	195,190,909	216,885,867
Tax on Interest income	30%	9,623,971	4,896,722	9,623,971
Tax on Dividend income	15%	5,300,731	26,250,000	-
Total		265,888,483	375,205,144	226,509,838
				285,357,220

Notes to the Financial Statements

18.1.1 General provisions

Corporate Income Taxes of companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No. 24 of 2017 as amended.

18.1.2 Income tax rates

Concessionary Tax Rates

The Inland Revenue (Amendment) Act No 45 of 2022 was certified by the speaker on 19th December 2022. The standard rate of income tax has been increased to 30% from 24% w.e.f 01st October 2022. The tax rates of the companies up to 30 September 2022 are as follows.

Nature of the Profits/Gains	Rates
Export Profits including Indirect Export	14%
Manufacturing	18%
Investment Income and Other Income	24%

* The budget 2021 proposed a 50% tax concession for the years 2021/2022 for companies that get listed in the CSE before 31 December 2021, and to maintain a corporate tax rate of 14% for the subsequent three years.

18.2 Deferred Tax Assets, Liabilities and Income Tax relates to the followings.

Group	Statement of Financial Position		Income Statement	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Deferred Tax Liability /(Assets)				
On Capital allowances for tax purposes	68,165,769	80,472,762	(12,306,993)	54,590,235
On Fair Value of Land/ Investment Property *	-	22,472,241	-	-
On Fair Value of Land/ Investment Property **	-	-	(22,472,241)	22,472,241
On Defined benefit plans	(44,778,433)	(32,987,347)	(7,703,972)	(20,513,961)
On Provision for doubtful debt	(6,068,116)	(4,813,476)	(1,254,640)	69,288
On Carried forward disallowed finance cost	-	-	-	31,769,886
On Lease liability - Building	(2,418,220)	697,188	(3,115,409)	1,263,726
On Provision for slow moving inventory	(1,440,000)	(1,440,000)	-	(1,032,000)
	13,461,000	64,401,368		
Deferred Tax Charge/(Reversal)			(46,853,255)	88,619,416

18.2 Deferred Tax Assets , Liabilities and Income Tax relates to the followings (Contd...)

Year ended 31 March 2024	Statement of Financial Position		Other Comprehensive Income	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
On Fair Value of Land/ Investment Property *	25,682,561	25,682,561	-	-
On Revaluation of Land	174,873,972	174,873,972	-	130,641,821
On Revaluation of Building	92,221,786	92,221,786	-	80,836,445
Defined Benefit Plans	-	-	(4,087,114)	4,188,177
	292,778,319	292,778,319	(4,087,114)	215,666,443
Represented By,				
Net Deferred Tax Assets	4,857,439	-		
Net Deferred Tax Liability	311,096,758	357,179,687		

Company	Statement of Financial Position		Income Statement	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Deferred Tax Liability/(Asset)				
On Capital allowances for tax purposes	58,134,276	50,251,692	7,882,584	27,964,515
On Fair Value of Land/ Investment Property **	-	22,472,241	(22,472,241)	22,472,241
On Defined benefit plans	(32,505,013)	(23,034,510)	(4,893,197)	(15,186,065)
On Allowance for Doubtful Debt	(4,357,378)	(4,357,378)	-	(2,033,443)
On Carried forward disallowed finance cost	-	-	-	11,054,352
On Lease liability - Building	(2,953,446)	(1,757,143)	(1,196,303)	(978,195)
	18,318,439	43,574,902		
Deferred Tax (Reversal)/Expense			(20,679,157)	43,293,405

Company	Statement of Financial Position		Other Comprehensive Income	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
On Fair Value of Land/ Investment Property *	25,682,561	25,682,561	-	-
On Revaluation of Land	174,873,972	174,873,972	-	130,641,821
On Revaluation of Building	92,221,786	92,221,786	-	80,836,445
On Defined Benefit Plans	-	-	(4,577,306)	4,166,993
	292,778,319	292,778,319	27,942,045	215,645,259
Net Deferred Tax Liability	311,096,758	336,353,221		

Notes to the Financial Statements

18.3 Impact on Deferred Tax Due to Tax Rate Change

Year ended 31 March 2024	GROUP	COMPANY
	2024 Rs.	2024 Rs.
Recognised in Statement of Profit or Loss due to during the year transactions	(46,853,255)	(20,679,157)
Recognised in Statement of Profit or Loss due to increase/(decrease) in Tax Rate	-	-
Income tax expense recognised in Statement of Profit or Loss	(46,853,255)	(20,679,157)
Recognised in Other Comprehensive Income during the year transactions	(4,087,114)	(4,577,306)
Recognised in Other Comprehensive Income due to increase/(decrease) in Tax Rate	-	-
Income tax expense recorded in OCI	(4,087,114)	(4,577,306)

The Company has used the new tax rate introduced in the Inland Revenue (Amendment) Act No. 45 of 2022 certified on December 19, 2022.

* The company had transferred the Land which was held as Investment property to Owner occupied property in 2022.

** The effect on Deferred Tax liability on the Land which was held as Investment property due to the change in Income Tax rate during the year, has been charged to Income Statement as the asset was transferred to Owner occupied property as of 31 March 2022. The fair value of the Land as at 31 March 2022 was Rs. 382,000,000 at the point of transfer to the owner-occupied property.

19. BASIC/DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the company, by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Amounts used as the numerator :				
Net profit attributable to equity holders of the company	580,718,933	1,413,663,995	536,594,143	1,099,112,580
Amounts used as the denominator :				
Weighted average number of ordinary shares in issue applicable to basic earnings per share *	333,333,333	333,333,333	333,333,333	333,333,333
Earnings Per Share (Rs.)	1.74	4.24	1.61	3.30

* The weighted average number of shares takes into account the weighted average effect of share split occurred during the 2020/21. The weighted average shares were 50,000,000 before share split.

The company issued new shares amounting to 83,333,333 through a Initial Public Offer on 31 October 2021.

20. DIVIDENDS PER SHARE

Year ended 31 March 2024	COMPANY			
	2024		2023	
	Dividend per share Rs.	Gross dividend Rs.	Dividend per share Rs.	Gross dividend Rs.
Equity dividend on ordinary shares declared and paid during the year				
Final dividend (Previous years' final dividend paid in the current year)	-	-	0.40	133,333,333
First interim dividend declaration	0.30	100,000,000	1.35	450,000,000
Second interim dividend declaration	0.37	123,333,333	0.72	240,000,000
	0.67	223,333,333	2.47	823,333,333

21. COMMITMENTS AND CONTINGENCIES

21.1 Capital Commitments

The Company does not have significant capital commitments as at the reporting date.

21.2 Contingencies

Corporate Guarantee -	Banking Institutions	GROUP/COMPANY	
		2024 Rs.	2023 Rs.
Expo Teas Ceylon (Pvt) Ltd	National Development Bank	800,000,000	800,000,000
Lanka Commodity Holdings (Pvt) Ltd	National Development Bank	1,000,000,000	1,000,000,000
Aberdeen Holdings (Pvt) Ltd	National Development Bank	300,000,000	300,000,000
Fits Aviation (Pvt) Ltd	National Development Bank	100,000,000	100,000,000
Lanka Commodity Trading (Pvt) Ltd		200,000,000	-
Neptune Papers (Pvt) Ltd	Hatton National Bank	250,000,000	250,000,000
Lanka Commodity Holdings (Pvt) Ltd / Lanka Commodity Trading (Pvt) Ltd (Joint Facility)		-	200,000,000
Neptune Papers (Pvt) Ltd	Pan Asia Bank	300,000,000	-
Expo Commodities (Pvt) Ltd	Seylan Bank	100,000,000	-
Neptune Papers (Pvt) Ltd	Nations Trust Bank	200,000,000	-
		3,250,000,000	2,650,000,000

Notes to the Financial Statements

22. ASSETS PLEDGED

The following assets have been pledged as security for liabilities

	Nature of Assets	Nature of Liabilities	GROUP/COMPANY	
			Facility Amount	
			2024 Rs.	2023 Rs.
i	Primary Mortgage over Stock and book debts for Rs. 600,000,000/=	Wakala/Murabaha/Trade Facility National Development Bank PLC	600,000,000	500,000,000
ii	Short-term deposits held at Seylan Bank PLC for Rs. 500,000,000	Wakala Loan Seylan Bank PLC	450,000,000	450,000,000
iii	Primary Mortgage of Rs.370,000,000 over the machinery located at No.79 & 166, Pattiwila Road, Gonawala, Kelaniya	Wakala/Murabaha/Trade Facility Hatton National Bank PLC	1,000,000,000	1,000,000,000
iv	Co- current Stock Mortgage Rs.500mn	Trade Facility Standard Chartered Bank	500,000,000	500,000,000

23. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustments in the financial statements.

24. RELATED PARTY DISCLOSURE

24.1 Transaction with the parent and affiliated entities

The Group and Company carried out transactions in the ordinary course of the business on an arm's length basis at commercial rates with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures'.

The details of guarantees provided to the banks on behalf of related parties are disclosed in Note 24.2

Group	Parent *		Affiliated Companies **		Total	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
As at 1 April	24,010,302	74,759,645	159,459,154	222,959,029	183,469,456	297,718,674
Expense incurred for others	(70,240)	-	-	(25,151)	(70,240)	(25,151)
Loans Provided	-	(70,000,000)	612,000,000	79,000,000	612,000,000	9,000,000
Loans Settled	-	70,000,000	(642,000,000)	(165,220,000)	(642,000,000)	(95,220,000)
Mark-up income charged	-	-	17,284,464	30,538,479	17,284,464	30,538,479
Mark-up income received	-	-	(30,439,933)	(23,330,901)	(30,439,933)	(23,330,901)
Sale Invoices	139,867	173,900	104,130,396	837,730,865	104,270,263	837,904,765
Courier Charges	-	-	(53,864)	(325,763)	(53,864)	(325,763)
Cash Receipts/Payment Made	58,079,362	(47,514,583)	(87,590,682)	(791,175,545)	(29,511,320)	(838,690,128)
Purchase of Tea & Meals	-	-	(6,468,716)	(3,656,628)	(6,468,716)	(7,031,628)
Management/Consultancy Fee	(63,328,846)	(3,375,000)	-	-	(63,328,846)	-
Insurance Policy	-	-	(15,265,801)	(14,935,144)	(15,265,801)	(14,935,144)
Dividend Paid	145,211,333	(535,633,991)	-	-	145,211,333	(535,633,991)
Dividend Received	(145,211,333)	535,633,991	-	-	(145,211,333)	535,633,991
Intent Commission	-	-	-	-	-	-
Secretarial Expenses	(18,000)	(33,660)	-	-	(18,000)	(33,660)
Technical Fees	-	-	(14,324,214)	(12,100,086)	(14,324,214)	(12,100,086)
As at 31 March	18,812,445	24,010,302	96,730,804	159,459,154	115,543,249	183,469,456
Included Under,						
Trade Receivables (Note 8.1)	-	-	7,288,054	5,974,709	7,288,054	5,974,709
Other Receivables (Note 8.2)	21,957,685	24,010,302	90,243,903	154,007,662	112,201,588	178,017,964
Other Payables (Note 13.1)	(3,145,240)	-	(801,154)	(523,217)	(3,946,394)	(523,217)
	18,812,445	24,010,302	96,730,803	159,459,154	115,543,248	183,469,456

* Parent of the Company is Aberdeen Holdings (Private) Limited.

** Affiliated Companies includes, Lanka Commodity Holdings (Pvt) Ltd, Bio Extracts (Pvt) Ltd, Fits Express (Pvt) Ltd, Fits Aviation (Pvt) Ltd, Lanka Food Solutions (Pvt) Ltd, Amana Takaful Ltd, Expo Commodities DMCC and Expolanka Teas (Pvt) Ltd, Hi Energy Services (Pvt) Ltd, Antler Foundry (Pvt) Ltd, and DFC Roasters (Pvt) Ltd.

Notes to the Financial Statements

24.2 The following Corporate Guarantee have been obtained as at reporting date.

	Nature of Assets	Nature of Liabilities	GROUP/COMPANY	
			Facility Amount	
			2024 Rs.	2023 Rs.
I	Corporate Guarantee of Aberdeen Holdings (Private) Limited	Wakala/Murabaha/Trade Facility of Bank of Ceylon	600,000,000	600,000,000
II	Corporate Guarantee of Aberdeen Holdings (Private) Limited	Wakala/Murabaha/Trade of Hatton National Bank	-	700,000,000
III	Corporate Guarantee of Aberdeen Holdings (Private) Limited	Trade Facility Standard Chartered Bank	500,000,000	500,000,000
IV	Corporate Guarantee of Aberdeen Holdings (Private) Limited	Wakala/Murabaha/Trade Facility National Development Bank PLC	150,000,000	150,000,000
V	Corporate Guarantee of Aberdeen Holdings (Private) Limited	Wakala Facility National Development Bank PLC	-	200,000,000
V	Corporate Guarantee of Fits Aviation (Private) Limited	Wakala/Murabaha/Trade Facility National Development Bank PLC	150,000,000	150,000,000
VI	Corporate Guarantee of Lanka Commodity Holdings (Private) Limited	Wakala/Murabaha/Trade Facility National Development Bank PLC	500,000,000	500,000,000
VIII	"Corporate Guarantee of Expoteas Ceylon (Private) Limited"	Wakala Facility National Development Bank PLC	-	200,000,000
VII	Corporate Guarantee of Aberdeen Holdings (Private) Limited	Wakala/Murabaha/Trade Facility of Seylan Bank PLC	400,000,000	400,000,000
VIII	Corporate Guarantee of Aberdeen Holdings (Private) Limited	Trade Facility of Pan Asia Banking Corporation PLC	200,000,000	-

24.3 Transaction with the parent and affiliated entities

Company	Parent *		Subsidiaries**		Affiliated Companies ***		Total	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
As at 1 April	-	50,380,541	(127,720)	517,810	138,729,784	206,786,078	138,602,064	257,684,429
Loans Provided	-	-	-	-	612,000,000	100,000,000	612,000,000	100,000,000
Loans Settled	-	-	-	-	(642,000,000)	(171,220,000)	(642,000,000)	(171,220,000)
Mark-up income charged	-	-	-	-	17,284,464	30,538,479	17,284,464	30,538,479
Mark-up income received	-	-	-	-	(30,439,933)	(23,330,901)	(30,439,933)	(23,330,901)
Sale Invoices	-	-	20,401,736	128,933	39,121,088	40,796,914	59,522,823	40,925,847
Non Operational Expenses	-	-	-	-	-	93,684	-	93,684
Courier Charges	-	-	-	-	(53,864)	(210,863)	(53,864)	(210,863)
Purchase of Paper Reel/Stationaries	-	-	(2,145,010)	17,723,295	-	-	(2,145,010)	17,723,295
Cash Receipts/Payment Made	36,000,000	(47,305,541)	(16,968,730)	(18,497,758)	(7,596,352)	(18,508,155)	11,434,918	(84,311,454)
Sales Returned	-	-	-	-	(247,197)	(56,256)	(247,197)	(56,256)
Purchase of Tea & Meals	-	-	-	-	(4,936,871)	(3,383,812)	(4,936,871)	(3,383,812)
Purchase of Spices	-	-	-	-	(1,531,845)	(94,800)	(1,531,845)	(94,800)
Management/Consultancy Fee	(39,075,000)	(3,075,000)	-	-	-	-	(39,075,000)	(3,075,000)
Insurance Policy	-	-	-	-	(15,265,801)	(15,232,285)	(15,265,801)	(15,232,285)
Dividend Received	145,211,333	535,633,991	30,632,322	349,897,481	-	-	175,843,655	885,531,472
Dividend Paid - (Net)	(145,211,333)	(535,633,991)	(30,632,322)	(349,897,481)	-	-	(175,843,655)	(885,531,472)
IT Services	-	-	-	-	(8,072,910)	(7,448,299)	(8,072,910)	(7,448,299)
As at 31 March	(3,075,000)	-	1,160,275	(127,720)	96,990,564	138,729,784	95,075,839	138,602,064
Included Under,								
Trade Receivables (Note 8.1)	-	-	1,286,275	128,933	7,288,054	5,974,709	8,574,329	6,103,642
Other Receivables (Note 8.2)	-	-	-	-	89,914,784	133,131,467	89,914,784	133,131,467
Other Payables (Note 13.1)	(3,075,000)	-	(126,000)	(256,653)	(212,274)	(376,392)	(3,413,274)	(633,045)
	(3,075,000)	-	1,160,275	(127,720)	96,990,564	138,729,784	95,075,839	138,602,064

* Patent of the Company is Aberdeen Holdings (Private) Limited.

** Subsidiaries companies include Neptune Papers (Pvt) Ltd, Neptune Services (Pvt) Ltd, Neptune Recycles (Pvt) Ltd, Neptune Eco Friends (Pvt) Ltd.

*** Affiliated companies includes, Lanka Commodity Holdings (Pvt) Ltd, Bio Extracts (Pvt) Ltd, , Amana Takaful Ltd, Expolanka Teas (Pvt) Ltd, Lanka Foods Solutions (Pvt) Ltd, Hi Energy (Pvt) Ltd, Fits Express (Pvt) Ltd, Fits Aviation (Pvt) Ltd, Expoceylon Pharmaceuticals (Pvt) Ltd, DFC Roasters (Pvt) Ltd, Antler Foundry (Pvt) Ltd, Fits Retail (Pvt) Ltd and Expo Commodities DMCC.

Notes to the Financial Statements

24.4 Transactions with Key Management Personnel of the Company

The key management personnel of the Company are the members of its Board of Directors and those of its parent. There are no transaction with such KMP and their close family members, other than mentioned below.

a) Key Management Personnel Compensation

Year ended 31 March 2024	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Short-term employee benefits	151,985,493	181,254,283	136,705,000	118,581,400
Post employee benefits	8,345,000	3,107,000	5,355,000	-
	160,330,493	184,361,283	142,060,000	118,581,400

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade and other payables as well as Islamic Finance loans and borrowings (bank loans, finance lease and director loans). The main purposes of these financial liabilities is to finance the company's operations and fixed assets. The company has trade and other receivables, and cash that arrive directly from its operations.

The Group is exposed to market risk, credit risk, foreign exchange risk and liquidity risk.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

25.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and equity investments.

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

25.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term and long term debt obligations with fixed interest rates.

Year ended 31 March 2024	Increase/ decrease in basis points Rs.	COMPANY	GROUP
		Effect on profit before tax Rs.	Effect on profit before tax Rs.
2024	+200	30,321,569	40,134,494
	-200	(30,321,569)	(40,134,494)
2023	+200	47,694,392	58,178,826
	-200	(47,694,392)	(58,178,826)

25.3 Foreign exchange risk

The Group's exposure to foreign exchange risk is significant as the transactions with its main Customers and its main suppliers are denominated in United States Dollars. Hence, the element of risk is generated through the translation of such transactions into the reporting currency, i.e. Sri Lankan rupee.

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency risk as at 31st March 2024, and sensitivity analysis to profit & loss and equity if exchange rate increased / (decreased) by 20%.

	Change in rates		COMPANY		GROUP	
			Effect on profit before tax		Effect on profit before tax	
			Rs.	Rs.	Rs.	Rs.
As at 31 March 2024						
USD	+ 20%	- 20%	(15,513,025)	15,513,025	29,796,508	(29,796,508)
As at 31 March 2023						
USD	+ 20%	- 20%	99,152,590	(99,152,590)	144,462,123	(144,462,123)

25.4 Credit risk

The Group's exposure to credit risk is minimal from its trade receivables. The Company has agreed to receive its exports sales proceeds in advance DP & through Letter of Credit. The Company also obtains bank guarantee from the customers.

The Group trades only with recognised and credit worthy third parties and all customers are subject to a credit verification process. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is minimal.

Carrying amount of financial assets represents the maximum credit exposure of those assets. The Group's maximum exposure to credit risk at the reporting date were as follows;

Year ended 31 March 2024	Note	2024		2023	
		Rs.	Rs.	Rs.	Rs.
Trade and other receivables	8	1,847,398,604	72%	1,788,874,888	72%
Cash at bank and cash equivalents	9	720,830,738	28%	679,383,289	28%
		2,568,229,342	100%	2,468,258,177	100%

25.5 Trade receivables

Customer credit risk is managed by each company subject to the Group's policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the credit risk evaluation policy and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are monitored on a regular basis.

Receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low, whilst the improved operating environment resulted in improved collections during the financial year although there could be stresses in the ensuing year on account of the macroeconomic uncertainty and related impacts to our customers on account of elevated inflation and interest rates and the possible impact on consumer discretionary spend. Company has a diverse client portfolio limiting the risk of exposure to few large customers or sectors allowing to successfully navigate any credit risks.

Notes to the Financial Statements

25.6 Cash and cash equivalents and fixed deposits

Credit risk from balances with banks is managed in accordance with the Group treasury policy. Investments of surplus funds are made only with approved counterparties as per this policy. The credit rating of the banks are assessed before investments and the group has borrowings from the same banks where the deposits are held providing a natural hedge.

The Group held cash in hand and at bank equivalents of Rs. 720 Mn at 31 March 2024 (2023 Rs. 679 Mn) which represents its maximum credit exposure on these assets. Company also held fixed deposits of Rs. 500 Mn as at 31 March 2024 (2023 Rs. 500 Mn)

25.7 Liquidity risk

The Company is indemnified of any liquidity risk by a letter of support issued by the Parent Company, undertaking to provide whatever financial support as may be necessary to enable the Group/Company, to meet its obligations as they fall due and to continue the operation of the Group/Company as a going concern.

25.7.1 Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2024 based on contractual undiscounted payments.

	Payable on demand Rs.	Less than 3 months Rs.	3 to 12 months Rs.	1 to 5 years Rs.	> 5 years Rs.	Total Rs.
As at 31 March 2024						
Financial liabilities						
Short term Loans	-	1,618,957,860	482,130,982	-	-	2,101,088,843
Lease liabilities	-	7,628,815	45,043,820	138,673,466	-	191,346,102
Bank overdrafts	-	3,032,468	-	-	-	3,032,468
Trade and other payables	-	407,021,928	26,641,056	-	-	433,662,984
		2,036,641,071	553,815,858	138,673,466	-	2,729,130,395
As at 31 March 2023						
Short term Loans	-	1,375,211,080	1,050,439,180	-	-	2,425,650,260
Lease liabilities	-	12,774,968	37,853,373	142,955,955	-	193,584,297
Bank overdrafts	-	2,595,653	-	-	-	2,595,653
Trade and other payables	-	407,021,928	346,096,733	-	-	753,118,661
		1,797,603,629	1,434,389,286	142,955,955	-	3,374,948,871

25.7.2 Maturity analysis - Company

	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 31 March 2024						
Financial liabilities						
Short term Loans	-	1,153,125,439	482,130,982	-	-	1,635,256,421
Lease liabilities	-	2,763,570	19,911,067	73,755,848	-	96,430,485
Trade and other payables	-	547,922,285	5,214,445	-	-	553,136,731
	-	1,703,811,294	507,256,494	73,755,848	-	2,284,823,637
As at 31 March 2023						
Financial liabilities						
Short term Loans	-	892,000,000	1,050,439,180	-	-	1,942,439,180
Lease liabilities	-	1,538,385	5,308,624	55,009,539	-	61,856,548
Trade and other payables	-	219,854,852	324,670,123	-	-	544,524,975
	-	1,113,393,237	1,380,417,927	55,009,539	-	2,548,820,703

26. CAPITAL MANAGEMENT

Capital includes ordinary shares. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders and issue new shares.

As at 31 March	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Debt / Equity	72%	93%	65%	85%

GRI Content index

Statement of use	Ex-pack Corrugated Cartons PLC has reported in accordance with the GRI Standards for the period from 01 April 2023 to 31 March 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	NA

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	7	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organization's sustainability reporting	4				
	2-3 Reporting period, frequency and contact point	4 and 6				
	2-4 Restatements of information	4				
	2-5 External assurance	5				
	2-6 Activities, value chain and other business relationships	38-39				
	2-7 Employees	66-67				
	2-8 Workers who are not employees		2-8 a, b, c	Not applicable	Workers who are not employees of the Company comprise those providing auxiliary services such as security and janitorial, engaged based on contracts. As these do not form core operations of the Company, information pertaining to this indicators is not tracked.	
	2-9 Governance structure and composition	103,104				
	2-10 Nomination and selection of the highest governance body	109				
	2-11 Chair of the highest governance body	106				
	2-12 Role of the highest governance body in overseeing the management of impacts	106				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	2-13 Delegation of responsibility for managing impacts	106				
	2-14 Role of the highest governance body in sustainability reporting	106				
	2-15 Conflicts of interest	108				
	2-16 Communication of critical concerns	107				
	2-17 Collective knowledge of the highest governance body	28-30				
	2-18 Evaluation of the performance of the highest governance body	109				
	2-19 Remuneration policies	134				
	2-20 Process to determine remuneration	134				
	2-21 Annual total compensation ratio		2-21 a,b,c	Confidentiality constraints	Constraints in disclosing total compensation ratio	
	2-22 Statement on sustainable development strategy	22				
	2-23 Policy commitments	107				
	2-24 Embedding policy commitments	108				
	2-25 Processes to remediate negative impacts	110				
	2-26 Mechanisms for seeking advice and raising concerns	71				
	2-27 Compliance with laws and regulations	110				
	2-28 Membership associations	83				
	2-29 Approach to stakeholder engagement	40				
	2-30 Collective bargaining agreements	72				
Material topics						
	3-1 Process to determine material topics	49	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	50				

GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Economic performance						
GRI 201: Economic Performance 2016	3-3 Management of material topics	49				
	201-1 Direct economic value generated and distributed		201-1	Confidentiality constraints	Economic value generated is not disclosed due to confidentiality	
	201-2 Financial implications and other risks and opportunities due to climate change	89				
	201-3 Defined benefit plan obligations and other retirement plans	160,161				
	201-4 Financial assistance received from government		201-4 a,b,c	Not applicable	The Company does not receive any financial assistance from the government	
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	74,80				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	79				
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	58, 183-186				
GRI 207: Tax 2019	207-1 Approach to tax	58, 183-186				
	207-2 Tax governance, control, and risk management	58, 183-186				
	207-3 Stakeholder engagement and management of concerns related to tax	44,45				
	207-4 Country-by-country reporting		207-4 a,b,c	Not applicable	The Company does not have any oversea operations	
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 302: Energy 2016	302-1 Energy consumption within the organization	89				
	302-2 Energy consumption outside of the organization		302-2	Information unavailable/incomplete	Company is in the process of implementing mechanism to collect data.	
	302-3 Energy intensity					
	302-4 Reduction of energy consumption					
	302-5 Reductions in energy requirements of products and services		302-5	Information unavailable/incomplete	The Company does not currently measure this criteria	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	90-91				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	90-91				
	303-2 Management of water discharge-related impacts	90-91	303-2	Information unavailable/incomplete	The Company does not currently measure this criteria	
	303-3 Water withdrawal	91				
	303-4 Water discharge	91				
	303-5 Water consumption	91				
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	90				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	90				
	305-2 Energy indirect (Scope 2) GHG emissions	90				
	305-3 Other indirect (Scope 3) GHG emissions		305-3	Information unavailable/incomplete	The Company currently does not track this information	
	305-4 GHG emissions intensity	90				
	305-5 Reduction of GHG emissions	88				
	305-6 Emissions of ozone-depleting substances (ODS)		305-6 a,b,c,d	Not applicable	The Company's operations do not generate ODS	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		305-7 a,b,c	Not available	The Company does not currently track NOx and SOx emissions	
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	92				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	92				
	306-2 Management of significant waste-related impacts	92				
	306-3 Waste generated	91				
	306-4 Waste diverted from disposal	92				
	306-5 Waste directed to disposal	92				

GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	67				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	68				
	401-3 Parental leave	72				
Labor/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	65				
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	72				
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	65				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	70				
	403-2 Hazard identification, risk assessment, and incident investigation	71				
	403-3 Occupational health services	70				
	403-4 Worker participation, consultation, and communication on occupational health and safety	71				
	403-5 Worker training on occupational health and safety	71				
	403-6 Promotion of worker health	71				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	71				
	403-8 Workers covered by an occupational health and safety management system	70				
	403-9 Work-related injuries	71				
	403-10 Work-related ill health	71				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	68				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	69				
	404-2 Programs for upgrading employee skills and transition assistance programs	68				
	404-3 Percentage of employees receiving regular performance and career development reviews	68				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	72				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	66,105				
	405-2 Ratio of basic salary and remuneration of women to men	72				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	80				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	81,82				
	413-2 Operations with significant actual and potential negative impacts on local communities	80				
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	74,79				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	79				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	79				

SASB Index

Multiline and Specialty Retailers & Distributors

Topic	Metric	Category	Unit of Measure	Code	Page No/ Relevant Content
Energy Management in Retail & Distribution	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	CG-MR-130a.1	(1) Total energy consumed during the year was 23,953GJ, as disclosed in Natural Capital - page 89. (2) Grid electricity used as a percentage of total energy consumed was 25% (3) The Company does not use any renewable energy as of now.
Data Security	Description of approach to identifying and addressing data security risks	Risk Management	n/a	CG-MR-230a.1	Page 102
	(1) Number of data breaches, (2) percentage that are personal data breaches, (3) number of customers affected	Quantitative	Number, Percentage (%)	CG-MR-230a.2	(1) Nil (2) Nil (3) Nil
Labour Practices	(1) Average hourly wage and (2) percentage of in-store and distribution centre employees earning minimum wage, by region	Quantitative	LKR, Percentage (%)	CG-MR-310a.1	(1) Rs. 181/- (2) In-store employee data is not applicable to the Company, as the Company's customers are all business clients. Percentage of distribution employees earning minimum wage is 100%
	(1) Voluntary and (2) involuntary turnover rate for in-store and distribution centre employees	Quantitative	Percentage (%)	CG-MR-310a.2	(1) Voluntary turnover ratio Please refer page 67 in Human capital for more details on employee turnover. (2) NA
	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	Quantitative	LKR	CG-MR-310a.3	Nil

Topic	Metric	Category	Unit of Measure	Code	Page No/ Relevant Content
Workforce Diversity & Inclusion	Percentage of (1) gender and (2) diversity group representation for (a) executive management, (b) non-executive management and (c) all other employees	Quantitative	Percentage (%)	CG-MR-330a.1	Page 66 of Human capital
	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	Quantitative	LKR	CG-MR-330a.2	Nil
Product Sourcing, Packaging & Marketing	Revenue from products third-party certified to environmental or social sustainability standards	Quantitative	LKR	CG-MR-410a.1	NA
	Discussion of processes to assess and manage risks or hazards associated with chemicals in products	Discussion and Analysis	n/a	CG-MR-410a.2	The Company's end output corrugated cartons does not include any chemicals that pose a risk or are hazardous
	Discussion of strategies to reduce the environmental impact of packaging	Discussion and Analysis	n/a	CG-MR-410a.3	Not disclosed

Activity Metric	Category	Unit of Measure	Code	Page No/ Relevant Content	Page No/ Relevant Content
Number of: (1) retail locations and (2) distribution centres	Quantitative	Number	CG-MR-000.A	NA	NA. As the Company is a B2B network, there are no retail locations or separate distribution centres. All distributions take place from the factory premises. Please refer page 61 in Manufactured capital for more information.
Total area of: (1) retail space and (2) distribution centres	Quantitative	Square metres (m ²)	CG-MR-000.B	NA	NA. As the Company is a B2B network, there are no retail locations or separate distribution centres. All distributions take place from the factory premises. Please refer page 61 in Manufactured capital for more information.

Notice of Meeting

EX-PACK CORRUGATED CARTONS PLC - PQ 0025006

The Board of Directors of Ex-Pack Corrugated Cartons PLC has decided to hold Annual General Meeting (AGM) as a Virtual Meeting on 28th June 2024 at 10.00 am in line with the guidelines issued by the Colombo Stock Exchange (CSE) for hosting of virtual AGMs.

Hence, Notice is hereby given that the Annual General Meeting of the Company will be held by way of electronic means on 28th June 2024 at 10.00 am centered at the Registered Office located at No.11 A, Milepost Avenue, Colombo 03.

AGENDA

01. To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company for the year ended 31st March 2024 and the Report of the Auditors thereon.
02. To re-elect as a Director, Mr. Abdulah Osman Kassim who retires by rotation in terms of Article 78 of the Articles of Association of the Company and being eligible, offers herself for re-election as a Director.
03. To re-elect as a Director, Mr. Wanigasekara Bandaranayake Wasala Mudiyanse Ralahamilage Aluwihare Mahawalawwe Thulci Goutham Aluwihare who retires by rotation in terms of Article 78 of the Articles of Association of the Company and being eligible, offers herself for re-election as a Director.
04. To re-appoint the retiring Auditors Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.
05. To consider any other business of which due notice has been given

By Order of the Board

EX-PACK CORRUGATED CARTONS PLC

(Sgd.)

Business Intelligence (Private) Limited

Director/Secretaries

04th June 2024

Colombo.

Form of Proxy

I/We, of being a shareholder/s of Ex-Pack Corrugated Cartons PLC do hereby appoint..... (holder of NIC No.) of failing him/her,

Mr. Sattar Kassim or failing him,
 Mr. M Z M Ghouse or failing him,
 Mr. Shafik Kassim or failing him
 Mr. W B W M R A M T G Aluwihare or failing him,
 Mr. A O Kassim or failing him,
 Mrs. S de Silva or failing him,
 Mr. U K D Dharmadasa or failing him,
 Mr. U D W C Abeyratne

As my/our Proxy to represent me/us and vote on my/our behalf at the Annual General Meeting of Ex-Pack Corrugated Cartons PLC to be held by way of electronic means on 28th June 2024 at 10.00 a.m. centered at the Boardroom, No. 11 A, Milepost Avenue, Colombo 03 and visual technology and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

I/We, the undersigned, hereby direct my/our Proxy to vote for me/us and on my/our behalf on the specified Resolution as indicated by the letter "x" in the appropriate cage ;

	For	Against	Abstain
1. To re-elect as a Director, Mr. Abdulah Osman Kassim who retires by rotation in terms of Article 78 of the Articles of Association of the Company and being eligible, offers herself for re-election as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as a Director, Mr. Wanigasekara Bandaranayake Wasala Mudiyanse Ralahamilage Aluwihare Mahawalawwe Thulci Goutham Aluwihare who retires by rotation in terms of Article 78 of the Articles of Association of the Company and being eligible, offers herself for re-election as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re- appoint the retiring Auditors Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this day of Two Thousand and Twenty-four

Signature/s.....

.....
 Shareholder's N.I.C./P.P./Co. Reg. No

NOTICE

- * Please delete the inappropriate words.
- Instructions as to completion are noted on the reverse hereof.

Notice of Meeting

INSTRUCTIONS AS TO COMPLETION

01. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
02. The Proxy shall –
 - a . In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - b. In the case of a company or corporate/statutory body either be under its common seal or signed by its Attorneys or by an Officer on behalf of the company or corporate/statutory body in accordance with its Articles of Association or the Constitution or the Statutes (as applicable).
03. Please indicate with a “X” how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
04. To be valid, the completed Form of Proxy should be deposited with the Registered Office of the Company at No. 11 A, Milepost Avenue, Colombo 03, Sri Lanka or must be emailed to shamil@expack.lk or by facsimile to +94 114 741751 by 48 hours before the AGM.

Registration Form

ANNUAL GENERAL MEETING (AGM) OF EX-PACK CORRUGATED CARTONS PLC TO BE HELD AS A VIRTUAL MEETING ON 28TH JUNE 2024 AT 10.00 A.M.

DETAILS OF SHAREHOLDER

Full Name of the Principal Shareholder:

.....

NIC No./Passport No./Company Registration No.:

CDS Account No.:

Residential Address:

.....

Telephone No/s:

Email:

Full Name of 1st Joint Holder:

.....

NIC No./Passport No.:

Full Name of 2nd Joint Holder:

.....

NIC No./Passport No.:

In the event Proxyholder is appointed by the Shareholder following details of his/her's will also be required.

DETAILS OF PROXYHOLDER: (only if a proxyholder is appointed)

Full name of Proxyholder:

.....

NIC No./Passport No. of Proxyholder:

Telephone No/s:

Email:

PARTICIPATION AT THE AGM ONLINE – Please tick the cage below

I/My Proxyholder am/is willing to participate at the AGM

Signature/s

.....

.....

.....

Principal Shareholder

1st Joint holder

2nd Joint holder

Date:

Note:

In the case of a Company/Corporation, the Shareholder Registration Form must be signed in the manner prescribed by its Articles of Association/Statute and in the case of the Registration Form is signed by an Attorney, the Power of Attorney, must be deposited at No. 11 A, Milepost Avenue, Colombo 03, Sri Lanka or emailed to shamil@expack.lk.

Corporate Information

NAME OF COMPANY

Ex-pack Corrugated Cartons PLC

Incorporated in Sri Lanka as a private limited company on 19th March 2002 under the Provisions of Companies Act No.17 of 1982 and on 16th April 2008 under provisions of the Companies Act No.07 of 2007. The legal form of the company was changed from Private Limited to a Public limited Company under provisions of the companies Act No. 07 of 2007 on 27th March 2019. The company is listed on the Colombo Stock Exchange on 10th of November 2021.

COMPANY REGISTRATION NUMBER

PQ00250068

REGISTERED OFFICE AND CURRENT PLACE OF BUSINESS

11A, Milepost Avenue, Colombo 03

Tel: +94 11 2 689 618

Fax: +94 11 2 689 618

Website: www.expack.lk

FACTORY

79, Pattiwila Road, Gonawilla, Kelaniya

Tel: +94 11 4 891 891

Fax: +94 11 4 741 751

DIRECTORS

Sattar Kassim (Chairman)

M Z M Ghouse (Managing Director)

Shafik Kassim

W B W M R A M T G Aluwihare

U K D Dharmadasa

Shehara De Silva

A O Kassim

Mr. U D W Chathuranga Abeyratne

SUBSIDIARY COMPANY

Neptune Papers (Pvt) Limited

Saffron Food Services (Pvt) Ltd.

Neptune Eco Friends (Pvt) Ltd.

AUDITORS (EXTERNAL)

Ernst & Young Chartered Accountants

109, Rotunda Towers, Galle Road, Colombo 03.

Tel: +94 11 2 463 500

Fax: +94 11 2 697 369

AUDITORS (INTERNAL)

KPMG Chartered Accountants

32A, Sir Mohamed Macan Markar Mawatha

Colombo 03

Tel: +94 11 5426 426

Fax: +94 11 244 5872

SECRETARIES

Business Intelligence (Pvt) Limited

08, Tickell Road, Colombo 08

Tel: +94 11 2 015 900

BANKERS

Amana Bank PLC

486, Galle Road, Colombo 03

National Development Bank PLC

40, Navam Mawatha, Colombo 02

Bank of Ceylon

01, BOC Square, Bank of Ceylon Mawatha, Colombo 01

Hatton National Bank PLC

502/1A, Kollupitiya Road, Colombo 03

Pan Asia Bank PLC

450, Galle Road, Colombo 03

Standard Chartered Bank (Sri Lanka) Limited

37, York Street, Colombo 01

Seylan Bank PLC

90, Galle Road, Colombo 03

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